

1 AN ACT concerning revenue.

2 WHEREAS, the changes made by this Act are made under
3 subsection (a) of Section 3 of Article IX of the Illinois
4 Constitution. If there are future changes made to subsection
5 (a) of Section 3 of Article IX of the Illinois Constitution,
6 then it may result in evaluating the taxes on income imposed by
7 this Act; therefore

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

10 ARTICLE 1. STATE TAX LIEN REGISTRATION ACT

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

14 Section 1-5. Purpose.

15 (a) The purpose of this Act is to provide a uniform
16 statewide system for filing notices of tax liens that are in
17 favor of or enforced by the Department. The Department shall
18 maintain the system.

19 (b) The scope of this Act is limited to tax liens in real
20 property and personal property, tangible and intangible, of
21 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;

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

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

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

23 (13) "Insurance company" means an association,
24 corporation, or fraternal or mutual-benefit organization,
25 whether or not for profit, engaged in the business of
26 providing life endowments, annuities, or insurance,

1 including accident, burial, casualty, credit-life,
2 contract-performance, dental, disability, fidelity, fire,
3 health, hospitalization, illness, life, malpractice,
4 marine, mortgage, surety, wage-protection, and
5 worker-compensation insurance.

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

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

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

24 (A) for the acquisition and retention of a mineral
25 lease, including a bonus, royalty, compensatory
26 royalty, shut-in royalty, minimum royalty, and delay

1 rental;

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

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

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

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

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

21 (20) "Non-freely transferable security" means a
22 security that cannot be delivered to the administrator by
23 the Depository Trust Clearing Corporation or similar
24 custodian of securities providing post-trade clearing and
25 settlement services to financial markets or cannot be
26 delivered because there is no agent to effect transfer. The

1 term includes a worthless security.

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

6 (A) a depositor, for a deposit;

7 (B) a beneficiary, for a trust other than a deposit
8 in trust;

9 (C) a creditor, claimant, or payee, for other
10 property; and

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

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

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

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

25 (A) includes all income from or increments to the
26 property;

1 (B) includes property referred to as or evidenced
2 by:

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

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

11 (iii) a security except for:

12 (I) a worthless security; or

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

20 (iv) a bond, debenture, note, or other
21 evidence of indebtedness;

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

24 (vi) an amount due and payable under an annuity
25 contract or insurance policy; and

26 (vii) an amount distributable from a trust or

1 custodial fund established under a plan to provide
2 health, welfare, pension, vacation, severance,
3 retirement, death, stock purchase, profit-sharing,
4 employee-savings, supplemental-unemployment
5 insurance, or a similar benefit; and

6 (C) does not include:

7 (i) game-related digital content;

8 (ii) a loyalty card; or

9 (iii) a gift card.

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

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

20 (27) "Security" means:

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

23 (B) a security entitlement as defined in Article 8
24 of the Uniform Commercial Code, including a customer
25 security account held by a registered broker-dealer,
26 to the extent the financial assets held in the security

1 account are not:

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

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

6 (iii) specifically indorsed to the person; or

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

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

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

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

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

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

24 (A) includes:

25 (i) a record that contains or consists of a
26 microprocessor chip, magnetic strip, or other

1 means for the storage of information, which is
2 prefunded and whose value or amount is decreased on
3 each use and increased by payment of additional
4 consideration; and

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

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

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

11 (A) transmission of communications or information;

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

15 (C) provision of sewage or septic services, or
16 trash, garbage, or recycling disposal.

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

21 (A) the software or protocols governing the
22 transfer of the digital representation of value;

23 (B) game-related digital content; or

24 (C) a loyalty card or gift card.

25 (33) "Worthless security" means a security whose cost
26 of liquidation and delivery to the administrator would

1 exceed the value of the security on the date a report is
2 due under this Act.

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

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

10 ARTICLE 2. PRESUMPTION OF ABANDONMENT

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

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

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

17 (3) (Blank).

18 (4) a state or municipal bond, bearer bond, or
19 original-issue-discount bond, 3 years after the earliest
20 of the date the bond matures or is called or the obligation
21 to pay the principal of the bond arises;

22 (5) a debt of a business association, 3 years after the

1 obligation to pay arises;

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

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

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

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

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

23 (ii) 2 years after the insured has attained, or
24 would have attained if living, the limiting age
25 under the mortality table on which the reserve for
26 the policy is based; and

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

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

6 (A) 2 years after the date of death of the
7 beneficiary;

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

12 (C) 30 years after the contract for prepayment was
13 executed;

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

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

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

26 (13) wages, commissions, bonuses, or reimbursements to

1 which an employee is entitled, or other compensation for
2 personal services, including amounts held on a payroll
3 card, one year after the amount becomes payable;

4 (14) a deposit or refund owed to a subscriber by a
5 utility, one year after the deposit or refund becomes
6 payable, except that any capital credits or patronage
7 capital retired, returned, refunded or tendered to a member
8 of an electric cooperative, as defined in Section 3.4 of
9 the Electric Supplier Act, or a telephone or
10 telecommunications cooperative, as defined in Section
11 13-212 of the Public Utilities Act, that has remained
12 unclaimed by the person appearing on the records of the
13 entitled cooperative for more than 2 years, shall not be
14 subject to, or governed by, any other provisions of this
15 Act, but rather shall be used by the cooperative for the
16 benefit of the general membership of the cooperative; and

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

21 Notwithstanding anything to the contrary in this Section
22 15-201, and subject to Section 15-210, a deceased owner cannot
23 indicate interest in his or her property. If the owner is
24 deceased and the abandonment period for the owner's property
25 specified in this Section 15-201 is greater than 2 years, then
26 the property, other than an amount owed by an insurance company

1 on a life or endowment insurance policy or an annuity contract
2 that has matured or terminated, shall instead be presumed
3 abandoned 2 years from the date of the owner's last indication
4 of interest in the property.

5 Section 15-202. When tax-deferred retirement account
6 presumed abandoned.

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

12 (1) 3 years after the following dates:

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

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

23 (2) the earlier of the following dates:

24 (A) 3 years after the date the apparent owner
25 becomes 70.5 years of age, if determinable by the

1 holder; or

2 (B) one year after the date of mandatory
3 distribution following death if the Internal Revenue
4 Code requires distribution to avoid a tax penalty and
5 the holder:

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

9 (ii) confirms the death of the apparent owner
10 under subsection (b).

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

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

25 (1) the holder does not have information needed to send
26 the apparent owner an electronic mail communication or the

1 holder believes that the apparent owner's electronic mail
2 address in the holder's records is not valid;

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

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

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

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

16 (2) 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; or

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

21 Section 15-203. When other tax-deferred account presumed
22 abandoned.

23 (a) Subject to Section 15-210 and except for property
24 described in Section 15-202, property held in an account or
25 plan, including a health savings account, that qualifies for

1 tax deferral under the income-tax laws of the United States is
2 presumed abandoned if it is unclaimed by the apparent owner 3
3 years after the earlier of:

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

8 (2) 30 years after the date the account was opened.

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

11 (1) the date of the distribution or attempted
12 distribution of the property;

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

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

19 Section 15-204. When custodial account for minor presumed
20 abandoned.

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

1 (1) except as in subparagraph (2), the date a
2 communication sent by the holder by first-class United
3 States mail to the custodian of the minor on whose behalf
4 the account was opened is returned undelivered to the
5 holder by the United States Postal Service;

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

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

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

24 (1) the holder does not have information needed to send
25 the custodian an electronic mail communication or the
26 holder believes that the custodian's electronic-mail

1 address in the holder's records is not valid;

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

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

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

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

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

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

21 (e) (Blank).

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

1 Section 15-205. When contents of safe-deposit box presumed
2 abandoned. Tangible property held in a safe-deposit box are
3 presumed abandoned if the property remains unclaimed by the
4 apparent owner 5 years after the expiration of the lease or
5 rental period for the box.

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

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

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

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

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

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

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

24 Section 15-208. When security presumed abandoned.

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

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

10 (2) 5 years after the date of the apparent owner's last
11 indication of interest in the security.

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

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

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

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

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

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

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

24 Section 15-210. Indication of apparent owner interest in

1 property.

2 (a) The period after which property is presumed abandoned
3 is measured from the later of:

4 (1) the date the property is presumed abandoned under
5 this Article; or

6 (2) the latest indication of interest by the apparent
7 owner in the property.

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

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

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

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

24 (4) activity directed by an apparent owner in the
25 account in which the property is held, including accessing
26 the account or information concerning the account, or a

1 direction by the apparent owner to increase, decrease, or
2 otherwise change the amount or type of property held in the
3 account;

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

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

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

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

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

26 (f) If the apparent owner has another property with the

1 holder to which Section 201(6) applies, then activity directed
2 by an apparent owner in any other accounts, including loan
3 accounts, at a financial organization holding an inactive
4 account of the apparent owner shall be an indication of
5 interest in all such accounts if:

6 (A) the apparent owner engages in one or more of
7 the following activities:

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

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

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

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

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

24 (a) In this Section, "death master file" means the United
25 States Social Security Administration Death Master File or

1 other database or service that is at least as comprehensive as
2 the United States Social Security Administration Death Master
3 File for determining that an individual reportedly has died.

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

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

11 (2) the company:

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

19 (B) validates the death of the insured or
20 annuitant;

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

25 (4) the administrator or the administrator's agent
26 conducts a comparison for the purpose of finding matches

1 during an examination conducted under Article 10 between a
2 death master file and the names of some or all of the
3 company's insureds or annuitants, finds a match that
4 provides notice that the insured or annuitant has died.

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

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

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

11 (B) a rule or policy adopted by the Director of the
12 Department of Insurance.

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

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

23 (4) An insured or an annuitant is presumed dead if the
24 date of his or her death is indicated by the
25 death-master-file match under either subsection (b) (3) or
26 (b) (4), unless the insurer has competent and substantial

1 evidence that the person is living, including, but not
2 limited to, a contact made by the insurer with the person
3 or his or her legal representative.

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

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

21 Section 15-213. United States savings bonds.

22 (a) As used in this Section, "United States savings bond"
23 means property, tangible or intangible, in the form of a
24 savings bond issued by the United States Treasury, whether in

1 paper, electronic, or paperless form, along with all proceeds
2 thereof in the possession of the administrator.

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

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

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

26 (e) The administrator shall make service by publication in

1 the civil action in accordance with Sections 2-206 and 2-207 of
2 the Code of Civil Procedure, which shall include the filing
3 with the Circuit Court of Sangamon County of the affidavit
4 required in Section 2-206 of that Code by an employee of the
5 administrator with personal knowledge of the efforts made to
6 contact the owners of United States savings bonds presumed
7 abandoned under this Section. In addition to the diligent
8 inquiries made pursuant to Section 2-206 of the Code of Civil
9 Procedure, the administrator may also utilize additional
10 discretionary means to attempt to provide notice to persons who
11 may own a United States savings bond registered to a person
12 with a last known address in the State of Illinois subject to a
13 civil action pursuant to subsection (d).

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

1 that a claimant is not entitled to the property claimed by the
2 claimant, then the court, if satisfied by evidence that the
3 administrator has substantially complied with the laws of this
4 State, shall enter a judgment that the United States savings
5 bonds have escheated to this State, and all property rights and
6 legal title to and ownership of such United States savings
7 bonds or proceeds from such bonds, including all rights,
8 powers, and privileges of survivorship of any owner, co-owner,
9 or beneficiary, shall vest in this State.

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

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

24 ARTICLE 3. RULES FOR TAKING CUSTODY OF PROPERTY PRESUMED

25 ABANDONED

1 Section 15-301. Address of apparent owner to establish
2 priority. In this Article, the following rules apply:

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

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

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

19 (4) The address of the apparent owner of a life or
20 endowment insurance policy or annuity contract or its
21 proceeds is presumed to be the address of the insured or
22 annuitant if a person other than the insured or annuitant
23 is entitled to the amount owed under the policy or contract
24 and the address of the other person is not known by the
25 insurance company and cannot be determined under Section

1 15-302. The address of the apparent owner of other property
2 where ownership vests in a beneficiary upon the death of
3 the owner is presumed to be the address of the now-deceased
4 owner if the address of the beneficiary is not known by the
5 holder and cannot be determined under Section 15-302.

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

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

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

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

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

23 (b) If it appears from records of the holder that the most
24 recently recorded address of the apparent owner under

1 subsection (a) is a temporary address and this State is the
2 state of the next most recently recorded address that is not a
3 temporary address, this State may take custody of the property
4 presumed abandoned.

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

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

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

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

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

25 (c) If a holder's state of domicile has changed since the

1 time property was presumed abandoned, the holder's state of
2 domicile under this Section is deemed to be the state where the
3 holder was domiciled at the time the property was presumed
4 abandoned.

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

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

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

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

24 Section 15-306. Traveler's check, money order, or similar

1 instrument. The administrator may take custody of sums payable
2 on a traveler's check, money order, or similar instrument
3 presumed abandoned to the extent permissible under 12 U.S.C.
4 Sections 2501 through 2503, as amended.

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

- 11 (1) the amount of the property;
12 (2) the property is presumed abandoned; and
13 (3) the property is subject to the custody of the
14 administrator.

15 ARTICLE 4. REPORT BY HOLDER

16 Section 15-401. Report required by holder.

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

23 (b) A holder may contract with a third party to make the

1 report required under subsection (a).

2 (c) Whether or not a holder contracts with a third party
3 under subsection (b), the holder is responsible:

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

6 (2) for paying or delivering to the administrator
7 property described in the report.

8 Section 15-402. Content of report.

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

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

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

15 (3) describe the property;

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

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

1 of the insured, annuitant, or other apparent owner of the
2 policy or contract and of the beneficiary;

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

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

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

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

14 (10) contain other information the administrator
15 prescribes by rules.

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

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

26 (d) If a holder has changed its name while holding property

1 presumed abandoned or is a successor to another person that
2 previously held the property for the apparent owner, the holder
3 must include in the report under Section 15-401 its former name
4 or the name of the previous holder, if any, and the known name
5 and address of each previous holder of the property.

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

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

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

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

23 Section 15-404. Retention of records by holder. A holder
24 required to file a report under Section 15-401 shall retain

1 records for 10 years after the later of the date the report was
2 filed or the last date a timely report was due to be filed,
3 unless a shorter period is provided by rule of the
4 administrator. The holder may satisfy the requirement to retain
5 records under this Section through an agent. The records must
6 contain:

7 (1) the information required to be included in the
8 report;

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

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

12 (4) the last address of the apparent owner, if known to
13 the holder;

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

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

23 Section 15-405. Property reportable and payable or
24 deliverable absent owner demand. Property is reportable and
25 payable or deliverable under this Act even if the owner fails

1 to make demand or present an instrument or document otherwise
2 required to obtain payment.

3 ARTICLE 5. NOTICE TO APPARENT OWNER OF PROPERTY PRESUMED
4 ABANDONED

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

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

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

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

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

23 (c) The holder of securities presumed abandoned under
24 Sections 15-202, 15-203, or 15-208 shall send to the apparent

1 owner notice by certified United States mail that complies with
2 Section 15-502 in a format acceptable to the administrator not
3 less than 60 days before filing the report under Section 15-401
4 if:

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

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

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

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

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

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

1 notice)."

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

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

6 (2) state that the property will be turned over to the
7 State Treasurer;

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

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

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

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

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

22 Section 15-503. Notice by administrator.

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

1 Act.

2 (b) In providing notice under subsection (a), the
3 administrator shall:

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

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

20 (c) In addition to the notice under subsection (b), the
21 administrator shall:

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

26 (A) the total value of property received by the

1 administrator during the preceding 6-month period,
2 taken from the reports under Section 15-401;

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

5 (C) the Internet web address of the unclaimed
6 property website maintained by the administrator;

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

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

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

26 (d) The website or database maintained under subsection

1 (c) (2) must include instructions for filing with the
2 administrator a claim to property and a printable claim form
3 with instructions for its use.

4 (e) Tax return identification of apparent owners of
5 abandoned property.

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

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

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

26 (4) The administrator may deliver, as provided under

1 Section 15-904 of this Act, property or pay the amount
2 owing to a person matched under this Section without the
3 person filing a claim under Section 15-903 of this Act if
4 the following conditions are met:

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

7 (B) the property is not either tangible property or
8 securities;

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

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

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

23 (f) The administrator may use additional databases to
24 verify the identity of the person and that the person currently
25 resides at the last known address. The administrator may
26 utilize publicly and commercially available databases to find

1 and update or add information for apparent owners of property
2 held by the administrator.

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

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

1 ARTICLE 6. TAKING CUSTODY OF PROPERTY BY ADMINISTRATOR

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

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

9 (2) made payment or delivery:

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

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

16 Section 15-602. Dormancy charge.

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

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

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

1 (b) The amount of the deduction under subsection (a) is
2 limited to an amount that is not unconscionable considering all
3 relevant factors, including the marginal transactional costs
4 incurred by the holder in maintaining the apparent owner's
5 property and any services received by the apparent owner.

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

9 Section 15-603. Payment or delivery of property to
10 administrator.

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

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

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

25 (d) If property reported to the administrator under Section

1 15-401 is a security, the administrator may:

2 (1) make an endorsement, instruction, or entitlement
3 order on behalf of the apparent owner to invoke the duty of
4 the issuer, its transfer agent, or the securities
5 intermediary to transfer the security; or

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

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

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

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

21 (h) A holder is not required to deliver to the
22 administrator a security identified by the holder as a
23 non-freely transferable security in a report filed under
24 Section 15-401. If the administrator or holder determines that
25 a security is no longer a non-freely transferable security, the
26 holder shall report and deliver the security on the next

1 regular date prescribed for delivery of securities under this
2 Act. The holder shall make a determination annually whether a
3 security identified in a report filed under Section 15-401 as a
4 non-freely transferable security is no longer a non-freely
5 transferable security.

6 Section 15-604. Effect of payment or delivery of property
7 to administrator.

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

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

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

1 Section 15-605. Recovery of property by holder from
2 administrator.

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

6 (1) paid the money in error; or

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

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

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

1 (d) A holder that under this Act delivers property other
2 than money to the administrator may file a claim for return of
3 the property from the administrator if:

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

5 (2) the apparent owner has claimed the property from
6 the holder.

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

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

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

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

1 for a final decision prior to the administrator's closing of
2 the claim, the administrator shall issue a final decision. A
3 claim will be considered complete when a holder has provided
4 all the information and documentation requested by the
5 administrator as necessary to establish legal ownership and
6 such information or documentation is entered into the
7 administrator's unclaimed property system.

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

12 (1) 30 days following receipt of the notice of the
13 administrator's decision; or

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

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

1 remaining. The administrator shall promulgate administrative
2 rules concerning the reimbursement process under this Section.

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

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

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

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

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

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

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

24 (2) includes with the payment or delivery a report

1 regarding the property conforming to Section 15-402; and

2 (3) first obtains the administrator's consent in a
3 record to accept payment or delivery.

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

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

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

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

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

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

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

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

18 ARTICLE 7. SALE OF PROPERTY BY ADMINISTRATOR

19 Section 15-701. Public sale of property.

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

23 (b) Before selling property under subsection (a), the

1 administrator shall give notice to the public of:

2 (1) the date of the sale; and

3 (2) a reasonable description of the property.

4 (c) A sale under subsection (a) must be to the highest
5 bidder:

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

9 (2) on the Internet; or

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

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

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

25 (f) Property eligible for sale will not be sold when a
26 claim has been filed with the administrator by an apparent

1 owner, heir, or agent. However, upon approval of a claim, the
2 owner, heir or, agent may request the administrator to dispose
3 of the property by sale and remit the net proceeds to the
4 owner, heir, or agent. Upon disapproval of the claim, the
5 administrator may dispose of the property by sale.

6 Section 15-702. Disposal of securities.

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

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

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

1 (a) If the administrator sells a security before the
2 expiration of 3 years after delivery of the security to the
3 administrator, an apparent owner that files a valid claim under
4 this Act of ownership of the security before the 3-year period
5 expires is entitled, at the option of the owner, to receive:

6 (1) replacement of the security;

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

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

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

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

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

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

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

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

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

21 (a) Military medals or decorations. The administrator may
22 not sell a medal or decoration awarded for military service in
23 the armed forces of the United States. Instead, the
24 administrator, with the consent of the respective organization

1 under paragraph (1), agency under paragraph (2), or entity
2 under paragraph (3), may deliver a medal or decoration to be
3 held in custody for the owner, to:

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

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

7 (3) a governmental entity.

8 After delivery, the administrator is not responsible for
9 the safekeeping of the medal or decoration.

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

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

24 (d) Evidence in a criminal investigation. Property that may
25 have been used in the commission of a crime or that may assist
26 in the investigation of a crime, as determined after consulting

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

8 (e) Firearms.

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

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

26 (i) the administrator cannot locate the owner of

1 the firearm;

2 (ii) the owner of the firearm may not lawfully
3 possess the firearm;

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

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

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

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

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

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

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

24 ARTICLE 8. ADMINISTRATION OF PROPERTY

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

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

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

1 of claims duly allowed by the administrator pursuant to this
2 Act.

3 Section 15-802. Administrator to retain records of
4 property. The administrator shall:

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

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

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

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

19 (5) maintain records sufficient to indicate the filing
20 of reports required under Section 15-401 and the payment or
21 delivery of property to the administrator under Section
22 15-603.

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

1 Section 15-803. Expenses and service charges of
2 administrator. Before making a deposit of funds received under
3 this Act to the Unclaimed Property Trust Fund, the
4 administrator may deduct expenses incurred in examining
5 records of or collecting property from a putative holder or
6 holder as provided in the State Officers and Employees Money
7 Disposition Act.

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

12 ARTICLE 9. CLAIM TO RECOVER PROPERTY FROM ADMINISTRATOR

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

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

17 (1) report and pay or deliver the property to the other
18 state; or

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

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

1 Section 15-902. Property subject to recovery by another
2 state.

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

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

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

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

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

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

1 domicile of the holder of abandonment; or

2 (4) the property:

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

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

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

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

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

23 Section 15-903. Claim for property by person claiming to be
24 owner.

25 (a) A person claiming to be the owner of property held

1 under this Act by the administrator or to the proceeds from the
2 sale thereof may file a claim for the property on a form
3 prescribed by the administrator. The claimant must verify the
4 claim as to its completeness and accuracy.

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

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

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

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

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

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

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

23 (b) A claim will be considered complete when a claimant has
24 provided all the information and documentation requested by the
25 administrator as necessary to establish legal ownership and

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

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

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

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

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

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

25 (a) The administrator shall pay or deliver to the owner the

1 property or pay to the owner the net proceeds of a sale of the
2 property, together with income or gain to which the owner is
3 entitled under Section 15-607. On request of the owner, the
4 administrator may sell or liquidate property and pay the net
5 proceeds to the owner, even if the property had been held by
6 the administrator for less than 3 years or the administrator
7 has not complied with the notice requirements under Section
8 15-503.

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

12 Section 15-906. Action by person whose claim is denied. Not
13 later than one year after filing a claim under subsection (a)
14 of Section 15-903, the claimant may commence a contested case
15 pursuant to the Illinois Administrative Procedure Act to
16 establish a claim by the preponderance of the evidence after
17 either receiving notice under subsection (b) of Section 15-903
18 or the claim is deemed denied under subsection (d) of Section
19 15-903.

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

21 Section 15-1001. Verified report of property. If a person
22 does not file a report required by Section 15-401 or the
23 administrator believes that a person may have filed an

1 inaccurate, incomplete, or false report, the administrator may
2 require the person to file a verified report in a form
3 prescribed by the administrator. The verified report must:

4 (1) state whether the person is holding property
5 reportable under this Act;

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

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

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

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

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

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

22 (3) bring an action seeking judicial enforcement of the
23 subpoena.

24 Section 15-1002.1. Examination of State-regulated

1 financial institutions.

2 (a) Notwithstanding Section 15-1002 of this Act, for any
3 financial organization for which the Department of Financial
4 and Professional Regulation is the primary prudential
5 regulator, the administrator shall not examine such financial
6 institution unless the administrator has consulted with the
7 Secretary of Financial and Professional Regulation and the
8 Department of Financial and Professional Regulation has not
9 examined such financial organization for compliance with this
10 Act within the past 5 years. The Secretary of Financial and
11 Professional Regulation may waive in writing the provisions of
12 this subsection (a) in order to permit the administrator to
13 examine a financial organization or group of financial
14 organizations for compliance with this Act.

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

22 Section 15-1003. Rules for conducting examination.

23 (a) The administrator shall adopt rules governing
24 procedures and standards for an examination under Section
25 15-1002; the rules may reference any standards concerning

1 unclaimed property examinations promulgated by the National
2 Association of Unclaimed Property Administrators and shall
3 make provisions for multi-state examinations.

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

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

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

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

16 (3) The person conducting the examination shall
17 consider the evidence presented in good faith by the person
18 in preparing the findings of the examination under Section
19 15-1007.

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

24 (1) are subject to the confidentiality and security
25 provisions of Article 14 and are exempt from disclosure

1 under the Freedom of Information Act;

2 (2) may be used by the administrator in an action to
3 collect property or otherwise enforce this Act;

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

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

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

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

25 Section 15-1005. Evidence of unpaid debt or undischarged

1 obligation.

2 (a) A record of a putative holder showing an unpaid debt or
3 undischarged obligation is prima facie evidence of the debt or
4 obligation.

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

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

13 (1) issued as an unaccepted offer in settlement of an
14 unliquidated amount;

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

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

19 (4) paid, satisfied, or discharged;

20 (5) issued in error;

21 (6) issued without consideration;

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

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

26 (9) issued but not delivered to the third-party payee

1 for a sufficient reason recorded within a reasonable time
2 after issuance.

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

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

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

- 1 (1) the work performed;
- 2 (2) the property types reviewed;
- 3 (3) the methodology of any estimation technique,
4 extrapolation, or statistical sampling used in conducting
5 the examination;
- 6 (4) each calculation showing the value of property
7 determined to be due; and
- 8 (5) the findings of the person conducting the
9 examination.

10 Section 15-1008. Informal conference during examination.

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

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

25 (c) If an informal conference is held under subsection (b),

1 not later than 30 days after the conference ends, the
2 administrator shall provide a response to the person that
3 requested the conference.

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

10 Section 15-1009. Administrator's contract with another to
11 conduct examination.

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

16 (b) If the administrator contracts with a person under
17 subsection (a):

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

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

23 (3) as authorized in the State Officers and Employees
24 Money Disposition Act, the administrator may permit the
25 deduction of fees from property recovered during an

1 examination under this Article prior to depositing funds
2 received under this Act into the Unclaimed Property Trust
3 Fund.

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

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

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

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

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

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

20 (3) the amounts expended from the State Pensions Fund;
21 and

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

24 Section 15-1011. Determination of liability for unreported

1 reportable property. If the administrator determines from an
2 examination conducted under Section 15-1002 that a putative
3 holder failed or refused to pay or deliver to the administrator
4 property which is reportable under this Act, the administrator
5 shall issue a determination of the putative holder's liability
6 to pay or deliver and give notice in a record to the putative
7 holder of the determination.

8 ARTICLE 11. DETERMINATION OF LIABILITY; PUTATIVE HOLDER

9 REMEDIES

10 Section 15-1101. Informal conference.

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

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

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

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

24 (3) the conference may be held in person, by telephone,

1 or by electronic means, as determined by the administrator;

2 (4) the request tolls the 90-day period under Sections
3 15-1103 and 15-1104 until notice of a decision under
4 paragraph (7) has been given to the putative holder or the
5 putative holder withdraws the request for the conference;

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

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

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

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

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

24 (1) discuss the determination made under Section
25 15-1011; and

26 (2) present any issue concerning the validity of the

1 determination.

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

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

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

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

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

23 Section 15-1102. Administrative review.

24 (a) Not later than 90 days after receiving notice of the
25 administrator's determination under Section 15-1011, or, if

1 applicable and as provided in Section 15-1101(b)(4), after
2 notice of a decision under 15-1101(b)(7) has been given to the
3 putative holder or the putative holder has withdrawn the
4 request for an informal conference, a putative holder may
5 initiate a contested case under the Illinois Administrative
6 Procedure Act for review of the administrator's determination.

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

10 ARTICLE 12. ENFORCEMENT BY ADMINISTRATOR

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

12 (a) If a determination under Section 15-1011 becomes final
13 and is not subject to administrative or judicial review, the
14 administrator may commence an action in the Circuit Court of
15 Sangamon County or Cook County, federal court, or in an
16 appropriate court of another state to enforce the determination
17 and secure payment or delivery of past due, unpaid, or
18 undelivered property. The action must be brought not later than
19 5 years after the determination becomes final.

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

1 Section 15-1202. Interstate and international agreement;
2 cooperation.

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

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

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

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

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

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

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

1 claim by the other state or country.

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

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

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

24 (f) Expenses incurred by this State in an action under this
25 Section may be paid from property received under this Act or
26 the net proceeds of the property. Expenses paid to recover

1 property may not be deducted from the amount that is subject to
2 a claim under this Act by the owner.

3 Section 15-1204. Interest and penalty for failure to act in
4 timely manner.

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

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

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

1 Section 15-1205. Other civil penalties.

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

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

21 Section 15-1206. Waiver of interest and penalty. The
22 administrator:

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

1 (2) shall waive a penalty under subsection (b) of
2 Section 15-1204 if the administrator determines that the
3 holder acted in good faith and without negligence.

4 ARTICLE 13. AGREEMENT TO LOCATE PROPERTY OF APPARENT OWNER HELD
5 BY ADMINISTRATOR

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

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

14 (2) is signed by or on behalf of the apparent owner;
15 and

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

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

21 (a) Subject to subsection (b), an agreement under Section
22 15-1301 is void if it is entered into during the period
23 beginning on the date the property was presumed abandoned under

1 this Act and ending 24 months after the payment or delivery of
2 the property to the administrator.

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

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

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

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

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

1 ARTICLE 14. CONFIDENTIALITY AND SECURITY OF INFORMATION

2 Section 15-1401. Confidential information.

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

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

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

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

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

1 deceased apparent owner;

2 (3) another department or agency of this State or the
3 United States;

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

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

12 (6) an agent of the administrator.

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

24 (c) The administrator and the administrator's agent may not
25 use confidential information provided to them or in their
26 possession except as expressly authorized by this Act or

1 required by law other than this Act.

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

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

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

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

18 Section 15-1404. Security of information.

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

22 (b) If confidential information in a record is provided to
23 and maintained by the administrator or administrator's agent as

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

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

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

1 Section 15-1501. Uniformity of application and
2 construction. In applying and construing this uniform Act
3 consideration must be given to the need to promote uniformity
4 of the law with respect to its subject matter among states that
5 enact it.

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

14 Section 15-1503. Transitional provision.

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

22 (b) This Act does not relieve a holder of a duty that arose
23 before the effective date of this Act to report, pay, or
24 deliver property. Subject to subsection (b) of Section 15-610,

1 a holder that did not comply with the law governing unclaimed
2 property before the effective date of this Act is subject to
3 applicable provisions for enforcement and penalties in effect
4 before the effective date of this Act.

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

11 ARTICLE 17. AMENDATORY PROVISIONS; UNCLAIMED PROPERTY

12 (765 ILCS 1025/Act rep.)

13 Section 17-5. The Uniform Disposition of Unclaimed
14 Property Act is repealed.

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

17 (5 ILCS 100/1-5) (from Ch. 127, par. 1001-5)

18 Sec. 1-5. Applicability.

19 (a) This Act applies to every agency as defined in this
20 Act. Beginning January 1, 1978, in case of conflict between the
21 provisions of this Act and the Act creating or conferring power

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

12 (b) The provisions of this Act do not apply to (i)
13 preliminary hearings, investigations, or practices where no
14 final determinations affecting State funding are made by the
15 State Board of Education, (ii) legal opinions issued under
16 Section 2-3.7 of the School Code, (iii) as to State colleges
17 and universities, their disciplinary and grievance
18 proceedings, academic irregularity and capricious grading
19 proceedings, and admission standards and procedures, and (iv)
20 the class specifications for positions and individual position
21 descriptions prepared and maintained under the Personnel Code.
22 Those class specifications shall, however, be made reasonably
23 available to the public for inspection and copying. ~~The~~
24 ~~provisions of this Act do not apply to hearings under Section~~
25 ~~20 of the Uniform Disposition of Unclaimed Property Act.~~

26 (c) Section 5-35 of this Act relating to procedures for

1 rulemaking does not apply to the following:

2 (1) Rules adopted by the Pollution Control Board that,
3 in accordance with Section 7.2 of the Environmental
4 Protection Act, are identical in substance to federal
5 regulations or amendments to those regulations
6 implementing the following: Sections 3001, 3002, 3003,
7 3004, 3005, and 9003 of the Solid Waste Disposal Act;
8 Section 105 of the Comprehensive Environmental Response,
9 Compensation, and Liability Act of 1980; Sections 307(b),
10 307(c), 307(d), 402(b)(8), and 402(b)(9) of the Federal
11 Water Pollution Control Act; Sections 1412(b), 1414(c),
12 1417(a), 1421, and 1445(a) of the Safe Drinking Water Act;
13 and Section 109 of the Clean Air Act.

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

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

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

1 (4.5) The Pollution Control Board's adoption of
2 time-limited water quality standards under Section 38.5 of
3 the Environmental Protection Act.

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

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

15 (e) Section 10-45 of this Act shall not apply to any
16 hearing, proceeding, or investigation conducted under Section
17 13-515 of the Public Utilities Act.

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

26 (g) This Act is subject to the provisions of Article XXI of

1 the Public Utilities Act. To the extent that any provision of
2 this Act conflicts with the provisions of that Article XXI, the
3 provisions of that Article XXI control.

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

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

7 (5 ILCS 140/7.5)

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

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

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

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

23 (d) Information and records held by the Department of
24 Public Health and its authorized representatives relating

1 to known or suspected cases of sexually transmissible
2 disease or any information the disclosure of which is
3 restricted under the Illinois Sexually Transmissible
4 Disease Control Act.

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

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

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

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

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

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

1 (k) Law enforcement officer identification information
2 or driver identification information compiled by a law
3 enforcement agency or the Department of Transportation
4 under Section 11-212 of the Illinois Vehicle Code.

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

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

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

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

23 (p) Security portions of system safety program plans,
24 investigation reports, surveys, schedules, lists, data, or
25 information compiled, collected, or prepared by or for the
26 Regional Transportation Authority under Section 2.11 of

1 the Regional Transportation Authority Act or the St. Clair
2 County Transit District under the Bi-State Transit Safety
3 Act.

4 (q) Information prohibited from being disclosed by the
5 Personnel Records Review Act.

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

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

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

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

26 (v) Names and information of people who have applied

1 for or received Firearm Owner's Identification Cards under
2 the Firearm Owners Identification Card Act or applied for
3 or received a concealed carry license under the Firearm
4 Concealed Carry Act, unless otherwise authorized by the
5 Firearm Concealed Carry Act; and databases under the
6 Firearm Concealed Carry Act, records of the Concealed Carry
7 Licensing Review Board under the Firearm Concealed Carry
8 Act, and law enforcement agency objections under the
9 Firearm Concealed Carry Act.

10 (w) Personally identifiable information which is
11 exempted from disclosure under subsection (g) of Section
12 19.1 of the Toll Highway Act.

13 (x) Information which is exempted from disclosure
14 under Section 5-1014.3 of the Counties Code or Section
15 8-11-21 of the Illinois Municipal Code.

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

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

1 Act.

2 (aa) Information which is exempted from disclosure
3 under Section 2.37 of the Wildlife Code.

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

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

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

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

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

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

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

23 (15 ILCS 405/9) (from Ch. 15, par. 209)

24 Sec. 9. Warrants; vouchers; preaudit.

1 (a) No payment may be made from public funds held by the
2 State Treasurer in or outside of the State treasury, except by
3 warrant drawn by the Comptroller and presented by him to the
4 treasurer to be countersigned except for payments made pursuant
5 to Section 9.03 or 9.05 of this Act.

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

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

21 (c) The Comptroller shall examine each voucher required by
22 law to be filed with him and determine whether unencumbered
23 appropriations or unencumbered obligational or expenditure
24 authority other than by appropriation are legally available to
25 incur the obligation or to make the expenditure of public
26 funds. If he determines that unencumbered appropriations or

1 other obligational or expenditure authority are not available
2 from which to incur the obligation or make the expenditure, the
3 Comptroller shall refuse to draw a warrant.

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

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

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

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

1 (Source: P.A. 97-969, eff. 8-16-12; 97-1142, eff. 12-28-12;
2 98-421, eff. 8-16-13.)

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

5 (15 ILCS 505/0.02)

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

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

2 (15 ILCS 505/0.03)

3 Sec. 0.03. Transfer of personnel.

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

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

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

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

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

1 of Central Management Services shall be a party to any
2 grievance or arbitration proceeding held pursuant to the
3 provisions of the collective bargaining agreement which
4 involves the movement of employees from the Office of the State
5 Treasurer to an agency under the jurisdiction of the Governor
6 covered by the agreement.

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

8 (15 ILCS 505/0.04)

9 Sec. 0.04. Transfer of property.

10 (a) Except as provided in subsection (b), all real and
11 personal property, including but not limited to all books,
12 records, and documents, and all unexpended appropriations and
13 pending business pertaining to the administration of the
14 Uniform Disposition of Unclaimed Property Act (superseded by
15 the Revised Uniform Unclaimed Property Act) shall be
16 transferred and delivered to the State Treasurer effective July
17 1, 1999.

18 (b) In the case of books, records, or documents that
19 pertain both to the administration of the Uniform Disposition
20 of Unclaimed Property Act (superseded by the Revised Uniform
21 Unclaimed Property Act) and to a function retained by the
22 Department of Financial Institutions, the State Treasurer, in
23 consultation with the Director of Financial Institutions,
24 shall determine whether the books, records, or documents shall
25 be transferred, copied, or left with the Department of

1 Financial Institutions; until this determination has been
2 made, the transfer shall not take effect.

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

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

16 (15 ILCS 505/0.05)

17 Sec. 0.05. Rules and standards.

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

25 (b) Any rules pertaining to the administration of the

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

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

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

23 (e) As soon as practical after July 1, 1999, the Department
24 of Financial Institutions and the Office of the State Treasurer
25 shall jointly promulgate rules to reflect the retention of
26 examination functions by the Department of Financial

1 Institutions under this amendatory Act of 1999 using the
2 procedures available under the Illinois Administrative
3 Procedure Act.

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

5 (15 ILCS 505/0.06)

6 Sec. 0.06. Savings provisions.

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

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

1 References to the Department of Financial Institutions or its
2 officers, employees or agents in any document, contract,
3 agreement, or law shall, in appropriate contexts, be deemed to
4 refer to the State Treasurer or the Commissioner of Banks and
5 Real Estate or the officers, employees, or agents of the State
6 Treasurer or the Commissioner of Banks and Real Estate.

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

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

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

26 (2) Beginning July 1, 1999, any document that was

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

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

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

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

21 (20 ILCS 1205/7) (from Ch. 17, par. 108)

22 Sec. 7. The provisions of "The Illinois Administrative
23 Procedure Act", as now or hereafter amended, are hereby
24 expressly adopted and incorporated herein as though a part of

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

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

15 (20 ILCS 1205/18.1)

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

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

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

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

15 (30 ILCS 105/6b-1) (from Ch. 127, par. 142b1)

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

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

22 (30 ILCS 105/8.12) (from Ch. 127, par. 144.12)

23 Sec. 8.12. State Pensions Fund.

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

12 "Designated retirement systems" means:

13 (1) the State Employees' Retirement System of
14 Illinois;

15 (2) the Teachers' Retirement System of the State of
16 Illinois;

17 (3) the State Universities Retirement System;

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

19 (5) the General Assembly Retirement System.

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

23 ~~Each month, the Commissioner of the Office of Banks and~~
24 ~~Real Estate shall certify to the State Treasurer the actual~~
25 ~~expenditures that the Office of Banks and Real Estate incurred~~
26 ~~conducting unclaimed property examinations under the Uniform~~

1 ~~Disposition of Unclaimed Property Act during the immediately~~
2 ~~preceding month. Within a reasonable time following the~~
3 ~~acceptance of such certification by the State Treasurer, the~~
4 ~~State Treasurer shall pay from its appropriation from the State~~
5 ~~Pensions Fund to the Bank and Trust Company Fund, the Savings~~
6 ~~Bank Regulatory Fund, and the Residential Finance Regulatory~~
7 ~~Fund an amount equal to the expenditures incurred by each Fund~~
8 ~~for that month.~~

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

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

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

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

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

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

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

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

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

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

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

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

19 (30 ILCS 230/2) (from Ch. 127, par. 171)

20 Sec. 2. Accounts of money received; payment into State
21 treasury.

22 (a) Every officer, board, commission, commissioner,
23 department, institution, arm or agency brought within the
24 provisions of this Act by Section 1 shall keep in proper books

1 a detailed itemized account of all moneys received for or on
2 behalf of the State of Illinois, showing the date of receipt,
3 the payor, and purpose and amount, and the date and manner of
4 disbursement as hereinafter provided, and, unless a different
5 time of payment is expressly provided by law or by rules or
6 regulations promulgated under subsection (b) of this Section,
7 shall pay into the State treasury the gross amount of money so
8 received on the day of actual physical receipt with respect to
9 any single item of receipt exceeding \$10,000, within 24 hours
10 of actual physical receipt with respect to an accumulation of
11 receipts of \$10,000 or more, or within 48 hours of actual
12 physical receipt with respect to an accumulation of receipts
13 exceeding \$500 but less than \$10,000, disregarding holidays,
14 Saturdays and Sundays, after the receipt of same, without any
15 deduction on account of salaries, fees, costs, charges,
16 expenses or claims of any description whatever; provided that:

17 (1) the provisions of (i) Section 2505-475 of the
18 Department of Revenue Law (20 ILCS 2505/2505-475), (ii) any
19 specific taxing statute authorizing a claim for credit
20 procedure instead of the actual making of refunds, (iii)
21 Section 505 of the Illinois Controlled Substances Act, (iv)
22 Section 85 of the Methamphetamine Control and Community
23 Protection Act, authorizing the Director of State Police to
24 dispose of forfeited property, which includes the sale and
25 disposition of the proceeds of the sale of forfeited
26 property, and the Department of Central Management

1 Services to be reimbursed for costs incurred with the sales
2 of forfeited vehicles, boats or aircraft and to pay to bona
3 fide or innocent purchasers, conditional sales vendors or
4 mortgagees of such vehicles, boats or aircraft their
5 interest in such vehicles, boats or aircraft, and (v)
6 Section 6b-2 of the State Finance Act, establishing
7 procedures for handling cash receipts from the sale of
8 pari-mutuel wagering tickets, shall not be deemed to be in
9 conflict with the requirements of this Section;

10 (2) any fees received by the State Registrar of Vital
11 Records pursuant to the Vital Records Act which are
12 insufficient in amount may be returned by the Registrar as
13 provided in that Act;

14 (3) any fees received by the Department of Public
15 Health under the Food Handling Regulation Enforcement Act
16 that are submitted for renewal of an expired food service
17 sanitation manager certificate may be returned by the
18 Director as provided in that Act;

19 (3.5) the State Treasurer may permit the deduction of
20 fees by third-party unclaimed property examiners from the
21 property recovered by the examiners for the State of
22 Illinois during examinations of holders located outside
23 the State under which the Office of the Treasurer has
24 agreed to pay for the examinations based upon a percentage,
25 ~~set by rule by the State Treasurer~~ in accordance with the
26 Revised Uniform Unclaimed Property Illinois Administrative

1 ~~Procedure~~ Act, of the property recovered during the
2 examination; and

3 (4) if the amount of money received does not exceed
4 \$500, such money may be retained and need not be paid into
5 the State treasury until the total amount of money so
6 received exceeds \$500, or until the next succeeding 1st or
7 15th day of each month (or until the next business day if
8 these days fall on Sunday or a holiday), whichever is
9 earlier, at which earlier time such money shall be paid
10 into the State treasury, except that if a local bank or
11 savings and loan association account has been authorized by
12 law, any balances shall be paid into the State treasury on
13 Monday of each week if more than \$500 is to be deposited in
14 any fund.

15 Single items of receipt exceeding \$10,000 received after 2 p.m.
16 on a working day may be deemed to have been received on the
17 next working day for purposes of fulfilling the requirement
18 that the item be deposited on the day of actual physical
19 receipt.

20 No money belonging to or left for the use of the State
21 shall be expended or applied except in consequence of an
22 appropriation made by law and upon the warrant of the State
23 Comptroller. However, payments made by the Comptroller to
24 persons by direct deposit need not be made upon the warrant of
25 the Comptroller, but if not made upon a warrant, shall be made
26 in accordance with Section 9.02 of the State Comptroller Act.

1 All moneys so paid into the State treasury shall, unless
2 required by some statute to be held in the State treasury in a
3 separate or special fund, be covered into the General Revenue
4 Fund in the State treasury. Moneys received in the form of
5 checks, drafts or similar instruments shall be properly
6 endorsed, if necessary, and delivered to the State Treasurer
7 for collection. The State Treasurer shall remit such collected
8 funds to the depositing officer, board, commission,
9 commissioner, department, institution, arm or agency by
10 Treasurers Draft or through electronic funds transfer. The
11 draft or notification of the electronic funds transfer shall be
12 provided to the State Comptroller to allow deposit into the
13 appropriate fund.

14 (b) Different time periods for the payment of public funds
15 into the State treasury or to the State Treasurer, in excess of
16 the periods established in subsection (a) of this Section, but
17 not in excess of 30 days after receipt of such funds, may be
18 established and revised from time to time by rules or
19 regulations promulgated jointly by the State Treasurer and the
20 State Comptroller in accordance with the Illinois
21 Administrative Procedure Act. The different time periods
22 established by rule or regulation under this subsection may
23 vary according to the nature and amounts of the funds received,
24 the locations at which the funds are received, whether
25 compliance with the deposit requirements specified in
26 subsection (a) of this Section would be cost effective, and

1 such other circumstances and conditions as the promulgating
2 authorities consider to be appropriate. The Treasurer and the
3 Comptroller shall review all such different time periods
4 established pursuant to this subsection every 2 years from the
5 establishment thereof and upon such review, unless it is
6 determined that it is economically unfeasible for the agency to
7 comply with the provisions of subsection (a), shall repeal such
8 different time period.

9 (Source: P.A. 94-556, eff. 9-11-05.)

10 Section 17-45. The Counties Code is amended by changing
11 Section 3-3034 as follows:

12 (55 ILCS 5/3-3034) (from Ch. 34, par. 3-3034)

13 Sec. 3-3034. Disposition of body. After the inquest the
14 coroner may deliver the body or human remains of the deceased
15 to the family of the deceased or, if there are no family
16 members to accept the body or the remains, then to friends of
17 the deceased, if there be any, but if not, the coroner shall
18 cause the body or the remains to be decently buried, cremated,
19 or donated for medical science purposes, the expenses to be
20 paid from the property of the deceased, if there is sufficient,
21 if not, by the county. The coroner may not approve the
22 cremation or donation of the body if it is necessary to
23 preserve the body for law enforcement purposes. If the State
24 Treasurer, pursuant to the Revised Uniform ~~Disposition~~ of

1 Unclaimed Property Act, delivers human remains to the coroner,
2 the coroner shall cause the human remains to be disposed of as
3 provided in this Section. If the police department of any
4 municipality or county investigates abandoned cremated
5 remains, determines that they are human remains, and cannot
6 locate the owner of the remains, then the police shall deliver
7 the remains to the coroner, and the coroner shall cause the
8 remains to be disposed of as provided in this Section.

9 (Source: P.A. 96-1339, eff. 7-27-10; 97-679, eff. 2-6-12.)

10 Section 17-50. The Illinois Banking Act is amended by
11 changing Sections 48, 48.1, 48.3, and 65 as follows:

12 (205 ILCS 5/48)

13 Sec. 48. Secretary's powers; duties. The Secretary shall
14 have the powers and authority, and is charged with the duties
15 and responsibilities designated in this Act, and a State bank
16 shall not be subject to any other visitorial power other than
17 as authorized by this Act, except those vested in the courts,
18 or upon prior consultation with the Secretary, a foreign bank
19 regulator with an appropriate supervisory interest in the
20 parent or affiliate of a state bank. In the performance of the
21 Secretary's duties:

22 (1) The Commissioner shall call for statements from all
23 State banks as provided in Section 47 at least one time
24 during each calendar quarter.

1 (2) (a) The Commissioner, as often as the Commissioner
2 shall deem necessary or proper, and no less frequently than
3 18 months following the preceding examination, shall
4 appoint a suitable person or persons to make an examination
5 of the affairs of every State bank, except that for every
6 eligible State bank, as defined by regulation, the
7 Commissioner in lieu of the examination may accept on an
8 alternating basis the examination made by the eligible
9 State bank's appropriate federal banking agency pursuant
10 to Section 111 of the Federal Deposit Insurance Corporation
11 Improvement Act of 1991, provided the appropriate federal
12 banking agency has made such an examination. A person so
13 appointed shall not be a stockholder or officer or employee
14 of any bank which that person may be directed to examine,
15 and shall have powers to make a thorough examination into
16 all the affairs of the bank and in so doing to examine any
17 of the officers or agents or employees thereof on oath and
18 shall make a full and detailed report of the condition of
19 the bank to the Commissioner. In making the examination the
20 examiners shall include an examination of the affairs of
21 all the affiliates of the bank, as defined in subsection
22 (b) of Section 35.2 of this Act, or subsidiaries of the
23 bank as shall be necessary to disclose fully the conditions
24 of the subsidiaries or affiliates, the relations between
25 the bank and the subsidiaries or affiliates and the effect
26 of those relations upon the affairs of the bank, and in

1 connection therewith shall have power to examine any of the
2 officers, directors, agents, or employees of the
3 subsidiaries or affiliates on oath. After May 31, 1997, the
4 Commissioner may enter into cooperative agreements with
5 state regulatory authorities of other states to provide for
6 examination of State bank branches in those states, and the
7 Commissioner may accept reports of examinations of State
8 bank branches from those state regulatory authorities.
9 These cooperative agreements may set forth the manner in
10 which the other state regulatory authorities may be
11 compensated for examinations prepared for and submitted to
12 the Commissioner.

13 (b) After May 31, 1997, the Commissioner is authorized
14 to examine, as often as the Commissioner shall deem
15 necessary or proper, branches of out-of-state banks. The
16 Commissioner may establish and may assess fees to be paid
17 to the Commissioner for examinations under this subsection
18 (b). The fees shall be borne by the out-of-state bank,
19 unless the fees are borne by the state regulatory authority
20 that chartered the out-of-state bank, as determined by a
21 cooperative agreement between the Commissioner and the
22 state regulatory authority that chartered the out-of-state
23 bank.

24 (2.1) Pursuant to paragraph (a) of subsection (6) of
25 this Section, the Secretary shall adopt rules that ensure
26 consistency and due process in the examination process. The

1 Secretary may also establish guidelines that (i) define the
2 scope of the examination process and (ii) clarify
3 examination items to be resolved. The rules, formal
4 guidance, interpretive letters, or opinions furnished to
5 State banks by the Secretary may be relied upon by the
6 State banks.

7 (2.5) Whenever any State bank, any subsidiary or
8 affiliate of a State bank, or after May 31, 1997, any
9 branch of an out-of-state bank causes to be performed, by
10 contract or otherwise, any bank services for itself,
11 whether on or off its premises:

12 (a) that performance shall be subject to
13 examination by the Commissioner to the same extent as
14 if services were being performed by the bank or, after
15 May 31, 1997, branch of the out-of-state bank itself on
16 its own premises; and

17 (b) the bank or, after May 31, 1997, branch of the
18 out-of-state bank shall notify the Commissioner of the
19 existence of a service relationship. The notification
20 shall be submitted with the first statement of
21 condition (as required by Section 47 of this Act) due
22 after the making of the service contract or the
23 performance of the service, whichever occurs first.
24 The Commissioner shall be notified of each subsequent
25 contract in the same manner.

26 For purposes of this subsection (2.5), the term "bank

1 services" means services such as sorting and posting of
2 checks and deposits, computation and posting of interest
3 and other credits and charges, preparation and mailing of
4 checks, statements, notices, and similar items, or any
5 other clerical, bookkeeping, accounting, statistical, or
6 similar functions performed for a State bank, including but
7 not limited to electronic data processing related to those
8 bank services.

9 (3) The expense of administering this Act, including
10 the expense of the examinations of State banks as provided
11 in this Act, shall to the extent of the amounts resulting
12 from the fees provided for in paragraphs (a), (a-2), and
13 (b) of this subsection (3) be assessed against and borne by
14 the State banks:

15 (a) Each bank shall pay to the Secretary a Call
16 Report Fee which shall be paid in quarterly
17 installments equal to one-fourth of the sum of the
18 annual fixed fee of \$800, plus a variable fee based on
19 the assets shown on the quarterly statement of
20 condition delivered to the Secretary in accordance
21 with Section 47 for the preceding quarter according to
22 the following schedule: 16¢ per \$1,000 of the first
23 \$5,000,000 of total assets, 15¢ per \$1,000 of the next
24 \$20,000,000 of total assets, 13¢ per \$1,000 of the next
25 \$75,000,000 of total assets, 9¢ per \$1,000 of the next
26 \$400,000,000 of total assets, 7¢ per \$1,000 of the next

1 \$500,000,000 of total assets, and 5¢ per \$1,000 of all
2 assets in excess of \$1,000,000,000, of the State bank.
3 The Call Report Fee shall be calculated by the
4 Secretary and billed to the banks for remittance at the
5 time of the quarterly statements of condition provided
6 for in Section 47. The Secretary may require payment of
7 the fees provided in this Section by an electronic
8 transfer of funds or an automatic debit of an account
9 of each of the State banks. In case more than one
10 examination of any bank is deemed by the Secretary to
11 be necessary in any examination frequency cycle
12 specified in subsection 2(a) of this Section, and is
13 performed at his direction, the Secretary may assess a
14 reasonable additional fee to recover the cost of the
15 additional examination; ~~provided, however, that an~~
16 ~~examination conducted at the request of the State~~
17 ~~Treasurer pursuant to the Uniform Disposition of~~
18 ~~Unclaimed Property Act shall not be deemed to be an~~
19 ~~additional examination under this Section.~~ In lieu of
20 the method and amounts set forth in this paragraph (a)
21 for the calculation of the Call Report Fee, the
22 Secretary may specify by rule that the Call Report Fees
23 provided by this Section may be assessed semiannually
24 or some other period and may provide in the rule the
25 formula to be used for calculating and assessing the
26 periodic Call Report Fees to be paid by State banks.

1 (a-1) If in the opinion of the Commissioner an
2 emergency exists or appears likely, the Commissioner
3 may assign an examiner or examiners to monitor the
4 affairs of a State bank with whatever frequency he
5 deems appropriate, including but not limited to a daily
6 basis. The reasonable and necessary expenses of the
7 Commissioner during the period of the monitoring shall
8 be borne by the subject bank. The Commissioner shall
9 furnish the State bank a statement of time and expenses
10 if requested to do so within 30 days of the conclusion
11 of the monitoring period.

12 (a-2) On and after January 1, 1990, the reasonable
13 and necessary expenses of the Commissioner during
14 examination of the performance of electronic data
15 processing services under subsection (2.5) shall be
16 borne by the banks for which the services are provided.
17 An amount, based upon a fee structure prescribed by the
18 Commissioner, shall be paid by the banks or, after May
19 31, 1997, branches of out-of-state banks receiving the
20 electronic data processing services along with the
21 Call Report Fee assessed under paragraph (a) of this
22 subsection (3).

23 (a-3) After May 31, 1997, the reasonable and
24 necessary expenses of the Commissioner during
25 examination of the performance of electronic data
26 processing services under subsection (2.5) at or on

1 behalf of branches of out-of-state banks shall be borne
2 by the out-of-state banks, unless those expenses are
3 borne by the state regulatory authorities that
4 chartered the out-of-state banks, as determined by
5 cooperative agreements between the Commissioner and
6 the state regulatory authorities that chartered the
7 out-of-state banks.

8 (b) "Fiscal year" for purposes of this Section 48
9 is defined as a period beginning July 1 of any year and
10 ending June 30 of the next year. The Commissioner shall
11 receive for each fiscal year, commencing with the
12 fiscal year ending June 30, 1987, a contingent fee
13 equal to the lesser of the aggregate of the fees paid
14 by all State banks under paragraph (a) of subsection
15 (3) for that year, or the amount, if any, whereby the
16 aggregate of the administration expenses, as defined
17 in paragraph (c), for that fiscal year exceeds the sum
18 of the aggregate of the fees payable by all State banks
19 for that year under paragraph (a) of subsection (3),
20 plus any amounts transferred into the Bank and Trust
21 Company Fund from the State Pensions Fund for that
22 year, plus all other amounts collected by the
23 Commissioner for that year under any other provision of
24 this Act, plus the aggregate of all fees collected for
25 that year by the Commissioner under the Corporate
26 Fiduciary Act, excluding the receivership fees

1 provided for in Section 5-10 of the Corporate Fiduciary
2 Act, and the Foreign Banking Office Act. The aggregate
3 amount of the contingent fee thus arrived at for any
4 fiscal year shall be apportioned amongst, assessed
5 upon, and paid by the State banks and foreign banking
6 corporations, respectively, in the same proportion
7 that the fee of each under paragraph (a) of subsection
8 (3), respectively, for that year bears to the aggregate
9 for that year of the fees collected under paragraph (a)
10 of subsection (3). The aggregate amount of the
11 contingent fee, and the portion thereof to be assessed
12 upon each State bank and foreign banking corporation,
13 respectively, shall be determined by the Commissioner
14 and shall be paid by each, respectively, within 120
15 days of the close of the period for which the
16 contingent fee is computed and is payable, and the
17 Commissioner shall give 20 days' ~~days~~ advance notice of
18 the amount of the contingent fee payable by the State
19 bank and of the date fixed by the Commissioner for
20 payment of the fee.

21 (c) The "administration expenses" for any fiscal
22 year shall mean the ordinary and contingent expenses
23 for that year incident to making the examinations
24 provided for by, and for otherwise administering, this
25 Act, the Corporate Fiduciary Act, excluding the
26 expenses paid from the Corporate Fiduciary

1 Receivership account in the Bank and Trust Company
2 Fund, the Foreign Banking Office Act, the Electronic
3 Fund Transfer Act, and the Illinois Bank Examiners'
4 Education Foundation Act, including all salaries and
5 other compensation paid for personal services rendered
6 for the State by officers or employees of the State,
7 including the Commissioner and the Deputy
8 Commissioners, communication equipment and services,
9 office furnishings, surety bond premiums, and travel
10 expenses of those officers and employees, employees,
11 expenditures or charges for the acquisition,
12 enlargement or improvement of, or for the use of, any
13 office space, building, or structure, or expenditures
14 for the maintenance thereof or for furnishing heat,
15 light, or power with respect thereto, all to the extent
16 that those expenditures are directly incidental to
17 such examinations or administration. The Commissioner
18 shall not be required by paragraphs (c) or (d-1) of
19 this subsection (3) to maintain in any fiscal year's
20 budget appropriated reserves for accrued vacation and
21 accrued sick leave that is required to be paid to
22 employees of the Commissioner upon termination of
23 their service with the Commissioner in an amount that
24 is more than is reasonably anticipated to be necessary
25 for any anticipated turnover in employees, whether due
26 to normal attrition or due to layoffs, terminations, or

1 resignations.

2 (d) The aggregate of all fees collected by the
3 Secretary under this Act, the Corporate Fiduciary Act,
4 or the Foreign Banking Office Act on and after July 1,
5 1979, shall be paid promptly after receipt of the same,
6 accompanied by a detailed statement thereof, into the
7 State treasury and shall be set apart in a special fund
8 to be known as the "Bank and Trust Company Fund",
9 except as provided in paragraph (c) of subsection (11)
10 of this Section. All earnings received from
11 investments of funds in the Bank and Trust Company Fund
12 shall be deposited in the Bank and Trust Company Fund
13 and may be used for the same purposes as fees deposited
14 in that Fund. The amount from time to time deposited
15 into the Bank and Trust Company Fund shall be used: (i)
16 to offset the ordinary administrative expenses of the
17 Secretary as defined in this Section or (ii) as a
18 credit against fees under paragraph (d-1) of this
19 subsection (3). Nothing in this amendatory Act of 1979
20 shall prevent continuing the practice of paying
21 expenses involving salaries, retirement, social
22 security, and State-paid insurance premiums of State
23 officers by appropriations from the General Revenue
24 Fund. However, the General Revenue Fund shall be
25 reimbursed for those payments made on and after July 1,
26 1979, by an annual transfer of funds from the Bank and

1 Trust Company Fund. Moneys in the Bank and Trust
2 Company Fund may be transferred to the Professions
3 Indirect Cost Fund, as authorized under Section
4 2105-300 of the Department of Professional Regulation
5 Law of the Civil Administrative Code of Illinois.

6 Notwithstanding provisions in the State Finance
7 Act, as now or hereafter amended, or any other law to
8 the contrary, the sum of \$18,788,847 shall be
9 transferred from the Bank and Trust Company Fund to the
10 Financial Institutions Settlement of 2008 Fund on the
11 effective date of this amendatory Act of the 95th
12 General Assembly, or as soon thereafter as practical.

13 Notwithstanding provisions in the State Finance
14 Act, as now or hereafter amended, or any other law to
15 the contrary, the Governor may, during any fiscal year
16 through January 10, 2011, from time to time direct the
17 State Treasurer and Comptroller to transfer a
18 specified sum not exceeding 10% of the revenues to be
19 deposited into the Bank and Trust Company Fund during
20 that fiscal year from that Fund to the General Revenue
21 Fund in order to help defray the State's operating
22 costs for the fiscal year. Notwithstanding provisions
23 in the State Finance Act, as now or hereafter amended,
24 or any other law to the contrary, the total sum
25 transferred during any fiscal year through January 10,
26 2011, from the Bank and Trust Company Fund to the

1 General Revenue Fund pursuant to this provision shall
2 not exceed during any fiscal year 10% of the revenues
3 to be deposited into the Bank and Trust Company Fund
4 during that fiscal year. The State Treasurer and
5 Comptroller shall transfer the amounts designated
6 under this Section as soon as may be practicable after
7 receiving the direction to transfer from the Governor.

8 (d-1) Adequate funds shall be available in the Bank
9 and Trust Company Fund to permit the timely payment of
10 administration expenses. In each fiscal year the total
11 administration expenses shall be deducted from the
12 total fees collected by the Commissioner and the
13 remainder transferred into the Cash Flow Reserve
14 Account, unless the balance of the Cash Flow Reserve
15 Account prior to the transfer equals or exceeds
16 one-fourth of the total initial appropriations from
17 the Bank and Trust Company Fund for the subsequent
18 year, in which case the remainder shall be credited to
19 State banks and foreign banking corporations and
20 applied against their fees for the subsequent year. The
21 amount credited to each State bank and foreign banking
22 corporation shall be in the same proportion as the Call
23 Report Fees paid by each for the year bear to the total
24 Call Report Fees collected for the year. If, after a
25 transfer to the Cash Flow Reserve Account is made or if
26 no remainder is available for transfer, the balance of

1 the Cash Flow Reserve Account is less than one-fourth
2 of the total initial appropriations for the subsequent
3 year and the amount transferred is less than 5% of the
4 total Call Report Fees for the year, additional amounts
5 needed to make the transfer equal to 5% of the total
6 Call Report Fees for the year shall be apportioned
7 amongst, assessed upon, and paid by the State banks and
8 foreign banking corporations in the same proportion
9 that the Call Report Fees of each, respectively, for
10 the year bear to the total Call Report Fees collected
11 for the year. The additional amounts assessed shall be
12 transferred into the Cash Flow Reserve Account. For
13 purposes of this paragraph (d-1), the calculation of
14 the fees collected by the Commissioner shall exclude
15 the receivership fees provided for in Section 5-10 of
16 the Corporate Fiduciary Act.

17 (e) The Commissioner may upon request certify to
18 any public record in his keeping and shall have
19 authority to levy a reasonable charge for issuing
20 certifications of any public record in his keeping.

21 (f) In addition to fees authorized elsewhere in
22 this Act, the Commissioner may, in connection with a
23 review, approval, or provision of a service, levy a
24 reasonable charge to recover the cost of the review,
25 approval, or service.

26 (4) Nothing contained in this Act shall be construed to

1 limit the obligation relative to examinations and reports
2 of any State bank, deposits in which are to any extent
3 insured by the United States or any agency thereof, nor to
4 limit in any way the powers of the Commissioner with
5 reference to examinations and reports of that bank.

6 (5) The nature and condition of the assets in or
7 investment of any bonus, pension, or profit sharing plan
8 for officers or employees of every State bank or, after May
9 31, 1997, branch of an out-of-state bank shall be deemed to
10 be included in the affairs of that State bank or branch of
11 an out-of-state bank subject to examination by the
12 Commissioner under the provisions of subsection (2) of this
13 Section, and if the Commissioner shall find from an
14 examination that the condition of or operation of the
15 investments or assets of the plan is unlawful, fraudulent,
16 or unsafe, or that any trustee has abused his trust, the
17 Commissioner shall, if the situation so found by the
18 Commissioner shall not be corrected to his satisfaction
19 within 60 days after the Commissioner has given notice to
20 the board of directors of the State bank or out-of-state
21 bank of his findings, report the facts to the Attorney
22 General who shall thereupon institute proceedings against
23 the State bank or out-of-state bank, the board of directors
24 thereof, or the trustees under such plan as the nature of
25 the case may require.

26 (6) The Commissioner shall have the power:

1 (a) To promulgate reasonable rules for the purpose
2 of administering the provisions of this Act.

3 (a-5) To impose conditions on any approval issued
4 by the Commissioner if he determines that the
5 conditions are necessary or appropriate. These
6 conditions shall be imposed in writing and shall
7 continue in effect for the period prescribed by the
8 Commissioner.

9 (b) To issue orders against any person, if the
10 Commissioner has reasonable cause to believe that an
11 unsafe or unsound banking practice has occurred, is
12 occurring, or is about to occur, if any person has
13 violated, is violating, or is about to violate any law,
14 rule, or written agreement with the Commissioner, or
15 for the purpose of administering the provisions of this
16 Act and any rule promulgated in accordance with this
17 Act.

18 (b-1) To enter into agreements with a bank
19 establishing a program to correct the condition of the
20 bank or its practices.

21 (c) To appoint hearing officers to execute any of
22 the powers granted to the Commissioner under this
23 Section for the purpose of administering this Act and
24 any rule promulgated in accordance with this Act and
25 otherwise to authorize, in writing, an officer or
26 employee of the Office of Banks and Real Estate to

1 exercise his powers under this Act.

2 (d) To subpoena witnesses, to compel their
3 attendance, to administer an oath, to examine any
4 person under oath, and to require the production of any
5 relevant books, papers, accounts, and documents in the
6 course of and pursuant to any investigation being
7 conducted, or any action being taken, by the
8 Commissioner in respect of any matter relating to the
9 duties imposed upon, or the powers vested in, the
10 Commissioner under the provisions of this Act or any
11 rule promulgated in accordance with this Act.

12 (e) To conduct hearings.

13 (7) Whenever, in the opinion of the Secretary, any
14 director, officer, employee, or agent of a State bank or
15 any subsidiary or bank holding company of the bank or,
16 after May 31, 1997, of any branch of an out-of-state bank
17 or any subsidiary or bank holding company of the bank shall
18 have violated any law, rule, or order relating to that bank
19 or any subsidiary or bank holding company of the bank,
20 shall have obstructed or impeded any examination or
21 investigation by the Secretary, shall have engaged in an
22 unsafe or unsound practice in conducting the business of
23 that bank or any subsidiary or bank holding company of the
24 bank, or shall have violated any law or engaged or
25 participated in any unsafe or unsound practice in
26 connection with any financial institution or other

1 business entity such that the character and fitness of the
2 director, officer, employee, or agent does not assure
3 reasonable promise of safe and sound operation of the State
4 bank, the Secretary may issue an order of removal. If, in
5 the opinion of the Secretary, any former director, officer,
6 employee, or agent of a State bank or any subsidiary or
7 bank holding company of the bank, prior to the termination
8 of his or her service with that bank or any subsidiary or
9 bank holding company of the bank, violated any law, rule,
10 or order relating to that State bank or any subsidiary or
11 bank holding company of the bank, obstructed or impeded any
12 examination or investigation by the Secretary, engaged in
13 an unsafe or unsound practice in conducting the business of
14 that bank or any subsidiary or bank holding company of the
15 bank, or violated any law or engaged or participated in any
16 unsafe or unsound practice in connection with any financial
17 institution or other business entity such that the
18 character and fitness of the director, officer, employee,
19 or agent would not have assured reasonable promise of safe
20 and sound operation of the State bank, the Secretary may
21 issue an order prohibiting that person from further service
22 with a bank or any subsidiary or bank holding company of
23 the bank as a director, officer, employee, or agent. An
24 order issued pursuant to this subsection shall be served
25 upon the director, officer, employee, or agent. A copy of
26 the order shall be sent to each director of the bank

1 affected by registered mail. A copy of the order shall also
2 be served upon the bank of which he is a director, officer,
3 employee, or agent, whereupon he shall cease to be a
4 director, officer, employee, or agent of that bank. The
5 Secretary may institute a civil action against the
6 director, officer, or agent of the State bank or, after May
7 31, 1997, of the branch of the out-of-state bank against
8 whom any order provided for by this subsection (7) of this
9 Section 48 has been issued, and against the State bank or,
10 after May 31, 1997, out-of-state bank, to enforce
11 compliance with or to enjoin any violation of the terms of
12 the order. Any person who has been the subject of an order
13 of removal or an order of prohibition issued by the
14 Secretary under this subsection or Section 5-6 of the
15 Corporate Fiduciary Act may not thereafter serve as
16 director, officer, employee, or agent of any State bank or
17 of any branch of any out-of-state bank, or of any corporate
18 fiduciary, as defined in Section 1-5.05 of the Corporate
19 Fiduciary Act, or of any other entity that is subject to
20 licensure or regulation by the Division of Banking unless
21 the Secretary has granted prior approval in writing.

22 For purposes of this paragraph (7), "bank holding
23 company" has the meaning prescribed in Section 2 of the
24 Illinois Bank Holding Company Act of 1957.

25 (8) The Commissioner may impose civil penalties of up
26 to \$100,000 against any person for each violation of any

1 provision of this Act, any rule promulgated in accordance
2 with this Act, any order of the Commissioner, or any other
3 action which in the Commissioner's discretion is an unsafe
4 or unsound banking practice.

5 (9) The Commissioner may impose civil penalties of up
6 to \$100 against any person for the first failure to comply
7 with reporting requirements set forth in the report of
8 examination of the bank and up to \$200 for the second and
9 subsequent failures to comply with those reporting
10 requirements.

11 (10) All final administrative decisions of the
12 Commissioner hereunder shall be subject to judicial review
13 pursuant to the provisions of the Administrative Review
14 Law. For matters involving administrative review, venue
15 shall be in either Sangamon County or Cook County.

16 (11) The endowment fund for the Illinois Bank
17 Examiners' Education Foundation shall be administered as
18 follows:

19 (a) (Blank).

20 (b) The Foundation is empowered to receive
21 voluntary contributions, gifts, grants, bequests, and
22 donations on behalf of the Illinois Bank Examiners'
23 Education Foundation from national banks and other
24 persons for the purpose of funding the endowment of the
25 Illinois Bank Examiners' Education Foundation.

26 (c) The aggregate of all special educational fees

1 collected by the Secretary and property received by the
2 Secretary on behalf of the Illinois Bank Examiners'
3 Education Foundation under this subsection (11) on or
4 after June 30, 1986, shall be either (i) promptly paid
5 after receipt of the same, accompanied by a detailed
6 statement thereof, into the State Treasury and shall be
7 set apart in a special fund to be known as "The
8 Illinois Bank Examiners' Education Fund" to be
9 invested by either the Treasurer of the State of
10 Illinois in the Public Treasurers' Investment Pool or
11 in any other investment he is authorized to make or by
12 the Illinois State Board of Investment as the State
13 Banking Board of Illinois may direct or (ii) deposited
14 into an account maintained in a commercial bank or
15 corporate fiduciary in the name of the Illinois Bank
16 Examiners' Education Foundation pursuant to the order
17 and direction of the Board of Trustees of the Illinois
18 Bank Examiners' Education Foundation.

19 (12) (Blank).

20 (13) The Secretary may borrow funds from the General
21 Revenue Fund on behalf of the Bank and Trust Company Fund
22 if the Director of Banking certifies to the Governor that
23 there is an economic emergency affecting banking that
24 requires a borrowing to provide additional funds to the
25 Bank and Trust Company Fund. The borrowed funds shall be
26 paid back within 3 years and shall not exceed the total

1 funding appropriated to the Agency in the previous year.

2 (14) In addition to the fees authorized in this Act,
3 the Secretary may assess reasonable receivership fees
4 against any State bank that does not maintain insurance
5 with the Federal Deposit Insurance Corporation. All fees
6 collected under this subsection (14) shall be paid into the
7 Non-insured Institutions Receivership account in the Bank
8 and Trust Company Fund, as established by the Secretary.
9 The fees assessed under this subsection (14) shall provide
10 for the expenses that arise from the administration of the
11 receivership of any such institution required to pay into
12 the Non-insured Institutions Receivership account, whether
13 pursuant to this Act, the Corporate Fiduciary Act, the
14 Foreign Banking Office Act, or any other Act that requires
15 payments into the Non-insured Institutions Receivership
16 account. The Secretary may establish by rule a reasonable
17 manner of assessing fees under this subsection (14).

18 (Source: P.A. 98-784, eff. 7-24-14; 99-39, eff. 1-1-16.)

19 (205 ILCS 5/48.1) (from Ch. 17, par. 360)

20 Sec. 48.1. Customer financial records; confidentiality.

21 (a) For the purpose of this Section, the term "financial
22 records" means any original, any copy, or any summary of:

23 (1) a document granting signature authority over a
24 deposit or account;

25 (2) a statement, ledger card or other record on any

1 deposit or account, which shows each transaction in or with
2 respect to that account;

3 (3) a check, draft or money order drawn on a bank or
4 issued and payable by a bank; or

5 (4) any other item containing information pertaining
6 to any relationship established in the ordinary course of a
7 bank's business between a bank and its customer, including
8 financial statements or other financial information
9 provided by the customer.

10 (b) This Section does not prohibit:

11 (1) The preparation, examination, handling or
12 maintenance of any financial records by any officer,
13 employee or agent of a bank having custody of the records,
14 or the examination of the records by a certified public
15 accountant engaged by the bank to perform an independent
16 audit.

17 (2) The examination of any financial records by, or the
18 furnishing of financial records by a bank to, any officer,
19 employee or agent of (i) the Commissioner of Banks and Real
20 Estate, (ii) after May 31, 1997, a state regulatory
21 authority authorized to examine a branch of a State bank
22 located in another state, (iii) the Comptroller of the
23 Currency, (iv) the Federal Reserve Board, or (v) the
24 Federal Deposit Insurance Corporation for use solely in the
25 exercise of his duties as an officer, employee, or agent.

26 (3) The publication of data furnished from financial

1 records relating to customers where the data cannot be
2 identified to any particular customer or account.

3 (4) The making of reports or returns required under
4 Chapter 61 of the Internal Revenue Code of 1986.

5 (5) Furnishing information concerning the dishonor of
6 any negotiable instrument permitted to be disclosed under
7 the Uniform Commercial Code.

8 (6) The exchange in the regular course of business of
9 (i) credit information between a bank and other banks or
10 financial institutions or commercial enterprises, directly
11 or through a consumer reporting agency or (ii) financial
12 records or information derived from financial records
13 between a bank and other banks or financial institutions or
14 commercial enterprises for the purpose of conducting due
15 diligence pursuant to a purchase or sale involving the bank
16 or assets or liabilities of the bank.

17 (7) The furnishing of information to the appropriate
18 law enforcement authorities where the bank reasonably
19 believes it has been the victim of a crime.

20 (8) The furnishing of information under the Revised
21 Uniform ~~Disposition of~~ Unclaimed Property Act.

22 (9) The furnishing of information under the Illinois
23 Income Tax Act and the Illinois Estate and
24 Generation-Skipping Transfer Tax Act.

25 (10) The furnishing of information under the federal
26 Currency and Foreign Transactions Reporting Act Title 31,

1 United States Code, Section 1051 et seq.

2 (11) The furnishing of information under any other
3 statute that by its terms or by regulations promulgated
4 thereunder requires the disclosure of financial records
5 other than by subpoena, summons, warrant, or court order.

6 (12) The furnishing of information about the existence
7 of an account of a person to a judgment creditor of that
8 person who has made a written request for that information.

9 (13) The exchange in the regular course of business of
10 information between commonly owned banks in connection
11 with a transaction authorized under paragraph (23) of
12 Section 5 and conducted at an affiliate facility.

13 (14) The furnishing of information in accordance with
14 the federal Personal Responsibility and Work Opportunity
15 Reconciliation Act of 1996. Any bank governed by this Act
16 shall enter into an agreement for data exchanges with a
17 State agency provided the State agency pays to the bank a
18 reasonable fee not to exceed its actual cost incurred. A
19 bank providing information in accordance with this item
20 shall not be liable to any account holder or other person
21 for any disclosure of information to a State agency, for
22 encumbering or surrendering any assets held by the bank 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 bank shall have no obligation to
2 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 (15) The exchange in the regular course of business of
6 information between a bank and any commonly owned affiliate
7 of the bank, subject to the provisions of the Financial
8 Institutions Insurance Sales Law.

9 (16) The furnishing of information to law enforcement
10 authorities, the Illinois Department on Aging and its
11 regional administrative and provider agencies, the
12 Department of Human Services Office of Inspector General,
13 or public guardians: (i) upon subpoena by the investigatory
14 entity or the guardian, or (ii) if there is suspicion by
15 the bank that a customer who is an elderly person or person
16 with a disability has been or may become the victim of
17 financial exploitation. For the purposes of this item (16),
18 the term: (i) "elderly person" means a person who is 60 or
19 more years of age, (ii) "disabled person" means a person
20 who has or reasonably appears to the bank to have a
21 physical or mental disability that impairs his or her
22 ability to seek or obtain protection from or prevent
23 financial exploitation, and (iii) "financial exploitation"
24 means tortious or illegal use of the assets or resources of
25 an elderly or disabled person, and includes, without
26 limitation, misappropriation of the elderly or disabled

1 person's assets or resources by undue influence, breach of
2 fiduciary relationship, intimidation, fraud, deception,
3 extortion, or the use of assets or resources in any manner
4 contrary to law. A bank or person furnishing information
5 pursuant to this item (16) shall be entitled to the same
6 rights and protections as a person furnishing information
7 under the Adult Protective Services Act and the Illinois
8 Domestic Violence Act of 1986.

9 (17) The disclosure of financial records or
10 information as necessary to effect, administer, or enforce
11 a transaction requested or authorized by the customer, or
12 in connection with:

13 (A) servicing or processing a financial product or
14 service requested or authorized by the customer;

15 (B) maintaining or servicing a customer's account
16 with the bank; or

17 (C) a proposed or actual securitization or
18 secondary market sale (including sales of servicing
19 rights) related to a transaction of a customer.

20 Nothing in this item (17), however, authorizes the sale
21 of the financial records or information of a customer
22 without the consent of the customer.

23 (18) The disclosure of financial records or
24 information as necessary to protect against actual or
25 potential fraud, unauthorized transactions, claims, or
26 other liability.

1 (19) (a) The disclosure of financial records or
2 information related to a private label credit program
3 between a financial institution and a private label party
4 in connection with that private label credit program. Such
5 information is limited to outstanding balance, available
6 credit, payment and performance and account history,
7 product references, purchase information, and information
8 related to the identity of the customer.

9 (b) (1) For purposes of this paragraph (19) of
10 subsection (b) of Section 48.1, a "private label credit
11 program" means a credit program involving a financial
12 institution and a private label party that is used by a
13 customer of the financial institution and the private label
14 party primarily for payment for goods or services sold,
15 manufactured, or distributed by a private label party.

16 (2) For purposes of this paragraph (19) of subsection
17 (b) of Section 48.1, a "private label party" means, with
18 respect to a private label credit program, any of the
19 following: a retailer, a merchant, a manufacturer, a trade
20 group, or any such person's affiliate, subsidiary, member,
21 agent, or service provider.

22 (c) Except as otherwise provided by this Act, a bank may
23 not disclose to any person, except to the customer or his duly
24 authorized agent, any financial records or financial
25 information obtained from financial records relating to that
26 customer of that bank unless:

1 (1) the customer has authorized disclosure to the
2 person;

3 (2) the financial records are disclosed in response to
4 a lawful subpoena, summons, warrant, citation to discover
5 assets, or court order which meets the requirements of
6 subsection (d) of this Section; or

7 (3) the bank is attempting to collect an obligation
8 owed to the bank and the bank complies with the provisions
9 of Section 2I of the Consumer Fraud and Deceptive Business
10 Practices Act.

11 (d) A bank shall disclose financial records under paragraph
12 (2) of subsection (c) of this Section under a lawful subpoena,
13 summons, warrant, citation to discover assets, or court order
14 only after the bank mails a copy of the subpoena, summons,
15 warrant, citation to discover assets, or court order to the
16 person establishing the relationship with the bank, if living,
17 and, otherwise his personal representative, if known, at his
18 last known address by first class mail, postage prepaid, unless
19 the bank is specifically prohibited from notifying the person
20 by order of court or by applicable State or federal law. A bank
21 shall not mail a copy of a subpoena to any person pursuant to
22 this subsection if the subpoena was issued by a grand jury
23 under the Statewide Grand Jury Act.

24 (e) Any officer or employee of a bank who knowingly and
25 willfully furnishes financial records in violation of this
26 Section is guilty of a business offense and, upon conviction,

1 shall be fined not more than \$1,000.

2 (f) Any person who knowingly and willfully induces or
3 attempts to induce any officer or employee of a bank to
4 disclose financial records in violation of this Section is
5 guilty of a business offense and, upon conviction, shall be
6 fined not more than \$1,000.

7 (g) A bank shall be reimbursed for costs that are
8 reasonably necessary and that have been directly incurred in
9 searching for, reproducing, or transporting books, papers,
10 records, or other data of a customer required or requested to
11 be produced pursuant to a lawful subpoena, summons, warrant,
12 citation to discover assets, or court order. The Commissioner
13 shall determine the rates and conditions under which payment
14 may be made.

15 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15.)

16 (205 ILCS 5/48.3) (from Ch. 17, par. 360.2)

17 Sec. 48.3. Disclosure of reports of examinations and
18 confidential supervisory information; limitations.

19 (a) Any report of examination, visitation, or
20 investigation prepared by the Commissioner under this Act, the
21 Electronic Fund Transfer Act, the Corporate Fiduciary Act, the
22 Illinois Bank Holding Company Act of 1957, and the Foreign
23 Banking Office Act, any report of examination, visitation, or
24 investigation prepared by the state regulatory authority of
25 another state that examines a branch of an Illinois State bank

1 in that state, any document or record prepared or obtained in
2 connection with or relating to any examination, visitation, or
3 investigation, and any record prepared or obtained by the
4 Commissioner to the extent that the record summarizes or
5 contains information derived from any report, document, or
6 record described in this subsection shall be deemed
7 "confidential supervisory information". Confidential
8 supervisory information shall not include any information or
9 record routinely prepared by a bank or other financial
10 institution and maintained in the ordinary course of business
11 or any information or record that is required to be made
12 publicly available pursuant to State or federal law or rule.
13 Confidential supervisory information shall be the property of
14 the Commissioner and shall only be disclosed under the
15 circumstances and for the purposes set forth in this Section.

16 The Commissioner may disclose confidential supervisory
17 information only under the following circumstances:

18 (1) The Commissioner may furnish confidential
19 supervisory information to the Board of Governors of the
20 Federal Reserve System, the federal reserve bank of the
21 federal reserve district in which the State bank is located
22 or in which the parent or other affiliate of the State bank
23 is located, any official or examiner thereof duly
24 accredited for the purpose, or any other state regulator,
25 federal regulator, or in the case of a foreign bank
26 possessing a certificate of authority pursuant to the

1 Foreign Banking Office Act or a license pursuant to the
2 Foreign Bank Representative Office Act, the bank regulator
3 in the country where the foreign bank is chartered, that
4 the Commissioner determines to have an appropriate
5 regulatory interest. Nothing contained in this Act shall be
6 construed to limit the obligation of any member State bank
7 to comply with the requirements relative to examinations
8 and reports of the Federal Reserve Act and of the Board of
9 Governors of the Federal Reserve System or the federal
10 reserve bank of the federal reserve district in which the
11 bank is located, nor to limit in any way the powers of the
12 Commissioner with reference to examinations and reports.

13 (2) The Commissioner may furnish confidential
14 supervisory information to the United States, any agency
15 thereof that has insured a bank's deposits in whole or in
16 part, or any official or examiner thereof duly accredited
17 for the purpose. Nothing contained in this Act shall be
18 construed to limit the obligation relative to examinations
19 and reports of any State bank, deposits in which are to any
20 extent insured by the United States, any agency thereof,
21 nor to limit in any way the powers of the Commissioner with
22 reference to examination and reports of such bank.

23 (3) The Commissioner may furnish confidential
24 supervisory information to the appropriate law enforcement
25 authorities when the Commissioner reasonably believes a
26 bank, which the Commissioner has caused to be examined, has

1 been a victim of a crime.

2 (4) The Commissioner may furnish confidential
3 supervisory information relating to a bank or other
4 financial institution, which the Commissioner has caused
5 to be examined, to be sent to the administrator of the
6 Revised Uniform ~~Disposition of~~ Unclaimed Property Act.

7 (5) The Commissioner may furnish confidential
8 supervisory information relating to a bank or other
9 financial institution, which the Commissioner has caused
10 to be examined, relating to its performance of obligations
11 under the Illinois Income Tax Act and the Illinois Estate
12 and Generation-Skipping Transfer Tax Act to the Illinois
13 Department of Revenue.

14 (6) The Commissioner may furnish confidential
15 supervisory information relating to a bank or other
16 financial institution, which the Commissioner has caused
17 to be examined, under the federal Currency and Foreign
18 Transactions Reporting Act, Title 31, United States Code,
19 Section 1051 et seq.

20 (6.5) The Commissioner may furnish confidential
21 supervisory information to any other agency or entity that
22 the Commissioner determines to have a legitimate
23 regulatory interest.

24 (7) The Commissioner may furnish confidential
25 supervisory information under any other statute that by its
26 terms or by regulations promulgated thereunder requires

1 the disclosure of financial records other than by subpoena,
2 summons, warrant, or court order.

3 (8) At the request of the affected bank or other
4 financial institution, the Commissioner may furnish
5 confidential supervisory information relating to a bank or
6 other financial institution, which the Commissioner has
7 caused to be examined, in connection with the obtaining of
8 insurance coverage or the pursuit of an insurance claim for
9 or on behalf of the bank or other financial institution;
10 provided that, when possible, the Commissioner shall
11 disclose only relevant information while maintaining the
12 confidentiality of financial records not relevant to such
13 insurance coverage or claim and, when appropriate, may
14 delete identifying data relating to any person or
15 individual.

16 (9) The Commissioner may furnish a copy of a report of
17 any examination performed by the Commissioner of the
18 condition and affairs of any electronic data processing
19 entity to the banks serviced by the electronic data
20 processing entity.

21 (10) In addition to the foregoing circumstances, the
22 Commissioner may, but is not required to, furnish
23 confidential supervisory information under the same
24 circumstances authorized for the bank or financial
25 institution pursuant to subsection (b) of this Section,
26 except that the Commissioner shall provide confidential

1 supervisory information under circumstances described in
2 paragraph (3) of subsection (b) of this Section only upon
3 the request of the bank or other financial institution.

4 (b) A bank or other financial institution or its officers,
5 agents, and employees may disclose confidential supervisory
6 information only under the following circumstances:

7 (1) to the board of directors of the bank or other
8 financial institution, as well as the president,
9 vice-president, cashier, and other officers of the bank or
10 other financial institution to whom the board of directors
11 may delegate duties with respect to compliance with
12 recommendations for action, and to the board of directors
13 of a bank holding company that owns at least 80% of the
14 outstanding stock of the bank or other financial
15 institution;

16 (2) to attorneys for the bank or other financial
17 institution and to a certified public accountant engaged by
18 the State bank or financial institution to perform an
19 independent audit provided that the attorney or certified
20 public accountant shall not permit the confidential
21 supervisory information to be further disseminated;

22 (3) to any person who seeks to acquire a controlling
23 interest in, or who seeks to merge with, the bank or
24 financial institution, provided that all attorneys,
25 certified public accountants, officers, agents, or
26 employees of that person shall agree to be bound to respect

1 the confidentiality of the confidential supervisory
2 information and to not further disseminate the information
3 therein contained;

4 (4) (blank); or

5 (5) to the bank's insurance company in relation to an
6 insurance claim or the effort by the bank to procure
7 insurance coverage, provided that, when possible, the bank
8 shall disclose only information that is relevant to the
9 insurance claim or that is necessary to procure the
10 insurance coverage, while maintaining the confidentiality
11 of financial information pertaining to customers. When
12 appropriate, the bank may delete identifying data relating
13 to any person.

14 The disclosure of confidential supervisory information by
15 a bank or other financial institution pursuant to this
16 subsection (b) and the disclosure of information to the
17 Commissioner or other regulatory agency in connection with any
18 examination, visitation, or investigation shall not constitute
19 a waiver of any legal privilege otherwise available to the bank
20 or other financial institution with respect to the information.

21 (c) (1) Notwithstanding any other provision of this Act or
22 any other law, confidential supervisory information shall be
23 the property of the Commissioner and shall be privileged from
24 disclosure to any person except as provided in this Section. No
25 person in possession of confidential supervisory information
26 may disclose that information for any reason or under any

1 circumstances not specified in this Section without the prior
2 authorization of the Commissioner. Any person upon whom a
3 demand for production of confidential supervisory information
4 is made, whether by subpoena, order, or other judicial or
5 administrative process, must withhold production of the
6 confidential supervisory information and must notify the
7 Commissioner of the demand, at which time the Commissioner is
8 authorized to intervene for the purpose of enforcing the
9 limitations of this Section or seeking the withdrawal or
10 termination of the attempt to compel production of the
11 confidential supervisory information.

12 (2) Any request for discovery or disclosure of confidential
13 supervisory information, whether by subpoena, order, or other
14 judicial or administrative process, shall be made to the
15 Commissioner, and the Commissioner shall determine within 15
16 days whether to disclose the information pursuant to procedures
17 and standards that the Commissioner shall establish by rule. If
18 the Commissioner determines that such information will not be
19 disclosed, the Commissioner's decision shall be subject to
20 judicial review under the provisions of the Administrative
21 Review Law, and venue shall be in either Sangamon County or
22 Cook County.

23 (3) Any court order that compels disclosure of confidential
24 supervisory information may be immediately appealed by the
25 Commissioner, and the order shall be automatically stayed
26 pending the outcome of the appeal.

1 (d) If any officer, agent, attorney, or employee of a bank
2 or financial institution knowingly and willfully furnishes
3 confidential supervisory information in violation of this
4 Section, the Commissioner may impose a civil monetary penalty
5 up to \$1,000 for the violation against the officer, agent,
6 attorney, or employee.

7 (Source: P.A. 90-301, eff. 8-1-97; 91-201, eff. 1-1-00.)

8 (205 ILCS 5/65) (from Ch. 17, par. 377)

9 Sec. 65. Dividends; dissolution. From time to time during a
10 receivership other than a receivership conducted by the Federal
11 Deposit Insurance Corporation, the Commissioner shall make and
12 pay from monies of the bank a ratable dividend on all claims as
13 may be proved to his or her satisfaction or adjudicated by the
14 court. Claims so proven or adjudicated shall bear interest at
15 the rate of 3% per annum from the date of the appointment of
16 the receiver to the date of payment, but all dividends on a
17 claim shall be applied first to principal. In computing the
18 amount of any dividend to be paid, if the Commissioner deems it
19 desirable in the interests of economy of administration and to
20 the interest of the bank and its creditors, he or she may pay
21 up to the amount of \$10 of each claim or unpaid portion thereof
22 in full. As the proceeds of the assets of the bank are
23 collected in the course of liquidation, the Commissioner shall
24 make and pay further dividends on all claims previously proven
25 or adjudicated. After one year from the entry of a judgment of

1 dissolution, all unclaimed dividends shall be remitted to the
2 State Treasurer in accordance with the Revised Uniform
3 Unclaimed Property Act ~~"Uniform Disposition of Unclaimed~~
4 ~~Property Act"~~, as now or hereafter amended, together with a
5 list of all unpaid claimants, their last known addresses and
6 the amounts unpaid.

7 (Source: P.A. 91-16, eff. 7-1-99.)

8 Section 17-55. The Savings Bank Act is amended by changing
9 Sections 4013, 9012, and 10090 as follows:

10 (205 ILCS 205/4013) (from Ch. 17, par. 7304-13)

11 Sec. 4013. Access to books and records; communication with
12 members and shareholders.

13 (a) Every member or shareholder shall have the right to
14 inspect books and records of the savings bank that pertain to
15 his accounts. Otherwise, the right of inspection and
16 examination of the books and records shall be limited as
17 provided in this Act, and no other person shall have access to
18 the books and records nor shall be entitled to a list of the
19 members or shareholders.

20 (b) For the purpose of this Section, the term "financial
21 records" means any original, any copy, or any summary of (1) a
22 document granting signature authority over a deposit or
23 account; (2) a statement, ledger card, or other record on any
24 deposit or account that shows each transaction in or with

1 respect to that account; (3) a check, draft, or money order
2 drawn on a savings bank or issued and payable by a savings
3 bank; or (4) any other item containing information pertaining
4 to any relationship established in the ordinary course of a
5 savings bank's business between a savings bank and its
6 customer, including financial statements or other financial
7 information provided by the member or shareholder.

8 (c) 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 savings bank having custody of
12 records or examination of records by a certified public
13 accountant engaged by the savings bank to perform an
14 independent audit.

15 (2) The examination of any financial records by, or the
16 furnishing of financial records by a savings bank to, any
17 officer, employee, or agent of the Commissioner of Banks
18 and Real Estate or the federal depository institution
19 regulator for use solely in the exercise of his duties as
20 an officer, employee, or agent.

21 (3) The publication of data furnished from financial
22 records relating to members or holders of capital where the
23 data cannot be identified to any particular member,
24 shareholder, or account.

25 (4) The making of reports or returns required under
26 Chapter 61 of the Internal Revenue Code of 1986.

1 (5) Furnishing information concerning the dishonor of
2 any negotiable instrument permitted to be disclosed under
3 the Uniform Commercial Code.

4 (6) The exchange in the regular course of business of
5 (i) credit information between a savings bank and other
6 savings banks or financial institutions or commercial
7 enterprises, directly or through a consumer reporting
8 agency or (ii) financial records or information derived
9 from financial records between a savings bank and other
10 savings banks or financial institutions or commercial
11 enterprises for the purpose of conducting due diligence
12 pursuant to a purchase or sale involving the savings bank
13 or assets or liabilities of the savings bank.

14 (7) The furnishing of information to the appropriate
15 law enforcement authorities where the savings bank
16 reasonably believes it has been the victim of a crime.

17 (8) The furnishing of information pursuant to the
18 Revised Uniform ~~Disposition of~~ Unclaimed Property Act.

19 (9) The furnishing of information pursuant to the
20 Illinois Income Tax Act and the Illinois Estate and
21 Generation-Skipping Transfer Tax Act.

22 (10) The furnishing of information pursuant to the
23 federal "Currency and Foreign Transactions Reporting Act",
24 (Title 31, United States Code, Section 1051 et seq.).

25 (11) The furnishing of information pursuant to any
26 other statute which by its terms or by regulations

1 promulgated thereunder requires the disclosure of
2 financial records other than by subpoena, summons,
3 warrant, or court order.

4 (12) The furnishing of information in accordance with
5 the federal Personal Responsibility and Work Opportunity
6 Reconciliation Act of 1996. Any savings bank governed by
7 this Act shall enter into an agreement for data exchanges
8 with a State agency provided the State agency pays to the
9 savings bank a reasonable fee not to exceed its actual cost
10 incurred. A savings bank providing information in
11 accordance with this item shall not be liable to any
12 account holder or other person for any disclosure of
13 information to a State agency, for encumbering or
14 surrendering any assets held by the savings bank in
15 response to a lien or order to withhold and deliver issued
16 by a State agency, or for any other action taken pursuant
17 to this item, including individual or mechanical errors,
18 provided the action does not constitute gross negligence or
19 willful misconduct. A savings bank shall have no obligation
20 to hold, encumber, or surrender assets until it has been
21 served with a subpoena, summons, warrant, court or
22 administrative order, lien, or levy.

23 (13) The furnishing of information to law enforcement
24 authorities, the Illinois Department on Aging and its
25 regional administrative and provider agencies, the
26 Department of Human Services Office of Inspector General,

1 or public guardians: (i) upon subpoena by the investigatory
2 entity or the guardian, or (ii) if there is suspicion by
3 the savings bank that a customer who is an elderly person
4 or person with a disability has been or may become the
5 victim of financial exploitation. For the purposes of this
6 item (13), the term: (i) "elderly person" means a person
7 who is 60 or more years of age, (ii) "person with a
8 disability" means a person who has or reasonably appears to
9 the savings bank to have a physical or mental disability
10 that impairs his or her ability to seek or obtain
11 protection from or prevent financial exploitation, and
12 (iii) "financial exploitation" means tortious or illegal
13 use of the assets or resources of an elderly person or
14 person with a disability, and includes, without
15 limitation, misappropriation of the assets or resources of
16 the elderly person or person with a disability by undue
17 influence, breach of fiduciary relationship, intimidation,
18 fraud, deception, extortion, or the use of assets or
19 resources in any manner contrary to law. A savings bank or
20 person furnishing information pursuant to this item (13)
21 shall be entitled to the same rights and protections as a
22 person furnishing information under the Adult Protective
23 Services Act and the Illinois Domestic Violence Act of
24 1986.

25 (14) The disclosure of financial records or
26 information as necessary to effect, administer, or enforce

1 a transaction requested or authorized by the member or
2 holder of capital, or in connection with:

3 (A) servicing or processing a financial product or
4 service requested or authorized by the member or holder
5 of capital;

6 (B) maintaining or servicing an account of a member
7 or holder of capital with the savings bank; or

8 (C) a proposed or actual securitization or
9 secondary market sale (including sales of servicing
10 rights) related to a transaction of a member or holder
11 of capital.

12 Nothing in this item (14), however, authorizes the sale
13 of the financial records or information of a member or
14 holder of capital without the consent of the member or
15 holder of capital.

16 (15) The exchange in the regular course of business of
17 information between a savings bank and any commonly owned
18 affiliate of the savings bank, subject to the provisions of
19 the Financial Institutions Insurance Sales Law.

20 (16) 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 (17) (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 (17) of
7 subsection (c) of Section 4013, 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 (17) of subsection
14 (c) of Section 4013, 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 (d) A savings bank may not disclose to any person, except
20 to the member or holder of capital or his duly authorized
21 agent, any financial records relating to that member or
22 shareholder of the savings bank unless:

23 (1) the member or shareholder has authorized
24 disclosure to the person; or

25 (2) the financial records are disclosed in response to
26 a lawful subpoena, summons, warrant, citation to discover

1 assets, or court order that meets the requirements of
2 subsection (e) of this Section.

3 (e) A savings bank shall disclose financial records under
4 subsection (d) of this Section pursuant to a lawful subpoena,
5 summons, warrant, citation to discover assets, or court order
6 only after the savings bank mails a copy of the subpoena,
7 summons, warrant, citation to discover assets, or court order
8 to the person establishing the relationship with the savings
9 bank, if living, and otherwise, his personal representative, if
10 known, at his last known address by first class mail, postage
11 prepaid, unless the savings bank is specifically prohibited
12 from notifying the person by order of court.

13 (f) Any officer or employee of a savings bank who knowingly
14 and willfully furnishes financial records in violation of this
15 Section is guilty of a business offense and, upon conviction,
16 shall be fined not more than \$1,000.

17 (g) Any person who knowingly and willfully induces or
18 attempts to induce any officer or employee of a savings bank to
19 disclose financial records in violation of this Section is
20 guilty of a business offense and, upon conviction, shall be
21 fined not more than \$1,000.

22 (h) If any member or shareholder desires to communicate
23 with the other members or shareholders of the savings bank with
24 reference to any question pending or to be presented at an
25 annual or special meeting, the savings bank shall give that
26 person, upon request, a statement of the approximate number of

1 members or shareholders entitled to vote at the meeting and an
2 estimate of the cost of preparing and mailing the
3 communication. The requesting member shall submit the
4 communication to the Commissioner who, upon finding it to be
5 appropriate and truthful, shall direct that it be prepared and
6 mailed to the members upon the requesting member's or
7 shareholder's payment or adequate provision for payment of the
8 expenses of preparation and mailing.

9 (i) A savings bank shall be reimbursed for costs that are
10 necessary and that have been directly incurred in searching
11 for, reproducing, or transporting books, papers, records, or
12 other data of a customer required to be reproduced pursuant to
13 a lawful subpoena, warrant, citation to discover assets, or
14 court order.

15 (j) Notwithstanding the provisions of this Section, a
16 savings bank may sell or otherwise make use of lists of
17 customers' names and addresses. All other information
18 regarding a customer's account is ~~are~~ subject to the disclosure
19 provisions of this Section. At the request of any customer,
20 that customer's name and address shall be deleted from any list
21 that is to be sold or used in any other manner beyond
22 identification of the customer's accounts.

23 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15; revised
24 9-14-16.)

1 Sec. 9012. Disclosure of reports of examinations and
2 confidential supervisory information; limitations.

3 (a) Any report of examination, visitation, or
4 investigation prepared by the Commissioner under this Act, any
5 report of examination, visitation, or investigation prepared
6 by the state regulatory authority of another state that
7 examines a branch of an Illinois State savings bank in that
8 state, any document or record prepared or obtained in
9 connection with or relating to any examination, visitation, or
10 investigation, and any record prepared or obtained by the
11 Commissioner to the extent that the record summarizes or
12 contains information derived from any report, document, or
13 record described in this subsection shall be deemed
14 confidential supervisory information. "Confidential
15 supervisory information" shall not include any information or
16 record routinely prepared by a savings bank and maintained in
17 the ordinary course of business or any information or record
18 that is required to be made publicly available pursuant to
19 State or federal law or rule. Confidential supervisory
20 information shall be the property of the Commissioner and shall
21 only be disclosed under the circumstances and for the purposes
22 set forth in this Section.

23 The Commissioner may disclose confidential supervisory
24 information only under the following circumstances:

25 (1) The Commissioner may furnish confidential
26 supervisory information to federal and state depository

1 institution regulators, or any official or examiner
2 thereof duly accredited for the purpose. Nothing contained
3 in this Act shall be construed to limit the obligation of
4 any savings bank to comply with the requirements relative
5 to examinations and reports nor to limit in any way the
6 powers of the Commissioner relative to examinations and
7 reports.

8 (2) The Commissioner may furnish confidential
9 supervisory information to the United States or any agency
10 thereof that to any extent has insured a savings bank's
11 deposits, or any official or examiner thereof duly
12 accredited for the purpose. Nothing contained in this Act
13 shall be construed to limit the obligation relative to
14 examinations and reports of any savings bank in which
15 deposits are to any extent insured by the United States or
16 any agency thereof nor to limit in any way the powers of
17 the Commissioner with reference to examination and reports
18 of the savings bank.

19 (3) The Commissioner may furnish confidential
20 supervisory information to the appropriate law enforcement
21 authorities when the Commissioner reasonably believes a
22 savings bank, which the Commissioner has caused to be
23 examined, has been a victim of a crime.

24 (4) The Commissioner may furnish confidential
25 supervisory information related to a savings bank, which
26 the Commissioner has caused to be examined, to the

1 administrator of the Revised Uniform ~~Disposition~~ of
2 Unclaimed Property Act.

3 (5) The Commissioner may furnish confidential
4 supervisory information relating to a savings bank, which
5 the Commissioner has caused to be examined, relating to its
6 performance of obligations under the Illinois Income Tax
7 Act and the Illinois Estate and Generation-Skipping
8 Transfer Tax Act to the Illinois Department of Revenue.

9 (6) The Commissioner may furnish confidential
10 supervisory information relating to a savings bank, which
11 the Commissioner has caused to be examined, under the
12 federal Currency and Foreign Transactions Reporting Act,
13 31 United States Code, Section 1051 et seq.

14 (7) The Commissioner may furnish confidential
15 supervisory information to any other agency or entity that
16 the Commissioner determines to have a legitimate
17 regulatory interest.

18 (8) The Commissioner may furnish confidential
19 supervisory information as otherwise permitted or required
20 by this Act and may furnish confidential supervisory
21 information under any other statute that by its terms or by
22 regulations promulgated thereunder requires the disclosure
23 of financial records other than by subpoena, summons,
24 warrant, or court order.

25 (9) At the request of the affected savings bank, the
26 Commissioner may furnish confidential supervisory

1 information relating to the savings bank, which the
2 Commissioner has caused to be examined, in connection with
3 the obtaining of insurance coverage or the pursuit of an
4 insurance claim for or on behalf of the savings bank;
5 provided that, when possible, the Commissioner shall
6 disclose only relevant information while maintaining the
7 confidentiality of financial records not relevant to such
8 insurance coverage or claim and, when appropriate, may
9 delete identifying data relating to any person.

10 (10) The Commissioner may furnish a copy of a report of
11 any examination performed by the Commissioner of the
12 condition and affairs of any electronic data processing
13 entity to the savings banks serviced by the electronic data
14 processing entity.

15 (11) In addition to the foregoing circumstances, the
16 Commissioner may, but is not required to, furnish
17 confidential supervisory information under the same
18 circumstances authorized for the savings bank pursuant to
19 subsection (b) of this Section, except that the
20 Commissioner shall provide confidential supervisory
21 information under circumstances described in paragraph (3)
22 of subsection (b) of this Section only upon the request of
23 the savings bank.

24 (b) A savings bank or its officers, agents, and employees
25 may disclose confidential supervisory information only under
26 the following circumstances:

1 (1) to the board of directors of the savings bank, as
2 well as the president, vice-president, cashier, and other
3 officers of the savings bank to whom the board of directors
4 may delegate duties with respect to compliance with
5 recommendations for action, and to the board of directors
6 of a savings bank holding company that owns at least 80% of
7 the outstanding stock of the savings bank or other
8 financial institution.

9 (2) to attorneys for the savings bank and to a
10 certified public accountant engaged by the savings bank to
11 perform an independent audit; provided that the attorney or
12 certified public accountant shall not permit the
13 confidential supervisory information to be further
14 disseminated.

15 (3) to any person who seeks to acquire a controlling
16 interest in, or who seeks to merge with, the savings bank;
17 provided that the person shall agree to be bound to respect
18 the confidentiality of the confidential supervisory
19 information and to not further disseminate the information
20 other than to attorneys, certified public accountants,
21 officers, agents, or employees of that person who likewise
22 shall agree to be bound to respect the confidentiality of
23 the confidential supervisory information and to not
24 further disseminate the information.

25 (4) to the savings bank's insurance company, if the
26 supervisory information contains information that is

1 otherwise unavailable and is strictly necessary to
2 obtaining insurance coverage or pursuing an insurance
3 claim for or on behalf of the savings bank; provided that,
4 when possible, the savings bank shall disclose only
5 information that is relevant to obtaining insurance
6 coverage or pursuing an insurance claim, while maintaining
7 the confidentiality of financial information pertaining to
8 customers; and provided further that, when appropriate,
9 the savings bank may delete identifying data relating to
10 any person.

11 The disclosure of confidential supervisory information by
12 a savings bank pursuant to this subsection (b) and the
13 disclosure of information to the Commissioner or other
14 regulatory agency in connection with any examination,
15 visitation, or investigation shall not constitute a waiver of
16 any legal privilege otherwise available to the savings bank
17 with respect to the information.

18 (c) (1) Notwithstanding any other provision of this Act or
19 any other law, confidential supervisory information shall be
20 the property of the Commissioner and shall be privileged from
21 disclosure to any person except as provided in this Section. No
22 person in possession of confidential supervisory information
23 may disclose that information for any reason or under any
24 circumstances not specified in this Section without the prior
25 authorization of the Commissioner. Any person upon whom a
26 demand for production of confidential supervisory information

1 is made, whether by subpoena, order, or other judicial or
2 administrative process, must withhold production of the
3 confidential supervisory information and must notify the
4 Commissioner of the demand, at which time the Commissioner is
5 authorized to intervene for the purpose of enforcing the
6 limitations of this Section or seeking the withdrawal or
7 termination of the attempt to compel production of the
8 confidential supervisory information.

9 (2) Any request for discovery or disclosure of confidential
10 supervisory information, whether by subpoena, order, or other
11 judicial or administrative process, shall be made to the
12 Commissioner, and the Commissioner shall determine within 15
13 days whether to disclose the information pursuant to procedures
14 and standards that the Commissioner shall establish by rule. If
15 the Commissioner determines that such information will not be
16 disclosed, the Commissioner's decision shall be subject to
17 judicial review under the provisions of the Administrative
18 Review Law, and venue shall be in either Sangamon County or
19 Cook County.

20 (3) Any court order that compels disclosure of confidential
21 supervisory information may be immediately appealed by the
22 Commissioner, and the order shall be automatically stayed
23 pending the outcome of the appeal.

24 (d) If any officer, agent, attorney, or employee of a
25 savings bank knowingly and willfully furnishes confidential
26 supervisory information in violation of this Section, the

1 Commissioner may impose a civil monetary penalty up to \$1,000
2 for the violation against the officer, agent, attorney, or
3 employee.

4 (e) Subject to the limits of this Section, the
5 Commissioner also may promulgate regulations to set procedures
6 and standards for disclosure of the following items:

7 (1) All fixed orders and opinions made in cases of
8 appeals of the Commissioner's actions.

9 (2) Statements of policy and interpretations adopted
10 by the Commissioner's office, but not otherwise made
11 public.

12 (3) Nonconfidential portions of application files,
13 including applications for new charters. The Commissioner
14 shall specify by rule as to what part of the files are
15 confidential.

16 (4) Quarterly reports of income, deposits, and
17 financial condition.

18 (Source: P.A. 93-271, eff. 7-22-03.)

19 (205 ILCS 205/10090)

20 Sec. 10090. Dividends; dissolution. From time to time
21 during a receivership other than a receivership conducted by
22 the Federal Deposit Insurance Corporation, the Secretary shall
23 make and pay from moneys of the savings bank a ratable dividend
24 on all claims as may be proved to his or her satisfaction or
25 adjudicated by the court. Claims so proven or adjudicated shall

1 bear interest at the rate of 3% per annum from the date of the
2 appointment of the receiver to the date of payment, but all
3 dividends on a claim shall be applied first to principal. In
4 computing the amount of any dividend to be paid, if the
5 Secretary deems it desirable in the interests of economy of
6 administration and to the interest of the savings bank and its
7 creditors, he or she may pay up to the amount of \$10 of each
8 claim or unpaid portion thereof in full. As the proceeds of the
9 assets of the savings bank are collected in the course of
10 liquidation, the Secretary shall make and pay further dividends
11 on all claims previously proven or adjudicated. After one year
12 from the entry of a judgment of dissolution, all unclaimed
13 dividends shall be remitted to the State Treasurer in
14 accordance with the Revised Uniform ~~Disposition of~~ Unclaimed
15 Property Act, as now or hereafter amended, together with a list
16 of all unpaid claimants, their last known addresses and the
17 amounts unpaid.

18 (Source: P.A. 96-1365, eff. 7-28-10.)

19 Section 17-60. The Illinois Credit Union Act is amended by
20 changing Sections 10 and 62 as follows:

21 (205 ILCS 305/10) (from Ch. 17, par. 4411)

22 Sec. 10. Credit union records; member financial records.

23 (1) A credit union shall establish and maintain books,
24 records, accounting systems and procedures which accurately

1 reflect its operations and which enable the Department to
2 readily ascertain the true financial condition of the credit
3 union and whether it is complying with this Act.

4 (2) A photostatic or photographic reproduction of any
5 credit union records shall be admissible as evidence of
6 transactions with the credit union.

7 (3) (a) For the purpose of this Section, the term "financial
8 records" means any original, any copy, or any summary of (1) a
9 document granting signature authority over an account, (2) a
10 statement, ledger card or other record on any account which
11 shows each transaction in or with respect to that account, (3)
12 a check, draft or money order drawn on a financial institution
13 or other entity or issued and payable by or through a financial
14 institution or other entity, or (4) any other item containing
15 information pertaining to any relationship established in the
16 ordinary course of business between a credit union and its
17 member, including financial statements or other financial
18 information provided by the member.

19 (b) This Section does not prohibit:

20 (1) The preparation, examination, handling or
21 maintenance of any financial records by any officer,
22 employee or agent of a credit union having custody of such
23 records, or the examination of such records by a certified
24 public accountant engaged by the credit union to perform an
25 independent audit.

26 (2) The examination of any financial records by or the

1 furnishing of financial records by a credit union to any
2 officer, employee or agent of the Department, the National
3 Credit Union Administration, Federal Reserve board or any
4 insurer of share accounts for use solely in the exercise of
5 his duties as an officer, employee or agent.

6 (3) The publication of data furnished from financial
7 records relating to members where the data cannot be
8 identified to any particular customer of account.

9 (4) The making of reports or returns required under
10 Chapter 61 of the Internal Revenue Code of 1954.

11 (5) Furnishing information concerning the dishonor of
12 any negotiable instrument permitted to be disclosed under
13 the Uniform Commercial Code.

14 (6) The exchange in the regular course of business of
15 (i) credit information between a credit union and other
16 credit unions or financial institutions or commercial
17 enterprises, directly or through a consumer reporting
18 agency or (ii) financial records or information derived
19 from financial records between a credit union and other
20 credit unions or financial institutions or commercial
21 enterprises for the purpose of conducting due diligence
22 pursuant to a merger or a purchase or sale of assets or
23 liabilities of the credit union.

24 (7) The furnishing of information to the appropriate
25 law enforcement authorities where the credit union
26 reasonably believes it has been the victim of a crime.

1 (8) The furnishing of information pursuant to the
2 Revised Uniform ~~Disposition of~~ Unclaimed Property Act.

3 (9) The furnishing of information pursuant to the
4 Illinois Income Tax Act and the Illinois Estate and
5 Generation-Skipping Transfer Tax Act.

6 (10) The furnishing of information pursuant to the
7 federal "Currency and Foreign Transactions Reporting Act",
8 Title 31, United States Code, Section 1051 et sequentia.

9 (11) The furnishing of information pursuant to any
10 other statute which by its terms or by regulations
11 promulgated thereunder requires the disclosure of
12 financial records other than by subpoena, summons, warrant
13 or court order.

14 (12) The furnishing of information in accordance with
15 the federal Personal Responsibility and Work Opportunity
16 Reconciliation Act of 1996. Any credit union governed by
17 this Act shall enter into an agreement for data exchanges
18 with a State agency provided the State agency pays to the
19 credit union a reasonable fee not to exceed its actual cost
20 incurred. A credit union providing information in
21 accordance with this item shall not be liable to any
22 account holder or other person for any disclosure of
23 information to a State agency, for encumbering or
24 surrendering any assets held by the credit union in
25 response to a lien or order to withhold and deliver issued
26 by a State agency, or for any other action taken pursuant

1 to this item, including individual or mechanical errors,
2 provided the action does not constitute gross negligence or
3 willful misconduct. A credit union shall have no obligation
4 to hold, encumber, or surrender assets until it has been
5 served with a subpoena, summons, warrant, court or
6 administrative order, lien, or levy.

7 (13) 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 credit union that a member who is an elderly person or
14 person with a disability has been or may become the victim
15 of financial exploitation. For the purposes of this item
16 (13), the term: (i) "elderly person" means a person who is
17 60 or more years of age, (ii) "person with a disability"
18 means a person who has or reasonably appears to the credit
19 union to have a physical or mental disability that impairs
20 his or her ability to seek or obtain protection from or
21 prevent financial exploitation, and (iii) "financial
22 exploitation" means tortious or illegal use of the assets
23 or resources of an elderly person or person with a
24 disability, and includes, without limitation,
25 misappropriation of the elderly or disabled person's
26 assets or resources by undue influence, breach of fiduciary

1 relationship, intimidation, fraud, deception, extortion,
2 or the use of assets or resources in any manner contrary to
3 law. A credit union or person furnishing information
4 pursuant to this item (13) shall be entitled to the same
5 rights and protections as a person furnishing information
6 under the Adult Protective Services Act and the Illinois
7 Domestic Violence Act of 1986.

8 (14) The disclosure of financial records or
9 information as necessary to effect, administer, or enforce
10 a transaction requested or authorized by the member, or in
11 connection with:

12 (A) servicing or processing a financial product or
13 service requested or authorized by the member;

14 (B) maintaining or servicing a member's account
15 with the credit union; or

16 (C) a proposed or actual securitization or
17 secondary market sale (including sales of servicing
18 rights) related to a transaction of a member.

19 Nothing in this item (14), however, authorizes the sale
20 of the financial records or information of a member without
21 the consent of the member.

22 (15) The disclosure of financial records or
23 information as necessary to protect against or prevent
24 actual or potential fraud, unauthorized transactions,
25 claims, or other liability.

26 (16)(a) The disclosure of financial records or

1 information related to a private label credit program
2 between a financial institution and a private label party
3 in connection with that private label credit program. Such
4 information is limited to outstanding balance, available
5 credit, payment and performance and account history,
6 product references, purchase information, and information
7 related to the identity of the customer.

8 (b) (1) For purposes of this paragraph (16) of
9 subsection (b) of Section 10, a "private label credit
10 program" means a credit program involving a financial
11 institution and a private label party that is used by a
12 customer of the financial institution and the private label
13 party primarily for payment for goods or services sold,
14 manufactured, or distributed by a private label party.

15 (2) For purposes of this paragraph (16) of subsection
16 (b) of Section 10, a "private label party" means, with
17 respect to a private label credit program, any of the
18 following: a retailer, a merchant, a manufacturer, a trade
19 group, or any such person's affiliate, subsidiary, member,
20 agent, or service provider.

21 (c) Except as otherwise provided by this Act, a credit
22 union may not disclose to any person, except to the member or
23 his duly authorized agent, any financial records relating to
24 that member of the credit union unless:

25 (1) the member has authorized disclosure to the person;

26 (2) the financial records are disclosed in response to

1 a lawful subpoena, summons, warrant, citation to discover
2 assets, or court order that meets the requirements of
3 subparagraph (d) of this Section; or

4 (3) the credit union is attempting to collect an
5 obligation owed to the credit union and the credit union
6 complies with the provisions of Section 2I of the Consumer
7 Fraud and Deceptive Business Practices Act.

8 (d) A credit union shall disclose financial records under
9 subparagraph (c)(2) of this Section pursuant to a lawful
10 subpoena, summons, warrant, citation to discover assets, or
11 court order only after the credit union mails a copy of the
12 subpoena, summons, warrant, citation to discover assets, or
13 court order to the person establishing the relationship with
14 the credit union, if living, and otherwise his personal
15 representative, if known, at his last known address by first
16 class mail, postage prepaid unless the credit union is
17 specifically prohibited from notifying the person by order of
18 court or by applicable State or federal law. In the case of a
19 grand jury subpoena, a credit union shall not mail a copy of a
20 subpoena to any person pursuant to this subsection if the
21 subpoena was issued by a grand jury under the Statewide Grand
22 Jury Act or notifying the person would constitute a violation
23 of the federal Right to Financial Privacy Act of 1978.

24 (e)(1) Any officer or employee of a credit union who
25 knowingly and wilfully furnishes financial records in
26 violation of this Section is guilty of a business offense and

1 upon conviction thereof shall be fined not more than \$1,000.

2 (2) Any person who knowingly and wilfully induces or
3 attempts to induce any officer or employee of a credit union to
4 disclose financial records in violation of this Section is
5 guilty of a business offense and upon conviction thereof shall
6 be fined not more than \$1,000.

7 (f) A credit union shall be reimbursed for costs which are
8 reasonably necessary and which have been directly incurred in
9 searching for, reproducing or transporting books, papers,
10 records or other data of a member required or requested to be
11 produced pursuant to a lawful subpoena, summons, warrant,
12 citation to discover assets, or court order. The Secretary and
13 the Director may determine, by rule, the rates and conditions
14 under which payment shall be made. Delivery of requested
15 documents may be delayed until final reimbursement of all costs
16 is received.

17 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15.)

18 (205 ILCS 305/62) (from Ch. 17, par. 4463)

19 Sec. 62. Liquidation.

20 (1) A credit union may elect to dissolve voluntarily and
21 liquidate its affairs in the manner prescribed in this Section.

22 (2) The board of directors shall adopt a resolution
23 recommending the credit union be dissolved voluntarily, and
24 directing that the question of liquidating be submitted to the
25 members.

1 (3) Within 10 days after the board of directors decides to
2 submit the question of liquidation to the members, the chairman
3 or president shall notify the Secretary thereof, in writing,
4 setting forth the reasons for the proposed action. Within 10
5 days after the members act on the question of liquidation, the
6 chairman or president shall notify the Secretary, in writing,
7 as to whether or not the members approved the proposed
8 liquidation. The Secretary then must determine whether this
9 Section has been complied with and if his decision is
10 favorable, he shall prepare a certificate to the effect that
11 this Section has been complied with, a copy of which will be
12 retained by the Department and the other copy forwarded to the
13 credit union. The certificate must be filed with the recorder
14 or if there is no recorder, in the office of the county clerk
15 of the county or counties in which the credit union is
16 operating, whereupon the credit union must cease operations
17 except for the purpose of its liquidation.

18 (4) As soon as the board of directors passes a resolution
19 to submit the question of liquidation to the members, payment
20 on shares, withdrawal of shares, making any transfer of shares
21 to loans and interest, making investments of any kind and
22 granting loans shall be suspended pending action by members. On
23 approval by the members of such proposal, all such operations
24 shall be permanently discontinued. The necessary expenses of
25 operating shall, however, continue to be paid on authorization
26 of the board of directors or the liquidating agent during the

1 period of liquidation.

2 (5) For a credit union to enter voluntary liquidation, it
3 must be approved by affirmative vote of the members owning a
4 majority of the shares entitled to vote, in person or by proxy,
5 at a regular or special meeting of the members. Notice, in
6 writing, shall be given to each member, by first class mail, at
7 least 10 days prior to such meeting. If liquidation is
8 approved, the board of directors shall appoint a liquidating
9 agent for the purpose of conserving and collecting the assets,
10 closing the affairs of the credit union and distributing the
11 assets as required by this Act.

12 (6) A liquidating credit union shall continue in existence
13 for the purpose of discharging its debts, collecting and
14 distributing its assets, and doing all acts required in order
15 to terminate its operations and may sue and be sued for the
16 purpose of enforcing such debts and obligations until its
17 affairs are fully adjusted.

18 (7) Subject to such rules and regulations as the Secretary
19 may promulgate, the liquidating agent shall use the assets of
20 the credit union to pay; first, expenses incidental to
21 liquidating including any surety bond that may be required;
22 then, liabilities of the credit union; then special classes of
23 shares. The remaining assets shall then be distributed to the
24 members proportionately to the dollar value of the shares held
25 by each member in relation to the total dollar value of all
26 shares outstanding as of the date the dissolution was voted.

1 (8) As soon as the liquidating agent determines that all
2 assets as to which there is a reasonable expectancy of sale or
3 transfer have been liquidated and distributed as set forth in
4 this Section, he shall execute a certificate of dissolution on
5 a form prescribed by the Department and file the same, together
6 with all pertinent books and records of the liquidating credit
7 union with the Department, whereupon such credit union shall be
8 dissolved. The liquidating agent must, within 3 years after
9 issuance of a certificate by the Secretary referred to in
10 Subsection (3) of this Section, discharge the debts of the
11 credit union, collect and distribute its assets and do all
12 other acts required to wind up its business.

13 (9) If the Secretary determines that the liquidating agent
14 has failed to make reasonable progress in the liquidating of
15 the credit union's affairs and distribution of its assets or
16 has violated this Act, the Secretary may take possession and
17 control of the credit union and remove the liquidating agent
18 and appoint a liquidating agent to complete the liquidation
19 under his direction and control. The Secretary shall fill any
20 vacancy caused by the resignation, death, illness, removal,
21 desertion or incapacity to function of the liquidating agent.

22 (10) Any funds representing unclaimed dividends and shares
23 in liquidation and remaining in the hands of the board of
24 directors or the liquidating agent at the end of the
25 liquidation must be deposited by them, together with all books
26 and papers of the credit union, with the State Treasurer in

1 compliance with the Revised Uniform ~~Disposition of~~ Unclaimed
2 Property Act, ~~approved August 17, 1961, as amended.~~

3 (Source: P.A. 97-133, eff. 1-1-12.)

4 Section 17-65. The Currency Exchange Act is amended by
5 changing Sections 15.1b and 19.3 as follows:

6 (205 ILCS 405/15.1b) (from Ch. 17, par. 4827)

7 Sec. 15.1b. Liquidation; distribution; priority. The
8 General Assembly finds and declares that community currency
9 exchanges provide important and vital services to Illinois
10 citizens. The General Assembly also finds that in providing
11 such services, community currency exchanges transact extensive
12 business involving check cashing and the writing of money
13 orders in communities in which banking services are generally
14 unavailable. It is therefore declared to be the policy of this
15 State that customers who receive these services must be
16 protected from insolvencies of currency exchanges and
17 interruptions of services. To carry out this policy and to
18 insure that customers of community currency exchanges are
19 protected in the event it is determined that a community
20 currency exchange in receivership should be liquidated in
21 accordance with Section 15.1a of this Act, the Secretary shall
22 make a distribution of moneys collected by the receiver in the
23 following order of priority: First, allowed claims for the
24 actual necessary expenses of the receivership of the community

1 currency exchange being liquidated, including (a) reasonable
2 receiver fees and receiver's attorney's fees approved by the
3 Secretary, (b) all expenses of any preliminary or other
4 examinations into the condition of the community currency
5 exchange or receivership, (c) all expenses incurred by the
6 Secretary which are incident to possession and control of any
7 property or records of the community currency exchange, and (d)
8 reasonable expenses incurred by the Secretary as the result of
9 business agreements or contractual arrangements necessary to
10 insure that the services of the community currency exchanges
11 are delivered to the community without interruption. Said
12 business agreements or contractual arrangements may include,
13 but are not limited to, agreements made by the Secretary, or by
14 the Receiver with the approval of the Secretary, with banks,
15 money order companies, bonding companies and other types of
16 financial institutions; Second, allowed claims by a purchaser
17 of money orders issued on demand of the community currency
18 exchange being liquidated; Third, allowed claims arising by
19 virtue of and to the extent of the amount a utility customer
20 deposits with the community currency exchange being liquidated
21 which are not remitted to the utility company; Fourth, allowed
22 claims arising by virtue of and to the extent of the amount
23 paid by a purchaser of Illinois license plates, vehicle
24 stickers sold for State and municipal governments in Illinois,
25 and temporary Illinois registration permits purchased at the
26 currency exchange being liquidated; Fifth, allowed unsecured

1 claims for wages or salaries, excluding vacation, severance and
2 sick leave pay earned by employee earned within 90 days prior
3 to the appointment of a Receiver; Sixth, secured claims;
4 Seventh, allowed unsecured claims of any tax, and interest and
5 penalty on the tax; Eighth, allowed unsecured claims other than
6 a kind specified in paragraph one, two and three of this
7 Section, filed with the Secretary within the time the Secretary
8 fixes for filing claims; Ninth, allowed unsecured claims, other
9 than a kind specified in paragraphs one, two and three of this
10 Section filed with the Secretary after the time fixed for
11 filing claims by the Secretary; Tenth, allowed creditor claims
12 asserted by an owner, member, or stockholder of the community
13 currency exchange in liquidation; Eleventh, after one year from
14 the final dissolution of the currency exchange, all assets not
15 used to satisfy allowed claims shall be distributed pro rata to
16 the owner, owners, members, or stockholders of the currency
17 exchange.

18 The Secretary shall pay all claims of equal priority
19 according to the schedule set out above, and shall not pay
20 claims of lower priority until all higher priority claims are
21 satisfied. If insufficient assets are available to meet all
22 claims of equal priority, those assets shall be distributed pro
23 rata among those claims. All unclaimed assets of a currency
24 exchange shall be deposited with the Secretary to be paid out
25 by him when proper claims therefor are presented to the
26 Secretary. If there are funds remaining after the conclusion of

1 a receivership of an abandoned currency exchange, the remaining
2 funds shall be considered unclaimed property and remitted to
3 the State Treasurer under the Revised Uniform ~~Disposition of~~
4 Unclaimed Property Act.

5 (Source: P.A. 97-315, eff. 1-1-12.)

6 (205 ILCS 405/19.3) (from Ch. 17, par. 4838)

7 Sec. 19.3. (A) The General Assembly hereby finds and
8 declares: community currency exchanges and ambulatory currency
9 exchanges provide important and vital services to Illinois
10 citizens. In so doing, they transact extensive business
11 involving check cashing and the writing of money orders in
12 communities in which banking services are generally
13 unavailable. Customers of currency exchanges who receive these
14 services must be protected from being charged unreasonable and
15 unconscionable rates for cashing checks and purchasing money
16 orders. The Illinois Department of Financial and Professional
17 Regulation has the responsibility for regulating the
18 operations of currency exchanges and has the expertise to
19 determine reasonable maximum rates to be charged for check
20 cashing and money order purchases. Therefore, it is in the
21 public interest, convenience, welfare and good to have the
22 Department establish reasonable maximum rate schedules for
23 check cashing and the issuance of money orders and to require
24 community and ambulatory currency exchanges to prominently
25 display to the public the fees charged for all services. The

1 Secretary shall review, each year, the cost of operation of the
2 Currency Exchange Section and the revenue generated from
3 currency exchange examinations and report to the General
4 Assembly if the need exists for an increase in the fees
5 mandated by this Act to maintain the Currency Exchange Section
6 at a fiscally self-sufficient level. The Secretary shall
7 include in such report the total amount of funds remitted to
8 the State and delivered to the State Treasurer by currency
9 exchanges pursuant to the Revised Uniform ~~Disposition~~ of
10 Unclaimed Property Act.

11 (B) The Secretary shall, by rules adopted in accordance
12 with the Illinois Administrative Procedure Act, expeditiously
13 formulate and issue schedules of reasonable maximum rates which
14 can be charged for check cashing and writing of money orders by
15 community currency exchanges and ambulatory currency
16 exchanges.

17 (1) In determining the maximum rate schedules for the
18 purposes of this Section the Secretary shall take into
19 account:

20 (a) Rates charged in the past for the cashing of
21 checks and the issuance of money orders by community
22 and ambulatory currency exchanges.

23 (b) Rates charged by banks or other business
24 entities for rendering the same or similar services and
25 the factors upon which those rates are based.

26 (c) The income, cost and expense of the operation

1 of currency exchanges.

2 (d) Rates charged by currency exchanges or other
3 similar entities located in other states for the same
4 or similar services and the factors upon which those
5 rates are based.

6 (e) Rates charged by the United States Postal
7 Service for the issuing of money orders and the factors
8 upon which those rates are based.

9 (f) A reasonable profit for a currency exchange
10 operation.

11 (2) (a) The schedule of reasonable maximum rates
12 established pursuant to this Section may be modified by the
13 Secretary from time to time pursuant to rules adopted in
14 accordance with the Illinois Administrative Procedure Act.

15 (b) Upon the filing of a verified petition setting
16 forth allegations demonstrating reasonable cause to
17 believe that the schedule of maximum rates previously
18 issued and promulgated should be adjusted, the Secretary
19 shall expeditiously:

20 (i) reject the petition if it fails to demonstrate
21 reasonable cause to believe that an adjustment is
22 necessary; or

23 (ii) conduct such hearings, in accordance with
24 this Section, as may be necessary to determine whether
25 the petition should be granted in whole or in part.

26 (c) No petition may be filed pursuant to subparagraph

1 (a) of paragraph (2) of subsection (B) unless:

2 (i) at least nine months have expired since the
3 last promulgation of schedules of maximum rates; and

4 (ii) at least one-fourth of all community currency
5 exchange licensees join in a petition or, in the case
6 of ambulatory currency exchanges, a licensee or
7 licensees authorized to serve at least 100 locations
8 join in a petition.

9 (3) Any currency exchange may charge lower fees than
10 those of the applicable maximum fee schedule after filing
11 with the Secretary a schedule of fees it proposes to use.

12 (Source: P.A. 97-315, eff. 1-1-12.)

13 Section 17-70. The Corporate Fiduciary Act is amended by
14 changing Section 6-14 as follows:

15 (205 ILCS 620/6-14) (from Ch. 17, par. 1556-14)

16 Sec. 6-14. From time to time during receivership the
17 Commissioner shall make and pay from monies of the corporate
18 fiduciary a ratable dividend on all claims as may be proved to
19 his or her satisfaction or adjudicated by the court. After one
20 year from the entry of a judgment of dissolution, all unclaimed
21 dividends shall be remitted to the State Treasurer in
22 accordance with the Revised Uniform ~~Disposition of~~ Unclaimed
23 Property Act, as now or hereafter amended, together with a list
24 of all unpaid claimants, their last known addresses and the

1 amounts unpaid.

2 (Source: P.A. 91-16, eff. 7-1-99.)

3 Section 17-75. The Transmitters of Money Act is amended by
4 changing Section 30 as follows:

5 (205 ILCS 657/30)

6 Sec. 30. Surety bond.

7 (a) An applicant for a license shall post and a licensee
8 must maintain with the Director a bond or bonds issued by
9 corporations qualified to do business as surety companies in
10 this State.

11 (b) The applicant or licensee shall post a bond in the
12 amount of the greater of \$100,000 or an amount equal to the
13 daily average of outstanding payment instruments for the
14 preceding 12 months or operational history, whichever is
15 shorter, up to a maximum amount of \$2,000,000. When the amount
16 of the required bond exceeds \$1,000,000, the applicant or
17 licensee may, in the alternative, post a bond in the amount of
18 \$1,000,000 plus a dollar for dollar increase in the net worth
19 of the applicant or licensee over and above the amount required
20 in Section 20, up to a total amount of \$2,000,000.

21 (c) The bond must be in a form satisfactory to the Director
22 and shall run to the State of Illinois for the benefit of any
23 claimant against the applicant or licensee with respect to the
24 receipt, handling, transmission, and payment of money by the

1 licensee or authorized seller in connection with the licensed
2 operations. A claimant damaged by a breach of the conditions of
3 a bond shall have a right to action upon the bond for damages
4 suffered thereby and may bring suit directly on the bond, or
5 the Director may bring suit on behalf of the claimant.

6 (d) (Blank).

7 (e) (Blank).

8 (f) After receiving a license, the licensee must maintain
9 the required bond plus net worth (if applicable) until 5 years
10 after it ceases to do business in this State unless all
11 outstanding payment instruments are eliminated or the
12 provisions under the Revised Uniform ~~Disposition of~~ Unclaimed
13 Property Act have become operative and are adhered to by the
14 licensee. Notwithstanding this provision, however, the amount
15 required to be maintained may be reduced to the extent that the
16 amount of the licensee's payment instruments outstanding in
17 this State are reduced.

18 (g) If the Director at any time reasonably determines that
19 the required bond is insecure, deficient in amount, or
20 exhausted in whole or in part, he may in writing require the
21 filing of a new or supplemental bond in order to secure
22 compliance with this Act and may demand compliance with the
23 requirement within 30 days following service on the licensee.

24 (Source: P.A. 92-400, eff. 1-1-02.)

25 Section 17-80. The Adverse Claims to Deposit Accounts Act

1 is amended by changing Section 10 as follows:

2 (205 ILCS 700/10)

3 Sec. 10. Application of Act. This Act shall not preempt:

4 (1) the Revised Uniform ~~Disposition of~~ Unclaimed Property
5 Act, nor shall any provision of this Act be construed to
6 relieve any holder, including a financial institution, from
7 reporting and remitting all unclaimed property, including
8 deposit accounts, under the Revised Uniform ~~Disposition of~~
9 Unclaimed Property Act;

10 (2) the Uniform Commercial Code, nor shall any provision of
11 this Act be construed as affecting the rights of a person with
12 respect to a deposit account under the Uniform Commercial Code;

13 (3) the provisions of Section 2-1402 of the Code of Civil
14 Procedure, nor shall any provision of this Act be construed as
15 affecting the rights of a person with respect to a deposit
16 account under Section 2-1402 of the Code of Civil Procedure;

17 (4) the provisions of Part 7 of Article II of the Code of
18 Civil Procedure, nor shall any provision of this Act be
19 construed as affecting the rights of a person with respect to a
20 deposit account under the provisions of Part 7 of Article II of
21 the Code of Civil Procedure;

22 (5) the provisions of Article XXV of the Probate Act of
23 1975, nor shall any provision of this Act be construed as
24 affecting the rights of a person with respect to a deposit
25 account under the provisions of Article XXV of the Probate Act

1 of 1975; or

2 (6) the Safety Deposit Box Opening Act, nor shall any
3 provision of this Act be construed as affecting the rights of a
4 person with respect to a deposit account under the Safety
5 Deposit Box Opening Act.

6 (Source: P.A. 89-601, eff. 8-2-96.)

7 Section 17-85. The Illinois Insurance Code is amended by
8 changing Section 210 as follows:

9 (215 ILCS 5/210) (from Ch. 73, par. 822)

10 Sec. 210. Distribution of assets; priorities; unpaid
11 dividends.

12 (1) Any time after the last day fixed for the filing of
13 proofs of claims in the liquidation of a company, the court
14 may, upon the application of the Director authorize him to
15 declare out of the funds remaining in his hands, one or more
16 dividends upon all claims allowed in accordance with the
17 priorities established in Section 205.

18 (2) Where there has been no adjudication of insolvency, the
19 Director shall pay all allowed claims in full in accordance
20 with the priorities set forth in Section 205. The director
21 shall not be chargeable for any assets so distributed to any
22 claimant who has failed to file a proper proof of claim before
23 such distribution has been made.

24 (3) When subsequent to an adjudication of insolvency,

1 pursuant to Section 208, a surplus is found to exist after the
2 payment in full of all allowed claims falling within the
3 priorities set forth in paragraphs (a), (b), (c), (d), (e), (f)
4 and (g) of subsection (1) of Section 205 and which have been
5 duly filed prior to the last date fixed for the filing thereof,
6 and after the setting aside of a reserve for all additional
7 costs and expenses of the proceeding, the court shall set a new
8 date for the filing of claims. After the expiration of the new
9 date, all allowed claims filed on or before said new date
10 together with all previously allowed claims falling within the
11 priorities set forth in paragraphs (h) and (i) of subsection
12 (1) of Section 205 shall be paid in accordance with the
13 priorities set forth in Section 205.

14 (4) Dividends remaining unclaimed or unpaid in the hands of
15 the Director for 6 months after the final order of distribution
16 may be by him deposited in one or more savings and loan
17 associations, State or national banks, trust companies or
18 savings banks to the credit of the Director, whomsoever he may
19 be, in trust for the person entitled thereto, but no such
20 person shall be entitled to any interest upon such deposit. All
21 such deposits shall be entitled to priority of payment in case
22 of the insolvency or voluntary or involuntary liquidation of
23 the depositary on an equality with any other priority given by
24 the banking law. Any such funds together with interest, if any,
25 paid or credited thereon, remaining and unclaimed in the hands
26 of the Director in Trust after 2 years shall be presumed

1 abandoned and reported and delivered to the State Treasurer and
2 become subject to the provisions of the Revised Uniform
3 ~~Disposition of~~ Unclaimed Property Act.

4 (Source: P.A. 91-16, eff. 7-1-99.)

5 Section 17-90. The Unclaimed Life Insurance Benefits Act is
6 amended by changing Sections 5, 15, and 20 as follows:

7 (215 ILCS 185/5)

8 Sec. 5. Purpose. This Act shall require recognition of the
9 Revised Uniform ~~Disposition of~~ Unclaimed Property Act and
10 require the complete and proper disclosure, transparency, and
11 accountability relating to any method of payment for life
12 insurance, annuity, or retained asset agreement death
13 benefits.

14 (Source: P.A. 99-893, eff. 1-1-17.)

15 (215 ILCS 185/15)

16 Sec. 15. Insurer conduct.

17 (a) An insurer shall initially perform a comparison of its
18 insureds', annuitants', and retained asset account holders'
19 in-force policies, annuity contracts, and retained asset
20 accounts by using the full Death Master File. The initial
21 comparison shall be completed on or before December 31, 2017,
22 unless extended by the Department pursuant to administrative
23 rule. Thereafter, an insurer shall perform a comparison on at

1 least a semi-annual basis using the Death Master File update
2 files for comparisons to identify potential matches of its
3 insureds, annuitants, and retained asset account holders. In
4 the event that one of the insurer's lines of business conducts
5 a search for matches of its insureds, annuitants, and retained
6 asset account holders against the Death Master File at
7 intervals more frequently than semi-annually, then all lines of
8 the insurer's business shall conduct searches for matches
9 against the Death Master File with the same frequency.

10 An insured, an annuitant, or a retained asset account
11 holder is presumed dead if the date of his or her death is
12 indicated by the comparison required in this subsection (a),
13 unless the insurer has competent and substantial evidence that
14 the person is living, including, but not limited to, a contact
15 made by the insurer with the person or his or her legal
16 representative.

17 For those potential matches identified as a result of a
18 Death Master File match, the insurer shall within 120 days
19 after the date of death notice, if the insurer has not been
20 contacted by a beneficiary, determine whether benefits are due
21 in accordance with the applicable policy or contract and, if
22 benefits are due in accordance with the applicable policy or
23 contract:

- 24 (1) use good faith efforts, which shall be documented
25 by the insurer, to locate the beneficiary or beneficiaries;
26 the Department shall establish by administrative rule

1 minimum standards for what constitutes good faith efforts
2 to locate a beneficiary, which shall include: (A) searching
3 insurer records; (B) the appropriate use of First Class
4 United States mail, e-mail addresses, and telephone calls;
5 and (C) reasonable efforts by insurers to obtain updated
6 contact information for the beneficiary or beneficiaries;
7 good faith efforts shall not include additional attempts to
8 contact the beneficiary at an address already confirmed not
9 to be current; and

10 (2) provide the appropriate claims forms or
11 instructions to the beneficiary or beneficiaries to make a
12 claim, including the need to provide an official death
13 certificate if applicable under the policy or annuity
14 contract.

15 (b) Insurers shall implement procedures to account for the
16 following when conducting searches of the Death Master File:

17 (1) common nicknames, initials used in lieu of a first
18 or middle name, use of a middle name, compound first and
19 middle names, and interchanged first and middle names;

20 (2) compound last names, maiden or married names, and
21 hyphens, blank spaces, or apostrophes in last names;

22 (3) transposition of the "month" and "date" portions of
23 the date of birth; and

24 (4) incomplete social security numbers.

25 (c) To the extent permitted by law, an insurer may disclose
26 the minimum necessary personal information about the insured,

1 annuity owner, retained asset account holder, or beneficiary to
2 a person whom the insurer reasonably believes may be able to
3 assist the insurer with locating the beneficiary or a person
4 otherwise entitled to payment of the claims proceeds.

5 (d) An insurer or its service provider shall not charge any
6 beneficiary or other authorized representative for any fees or
7 costs associated with a Death Master File search or
8 verification of a Death Master File match conducted pursuant to
9 this Act.

10 (e) The benefits from a policy, annuity contract, or a
11 retained asset account, plus any applicable accrued interest,
12 shall first be payable to the designated beneficiaries or
13 owners and, in the event the beneficiaries or owners cannot be
14 found, shall be reported and delivered to the State Treasurer
15 pursuant to the Revised Uniform ~~Disposition of~~ Unclaimed
16 Property Act. Nothing in this subsection (e) is intended to
17 alter the amounts reportable under the existing provisions of
18 the Revised Uniform ~~Disposition of~~ Unclaimed Property Act or to
19 allow the imposition of additional statutory interest under
20 Article XIV of the Illinois Insurance Code.

21 (f) Failure to meet any requirement of this Section with
22 such frequency as to constitute a general business practice is
23 a violation of Section 424 of the Illinois Insurance Code.
24 Nothing in this Section shall be construed to create or imply a
25 private cause of action for a violation of this Section.

26 (Source: P.A. 99-893, eff. 1-1-17.)

1 (215 ILCS 185/20)

2 Sec. 20. Revised Uniform ~~Disposition of~~ Unclaimed Property
3 Act. Nothing in this Act shall be construed to amend, modify,
4 or supersede the Revised Uniform ~~Disposition of~~ Unclaimed
5 Property Act, including the authority of the State Treasurer to
6 examine the records of any person if the State Treasurer has
7 reason to believe that such person has failed to report
8 property that should have been reported pursuant to the Revised
9 Uniform ~~Disposition of~~ Unclaimed Property Act.
10 (Source: P.A. 99-893, eff. 1-1-17.)

11 Section 17-95. The Real Estate License Act of 2000 is
12 amended by changing Section 20-20 as follows:

13 (225 ILCS 454/20-20)

14 (Section scheduled to be repealed on January 1, 2020)

15 Sec. 20-20. Grounds for discipline.

16 (a) The Department may refuse to issue or renew a license,
17 may place on probation, suspend, or revoke any license,
18 reprimand, or take any other disciplinary or non-disciplinary
19 action as the Department may deem proper and impose a fine not
20 to exceed \$25,000 upon any licensee or applicant under this Act
21 or any person who holds himself or herself out as an applicant
22 or licensee or against a licensee in handling his or her own
23 property, whether held by deed, option, or otherwise, for any

1 one or any combination of the following causes:

2 (1) Fraud or misrepresentation in applying for, or
3 procuring, a license under this Act or in connection with
4 applying for renewal of a license under this Act.

5 (2) The conviction of or plea of guilty or plea of nolo
6 contendere to a felony or misdemeanor in this State or any
7 other jurisdiction; or the entry of an administrative
8 sanction by a government agency in this State or any other
9 jurisdiction. Action taken under this paragraph (2) for a
10 misdemeanor or an administrative sanction is limited to a
11 misdemeanor or administrative sanction that has as an
12 essential element dishonesty or fraud or involves larceny,
13 embezzlement, or obtaining money, property, or credit by
14 false pretenses or by means of a confidence game.

15 (3) Inability to practice the profession with
16 reasonable judgment, skill, or safety as a result of a
17 physical illness, including, but not limited to,
18 deterioration through the aging process or loss of motor
19 skill, or a mental illness or disability.

20 (4) Practice under this Act as a licensee in a retail
21 sales establishment from an office, desk, or space that is
22 not separated from the main retail business by a separate
23 and distinct area within the establishment.

24 (5) Having been disciplined by another state, the
25 District of Columbia, a territory, a foreign nation, or a
26 governmental agency authorized to impose discipline if at

1 least one of the grounds for that discipline is the same as
2 or the equivalent of one of the grounds for which a
3 licensee may be disciplined under this Act. A certified
4 copy of the record of the action by the other state or
5 jurisdiction shall be prima facie evidence thereof.

6 (6) Engaging in the practice of real estate brokerage
7 without a license or after the licensee's license was
8 expired or while the license was inoperative.

9 (7) Cheating on or attempting to subvert the Real
10 Estate License Exam or continuing education exam.

11 (8) Aiding or abetting an applicant to subvert or cheat
12 on the Real Estate License Exam or continuing education
13 exam administered pursuant to this Act.

14 (9) Advertising that is inaccurate, misleading, or
15 contrary to the provisions of the Act.

16 (10) Making any substantial misrepresentation or
17 untruthful advertising.

18 (11) Making any false promises of a character likely to
19 influence, persuade, or induce.

20 (12) Pursuing a continued and flagrant course of
21 misrepresentation or the making of false promises through
22 licensees, employees, agents, advertising, or otherwise.

23 (13) Any misleading or untruthful advertising, or
24 using any trade name or insignia of membership in any real
25 estate organization of which the licensee is not a member.

26 (14) Acting for more than one party in a transaction

1 without providing written notice to all parties for whom
2 the licensee acts.

3 (15) Representing or attempting to represent a broker
4 other than the sponsoring broker.

5 (16) Failure to account for or to remit any moneys or
6 documents coming into his or her possession that belong to
7 others.

8 (17) Failure to maintain and deposit in a special
9 account, separate and apart from personal and other
10 business accounts, all escrow moneys belonging to others
11 entrusted to a licensee while acting as a broker, escrow
12 agent, or temporary custodian of the funds of others or
13 failure to maintain all escrow moneys on deposit in the
14 account until the transactions are consummated or
15 terminated, except to the extent that the moneys, or any
16 part thereof, shall be:

17 (A) disbursed prior to the consummation or
18 termination (i) in accordance with the written
19 direction of the principals to the transaction or their
20 duly authorized agents, (ii) in accordance with
21 directions providing for the release, payment, or
22 distribution of escrow moneys contained in any written
23 contract signed by the principals to the transaction or
24 their duly authorized agents, or (iii) pursuant to an
25 order of a court of competent jurisdiction; or

26 (B) deemed abandoned and transferred to the Office

1 of the State Treasurer to be handled as unclaimed
2 property pursuant to the Revised Uniform ~~Disposition~~
3 ~~of~~ Unclaimed Property Act. Escrow moneys may be deemed
4 abandoned under this subparagraph (B) only: (i) in the
5 absence of disbursement under subparagraph (A); (ii)
6 in the absence of notice of the filing of any claim in
7 a court of competent jurisdiction; and (iii) if 6
8 months have elapsed after the receipt of a written
9 demand for the escrow moneys from one of the principals
10 to the transaction or the principal's duly authorized
11 agent.

12 The account shall be noninterest bearing, unless the
13 character of the deposit is such that payment of interest
14 thereon is otherwise required by law or unless the
15 principals to the transaction specifically require, in
16 writing, that the deposit be placed in an interest bearing
17 account.

18 (18) Failure to make available to the Department all
19 escrow records and related documents maintained in
20 connection with the practice of real estate within 24 hours
21 of a request for those documents by Department personnel.

22 (19) Failing to furnish copies upon request of
23 documents relating to a real estate transaction to a party
24 who has executed that document.

25 (20) Failure of a sponsoring broker to timely provide
26 information, sponsor cards, or termination of licenses to

1 the Department.

2 (21) Engaging in dishonorable, unethical, or
3 unprofessional conduct of a character likely to deceive,
4 defraud, or harm the public.

5 (22) Commingling the money or property of others with
6 his or her own money or property.

7 (23) Employing any person on a purely temporary or
8 single deal basis as a means of evading the law regarding
9 payment of commission to nonlicensees on some contemplated
10 transactions.

11 (24) Permitting the use of his or her license as a
12 broker to enable a leasing agent or unlicensed person to
13 operate a real estate business without actual
14 participation therein and control thereof by the broker.

15 (25) Any other conduct, whether of the same or a
16 different character from that specified in this Section,
17 that constitutes dishonest dealing.

18 (26) Displaying a "for rent" or "for sale" sign on any
19 property without the written consent of an owner or his or
20 her duly authorized agent or advertising by any means that
21 any property is for sale or for rent without the written
22 consent of the owner or his or her authorized agent.

23 (27) Failing to provide information requested by the
24 Department, or otherwise respond to that request, within 30
25 days of the request.

26 (28) Advertising by means of a blind advertisement,

1 except as otherwise permitted in Section 10-30 of this Act.

2 (29) Offering guaranteed sales plans, as defined in
3 clause (A) of this subdivision (29), except to the extent
4 hereinafter set forth:

5 (A) A "guaranteed sales plan" is any real estate
6 purchase or sales plan whereby a licensee enters into a
7 conditional or unconditional written contract with a
8 seller, prior to entering into a brokerage agreement
9 with the seller, by the terms of which a licensee
10 agrees to purchase a property of the seller within a
11 specified period of time at a specific price in the
12 event the property is not sold in accordance with the
13 terms of a brokerage agreement to be entered into
14 between the sponsoring broker and the seller.

15 (B) A licensee offering a guaranteed sales plan
16 shall provide the details and conditions of the plan in
17 writing to the party to whom the plan is offered.

18 (C) A licensee offering a guaranteed sales plan
19 shall provide to the party to whom the plan is offered
20 evidence of sufficient financial resources to satisfy
21 the commitment to purchase undertaken by the broker in
22 the plan.

23 (D) Any licensee offering a guaranteed sales plan
24 shall undertake to market the property of the seller
25 subject to the plan in the same manner in which the
26 broker would market any other property, unless the

1 agreement with the seller provides otherwise.

2 (E) The licensee cannot purchase seller's property
3 until the brokerage agreement has ended according to
4 its terms or is otherwise terminated.

5 (F) Any licensee who fails to perform on a
6 guaranteed sales plan in strict accordance with its
7 terms shall be subject to all the penalties provided in
8 this Act for violations thereof and, in addition, shall
9 be subject to a civil fine payable to the party injured
10 by the default in an amount of up to \$25,000.

11 (30) Influencing or attempting to influence, by any
12 words or acts, a prospective seller, purchaser, occupant,
13 landlord, or tenant of real estate, in connection with
14 viewing, buying, or leasing real estate, so as to promote
15 or tend to promote the continuance or maintenance of
16 racially and religiously segregated housing or so as to
17 retard, obstruct, or discourage racially integrated
18 housing on or in any street, block, neighborhood, or
19 community.

20 (31) Engaging in any act that constitutes a violation
21 of any provision of Article 3 of the Illinois Human Rights
22 Act, whether or not a complaint has been filed with or
23 adjudicated by the Human Rights Commission.

24 (32) Inducing any party to a contract of sale or lease
25 or brokerage agreement to break the contract of sale or
26 lease or brokerage agreement for the purpose of

1 substituting, in lieu thereof, a new contract for sale or
2 lease or brokerage agreement with a third party.

3 (33) Negotiating a sale, exchange, or lease of real
4 estate directly with any person if the licensee knows that
5 the person has an exclusive brokerage agreement with
6 another broker, unless specifically authorized by that
7 broker.

8 (34) When a licensee is also an attorney, acting as the
9 attorney for either the buyer or the seller in the same
10 transaction in which the licensee is acting or has acted as
11 a managing broker or broker.

12 (35) Advertising or offering merchandise or services
13 as free if any conditions or obligations necessary for
14 receiving the merchandise or services are not disclosed in
15 the same advertisement or offer. These conditions or
16 obligations include without limitation the requirement
17 that the recipient attend a promotional activity or visit a
18 real estate site. As used in this subdivision (35), "free"
19 includes terms such as "award", "prize", "no charge", "free
20 of charge", "without charge", and similar words or phrases
21 that reasonably lead a person to believe that he or she may
22 receive or has been selected to receive something of value,
23 without any conditions or obligations on the part of the
24 recipient.

25 (36) Disregarding or violating any provision of the
26 Land Sales Registration Act of 1989, the Illinois Real

1 Estate Time-Share Act, or the published rules promulgated
2 by the Department to enforce those Acts.

3 (37) Violating the terms of a disciplinary order issued
4 by the Department.

5 (38) Paying or failing to disclose compensation in
6 violation of Article 10 of this Act.

7 (39) Requiring a party to a transaction who is not a
8 client of the licensee to allow the licensee to retain a
9 portion of the escrow moneys for payment of the licensee's
10 commission or expenses as a condition for release of the
11 escrow moneys to that party.

12 (40) Disregarding or violating any provision of this
13 Act or the published rules promulgated by the Department to
14 enforce this Act or aiding or abetting any individual,
15 partnership, registered limited liability partnership,
16 limited liability company, or corporation in disregarding
17 any provision of this Act or the published rules
18 promulgated by the Department to enforce this Act.

19 (41) Failing to provide the minimum services required
20 by Section 15-75 of this Act when acting under an exclusive
21 brokerage agreement.

22 (42) Habitual or excessive use or addiction to alcohol,
23 narcotics, stimulants, or any other chemical agent or drug
24 that results in a managing broker, broker, or leasing
25 agent's inability to practice with reasonable skill or
26 safety.

1 (43) Enabling, aiding, or abetting an auctioneer, as
2 defined in the Auction License Act, to conduct a real
3 estate auction in a manner that is in violation of this
4 Act.

5 (b) The Department may refuse to issue or renew or may
6 suspend the license of any person who fails to file a return,
7 pay the tax, penalty or interest shown in a filed return, or
8 pay any final assessment of tax, penalty, or interest, as
9 required by any tax Act administered by the Department of
10 Revenue, until such time as the requirements of that tax Act
11 are satisfied in accordance with subsection (g) of Section
12 2105-15 of the Civil Administrative Code of Illinois.

13 (c) The Department shall deny a license or renewal
14 authorized by this Act to a person who has defaulted on an
15 educational loan or scholarship provided or guaranteed by the
16 Illinois Student Assistance Commission or any governmental
17 agency of this State in accordance with item (5) of subsection
18 (a) of Section 2105-15 of the Civil Administrative Code of
19 Illinois.

20 (d) In cases where the Department of Healthcare and Family
21 Services (formerly Department of Public Aid) has previously
22 determined that a licensee or a potential licensee is more than
23 30 days delinquent in the payment of child support and has
24 subsequently certified the delinquency to the Department may
25 refuse to issue or renew or may revoke or suspend that person's
26 license or may take other disciplinary action against that

1 person based solely upon the certification of delinquency made
2 by the Department of Healthcare and Family Services in
3 accordance with item (5) of subsection (a) of Section 2105-15
4 of the Civil Administrative Code of Illinois.

5 (e) In enforcing this Section, the Department or Board upon
6 a showing of a possible violation may compel an individual
7 licensed to practice under this Act, or who has applied for
8 licensure under this Act, to submit to a mental or physical
9 examination, or both, as required by and at the expense of the
10 Department. The Department or Board may order the examining
11 physician to present testimony concerning the mental or
12 physical examination of the licensee or applicant. No
13 information shall be excluded by reason of any common law or
14 statutory privilege relating to communications between the
15 licensee or applicant and the examining physician. The
16 examining physicians shall be specifically designated by the
17 Board or Department. The individual to be examined may have, at
18 his or her own expense, another physician of his or her choice
19 present during all aspects of this examination. Failure of an
20 individual to submit to a mental or physical examination, when
21 directed, shall be grounds for suspension of his or her license
22 until the individual submits to the examination if the
23 Department finds, after notice and hearing, that the refusal to
24 submit to the examination was without reasonable cause.

25 If the Department or Board finds an individual unable to
26 practice because of the reasons set forth in this Section, the

1 Department or Board may require that individual to submit to
2 care, counseling, or treatment by physicians approved or
3 designated by the Department or Board, as a condition, term, or
4 restriction for continued, reinstated, or renewed licensure to
5 practice; or, in lieu of care, counseling, or treatment, the
6 Department may file, or the Board may recommend to the
7 Department to file, a complaint to immediately suspend, revoke,
8 or otherwise discipline the license of the individual. An
9 individual whose license was granted, continued, reinstated,
10 renewed, disciplined or supervised subject to such terms,
11 conditions, or restrictions, and who fails to comply with such
12 terms, conditions, or restrictions, shall be referred to the
13 Secretary for a determination as to whether the individual
14 shall have his or her license suspended immediately, pending a
15 hearing by the Department.

16 In instances in which the Secretary immediately suspends a
17 person's license under this Section, a hearing on that person's
18 license must be convened by the Department within 30 days after
19 the suspension and completed without appreciable delay. The
20 Department and Board shall have the authority to review the
21 subject individual's record of treatment and counseling
22 regarding the impairment to the extent permitted by applicable
23 federal statutes and regulations safeguarding the
24 confidentiality of medical records.

25 An individual licensed under this Act and affected under
26 this Section shall be afforded an opportunity to demonstrate to

1 the Department or Board that he or she can resume practice in
2 compliance with acceptable and prevailing standards under the
3 provisions of his or her license.

4 (Source: P.A. 98-553, eff. 1-1-14; 98-756, eff. 7-16-14;
5 99-227, eff. 8-3-15.)

6 Section 17-100. The Code of Criminal Procedure of 1963 is
7 amended by changing Section 110-17 as follows:

8 (725 ILCS 5/110-17) (from Ch. 38, par. 110-17)

9 Sec. 110-17. Unclaimed Bail Deposits. Notwithstanding the
10 provisions of the Revised Uniform ~~Disposition of~~ Unclaimed
11 Property Act, any sum of money deposited by any person to
12 secure his release from custody which remains unclaimed by the
13 person entitled to its return for 3 years after the conditions
14 of the bail bond have been performed and the accused has been
15 discharged from all obligations in the cause shall be presumed
16 to be abandoned.

17 (a) The clerk of the circuit court, as soon thereafter as
18 practicable, shall cause notice to be published once, in
19 English, in a newspaper or newspapers of general circulation in
20 the county wherein the deposit of bond was received.

21 (b) The published notice shall be entitled "Notice of
22 Persons Appearing to be Owners of Abandoned Property" and shall
23 contain:

24 (1) The names, in alphabetical order, of persons to

1 whom the notice is directed.

2 (2) A statement that information concerning the amount
3 of the property may be obtained by any persons possessing
4 an interest in the property by making an inquiry at the
5 office of the clerk of the circuit court at a location
6 designated by him.

7 (3) A statement that if proof of claim is not presented
8 by the owner to the clerk of the circuit court and if the
9 owner's right to receive the property is not established to
10 the satisfaction of the clerk of the court within 65 days
11 from the date of the published notice, the abandoned
12 property will be placed in the custody of the treasurer of
13 the county, not later than 85 days after such publication,
14 to whom all further claims must thereafter be directed. If
15 the claim is established as aforesaid and after deducting
16 an amount not to exceed \$20 to cover the cost of notice
17 publication and related clerical expenses, the clerk of the
18 court shall make payment to the person entitled thereto.

19 (4) The clerk of the circuit court is not required to
20 publish in such notice any items of less than \$100 unless
21 he deems such publication in the public interest.

22 (c) Any clerk of the circuit court who has caused notice to
23 be published as provided by this Section shall, within 20 days
24 after the time specified in this Section for claiming the
25 property from the clerk of the court, pay or deliver to the
26 treasurer of the county having jurisdiction of the offense,

1 whether the bond was taken there or any other county, all sums
2 deposited as specified in this section less such amounts as may
3 have been returned to the persons whose rights to receive the
4 sums deposited have been established to the satisfaction of the
5 clerk of the circuit court. Any clerk of the circuit court who
6 transfers such sums to the county treasury including sums
7 deposited by persons whose names are not required to be set
8 forth in the published notice aforesaid, is relieved of all
9 liability for such sums as have been transferred as unclaimed
10 bail deposits or any claim which then exists or which
11 thereafter may arise or be made in respect to such sums.

12 (d) The treasurer of the county shall keep just and true
13 accounts of all moneys paid into the treasury, and if any
14 person appears within 5 years after the deposit of moneys by
15 the clerk of the circuit court and claims any money paid into
16 the treasury, he shall file a claim therefor on the form
17 prescribed by the treasurer of the county who shall consider
18 any claim filed under this Act and who may, in his discretion,
19 hold a hearing and receive evidence concerning it. The
20 treasurer of the county shall prepare a finding and the
21 decision in writing on each hearing, stating the substance of
22 any evidence heard by him, his findings of fact in respect
23 thereto, and the reasons for his decision. The decision shall
24 be a public record.

25 (e) All claims which are not filed within the 5 year period
26 shall be forever barred.

1 (Source: P.A. 85-768.)

2 Section 17-105. The Probate Act of 1975 is amended by
3 changing Sections 2-1 and 2-2 as follows:

4 (755 ILCS 5/2-1) (from Ch. 110 1/2, par. 2-1)

5 Sec. 2-1. Rules of descent and distribution. The intestate
6 real and personal estate of a resident decedent and the
7 intestate real estate in this State of a nonresident decedent,
8 after all just claims against his estate are fully paid,
9 descends and shall be distributed as follows:

10 (a) If there is a surviving spouse and also a descendant of
11 the decedent: 1/2 of the entire estate to the surviving spouse
12 and 1/2 to the decedent's descendants per stirpes.

13 (b) If there is no surviving spouse but a descendant of the
14 decedent: the entire estate to the decedent's descendants per
15 stirpes.

16 (c) If there is a surviving spouse but no descendant of the
17 decedent: the entire estate to the surviving spouse.

18 (d) If there is no surviving spouse or descendant but a
19 parent, brother, sister or descendant of a brother or sister of
20 the decedent: the entire estate to the parents, brothers and
21 sisters of the decedent in equal parts, allowing to the
22 surviving parent if one is dead a double portion and to the
23 descendants of a deceased brother or sister per stirpes the
24 portion which the deceased brother or sister would have taken

1 if living.

2 (e) If there is no surviving spouse, descendant, parent,
3 brother, sister or descendant of a brother or sister of the
4 decedent but a grandparent or descendant of a grandparent of
5 the decedent: (1) 1/2 of the entire estate to the decedent's
6 maternal grandparents in equal parts or to the survivor of
7 them, or if there is none surviving, to their descendants per
8 stirpes, and (2) 1/2 of the entire estate to the decedent's
9 paternal grandparents in equal parts or to the survivor of
10 them, or if there is none surviving, to their descendants per
11 stirpes. If there is no surviving paternal grandparent or
12 descendant of a paternal grandparent, but a maternal
13 grandparent or descendant of a maternal grandparent of the
14 decedent: the entire estate to the decedent's maternal
15 grandparents in equal parts or to the survivor of them, or if
16 there is none surviving, to their descendants per stirpes. If
17 there is no surviving maternal grandparent or descendant of a
18 maternal grandparent, but a paternal grandparent or descendant
19 of a paternal grandparent of the decedent: the entire estate to
20 the decedent's paternal grandparents in equal parts or to the
21 survivor of them, or if there is none surviving, to their
22 descendants per stirpes.

23 (f) If there is no surviving spouse, descendant, parent,
24 brother, sister, descendant of a brother or sister or
25 grandparent or descendant of a grandparent of the decedent: (1)
26 1/2 of the entire estate to the decedent's maternal

1 great-grandparents in equal parts or to the survivor of them,
2 or if there is none surviving, to their descendants per
3 stirpes, and (2) 1/2 of the entire estate to the decedent's
4 paternal great-grandparents in equal parts or to the survivor
5 of them, or if there is none surviving, to their descendants
6 per stirpes. If there is no surviving paternal
7 great-grandparent or descendant of a paternal
8 great-grandparent, but a maternal great-grandparent or
9 descendant of a maternal great-grandparent of the decedent: the
10 entire estate to the decedent's maternal great-grandparents in
11 equal parts or to the survivor of them, or if there is none
12 surviving, to their descendants per stirpes. If there is no
13 surviving maternal great-grandparent or descendant of a
14 maternal great-grandparent, but a paternal great-grandparent
15 or descendant of a paternal great-grandparent of the decedent:
16 the entire estate to the decedent's paternal
17 great-grandparents in equal parts or to the survivor of them,
18 or if there is none surviving, to their descendants per
19 stirpes.

20 (g) If there is no surviving spouse, descendant, parent,
21 brother, sister, descendant of a brother or sister,
22 grandparent, descendant of a grandparent, great-grandparent or
23 descendant of a great-grandparent of the decedent: the entire
24 estate in equal parts to the nearest kindred of the decedent in
25 equal degree (computing by the rules of the civil law) and
26 without representation.

1 (h) If there is no surviving spouse and no known kindred of
2 the decedent: the real estate escheats to the county in which
3 it is located; the personal estate physically located within
4 this State and the personal estate physically located or held
5 outside this State which is the subject of ancillary
6 administration of an estate being administered within this
7 State escheats to the county of which the decedent was a
8 resident, or, if the decedent was not a resident of this State,
9 to the county in which it is located; all other personal
10 property of the decedent of every class and character, wherever
11 situate, or the proceeds thereof, shall escheat to this State
12 and be delivered to the State Treasurer pursuant to the Revised
13 Uniform Disposition of Unclaimed Property Act.

14 In no case is there any distinction between the kindred of
15 the whole and the half blood.

16 (Source: P.A. 91-16, eff. 7-1-99.)

17 (755 ILCS 5/2-2) (from Ch. 110 1/2, par. 2-2)

18 Sec. 2-2. Children born out of wedlock. The intestate real
19 and personal estate of a resident decedent who was a child born
20 out of wedlock at the time of death and the intestate real
21 estate in this State of a nonresident decedent who was a child
22 born out of wedlock at the time of death, after all just claims
23 against his estate are fully paid, descends and shall be
24 distributed as provided in Section 2-1, subject to Section
25 2-6.5 of this Act, if both parents are eligible parents. As

1 used in this Section, "eligible parent" means a parent of the
2 decedent who, during the decedent's lifetime, acknowledged the
3 decedent as the parent's child, established a parental
4 relationship with the decedent, and supported the decedent as
5 the parent's child. "Eligible parents" who are in arrears of in
6 excess of one year's child support obligations shall not
7 receive any property benefit or other interest of the decedent
8 unless and until a court of competent jurisdiction makes a
9 determination as to the effect on the deceased of the arrearage
10 and allows a reduced benefit. In no event shall the reduction
11 of the benefit or other interest be less than the amount of
12 child support owed for the support of the decedent at the time
13 of death. The court's considerations shall include but are not
14 limited to the considerations in subsections (1) through (3) of
15 Section 2-6.5 of this Act.

16 If neither parent is an eligible parent, 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 or her estate are fully paid, descends and shall be
22 distributed as provided in Section 2-1, but the parents of the
23 decedent shall be treated as having predeceased the decedent.

24 If only one parent is an eligible parent, the intestate
25 real and personal estate of a resident decedent who was a child
26 born out of wedlock at the time of death and the intestate real

1 estate in this State of a nonresident decedent who was a child
2 born out of wedlock at the time of death, after all just claims
3 against his or her estate are fully paid, subject to Section
4 2-6.5 of this Act, descends and shall be distributed as
5 follows:

6 (a) If there is a surviving spouse and also a descendant of
7 the decedent: 1/2 of the entire estate to the surviving spouse
8 and 1/2 to the decedent's descendants per stirpes.

9 (b) If there is no surviving spouse but a descendant of the
10 decedent: the entire estate to the decedent's descendants per
11 stirpes.

12 (c) If there is a surviving spouse but no descendant of the
13 decedent: the entire estate to the surviving spouse.

14 (d) If there is no surviving spouse or descendant but the
15 eligible parent or a descendant of the eligible parent of the
16 decedent: the entire estate to the eligible parent and the
17 eligible parent's descendants, allowing 1/2 to the eligible
18 parent and 1/2 to the eligible parent's descendants per
19 stirpes.

20 (e) If there is no surviving spouse, descendant, eligible
21 parent, or descendant of the eligible parent of the decedent,
22 but a grandparent on the eligible parent's side of the family
23 or descendant of such grandparent of the decedent: the entire
24 estate to the decedent's grandparents on the eligible parent's
25 side of the family in equal parts, or to the survivor of them,
26 or if there is none surviving, to their descendants per

1 stirpes.

2 (f) If there is no surviving spouse, descendant, eligible
3 parent, descendant of the eligible parent, grandparent on the
4 eligible parent's side of the family, or descendant of such
5 grandparent of the decedent: the entire estate to the
6 decedent's great-grandparents on the eligible parent's side of
7 the family in equal parts or to the survivor of them, or if
8 there is none surviving, to their descendants per stirpes.

9 (g) If there is no surviving spouse, descendant, eligible
10 parent, descendant of the eligible parent, grandparent on the
11 eligible parent's side of the family, descendant of such
12 grandparent, great-grandparent on the eligible parent's side
13 of the family, or descendant of such great-grandparent of the
14 decedent: the entire estate in equal parts to the nearest
15 kindred of the eligible parent of the decedent in equal degree
16 (computing by the rules of the civil law) and without
17 representation.

18 (h) If there is no surviving spouse, descendant, or
19 eligible parent of the decedent and no known kindred of the
20 eligible parent of the decedent: the real estate escheats to
21 the county in which it is located; the personal estate
22 physically located within this State and the personal estate
23 physically located or held outside this State which is the
24 subject of ancillary administration within this State escheats
25 to the county of which the decedent was a resident or, if the
26 decedent was not a resident of this State, to the county in

1 which it is located; all other personal property of the
2 decedent of every class and character, wherever situate, or the
3 proceeds thereof, shall escheat to this State and be delivered
4 to the State Treasurer of this State pursuant to the Revised
5 Uniform ~~Disposition of~~ Unclaimed Property Act.

6 For purposes of inheritance, the changes made by this
7 amendatory Act of 1998 apply to all decedents who die on or
8 after the effective date of this amendatory Act of 1998. For
9 the purpose of determining the property rights of any person
10 under any instrument, the changes made by this amendatory Act
11 of 1998 apply to all instruments executed on or after the
12 effective date of this amendatory Act of 1998.

13 A child born out of wedlock is heir of his mother and of
14 any maternal ancestor and of any person from whom his mother
15 might have inherited, if living; and the descendants of a
16 person who was a child born out of wedlock shall represent such
17 person and take by descent any estate which the parent would
18 have taken, if living. If a decedent has acknowledged paternity
19 of a child born out of wedlock or if during his lifetime or
20 after his death a decedent has been adjudged to be the father
21 of a child born out of wedlock, that person is heir of his
22 father and of any paternal ancestor and of any person from whom
23 his father might have inherited, if living; and the descendants
24 of a person who was a child born out of wedlock shall represent
25 that person and take by descent any estate which the parent
26 would have taken, if living. If during his lifetime the

1 decedent was adjudged to be the father of a child born out of
2 wedlock by a court of competent jurisdiction, an authenticated
3 copy of the judgment is sufficient proof of the paternity; but
4 in all other cases paternity must be proved by clear and
5 convincing evidence. A person who was a child born out of
6 wedlock whose parents intermarry and who is acknowledged by the
7 father as the father's child is a lawful child of the father.
8 After a child born out of wedlock is adopted, that person's
9 relationship to his or her adopting and natural parents shall
10 be governed by Section 2-4 of this Act. For purposes of
11 inheritance, the changes made by this amendatory Act of 1997
12 apply to all decedents who die on or after January 1, 1998. For
13 the purpose of determining the property rights of any person
14 under any instrument, the changes made by this amendatory Act
15 of 1997 apply to all instruments executed on or after January
16 1, 1998.

17 (Source: P.A. 94-229, eff. 1-1-06.)

18 Section 17-110. The Sale of Unclaimed Property Act is
19 amended by changing Section 3 as follows:

20 (770 ILCS 90/3) (from Ch. 141, par. 3)

21 Sec. 3. All persons other than common carriers having a
22 lien on personal property, by virtue of the Innkeepers Lien Act
23 or for more than \$2,000 by virtue of the Labor and Storage Lien
24 Act may enforce the lien by a sale of the property, on giving

1 to the owner thereof, if he and his residence be known to the
2 person having such lien, 30 days' notice by certified mail, in
3 writing of the time and place of such sale, and if the owner or
4 his place of residence be unknown to the person having such
5 lien, then upon his filing his affidavit to that effect with
6 the clerk of the circuit court in the county where such
7 property is situated; notice of the sale may be given by
8 publishing the same once in each week for 3 successive weeks in
9 some newspaper of general circulation published in the county,
10 and out of the proceeds of the sale all costs and charges for
11 advertising and making the same, and the amount of the lien
12 shall be paid, and the surplus, if any, shall be paid to the
13 owner of the property or, if not claimed by said owner, such
14 surplus, if any, shall be disposed under the Revised Uniform
15 ~~Disposition of~~ Unclaimed Property Act. All sales pursuant to
16 this Section must be public and conducted in a commercially
17 reasonable manner so as to maximize the net proceeds of the
18 sale. Conformity to the requirements of this Act shall be a
19 perpetual bar to any action against such lienor by any person
20 for the recovery of such chattels or the value thereof or any
21 damages growing out of the failure of such person to receive
22 such chattels.

23 (Source: P.A. 87-206.)

24 Section 17-115. The Business Corporation Act of 1983 is
25 amended by changing Section 12.70 as follows:

1 (805 ILCS 5/12.70) (from Ch. 32, par. 12.70)

2 Sec. 12.70. Deposit of amount due certain shareholders.
3 Upon the distribution of the assets of a corporation among its
4 shareholders, the distributive portion to which a shareholder
5 would be entitled who is unknown or cannot ~~can not~~ be found, or
6 who is under disability and there is no person legally
7 competent to receive such distributive portion, shall be
8 presumed abandoned and reported and delivered to the State
9 Treasurer and become subject to the provision of the Revised
10 Uniform ~~Disposition of~~ Unclaimed Property Act. In the event
11 such distribution is ~~be~~ made other than in cash, such
12 distributive portion of the assets shall be reduced to cash
13 before being so reported and delivered.

14 (Source: P.A. 91-16, eff. 7-1-99.)

15 Section 17-120. The General Not For Profit Corporation Act
16 of 1986 is amended by changing Section 112.70 as follows:

17 (805 ILCS 105/112.70) (from Ch. 32, par. 112.70)

18 Sec. 112.70. Deposit of amount due. Upon the distribution
19 of the assets of a corporation, the distributive portion to
20 which a person would be entitled who is unknown or cannot be
21 found, or who is under disability and there is no person
22 legally competent to receive such distributive portion, shall
23 be presumed abandoned and reported and delivered to the State

1 Treasurer and become subject to the Revised ~~provision of the~~
2 Uniform ~~Disposition of~~ Unclaimed Property Act. In the event
3 such distribution is ~~be~~ made other than in cash, such
4 distributive portion of the assets shall be reduced to cash
5 before being so reported and delivered.

6 (Source: P.A. 91-16, eff. 7-1-99.)

7 ARTICLE 20. AMENDATORY PROVISIONS; INCOME TAX

8 Section 15-5. The Illinois Income Tax Act is amended by
9 changing Sections 201, 202.5, 203, 204, 208, 212, 901, and 1501
10 and by adding Section 225 as follows:

11 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

12 Sec. 201. Tax Imposed.

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

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

23 (1) In the case of an individual, trust or estate, for

1 taxable years ending prior to July 1, 1989, an amount equal
2 to 2 1/2% of the taxpayer's net income for the taxable
3 year.

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

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

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

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

26 (5.1) In the case of an individual, trust, or estate,

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

7 (5.2) In the case of an individual, trust, or estate,
8 for taxable years beginning on or after January 1, 2015,
9 and ending prior to July 1, 2017 ~~January 1, 2025~~, an amount
10 equal to 3.75% of the taxpayer's net income for the taxable
11 year.

12 (5.3) In the case of an individual, trust, or estate,
13 for taxable years beginning prior to July 1, 2017 ~~January~~
14 ~~1, 2025~~, and ending after June 30, 2017 ~~December 31, 2024~~,
15 an amount equal to the sum of (i) 3.75% of the taxpayer's
16 net income for the period prior to July 1, 2017 ~~January 1,~~
17 ~~2025~~, as calculated under Section 202.5, and (ii) 4.95%
18 ~~3.25%~~ of the taxpayer's net income for the period after
19 June 30, 2017 ~~December 31, 2024~~, as calculated under
20 Section 202.5.

21 (5.4) In the case of an individual, trust, or estate,
22 for taxable years beginning on or after July 1, 2017
23 ~~January 1, 2025~~, an amount equal to 4.95% ~~3.25%~~ of the
24 taxpayer's net income for the taxable year.

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

1 taxpayer's net income for the taxable year.

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

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

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

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

24 (11) In the case of a corporation, for taxable years
25 beginning prior to January 1, 2015, and ending after
26 December 31, 2014, an amount equal to the sum of (i) 7% of

1 the taxpayer's net income for the period prior to January
2 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
3 of the taxpayer's net income for the period after December
4 31, 2014, as calculated under Section 202.5.

5 (12) In the case of a corporation, for taxable years
6 beginning on or after January 1, 2015, and ending prior to
7 July 1, 2017 ~~January 1, 2025~~, an amount equal to 5.25% of
8 the taxpayer's net income for the taxable year.

9 (13) In the case of a corporation, for taxable years
10 beginning prior to July 1, 2017 ~~January 1, 2025~~, and ending
11 after June 30, 2017 ~~December 31, 2024~~, an amount equal to
12 the sum of (i) 5.25% of the taxpayer's net income for the
13 period prior to July 1, 2017 ~~January 1, 2025~~, as calculated
14 under Section 202.5, and (ii) 7% ~~4.8%~~ of the taxpayer's net
15 income for the period after June 30, 2017 ~~December 31,~~
16 ~~2024~~, as calculated under Section 202.5.

17 (14) In the case of a corporation, for taxable years
18 beginning on or after July 1, 2017 ~~January 1, 2025~~, an
19 amount equal to 7% ~~4.8%~~ of the taxpayer's net income for
20 the taxable year.

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

23 (c) Personal Property Tax Replacement Income Tax.
24 Beginning on July 1, 1979 and thereafter, in addition to such
25 income tax, there is also hereby imposed the Personal Property
26 Tax Replacement Income Tax measured by net income on every

1 corporation (including Subchapter S corporations), partnership
2 and trust, for each taxable year ending after June 30, 1979.
3 Such taxes are imposed on the privilege of earning or receiving
4 income in or as a resident of this State. The Personal Property
5 Tax Replacement Income Tax shall be in addition to the income
6 tax imposed by subsections (a) and (b) of this Section and in
7 addition to all other occupation or privilege taxes imposed by
8 this State or by any municipal corporation or political
9 subdivision thereof.

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

22 (d-1) Rate reduction for certain foreign insurers. In the
23 case of a foreign insurer, as defined by Section 35A-5 of the
24 Illinois Insurance Code, whose state or country of domicile
25 imposes on insurers domiciled in Illinois a retaliatory tax
26 (excluding any insurer whose premiums from reinsurance assumed

1 are 50% or more of its total insurance premiums as determined
2 under paragraph (2) of subsection (b) of Section 304, except
3 that for purposes of this determination premiums from
4 reinsurance do not include premiums from inter-affiliate
5 reinsurance arrangements), beginning with taxable years ending
6 on or after December 31, 1999, the sum of the rates of tax
7 imposed by subsections (b) and (d) shall be reduced (but not
8 increased) to the rate at which the total amount of tax imposed
9 under this Act, net of all credits allowed under this Act,
10 shall equal (i) the total amount of tax that would be imposed
11 on the foreign insurer's net income allocable to Illinois for
12 the taxable year by such foreign insurer's state or country of
13 domicile if that net income were subject to all income taxes
14 and taxes measured by net income imposed by such foreign
15 insurer's state or country of domicile, net of all credits
16 allowed or (ii) a rate of zero if no such tax is imposed on such
17 income by the foreign insurer's state of domicile. For the
18 purposes of this subsection (d-1), an inter-affiliate includes
19 a mutual insurer under common management.

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

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

26 (B) the privilege tax imposed by Section 409 of the

1 Illinois Insurance Code, the fire insurance company
2 tax imposed by Section 12 of the Fire Investigation
3 Act, and the fire department taxes imposed under
4 Section 11-10-1 of the Illinois Municipal Code,
5 equals 1.25% for taxable years ending prior to December 31,
6 2003, or 1.75% for taxable years ending on or after
7 December 31, 2003, of the net taxable premiums written for
8 the taxable year, as described by subsection (1) of Section
9 409 of the Illinois Insurance Code. This paragraph will in
10 no event increase the rates imposed under subsections (b)
11 and (d).

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

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

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

24 (1) A taxpayer shall be allowed a credit equal to .5%
25 of the basis of qualified property placed in service during
26 the taxable year, provided such property is placed in

1 service on or after July 1, 1984. There shall be allowed an
2 additional credit equal to .5% of the basis of qualified
3 property placed in service during the taxable year,
4 provided such property is placed in service on or after
5 July 1, 1986, and the taxpayer's base employment within
6 Illinois has increased by 1% or more over the preceding
7 year as determined by the taxpayer's employment records
8 filed with the Illinois Department of Employment Security.
9 Taxpayers who are new to Illinois shall be deemed to have
10 met the 1% growth in base employment for the first year in
11 which they file employment records with the Illinois
12 Department of Employment Security. The provisions added to
13 this Section by Public Act 85-1200 (and restored by Public
14 Act 87-895) shall be construed as declaratory of existing
15 law and not as a new enactment. If, in any year, the
16 increase in base employment within Illinois over the
17 preceding year is less than 1%, the additional credit shall
18 be limited to that percentage times a fraction, the
19 numerator of which is .5% and the denominator of which is
20 1%, but shall not exceed .5%. The investment credit shall
21 not be allowed to the extent that it would reduce a
22 taxpayer's liability in any tax year below zero, nor may
23 any credit for qualified property be allowed for any year
24 other than the year in which the property was placed in
25 service in Illinois. For tax years ending on or after
26 December 31, 1987, and on or before December 31, 1988, the

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

1 liability. If there is credit from more than one tax year
2 that is available to offset a liability, earlier credit
3 shall be applied first.

4 (2) The term "qualified property" means property
5 which:

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

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

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

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

26 (E) has not previously been used in Illinois in

1 such a manner and by such a person as would qualify for
2 the credit provided by this subsection (e) or
3 subsection (f).

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

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

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

1 depreciation purposes is increased after it has been placed
2 in service in Illinois by the taxpayer, the amount of such
3 increase shall be deemed property placed in service on the
4 date of such increase in basis.

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

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

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

1 December 31, 2018.

2 (9) Each taxable year ending before December 31, 2000,
3 a partnership may elect to pass through to its partners the
4 credits to which the partnership is entitled under this
5 subsection (e) for the taxable year. A partner may use the
6 credit allocated to him or her under this paragraph only
7 against the tax imposed in subsections (c) and (d) of this
8 Section. If the partnership makes that election, those
9 credits shall be allocated among the partners in the
10 partnership in accordance with the rules set forth in
11 Section 704(b) of the Internal Revenue Code, and the rules
12 promulgated under that Section, and the allocated amount of
13 the credits shall be allowed to the partners for that
14 taxable year. The partnership shall make this election on
15 its Personal Property Tax Replacement Income Tax return for
16 that taxable year. The election to pass through the credits
17 shall be irrevocable.

18 For taxable years ending on or after December 31, 2000,
19 a partner that qualifies its partnership for a subtraction
20 under subparagraph (I) of paragraph (2) of subsection (d)
21 of Section 203 or a shareholder that qualifies a Subchapter
22 S corporation for a subtraction under subparagraph (S) of
23 paragraph (2) of subsection (b) of Section 203 shall be
24 allowed a credit under this subsection (e) equal to its
25 share of the credit earned under this subsection (e) during
26 the taxable year by the partnership or Subchapter S

1 corporation, determined in accordance with the
2 determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the Internal
4 Revenue Code. This paragraph is exempt from the provisions
5 of Section 250.

6 (f) Investment credit; Enterprise Zone; River Edge
7 Redevelopment Zone.

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

1 the extent that it would reduce a taxpayer's liability for
2 the tax imposed by subsections (a) and (b) of this Section
3 to below zero. For tax years ending on or after December
4 31, 1985, the credit shall be allowed for the tax year in
5 which the property is placed in service, or, if the amount
6 of the credit exceeds the tax liability for that year,
7 whether it exceeds the original liability or the liability
8 as later amended, such excess may be carried forward and
9 applied to the tax liability of the 5 taxable years
10 following the excess credit year. The credit shall be
11 applied to the earliest year for which there is a
12 liability. If there is credit from more than one tax year
13 that is available to offset a liability, the credit
14 accruing first in time shall be applied first.

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

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

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

23 (C) is acquired by purchase as defined in Section
24 179(d) of the Internal Revenue Code;

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

1 (E) has not been previously used in Illinois in
2 such a manner and by such a person as would qualify for
3 the credit provided by this subsection (f) or
4 subsection (e).

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

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

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

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

1 computation, and (ii) subtracting such recomputed credit
2 from the amount of credit previously allowed. For the
3 purposes of this paragraph (6), a reduction of the basis of
4 qualified property resulting from a redetermination of the
5 purchase price shall be deemed a disposition of qualified
6 property to the extent of such reduction.

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

24 (g) (Blank).

25 (h) Investment credit; High Impact Business.

26 (1) Subject to subsections (b) and (b-5) of Section 5.5

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

1 and (b) of this Section to below zero. For tax years ending
2 on or after December 31, 1987, the credit shall be allowed
3 for the tax year in which the property is placed in
4 service, or, if the amount of the credit exceeds the tax
5 liability for that year, whether it exceeds the original
6 liability or the liability as later amended, such excess
7 may be carried forward and applied to the tax liability of
8 the 5 taxable years following the excess credit year. The
9 credit shall be applied to the earliest year for which
10 there is a liability. If there is credit from more than one
11 tax year that is available to offset a liability, the
12 credit accruing first in time shall be applied first.

13 Changes made in this subdivision (h) (1) by Public Act
14 88-670 restore changes made by Public Act 85-1182 and
15 reflect existing law.

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

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

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

24 (C) is acquired by purchase as defined in Section
25 179(d) of the Internal Revenue Code; and

26 (D) is not eligible for the Enterprise Zone

1 Investment Credit provided by subsection (f) of this
2 Section.

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 a federally designated Foreign Trade Zone or
9 Sub-Zone located in Illinois by the taxpayer, the amount of
10 such increase shall be deemed property placed in service on
11 the 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 ending on or before
15 December 31, 1996, any property ceases to be qualified
16 property in the hands of the taxpayer within 48 months
17 after being placed in service, or the situs of any
18 qualified property is moved outside Illinois within 48
19 months after being placed in service, the tax imposed under
20 subsections (a) and (b) of this Section for such taxable
21 year shall be increased. Such increase shall be determined
22 by (i) recomputing the investment credit which would have
23 been allowed for the year in which credit for such property
24 was originally allowed by eliminating such property from
25 such computation, and (ii) subtracting such recomputed
26 credit from the amount of credit previously allowed. For

1 the purposes of this paragraph (6), a reduction of the
2 basis of qualified property resulting from a
3 redetermination of the purchase price shall be deemed a
4 disposition of qualified property to the extent of such
5 reduction.

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

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

26 Any credit earned on or after December 31, 1986 under this

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

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

24 (j) Training expense credit. Beginning with tax years
25 ending on or after December 31, 1986 and prior to December 31,
26 2003, a taxpayer shall be allowed a credit against the tax

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

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

1 (k) Research and development credit. For tax years ending
2 after July 1, 1990 and prior to December 31, 2003, and
3 beginning again for tax years ending on or after December 31,
4 2004, and ending prior to January 1, 2022 ~~January 1, 2016~~, a
5 taxpayer shall be allowed a credit against the tax imposed by
6 subsections (a) and (b) of this Section for increasing research
7 activities in this State. The credit allowed against the tax
8 imposed by subsections (a) and (b) shall be equal to 6 1/2% of
9 the qualifying expenditures for increasing research activities
10 in this State. For partners, shareholders of subchapter S
11 corporations, and owners of limited liability companies, if the
12 liability company is treated as a partnership for purposes of
13 federal and State income taxation, there shall be allowed a
14 credit under this subsection to be determined in accordance
15 with the determination of income and distributive share of
16 income under Sections 702 and 704 and subchapter S of the
17 Internal Revenue Code.

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

1 of the qualifying expenditures for each year in the base
2 period, and "base period" means the 3 taxable years immediately
3 preceding the taxable year for which the determination is being
4 made.

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

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

25 No inference shall be drawn from this amendatory Act of the
26 91st General Assembly in construing this Section for taxable

1 years beginning before January 1, 1999.

2 It is the intent of the General Assembly that the research
3 and development credit under this subsection (k) shall apply
4 continuously for all tax years ending on or after December 31,
5 2004 and ending prior to January 1, 2022, including, but not
6 limited to, the period beginning on January 1, 2016 and ending
7 on the effective date of this amendatory Act of the 100th
8 General Assembly. All actions taken in reliance on the
9 continuation of the credit under this subsection (k) by any
10 taxpayer are hereby validated.

11 (l) Environmental Remediation Tax Credit.

12 (i) For tax years ending after December 31, 1997 and on
13 or before December 31, 2001, a taxpayer shall be allowed a
14 credit against the tax imposed by subsections (a) and (b)
15 of this Section for certain amounts paid for unreimbursed
16 eligible remediation costs, as specified in this
17 subsection. For purposes of this Section, "unreimbursed
18 eligible remediation costs" means costs approved by the
19 Illinois Environmental Protection Agency ("Agency") under
20 Section 58.14 of the Environmental Protection Act that were
21 paid in performing environmental remediation at a site for
22 which a No Further Remediation Letter was issued by the
23 Agency and recorded under Section 58.10 of the
24 Environmental Protection Act. The credit must be claimed
25 for the taxable year in which Agency approval of the
26 eligible remediation costs is granted. The credit is not

1 available to any taxpayer if the taxpayer or any related
2 party caused or contributed to, in any material respect, a
3 release of regulated substances on, in, or under the site
4 that was identified and addressed by the remedial action
5 pursuant to the Site Remediation Program of the
6 Environmental Protection Act. After the Pollution Control
7 Board rules are adopted pursuant to the Illinois
8 Administrative Procedure Act for the administration and
9 enforcement of Section 58.9 of the Environmental
10 Protection Act, determinations as to credit availability
11 for purposes of this Section shall be made consistent with
12 those rules. For purposes of this Section, "taxpayer"
13 includes a person whose tax attributes the taxpayer has
14 succeeded to under Section 381 of the Internal Revenue Code
15 and "related party" includes the persons disallowed a
16 deduction for losses by paragraphs (b), (c), and (f)(1) of
17 Section 267 of the Internal Revenue Code by virtue of being
18 a related taxpayer, as well as any of its partners. The
19 credit allowed against the tax imposed by subsections (a)
20 and (b) shall be equal to 25% of the unreimbursed eligible
21 remediation costs in excess of \$100,000 per site, except
22 that the \$100,000 threshold shall not apply to any site
23 contained in an enterprise zone as determined by the
24 Department of Commerce and Community Affairs (now
25 Department of Commerce and Economic Opportunity). The
26 total credit allowed shall not exceed \$40,000 per year with

1 a maximum total of \$150,000 per site. For partners and
2 shareholders of subchapter S corporations, there shall be
3 allowed a credit under this subsection to be determined in
4 accordance with the determination of income and
5 distributive share of income under Sections 702 and 704 and
6 subchapter S of the Internal Revenue Code.

7 (ii) A credit allowed under this subsection that is
8 unused in the year the credit is earned may be carried
9 forward to each of the 5 taxable years following the year
10 for which the credit is first earned until it is used. The
11 term "unused credit" does not include any amounts of
12 unreimbursed eligible remediation costs in excess of the
13 maximum credit per site authorized under paragraph (i).
14 This credit shall be applied first to the earliest year for
15 which there is a liability. If there is a credit under this
16 subsection from more than one tax year that is available to
17 offset a liability, the earliest credit arising under this
18 subsection shall be applied first. A credit allowed under
19 this subsection may be sold to a buyer as part of a sale of
20 all or part of the remediation site for which the credit
21 was granted. The purchaser of a remediation site and the
22 tax credit shall succeed to the unused credit and remaining
23 carry-forward period of the seller. To perfect the
24 transfer, the assignor shall record the transfer in the
25 chain of title for the site and provide written notice to
26 the Director of the Illinois Department of Revenue of the

1 assignor's intent to sell the remediation site and the
2 amount of the tax credit to be transferred as a portion of
3 the sale. In no event may a credit be transferred to any
4 taxpayer if the taxpayer or a related party would not be
5 eligible under the provisions of subsection (i).

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

9 (m) Education expense credit. Beginning with tax years
10 ending after December 31, 1999, a taxpayer who is the custodian
11 of one or more qualifying pupils shall be allowed a credit
12 against the tax imposed by subsections (a) and (b) of this
13 Section for qualified education expenses incurred on behalf of
14 the qualifying pupils. The credit shall be equal to 25% of
15 qualified education expenses, but in no event may the total
16 credit under this subsection claimed by a family that is the
17 custodian of qualifying pupils exceed (i) \$500 for tax years
18 ending prior to December 31, 2017, and (ii) \$750 for tax years
19 ending on or after December 31, 2017. In no event shall a
20 credit under this subsection reduce the taxpayer's liability
21 under this Act to less than zero. Notwithstanding any other
22 provision of law, for taxable years beginning on or after
23 January 1, 2017, no taxpayer may claim a credit under this
24 subsection (m) if the taxpayer's adjusted gross income for the
25 taxable year exceeds (i) \$500,000, in the case of spouses
26 filing a joint federal tax return or (ii) \$250,000, in the case

1 of all other taxpayers. This subsection is exempt from the
2 provisions of Section 250 of this Act.

3 For purposes of this subsection:

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

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

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

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

25 (n) River Edge Redevelopment Zone site remediation tax
26 credit.

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

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

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

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

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

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

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

24 (A) bankruptcy, a receivership, or a debt
25 adjustment initiated by or against the initial
26 registration or the substantial owners of the initial

1 registration;

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

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

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

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

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

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

20 or

21 (2) the cannabis cultivation center registration,
22 medical cannabis dispensary registration, or the
23 controlling interest in a registrant's property is
24 transferred in a transaction to lineal descendants in which
25 no gain or loss is recognized or as a result of a
26 transaction in accordance with Section 351 of the Internal

1 Revenue Code in which no gain or loss is recognized.
2 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
3 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
4 eff. 7-16-14.)

5 (35 ILCS 5/202.5)

6 Sec. 202.5. Net income attributable to the period beginning
7 prior to the first day of a month and ending after the last day
8 of the preceding month ~~January 1 of any year and ending after~~
9 ~~December 31 of the preceding year.~~

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

25 (b) Election to attribute income and deduction items

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

12 (1) from the beginning of the taxable year through the
13 last day of that apportionment period ~~December 31~~; and

14 (2) from the first day of the next apportionment period
15 ~~January 1~~ through the end of the taxable year.

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

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

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

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

5 (3) the exemption provided by Section 204 shall be
6 divided between the respective periods in amounts which
7 bear the same ratio to the total exemption allowable under
8 Section 204 (determined without regard to this Section) as
9 the total number of days in each period bears to the total
10 number of days in the taxable year;

11 (4) for purposes of this subsection, net income may not
12 be negative for either of the two portions of the taxable
13 year and positive for the other; if net income for one
14 portion of the taxable year would be positive and net
15 income for the other portion would otherwise be negative,
16 the net income for the entire taxable year shall be
17 attributed to the portion of the taxable year with positive
18 net income and the net income for the other portion of the
19 taxable year shall be zero; and

20 (5) the net loss carryforward deduction for the taxable
21 year under Section 207 may not exceed combined net income
22 of both portions of the taxable year, and shall be used
23 against the net income of the portion of the taxable year
24 from the beginning of the taxable year through the last day
25 of the preceding month ~~December 31~~ before any remaining
26 amount is used against the net income of the latter portion

1 of the taxable year.

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

3 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

4 Sec. 203. Base income defined.

5 (a) Individuals.

6 (1) In general. In the case of an individual, base
7 income means an amount equal to the taxpayer's adjusted
8 gross income for the taxable year as modified by paragraph
9 (2).

10 (2) Modifications. The adjusted gross income referred
11 to in paragraph (1) shall be modified by adding thereto the
12 sum of the following amounts:

13 (A) An amount equal to all amounts paid or accrued
14 to the taxpayer as interest or dividends during the
15 taxable year to the extent excluded from gross income
16 in the computation of adjusted gross income, except
17 stock dividends of qualified public utilities
18 described in Section 305(e) of the Internal Revenue
19 Code;

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 adjusted gross income for the
23 taxable year;

24 (C) An amount equal to the amount received during
25 the taxable year as a recovery or refund of real

1 property taxes paid with respect to the taxpayer's
2 principal residence under the Revenue Act of 1939 and
3 for which a deduction was previously taken under
4 subparagraph (L) of this paragraph (2) prior to July 1,
5 1991, the retrospective application date of Article 4
6 of Public Act 87-17. In the case of multi-unit or
7 multi-use structures and farm dwellings, the taxes on
8 the taxpayer's principal residence shall be that
9 portion of the total taxes for the entire property
10 which is attributable to such principal residence;

11 (D) An amount equal to the amount of the capital
12 gain deduction allowable under the Internal Revenue
13 Code, to the extent deducted from gross income in the
14 computation of adjusted gross income;

15 (D-5) An amount, to the extent not included in
16 adjusted gross income, equal to the amount of money
17 withdrawn by the taxpayer in the taxable year from a
18 medical care savings account and the interest earned on
19 the account in the taxable year of a withdrawal
20 pursuant to subsection (b) of Section 20 of the Medical
21 Care Savings Account Act or subsection (b) of Section
22 20 of the Medical Care Savings Account Act of 2000;

23 (D-10) For taxable years ending after December 31,
24 1997, an amount equal to any eligible remediation costs
25 that the individual deducted in computing adjusted
26 gross income and for which the individual claims a

1 credit under subsection (l) of Section 201;

2 (D-15) For taxable years 2001 and thereafter, an
3 amount equal to the bonus depreciation deduction taken
4 on the taxpayer's federal income tax return for the
5 taxable year under subsection (k) of Section 168 of the
6 Internal Revenue Code;

7 (D-16) If the taxpayer sells, transfers, abandons,
8 or otherwise disposes of property for which the
9 taxpayer was required in any taxable year to make an
10 addition modification under subparagraph (D-15), then
11 an amount equal to the aggregate amount of the
12 deductions taken in all taxable years under
13 subparagraph (Z) with respect to that property.

14 If the taxpayer continues to own property through
15 the last day of the last tax year for which the
16 taxpayer may claim a depreciation deduction for
17 federal income tax purposes and for which the taxpayer
18 was allowed in any taxable year to make a subtraction
19 modification under subparagraph (Z), then an amount
20 equal to that subtraction modification.

21 The taxpayer is required to make the addition
22 modification under this subparagraph only once with
23 respect to any one piece of property;

24 (D-17) An amount equal to the amount otherwise
25 allowed as a deduction in computing base income for
26 interest paid, accrued, or incurred, directly or

1 indirectly, (i) for taxable years ending on or after
2 December 31, 2004, to a foreign person who would be a
3 member of the same unitary business group but for the
4 fact that foreign person's business activity outside
5 the United States is 80% or more of the foreign
6 person's total business activity and (ii) for taxable
7 years ending on or after December 31, 2008, to a person
8 who would be a member of the same unitary business
9 group but for the fact that the person is prohibited
10 under Section 1501(a)(27) from being included in the
11 unitary business group because he or she is ordinarily
12 required to apportion business income under different
13 subsections of Section 304. The addition modification
14 required by this subparagraph shall be reduced to the
15 extent that dividends were included in base income of
16 the unitary group for the same taxable year and
17 received by the taxpayer or by a member of the
18 taxpayer's unitary business group (including amounts
19 included in gross income under Sections 951 through 964
20 of the Internal Revenue Code and amounts included in
21 gross income under Section 78 of the Internal Revenue
22 Code) with respect to the stock of the same person to
23 whom the interest was paid, accrued, or incurred.

24 This paragraph shall not apply to the following:

25 (i) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a person who

1 is subject in a foreign country or state, other
2 than a state which requires mandatory unitary
3 reporting, to a tax on or measured by net income
4 with respect to such interest; or

5 (ii) an item of interest paid, accrued, or
6 incurred, directly or indirectly, to a person if
7 the taxpayer can establish, based on a
8 preponderance of the evidence, both of the
9 following:

10 (a) the person, during the same taxable
11 year, paid, accrued, or incurred, the interest
12 to a person that is not a related member, and

13 (b) the transaction giving rise to the
14 interest expense between the taxpayer and the
15 person did not have as a principal purpose the
16 avoidance of Illinois income tax, and is paid
17 pursuant to a contract or agreement that
18 reflects an arm's-length interest rate and
19 terms; or

20 (iii) the taxpayer can establish, based on
21 clear and convincing evidence, that the interest
22 paid, accrued, or incurred relates to a contract or
23 agreement entered into at arm's-length rates and
24 terms and the principal purpose for the payment is
25 not federal or Illinois tax avoidance; or

26 (iv) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person if
2 the taxpayer establishes by clear and convincing
3 evidence that the adjustments are unreasonable; or
4 if the taxpayer and the Director agree in writing
5 to the application or use of an alternative method
6 of apportionment under Section 304(f).

7 Nothing in this subsection shall preclude the
8 Director from making any other adjustment
9 otherwise allowed under Section 404 of this Act for
10 any tax year beginning after the effective date of
11 this amendment provided such adjustment is made
12 pursuant to regulation adopted by the Department
13 and such regulations provide methods and standards
14 by which the Department will utilize its authority
15 under Section 404 of this Act;

16 (D-18) An amount equal to the amount of intangible
17 expenses and costs otherwise allowed as a deduction in
18 computing base income, and that were paid, accrued, or
19 incurred, directly or indirectly, (i) for taxable
20 years ending on or after December 31, 2004, to a
21 foreign person who would be a member of the same
22 unitary business group but for the fact that the
23 foreign person's business activity outside the United
24 States is 80% or more of that person's total business
25 activity and (ii) for taxable years ending on or after
26 December 31, 2008, to a person who would be a member of

1 the same unitary business group but for the fact that
2 the person is prohibited under Section 1501(a)(27)
3 from being included in the unitary business group
4 because he or she is ordinarily required to apportion
5 business income under different subsections of Section
6 304. The addition modification required by this
7 subparagraph shall be reduced to the extent that
8 dividends were included in base income of the unitary
9 group for the same taxable year and received by the
10 taxpayer or by a member of the taxpayer's unitary
11 business group (including amounts included in gross
12 income under Sections 951 through 964 of the Internal
13 Revenue Code and amounts included in gross income under
14 Section 78 of the Internal Revenue Code) with respect
15 to the stock of the same person to whom the intangible
16 expenses and costs were directly or indirectly paid,
17 incurred, or accrued. The preceding sentence does not
18 apply to the extent that the same dividends caused a
19 reduction to the addition modification required under
20 Section 203(a)(2)(D-17) of this Act. As used in this
21 subparagraph, the term "intangible expenses and costs"
22 includes (1) expenses, losses, and costs for, or
23 related to, the direct or indirect acquisition, use,
24 maintenance or management, ownership, sale, exchange,
25 or any other disposition of intangible property; (2)
26 losses incurred, directly or indirectly, from

1 factoring transactions or discounting transactions;
2 (3) royalty, patent, technical, and copyright fees;
3 (4) licensing fees; and (5) other similar expenses and
4 costs. For purposes of this subparagraph, "intangible
5 property" includes patents, patent applications, trade
6 names, trademarks, service marks, copyrights, mask
7 works, trade secrets, and similar types of intangible
8 assets.

9 This paragraph shall not apply to the following:

10 (i) any item of intangible expenses or costs
11 paid, accrued, or incurred, directly or
12 indirectly, from a transaction with a person who is
13 subject in a foreign country or state, other than a
14 state which requires mandatory unitary reporting,
15 to a tax on or measured by net income with respect
16 to such item; or

17 (ii) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, if the taxpayer can establish, based
20 on a preponderance of the evidence, both of the
21 following:

22 (a) the person during the same taxable
23 year paid, accrued, or incurred, the
24 intangible expense or cost to a person that is
25 not a related member, and

26 (b) the transaction giving rise to the

1 intangible expense or cost between the
2 taxpayer and the person did not have as a
3 principal purpose the avoidance of Illinois
4 income tax, and is paid pursuant to a contract
5 or agreement that reflects arm's-length terms;
6 or

7 (iii) any item of intangible expense or cost
8 paid, accrued, or incurred, directly or
9 indirectly, from a transaction with a person if the
10 taxpayer establishes by clear and convincing
11 evidence, that the adjustments are unreasonable;
12 or if the taxpayer and the Director agree in
13 writing to the application or use of an alternative
14 method of apportionment under Section 304(f);

15 Nothing in this subsection shall preclude the
16 Director from making any other adjustment
17 otherwise allowed under Section 404 of this Act for
18 any tax year beginning after the effective date of
19 this amendment provided such adjustment is made
20 pursuant to regulation adopted by the Department
21 and such regulations provide methods and standards
22 by which the Department will utilize its authority
23 under Section 404 of this Act;

24 (D-19) For taxable years ending on or after
25 December 31, 2008, an amount equal to the amount of
26 insurance premium expenses and costs otherwise allowed

1 as a deduction in computing base income, and that were
2 paid, accrued, or incurred, directly or indirectly, to
3 a person who would be a member of the same unitary
4 business group but for the fact that the person is
5 prohibited under Section 1501(a)(27) from being
6 included in the unitary business group because he or
7 she is ordinarily required to apportion business
8 income under different subsections of Section 304. The
9 addition modification required by this subparagraph
10 shall be reduced to the extent that dividends were
11 included in base income of the unitary group for the
12 same taxable year and received by the taxpayer or by a
13 member of the taxpayer's unitary business group
14 (including amounts included in gross income under
15 Sections 951 through 964 of the Internal Revenue Code
16 and amounts included in gross income under Section 78
17 of the Internal Revenue Code) with respect to the stock
18 of the same person to whom the premiums and costs were
19 directly or indirectly paid, incurred, or accrued. The
20 preceding sentence does not apply to the extent that
21 the same dividends caused a reduction to the addition
22 modification required under Section 203(a)(2)(D-17) or
23 Section 203(a)(2)(D-18) of this Act.

24 (D-20) For taxable years beginning on or after
25 January 1, 2002 and ending on or before December 31,
26 2006, in the case of a distribution from a qualified

1 tuition program under Section 529 of the Internal
2 Revenue Code, other than (i) a distribution from a
3 College Savings Pool created under Section 16.5 of the
4 State Treasurer Act or (ii) a distribution from the
5 Illinois Prepaid Tuition Trust Fund, an amount equal to
6 the amount excluded from gross income under Section
7 529(c)(3)(B). For taxable years beginning on or after
8 January 1, 2007, in the case of a distribution from a
9 qualified tuition program under Section 529 of the
10 Internal Revenue Code, other than (i) a distribution
11 from a College Savings Pool created under Section 16.5
12 of the State Treasurer Act, (ii) a distribution from
13 the Illinois Prepaid Tuition Trust Fund, or (iii) a
14 distribution from a qualified tuition program under
15 Section 529 of the Internal Revenue Code that (I)
16 adopts and determines that its offering materials
17 comply with the College Savings Plans Network's
18 disclosure principles and (II) has made reasonable
19 efforts to inform in-state residents of the existence
20 of in-state qualified tuition programs by informing
21 Illinois residents directly and, where applicable, to
22 inform financial intermediaries distributing the
23 program to inform in-state residents of the existence
24 of in-state qualified tuition programs at least
25 annually, an amount equal to the amount excluded from
26 gross income under Section 529(c)(3)(B).

1 For the purposes of this subparagraph (D-20), a
2 qualified tuition program has made reasonable efforts
3 if it makes disclosures (which may use the term
4 "in-state program" or "in-state plan" and need not
5 specifically refer to Illinois or its qualified
6 programs by name) (i) directly to prospective
7 participants in its offering materials or makes a
8 public disclosure, such as a website posting; and (ii)
9 where applicable, to intermediaries selling the
10 out-of-state program in the same manner that the
11 out-of-state program distributes its offering
12 materials;

13 (D-21) For taxable years beginning on or after
14 January 1, 2007, in the case of transfer of moneys from
15 a qualified tuition program under Section 529 of the
16 Internal Revenue Code that is administered by the State
17 to an out-of-state program, an amount equal to the
18 amount of moneys previously deducted from base income
19 under subsection (a) (2) (Y) of this Section;

20 (D-22) For taxable years beginning on or after
21 January 1, 2009, in the case of a nonqualified
22 withdrawal or refund of moneys from a qualified tuition
23 program under Section 529 of the Internal Revenue Code
24 administered by the State that is not used for
25 qualified expenses at an eligible education
26 institution, an amount equal to the contribution

1 component of the nonqualified withdrawal or refund
2 that was previously deducted from base income under
3 subsection (a)(2)(y) of this Section, provided that
4 the withdrawal or refund did not result from the
5 beneficiary's death or disability;

6 (D-23) An amount equal to the credit allowable to
7 the taxpayer under Section 218(a) of this Act,
8 determined without regard to Section 218(c) of this
9 Act;

10 (D-24) For taxable years ending on or after
11 December 31, 2017, an amount equal to the deduction
12 allowed under Section 199 of the Internal Revenue Code
13 for the taxable year;

14 and by deducting from the total so obtained the sum of the
15 following amounts:

16 (E) For taxable years ending before December 31,
17 2001, any amount included in such total in respect of
18 any compensation (including but not limited to any
19 compensation paid or accrued to a serviceman while a
20 prisoner of war or missing in action) paid to a
21 resident by reason of being on active duty in the Armed
22 Forces of the United States and in respect of any
23 compensation paid or accrued to a resident who as a
24 governmental employee was a prisoner of war or missing
25 in action, and in respect of any compensation paid to a
26 resident in 1971 or thereafter for annual training

1 performed pursuant to Sections 502 and 503, Title 32,
2 United States Code as a member of the Illinois National
3 Guard or, beginning with taxable years ending on or
4 after December 31, 2007, the National Guard of any
5 other state. For taxable years ending on or after
6 December 31, 2001, any amount included in such total in
7 respect of any compensation (including but not limited
8 to any compensation paid or accrued to a serviceman
9 while a prisoner of war or missing in action) paid to a
10 resident by reason of being a member of any component
11 of the Armed Forces of the United States and in respect
12 of any compensation paid or accrued to a resident who
13 as a governmental employee was a prisoner of war or
14 missing in action, and in respect of any compensation
15 paid to a resident in 2001 or thereafter by reason of
16 being a member of the Illinois National Guard or,
17 beginning with taxable years ending on or after
18 December 31, 2007, the National Guard of any other
19 state. The provisions of this subparagraph (E) are
20 exempt from the provisions of Section 250;

21 (F) An amount equal to all amounts included in such
22 total pursuant to the provisions of Sections 402(a),
23 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
24 Internal Revenue Code, or included in such total as
25 distributions under the provisions of any retirement
26 or disability plan for employees of any governmental

1 agency or unit, or retirement payments to retired
2 partners, which payments are excluded in computing net
3 earnings from self employment by Section 1402 of the
4 Internal Revenue Code and regulations adopted pursuant
5 thereto;

6 (G) The valuation limitation amount;

7 (H) 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 (I) An amount equal to all amounts included in such
11 total pursuant to the provisions of Section 111 of the
12 Internal Revenue Code as a recovery of items previously
13 deducted from adjusted gross income in the computation
14 of taxable income;

15 (J) An amount equal to those dividends included in
16 such total which were paid by a corporation which
17 conducts business operations in a River Edge
18 Redevelopment Zone or zones created under the River
19 Edge Redevelopment Zone Act, and conducts
20 substantially all of its operations in a River Edge
21 Redevelopment Zone or zones. This subparagraph (J) is
22 exempt from the provisions of Section 250;

23 (K) 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 (J) of paragraph (2) of this subsection
4 shall not be eligible for the deduction provided under
5 this subparagraph (K);

6 (L) For taxable years ending after December 31,
7 1983, an amount equal to all social security benefits
8 and railroad retirement benefits included in such
9 total pursuant to Sections 72(r) and 86 of the Internal
10 Revenue Code;

11 (M) With the exception of any amounts subtracted
12 under subparagraph (N), an amount equal to the sum of
13 all amounts disallowed as deductions by (i) Sections
14 171(a) (2), and 265(2) of the Internal Revenue Code,
15 and all amounts of expenses allocable to interest and
16 disallowed as deductions by Section 265(1) of the
17 Internal Revenue Code; and (ii) for taxable years
18 ending on or after August 13, 1999, Sections 171(a) (2),
19 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
20 Code, plus, for taxable years ending on or after
21 December 31, 2011, Section 45G(e) (3) of the Internal
22 Revenue Code and, for taxable years ending on or after
23 December 31, 2008, any amount included in gross income
24 under Section 87 of the Internal Revenue Code; the
25 provisions of this subparagraph are exempt from the
26 provisions of Section 250;

1 (N) An amount equal to all amounts included in such
2 total which are exempt from taxation by this State
3 either by reason of its statutes or Constitution or by
4 reason of the Constitution, treaties or statutes of the
5 United States; provided that, in the case of any
6 statute of this State that exempts income derived from
7 bonds or other obligations from the tax imposed under
8 this Act, the amount exempted shall be the interest net
9 of bond premium amortization;

10 (O) An amount equal to any contribution made to a
11 job training project established pursuant to the Tax
12 Increment Allocation Redevelopment Act;

13 (P) An amount equal to the amount of the deduction
14 used to compute the federal income tax credit for
15 restoration of substantial amounts held under claim of
16 right for the taxable year pursuant to Section 1341 of
17 the Internal Revenue Code or of any itemized deduction
18 taken from adjusted gross income in the computation of
19 taxable income for restoration of substantial amounts
20 held under claim of right for the taxable year;

21 (Q) An amount equal to any amounts included in such
22 total, received by the taxpayer as an acceleration in
23 the payment of life, endowment or annuity benefits in
24 advance of the time they would otherwise be payable as
25 an indemnity for a terminal illness;

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

2 (S) An amount, to the extent included in adjusted
3 gross income, equal to the amount of a contribution
4 made in the taxable year on behalf of the taxpayer to a
5 medical care savings account established under the
6 Medical Care Savings Account Act or the Medical Care
7 Savings Account Act of 2000 to the extent the
8 contribution is accepted by the account administrator
9 as provided in that Act;

10 (T) An amount, to the extent included in adjusted
11 gross income, equal to the amount of interest earned in
12 the taxable year on a medical care savings account
13 established under the Medical Care Savings Account Act
14 or the Medical Care Savings Account Act of 2000 on
15 behalf of the taxpayer, other than interest added
16 pursuant to item (D-5) of this paragraph (2);

17 (U) For one taxable year beginning on or after
18 January 1, 1994, an amount equal to the total amount of
19 tax imposed and paid under subsections (a) and (b) of
20 Section 201 of this Act on grant amounts received by
21 the taxpayer under the Nursing Home Grant Assistance
22 Act during the taxpayer's taxable years 1992 and 1993;

23 (V) Beginning with tax years ending on or after
24 December 31, 1995 and ending with tax years ending on
25 or before December 31, 2004, an amount equal to the
26 amount paid by a taxpayer who is a self-employed

1 taxpayer, a partner of a partnership, or a shareholder
2 in a Subchapter S corporation for health insurance or
3 long-term care insurance for that taxpayer or that
4 taxpayer's spouse or dependents, to the extent that the
5 amount paid for that health insurance or long-term care
6 insurance may be deducted under Section 213 of the
7 Internal Revenue Code, has not been deducted on the
8 federal income tax return of the taxpayer, and does not
9 exceed the taxable income attributable to that
10 taxpayer's income, self-employment income, or
11 Subchapter S corporation income; except that no
12 deduction shall be allowed under this item (V) if the
13 taxpayer is eligible to participate in any health
14 insurance or long-term care insurance plan of an
15 employer of the taxpayer or the taxpayer's spouse. The
16 amount of the health insurance and long-term care
17 insurance subtracted under this item (V) shall be
18 determined by multiplying total health insurance and
19 long-term care insurance premiums paid by the taxpayer
20 times a number that represents the fractional
21 percentage of eligible medical expenses under Section
22 213 of the Internal Revenue Code of 1986 not actually
23 deducted on the taxpayer's federal income tax return;

24 (W) For taxable years beginning on or after January
25 1, 1998, all amounts included in the taxpayer's federal
26 gross income in the taxable year from amounts converted

1 from a regular IRA to a Roth IRA. This paragraph is
2 exempt from the provisions of Section 250;

3 (X) For taxable year 1999 and thereafter, an amount
4 equal to the amount of any (i) distributions, to the
5 extent includible in gross income for federal income
6 tax purposes, made to the taxpayer because of his or
7 her status as a victim of persecution for racial or
8 religious reasons by Nazi Germany or any other Axis
9 regime or as an heir of the victim and (ii) items of
10 income, to the extent includible in gross income for
11 federal income tax purposes, attributable to, derived
12 from or in any way related to assets stolen from,
13 hidden from, or otherwise lost to a victim of
14 persecution for racial or religious reasons by Nazi
15 Germany or any other Axis regime immediately prior to,
16 during, and immediately after World War II, including,
17 but not limited to, interest on the proceeds receivable
18 as insurance under policies issued to a victim of
19 persecution for racial or religious reasons by Nazi
20 Germany or any other Axis regime by European insurance
21 companies immediately prior to and during World War II;
22 provided, however, this subtraction from federal
23 adjusted gross income does not apply to assets acquired
24 with such assets or with the proceeds from the sale of
25 such assets; provided, further, this paragraph shall
26 only apply to a taxpayer who was the first recipient of

1 such assets after their recovery and who is a victim of
2 persecution for racial or religious reasons by Nazi
3 Germany or any other Axis regime or as an heir of the
4 victim. The amount of and the eligibility for any
5 public assistance, benefit, or similar entitlement is
6 not affected by the inclusion of items (i) and (ii) of
7 this paragraph in gross income for federal income tax
8 purposes. This paragraph is exempt from the provisions
9 of Section 250;

10 (Y) For taxable years beginning on or after January
11 1, 2002 and ending on or before December 31, 2004,
12 moneys contributed in the taxable year to a College
13 Savings Pool account under Section 16.5 of the State
14 Treasurer Act, except that amounts excluded from gross
15 income under Section 529(c)(3)(C)(i) of the Internal
16 Revenue Code shall not be considered moneys
17 contributed under this subparagraph (Y). For taxable
18 years beginning on or after January 1, 2005, a maximum
19 of \$10,000 contributed in the taxable year to (i) a
20 College Savings Pool account under Section 16.5 of the
21 State Treasurer Act or (ii) the Illinois Prepaid
22 Tuition Trust Fund, except that amounts excluded from
23 gross income under Section 529(c)(3)(C)(i) of the
24 Internal Revenue Code shall not be considered moneys
25 contributed under this subparagraph (Y). For purposes
26 of this subparagraph, contributions made by an

1 employer on behalf of an employee, or matching
2 contributions made by an employee, shall be treated as
3 made by the employee. This subparagraph (Y) is exempt
4 from the provisions of Section 250;

5 (Z) For taxable years 2001 and thereafter, for the
6 taxable year in which the bonus depreciation deduction
7 is taken on the taxpayer's federal income tax return
8 under subsection (k) of Section 168 of the Internal
9 Revenue Code and for each applicable taxable year
10 thereafter, an amount equal to "x", where:

11 (1) "y" equals the amount of the depreciation
12 deduction taken for the taxable year on the
13 taxpayer's federal income tax return on property
14 for which the bonus depreciation deduction was
15 taken in any year under subsection (k) of Section
16 168 of the Internal Revenue Code, but not including
17 the bonus depreciation deduction;

18 (2) for taxable years ending on or before
19 December 31, 2005, "x" equals "y" multiplied by 30
20 and then divided by 70 (or "y" multiplied by
21 0.429); and

22 (3) for taxable years ending after December
23 31, 2005:

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied by
2 0.429); and

3 (ii) for property on which a bonus
4 depreciation deduction of 50% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 1.0.

7 The aggregate amount deducted under this
8 subparagraph in all taxable years for any one piece of
9 property may not exceed the amount of the bonus
10 depreciation deduction taken on that property on the
11 taxpayer's federal income tax return under subsection
12 (k) of Section 168 of the Internal Revenue Code. This
13 subparagraph (Z) is exempt from the provisions of
14 Section 250;

15 (AA) If the taxpayer sells, transfers, abandons,
16 or otherwise disposes of property for which the
17 taxpayer was required in any taxable year to make an
18 addition modification under subparagraph (D-15), then
19 an amount equal to that addition modification.

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which the
22 taxpayer may claim a depreciation deduction for
23 federal income tax purposes and for which the taxpayer
24 was required in any taxable year to make an addition
25 modification under subparagraph (D-15), then an amount
26 equal to that addition modification.

1 The taxpayer is allowed to take the deduction under
2 this subparagraph only once with respect to any one
3 piece of property.

4 This subparagraph (AA) is exempt from the
5 provisions of Section 250;

6 (BB) Any amount included in adjusted gross income,
7 other than salary, received by a driver in a
8 ridesharing arrangement using a motor vehicle;

9 (CC) The amount of (i) any interest income (net of
10 the deductions allocable thereto) taken into account
11 for the taxable year with respect to a transaction with
12 a taxpayer that is required to make an addition
13 modification with respect to such transaction under
14 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
15 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
16 the amount of that addition modification, and (ii) any
17 income from intangible property (net of the deductions
18 allocable thereto) taken into account for the taxable
19 year with respect to a transaction with a taxpayer that
20 is required to make an addition modification with
21 respect to such transaction under Section
22 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
23 203(d)(2)(D-8), but not to exceed the amount of that
24 addition modification. This subparagraph (CC) is
25 exempt from the provisions of Section 250;

26 (DD) An amount equal to the interest income taken

1 into account for the taxable year (net of the
2 deductions allocable thereto) with respect to
3 transactions with (i) a foreign person who would be a
4 member of the taxpayer's unitary business group but for
5 the fact that the foreign person's business activity
6 outside the United States is 80% or more of that
7 person's total business activity and (ii) for taxable
8 years ending on or after December 31, 2008, to a person
9 who would be a member of the same unitary business
10 group but for the fact that the person is prohibited
11 under Section 1501(a)(27) from being included in the
12 unitary business group because he or she is ordinarily
13 required to apportion business income under different
14 subsections of Section 304, but not to exceed the
15 addition modification required to be made for the same
16 taxable year under Section 203(a)(2)(D-17) for
17 interest paid, accrued, or incurred, directly or
18 indirectly, to the same person. This subparagraph (DD)
19 is exempt from the provisions of Section 250;

20 (EF) An amount equal to the income from intangible
21 property taken into account for the taxable year (net
22 of the deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but for
25 the fact that the foreign person's business activity
26 outside the United States is 80% or more of that

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, but not to exceed the
9 addition modification required to be made for the same
10 taxable year under Section 203(a)(2)(D-18) for
11 intangible expenses and costs paid, accrued, or
12 incurred, directly or indirectly, to the same foreign
13 person. This subparagraph (EE) is exempt from the
14 provisions of Section 250;

15 (FF) An amount equal to any amount awarded to the
16 taxpayer during the taxable year by the Court of Claims
17 under subsection (c) of Section 8 of the Court of
18 Claims Act for time unjustly served in a State prison.
19 This subparagraph (FF) is exempt from the provisions of
20 Section 250; and

21 (GG) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(a)(2)(D-19), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense or

1 loss (including expenses incurred by the insurance
2 company) that would have been taken into account as a
3 deduction for federal income tax purposes if the
4 expense or loss had been uninsured. If a taxpayer makes
5 the election provided for by this subparagraph (GG),
6 the insurer to which the premiums were paid must add
7 back to income the amount subtracted by the taxpayer
8 pursuant to this subparagraph (GG). This subparagraph
9 (GG) is exempt from the provisions of Section 250.

10 (b) Corporations.

11 (1) In general. In the case of a corporation, base
12 income means an amount equal to the taxpayer's taxable
13 income for the taxable year as modified by paragraph (2).

14 (2) Modifications. The taxable income referred to in
15 paragraph (1) shall be modified by adding thereto the sum
16 of the following amounts:

17 (A) An amount equal to all amounts paid or accrued
18 to the taxpayer as interest and all distributions
19 received from regulated investment companies during
20 the taxable year to the extent excluded from gross
21 income in the computation of taxable income;

22 (B) 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 (C) In the case of a regulated investment company,

1 an amount equal to the excess of (i) the net long-term
2 capital gain for the taxable year, over (ii) the amount
3 of the capital gain dividends designated as such in
4 accordance with Section 852(b)(3)(C) of the Internal
5 Revenue Code and any amount designated under Section
6 852(b)(3)(D) of the Internal Revenue Code,
7 attributable to the taxable year (this amendatory Act
8 of 1995 (Public Act 89-89) is declarative of existing
9 law and is not a new enactment);

10 (D) The amount of any net operating loss deduction
11 taken in arriving at taxable income, other than a net
12 operating loss carried forward from a taxable year
13 ending prior to December 31, 1986;

14 (E) For taxable years in which a net operating loss
15 carryback or carryforward from a taxable year ending
16 prior to December 31, 1986 is an element of taxable
17 income under paragraph (1) of subsection (e) or
18 subparagraph (E) of paragraph (2) of subsection (e),
19 the amount by which addition modifications other than
20 those provided by this subparagraph (E) exceeded
21 subtraction modifications in such earlier taxable
22 year, with the following limitations applied in the
23 order that they are listed:

24 (i) the addition modification relating to the
25 net operating loss carried back or forward to the
26 taxable year from any taxable year ending prior to

1 December 31, 1986 shall be reduced by the amount of
2 addition modification under this subparagraph (E)
3 which related to that net operating loss and which
4 was taken into account in calculating the base
5 income of an earlier taxable year, and

6 (ii) the addition modification relating to the
7 net operating loss carried back or forward to the
8 taxable year from any taxable year ending prior to
9 December 31, 1986 shall not exceed the amount of
10 such carryback or carryforward;

11 For taxable years in which there is a net operating
12 loss carryback or carryforward from more than one other
13 taxable year ending prior to December 31, 1986, the
14 addition modification provided in this subparagraph
15 (E) shall be the sum of the amounts computed
16 independently under the preceding provisions of this
17 subparagraph (E) for each such taxable year;

18 (E-5) For taxable years ending after December 31,
19 1997, an amount equal to any eligible remediation costs
20 that the corporation deducted in computing adjusted
21 gross income and for which the corporation claims a
22 credit under subsection (l) of Section 201;

23 (E-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;

2 (E-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 (E-10), then
6 an amount equal to the aggregate amount of the
7 deductions taken in all taxable years under
8 subparagraph (T) 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 (T), 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 (E-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 the foreign person's business activity outside
26 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 (E-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(b)(2)(E-12) of
17 this Act. As used in this subparagraph, the term
18 "intangible expenses and costs" includes (1) expenses,
19 losses, and costs for, or related to, the direct or
20 indirect acquisition, use, maintenance or management,
21 ownership, sale, exchange, or any other disposition of
22 intangible property; (2) losses incurred, directly or
23 indirectly, from factoring transactions or discounting
24 transactions; (3) royalty, patent, technical, and
25 copyright fees; (4) licensing fees; and (5) other
26 similar expenses and costs. For purposes of this

1 subparagraph, "intangible property" includes patents,
2 patent applications, trade names, trademarks, service
3 marks, copyrights, mask works, trade secrets, and
4 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 (E-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(b)(2)(E-12) or
19 Section 203(b)(2)(E-13) of this Act;

20 (E-15) For taxable years beginning after December
21 31, 2008, any deduction for dividends paid by a captive
22 real estate investment trust that is allowed to a real
23 estate investment trust under Section 857(b)(2)(B) of
24 the Internal Revenue Code for dividends paid;

25 (E-16) An amount equal to the credit allowable to
26 the taxpayer under Section 218(a) of this Act,

1 determined without regard to Section 218(c) of this
2 Act;

3 (E-17) For taxable years ending on or after
4 December 31, 2017, an amount equal to the deduction
5 allowed under Section 199 of the Internal Revenue Code
6 for the taxable year;

7 and by deducting from the total so obtained the sum of the
8 following amounts:

9 (F) An amount equal to the amount of any tax
10 imposed by this Act which was refunded to the taxpayer
11 and included in such total for the taxable year;

12 (G) An amount equal to any amount included in such
13 total under Section 78 of the Internal Revenue Code;

14 (H) In the case of a regulated investment company,
15 an amount equal to the amount of exempt interest
16 dividends as defined in subsection (b) (5) of Section
17 852 of the Internal Revenue Code, paid to shareholders
18 for the taxable year;

19 (I) With the exception of any amounts subtracted
20 under subparagraph (J), an amount equal to the sum of
21 all amounts disallowed as deductions by (i) Sections
22 171(a) (2), and 265(a) (2) and amounts disallowed as
23 interest expense by Section 291(a) (3) of the Internal
24 Revenue Code, and all amounts of expenses allocable to
25 interest and disallowed as deductions by Section
26 265(a) (1) of the Internal Revenue Code; and (ii) for

1 taxable years ending on or after August 13, 1999,
2 Sections 171(a)(2), 265, 280C, 291(a)(3), and
3 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
4 for tax years ending on or after December 31, 2011,
5 amounts disallowed as deductions by Section 45G(e)(3)
6 of the Internal Revenue Code and, for taxable years
7 ending on or after December 31, 2008, any amount
8 included in gross income under Section 87 of the
9 Internal Revenue Code and the policyholders' share of
10 tax-exempt interest of a life insurance company under
11 Section 807(a)(2)(B) of the Internal Revenue Code (in
12 the case of a life insurance company with gross income
13 from a decrease in reserves for the tax year) or
14 Section 807(b)(1)(B) of the Internal Revenue Code (in
15 the case of a life insurance company allowed a
16 deduction for an increase in reserves for the tax
17 year); the provisions of this subparagraph are exempt
18 from the provisions of Section 250;

19 (J) An amount equal to all amounts included in such
20 total which are exempt from taxation by this State
21 either by reason of its statutes or Constitution or by
22 reason of the Constitution, treaties or statutes of the
23 United States; provided that, in the case of any
24 statute of this State that exempts income derived from
25 bonds or other obligations from the tax imposed under
26 this Act, the amount exempted shall be the interest net

1 of bond premium amortization;

2 (K) An amount equal to those dividends included in
3 such total which were paid by a corporation which
4 conducts business operations in a River Edge
5 Redevelopment Zone or zones created under the River
6 Edge Redevelopment Zone Act and conducts substantially
7 all of its operations in a River Edge Redevelopment
8 Zone or zones. This subparagraph (K) is exempt from the
9 provisions of Section 250;

10 (L) An amount equal to those dividends included in
11 such total that were paid by a corporation that
12 conducts business operations in a federally designated
13 Foreign Trade Zone or Sub-Zone and that is designated a
14 High Impact Business located in Illinois; provided
15 that dividends eligible for the deduction provided in
16 subparagraph (K) of paragraph 2 of this subsection
17 shall not be eligible for the deduction provided under
18 this subparagraph (L);

19 (M) For any taxpayer that is a financial
20 organization within the meaning of Section 304(c) of
21 this Act, an amount included in such total as interest
22 income from a loan or loans made by such taxpayer to a
23 borrower, to the extent that such a loan is secured by
24 property which is eligible for the River Edge
25 Redevelopment Zone Investment Credit. To determine the
26 portion of a loan or loans that is secured by property

1 eligible for a Section 201(f) investment credit to the
2 borrower, the entire principal amount of the loan or
3 loans between the taxpayer and the borrower should be
4 divided into the basis of the Section 201(f) investment
5 credit property which secures the loan or loans, using
6 for this purpose the original basis of such property on
7 the date that it was placed in service in the River
8 Edge Redevelopment Zone. The subtraction modification
9 available to taxpayer in any year under this subsection
10 shall be that portion of the total interest paid by the
11 borrower with respect to such loan attributable to the
12 eligible property as calculated under the previous
13 sentence. This subparagraph (M) is exempt from the
14 provisions of Section 250;

15 (M-1) For any taxpayer that is a financial
16 organization within the meaning of Section 304(c) of
17 this Act, an amount included in such total as interest
18 income from a loan or loans made by such taxpayer to a
19 borrower, to the extent that such a loan is secured by
20 property which is eligible for the High Impact Business
21 Investment Credit. To determine the portion of a loan
22 or loans that is secured by property eligible for a
23 Section 201(h) investment credit to the borrower, the
24 entire principal amount of the loan or loans between
25 the taxpayer and the borrower should be divided into
26 the basis of the Section 201(h) investment credit

1 property which secures the loan or loans, using for
2 this purpose the original basis of such property on the
3 date that it was placed in service in a federally
4 designated Foreign Trade Zone or Sub-Zone located in
5 Illinois. No taxpayer that is eligible for the
6 deduction provided in subparagraph (M) of paragraph
7 (2) of this subsection shall be eligible for the
8 deduction provided under this subparagraph (M-1). The
9 subtraction modification available to taxpayers in any
10 year under this subsection shall be that portion of the
11 total interest paid by the borrower with respect to
12 such loan attributable to the eligible property as
13 calculated under the previous sentence;

14 (N) Two times any contribution made during the
15 taxable year to a designated zone organization to the
16 extent that the contribution (i) qualifies as a
17 charitable contribution under subsection (c) of
18 Section 170 of the Internal Revenue Code and (ii) must,
19 by its terms, be used for a project approved by the
20 Department of Commerce and Economic Opportunity under
21 Section 11 of the Illinois Enterprise Zone Act or under
22 Section 10-10 of the River Edge Redevelopment Zone Act.
23 This subparagraph (N) is exempt from the provisions of
24 Section 250;

25 (O) An amount equal to: (i) 85% for taxable years
26 ending on or before December 31, 1992, or, a percentage

1 equal to the percentage allowable under Section
2 243(a)(1) of the Internal Revenue Code of 1986 for
3 taxable years ending after December 31, 1992, of the
4 amount by which dividends included in taxable income
5 and received from a corporation that is not created or
6 organized under the laws of the United States or any
7 state or political subdivision thereof, including, for
8 taxable years ending on or after December 31, 1988,
9 dividends received or deemed received or paid or deemed
10 paid under Sections 951 through 965 of the Internal
11 Revenue Code, exceed the amount of the modification
12 provided under subparagraph (G) of paragraph (2) of
13 this subsection (b) which is related to such dividends,
14 and including, for taxable years ending on or after
15 December 31, 2008, dividends received from a captive
16 real estate investment trust; plus (ii) 100% of the
17 amount by which dividends, included in taxable income
18 and received, including, for taxable years ending on or
19 after December 31, 1988, dividends received or deemed
20 received or paid or deemed paid under Sections 951
21 through 964 of the Internal Revenue Code and including,
22 for taxable years ending on or after December 31, 2008,
23 dividends received from a captive real estate
24 investment trust, from any such corporation specified
25 in clause (i) that would but for the provisions of
26 Section 1504 (b) (3) of the Internal Revenue Code be

1 treated as a member of the affiliated group which
2 includes the dividend recipient, exceed the amount of
3 the modification provided under subparagraph (G) of
4 paragraph (2) of this subsection (b) which is related
5 to such dividends. This subparagraph (O) is exempt from
6 the provisions of Section 250 of this Act;

7 (P) An amount equal to any contribution made to a
8 job training project established pursuant to the Tax
9 Increment Allocation Redevelopment Act;

10 (Q) An amount equal to the amount of the deduction
11 used to compute the federal income tax credit for
12 restoration of substantial amounts held under claim of
13 right for the taxable year pursuant to Section 1341 of
14 the Internal Revenue Code;

15 (R) On and after July 20, 1999, in the case of an
16 attorney-in-fact with respect to whom an interinsurer
17 or a reciprocal insurer has made the election under
18 Section 835 of the Internal Revenue Code, 26 U.S.C.
19 835, an amount equal to the excess, if any, of the
20 amounts paid or incurred by that interinsurer or
21 reciprocal insurer in the taxable year to the
22 attorney-in-fact over the deduction allowed to that
23 interinsurer or reciprocal insurer with respect to the
24 attorney-in-fact under Section 835(b) of the Internal
25 Revenue Code for the taxable year; the provisions of
26 this subparagraph are exempt from the provisions of

1 Section 250;

2 (S) For taxable years ending on or after December
3 31, 1997, in the case of a Subchapter S corporation, an
4 amount equal to all amounts of income allocable to a
5 shareholder subject to the Personal Property Tax
6 Replacement Income Tax imposed by subsections (c) and
7 (d) of Section 201 of this Act, including amounts
8 allocable to organizations exempt from federal income
9 tax by reason of Section 501(a) of the Internal Revenue
10 Code. This subparagraph (S) is exempt from the
11 provisions of Section 250;

12 (T) For taxable years 2001 and thereafter, for the
13 taxable year in which the bonus depreciation deduction
14 is taken on the taxpayer's federal income tax return
15 under subsection (k) of Section 168 of the Internal
16 Revenue Code and for each applicable taxable year
17 thereafter, an amount equal to "x", where:

18 (1) "y" equals the amount of the depreciation
19 deduction taken for the taxable year on the
20 taxpayer's federal income tax return on property
21 for which the bonus depreciation deduction was
22 taken in any year under subsection (k) of Section
23 168 of the Internal Revenue Code, but not including
24 the bonus depreciation deduction;

25 (2) for taxable years ending on or before
26 December 31, 2005, "x" equals "y" multiplied by 30

1 and then divided by 70 (or "y" multiplied by
2 0.429); and

3 (3) for taxable years ending after December
4 31, 2005:

5 (i) for property on which a bonus
6 depreciation deduction of 30% of the adjusted
7 basis was taken, "x" equals "y" multiplied by
8 30 and then divided by 70 (or "y" multiplied by
9 0.429); and

10 (ii) for property on which a bonus
11 depreciation deduction of 50% of the adjusted
12 basis was taken, "x" equals "y" multiplied by
13 1.0.

14 The aggregate amount deducted under this
15 subparagraph in all taxable years for any one piece of
16 property may not exceed the amount of the bonus
17 depreciation deduction taken on that property on the
18 taxpayer's federal income tax return under subsection
19 (k) of Section 168 of the Internal Revenue Code. This
20 subparagraph (T) is exempt from the provisions of
21 Section 250;

22 (U) If the taxpayer sells, transfers, abandons, or
23 otherwise disposes of property for which the taxpayer
24 was required in any taxable year to make an addition
25 modification under subparagraph (E-10), then an amount
26 equal to that addition modification.

1 If the taxpayer continues to own property through
2 the last day of the last tax year for which the
3 taxpayer may claim a depreciation deduction for
4 federal income tax purposes and for which the taxpayer
5 was required in any taxable year to make an addition
6 modification under subparagraph (E-10), then an amount
7 equal to that addition modification.

8 The taxpayer is allowed to take the deduction under
9 this subparagraph only once with respect to any one
10 piece of property.

11 This subparagraph (U) is exempt from the
12 provisions of Section 250;

13 (V) The amount of: (i) any interest income (net of
14 the deductions allocable thereto) taken into account
15 for the taxable year with respect to a transaction with
16 a taxpayer that is required to make an addition
17 modification with respect to such transaction under
18 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
19 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
20 the amount of such addition modification, (ii) any
21 income from intangible property (net of the deductions
22 allocable thereto) taken into account for the taxable
23 year with respect to a transaction with a taxpayer that
24 is required to make an addition modification with
25 respect to such transaction under Section
26 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or

1 203(d)(2)(D-8), but not to exceed the amount of such
2 addition modification, and (iii) any insurance premium
3 income (net of deductions allocable thereto) taken
4 into account for the taxable year with respect to a
5 transaction with a taxpayer that is required to make an
6 addition modification with respect to such transaction
7 under Section 203(a)(2)(D-19), Section
8 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
9 203(d)(2)(D-9), but not to exceed the amount of that
10 addition modification. This subparagraph (V) is exempt
11 from the provisions of Section 250;

12 (W) An amount equal to the interest income taken
13 into account for the taxable year (net of the
14 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(b)(2)(E-12) for
3 interest paid, accrued, or incurred, directly or
4 indirectly, to the same person. This subparagraph (W)
5 is exempt from the provisions of Section 250;

6 (X) An amount equal to the income from intangible
7 property taken into account for the taxable year (net
8 of the deductions allocable thereto) with respect to
9 transactions with (i) a foreign person who would be a
10 member of the taxpayer's unitary business group but for
11 the fact that the foreign person's business activity
12 outside the United States is 80% or more of that
13 person's total business activity and (ii) for taxable
14 years ending on or after December 31, 2008, to a person
15 who would be a member of the same unitary business
16 group but for the fact that the person is prohibited
17 under Section 1501(a)(27) from being included in the
18 unitary business group because he or she is ordinarily
19 required to apportion business income under different
20 subsections of Section 304, but not to exceed the
21 addition modification required to be made for the same
22 taxable year under Section 203(b)(2)(E-13) for
23 intangible expenses and costs paid, accrued, or
24 incurred, directly or indirectly, to the same foreign
25 person. This subparagraph (X) is exempt from the
26 provisions of Section 250;

1 (Y) For taxable years ending on or after December
2 31, 2011, in the case of a taxpayer who was required to
3 add back any insurance premiums under Section
4 203(b)(2)(E-14), such taxpayer may elect to subtract
5 that part of a reimbursement received from the
6 insurance company equal to the amount of the expense or
7 loss (including expenses incurred by the insurance
8 company) that would have been taken into account as a
9 deduction for federal income tax purposes if the
10 expense or loss had been uninsured. If a taxpayer makes
11 the election provided for by this subparagraph (Y), the
12 insurer to which the premiums were paid must add back
13 to income the amount subtracted by the taxpayer
14 pursuant to this subparagraph (Y). This subparagraph
15 (Y) is exempt from the provisions of Section 250; and

16 (Z) The difference between the nondeductible
17 controlled foreign corporation dividends under Section
18 965(e)(3) of the Internal Revenue Code over the taxable
19 income of the taxpayer, computed without regard to
20 Section 965(e)(2)(A) of the Internal Revenue Code, and
21 without regard to any net operating loss deduction.
22 This subparagraph (Z) is exempt from the provisions of
23 Section 250.

24 (3) Special rule. For purposes of paragraph (2) (A),
25 "gross income" in the case of a life insurance company, for
26 tax years ending on and after December 31, 1994, and prior

1 to December 31, 2011, shall mean the gross investment
2 income for the taxable year and, for tax years ending on or
3 after December 31, 2011, shall mean all amounts included in
4 life insurance gross income under Section 803(a)(3) of the
5 Internal Revenue Code.

6 (c) Trusts and estates.

7 (1) In general. In the case of a trust or estate, base
8 income means an amount equal to the taxpayer's taxable
9 income for the taxable year as modified by paragraph (2).

10 (2) Modifications. Subject to the provisions of
11 paragraph (3), the taxable income referred to in paragraph
12 (1) shall be modified by adding thereto the sum of the
13 following amounts:

14 (A) An amount equal to all amounts paid or accrued
15 to the taxpayer as interest or dividends during the
16 taxable year to the extent excluded from gross income
17 in the computation of taxable income;

18 (B) In the case of (i) an estate, \$600; (ii) a
19 trust which, under its governing instrument, is
20 required to distribute all of its income currently,
21 \$300; and (iii) any other trust, \$100, but in each such
22 case, only to the extent such amount was deducted in
23 the computation of taxable income;

24 (C) An amount equal to the amount of tax imposed by
25 this Act to the extent deducted from gross income in

1 the computation of taxable income for the taxable year;

2 (D) The amount of any net operating loss deduction
3 taken in arriving at taxable income, other than a net
4 operating loss carried forward from a taxable year
5 ending prior to December 31, 1986;

6 (E) For taxable years in which a net operating loss
7 carryback or carryforward from a taxable year ending
8 prior to December 31, 1986 is an element of taxable
9 income under paragraph (1) of subsection (e) or
10 subparagraph (E) of paragraph (2) of subsection (e),
11 the amount by which addition modifications other than
12 those provided by this subparagraph (E) exceeded
13 subtraction modifications in such taxable year, with
14 the following limitations applied in the order that
15 they are listed:

16 (i) the addition modification relating to the
17 net operating loss carried back or forward to the
18 taxable year from any taxable year ending prior to
19 December 31, 1986 shall be reduced by the amount of
20 addition modification under this subparagraph (E)
21 which related to that net operating loss and which
22 was taken into account in calculating the base
23 income of an earlier taxable year, and

24 (ii) the addition modification relating to the
25 net operating loss carried back or forward to the
26 taxable year from any taxable year ending prior to

1 December 31, 1986 shall not exceed the amount of
2 such carryback or carryforward;

3 For taxable years in which there is a net operating
4 loss carryback or carryforward from more than one other
5 taxable year ending prior to December 31, 1986, the
6 addition modification provided in this subparagraph
7 (E) shall be the sum of the amounts computed
8 independently under the preceding provisions of this
9 subparagraph (E) for each such taxable year;

10 (F) For taxable years ending on or after January 1,
11 1989, an amount equal to the tax deducted pursuant to
12 Section 164 of the Internal Revenue Code if the trust
13 or estate is claiming the same tax for purposes of the
14 Illinois foreign tax credit under Section 601 of this
15 Act;

16 (G) An amount equal to the amount of the capital
17 gain deduction allowable under the Internal Revenue
18 Code, to the extent deducted from gross income in the
19 computation of taxable income;

20 (G-5) For taxable years ending after December 31,
21 1997, an amount equal to any eligible remediation costs
22 that the trust or estate deducted in computing adjusted
23 gross income and for which the trust or estate claims a
24 credit under subsection (1) of Section 201;

25 (G-10) For taxable years 2001 and thereafter, an
26 amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the
2 taxable year under subsection (k) of Section 168 of the
3 Internal Revenue Code; and

4 (G-11) If the taxpayer sells, transfers, abandons,
5 or otherwise disposes of property for which the
6 taxpayer was required in any taxable year to make an
7 addition modification under subparagraph (G-10), then
8 an amount equal to the aggregate amount of the
9 deductions taken in all taxable years under
10 subparagraph (R) with respect to that property.

11 If the taxpayer continues to own property through
12 the last day of the last tax year for which the
13 taxpayer may claim a depreciation deduction for
14 federal income tax purposes and for which the taxpayer
15 was allowed in any taxable year to make a subtraction
16 modification under subparagraph (R), then an amount
17 equal to that subtraction modification.

18 The taxpayer is required to make the addition
19 modification under this subparagraph only once with
20 respect to any one piece of property;

21 (G-12) An amount equal to the amount otherwise
22 allowed as a deduction in computing base income for
23 interest paid, accrued, or incurred, directly or
24 indirectly, (i) for taxable years ending on or after
25 December 31, 2004, to a foreign person who would be a
26 member of the same unitary business group but for the

1 fact that the foreign person's business activity
2 outside the United States is 80% or more of the foreign
3 person's total business activity and (ii) for taxable
4 years ending on or after December 31, 2008, to a person
5 who would be a member of the same unitary business
6 group but for the fact that the person is prohibited
7 under Section 1501(a)(27) from being included in the
8 unitary business group because he or she is ordinarily
9 required to apportion business income under different
10 subsections of Section 304. The addition modification
11 required by this subparagraph shall be reduced to the
12 extent that dividends were included in base income of
13 the unitary group for the same taxable year and
14 received by the taxpayer or by a member of the
15 taxpayer's unitary business group (including amounts
16 included in gross income pursuant to Sections 951
17 through 964 of the Internal Revenue Code and amounts
18 included in gross income under Section 78 of the
19 Internal Revenue Code) with respect to the stock of the
20 same person to whom the interest was paid, accrued, or
21 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 (G-13) 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 pursuant to Sections 951 through 964 of the
11 Internal Revenue Code and amounts included in gross
12 income under Section 78 of the Internal Revenue Code)
13 with respect to the stock of the same person to whom
14 the intangible expenses and costs were directly or
15 indirectly paid, incurred, or accrued. The preceding
16 sentence shall not apply to the extent that the same
17 dividends caused a reduction to the addition
18 modification required under Section 203(c)(2)(G-12) of
19 this Act. As used in this subparagraph, the term
20 "intangible expenses and costs" includes: (1)
21 expenses, losses, and costs for or related to the
22 direct or indirect acquisition, use, maintenance or
23 management, ownership, sale, exchange, or any other
24 disposition of intangible property; (2) losses
25 incurred, directly or indirectly, from factoring
26 transactions or discounting transactions; (3) royalty,

1 patent, technical, and copyright fees; (4) licensing
2 fees; and (5) other similar expenses and costs. For
3 purposes of this subparagraph, "intangible property"
4 includes patents, patent applications, trade names,
5 trademarks, service marks, copyrights, mask works,
6 trade secrets, and similar types of intangible 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 (G-14) 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(c)(2)(G-12) or
21 Section 203(c)(2)(G-13) of this Act;

22 (G-15) An amount equal to the credit allowable to
23 the taxpayer under Section 218(a) of this Act,
24 determined without regard to Section 218(c) of this
25 Act;

26 (G-16) For taxable years ending on or after

1 December 31, 2017, an amount equal to the deduction
2 allowed under Section 199 of the Internal Revenue Code
3 for the taxable year;

4 and by deducting from the total so obtained the sum of the
5 following amounts:

6 (H) An amount equal to all amounts included in such
7 total pursuant to the provisions of Sections 402(a),
8 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
9 Internal Revenue Code or included in such total as
10 distributions under the provisions of any retirement
11 or disability plan for employees of any governmental
12 agency or unit, or retirement payments to retired
13 partners, which payments are excluded in computing net
14 earnings from self employment by Section 1402 of the
15 Internal Revenue Code and regulations adopted pursuant
16 thereto;

17 (I) The valuation limitation amount;

18 (J) An amount equal to the amount of any tax
19 imposed by this Act which was refunded to the taxpayer
20 and included in such total for the taxable year;

21 (K) An amount equal to all amounts included in
22 taxable income as modified by subparagraphs (A), (B),
23 (C), (D), (E), (F) and (G) which are exempt from
24 taxation by this State either by reason of its statutes
25 or Constitution or by reason of the Constitution,
26 treaties or statutes of the United States; provided

1 that, in the case of any statute of this State that
2 exempts income derived from bonds or other obligations
3 from the tax imposed under this Act, the amount
4 exempted shall be the interest net of bond premium
5 amortization;

6 (L) With the exception of any amounts subtracted
7 under subparagraph (K), an amount equal to the sum of
8 all amounts disallowed as deductions by (i) Sections
9 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
10 and all amounts of expenses allocable to interest and
11 disallowed as deductions by Section 265(1) of the
12 Internal Revenue Code; and (ii) for taxable years
13 ending on or after August 13, 1999, Sections 171(a) (2),
14 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
15 Code, plus, (iii) for taxable years ending on or after
16 December 31, 2011, Section 45G(e) (3) of the Internal
17 Revenue Code and, for taxable years ending on or after
18 December 31, 2008, any amount included in gross income
19 under Section 87 of the Internal Revenue Code; the
20 provisions of this subparagraph are exempt from the
21 provisions of Section 250;

22 (M) An amount equal to those dividends included in
23 such total which were paid by a corporation which
24 conducts business operations in a River Edge
25 Redevelopment Zone or zones created under the River
26 Edge Redevelopment Zone Act and conducts substantially

1 all of its operations in a River Edge Redevelopment
2 Zone or zones. This subparagraph (M) is exempt from the
3 provisions of Section 250;

4 (N) An amount equal to any contribution made to a
5 job training project established pursuant to the Tax
6 Increment Allocation Redevelopment Act;

7 (O) An amount equal to those dividends included in
8 such total that were paid by a corporation that
9 conducts business operations in a federally designated
10 Foreign Trade Zone or Sub-Zone and that is designated a
11 High Impact Business located in Illinois; provided
12 that dividends eligible for the deduction provided in
13 subparagraph (M) of paragraph (2) of this subsection
14 shall not be eligible for the deduction provided under
15 this subparagraph (O);

16 (P) An amount equal to the amount of the deduction
17 used to compute the federal income tax credit for
18 restoration of substantial amounts held under claim of
19 right for the taxable year pursuant to Section 1341 of
20 the Internal Revenue Code;

21 (Q) For taxable year 1999 and thereafter, an amount
22 equal to the amount of any (i) distributions, to the
23 extent includible in gross income for federal income
24 tax purposes, made to the taxpayer because of his or
25 her status as a victim of persecution for racial or
26 religious reasons by Nazi Germany or any other Axis

1 regime or as an heir of the victim and (ii) items of
2 income, to the extent includible in gross income for
3 federal income tax purposes, attributable to, derived
4 from or in any way related to assets stolen from,
5 hidden from, or otherwise lost to a victim of
6 persecution for racial or religious reasons by Nazi
7 Germany or any other Axis regime immediately prior to,
8 during, and immediately after World War II, including,
9 but not limited to, interest on the proceeds receivable
10 as insurance under policies issued to a victim of
11 persecution for racial or religious reasons by Nazi
12 Germany or any other Axis regime by European insurance
13 companies immediately prior to and during World War II;
14 provided, however, this subtraction from federal
15 adjusted gross income does not apply to assets acquired
16 with such assets or with the proceeds from the sale of
17 such assets; provided, further, this paragraph shall
18 only apply to a taxpayer who was the first recipient of
19 such assets after their recovery and who is a victim of
20 persecution for racial or religious reasons by Nazi
21 Germany or any other Axis regime or as an heir of the
22 victim. The amount of and the eligibility for any
23 public assistance, benefit, or similar entitlement is
24 not affected by the inclusion of items (i) and (ii) of
25 this paragraph in gross income for federal income tax
26 purposes. This paragraph is exempt from the provisions

1 of Section 250;

2 (R) For taxable years 2001 and thereafter, for the
3 taxable year in which the bonus depreciation deduction
4 is taken on the taxpayer's federal income tax return
5 under subsection (k) of Section 168 of the Internal
6 Revenue Code and for each applicable taxable year
7 thereafter, an amount equal to "x", where:

8 (1) "y" equals the amount of the depreciation
9 deduction taken for the taxable year on the
10 taxpayer's federal income tax return on property
11 for which the bonus depreciation deduction was
12 taken in any year under subsection (k) of Section
13 168 of the Internal Revenue Code, but not including
14 the bonus depreciation deduction;

15 (2) for taxable years ending on or before
16 December 31, 2005, "x" equals "y" multiplied by 30
17 and then divided by 70 (or "y" multiplied by
18 0.429); and

19 (3) for taxable years ending after December
20 31, 2005:

21 (i) for property on which a bonus
22 depreciation deduction of 30% of the adjusted
23 basis was taken, "x" equals "y" multiplied by
24 30 and then divided by 70 (or "y" multiplied by
25 0.429); and

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 1.0.

4 The aggregate amount deducted under this
5 subparagraph in all taxable years for any one piece of
6 property may not exceed the amount of the bonus
7 depreciation deduction taken on that property on the
8 taxpayer's federal income tax return under subsection
9 (k) of Section 168 of the Internal Revenue Code. This
10 subparagraph (R) is exempt from the provisions of
11 Section 250;

12 (S) If the taxpayer sells, transfers, abandons, or
13 otherwise disposes of property for which the taxpayer
14 was required in any taxable year to make an addition
15 modification under subparagraph (G-10), then an amount
16 equal to that addition modification.

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which the
19 taxpayer may claim a depreciation deduction for
20 federal income tax purposes and for which the taxpayer
21 was required in any taxable year to make an addition
22 modification under subparagraph (G-10), then an amount
23 equal to that addition modification.

24 The taxpayer is allowed to take the deduction under
25 this subparagraph only once with respect to any one
26 piece of property.

1 This subparagraph (S) is exempt from the
2 provisions of Section 250;

3 (T) The amount of (i) any interest income (net of
4 the deductions allocable thereto) taken into account
5 for the taxable year with respect to a transaction with
6 a taxpayer that is required to make an addition
7 modification with respect to such transaction under
8 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
9 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
10 the amount of such addition modification and (ii) any
11 income from intangible property (net of the deductions
12 allocable thereto) taken into account for the taxable
13 year with respect to a transaction with a taxpayer that
14 is required to make an addition modification with
15 respect to such transaction under Section
16 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
17 203(d)(2)(D-8), but not to exceed the amount of such
18 addition modification. This subparagraph (T) is exempt
19 from the provisions of Section 250;

20 (U) An amount equal to the interest income taken
21 into account for the taxable year (net of the
22 deductions allocable thereto) with respect to
23 transactions with (i) a foreign person who would be a
24 member of the taxpayer's unitary business group but for
25 the fact the foreign person's business activity
26 outside the United States is 80% or more of that

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, but not to exceed the
9 addition modification required to be made for the same
10 taxable year under Section 203(c)(2)(G-12) for
11 interest paid, accrued, or incurred, directly or
12 indirectly, to the same person. This subparagraph (U)
13 is exempt from the provisions of Section 250;

14 (V) An amount equal to the income from intangible
15 property taken into account for the taxable year (net
16 of the deductions allocable thereto) with respect to
17 transactions with (i) a foreign person who would be a
18 member of the taxpayer's unitary business group but for
19 the fact that the foreign person's business activity
20 outside the United States is 80% or more of that
21 person's total business activity and (ii) for taxable
22 years ending on or after December 31, 2008, to a person
23 who would be a member of the same unitary business
24 group but for the fact that the person is prohibited
25 under Section 1501(a)(27) from being included in the
26 unitary business group because he or she is ordinarily

1 required to apportion business income under different
2 subsections of Section 304, but not to exceed the
3 addition modification required to be made for the same
4 taxable year under Section 203(c)(2)(G-13) for
5 intangible expenses and costs paid, accrued, or
6 incurred, directly or indirectly, to the same foreign
7 person. This subparagraph (V) is exempt from the
8 provisions of Section 250;

9 (W) in the case of an estate, an amount equal to
10 all amounts included in such total pursuant to the
11 provisions of Section 111 of the Internal Revenue Code
12 as a recovery of items previously deducted by the
13 decedent from adjusted gross income in the computation
14 of taxable income. This subparagraph (W) is exempt from
15 Section 250;

16 (X) an amount equal to the refund included in such
17 total of any tax deducted for federal income tax
18 purposes, to the extent that deduction was added back
19 under subparagraph (F). This subparagraph (X) is
20 exempt from the provisions of Section 250; and

21 (Y) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(c)(2)(G-14), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense or

1 loss (including expenses incurred by the insurance
2 company) that would have been taken into account as a
3 deduction for federal income tax purposes if the
4 expense or loss had been uninsured. If a taxpayer makes
5 the election provided for by this subparagraph (Y), the
6 insurer to which the premiums were paid must add back
7 to income the amount subtracted by the taxpayer
8 pursuant to this subparagraph (Y). This subparagraph
9 (Y) is exempt from the provisions of Section 250.

10 (3) Limitation. The amount of any modification
11 otherwise required under this subsection shall, under
12 regulations prescribed by the Department, be adjusted by
13 any amounts included therein which were properly paid,
14 credited, or required to be distributed, or permanently set
15 aside for charitable purposes pursuant to Internal Revenue
16 Code Section 642(c) during the taxable year.

17 (d) Partnerships.

18 (1) In general. In the case of a partnership, base
19 income means an amount equal to the taxpayer's taxable
20 income for the taxable year as modified by paragraph (2).

21 (2) Modifications. The taxable income referred to in
22 paragraph (1) shall be modified by adding thereto the sum
23 of the following amounts:

24 (A) An amount equal to all amounts paid or accrued
25 to the taxpayer as interest or dividends during the

1 taxable year to the extent excluded from gross income
2 in the computation of taxable income;

3 (B) An amount equal to the amount of tax imposed by
4 this Act to the extent deducted from gross income for
5 the taxable year;

6 (C) The amount of deductions allowed to the
7 partnership pursuant to Section 707 (c) of the Internal
8 Revenue Code in calculating its taxable income;

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 taxable income;

13 (D-5) For taxable years 2001 and thereafter, an
14 amount equal to the bonus depreciation deduction taken
15 on the taxpayer's federal income tax return for the
16 taxable year under subsection (k) of Section 168 of the
17 Internal Revenue Code;

18 (D-6) If the taxpayer sells, transfers, abandons,
19 or otherwise disposes of property for which the
20 taxpayer was required in any taxable year to make an
21 addition modification under subparagraph (D-5), then
22 an amount equal to the aggregate amount of the
23 deductions taken in all taxable years under
24 subparagraph (D) with respect to that property.

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 allowed in any taxable year to make a subtraction
4 modification under subparagraph (O), then an amount
5 equal to that subtraction modification.

6 The taxpayer is required to make the addition
7 modification under this subparagraph only once with
8 respect to any one piece of property;

9 (D-7) An amount equal to the amount otherwise
10 allowed as a deduction in computing base income for
11 interest paid, accrued, or incurred, directly or
12 indirectly, (i) for taxable years ending on or after
13 December 31, 2004, to a foreign person who would be a
14 member of the same unitary business group but for the
15 fact the foreign person's business activity outside
16 the United States is 80% or more of the foreign
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. The addition modification
25 required by this subparagraph shall be reduced to the
26 extent that dividends were included in base income of

1 the unitary group for the same taxable year and
2 received by the taxpayer or by a member of the
3 taxpayer's unitary business group (including amounts
4 included in gross income pursuant to Sections 951
5 through 964 of the Internal Revenue Code and amounts
6 included in gross income under Section 78 of the
7 Internal Revenue Code) with respect to the stock of the
8 same person to whom the interest was paid, accrued, or
9 incurred.

10 This paragraph shall not apply to the following:

11 (i) an item of interest paid, accrued, or
12 incurred, directly or indirectly, to a person who
13 is subject in a foreign country or state, other
14 than a state which requires mandatory unitary
15 reporting, to a tax on or measured by net income
16 with respect to such interest; or

17 (ii) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person if
19 the taxpayer can establish, based on a
20 preponderance of the evidence, both of the
21 following:

22 (a) the person, during the same taxable
23 year, paid, accrued, or incurred, the interest
24 to a person that is not a related member, and

25 (b) the transaction giving rise to the
26 interest expense between the taxpayer and the

1 person did not have as a principal purpose the
2 avoidance of Illinois income tax, and is paid
3 pursuant to a contract or agreement that
4 reflects an arm's-length interest rate and
5 terms; or

6 (iii) the taxpayer can establish, based on
7 clear and convincing evidence, that the interest
8 paid, accrued, or incurred relates to a contract or
9 agreement entered into at arm's-length rates and
10 terms and the principal purpose for the payment is
11 not federal or Illinois tax avoidance; or

12 (iv) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer establishes by clear and convincing
15 evidence that the adjustments are unreasonable; or
16 if the taxpayer and the Director agree in writing
17 to the application or use of an alternative method
18 of apportionment under Section 304(f).

19 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act for
22 any tax year beginning after the effective date of
23 this amendment provided such adjustment is made
24 pursuant to regulation adopted by the Department
25 and such regulations provide methods and standards
26 by which the Department will utilize its authority

1 under Section 404 of this Act; and

2 (D-8) An amount equal to the amount of intangible
3 expenses and costs otherwise allowed as a deduction in
4 computing base income, and that were paid, accrued, or
5 incurred, directly or indirectly, (i) for taxable
6 years ending on or after December 31, 2004, to a
7 foreign person who would be a member of the same
8 unitary business group but for the fact that the
9 foreign person's business activity outside the United
10 States is 80% or more of that person's total business
11 activity and (ii) for taxable years ending on or after
12 December 31, 2008, to a person who would be a member of
13 the same unitary business group but for the fact that
14 the person is prohibited under Section 1501(a)(27)
15 from being included in the unitary business group
16 because he or she is ordinarily required to apportion
17 business income under different subsections of Section
18 304. The addition modification required by this
19 subparagraph shall be reduced to the extent that
20 dividends were included in base income of the unitary
21 group for the same taxable year and received by the
22 taxpayer or by a member of the taxpayer's unitary
23 business group (including amounts included in gross
24 income pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

1 with respect to the stock of the same person to whom
2 the intangible expenses and costs were directly or
3 indirectly paid, incurred or accrued. The preceding
4 sentence shall not apply to the extent that the same
5 dividends caused a reduction to the addition
6 modification required under Section 203(d)(2)(D-7) of
7 this Act. As used in this subparagraph, the term
8 "intangible expenses and costs" includes (1) expenses,
9 losses, and costs for, or related to, the direct or
10 indirect acquisition, use, maintenance or management,
11 ownership, sale, exchange, or any other disposition of
12 intangible property; (2) losses incurred, directly or
13 indirectly, from factoring transactions or discounting
14 transactions; (3) royalty, patent, technical, and
15 copyright fees; (4) licensing fees; and (5) other
16 similar expenses and costs. For purposes of this
17 subparagraph, "intangible property" includes patents,
18 patent applications, trade names, trademarks, service
19 marks, copyrights, mask works, trade secrets, and
20 similar types of intangible assets;

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who is
25 subject in a foreign country or state, other than a
26 state which requires mandatory unitary reporting,

1 to a tax on or measured by net income with respect
2 to such item; or

3 (ii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, if the taxpayer can establish, based
6 on a preponderance of the evidence, both of the
7 following:

8 (a) the person during the same taxable
9 year paid, accrued, or incurred, the
10 intangible expense or cost to a person that is
11 not a related member, and

12 (b) the transaction giving rise to the
13 intangible expense or cost between the
14 taxpayer and the person did not have as a
15 principal purpose the avoidance of Illinois
16 income tax, and is paid pursuant to a contract
17 or agreement that reflects arm's-length terms;
18 or

19 (iii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if the
22 taxpayer establishes by clear and convincing
23 evidence, that the adjustments are unreasonable;
24 or if the taxpayer and the Director agree in
25 writing to the application or use of an alternative
26 method 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 (D-9) For taxable years ending on or after December
11 31, 2008, an amount equal to the amount of insurance
12 premium expenses and costs otherwise allowed as a
13 deduction in computing base income, and that were paid,
14 accrued, or incurred, directly or indirectly, to a
15 person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304. The
21 addition modification required by this subparagraph
22 shall be reduced to the extent that dividends were
23 included in base income of the unitary group for the
24 same taxable year and received by the taxpayer or by a
25 member of the taxpayer's unitary business group
26 (including amounts included in gross income under

1 Sections 951 through 964 of the Internal Revenue Code
2 and amounts included in gross income under Section 78
3 of the Internal Revenue Code) with respect to the stock
4 of the same person to whom the premiums and costs were
5 directly or indirectly paid, incurred, or accrued. The
6 preceding sentence does not apply to the extent that
7 the same dividends caused a reduction to the addition
8 modification required under Section 203(d)(2)(D-7) or
9 Section 203(d)(2)(D-8) of this Act;

10 (D-10) An amount equal to the credit allowable to
11 the taxpayer under Section 218(a) of this Act,
12 determined without regard to Section 218(c) of this
13 Act;

14 (D-11) For taxable years ending on or after
15 December 31, 2017, an amount equal to the deduction
16 allowed under Section 199 of the Internal Revenue Code
17 for the taxable year;

18 and by deducting from the total so obtained the following
19 amounts:

20 (E) The valuation limitation amount;

21 (F) An amount equal to the amount of any tax
22 imposed by this Act which was refunded to the taxpayer
23 and included in such total for the taxable year;

24 (G) An amount equal to all amounts included in
25 taxable income as modified by subparagraphs (A), (B),
26 (C) and (D) which are exempt from taxation by this

1 State either by reason of its statutes or Constitution
2 or by reason of the Constitution, treaties or statutes
3 of the 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 (H) Any income of the partnership which
9 constitutes personal service income as defined in
10 Section 1348 (b) (1) of the Internal Revenue Code (as
11 in effect December 31, 1981) or a reasonable allowance
12 for compensation paid or accrued for services rendered
13 by partners to the partnership, whichever is greater;
14 this subparagraph (H) is exempt from the provisions of
15 Section 250;

16 (I) An amount equal to all amounts of income
17 distributable to an entity subject to the Personal
18 Property Tax Replacement Income Tax imposed by
19 subsections (c) and (d) of Section 201 of this Act
20 including amounts distributable to organizations
21 exempt from federal income tax by reason of Section
22 501(a) of the Internal Revenue Code; this subparagraph
23 (I) is exempt from the provisions of Section 250;

24 (J) With the exception of any amounts subtracted
25 under subparagraph (G), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections

1 171(a) (2), and 265(2) of the Internal Revenue Code,
2 and all amounts of expenses allocable to interest and
3 disallowed as deductions by Section 265(1) of the
4 Internal Revenue Code; and (ii) for taxable years
5 ending on or after August 13, 1999, Sections 171(a) (2),
6 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
7 Code, plus, (iii) for taxable years ending on or after
8 December 31, 2011, Section 45G(e) (3) of the Internal
9 Revenue Code and, for taxable years ending on or after
10 December 31, 2008, any amount included in gross income
11 under Section 87 of the Internal Revenue Code; the
12 provisions of this subparagraph are exempt from the
13 provisions of Section 250;

14 (K) An amount equal to those dividends included in
15 such total which were paid by a corporation which
16 conducts business operations in a River Edge
17 Redevelopment Zone or zones created under the River
18 Edge Redevelopment Zone Act and conducts substantially
19 all of its operations from a River Edge Redevelopment
20 Zone or zones. This subparagraph (K) is exempt from the
21 provisions of Section 250;

22 (L) An amount equal to any contribution made to a
23 job training project established pursuant to the Real
24 Property Tax Increment Allocation Redevelopment Act;

25 (M) An amount equal to those dividends included in
26 such total that were paid by a corporation that

1 conducts business operations in a federally designated
2 Foreign Trade Zone or Sub-Zone and that is designated a
3 High Impact Business located in Illinois; provided
4 that dividends eligible for the deduction provided in
5 subparagraph (K) of paragraph (2) of this subsection
6 shall not be eligible for the deduction provided under
7 this subparagraph (M);

8 (N) 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 (O) For taxable years 2001 and thereafter, for the
14 taxable year in which the bonus depreciation deduction
15 is taken on the taxpayer's federal income tax return
16 under subsection (k) of Section 168 of the Internal
17 Revenue Code and for each applicable taxable year
18 thereafter, an amount equal to "x", where:

19 (1) "y" equals the amount of the depreciation
20 deduction taken for the taxable year on the
21 taxpayer's federal income tax return on property
22 for which the bonus depreciation deduction was
23 taken in any year under subsection (k) of Section
24 168 of the Internal Revenue Code, but not including
25 the bonus depreciation deduction;

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (3) for taxable years ending after December
5 31, 2005:

6 (i) for property on which a bonus
7 depreciation deduction of 30% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 30 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (ii) for property on which a bonus
12 depreciation deduction of 50% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 1.0.

15 The aggregate amount deducted under this
16 subparagraph in all taxable years for any one piece of
17 property may not exceed the amount of the bonus
18 depreciation deduction taken on that property on the
19 taxpayer's federal income tax return under subsection
20 (k) of Section 168 of the Internal Revenue Code. This
21 subparagraph (O) is exempt from the provisions of
22 Section 250;

23 (P) If the taxpayer sells, transfers, abandons, or
24 otherwise disposes of property for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

2 If the taxpayer continues to own property through
3 the last day of the last tax year for which the
4 taxpayer may claim a depreciation deduction for
5 federal income tax purposes and for which the taxpayer
6 was required in any taxable year to make an addition
7 modification under subparagraph (D-5), then an amount
8 equal to that addition modification.

9 The taxpayer is allowed to take the deduction under
10 this subparagraph only once with respect to any one
11 piece of property.

12 This subparagraph (P) is exempt from the
13 provisions of Section 250;

14 (Q) The amount of (i) any interest income (net of
15 the deductions allocable thereto) taken into account
16 for the taxable year with respect to a transaction with
17 a taxpayer that is required to make an addition
18 modification with respect to such transaction under
19 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
20 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
21 the amount of such addition modification and (ii) any
22 income from intangible property (net of the deductions
23 allocable thereto) taken into account for the taxable
24 year with respect to a transaction with a taxpayer that
25 is required to make an addition modification with
26 respect to such transaction under Section

1 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
2 203(d)(2)(D-8), but not to exceed the amount of such
3 addition modification. This subparagraph (Q) is exempt
4 from Section 250;

5 (R) An amount equal to the interest income taken
6 into account for the taxable year (net of the
7 deductions allocable thereto) with respect to
8 transactions with (i) a foreign person who would be a
9 member of the taxpayer's unitary business group but for
10 the fact that the foreign person's business activity
11 outside the United States is 80% or more of that
12 person's total business activity and (ii) for taxable
13 years ending on or after December 31, 2008, to a person
14 who would be a member of the same unitary business
15 group but for the fact that the person is prohibited
16 under Section 1501(a)(27) from being included in the
17 unitary business group because he or she is ordinarily
18 required to apportion business income under different
19 subsections of Section 304, but not to exceed the
20 addition modification required to be made for the same
21 taxable year under Section 203(d)(2)(D-7) for interest
22 paid, accrued, or incurred, directly or indirectly, to
23 the same person. This subparagraph (R) is exempt from
24 Section 250;

25 (S) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

1 of the deductions allocable thereto) with respect to
2 transactions with (i) a foreign person who would be a
3 member of the taxpayer's unitary business group but for
4 the fact that the foreign person's business activity
5 outside the United States is 80% or more of that
6 person's total business activity and (ii) for taxable
7 years ending on or after December 31, 2008, to a person
8 who would be a member of the same unitary business
9 group but for the fact that the person is prohibited
10 under Section 1501(a)(27) from being included in the
11 unitary business group because he or she is ordinarily
12 required to apportion business income under different
13 subsections of Section 304, but not to exceed the
14 addition modification required to be made for the same
15 taxable year under Section 203(d)(2)(D-8) for
16 intangible expenses and costs paid, accrued, or
17 incurred, directly or indirectly, to the same person.
18 This subparagraph (S) is exempt from Section 250; and

19 (T) 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(d)(2)(D-9), 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 (T), 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 (T). This subparagraph
7 (T) is exempt from the provisions of Section 250.

8 (e) Gross income; adjusted gross income; taxable income.

9 (1) In general. Subject to the provisions of paragraph
10 (2) and subsection (b) (3), for purposes of this Section
11 and Section 803(e), a taxpayer's gross income, adjusted
12 gross income, or taxable income for the taxable year shall
13 mean the amount of gross income, adjusted gross income or
14 taxable income properly reportable for federal income tax
15 purposes for the taxable year under the provisions of the
16 Internal Revenue Code. Taxable income may be less than
17 zero. However, for taxable years ending on or after
18 December 31, 1986, net operating loss carryforwards from
19 taxable years ending prior to December 31, 1986, may not
20 exceed the sum of federal taxable income for the taxable
21 year before net operating loss deduction, plus the excess
22 of addition modifications over subtraction modifications
23 for the taxable year. For taxable years ending prior to
24 December 31, 1986, taxable income may never be an amount in
25 excess of the net operating loss for the taxable year as

1 defined in subsections (c) and (d) of Section 172 of the
2 Internal Revenue Code, provided that when taxable income of
3 a corporation (other than a Subchapter S corporation),
4 trust, or estate is less than zero and addition
5 modifications, other than those provided by subparagraph
6 (E) of paragraph (2) of subsection (b) for corporations or
7 subparagraph (E) of paragraph (2) of subsection (c) for
8 trusts and estates, exceed subtraction modifications, an
9 addition modification must be made under those
10 subparagraphs for any other taxable year to which the
11 taxable income less than zero (net operating loss) is
12 applied under Section 172 of the Internal Revenue Code or
13 under subparagraph (E) of paragraph (2) of this subsection
14 (e) applied in conjunction with Section 172 of the Internal
15 Revenue Code.

16 (2) Special rule. For purposes of paragraph (1) of this
17 subsection, the taxable income properly reportable for
18 federal income tax purposes shall mean:

19 (A) Certain life insurance companies. In the case
20 of a life insurance company subject to the tax imposed
21 by Section 801 of the Internal Revenue Code, life
22 insurance company taxable income, plus the amount of
23 distribution from pre-1984 policyholder surplus
24 accounts as calculated under Section 815a of the
25 Internal Revenue Code;

26 (B) Certain other insurance companies. In the case

1 of mutual insurance companies subject to the tax
2 imposed by Section 831 of the Internal Revenue Code,
3 insurance company taxable income;

4 (C) Regulated investment companies. In the case of
5 a regulated investment company subject to the tax
6 imposed by Section 852 of the Internal Revenue Code,
7 investment company taxable income;

8 (D) Real estate investment trusts. In the case of a
9 real estate investment trust subject to the tax imposed
10 by Section 857 of the Internal Revenue Code, real
11 estate investment trust taxable income;

12 (E) Consolidated corporations. In the case of a
13 corporation which is a member of an affiliated group of
14 corporations filing a consolidated income tax return
15 for the taxable year for federal income tax purposes,
16 taxable income determined as if such corporation had
17 filed a separate return for federal income tax purposes
18 for the taxable year and each preceding taxable year
19 for which it was a member of an affiliated group. For
20 purposes of this subparagraph, the taxpayer's separate
21 taxable income shall be determined as if the election
22 provided by Section 243(b) (2) of the Internal Revenue
23 Code had been in effect for all such years;

24 (F) Cooperatives. In the case of a cooperative
25 corporation or association, the taxable income of such
26 organization determined in accordance with the

1 provisions of Section 1381 through 1388 of the Internal
2 Revenue Code, but without regard to the prohibition
3 against offsetting losses from patronage activities
4 against income from nonpatronage activities; except
5 that a cooperative corporation or association may make
6 an election to follow its federal income tax treatment
7 of patronage losses and nonpatronage losses. In the
8 event such election is made, such losses shall be
9 computed and carried over in a manner consistent with
10 subsection (a) of Section 207 of this Act and
11 apportioned by the apportionment factor reported by
12 the cooperative on its Illinois income tax return filed
13 for the taxable year in which the losses are incurred.
14 The election shall be effective for all taxable years
15 with original returns due on or after the date of the
16 election. In addition, the cooperative may file an
17 amended return or returns, as allowed under this Act,
18 to provide that the election shall be effective for
19 losses incurred or carried forward for taxable years
20 occurring prior to the date of the election. Once made,
21 the election may only be revoked upon approval of the
22 Director. The Department shall adopt rules setting
23 forth requirements for documenting the elections and
24 any resulting Illinois net loss and the standards to be
25 used by the Director in evaluating requests to revoke
26 elections. Public Act 96-932 is declaratory of

1 existing law;

2 (G) Subchapter S corporations. In the case of: (i)
3 a Subchapter S corporation for which there is in effect
4 an election for the taxable year under Section 1362 of
5 the Internal Revenue Code, the taxable income of such
6 corporation determined in accordance with Section
7 1363(b) of the Internal Revenue Code, except that
8 taxable income shall take into account those items
9 which are required by Section 1363(b)(1) of the
10 Internal Revenue Code to be separately stated; and (ii)
11 a Subchapter S corporation for which there is in effect
12 a federal election to opt out of the provisions of the
13 Subchapter S Revision Act of 1982 and have applied
14 instead the prior federal Subchapter S rules as in
15 effect on July 1, 1982, the taxable income of such
16 corporation determined in accordance with the federal
17 Subchapter S rules as in effect on July 1, 1982; and

18 (H) Partnerships. In the case of a partnership,
19 taxable income determined in accordance with Section
20 703 of the Internal Revenue Code, except that taxable
21 income shall take into account those items which are
22 required by Section 703(a)(1) to be separately stated
23 but which would be taken into account by an individual
24 in calculating his taxable income.

25 (3) Recapture of business expenses on disposition of
26 asset or business. Notwithstanding any other law to the

1 contrary, if in prior years income from an asset or
2 business has been classified as business income and in a
3 later year is demonstrated to be non-business income, then
4 all expenses, without limitation, deducted in such later
5 year and in the 2 immediately preceding taxable years
6 related to that asset or business that generated the
7 non-business income shall be added back and recaptured as
8 business income in the year of the disposition of the asset
9 or business. Such amount shall be apportioned to Illinois
10 using the greater of the apportionment fraction computed
11 for the business under Section 304 of this Act for the
12 taxable year or the average of the apportionment fractions
13 computed for the business under Section 304 of this Act for
14 the taxable year and for the 2 immediately preceding
15 taxable years.

16 (f) Valuation limitation amount.

17 (1) In general. The valuation limitation amount
18 referred to in subsections (a) (2) (G), (c) (2) (I) and
19 (d) (2) (E) is an amount equal to:

20 (A) The sum of the pre-August 1, 1969 appreciation
21 amounts (to the extent consisting of gain reportable
22 under the provisions of Section 1245 or 1250 of the
23 Internal Revenue Code) for all property in respect of
24 which such gain was reported for the taxable year; plus

25 (B) The lesser of (i) the sum of the pre-August 1,

1 1969 appreciation amounts (to the extent consisting of
2 capital gain) for all property in respect of which such
3 gain was reported for federal income tax purposes for
4 the taxable year, or (ii) the net capital gain for the
5 taxable year, reduced in either case by any amount of
6 such gain included in the amount determined under
7 subsection (a) (2) (F) or (c) (2) (H).

8 (2) Pre-August 1, 1969 appreciation amount.

9 (A) If the fair market value of property referred
10 to in paragraph (1) was readily ascertainable on August
11 1, 1969, the pre-August 1, 1969 appreciation amount for
12 such property is the lesser of (i) the excess of such
13 fair market value over the taxpayer's basis (for
14 determining gain) for such property on that date
15 (determined under the Internal Revenue Code as in
16 effect on that date), or (ii) the total gain realized
17 and reportable for federal income tax purposes in
18 respect of the sale, exchange or other disposition of
19 such property.

20 (B) If the fair market value of property referred
21 to in paragraph (1) was not readily ascertainable on
22 August 1, 1969, the pre-August 1, 1969 appreciation
23 amount for such property is that amount which bears the
24 same ratio to the total gain reported in respect of the
25 property for federal income tax purposes for the
26 taxable year, as the number of full calendar months in

1 that part of the taxpayer's holding period for the
2 property ending July 31, 1969 bears to the number of
3 full calendar months in the taxpayer's entire holding
4 period for the property.

5 (C) The Department shall prescribe such
6 regulations as may be necessary to carry out the
7 purposes of this paragraph.

8 (g) Double deductions. Unless specifically provided
9 otherwise, nothing in this Section shall permit the same item
10 to be deducted more than once.

11 (h) Legislative intention. Except as expressly provided by
12 this Section there shall be no modifications or limitations on
13 the amounts of income, gain, loss or deduction taken into
14 account in determining gross income, adjusted gross income or
15 taxable income for federal income tax purposes for the taxable
16 year, or in the amount of such items entering into the
17 computation of base income and net income under this Act for
18 such taxable year, whether in respect of property values as of
19 August 1, 1969 or otherwise.

20 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
21 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
22 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
23 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
24 eff. 8-23-11; 97-905, eff. 8-7-12.)

1 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

2 Sec. 204. Standard Exemption.

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

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

16 (1) for taxable years ending on or after December 31,
17 1998 and prior to December 31, 1999, \$1,300;

18 (2) for taxable years ending on or after December 31,
19 1999 and prior to December 31, 2000, \$1,650;

20 (3) for taxable years ending on or after December 31,
21 2000 and prior to December 31, 2012, \$2,000;

22 (4) for taxable years ending on or after December 31,
23 2012 and prior to December 31, 2013, \$2,050;

24 (5) for taxable years ending on or after December 31,
25 2013, \$2,050 plus the cost-of-living adjustment under

1 subsection (d-5).

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

7 (c) Additional amount for individuals. In the case of an
8 individual taxpayer, there shall be allowed for the purpose of
9 subsection (a), in addition to the basic amount provided by
10 subsection (b), an additional exemption equal to the basic
11 amount for each exemption in excess of one allowable to such
12 individual taxpayer for the taxable year under Section 151 of
13 the Internal Revenue Code.

14 (d) Additional exemptions for an individual taxpayer and
15 his or her spouse. In the case of an individual taxpayer and
16 his or her spouse, he or she shall each be allowed additional
17 exemptions as follows:

18 (1) Additional exemption for taxpayer or spouse 65
19 years of age or older.

20 (A) For taxpayer. An additional exemption of
21 \$1,000 for the taxpayer if he or she has attained the
22 age of 65 before the end of the taxable year.

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

1 of 65 before the end of such taxable year, and, for the
2 calendar year in which the taxable year of the taxpayer
3 begins, has no gross income and is not the dependent of
4 another taxpayer.

5 (2) Additional exemption for blindness of taxpayer or
6 spouse.

7 (A) For taxpayer. An additional exemption of
8 \$1,000 for the taxpayer if he or she is blind at the
9 end of the taxable year.

10 (B) For spouse when a joint return is not filed. An
11 additional exemption of \$1,000 for the spouse of the
12 taxpayer if a separate return is made by the taxpayer,
13 and if the spouse is blind and, for the calendar year
14 in which the taxable year of the taxpayer begins, has
15 no gross income and is not the dependent of another
16 taxpayer. For purposes of this paragraph, the
17 determination of whether the spouse is blind shall be
18 made as of the end of the taxable year of the taxpayer;
19 except that if the spouse dies during such taxable year
20 such determination shall be made as of the time of such
21 death.

22 (C) Blindness defined. For purposes of this
23 subsection, an individual is blind only if his or her
24 central visual acuity does not exceed 20/200 in the
25 better eye with correcting lenses, or if his or her
26 visual acuity is greater than 20/200 but is accompanied

1 by a limitation in the fields of vision such that the
2 widest diameter of the visual fields subtends an angle
3 no greater than 20 degrees.

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

9 (1) the Consumer Price Index for the preceding calendar
10 year, exceeds

11 (2) the Consumer Price Index for the calendar year
12 2011.

13 The Consumer Price Index for any calendar year is the
14 average of the Consumer Price Index as of the close of the
15 12-month period ending on August 31 of that calendar year.

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

19 If any cost-of-living adjustment is not a multiple of \$25,
20 that adjustment shall be rounded to the next lowest multiple of
21 \$25.

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

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

26 (g) Notwithstanding any other provision of law, for taxable

1 years beginning on or after January 1, 2017, no taxpayer may
2 claim an exemption under this Section if the taxpayer's
3 adjusted gross income for the taxable year exceeds (i)
4 \$500,000, in the case of spouses filing a joint federal tax
5 return or (ii) \$250,000, in the case of all other taxpayers.

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

7 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

8 Sec. 208. Tax credit for residential real property taxes.
9 Beginning with tax years ending on or after December 31, 1991,
10 every individual taxpayer shall be entitled to a tax credit
11 equal to 5% of real property taxes paid by such taxpayer during
12 the taxable year on the principal residence of the taxpayer. In
13 the case of multi-unit or multi-use structures and farm
14 dwellings, the taxes on the taxpayer's principal residence
15 shall be that portion of the total taxes which is attributable
16 to such principal residence. Notwithstanding any other
17 provision of law, for taxable years beginning on or after
18 January 1, 2017, no taxpayer may claim a credit under this
19 Section if the taxpayer's adjusted gross income for the taxable
20 year exceeds (i) \$500,000, in the case of spouses filing a
21 joint federal tax return, or (ii) \$250,000, in the case of all
22 other taxpayers.

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

24 (35 ILCS 5/212)

1 Sec. 212. Earned income tax credit.

2 (a) With respect to the federal earned income tax credit
3 allowed for the taxable year under Section 32 of the federal
4 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
5 is entitled to a credit against the tax imposed by subsections
6 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
7 federal tax credit for each taxable year beginning on or after
8 January 1, 2000 and ending prior to December 31, 2012, (ii)
9 7.5% of the federal tax credit for each taxable year beginning
10 on or after January 1, 2012 and ending prior to December 31,
11 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable
12 year beginning on or after January 1, 2013 and beginning prior
13 to January 1, 2017, (iv) 14% of the federal tax credit for each
14 taxable year beginning on or after January 1, 2017 and
15 beginning prior to January 1, 2018, and (v) 18% of the federal
16 tax credit for each taxable year beginning on or after January
17 1, 2018.

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

21 (b) For taxable years beginning before January 1, 2003, in
22 no event shall a credit under this Section reduce the
23 taxpayer's liability to less than zero. For each taxable year
24 beginning on or after January 1, 2003, if the amount of the
25 credit exceeds the income tax liability for the applicable tax
26 year, then the excess credit shall be refunded to the taxpayer.

1 The amount of a refund shall not be included in the taxpayer's
2 income or resources for the purposes of determining eligibility
3 or benefit level in any means-tested benefit program
4 administered by a governmental entity unless required by
5 federal law.

6 (c) This Section is exempt from the provisions of Section
7 250.

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

9 (35 ILCS 5/225 new)

10 Sec. 225. Credit for instructional materials and supplies.
11 For taxable years beginning on and after January 1, 2017, a
12 taxpayer shall be allowed a credit in the amount paid by the
13 taxpayer during the taxable year for instructional materials
14 and supplies with respect to classroom based instruction in a
15 qualified school, or \$250, whichever is less, provided that the
16 taxpayer is a teacher, instructor, counselor, principal, or
17 aide in a qualified school for at least 900 hours during a
18 school year.

19 The credit may not be carried back and may not reduce the
20 taxpayer's liability to less than zero. If the amount of the
21 credit exceeds the tax liability for the year, the excess may
22 be carried forward and applied to the tax liability of the 5
23 taxable years following the excess credit year. The tax credit
24 shall be applied to the earliest year for which there is a tax
25 liability. If there are credits for more than one year that are

1 available to offset a liability, the earlier credit shall be
2 applied first.

3 For purposes of this Section, the term "materials and
4 supplies" means amounts paid for instructional materials or
5 supplies that are designated for classroom use in any qualified
6 school. For purposes of this Section, the term "qualified
7 school" means a public school or non-public school located in
8 Illinois.

9 This Section is exempt from the provisions of Section 250.

10 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

11 Sec. 901. Collection authority.

12 (a) In general.

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

1 outside the State Treasury, or to the State Disbursement Unit
2 established under Section 10-26 of the Illinois Public Aid
3 Code, as directed by the Department of Healthcare and Family
4 Services.

5 (b) Local Government Distributive Fund.

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

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

1 Revenue Fund to the Local Government Distributive Fund an
2 amount equal to the sum of (i) 6.06% ~~9.23%~~ (10% of the ratio of
3 the 3% individual income tax rate prior to 2011 to the 4.95%
4 ~~3.25%~~ individual income tax rate after July 1, 2017 ~~2024~~) of
5 the net revenue realized from the tax imposed by subsections
6 (a) and (b) of Section 201 of this Act upon individuals,
7 trusts, and estates during the preceding month and (ii) 6.85%
8 (10% of the ratio of the 4.8% corporate income tax rate prior
9 to 2011 to the 7% corporate income tax rate after July 1, 2017)
10 ~~10%~~ of the net revenue realized from the tax imposed by
11 subsections (a) and (b) of Section 201 of this Act upon
12 corporations during the preceding month. Net revenue realized
13 for a month shall be defined as the revenue from the tax
14 imposed by subsections (a) and (b) of Section 201 of this Act
15 which is deposited in the General Revenue Fund, the Education
16 Assistance Fund, the Income Tax Surcharge Local Government
17 Distributive Fund, the Fund for the Advancement of Education,
18 and the Commitment to Human Services Fund during the month
19 minus the amount paid out of the General Revenue Fund in State
20 warrants during that same month as refunds to taxpayers for
21 overpayment of liability under the tax imposed by subsections
22 (a) and (b) of Section 201 of this Act.

23 Beginning on August 26, 2014 (the effective date of Public
24 Act 98-1052), the Comptroller shall perform the transfers
25 required by this subsection (b) no later than 60 days after he
26 or she receives the certification from the Treasurer as

1 provided in Section 1 of the State Revenue Sharing Act.

2 (c) Deposits Into Income Tax Refund Fund.

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

1 fiscal year 2014, the Annual Percentage shall be 9.5%. For
2 fiscal year 2015, the Annual Percentage shall be 10%. For
3 all other fiscal years, the Annual Percentage shall be
4 calculated as a fraction, the numerator of which shall be
5 the amount of refunds approved for payment by the
6 Department during the preceding fiscal year as a result of
7 overpayment of tax liability under subsections (a) and
8 (b) (1), (2), and (3) of Section 201 of this Act plus the
9 amount of such refunds remaining approved but unpaid at the
10 end of the preceding fiscal year, minus the amounts
11 transferred into the Income Tax Refund Fund from the
12 Tobacco Settlement Recovery Fund, and the denominator of
13 which shall be the amounts which will be collected pursuant
14 to subsections (a) and (b) (1), (2), and (3) of Section 201
15 of this Act during the preceding fiscal year; except that
16 in State fiscal year 2002, the Annual Percentage shall in
17 no event exceed 7.6%. The Director of Revenue shall certify
18 the Annual Percentage to the Comptroller on the last
19 business day of the fiscal year immediately preceding the
20 fiscal year for which it is to be effective.

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

1 period beginning January 1, 1989 and ending on June 30,
2 1989. Beginning with State fiscal year 1990 and for each
3 fiscal year thereafter, the percentage deposited into the
4 Income Tax Refund Fund during a fiscal year shall be the
5 Annual Percentage. For fiscal years 1999, 2000, and 2001,
6 the Annual Percentage shall be 19%. For fiscal year 2003,
7 the Annual Percentage shall be 27%. For fiscal year 2004,
8 the Annual Percentage shall be 32%. Upon the effective date
9 of this amendatory Act of the 93rd General Assembly, the
10 Annual Percentage shall be 24% for fiscal year 2005. For
11 fiscal year 2006, the Annual Percentage shall be 20%. For
12 fiscal year 2007, the Annual Percentage shall be 17.5%. For
13 fiscal year 2008, the Annual Percentage shall be 15.5%. For
14 fiscal year 2009, the Annual Percentage shall be 17.5%. For
15 fiscal year 2010, the Annual Percentage shall be 17.5%. For
16 fiscal year 2011, the Annual Percentage shall be 17.5%. For
17 fiscal year 2012, the Annual Percentage shall be 17.5%. For
18 fiscal year 2013, the Annual Percentage shall be 14%. For
19 fiscal year 2014, the Annual Percentage shall be 13.4%. For
20 fiscal year 2015, the Annual Percentage shall be 14%. For
21 all other fiscal years, the Annual Percentage shall be
22 calculated as a fraction, the numerator of which shall be
23 the amount of refunds approved for payment by the
24 Department during the preceding fiscal year as a result of
25 overpayment of tax liability under subsections (a) and
26 (b) (6), (7), and (8), (c) and (d) of Section 201 of this

1 Act plus the amount of such refunds remaining approved but
2 unpaid at the end of the preceding fiscal year, and the
3 denominator of which shall be the amounts which will be
4 collected pursuant to subsections (a) and (b) (6), (7), and
5 (8), (c) and (d) of Section 201 of this Act during the
6 preceding fiscal year; except that in State fiscal year
7 2002, the Annual Percentage shall in no event exceed 23%.
8 The Director of Revenue shall certify the Annual Percentage
9 to the Comptroller on the last business day of the fiscal
10 year immediately preceding the fiscal year for which it is
11 to be effective.

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

17 (d) Expenditures from Income Tax Refund Fund.

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

26 (2) The Director shall order payment of refunds

1 resulting from overpayment of tax liability under Section
2 201 of this Act from the Income Tax Refund Fund only to the
3 extent that amounts collected pursuant to Section 201 of
4 this Act and transfers pursuant to this subsection (d) and
5 item (3) of subsection (c) have been deposited and retained
6 in the Fund.

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

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

1 from the Income Tax Refund Fund during the fiscal year over
2 the amount collected pursuant to subsections (c) and (d) of
3 Section 201 of this Act deposited into the Income Tax
4 Refund Fund during the fiscal year.

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

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

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

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

1 Tax Act, minus deposits into the Income Tax Refund Fund, the
2 Department shall deposit 3.0% into the Income Tax Surcharge
3 Local Government Distributive Fund in the State Treasury.
4 Beginning February 1, 1993 and continuing through June 30,
5 1993, of the amounts collected pursuant to subsections (a) and
6 (b) of Section 201 of the Illinois Income Tax Act, minus
7 deposits into the Income Tax Refund Fund, the Department shall
8 deposit 4.4% into the Income Tax Surcharge Local Government
9 Distributive Fund in the State Treasury. Beginning July 1,
10 1993, and continuing through June 30, 1994, of the amounts
11 collected under subsections (a) and (b) of Section 201 of this
12 Act, minus deposits into the Income Tax Refund Fund, the
13 Department shall deposit 1.475% into the Income Tax Surcharge
14 Local Government Distributive Fund in the State Treasury.

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

22 (1) beginning February 1, 2015, and prior to February
23 1, 2025, 1/30; and

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

25 If the rate of tax imposed by subsection (a) and (b) of
26 Section 201 is reduced pursuant to Section 201.5 of this Act,

1 the Department shall not make the deposits required by this
2 subsection (f) on or after the effective date of the reduction.

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

10 (1) beginning February 1, 2015, and prior to February
11 1, 2025, 1/30; and

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

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

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

1 net of deposits into the Income Tax Refund Fund made from those
2 cash receipts.

3 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;
4 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
5 7-20-15.)

6 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)
7 Sec. 1501. Definitions.

8 (a) In general. When used in this Act, where not otherwise
9 distinctly expressed or manifestly incompatible with the
10 intent thereof:

11 (1) Business income. The term "business income" means
12 all income that may be treated as apportionable business
13 income under the Constitution of the United States.
14 Business income is net of the deductions allocable thereto.
15 Such term does not include compensation or the deductions
16 allocable thereto. For each taxable year beginning on or
17 after January 1, 2003, a taxpayer may elect to treat all
18 income other than compensation as business income. This
19 election shall be made in accordance with rules adopted by
20 the Department and, once made, shall be irrevocable.

21 (1.5) Captive real estate investment trust:

22 (A) The term "captive real estate investment
23 trust" means a corporation, trust, or association:

24 (i) that is considered a real estate
25 investment trust for the taxable year under

1 Section 856 of the Internal Revenue Code;

2 (ii) the certificates of beneficial interest
3 or shares of which are not regularly traded on an
4 established securities market; and

5 (iii) of which more than 50% of the voting
6 power or value of the beneficial interest or
7 shares, at any time during the last half of the
8 taxable year, is owned or controlled, directly,
9 indirectly, or constructively, by a single
10 corporation.

11 (B) The term "captive real estate investment
12 trust" does not include:

13 (i) a real estate investment trust of which
14 more than 50% of the voting power or value of the
15 beneficial interest or shares is owned or
16 controlled, directly, indirectly, or
17 constructively, by:

18 (a) a real estate investment trust, other
19 than a captive real estate investment trust;

20 (b) a person who is exempt from taxation
21 under Section 501 of the Internal Revenue Code,
22 and who is not required to treat income
23 received from the real estate investment trust
24 as unrelated business taxable income under
25 Section 512 of the Internal Revenue Code;

26 (c) a listed Australian property trust, if

1 no more than 50% of the voting power or value
2 of the beneficial interest or shares of that
3 trust, at any time during the last half of the
4 taxable year, is owned or controlled, directly
5 or indirectly, by a single person;

6 (d) an entity organized as a trust,
7 provided a listed Australian property trust
8 described in subparagraph (c) owns or
9 controls, directly or indirectly, or
10 constructively, 75% or more of the voting power
11 or value of the beneficial interests or shares
12 of such entity; or

13 (e) an entity that is organized outside of
14 the laws of the United States and that
15 satisfies all of the following criteria:

16 (1) at least 75% of the entity's total
17 asset value at the close of its taxable
18 year is represented by real estate assets
19 (as defined in Section 856(c)(5)(B) of the
20 Internal Revenue Code, thereby including
21 shares or certificates of beneficial
22 interest in any real estate investment
23 trust), cash and cash equivalents, and
24 U.S. Government securities;

25 (2) the entity is not subject to tax on
26 amounts that are distributed to its

1 beneficial owners or is exempt from
2 entity-level taxation;

3 (3) the entity distributes at least
4 85% of its taxable income (as computed in
5 the jurisdiction in which it is organized)
6 to the holders of its shares or
7 certificates of beneficial interest on an
8 annual basis;

9 (4) either (i) the shares or
10 beneficial interests of the entity are
11 regularly traded on an established
12 securities market or (ii) not more than 10%
13 of the voting power or value in the entity
14 is held, directly, indirectly, or
15 constructively, by a single entity or
16 individual; and

17 (5) the entity is organized in a
18 country that has entered into a tax treaty
19 with the United States; or

20 (ii) during its first taxable year for which it
21 elects to be treated as a real estate investment
22 trust under Section 856(c)(1) of the Internal
23 Revenue Code, a real estate investment trust the
24 certificates of beneficial interest or shares of
25 which are not regularly traded on an established
26 securities market, but only if the certificates of

1 beneficial interest or shares of the real estate
2 investment trust are regularly traded on an
3 established securities market prior to the earlier
4 of the due date (including extensions) for filing
5 its return under this Act for that first taxable
6 year or the date it actually files that return.

7 (C) For the purposes of this subsection (1.5), the
8 constructive ownership rules prescribed under Section
9 318(a) of the Internal Revenue Code, as modified by
10 Section 856(d)(5) of the Internal Revenue Code, apply
11 in determining the ownership of stock, assets, or net
12 profits of any person.

13 (D) For the purposes of this item (1.5), for
14 taxable years ending on or after August 16, 2007, the
15 voting power or value of the beneficial interest or
16 shares of a real estate investment trust does not
17 include any voting power or value of beneficial
18 interest or shares in a real estate investment trust
19 held directly or indirectly in a segregated asset
20 account by a life insurance company (as described in
21 Section 817 of the Internal Revenue Code) to the extent
22 such voting power or value is for the benefit of
23 entities or persons who are either immune from taxation
24 or exempt from taxation under subtitle A of the
25 Internal Revenue Code.

26 (2) Commercial domicile. The term "commercial

1 domicile" means the principal place from which the trade or
2 business of the taxpayer is directed or managed.

3 (3) Compensation. The term "compensation" means wages,
4 salaries, commissions and any other form of remuneration
5 paid to employees for personal services.

6 (4) Corporation. The term "corporation" includes
7 associations, joint-stock companies, insurance companies
8 and cooperatives. Any entity, including a limited
9 liability company formed under the Illinois Limited
10 Liability Company Act, shall be treated as a corporation if
11 it is so classified for federal income tax purposes.

12 (5) Department. The term "Department" means the
13 Department of Revenue of this State.

14 (6) Director. The term "Director" means the Director of
15 Revenue of this State.

16 (7) Fiduciary. The term "fiduciary" means a guardian,
17 trustee, executor, administrator, receiver, or any person
18 acting in any fiduciary capacity for any person.

19 (8) Financial organization.

20 (A) The term "financial organization" means any
21 bank, bank holding company, trust company, savings
22 bank, industrial bank, land bank, safe deposit
23 company, private banker, savings and loan association,
24 building and loan association, credit union, currency
25 exchange, cooperative bank, small loan company, sales
26 finance company, investment company, or any person

1 which is owned by a bank or bank holding company. For
2 the purpose of this Section a "person" will include
3 only those persons which a bank holding company may
4 acquire and hold an interest in, directly or
5 indirectly, under the provisions of the Bank Holding
6 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
7 where interests in any person must be disposed of
8 within certain required time limits under the Bank
9 Holding Company Act of 1956.

10 (B) For purposes of subparagraph (A) of this
11 paragraph, the term "bank" includes (i) any entity that
12 is regulated by the Comptroller of the Currency under
13 the National Bank Act, or by the Federal Reserve Board,
14 or by the Federal Deposit Insurance Corporation and
15 (ii) any federally or State chartered bank operating as
16 a credit card bank.

17 (C) For purposes of subparagraph (A) of this
18 paragraph, the term "sales finance company" has the
19 meaning provided in the following item (i) or (ii):

20 (i) A person primarily engaged in one or more
21 of the following businesses: the business of
22 purchasing customer receivables, the business of
23 making loans upon the security of customer
24 receivables, the business of making loans for the
25 express purpose of funding purchases of tangible
26 personal property or services by the borrower, or

1 the business of finance leasing. For purposes of
2 this item (i), "customer receivable" means:

3 (a) a retail installment contract or
4 retail charge agreement within the meaning of
5 the Sales Finance Agency Act, the Retail
6 Installment Sales Act, or the Motor Vehicle
7 Retail Installment Sales Act;

8 (b) an installment, charge, credit, or
9 similar contract or agreement arising from the
10 sale of tangible personal property or services
11 in a transaction involving a deferred payment
12 price payable in one or more installments
13 subsequent to the sale; or

14 (c) the outstanding balance of a contract
15 or agreement described in provisions (a) or (b)
16 of this item (i).

17 A customer receivable need not provide for
18 payment of interest on deferred payments. A sales
19 finance company may purchase a customer receivable
20 from, or make a loan secured by a customer
21 receivable to, the seller in the original
22 transaction or to a person who purchased the
23 customer receivable directly or indirectly from
24 that seller.

25 (ii) A corporation meeting each of the
26 following criteria:

1 (a) the corporation must be a member of an
2 "affiliated group" within the meaning of
3 Section 1504(a) of the Internal Revenue Code,
4 determined without regard to Section 1504(b)
5 of the Internal Revenue Code;

6 (b) more than 50% of the gross income of
7 the corporation for the taxable year must be
8 interest income derived from qualifying loans.
9 A "qualifying loan" is a loan made to a member
10 of the corporation's affiliated group that
11 originates customer receivables (within the
12 meaning of item (i)) or to whom customer
13 receivables originated by a member of the
14 affiliated group have been transferred, to the
15 extent the average outstanding balance of
16 loans from that corporation to members of its
17 affiliated group during the taxable year do not
18 exceed the limitation amount for that
19 corporation. The "limitation amount" for a
20 corporation is the average outstanding
21 balances during the taxable year of customer
22 receivables (within the meaning of item (i))
23 originated by all members of the affiliated
24 group. If the average outstanding balances of
25 the loans made by a corporation to members of
26 its affiliated group exceed the limitation

1 amount, the interest income of that
2 corporation from qualifying loans shall be
3 equal to its interest income from loans to
4 members of its affiliated groups times a
5 fraction equal to the limitation amount
6 divided by the average outstanding balances of
7 the loans made by that corporation to members
8 of its affiliated group;

9 (c) the total of all shareholder's equity
10 (including, without limitation, paid-in
11 capital on common and preferred stock and
12 retained earnings) of the corporation plus the
13 total of all of its loans, advances, and other
14 obligations payable or owed to members of its
15 affiliated group may not exceed 20% of the
16 total assets of the corporation at any time
17 during the tax year; and

18 (d) more than 50% of all interest-bearing
19 obligations of the affiliated group payable to
20 persons outside the group determined in
21 accordance with generally accepted accounting
22 principles must be obligations of the
23 corporation.

24 This amendatory Act of the 91st General Assembly is
25 declaratory of existing law.

26 (D) Subparagraphs (B) and (C) of this paragraph are

1 declaratory of existing law and apply retroactively,
2 for all tax years beginning on or before December 31,
3 1996, to all original returns, to all amended returns
4 filed no later than 30 days after the effective date of
5 this amendatory Act of 1996, and to all notices issued
6 on or before the effective date of this amendatory Act
7 of 1996 under subsection (a) of Section 903, subsection
8 (a) of Section 904, subsection (e) of Section 909, or
9 Section 912. A taxpayer that is a "financial
10 organization" that engages in any transaction with an
11 affiliate shall be a "financial organization" for all
12 purposes of this Act.

13 (E) For all tax years beginning on or before
14 December 31, 1996, a taxpayer that falls within the
15 definition of a "financial organization" under
16 subparagraphs (B) or (C) of this paragraph, but who
17 does not fall within the definition of a "financial
18 organization" under the Proposed Regulations issued by
19 the Department of Revenue on July 19, 1996, may
20 irrevocably elect to apply the Proposed Regulations
21 for all of those years as though the Proposed
22 Regulations had been lawfully promulgated, adopted,
23 and in effect for all of those years. For purposes of
24 applying subparagraphs (B) or (C) of this paragraph to
25 all of those years, the election allowed by this
26 subparagraph applies only to the taxpayer making the

1 election and to those members of the taxpayer's unitary
2 business group who are ordinarily required to
3 apportion business income under the same subsection of
4 Section 304 of this Act as the taxpayer making the
5 election. No election allowed by this subparagraph
6 shall be made under a claim filed under subsection (d)
7 of Section 909 more than 30 days after the effective
8 date of this amendatory Act of 1996.

9 (F) Finance Leases. For purposes of this
10 subsection, a finance lease shall be treated as a loan
11 or other extension of credit, rather than as a lease,
12 regardless of how the transaction is characterized for
13 any other purpose, including the purposes of any
14 regulatory agency to which the lessor is subject. A
15 finance lease is any transaction in the form of a lease
16 in which the lessee is treated as the owner of the
17 leased asset entitled to any deduction for
18 depreciation allowed under Section 167 of the Internal
19 Revenue Code.

20 (9) Fiscal year. The term "fiscal year" means an
21 accounting period of 12 months ending on the last day of
22 any month other than December.

23 (9.5) Fixed place of business. The term "fixed place of
24 business" has the same meaning as that term is given in
25 Section 864 of the Internal Revenue Code and the related
26 Treasury regulations.

1 (10) Includes and including. The terms "includes" and
2 "including" when used in a definition contained in this Act
3 shall not be deemed to exclude other things otherwise
4 within the meaning of the term defined.

5 (11) Internal Revenue Code. The term "Internal Revenue
6 Code" means the United States Internal Revenue Code of 1954
7 or any successor law or laws relating to federal income
8 taxes in effect for the taxable year.

9 (11.5) Investment partnership.

10 (A) The term "investment partnership" means any
11 entity that is treated as a partnership for federal
12 income tax purposes that meets the following
13 requirements:

14 (i) no less than 90% of the partnership's cost
15 of its total assets consists of qualifying
16 investment securities, deposits at banks or other
17 financial institutions, and office space and
18 equipment reasonably necessary to carry on its
19 activities as an investment partnership;

20 (ii) no less than 90% of its gross income
21 consists of interest, dividends, and gains from
22 the sale or exchange of qualifying investment
23 securities; and

24 (iii) the partnership is not a dealer in
25 qualifying investment securities.

26 (B) For purposes of this paragraph (11.5), the term

1 "qualifying investment securities" includes all of the
2 following:

3 (i) common stock, including preferred or debt
4 securities convertible into common stock, and
5 preferred stock;

6 (ii) bonds, debentures, and other debt
7 securities;

8 (iii) foreign and domestic currency deposits
9 secured by federal, state, or local governmental
10 agencies;

11 (iv) mortgage or asset-backed securities
12 secured by federal, state, or local governmental
13 agencies;

14 (v) repurchase agreements and loan
15 participations;

16 (vi) foreign currency exchange contracts and
17 forward and futures contracts on foreign
18 currencies;

19 (vii) stock and bond index securities and
20 futures contracts and other similar financial
21 securities and futures contracts on those
22 securities;

23 (viii) options for the purchase or sale of any
24 of the securities, currencies, contracts, or
25 financial instruments described in items (i) to
26 (vii), inclusive;

- 1 (ix) regulated futures contracts;
- 2 (x) commodities (not described in Section
- 3 1221(a)(1) of the Internal Revenue Code) or
- 4 futures, forwards, and options with respect to
- 5 such commodities, provided, however, that any item
- 6 of a physical commodity to which title is actually
- 7 acquired in the partnership's capacity as a dealer
- 8 in such commodity shall not be a qualifying
- 9 investment security;
- 10 (xi) derivatives; and
- 11 (xii) a partnership interest in another
- 12 partnership that is an investment partnership.

13 (12) Mathematical error. The term "mathematical error"

14 includes the following types of errors, omissions, or

15 defects in a return filed by a taxpayer which prevents

16 acceptance of the return as filed for processing:

- 17 (A) arithmetic errors or incorrect computations on
- 18 the return or supporting schedules;
- 19 (B) entries on the wrong lines;
- 20 (C) omission of required supporting forms or
- 21 schedules or the omission of the information in whole
- 22 or in part called for thereon; and
- 23 (D) an attempt to claim, exclude, deduct, or
- 24 improperly report, in a manner directly contrary to the
- 25 provisions of the Act and regulations thereunder any
- 26 item of income, exemption, deduction, or credit.

1 (13) Nonbusiness income. The term "nonbusiness income"
2 means all income other than business income or
3 compensation.

4 (14) Nonresident. The term "nonresident" means a
5 person who is not a resident.

6 (15) Paid, incurred and accrued. The terms "paid",
7 "incurred" and "accrued" shall be construed according to
8 the method of accounting upon the basis of which the
9 person's base income is computed under this Act.

10 (16) Partnership and partner. The term "partnership"
11 includes a syndicate, group, pool, joint venture or other
12 unincorporated organization, through or by means of which
13 any business, financial operation, or venture is carried
14 on, and which is not, within the meaning of this Act, a
15 trust or estate or a corporation; and the term "partner"
16 includes a member in such syndicate, group, pool, joint
17 venture or organization.

18 The term "partnership" includes any entity, including
19 a limited liability company formed under the Illinois
20 Limited Liability Company Act, classified as a partnership
21 for federal income tax purposes.

22 The term "partnership" does not include a syndicate,
23 group, pool, joint venture, or other unincorporated
24 organization established for the sole purpose of playing
25 the Illinois State Lottery.

26 (17) Part-year resident. The term "part-year resident"

1 means an individual who became a resident during the
2 taxable year or ceased to be a resident during the taxable
3 year. Under Section 1501(a)(20)(A)(i) residence commences
4 with presence in this State for other than a temporary or
5 transitory purpose and ceases with absence from this State
6 for other than a temporary or transitory purpose. Under
7 Section 1501(a)(20)(A)(ii) residence commences with the
8 establishment of domicile in this State and ceases with the
9 establishment of domicile in another State.

10 (18) Person. The term "person" shall be construed to
11 mean and include an individual, a trust, estate,
12 partnership, association, firm, company, corporation,
13 limited liability company, or fiduciary. For purposes of
14 Section 1301 and 1302 of this Act, a "person" means (i) an
15 individual, (ii) a corporation, (iii) an officer, agent, or
16 employee of a corporation, (iv) a member, agent or employee
17 of a partnership, or (v) a member, manager, employee,
18 officer, director, or agent of a limited liability company
19 who in such capacity commits an offense specified in
20 Section 1301 and 1302.

21 (18A) Records. The term "records" includes all data
22 maintained by the taxpayer, whether on paper, microfilm,
23 microfiche, or any type of machine-sensible data
24 compilation.

25 (19) Regulations. The term "regulations" includes
26 rules promulgated and forms prescribed by the Department.

1 (20) Resident. The term "resident" means:

2 (A) an individual (i) who is in this State for
3 other than a temporary or transitory purpose during the
4 taxable year; or (ii) who is domiciled in this State
5 but is absent from the State for a temporary or
6 transitory purpose during the taxable year;

7 (B) The estate of a decedent who at his or her
8 death was domiciled in this State;

9 (C) A trust created by a will of a decedent who at
10 his death was domiciled in this State; and

11 (D) An irrevocable trust, the grantor of which was
12 domiciled in this State at the time such trust became
13 irrevocable. For purpose of this subparagraph, a trust
14 shall be considered irrevocable to the extent that the
15 grantor is not treated as the owner thereof under
16 Sections 671 through 678 of the Internal Revenue Code.

17 (21) Sales. The term "sales" means all gross receipts
18 of the taxpayer not allocated under Sections 301, 302 and
19 303.

20 (22) State. The term "state" when applied to a
21 jurisdiction other than this State means any state of the
22 United States, the District of Columbia, the Commonwealth
23 of Puerto Rico, any Territory or Possession of the United
24 States, and any foreign country, or any political
25 subdivision of any of the foregoing. For purposes of the
26 foreign tax credit under Section 601, the term "state"

1 means any state of the United States, the District of
2 Columbia, the Commonwealth of Puerto Rico, and any
3 territory or possession of the United States, or any
4 political subdivision of any of the foregoing, effective
5 for tax years ending on or after December 31, 1989.

6 (23) Taxable year. The term "taxable year" means the
7 calendar year, or the fiscal year ending during such
8 calendar year, upon the basis of which the base income is
9 computed under this Act. "Taxable year" means, in the case
10 of a return made for a fractional part of a year under the
11 provisions of this Act, the period for which such return is
12 made.

13 (24) Taxpayer. The term "taxpayer" means any person
14 subject to the tax imposed by this Act.

15 (25) International banking facility. The term
16 international banking facility shall have the same meaning
17 as is set forth in the Illinois Banking Act or as is set
18 forth in the laws of the United States or regulations of
19 the Board of Governors of the Federal Reserve System.

20 (26) Income Tax Return Preparer.

21 (A) The term "income tax return preparer" means any
22 person who prepares for compensation, or who employs
23 one or more persons to prepare for compensation, any
24 return of tax imposed by this Act or any claim for
25 refund of tax imposed by this Act. The preparation of a
26 substantial portion of a return or claim for refund

1 shall be treated as the preparation of that return or
2 claim for refund.

3 (B) A person is not an income tax return preparer
4 if all he or she does is

5 (i) furnish typing, reproducing, or other
6 mechanical assistance;

7 (ii) prepare returns or claims for refunds for
8 the employer by whom he or she is regularly and
9 continuously employed;

10 (iii) prepare as a fiduciary returns or claims
11 for refunds for any person; or

12 (iv) prepare claims for refunds for a taxpayer
13 in response to any notice of deficiency issued to
14 that taxpayer or in response to any waiver of
15 restriction after the commencement of an audit of
16 that taxpayer or of another taxpayer if a
17 determination in the audit of the other taxpayer
18 directly or indirectly affects the tax liability
19 of the taxpayer whose claims he or she is
20 preparing.

21 (27) Unitary business group.

22 (A) The term "unitary business group" means a group
23 of persons related through common ownership whose
24 business activities are integrated with, dependent
25 upon and contribute to each other. The group will not
26 include those members whose business activity outside

1 the United States is 80% or more of any such member's
2 total business activity; for purposes of this
3 paragraph and clause (a)(3)(B)(ii) of Section 304,
4 business activity within the United States shall be
5 measured by means of the factors ordinarily applicable
6 under subsections (a), (b), (c), (d), or (h) of Section
7 304 except that, in the case of members ordinarily
8 required to apportion business income by means of the 3
9 factor formula of property, payroll and sales
10 specified in subsection (a) of Section 304, including
11 the formula as weighted in subsection (h) of Section
12 304, such members shall not use the sales factor in the
13 computation and the results of the property and payroll
14 factor computations of subsection (a) of Section 304
15 shall be divided by 2 (by one if either the property or
16 payroll factor has a denominator of zero). The
17 computation required by the preceding sentence shall,
18 in each case, involve the division of the member's
19 property, payroll, or revenue miles in the United
20 States, insurance premiums on property or risk in the
21 United States, or financial organization business
22 income from sources within the United States, as the
23 case may be, by the respective worldwide figures for
24 such items. Common ownership in the case of
25 corporations is the direct or indirect control or
26 ownership of more than 50% of the outstanding voting

1 stock of the persons carrying on unitary business
2 activity. Unitary business activity can ordinarily be
3 illustrated where the activities of the members are:
4 (1) in the same general line (such as manufacturing,
5 wholesaling, retailing of tangible personal property,
6 insurance, transportation or finance); or (2) are
7 steps in a vertically structured enterprise or process
8 (such as the steps involved in the production of
9 natural resources, which might include exploration,
10 mining, refining, and marketing); and, in either
11 instance, the members are functionally integrated
12 through the exercise of strong centralized management
13 (where, for example, authority over such matters as
14 purchasing, financing, tax compliance, product line,
15 personnel, marketing and capital investment is not
16 left to each member).

17 (B) In no event, for taxable years ending prior to
18 December 31, 2017, shall any unitary business group
19 include members which are ordinarily required to
20 apportion business income under different subsections
21 of Section 304 except that for tax years ending on or
22 after December 31, 1987 this prohibition shall not
23 apply to a holding company that would otherwise be a
24 member of a unitary business group with taxpayers that
25 apportion business income under any of subsections
26 (b), (c), (c-1), or (d) of Section 304. If a unitary

1 business group would, but for the preceding sentence,
2 include members that are ordinarily required to
3 apportion business income under different subsections
4 of Section 304, then for each subsection of Section 304
5 for which there are two or more members, there shall be
6 a separate unitary business group composed of such
7 members. For purposes of the preceding two sentences, a
8 member is "ordinarily required to apportion business
9 income" under a particular subsection of Section 304 if
10 it would be required to use the apportionment method
11 prescribed by such subsection except for the fact that
12 it derives business income solely from Illinois. As
13 used in this paragraph, for taxable years ending before
14 December 31, 2017, the phrase "United States" means
15 only the 50 states and the District of Columbia, but
16 does not include any territory or possession of the
17 United States or any area over which the United States
18 has asserted jurisdiction or claimed exclusive rights
19 with respect to the exploration for or exploitation of
20 natural resources. For taxable years ending on or after
21 December 31, 2017, the phrase "United States", as used
22 in this paragraph, means only the 50 states, the
23 District of Columbia, and any area over which the
24 United States has asserted jurisdiction or claimed
25 exclusive rights with respect to the exploration for or
26 exploitation of natural resources, but does not

1 include any territory or possession of the United
2 States.

3 (C) Holding companies.

4 (i) For purposes of this subparagraph, a
5 "holding company" is a corporation (other than a
6 corporation that is a financial organization under
7 paragraph (8) of this subsection (a) of Section
8 1501 because it is a bank holding company under the
9 provisions of the Bank Holding Company Act of 1956
10 (12 U.S.C. 1841, et seq.) or because it is owned by
11 a bank or a bank holding company) that owns a
12 controlling interest in one or more other
13 taxpayers ("controlled taxpayers"); that, during
14 the period that includes the taxable year and the 2
15 immediately preceding taxable years or, if the
16 corporation was formed during the current or
17 immediately preceding taxable year, the taxable
18 years in which the corporation has been in
19 existence, derived substantially all its gross
20 income from dividends, interest, rents, royalties,
21 fees or other charges received from controlled
22 taxpayers for the provision of services, and gains
23 on the sale or other disposition of interests in
24 controlled taxpayers or in property leased or
25 licensed to controlled taxpayers or used by the
26 taxpayer in providing services to controlled

1 taxpayers; and that incurs no substantial expenses
2 other than expenses (including interest and other
3 costs of borrowing) incurred in connection with
4 the acquisition and holding of interests in
5 controlled taxpayers and in the provision of
6 services to controlled taxpayers or in the leasing
7 or licensing of property to controlled taxpayers.

8 (ii) The income of a holding company which is a
9 member of more than one unitary business group
10 shall be included in each unitary business group of
11 which it is a member on a pro rata basis, by
12 including in each unitary business group that
13 portion of the base income of the holding company
14 that bears the same proportion to the total base
15 income of the holding company as the gross receipts
16 of the unitary business group bears to the combined
17 gross receipts of all unitary business groups (in
18 both cases without regard to the holding company)
19 or on any other reasonable basis, consistently
20 applied.

21 (iii) A holding company shall apportion its
22 business income under the subsection of Section
23 304 used by the other members of its unitary
24 business group. The apportionment factors of a
25 holding company which would be a member of more
26 than one unitary business group shall be included

1 with the apportionment factors of each unitary
2 business group of which it is a member on a pro
3 rata basis using the same method used in clause
4 (ii).

5 (iv) The provisions of this subparagraph (C)
6 are intended to clarify existing law.

7 (D) If including the base income and factors of a
8 holding company in more than one unitary business group
9 under subparagraph (C) does not fairly reflect the
10 degree of integration between the holding company and
11 one or more of the unitary business groups, the
12 dependence of the holding company and one or more of
13 the unitary business groups upon each other, or the
14 contributions between the holding company and one or
15 more of the unitary business groups, the holding
16 company may petition the Director, under the
17 procedures provided under Section 304(f), for
18 permission to include all base income and factors of
19 the holding company only with members of a unitary
20 business group apportioning their business income
21 under one subsection of subsections (a), (b), (c), or
22 (d) of Section 304. If the petition is granted, the
23 holding company shall be included in a unitary business
24 group only with persons apportioning their business
25 income under the selected subsection of Section 304
26 until the Director grants a petition of the holding

1 company either to be included in more than one unitary
2 business group under subparagraph (C) or to include its
3 base income and factors only with members of a unitary
4 business group apportioning their business income
5 under a different subsection of Section 304.

6 (E) If the unitary business group members'
7 accounting periods differ, the common parent's
8 accounting period or, if there is no common parent, the
9 accounting period of the member that is expected to
10 have, on a recurring basis, the greatest Illinois
11 income tax liability must be used to determine whether
12 to use the apportionment method provided in subsection
13 (a) or subsection (h) of Section 304. The prohibition
14 against membership in a unitary business group for
15 taxpayers ordinarily required to apportion income
16 under different subsections of Section 304 does not
17 apply to taxpayers required to apportion income under
18 subsection (a) and subsection (h) of Section 304. The
19 provisions of this amendatory Act of 1998 apply to tax
20 years ending on or after December 31, 1998.

21 (28) Subchapter S corporation. The term "Subchapter S
22 corporation" means a corporation for which there is in
23 effect an election under Section 1362 of the Internal
24 Revenue Code, or for which there is a federal election to
25 opt out of the provisions of the Subchapter S Revision Act
26 of 1982 and have applied instead the prior federal

1 Subchapter S rules as in effect on July 1, 1982.

2 (30) Foreign person. The term "foreign person" means
3 any person who is a nonresident alien individual and any
4 nonindividual entity, regardless of where created or
5 organized, whose business activity outside the United
6 States is 80% or more of the entity's total business
7 activity.

8 (b) Other definitions.

9 (1) Words denoting number, gender, and so forth, when
10 used in this Act, where not otherwise distinctly expressed
11 or manifestly incompatible with the intent thereof:

12 (A) Words importing the singular include and apply
13 to several persons, parties or things;

14 (B) Words importing the plural include the
15 singular; and

16 (C) Words importing the masculine gender include
17 the feminine as well.

18 (2) "Company" or "association" as including successors
19 and assigns. The word "company" or "association", when used
20 in reference to a corporation, shall be deemed to embrace
21 the words "successors and assigns of such company or
22 association", and in like manner as if these last-named
23 words, or words of similar import, were expressed.

24 (3) Other terms. Any term used in any Section of this
25 Act with respect to the application of, or in connection

1 with, the provisions of any other Section of this Act shall
2 have the same meaning as in such other Section.

3 (Source: P.A. 99-213, eff. 7-31-15.)

4 ARTICLE 25. AMENDATORY PROVISIONS; STATE TAX LIEN REGISTRY

5 Section 25-5. The Illinois Income Tax Act is amended by
6 changing Sections 1102, 1103, and 1105 as follows:

7 (35 ILCS 5/1102) (from Ch. 120, par. 11-1102)

8 Sec. 1102. Jeopardy Assessments.

9 (a) Jeopardy assessment and lien.

10 (1) Assessment. If the Department finds that a taxpayer
11 is about to depart from the State, or to conceal himself or
12 his property, or to do any other act tending to prejudice
13 or to render wholly or partly ineffectual proceedings to
14 collect any amount of tax or penalties imposed under this
15 Act unless court proceedings are brought without delay, or
16 if the Department finds that the collection of such amount
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 amount, whereupon such
20 amount shall be deemed assessed and shall become
21 immediately due and payable.

22 (2) Filing of lien. If the taxpayer, within 5 days
23 after such notice (or within such extension of time as the

1 Department may grant), does not comply with such notice or
2 show to the Department that the findings in such notice are
3 erroneous, the Department may file a notice of jeopardy
4 assessment lien in the State Tax Lien Registry ~~office of~~
5 ~~the recorder of the county in which any property of the~~
6 ~~taxpayer may be located~~ and shall notify the taxpayer of
7 such filing. Such jeopardy assessment lien shall have the
8 same scope and effect as a statutory lien under this Act.
9 The taxpayer is liable for any administrative fee imposed
10 by the Department by rule in connection with the State Tax
11 Lien Registry ~~the filing fee incurred by the Department for~~
12 ~~filing the lien and the filing fee incurred by the~~
13 ~~Department to file the release of that lien.~~ The filing
14 fees shall be paid to the Department in addition to payment
15 of the tax, penalty, and interest included in the amount of
16 the lien.

17 (b) Termination of taxable year. In the case of a tax for a
18 current taxable year, the Director shall declare the taxable
19 period of the taxpayer immediately terminated and his notice
20 and demand for a return and immediate payment of the tax shall
21 relate to the period declared terminated, including therein
22 income accrued and deductions incurred up to the date of
23 termination if not otherwise properly includible or deductible
24 in respect of such taxable year.

25 (c) Protest. If the taxpayer believes that he does not owe
26 some or all of the amount for which the jeopardy assessment

1 lien against him has been filed, or that no jeopardy to the
2 revenue in fact exists, he may protest within 20 days after
3 being notified by the Department of the filing of such jeopardy
4 assessment lien and request a hearing, whereupon the Department
5 shall hold a hearing in conformity with the provisions of
6 section 908 and, pursuant thereto, shall notify the taxpayer of
7 its decision as to whether or not such jeopardy assessment lien
8 will be released.

9 (Source: P.A. 92-826, eff. 1-1-03.)

10 (35 ILCS 5/1103) (from Ch. 120, par. 11-1103)

11 Sec. 1103. Filing and Priority of Liens.

12 (a) Filing in the State Tax Lien Registry ~~with Recorder.~~

13 Nothing in this Article shall be construed to give the
14 Department a preference over the rights of any bona fide
15 purchaser, holder of a security interest, mechanics lienor,
16 mortgagee, or judgment lien creditor arising prior to the
17 filing of a regular notice of lien or a notice of jeopardy
18 assessment lien in the State Tax Lien Registry ~~office of the~~
19 ~~recorder in the county in which the property subject to the~~
20 ~~lien is located.~~ For purposes of this Section ~~section~~, the term
21 "bona fide," shall not include any mortgage of real or personal
22 property or any other credit transaction that results in the
23 mortgagee or the holder of the security acting as trustee for
24 unsecured creditors of the taxpayer mentioned in the notice of
25 lien who executed such chattel or real property mortgage or the

1 document evidencing such credit transaction. Such lien shall be
2 inferior to the lien of general taxes, special assessments and
3 special taxes heretofore or hereafter levied by any political
4 subdivision of this State.

5 (b) Filing in the State Tax Lien Registry ~~with Registrar.~~

6 In case title to land to be affected by the notice of lien or
7 notice of jeopardy assessment lien is registered under the
8 provisions of "An Act concerning land titles," approved May 1,
9 1897, as amended, such notice shall also be filed in the State
10 Tax Lien Registry ~~office of the Registrar of Titles of the~~
11 ~~county within which the property subject to the lien is~~
12 ~~situated and shall be entered upon the register of titles as a~~
13 ~~memorial of charge upon each folium of the register of titles~~
14 ~~affected by such notice,~~ and the Department shall not have a
15 preference over the rights of any bona fide purchaser,
16 mortgagee, judgment creditor or other lien holder arising prior
17 to the registration of such notice.

18 (c) Index. The Department of Revenue shall maintain a State
19 Tax Lien Index of all tax liens filed in the State Tax Lien
20 Registry as provided for by the State Tax Lien Registration
21 Act. ~~The recorder of each county shall procure a file labeled~~
22 ~~"State Tax Lien Notices" and an index book labeled "State Tax~~
23 ~~Lien Index."~~ When notice of any lien or jeopardy assessment
24 lien is presented to him for filing, he shall file it in
25 numerical order in the file and shall enter it alphabetically
26 in the index. The entry shall show the name and last known

1 ~~address of the person named in the notice, the serial number of~~
2 ~~the notice, the date and hour of filing, whether it is a~~
3 ~~regular lien or a jeopardy assessment lien, and the amount of~~
4 ~~tax and penalty due and unpaid, plus the amount of interest due~~
5 ~~at the time when the notice of lien or jeopardy assessment is~~
6 ~~filed.~~

7 (d) (Blank). ~~No recorder or registrar of titles of any~~
8 ~~county shall require that the Department pay any costs or fees~~
9 ~~in connection with recordation of any notice or other document~~
10 ~~filed by the Department under this Act at the time such notice~~
11 ~~or other document is presented for recordation. The recorder or~~
12 ~~registrar of each county, in order to receive payment for fees~~
13 ~~or costs incurred by the Department, shall present the~~
14 ~~Department with monthly statements indicating the amount of~~
15 ~~fees and costs incurred by the Department and for which no~~
16 ~~payment has been received. This amendatory Act of 1987 applies~~
17 ~~to all liens heretofore or hereafter filed.~~

18 (e) The taxpayer is liable for any the filing fees imposed
19 ~~fee incurred~~ by the Department for filing the lien in the State
20 Tax Lien Registry and any the filing fees imposed ~~fee incurred~~
21 by the Department for ~~to file~~ the release of that lien. The
22 filing fees shall be paid to the Department in addition to
23 payment of the tax, penalty, and interest included in the
24 amount of the lien.

25 (Source: P.A. 92-826, eff. 1-1-03.)

1 (35 ILCS 5/1105) (from Ch. 120, par. 11-1105)

2 Sec. 1105. Release of Liens.

3 (a) In general. Upon payment by the taxpayer to the
4 Department in cash or by guaranteed remittance of an amount
5 representing the filing fees and charges for the lien and the
6 filing fees and charges for the release of that lien, the
7 Department shall release all or any portion of the property
8 subject to any lien provided for in this Act and file that
9 complete or partial release of lien in the State Tax Lien
10 Registry ~~with the recorder of the county where that lien was~~
11 ~~filed~~ if it determines that the release will not endanger or
12 jeopardize the collection of the amount secured thereby.

13 (b) Judicial determination. If on judicial review the final
14 judgment of the court is that the taxpayer does not owe some or
15 all of the amount secured by the lien against him, or that no
16 jeopardy to the revenue exists, the Department shall release
17 its lien to the extent of such finding of nonliability, or to
18 the extent of such finding of no jeopardy to the revenue. The
19 taxpayer shall, however, be liable for the filing fee imposed
20 ~~paid~~ by the Department to file the lien and the filing fee
21 imposed to release ~~required to file a release of~~ the lien. The
22 filing fees shall be paid to the Department.

23 (c) Payment. The Department shall also release its jeopardy
24 assessment lien against the taxpayer whenever the tax and
25 penalty covered by such lien, plus any interest which may be
26 due and an amount representing the filing fee to file the lien

1 and the filing fee imposed to release ~~required to file a~~
2 ~~release of~~ that lien, are paid by the taxpayer to the
3 Department in cash or by guaranteed remittance.

4 (d) Certificate of release. The Department shall issue a
5 certificate of complete or partial release of the lien upon
6 payment by the taxpayer to the Department in cash or by
7 guaranteed remittance of an amount representing the filing fee
8 imposed ~~paid~~ by the Department to file the lien and the filing
9 fee imposed to release ~~required to file the release of~~ that
10 lien:

11 (1) 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 (2) to the extent that such lien shall become
15 unenforceable;

16 (3) to the extent that the amount of such lien is paid
17 by the person whose property is subject to such lien,
18 together with any interest and penalty which may become due
19 under this Act between the date when the notice of lien is
20 filed and the date when the amount of such lien is paid;

21 (4) to the extent that there is furnished to the
22 Department on a form to be approved and with a surety or
23 sureties satisfactory to the Department a bond that is
24 conditioned upon the payment of the amount of such lien,
25 together with any interest which may become due under this
26 Act after the notice of lien is filed, but before the

1 amount thereof is fully paid;

2 (5) to the extent and under the circumstances specified
3 in this Section.

4 A certificate of complete or partial release of any lien
5 shall be held conclusive that the lien upon the property
6 covered by the certificate is extinguished to the extent
7 indicated by such certificate.

8 Such release of lien shall be issued to the person, or his
9 agent, against whom the lien was obtained and shall contain in
10 legible letters a statement as follows:

11 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL
12 BE FILED IN THE STATE TAX LIEN REGISTRY ~~WITH THE RECORDER~~
13 ~~OR THE REGISTRAR~~
14 ~~OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.~~

15 (e) Filing. When a certificate of complete or partial
16 release of lien issued by the Department is filed in the State
17 Tax Lien Registry, the Department ~~presented for filing in the~~
18 ~~office of the recorder or Registrar of Titles where a notice of~~
19 ~~lien or notice of jeopardy assessment lien was filed:~~

20 ~~(1) the recorder, in the case of nonregistered~~
21 ~~property,~~ shall permanently attach the certificate of
22 release to the notice of lien or notice of jeopardy
23 assessment lien and shall enter the certificate of release
24 and the date in the "State Tax Lien Index" on the line
25 where the notice of lien or notice of jeopardy assessment
26 lien is entered. ~~;~~ and

1 ~~(2) in the case of registered property, the Registrar~~
2 ~~of Titles shall file and enter upon each folium of the~~
3 ~~register of titles affected thereby a memorial of the~~
4 ~~certificate of release which memorial when so entered shall~~
5 ~~act as a release pro tanto of any memorial of such notice~~
6 ~~of lien or notice of jeopardy assessment lien previously~~
7 ~~filed and registered.~~

8 (Source: P.A. 92-826, eff. 1-1-03.)

9 Section 25-10. The Retailers' Occupation Tax Act is amended
10 by changing Sections 5a, 5b, and 5c as follows:

11 (35 ILCS 120/5a) (from Ch. 120, par. 444a)

12 Sec. 5a. The Department shall have a lien for the tax
13 herein imposed or any portion thereof, or for any penalty
14 provided for in this Act, or for any amount of interest which
15 may be due as provided for in Section 5 of this Act, upon all
16 the real and personal property of any person to whom a final
17 assessment or revised final assessment has been issued as
18 provided in this Act, or whenever a return is filed without
19 payment of the tax or penalty shown therein to be due,
20 including all such property of such persons acquired after
21 receipt of such assessment or filing of such return. The
22 taxpayer is liable for the filing fee imposed ~~incurred~~ by the
23 Department for filing the lien and the filing fee imposed
24 ~~incurred~~ by the Department to ~~file the~~ release the ~~of that~~

1 lien. The filing fees shall be paid to the Department in
2 addition to payment of the tax, penalty, and interest included
3 in the amount of the lien.

4 However, where the lien arises because of the issuance of a
5 final assessment or revised final assessment by the Department,
6 such lien shall not attach and the notice hereinafter referred
7 to in this Section shall not be filed until all proceedings in
8 court for review of such final assessment or revised final
9 assessment have terminated or the time for the taking thereof
10 has expired without such proceedings being instituted.

11 Upon the granting of a rehearing or departmental review
12 pursuant to Section 4 or Section 5 of this Act after a lien has
13 attached, such lien shall remain in full force except to the
14 extent to which the final assessment may be reduced by a
15 revised final assessment following such rehearing or review.

16 The lien created by the issuance of a final assessment
17 shall terminate unless a notice of lien is filed, as provided
18 in Section 5b hereof, within 3 years from the date all
19 proceedings in court for the review of such final assessment
20 have terminated or the time for the taking thereof has expired
21 without such proceedings being instituted, or (in the case of a
22 revised final assessment issued pursuant to a rehearing or
23 departmental review) within 3 years from the date all
24 proceedings in court for the review of such revised final
25 assessment have terminated or the time for the taking thereof
26 has expired without such proceedings being instituted; and

1 where the lien results from the filing of a return without
2 payment of the tax or penalty shown therein to be due, the lien
3 shall terminate unless a notice of lien is filed, as provided
4 in Section 5b hereof, within 3 years from the date when such
5 return is filed with the Department: Provided that the time
6 limitation period on the Department's right to file a notice of
7 lien shall not run (1) during any period of time in which the
8 order of any court has the effect of enjoining or restraining
9 the Department from filing such notice of lien, or (2) during
10 the term of a repayment plan that taxpayer has entered into
11 with the Department, as long as taxpayer remains in compliance
12 with the terms of the repayment plan.

13 If the Department finds that a taxpayer is about to depart
14 from the State, or to conceal himself or his property, or to do
15 any other act tending to prejudice or to render wholly or
16 partly ineffectual proceedings to collect such tax unless such
17 proceedings are brought without delay, or if the Department
18 finds that the collection of the amount due from any taxpayer
19 will be jeopardized by delay, the Department shall give the
20 taxpayer notice of such findings and shall make demand for
21 immediate return and payment of such tax, whereupon such tax
22 shall become immediately due and payable. If the taxpayer,
23 within 5 days after such notice (or within such extension of
24 time as the Department may grant), does not comply with such
25 notice or show to the Department that the findings in such
26 notice are erroneous, the Department may file a notice of

1 jeopardy assessment lien in the State Tax Lien Registry ~~office~~
2 ~~of the recorder of the county in which any property of the~~
3 ~~taxpayer may be located~~ and shall notify the taxpayer of such
4 filing. Such jeopardy assessment lien shall have the same scope
5 and effect as the statutory lien hereinbefore provided for in
6 this Section.

7 If the taxpayer believes that he does not owe some or all
8 of the tax for which the jeopardy assessment lien against him
9 has been filed, or that no jeopardy to the revenue in fact
10 exists, he may protest within 20 days after being notified by
11 the Department of the filing of such jeopardy assessment lien
12 and request a hearing, whereupon the Department shall hold a
13 hearing in conformity with the provisions of this Act and,
14 pursuant thereto, shall notify the taxpayer of its findings as
15 to whether or not such jeopardy assessment lien will be
16 released. If not, and if the taxpayer is aggrieved by this
17 decision, he may file an action for judicial review of such
18 final determination of the Department in accordance with
19 Section 12 of this Act and the Administrative Review Law.

20 On and after July 1, 2013, protests concerning matters that
21 are subject to the jurisdiction of the Illinois Independent Tax
22 Tribunal shall be filed with the Tribunal, and hearings on
23 those matters shall be held before the Tribunal in accordance
24 with the Illinois Independent Tax Tribunal Act of 2012. The
25 Tribunal shall notify the taxpayer of its findings as to
26 whether or not such jeopardy assessment lien will be released.

1 If not, and if the taxpayer is aggrieved by this decision, he
2 may file an action for judicial review of such final
3 determination of the Department in accordance with Section 12
4 of this Act and the Illinois Independent Tax Tribunal Act of
5 2012.

6 With respect to protests filed with the Department prior to
7 July 1, 2013 that would otherwise be subject to the
8 jurisdiction of the Illinois Independent Tax Tribunal, the
9 taxpayer may elect to be subject to the provisions of the
10 Illinois Independent Tax Tribunal Act of 2012 at any time on or
11 after July 1, 2013, but not later than 30 days after the date
12 on which the protest was filed. If made, the election shall be
13 irrevocable.

14 If, pursuant to such hearing (or after an independent
15 determination of the facts by the Department without a
16 hearing), the Department or the Tribunal determines that some
17 or all of the tax covered by the jeopardy assessment lien is
18 not owed by the taxpayer, or that no jeopardy to the revenue
19 exists, or if on judicial review the final judgment of the
20 court is that the taxpayer does not owe some or all of the tax
21 covered by the jeopardy assessment lien against him, or that no
22 jeopardy to the revenue exists, the Department shall release
23 its jeopardy assessment lien to the extent of such finding of
24 nonliability for the tax, or to the extent of such finding of
25 no jeopardy to the revenue.

26 The Department shall also release its jeopardy assessment

1 lien against the taxpayer whenever the tax and penalty covered
2 by such lien, plus any interest which may be due, are paid and
3 the taxpayer has paid the Department in cash or by guaranteed
4 remittance an amount representing the filing fee for the lien
5 and the filing fee for the release of that lien. The Department
6 shall file that release of lien in the State Tax Lien Registry
7 ~~with the recorder of the county where that lien was filed.~~

8 Nothing in this Section shall be construed to give the
9 Department a preference over the rights of any bona fide
10 purchaser, holder of a security interest, mechanics
11 lienholder, mortgagee, or judgment lien creditor arising prior
12 to the filing of a regular notice of lien or a notice of
13 jeopardy assessment lien in the State Tax Lien Registry ~~office~~
14 ~~of the recorder in the county in which the property subject to~~
15 ~~the lien is located:~~ Provided, however, that the word "bona
16 fide", as used in this Section shall not include any mortgage
17 of real or personal property or any other credit transaction
18 that results in the mortgagee or the holder of the security
19 acting as trustee for unsecured creditors of the taxpayer
20 mentioned in the notice of lien who executed such chattel or
21 real property mortgage or the document evidencing such credit
22 transaction. Such lien shall be inferior to the lien of general
23 taxes, special assessments and special taxes heretofore or
24 hereafter levied by any political subdivision of this State.

25 In case title to land to be affected by the notice of lien
26 or notice of jeopardy assessment lien is registered under the

1 provisions of "An Act concerning land titles", approved May 1,
2 1897, as amended, such notice shall also be filed in the State
3 Tax Lien Registry ~~office of the Registrar of Titles of the~~
4 ~~county within which the property subject to the lien is~~
5 ~~situated and shall be entered upon the register of titles as a~~
6 ~~memorial or charge upon each folium of the register of titles~~
7 ~~affected by such notice~~, and the Department shall not have a
8 preference over the rights of any bona fide purchaser,
9 mortgagee, judgment creditor or other lien holder arising prior
10 to the registration of such notice: Provided, however, that the
11 word "bona fide" shall not include any mortgage of real or
12 personal property or any other credit transaction that results
13 in the mortgagee or the holder of the security acting as
14 trustee for unsecured creditors of the taxpayer mentioned in
15 the notice of lien who executed such chattel or real property
16 mortgage or the document evidencing such credit transaction.

17 Such regular lien or jeopardy assessment lien shall not be
18 effective against any purchaser with respect to any item in a
19 retailer's stock in trade purchased from the retailer in the
20 usual course of such retailer's business.

21 (Source: P.A. 97-1129, eff. 8-28-12; 98-446, eff. 8-16-13.)

22 (35 ILCS 120/5b) (from Ch. 120, par. 444b)

23 Sec. 5b. State Tax Lien Index. The Department of Revenue
24 shall maintain a State Tax Lien Index of all tax liens filed in
25 the State Tax Lien Registry as provided for by the State Tax

1 Lien Registration Act. ~~The recorder of each county shall~~
2 ~~procure a file labeled "State Tax Lien Notices" and an index~~
3 ~~book labeled "State Tax Lien Index". When notice of any lien or~~
4 ~~jeopardy assessment lien is presented to him for filing, he~~
5 ~~shall file it in numerical order in the file and shall enter it~~
6 ~~alphabetically in the index. The entry shall show the name and~~
7 ~~last known business address of the person named in the notice,~~
8 ~~the serial number of the notice, the date and hour of filing,~~
9 ~~whether it is a regular lien or a jeopardy assessment lien, and~~
10 ~~the amount of tax and penalty due and unpaid, plus the amount~~
11 ~~of interest due under Section 5 of this Act at the time when~~
12 ~~the notice of lien or jeopardy assessment lien is filed.~~

13 ~~No recorder or registrar of titles of any county shall~~
14 ~~require that the Department pay any costs or fees in connection~~
15 ~~with recordation of any notice or other document filed by the~~
16 ~~Department under this Act at the time such notice or other~~
17 ~~document is presented for recordation. The recorder or~~
18 ~~registrar of each county, in order to receive payment for fees~~
19 ~~or costs incurred by the Department, shall present the~~
20 ~~Department with monthly statements indicating the amount of~~
21 ~~fees and costs incurred by the Department and for which no~~
22 ~~payment has been received.~~

23 A notice of lien may be filed after the issuance of a
24 revised final assessment pursuant to a rehearing or
25 departmental review under Section 4 or Section 5 of this Act.

26 When the lien obtained pursuant to this Act has been

1 satisfied and the taxpayer has paid the Department in cash or
2 by guaranteed remittance an amount representing the filing fee
3 for the lien and the filing fee for the release of that lien,
4 the Department shall issue a release of lien and file that
5 release of lien in the State Tax Lien Registry ~~with the~~
6 ~~recorder of the county where that lien was filed.~~ The release
7 of lien shall contain in legible letters a statement as
8 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 When a certificate of complete or partial release of lien
14 issued by the Department is filed in the State Tax Lien
15 Registry, the Department of Revenue ~~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, the~~
18 ~~recorder, in the case of nonregistered property, shall~~
19 permanently attach the certificate of release to the notice of
20 lien or notice of jeopardy assessment lien and shall enter the
21 certificate of release and the date in the "State Tax Lien
22 Index" on the line where the notice of lien or notice of
23 jeopardy assessment lien is entered.

24 ~~In the case of registered property, the Registrar of Titles~~
25 ~~shall file and enter upon each folium of the register of titles~~
26 ~~affected thereby a memorial of the certificate of release which~~

1 ~~memorial when so entered shall act as a release pro tanto of~~
2 ~~any memorial of such notice of lien or notice of jeopardy~~
3 ~~assessment lien previously filed and registered.~~

4 (Source: P.A. 92-826, eff. 1-1-03.)

5 (35 ILCS 120/5c) (from Ch. 120, par. 444c)

6 Sec. 5c. Upon payment by the taxpayer to the Department in
7 cash or by guaranteed remittance of an amount representing the
8 filing fee for the lien and the filing fee for the release of
9 that lien, the Department shall issue a certificate of complete
10 or partial release of the lien and file that complete or
11 partial release of lien in the State Tax Lien Registry ~~with the~~
12 ~~recorder of the county where the lien was filed:~~

13 (a) to the extent that the fair market value of any
14 property subject to the lien exceeds the amount of the lien
15 plus the amount of all prior liens upon such property;

16 (b) to the extent that such lien shall become
17 unenforceable;

18 (c) to the extent that the amount of such lien is paid
19 by the retailer whose property is subject to such lien,
20 together with any interest which may become due under
21 Section 5 of this Act between the date when the notice of
22 lien is filed and the date when the amount of such lien is
23 paid;

24 (d) to the extent that there is furnished to the
25 Department on a form to be approved and with a surety or

1 sureties satisfactory to the Department a bond that is
2 conditioned upon the payment of the amount of such lien,
3 together with any interest which may become due under
4 Section 5 of this Act after the notice of lien is filed,
5 but before the amount thereof is fully paid;

6 (e) to the extent and under the circumstances specified
7 in Section 5a of this Act in the case of jeopardy
8 assessment liens;

9 (f) to the extent to which an assessment is reduced
10 pursuant to a rehearing or departmental review under
11 Section 4 or Section 5 of this Act.

12 A certificate of complete or partial release of any lien
13 shall be held conclusive that the lien upon the property
14 covered by the certificate is extinguished to the extent
15 indicated by such certificate.

16 (Source: P.A. 92-826, eff. 1-1-03.)

17 Section 25-15. The Cannabis and Controlled Substances Tax
18 Act is amended by changing Sections 16, 17, and 19 as follows:

19 (35 ILCS 520/16) (from Ch. 120, par. 2166)

20 Sec. 16. All assessments are Jeopardy Assessments - lien.

21 (a) Assessment. An assessment for a dealer not possessing
22 valid stamps or other official indicia showing that the tax has
23 been paid shall be considered a jeopardy assessment or
24 collection, as provided by Section 1102 of the Illinois Income

1 Tax Act. The Department shall determine and assess a tax and
2 applicable penalties and interest according to the best
3 judgment and information available to the Department, which
4 amount so fixed by the Department shall be prima facie correct
5 and shall be prima facie evidence of the correctness of the
6 amount of tax due, as shown in such determination. When,
7 according to the best judgment and information available to the
8 Department with regard to all real and personal property and
9 rights to property of the dealer, there is no reasonable
10 expectation of collection of the amount of tax and penalty to
11 be assessed, the Department may issue an assessment under this
12 Section for the amount of tax without penalty.

13 (b) Filing of Lien. Upon issuance of a jeopardy assessment
14 as provided by subsection (a) of this Section, the Department
15 may file a notice of jeopardy assessment lien in the State Tax
16 Lien Registry ~~office of the recorder of the county in which any~~
17 ~~property of the taxpayer may be located~~ and shall notify the
18 taxpayer of such filing.

19 (c) Protest. If the taxpayer believes that he does not owe
20 some or all of the amount for which the jeopardy assessment
21 lien against him has been filed, he may protest within 20 days
22 after being notified by the Department of the filing of such
23 jeopardy assessment lien and request a hearing, whereupon the
24 Department shall hold a hearing in conformity with the
25 provisions of Section 908 of the Illinois Income Tax Act and,
26 pursuant thereto, shall notify the taxpayer of its decision as

1 to whether or not such jeopardy assessment lien will be
2 released.

3 After the expiration of the period within which the person
4 assessed may file an action for judicial review without such
5 action being filed, a certified copy of the final assessment or
6 revised final assessment of the Department may be filed with
7 the Circuit Court of the county in which the dealer resides, or
8 of Cook County in the case of a dealer who does not reside in
9 this State, or in the county where the violation of this Act
10 took place. The certified copy of the final assessment or
11 revised final assessment shall be accompanied by a
12 certification which recites facts that are sufficient to show
13 that the Department complied with the jurisdictional
14 requirements of the Act in arriving at its final assessment or
15 its revised final assessment and that the dealer had this
16 opportunity for an administrative hearing and for judicial
17 review, whether he availed himself or herself of either or both
18 of these opportunities or not. If the court is satisfied that
19 the Department complied with the jurisdictional requirements
20 of the Act in arriving at its final assessment or its revised
21 final assessment and that the taxpayer had his opportunity for
22 an administrative hearing and for judicial review, whether he
23 availed himself of either or both of these opportunities or
24 not, the court shall render judgment in favor of the Department
25 and against the taxpayer for the amount shown to be due by the
26 final assessment or the revised final assessment, plus any

1 interest which may be due, and such judgment shall be entered
2 in the judgment docket of the court. Such judgment shall bear
3 the same rate of interest and shall have the same effect as
4 other judgments. The judgment may be enforced, and all laws
5 applicable to sales for the enforcement of a judgment shall be
6 applicable to sales made under such judgments. The Department
7 shall file the certified copy of its assessment, as herein
8 provided, with the Circuit Court within 2 years after such
9 assessment becomes final except when the taxpayer consents in
10 writing to an extension of such filing period, and except that
11 the time limitation period on the Department's right to file
12 the certified copy of its assessment with the Circuit Court
13 shall not run during any period of time in which the order of
14 any court has the effect of enjoining or restraining the
15 Department from filing such certified copy of its assessment
16 with the Circuit Court.

17 If, when the cause of action for a proceeding in court
18 accrues against a person, he or she is out of the State, the
19 action may be commenced within the times herein limited, after
20 his or her coming into or returning to the State; and if, after
21 the cause of action accrues, he or she departs from and remains
22 out of the State, the time of his or her absence from the
23 State, the time of his or her absence is no part of the time
24 limited for the commencement of the action; but the foregoing
25 provisions concerning absence from the State shall not apply to
26 any case in which, at the time the cause of action accrues, the

1 party against whom the cause of action accrues is not a
2 resident of this State. The time within which a court action is
3 to be commenced by the Department hereunder shall not run from
4 the date the taxpayer files a petition in bankruptcy under the
5 Federal Bankruptcy Act until 30 days after notice of
6 termination or expiration of the automatic stay imposed by the
7 Federal Bankruptcy Act.

8 No claim shall be filed against the estate of any deceased
9 person or any person under legal disability for any tax or
10 penalty or part of either, or interest, except in the manner
11 prescribed and within the time limited by the Probate Act of
12 1975, as amended.

13 The collection of tax or penalty or interest by any means
14 provided for herein shall not be a bar to any prosecution under
15 this Act.

16 In addition to any penalty provided for in this Act, any
17 amount of tax which is not paid when due shall bear interest at
18 the rate determined in accordance with the Uniform Penalty and
19 Interest Act, per month or fraction thereof from the date when
20 such tax becomes past due until such tax is paid or a judgment
21 therefor is obtained by the Department. If the time for making
22 or completing an audit of a taxpayer's books and records is
23 extended with the taxpayer's consent, at the request of and for
24 the convenience of the Department, beyond the date on which the
25 statute of limitations upon the issuance of a notice of tax
26 liability by the Department otherwise run, no interest shall

1 accrue during the period of such extension. Interest shall be
2 collected in the same manner and as part of the tax.

3 If the Department determines that an amount of tax or
4 penalty or interest was incorrectly assessed, whether as the
5 result of a mistake of fact or an error of law, the Department
6 shall waive the amount of tax or penalty or interest that
7 accrued due to the incorrect assessment.

8 (Source: P.A. 97-1129, eff. 8-28-12.)

9 (35 ILCS 520/17) (from Ch. 120, par. 2167)

10 Sec. 17. Filing and Priority of Liens. (a) Filing in the
11 State Tax Lien Registry ~~with Recorder~~. Nothing in this Act
12 shall be construed to give the Department a preference over the
13 rights of any bona fide purchaser, holder of a security
14 interest, mechanics lienholder, mortgagee, or judgment lien
15 creditor arising prior to the filing of a regular notice of
16 lien or a notice of jeopardy assessment lien in the State Tax
17 Lien Registry ~~office of the recorder in the county in which the~~
18 ~~property subject to the lien is located~~. For purposes of this
19 section, the term "bona fide," shall not include any mortgage
20 of real or personal property or any other credit transaction
21 that results in the mortgagee or the holder of the security
22 acting as trustee for unsecured creditors of the taxpayer
23 mentioned in the notice of lien who executed such chattel or
24 real property mortgage or the document evidencing such credit
25 transaction. Such lien shall be inferior to the lien of general

1 taxes, special assessments and special taxes heretofore or
2 hereafter levied by any political subdivision of this State.

3 (b) ~~Filing with Registrar.~~ In case title to land to be
4 affected by the notice of lien or notice of jeopardy assessment
5 lien is registered under the provisions of "An Act concerning
6 land titles," approved May 1, 1897, as amended, such notice
7 shall also be filed in the State Tax Lien Registry ~~office of~~
8 ~~the Registrar of Titles of the county within which the property~~
9 ~~subject to the lien is situated and shall be entered upon the~~
10 ~~register of titles as a memorial of charge upon each folium of~~
11 ~~the register of titles affected by such notice,~~ and the
12 Department shall not have a preference over the rights of any
13 bona fide purchaser, mortgagee, judgment creditor or other lien
14 holder arising prior to the registration of such notice.

15 (c) (Blank). ~~No recorder or registrar of titles of any~~
16 ~~county shall require that the Department pay any costs or fees~~
17 ~~in connection with recordation of any notice or other document~~
18 ~~filed by the Department under this Act at the time such notice~~
19 ~~or other document is presented for recordation.~~

20 (Source: P.A. 86-905.)

21 (35 ILCS 520/19) (from Ch. 120, par. 2169)

22 Sec. 19. Release of Liens.

23 (a) In general. The Department shall release all or any
24 portion of the property subject to any lien provided for in
25 this Act if it determines that the release will not endanger or

1 jeopardize the collection of the amount secured thereby. The
2 Department shall release its lien on property which is the
3 subject of forfeiture proceedings under the Narcotics Profit
4 Forfeiture Act, the Criminal Code of 2012, or the Drug Asset
5 Forfeiture Procedure Act until all forfeiture proceedings are
6 concluded. Property forfeited shall not be subject to a lien
7 under this Act.

8 (b) Judicial determination. If on judicial review the final
9 judgment of the court is that the taxpayer does not owe some or
10 all of the amount secured by the lien against him, or that no
11 jeopardy to the revenue exists, the Department shall release
12 its lien to the extent of such finding of nonliability, or to
13 the extent of such finding of no jeopardy to the revenue.

14 (c) Payment. The Department shall also release its jeopardy
15 assessment lien against the taxpayer whenever the tax and
16 penalty covered by such lien, plus any interest which may be
17 due, are paid.

18 (d) Certificate of release. The Department shall issue a
19 certificate of complete or partial release of the lien:

20 (1) To the extent that the fair market value of any
21 property subject to the lien exceeds the amount of the lien
22 plus the amount of all prior liens upon such property;

23 (2) To the extent that such lien shall become
24 unenforceable;

25 (3) To the extent that the amount of such lien is paid
26 by the person whose property is subject to such lien,

1 together with any interest and penalty which may become due
2 under this Act between the date when the notice of lien is
3 filed and the date when the amount of such lien is paid;

4 (4) To the extent and under the circumstances specified
5 in this Section. A certificate of complete or partial
6 release of any lien shall be held conclusive that the lien
7 upon the property covered by the certificate is
8 extinguished to the extent indicated by such certificate.

9 Such release of lien shall be issued to the person, or his
10 agent, against whom the lien was obtained and shall contain in
11 legible letters a statement as follows:

12 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL
13 BE FILED IN THE STATE TAX LIEN REGISTRY ~~WITH THE RECORDER~~
14 ~~OR THE REGISTRAR~~
15 ~~OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.~~

16 (e) Filing. When a certificate of complete or partial
17 release of lien issued by the Department is filed in the State
18 Tax Lien Registry, the Department ~~presented for filing in the~~
19 ~~office of the recorder or Registrar of Titles where a notice of~~
20 ~~lien or notice of jeopardy assessment lien was filed:~~

21 ~~(1) The recorder, in the case of nonregistered~~
22 ~~property,~~ shall permanently attach the certificate of
23 release to the notice of lien or notice of jeopardy
24 assessment lien and shall enter the certificate of release
25 and the date in the "State Tax Lien Index" on the line
26 where the notice of lien or notice of jeopardy assessment

1 lien is entered. ~~and~~

2 ~~(2) In the case of registered property, the Registrar~~
3 ~~of Titles shall file and enter upon each folium of the~~
4 ~~register of titles affected thereby a memorial of the~~
5 ~~certificate of release which memorial when so entered shall~~
6 ~~act as a release pro tanto of any memorial of such notice~~
7 ~~of lien or notice of jeopardy assessment lien previously~~
8 ~~filed and registered.~~

9 (Source: P.A. 97-1150, eff. 1-25-13.)

10 Section 25-20. The Illinois Municipal Code is amended by
11 changing Section 8-3-15 as follows:

12 (65 ILCS 5/8-3-15) (from Ch. 24, par. 8-3-15)

13 Sec. 8-3-15. The corporate authorities of each
14 municipality shall have all powers necessary to enforce the
15 collection of any tax imposed and collected by such
16 municipality, whether such tax was imposed pursuant to its home
17 rule powers or statutory authorization, including but not
18 limited to subpoena power and the power to create and enforce
19 liens. No such lien shall affect the rights of bona fide
20 purchasers, mortgagees, judgment creditors or other
21 lienholders who acquire their interests in such property prior
22 to the time a notice of such lien is placed on record in the
23 office of the recorder or the registrar of titles of the county
24 in which the property is located. However, nothing in this

1 Section shall permit a municipality to place a lien upon
2 property not located or found within its corporate boundaries.
3 A municipality creating a lien may provide that the procedures
4 for its notice and enforcement shall be the same as that
5 provided in the Retailers' Occupation Tax Act, as that Act
6 existed prior to the adoption of the State Tax Lien
7 Registration Act ~~now or hereafter amended~~, for State tax liens,
8 and any recorder or registrar of titles with whom a notice of
9 such lien is filed shall treat such lien as a State tax lien
10 for recording purposes.

11 (Source: P.A. 86-680.)

12 Section 25-25. The Title Insurance Act is amended by
13 changing Section 22 as follows:

14 (215 ILCS 155/22) (from Ch. 73, par. 1422)

15 Sec. 22. Tax indemnity; notice. A corporation authorized to
16 do business under this Act shall notify the Director of Revenue
17 of the State of Illinois, by notice directed to his office in
18 the City of Chicago, of each trust account or similar account
19 established which relates to title exceptions due to a judgment
20 lien or any other lien arising under any tax Act administered
21 by the Illinois Department of Revenue, when notice of such lien
22 has been filed with the registrar of titles or recorder or in
23 the State Tax Lien Registry, as the case may be, in the manner
24 prescribed by law. Such notice shall contain the name, address,

1 and tax identification number of the debtor, the permanent real
2 estate index numbers, if any, and the address and legal
3 description of the property, the type of lien claimed by the
4 Department and identification of any trust fund or similar
5 account held by such corporation or any agent thereof relating
6 to such lien. Any trust fund or similar account established by
7 such corporation or agent relating to any such lien shall
8 include provisions requiring such corporation or agent to apply
9 such fund in satisfaction or release of such lien upon written
10 demand therefor by the Department of Revenue.

11 (Source: P.A. 94-893, eff. 6-20-06.)

12 ARTICLE 30. GASOHOL; ETHANOL FUEL

13 Section 30-5. The Use Tax Act is amended by changing
14 Section 3-10 as follows:

15 (35 ILCS 105/3-10)

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 either the selling price or the fair market value, if any, of
19 the tangible personal property. In all cases where property
20 functionally used or consumed is the same as the property that
21 was purchased at retail, then the tax is imposed on the selling
22 price of the property. In all cases where property functionally
23 used or consumed is a by-product or waste product that has been

1 refined, manufactured, or produced from property purchased at
2 retail, then the tax is imposed on the lower of the fair market
3 value, if any, of the specific property so used in this State
4 or on the selling price of the property purchased at retail.
5 For purposes of this Section "fair market value" means the
6 price at which property would change hands between a willing
7 buyer and a willing seller, neither being under any compulsion
8 to buy or sell and both having reasonable knowledge of the
9 relevant facts. The fair market value shall be established by
10 Illinois sales by the taxpayer of the same property as that
11 functionally used or consumed, or if there are no such sales by
12 the taxpayer, then comparable sales or purchases of property of
13 like kind and character in Illinois.

14 Beginning on July 1, 2000 and through December 31, 2000,
15 with respect to motor fuel, as defined in Section 1.1 of the
16 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
17 the Use Tax Act, the tax is imposed at the rate of 1.25%.

18 Beginning on August 6, 2010 through August 15, 2010, with
19 respect to sales tax holiday items as defined in Section 3-6 of
20 this Act, the tax is imposed at the rate of 1.25%.

21 With respect to gasohol, the tax imposed by this Act
22 applies to (i) 70% of the proceeds of sales made on or after
23 January 1, 1990, and before July 1, 2003, (ii) 80% of the
24 proceeds of sales made on or after July 1, 2003 and on or
25 before July 1, 2017 ~~December 31, 2018~~, and (iii) 100% of the
26 proceeds of sales made thereafter. If, at any time, however,

1 the tax under this Act on sales of gasohol is imposed at the
2 rate of 1.25%, then the tax imposed by this Act applies to 100%
3 of the proceeds of sales of gasohol made during that time.

4 With respect to majority blended ethanol fuel, the tax
5 imposed by this Act does not apply to the proceeds of sales
6 made on or after July 1, 2003 and on or before December 31,
7 2023 ~~December 31, 2018~~ but applies to 100% of the proceeds of
8 sales made thereafter.

9 With respect to biodiesel blends with no less than 1% and
10 no more than 10% biodiesel, the tax imposed by this Act applies
11 to (i) 80% of the proceeds of sales made on or after July 1,
12 2003 and on or before December 31, 2018 and (ii) 100% of the
13 proceeds of sales made thereafter. If, at any time, however,
14 the tax under this Act on sales of biodiesel blends with no
15 less than 1% and no more than 10% biodiesel is imposed at the
16 rate of 1.25%, then the tax imposed by this Act applies to 100%
17 of the proceeds of sales of biodiesel blends with no less than
18 1% and no more than 10% biodiesel made during that time.

19 With respect to 100% biodiesel and biodiesel blends with
20 more than 10% but no more than 99% biodiesel, the tax imposed
21 by this Act does not apply to the proceeds of sales made on or
22 after July 1, 2003 and on or before December 31, 2023 ~~December~~
23 ~~31, 2018~~ but applies to 100% of the proceeds of sales made
24 thereafter.

25 With respect to food for human consumption that is to be
26 consumed off the premises where it is sold (other than

1 alcoholic beverages, soft drinks, and food that has been
2 prepared for immediate consumption) and prescription and
3 nonprescription medicines, drugs, medical appliances, products
4 classified as Class III medical devices by the United States
5 Food and Drug Administration that are used for cancer treatment
6 pursuant to a prescription, as well as any accessories and
7 components related to those devices, modifications to a motor
8 vehicle for the purpose of rendering it usable by a person with
9 a disability, and insulin, urine testing materials, syringes,
10 and needles used by diabetics, for human use, the tax is
11 imposed at the rate of 1%. For the purposes of this Section,
12 until September 1, 2009: the term "soft drinks" means any
13 complete, finished, ready-to-use, non-alcoholic drink, whether
14 carbonated or not, including but not limited to soda water,
15 cola, fruit juice, vegetable juice, carbonated water, and all
16 other preparations commonly known as soft drinks of whatever
17 kind or description that are contained in any closed or sealed
18 bottle, can, carton, or container, regardless of size; but
19 "soft drinks" does not include coffee, tea, non-carbonated
20 water, infant formula, milk or milk products as defined in the
21 Grade A Pasteurized Milk and Milk Products Act, or drinks
22 containing 50% or more natural fruit or vegetable juice.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "soft drinks" means non-alcoholic
25 beverages that contain natural or artificial sweeteners. "Soft
26 drinks" do not include beverages that contain milk or milk

1 products, soy, rice or similar milk substitutes, or greater
2 than 50% of vegetable or fruit juice by volume.

3 Until August 1, 2009, and notwithstanding any other
4 provisions of this Act, "food for human consumption that is to
5 be consumed off the premises where it is sold" includes all
6 food sold through a vending machine, except soft drinks and
7 food products that are dispensed hot from a vending machine,
8 regardless of the location of the vending machine. Beginning
9 August 1, 2009, and notwithstanding any other provisions of
10 this Act, "food for human consumption that is to be consumed
11 off the premises where it is sold" includes all food sold
12 through a vending machine, except soft drinks, candy, and food
13 products that are dispensed hot from a vending machine,
14 regardless of the location of the vending machine.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "food for human consumption that
17 is to be consumed off the premises where it is sold" does not
18 include candy. For purposes of this Section, "candy" means a
19 preparation of sugar, honey, or other natural or artificial
20 sweeteners in combination with chocolate, fruits, nuts or other
21 ingredients or flavorings in the form of bars, drops, or
22 pieces. "Candy" does not include any preparation that contains
23 flour or requires refrigeration.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "nonprescription medicines and
26 drugs" does not include grooming and hygiene products. For

1 purposes of this Section, "grooming and hygiene products"
2 includes, but is not limited to, soaps and cleaning solutions,
3 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
4 lotions and screens, unless those products are available by
5 prescription only, regardless of whether the products meet the
6 definition of "over-the-counter-drugs". For the purposes of
7 this paragraph, "over-the-counter-drug" means a drug for human
8 use that contains a label that identifies the product as a drug
9 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
10 label includes:

11 (A) A "Drug Facts" panel; or

12 (B) A statement of the "active ingredient(s)" with a
13 list of those ingredients contained in the compound,
14 substance or preparation.

15 Beginning on the effective date of this amendatory Act of
16 the 98th General Assembly, "prescription and nonprescription
17 medicines and drugs" includes medical cannabis purchased from a
18 registered dispensing organization under the Compassionate Use
19 of Medical Cannabis Pilot Program Act.

20 If the property that is purchased at retail from a retailer
21 is acquired outside Illinois and used outside Illinois before
22 being brought to Illinois for use here and is taxable under
23 this Act, the "selling price" on which the tax is computed
24 shall be reduced by an amount that represents a reasonable
25 allowance for depreciation for the period of prior out-of-state
26 use.

1 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
2 99-858, eff. 8-19-16.)

3 Section 30-10. The Service Use Tax Act is amended by
4 changing Section 3-10 as follows:

5 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

6 Sec. 3-10. Rate of tax. Unless otherwise provided in this
7 Section, the tax imposed by this Act is at the rate of 6.25% of
8 the selling price of tangible personal property transferred as
9 an incident to the sale of service, but, for the purpose of
10 computing this tax, in no event shall the selling price be less
11 than the cost price of the property to the serviceman.

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 With respect to gasohol, as defined in the Use Tax Act, the
17 tax imposed by this Act applies to (i) 70% of the selling price
18 of property transferred as an incident to the sale of service
19 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
20 of the selling price of property transferred as an incident to
21 the sale of service on or after July 1, 2003 and on or before
22 July 1, 2017 ~~December 31, 2018~~, and (iii) 100% of the selling
23 price thereafter. If, at any time, however, the tax under this
24 Act on sales of gasohol, as defined in the Use Tax Act, is

1 imposed at the rate of 1.25%, then the tax imposed by this Act
2 applies to 100% of the proceeds of sales of gasohol made during
3 that time.

4 With respect to majority blended ethanol fuel, as defined
5 in the Use Tax Act, the tax imposed by this Act does not apply
6 to the selling price of property transferred as an incident to
7 the sale of service on or after July 1, 2003 and on or before
8 December 31, 2023 ~~December 31, 2018~~ but applies to 100% of the
9 selling price thereafter.

10 With respect to biodiesel blends, as defined in the Use Tax
11 Act, with no less than 1% and no more than 10% biodiesel, the
12 tax imposed by this Act applies to (i) 80% of the selling price
13 of property transferred as an incident to the sale of service
14 on or after July 1, 2003 and on or before December 31, 2018 and
15 (ii) 100% of the proceeds of the selling price thereafter. If,
16 at any time, however, the tax under this Act on sales of
17 biodiesel blends, as defined in the Use Tax Act, with no less
18 than 1% and no more than 10% biodiesel is imposed at the rate
19 of 1.25%, then the tax imposed by this Act applies to 100% of
20 the proceeds of sales of biodiesel blends with no less than 1%
21 and no more than 10% biodiesel made during that time.

22 With respect to 100% biodiesel, as defined in the Use Tax
23 Act, and biodiesel blends, as defined in the Use Tax Act, with
24 more than 10% but no more than 99% biodiesel, the tax imposed
25 by this Act does not apply to the proceeds of the selling price
26 of property transferred as an incident to the sale of service

1 on or after July 1, 2003 and on or before December 31, 2023
2 ~~December 31, 2018~~ but applies to 100% of the selling price
3 thereafter.

4 At the election of any registered serviceman made for each
5 fiscal year, sales of service in which the aggregate annual
6 cost price of tangible personal property transferred as an
7 incident to the sales of service is less than 35%, or 75% in
8 the case of servicemen transferring prescription drugs or
9 servicemen engaged in graphic arts production, of the aggregate
10 annual total gross receipts from all sales of service, the tax
11 imposed by this Act shall be based on the serviceman's cost
12 price of the tangible personal property transferred as an
13 incident to the sale of those services.

14 The tax shall be imposed at the rate of 1% on food prepared
15 for immediate consumption and transferred incident to a sale of
16 service subject to this Act or the Service Occupation Tax Act
17 by an entity licensed under the Hospital Licensing Act, the
18 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
19 Act, the Specialized Mental Health Rehabilitation Act of 2013,
20 or the Child Care Act of 1969. The tax shall also be imposed at
21 the rate of 1% on food for human consumption that is to be
22 consumed off the premises where it is sold (other than
23 alcoholic beverages, soft drinks, and food that has been
24 prepared for immediate consumption and is not otherwise
25 included in this paragraph) and prescription and
26 nonprescription medicines, drugs, medical appliances, products

1 classified as Class III medical devices by the United States
2 Food and Drug Administration that are used for cancer treatment
3 pursuant to a prescription, as well as any accessories and
4 components related to those devices, modifications to a motor
5 vehicle for the purpose of rendering it usable by a person with
6 a disability, and insulin, urine testing materials, syringes,
7 and needles used by diabetics, for human use. For the purposes
8 of this Section, until September 1, 2009: the term "soft
9 drinks" means any complete, finished, ready-to-use,
10 non-alcoholic drink, whether carbonated or not, including but
11 not limited to soda water, cola, fruit juice, vegetable juice,
12 carbonated water, and all other preparations commonly known as
13 soft drinks of whatever kind or description that are contained
14 in any closed or sealed bottle, can, carton, or container,
15 regardless of size; but "soft drinks" does not include coffee,
16 tea, non-carbonated water, infant formula, milk or milk
17 products as defined in the Grade A Pasteurized Milk and Milk
18 Products Act, or drinks containing 50% or more natural fruit or
19 vegetable juice.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "soft drinks" means non-alcoholic
22 beverages that contain natural or artificial sweeteners. "Soft
23 drinks" do not include beverages that contain milk or milk
24 products, soy, rice or similar milk substitutes, or greater
25 than 50% of vegetable or fruit juice by volume.

26 Until August 1, 2009, and notwithstanding any other

1 provisions of this Act, "food for human consumption that is to
2 be consumed off the premises where it is sold" includes all
3 food sold through a vending machine, except soft drinks and
4 food products that are dispensed hot from a vending machine,
5 regardless of the location of the vending machine. Beginning
6 August 1, 2009, and notwithstanding any other provisions of
7 this Act, "food for human consumption that is to be consumed
8 off the premises where it is sold" includes all food sold
9 through a vending machine, except soft drinks, candy, and food
10 products that are dispensed hot from a vending machine,
11 regardless of the location of the vending machine.

12 Notwithstanding any other provisions of this Act,
13 beginning September 1, 2009, "food for human consumption that
14 is to be consumed off the premises where it is sold" does not
15 include candy. For purposes of this Section, "candy" means a
16 preparation of sugar, honey, or other natural or artificial
17 sweeteners in combination with chocolate, fruits, nuts or other
18 ingredients or flavorings in the form of bars, drops, or
19 pieces. "Candy" does not include any preparation that contains
20 flour or requires refrigeration.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "nonprescription medicines and
23 drugs" does not include grooming and hygiene products. For
24 purposes of this Section, "grooming and hygiene products"
25 includes, but is not limited to, soaps and cleaning solutions,
26 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan

1 lotions and screens, unless those products are available by
2 prescription only, regardless of whether the products meet the
3 definition of "over-the-counter-drugs". For the purposes of
4 this paragraph, "over-the-counter-drug" means a drug for human
5 use that contains a label that identifies the product as a drug
6 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
7 label includes:

8 (A) A "Drug Facts" panel; or

9 (B) A statement of the "active ingredient(s)" with a
10 list of those ingredients contained in the compound,
11 substance or preparation.

12 Beginning on January 1, 2014 (the effective date of Public
13 Act 98-122), "prescription and nonprescription medicines and
14 drugs" includes medical cannabis purchased from a registered
15 dispensing organization under the Compassionate Use of Medical
16 Cannabis Pilot Program Act.

17 If the property that is acquired from a serviceman is
18 acquired outside Illinois and used outside Illinois before
19 being brought to Illinois for use here and is taxable under
20 this Act, the "selling price" on which the tax is computed
21 shall be reduced by an amount that represents a reasonable
22 allowance for depreciation for the period of prior out-of-state
23 use.

24 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
25 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
26 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

1 Section 30-15. The Service Occupation Tax Act is amended by
2 changing Section 3-10 as follows:

3 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

4 Sec. 3-10. Rate of tax. Unless otherwise provided in this
5 Section, the tax imposed by this Act is at the rate of 6.25% of
6 the "selling price", as defined in Section 2 of the Service Use
7 Tax Act, of the tangible personal property. For the purpose of
8 computing this tax, in no event shall the "selling price" be
9 less than the cost price to the serviceman of the tangible
10 personal property transferred. The selling price of each item
11 of tangible personal property transferred as an incident of a
12 sale of service may be shown as a distinct and separate item on
13 the serviceman's billing to the service customer. If the
14 selling price is not so shown, the selling price of the
15 tangible personal property is deemed to be 50% of the
16 serviceman's entire billing to the service customer. When,
17 however, a serviceman contracts to design, develop, and produce
18 special order machinery or equipment, the tax imposed by this
19 Act shall be based on the serviceman's cost price of the
20 tangible personal property transferred incident to the
21 completion of the contract.

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
24 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of

1 the Use Tax Act, the tax is imposed at the rate of 1.25%.

2 With respect to gasohol, as defined in the Use Tax Act, the
3 tax imposed by this Act shall apply to (i) 70% of the cost
4 price of property transferred as an incident to the sale of
5 service on or after January 1, 1990, and before July 1, 2003,
6 (ii) 80% of the selling price of property transferred as an
7 incident to the sale of service on or after July 1, 2003 and on
8 or before July 1, 2017 ~~December 31, 2018~~, and (iii) 100% of the
9 cost price thereafter. If, at any time, however, the tax under
10 this Act on sales of gasohol, as defined in the Use Tax Act, is
11 imposed at the rate of 1.25%, then the tax imposed by this Act
12 applies to 100% of the proceeds of sales of gasohol made during
13 that time.

14 With respect to majority blended ethanol fuel, as defined
15 in the Use Tax Act, the tax imposed by this Act does not apply
16 to the selling price of property transferred as an incident to
17 the sale of service on or after July 1, 2003 and on or before
18 December 31, 2023 ~~December 31, 2018~~ but applies to 100% of the
19 selling price thereafter.

20 With respect to biodiesel blends, as defined in the Use Tax
21 Act, with no less than 1% and no more than 10% biodiesel, the
22 tax imposed by this Act applies to (i) 80% of the selling price
23 of property transferred as an incident to the sale of service
24 on or after July 1, 2003 and on or before December 31, 2018 and
25 (ii) 100% of the proceeds of the selling price thereafter. If,
26 at any time, however, the tax under this Act on sales of

1 biodiesel blends, as defined in the Use Tax Act, with no less
2 than 1% and no more than 10% biodiesel is imposed at the rate
3 of 1.25%, then the tax imposed by this Act applies to 100% of
4 the proceeds of sales of biodiesel blends with no less than 1%
5 and no more than 10% biodiesel made during that time.

6 With respect to 100% biodiesel, as defined in the Use Tax
7 Act, and biodiesel blends, as defined in the Use Tax Act, with
8 more than 10% but no more than 99% biodiesel material, the tax
9 imposed by this Act does not apply to the proceeds of the
10 selling price of property transferred as an incident to the
11 sale of service on or after July 1, 2003 and on or before
12 December 31, 2023 ~~December 31, 2019~~ but applies to 100% of the
13 selling price thereafter.

14 At the election of any registered serviceman made for each
15 fiscal year, sales of service in which the aggregate annual
16 cost price of tangible personal property transferred as an
17 incident to the sales of service is less than 35%, or 75% in
18 the case of servicemen transferring prescription drugs or
19 servicemen engaged in graphic arts production, of the aggregate
20 annual total gross receipts from all sales of service, the tax
21 imposed by this Act shall be based on the serviceman's cost
22 price of the tangible personal property transferred incident to
23 the sale of those services.

24 The tax shall be imposed at the rate of 1% on food prepared
25 for immediate consumption and transferred incident to a sale of
26 service subject to this Act or the Service Occupation Tax Act

1 by an entity licensed under the Hospital Licensing Act, the
2 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
3 Act, the Specialized Mental Health Rehabilitation Act of 2013,
4 or the Child Care Act of 1969. The tax shall also be imposed at
5 the rate of 1% on 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 is not otherwise
9 included in this paragraph) and prescription and
10 nonprescription medicines, drugs, medical appliances, products
11 classified as Class III medical devices by the United States
12 Food and Drug Administration that are used for cancer treatment
13 pursuant to a prescription, as well as any accessories and
14 components related to those devices, modifications to a motor
15 vehicle for the purpose of rendering it usable by a person with
16 a disability, and insulin, urine testing materials, syringes,
17 and needles used by diabetics, for human use. For the purposes
18 of this Section, until September 1, 2009: the term "soft
19 drinks" means any complete, finished, ready-to-use,
20 non-alcoholic drink, whether carbonated or not, including but
21 not limited to soda water, cola, fruit juice, vegetable juice,
22 carbonated water, and all other preparations commonly known as
23 soft drinks of whatever kind or description that are contained
24 in any closed or sealed can, carton, or container, regardless
25 of size; but "soft drinks" does not include coffee, tea,
26 non-carbonated water, infant formula, milk or milk products as

1 defined in the Grade A Pasteurized Milk and Milk Products Act,
2 or drinks containing 50% or more natural fruit or vegetable
3 juice.

4 Notwithstanding any other provisions of this Act,
5 beginning September 1, 2009, "soft drinks" means non-alcoholic
6 beverages that contain natural or artificial sweeteners. "Soft
7 drinks" do not include beverages that contain milk or milk
8 products, soy, rice or similar milk substitutes, or greater
9 than 50% of vegetable or fruit juice by volume.

10 Until August 1, 2009, and notwithstanding any other
11 provisions of this Act, "food for human consumption that is to
12 be consumed off the premises where it is sold" includes all
13 food sold through a vending machine, except soft drinks and
14 food products that are dispensed hot from a vending machine,
15 regardless of the location of the vending machine. Beginning
16 August 1, 2009, and notwithstanding any other provisions of
17 this Act, "food for human consumption that is to be consumed
18 off the premises where it is sold" includes all food sold
19 through a vending machine, except soft drinks, candy, and food
20 products that are dispensed hot from a vending machine,
21 regardless of the location of the vending machine.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "food for human consumption that
24 is to be consumed off the premises where it is sold" does not
25 include candy. For purposes of this Section, "candy" means a
26 preparation of sugar, honey, or other natural or artificial

1 sweeteners in combination with chocolate, fruits, nuts or other
2 ingredients or flavorings in the form of bars, drops, or
3 pieces. "Candy" does not include any preparation that contains
4 flour or requires refrigeration.

5 Notwithstanding any other provisions of this Act,
6 beginning September 1, 2009, "nonprescription medicines and
7 drugs" does not include grooming and hygiene products. For
8 purposes of this Section, "grooming and hygiene products"
9 includes, but is not limited to, soaps and cleaning solutions,
10 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
11 lotions and screens, unless those products are available by
12 prescription only, regardless of whether the products meet the
13 definition of "over-the-counter-drugs". For the purposes of
14 this paragraph, "over-the-counter-drug" means a drug for human
15 use that contains a label that identifies the product as a drug
16 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
17 label includes:

18 (A) A "Drug Facts" panel; or

19 (B) A statement of the "active ingredient(s)" with a
20 list of those ingredients contained in the compound,
21 substance or preparation.

22 Beginning on January 1, 2014 (the effective date of Public
23 Act 98-122), "prescription and nonprescription medicines and
24 drugs" includes medical cannabis purchased from a registered
25 dispensing organization under the Compassionate Use of Medical
26 Cannabis Pilot Program Act.

1 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
2 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
3 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

4 Section 30-20. The Retailers' Occupation Tax Act is amended
5 by changing Section 2-10 as follows:

6 (35 ILCS 120/2-10)

7 Sec. 2-10. Rate of tax. Unless otherwise provided in this
8 Section, the tax imposed by this Act is at the rate of 6.25% of
9 gross receipts from sales of tangible personal property made in
10 the course of business.

11 Beginning on July 1, 2000 and through December 31, 2000,
12 with respect to motor fuel, as defined in Section 1.1 of the
13 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
14 the Use Tax Act, the tax is imposed at the rate of 1.25%.

15 Beginning on August 6, 2010 through August 15, 2010, with
16 respect to sales tax holiday items as defined in Section 2-8 of
17 this Act, the tax is imposed at the rate of 1.25%.

18 Within 14 days after the effective date of this amendatory
19 Act of the 91st General Assembly, each retailer of motor fuel
20 and gasohol shall cause the following notice to be posted in a
21 prominently visible place on each retail dispensing device that
22 is used to dispense motor fuel or gasohol in the State of
23 Illinois: "As of July 1, 2000, the State of Illinois has
24 eliminated the State's share of sales tax on motor fuel and

1 gasohol through December 31, 2000. The price on this pump
2 should reflect the elimination of the tax." The notice shall be
3 printed in bold print on a sign that is no smaller than 4
4 inches by 8 inches. The sign shall be clearly visible to
5 customers. Any retailer who fails to post or maintain a
6 required sign through December 31, 2000 is guilty of a petty
7 offense for which the fine shall be \$500 per day per each
8 retail premises where a violation occurs.

9 With respect to gasohol, as defined in the Use Tax Act, the
10 tax imposed by this Act applies to (i) 70% of the proceeds of
11 sales made on or after January 1, 1990, and before July 1,
12 2003, (ii) 80% of the proceeds of sales made on or after July
13 1, 2003 and on or before July 1, 2017 ~~December 31, 2018~~, and
14 (iii) 100% of the proceeds of sales made thereafter. If, at any
15 time, however, the tax under this Act on sales of gasohol, as
16 defined in the Use Tax Act, is imposed at the rate of 1.25%,
17 then the tax imposed by this Act applies to 100% of the
18 proceeds of sales of gasohol made during that 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 proceeds of sales made on or after July 1, 2003 and on or
22 before December 31, 2023 ~~December 31, 2018~~ but applies to 100%
23 of the proceeds of sales made thereafter.

24 With respect to biodiesel blends, as defined in the Use Tax
25 Act, with no less than 1% and no more than 10% biodiesel, the
26 tax imposed by this Act applies to (i) 80% of the proceeds of

1 sales made on or after July 1, 2003 and on or before December
2 31, 2018 and (ii) 100% of the proceeds of sales made
3 thereafter. If, at any time, however, the tax under this Act on
4 sales of biodiesel blends, as defined in the Use Tax Act, with
5 no less than 1% and no more than 10% biodiesel is imposed at
6 the rate of 1.25%, then the tax imposed by this Act applies to
7 100% of the proceeds of sales of biodiesel blends with no less
8 than 1% and no more than 10% biodiesel made during that time.

9 With respect to 100% biodiesel, as defined in the Use Tax
10 Act, and biodiesel blends, as defined in the Use Tax Act, with
11 more than 10% but no more than 99% biodiesel, the tax imposed
12 by this Act does not apply to the proceeds of sales made on or
13 after July 1, 2003 and on or before December 31, 2023 ~~December~~
14 ~~31, 2018~~ but applies to 100% of the proceeds of sales made
15 thereafter.

16 With respect to 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 prescription and
20 nonprescription medicines, drugs, medical appliances, products
21 classified as Class III medical devices by the United States
22 Food and Drug Administration that are used for cancer treatment
23 pursuant to a prescription, as well as any accessories and
24 components related to those devices, modifications to a motor
25 vehicle for the purpose of rendering it usable by a person with
26 a disability, and insulin, urine testing materials, syringes,

1 and needles used by diabetics, for human use, the tax is
2 imposed at the rate of 1%. For the purposes of this Section,
3 until September 1, 2009: the term "soft drinks" means any
4 complete, finished, ready-to-use, non-alcoholic drink, whether
5 carbonated or not, including but not limited to soda water,
6 cola, fruit juice, vegetable juice, carbonated water, and all
7 other preparations commonly known as soft drinks of whatever
8 kind or description that are contained in any closed or sealed
9 bottle, can, carton, or container, regardless of size; but
10 "soft drinks" does not include coffee, tea, non-carbonated
11 water, infant formula, milk or milk products as defined in the
12 Grade A Pasteurized Milk and Milk Products Act, or drinks
13 containing 50% or more natural fruit or vegetable juice.

14 Notwithstanding any other provisions of this Act,
15 beginning September 1, 2009, "soft drinks" means non-alcoholic
16 beverages that contain natural or artificial sweeteners. "Soft
17 drinks" do not include beverages that contain milk or milk
18 products, soy, rice or similar milk substitutes, or greater
19 than 50% of vegetable or fruit juice by volume.

20 Until August 1, 2009, and notwithstanding any other
21 provisions of this Act, "food for human consumption that is to
22 be consumed off the premises where it is sold" includes all
23 food sold through a vending machine, except soft drinks and
24 food products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine. Beginning
26 August 1, 2009, and notwithstanding any other provisions of

1 this Act, "food for human consumption that is to be consumed
2 off the premises where it is sold" includes all food sold
3 through a vending machine, except soft drinks, candy, and food
4 products that are dispensed hot from a vending machine,
5 regardless of the location of the vending machine.

6 Notwithstanding any other provisions of this Act,
7 beginning September 1, 2009, "food for human consumption that
8 is to be consumed off the premises where it is sold" does not
9 include candy. For purposes of this Section, "candy" means a
10 preparation of sugar, honey, or other natural or artificial
11 sweeteners in combination with chocolate, fruits, nuts or other
12 ingredients or flavorings in the form of bars, drops, or
13 pieces. "Candy" does not include any preparation that contains
14 flour or requires refrigeration.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "nonprescription medicines and
17 drugs" does not include grooming and hygiene products. For
18 purposes of this Section, "grooming and hygiene products"
19 includes, but is not limited to, soaps and cleaning solutions,
20 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
21 lotions and screens, unless those products are available by
22 prescription only, regardless of whether the products meet the
23 definition of "over-the-counter-drugs". For the purposes of
24 this paragraph, "over-the-counter-drug" means a drug for human
25 use that contains a label that identifies the product as a drug
26 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"

1 label includes:

2 (A) A "Drug Facts" panel; or

3 (B) A statement of the "active ingredient(s)" with a
4 list of those ingredients contained in the compound,
5 substance or preparation.

6 Beginning on the effective date of this amendatory Act of
7 the 98th General Assembly, "prescription and nonprescription
8 medicines and drugs" includes medical cannabis purchased from a
9 registered dispensing organization under the Compassionate Use
10 of Medical Cannabis Pilot Program Act.

11 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
12 99-858, eff. 8-19-16.)

13 ARTICLE 35. GRAPHIC ARTS

14 Section 35-5. The Use Tax Act is amended by changing
15 Sections 3-5 and 3-50 as follows:

16 (35 ILCS 105/3-5)

17 Sec. 3-5. Exemptions. Use of the following tangible
18 personal property is exempt from the tax imposed by this Act:

19 (1) Personal property purchased from a corporation,
20 society, association, foundation, institution, or
21 organization, other than a limited liability company, that is
22 organized and operated as a not-for-profit service enterprise
23 for the benefit of persons 65 years of age or older if the

1 personal property was not purchased by the enterprise for the
2 purpose of resale by the enterprise.

3 (2) Personal property purchased by a not-for-profit
4 Illinois county fair association for use in conducting,
5 operating, or promoting the county fair.

6 (3) Personal property purchased by a not-for-profit arts or
7 cultural organization that establishes, by proof required by
8 the Department by rule, that it has received an exemption under
9 Section 501(c)(3) of the Internal Revenue Code and that is
10 organized and operated primarily for the presentation or
11 support of arts or cultural programming, activities, or
12 services. These organizations include, but are not limited to,
13 music and dramatic arts organizations such as symphony
14 orchestras and theatrical groups, arts and cultural service
15 organizations, local arts councils, visual arts organizations,
16 and media arts organizations. On and after the effective date
17 of this amendatory Act of the 92nd General Assembly, however,
18 an entity otherwise eligible for this exemption shall not make
19 tax-free purchases unless it has an active identification
20 number issued by the Department.

21 (4) Personal property purchased by a governmental body, by
22 a corporation, society, association, foundation, or
23 institution organized and operated exclusively for charitable,
24 religious, or educational purposes, or by a not-for-profit
25 corporation, society, association, foundation, institution, or
26 organization that has no compensated officers or employees and

1 that is organized and operated primarily for the recreation of
2 persons 55 years of age or older. A limited liability company
3 may 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 exemption
8 identification number issued by the Department.

9 (5) Until July 1, 2003, a passenger car that is a
10 replacement vehicle to the extent that the purchase price of
11 the car is subject to the Replacement Vehicle Tax.

12 (6) Until July 1, 2003 and beginning again on September 1,
13 2004 through August 30, 2014, graphic arts machinery and
14 equipment, including repair and replacement parts, both new and
15 used, and including that manufactured on special order,
16 certified by the purchaser to be used primarily for graphic
17 arts production, and including machinery and equipment
18 purchased for lease. Equipment includes chemicals or chemicals
19 acting as catalysts but only if the chemicals or chemicals
20 acting as catalysts effect a direct and immediate change upon a
21 graphic arts product. Beginning on July 1, 2017, graphic arts
22 machinery and equipment is included in the manufacturing and
23 assembling machinery and equipment exemption under paragraph
24 (18).

25 (7) Farm chemicals.

26 (8) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

4 (9) Personal property purchased from a teacher-sponsored
5 student organization affiliated with an elementary or
6 secondary school located in Illinois.

7 (10) A motor vehicle that is used for automobile renting,
8 as defined in the Automobile Renting Occupation and Use Tax
9 Act.

10 (11) 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 (11). Agricultural chemical tender tanks and dry
25 boxes shall include units sold separately from a motor vehicle
26 required to be licensed and units sold mounted on a motor

1 vehicle required to be licensed if the selling price of the
2 tender is separately stated.

3 Farm machinery and equipment shall include precision
4 farming equipment that is installed or purchased to be
5 installed on farm machinery and equipment including, but not
6 limited to, tractors, harvesters, sprayers, planters, seeders,
7 or spreaders. Precision farming equipment includes, but is not
8 limited to, soil testing sensors, computers, monitors,
9 software, global positioning and mapping systems, and other
10 such equipment.

11 Farm machinery and equipment also includes computers,
12 sensors, software, and related equipment used primarily in the
13 computer-assisted operation of production agriculture
14 facilities, equipment, and activities such as, but not limited
15 to, the collection, monitoring, and correlation of animal and
16 crop data for the purpose of formulating animal diets and
17 agricultural chemicals. This item (11) is exempt from the
18 provisions of Section 3-90.

19 (12) Until June 30, 2013, fuel and petroleum products sold
20 to or used by an air common carrier, certified by the carrier
21 to be used for consumption, shipment, or storage in the conduct
22 of its business as an air common carrier, for a flight destined
23 for or returning from a location or locations outside the
24 United States without regard to previous or subsequent domestic
25 stopovers.

26 Beginning July 1, 2013, fuel and petroleum products sold to

1 or used by an air carrier, certified by the carrier to be used
2 for consumption, shipment, or storage in the conduct of its
3 business as an air common carrier, for a flight that (i) is
4 engaged in foreign trade or is engaged in trade between the
5 United States and any of its possessions and (ii) transports at
6 least one individual or package for hire from the city of
7 origination to the city of final destination on the same
8 aircraft, without regard to a change in the flight number of
9 that aircraft.

10 (13) Proceeds of mandatory service charges separately
11 stated on customers' bills for the purchase and consumption of
12 food and beverages purchased at retail from a retailer, to the
13 extent that the proceeds of the service charge are in fact
14 turned over as tips or as a substitute for tips to the
15 employees who participate directly in preparing, serving,
16 hosting or cleaning up the food or beverage function with
17 respect to which the service charge is imposed.

18 (14) Until July 1, 2003, oil field exploration, drilling,
19 and production equipment, including (i) rigs and parts of rigs,
20 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
21 tubular goods, including casing and drill strings, (iii) pumps
22 and pump-jack units, (iv) storage tanks and flow lines, (v) any
23 individual replacement part for oil field exploration,
24 drilling, and production equipment, and (vi) machinery and
25 equipment purchased for lease; but excluding motor vehicles
26 required to be registered under the Illinois Vehicle Code.

1 (15) Photoprocessing machinery and equipment, including
2 repair and replacement parts, both new and used, including that
3 manufactured on special order, certified by the purchaser to be
4 used primarily for photoprocessing, and including
5 photoprocessing machinery and equipment purchased for lease.

6 (16) Coal and aggregate exploration, mining, off-highway
7 hauling, processing, maintenance, and reclamation equipment,
8 including replacement parts and equipment, and including
9 equipment purchased for lease, but excluding motor vehicles
10 required to be registered under the Illinois Vehicle Code. The
11 changes made to this Section by Public Act 97-767 apply on and
12 after July 1, 2003, but no claim for credit or refund is
13 allowed on or after August 16, 2013 (the effective date of
14 Public Act 98-456) for such taxes paid during the period
15 beginning July 1, 2003 and ending on August 16, 2013 (the
16 effective date of Public Act 98-456).

17 (17) Until July 1, 2003, distillation machinery and
18 equipment, sold as a unit or kit, assembled or installed by the
19 retailer, certified by the user to be used only for the
20 production of ethyl alcohol that will be used for consumption
21 as motor fuel or as a component of motor fuel for the personal
22 use of the user, and not subject to sale or resale.

23 (18) Manufacturing and assembling machinery and equipment
24 used primarily in the process of manufacturing or assembling
25 tangible personal property for wholesale or retail sale or
26 lease, whether that sale or lease is made directly by the

1 manufacturer or by some other person, whether the materials
2 used in the process are owned by the manufacturer or some other
3 person, or whether that sale or lease is made apart from or as
4 an incident to the seller's engaging in the service occupation
5 of producing machines, tools, dies, jigs, patterns, gauges, or
6 other similar items of no commercial value on special order for
7 a particular purchaser. The exemption provided by this
8 paragraph (18) does not include machinery and equipment used in
9 (i) the generation of electricity for wholesale or retail sale;
10 (ii) the generation or treatment of natural or artificial gas
11 for wholesale or retail sale that is delivered to customers
12 through pipes, pipelines, or mains; or (iii) the treatment of
13 water for wholesale or retail sale that is delivered to
14 customers through pipes, pipelines, or mains. The provisions of
15 Public Act 98-583 are declaratory of existing law as to the
16 meaning and scope of this exemption. Beginning on July 1, 2017,
17 the exemption provided by this paragraph (18) includes, but is
18 not limited to, graphic arts machinery and equipment, as
19 defined in paragraph (6) of this Section.

20 (19) Personal property delivered to a purchaser or
21 purchaser's donee inside Illinois when the purchase order for
22 that personal property was received by a florist located
23 outside Illinois who has a florist located inside Illinois
24 deliver the personal property.

25 (20) Semen used for artificial insemination of livestock
26 for direct agricultural production.

1 (21) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes. This item (21) is exempt from the provisions
7 of Section 3-90, and the exemption provided for under this item
8 (21) applies for all periods beginning May 30, 1995, but no
9 claim for credit or refund is allowed on or after January 1,
10 2008 for such taxes paid during the period beginning May 30,
11 2000 and ending on January 1, 2008.

12 (22) Computers and communications equipment utilized for
13 any hospital purpose and equipment used in the diagnosis,
14 analysis, or treatment of hospital patients purchased by a
15 lessor who leases the equipment, under a lease of one year or
16 longer executed or in effect at the time the lessor would
17 otherwise be subject to the tax imposed by this Act, to a
18 hospital that has been issued an active tax exemption
19 identification number by the Department under Section 1g of the
20 Retailers' Occupation Tax Act. If the equipment is leased in a
21 manner that does not qualify for this exemption or is used in
22 any other non-exempt manner, the lessor shall be liable for the
23 tax imposed under this Act or the Service Use Tax Act, as the
24 case may be, based on the fair market value of the property at
25 the time the non-qualifying use occurs. No lessor shall collect
26 or attempt to collect an amount (however designated) that

1 purports to reimburse that lessor for the tax imposed by this
2 Act or the Service Use Tax Act, as the case may be, if the tax
3 has not been paid by the lessor. If a lessor improperly
4 collects any such amount from the lessee, the lessee shall have
5 a legal right to claim a refund of that amount from the lessor.
6 If, however, that amount is not refunded to the lessee for any
7 reason, the lessor is liable to pay that amount to the
8 Department.

9 (23) Personal property purchased by a lessor who leases the
10 property, under a lease of one year or longer executed or in
11 effect at the time the lessor would otherwise be subject to the
12 tax imposed by this Act, to a governmental body that has been
13 issued an active sales tax exemption identification number by
14 the Department under Section 1g of the Retailers' Occupation
15 Tax Act. If the property is leased in a manner that does not
16 qualify for this exemption or used in any other non-exempt
17 manner, the lessor shall be liable for the tax imposed under
18 this Act or the Service Use Tax Act, as the case may be, based
19 on the fair market value of the property at the time the
20 non-qualifying use occurs. No lessor shall collect or attempt
21 to collect an amount (however designated) that purports to
22 reimburse that lessor for the tax imposed by this Act or the
23 Service Use Tax Act, as the case may be, if the tax has not been
24 paid by the lessor. If a lessor improperly collects any such
25 amount from the lessee, the lessee shall have a legal right to
26 claim a refund of that amount from the lessor. If, however,

1 that amount is not refunded to the lessee for any reason, the
2 lessor is liable to pay that amount to the Department.

3 (24) Beginning with taxable years ending on or after
4 December 31, 1995 and ending with taxable years ending on or
5 before December 31, 2004, personal property that is donated for
6 disaster relief to be used in a State or federally declared
7 disaster area in Illinois or bordering Illinois by a
8 manufacturer or retailer that is registered in this State to a
9 corporation, society, association, foundation, or institution
10 that has been issued a sales tax exemption identification
11 number by the Department that assists victims of the disaster
12 who reside within the declared disaster area.

13 (25) Beginning with taxable years ending on or after
14 December 31, 1995 and ending with taxable years ending on or
15 before December 31, 2004, personal property that is used in the
16 performance of infrastructure repairs in this State, including
17 but not limited to municipal roads and streets, access roads,
18 bridges, sidewalks, waste disposal systems, water and sewer
19 line extensions, water distribution and purification
20 facilities, storm water drainage and retention facilities, and
21 sewage treatment facilities, resulting from a State or
22 federally declared disaster in Illinois or bordering Illinois
23 when such repairs are initiated on facilities located in the
24 declared disaster area within 6 months after the disaster.

25 (26) Beginning July 1, 1999, game or game birds purchased
26 at a "game breeding and hunting preserve area" as that term is

1 used in the Wildlife Code. This paragraph is exempt from the
2 provisions of Section 3-90.

3 (27) A motor vehicle, as that term is defined in Section
4 1-146 of the Illinois Vehicle Code, that is donated to a
5 corporation, limited liability company, society, association,
6 foundation, or institution that is determined by the Department
7 to be organized and operated exclusively for educational
8 purposes. For purposes of this exemption, "a corporation,
9 limited liability company, society, association, foundation,
10 or institution organized and operated exclusively for
11 educational purposes" means all tax-supported public schools,
12 private schools that offer systematic instruction in useful
13 branches of learning by methods common to public schools and
14 that compare favorably in their scope and intensity with the
15 course of study presented in tax-supported schools, and
16 vocational or technical schools or institutes organized and
17 operated exclusively to provide a course of study of not less
18 than 6 weeks duration and designed to prepare individuals to
19 follow a trade or to pursue a manual, technical, mechanical,
20 industrial, business, or commercial occupation.

21 (28) Beginning January 1, 2000, personal property,
22 including food, purchased through fundraising events for the
23 benefit of a public or private elementary or secondary school,
24 a group of those schools, or one or more school districts if
25 the events are sponsored by an entity recognized by the school
26 district that consists primarily of volunteers and includes

1 parents and teachers of the school children. This paragraph
2 does not apply to fundraising events (i) for the benefit of
3 private home instruction or (ii) for which the fundraising
4 entity purchases the personal property sold at the events from
5 another individual or entity that sold the property for the
6 purpose of resale by the fundraising entity and that profits
7 from the sale to the fundraising entity. This paragraph is
8 exempt from the provisions of Section 3-90.

9 (29) Beginning January 1, 2000 and through December 31,
10 2001, new or used automatic vending machines that prepare and
11 serve hot food and beverages, including coffee, soup, and other
12 items, and replacement parts for these machines. Beginning
13 January 1, 2002 and through June 30, 2003, machines and parts
14 for machines used in commercial, coin-operated amusement and
15 vending business if a use or occupation tax is paid on the
16 gross receipts derived from the use of the commercial,
17 coin-operated amusement and vending machines. This paragraph
18 is exempt from the provisions of Section 3-90.

19 (30) Beginning January 1, 2001 and through June 30, 2016,
20 food for human consumption that is to be consumed off the
21 premises where it is sold (other than alcoholic beverages, soft
22 drinks, and food that has been prepared for immediate
23 consumption) and prescription and nonprescription medicines,
24 drugs, medical appliances, and insulin, urine testing
25 materials, syringes, and needles used by diabetics, for human
26 use, when purchased for use by a person receiving medical

1 assistance under Article V of the Illinois Public Aid Code who
2 resides in a licensed long-term care facility, as defined in
3 the Nursing Home Care Act, or in a licensed facility as defined
4 in the ID/DD Community Care Act, the MC/DD Act, or the
5 Specialized Mental Health Rehabilitation Act of 2013.

6 (31) Beginning on the effective date of this amendatory Act
7 of the 92nd General Assembly, computers and communications
8 equipment utilized for any hospital purpose and equipment used
9 in the diagnosis, analysis, or treatment of hospital patients
10 purchased by a lessor who leases the equipment, under a lease
11 of one year or longer executed or in effect at the time the
12 lessor would otherwise be subject to the tax imposed by this
13 Act, to a 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. If the equipment is leased in a
16 manner that does not qualify for this exemption or is used in
17 any other nonexempt manner, the lessor shall be liable for the
18 tax imposed under this Act or the Service Use Tax Act, as the
19 case may be, based on the fair market value of the property at
20 the time the nonqualifying use occurs. No lessor shall collect
21 or attempt to collect an amount (however designated) that
22 purports to reimburse that lessor for the tax imposed by this
23 Act or the Service Use Tax Act, as the case may be, if the tax
24 has not been paid by the lessor. If a lessor improperly
25 collects any such amount from the lessee, the lessee shall have
26 a legal right to claim a refund of that amount from the lessor.

1 If, however, that amount is not refunded to the lessee for any
2 reason, the lessor is liable to pay that amount to the
3 Department. This paragraph is exempt from the provisions of
4 Section 3-90.

5 (32) Beginning on the effective date of this amendatory Act
6 of the 92nd General Assembly, personal property purchased by a
7 lessor who leases the property, under a lease of one year or
8 longer executed or in effect at the time the lessor would
9 otherwise be subject to the tax imposed by this Act, to a
10 governmental body that has been issued an active sales tax
11 exemption identification number by the Department under
12 Section 1g of the Retailers' Occupation Tax Act. If the
13 property is leased in a manner that does not qualify for this
14 exemption or used in any other nonexempt manner, the lessor
15 shall be liable for the tax imposed under this Act or the
16 Service Use Tax Act, as the case may be, based on the fair
17 market value of the property at the time the nonqualifying use
18 occurs. No lessor shall collect or attempt to collect an amount
19 (however designated) that purports to reimburse that lessor for
20 the tax imposed by this Act or the Service Use Tax Act, as the
21 case may be, if the tax has not been paid by the lessor. If a
22 lessor improperly collects any such amount from the lessee, the
23 lessee shall have a legal right to claim a refund of that
24 amount from the lessor. If, however, that amount is not
25 refunded to the lessee for any reason, the lessor is liable to
26 pay that amount to the Department. This paragraph is exempt

1 from the provisions of Section 3-90.

2 (33) On and after July 1, 2003 and through June 30, 2004,
3 the use in this State of motor vehicles of the second division
4 with a gross vehicle weight in excess of 8,000 pounds and that
5 are subject to the commercial distribution fee imposed under
6 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
7 1, 2004 and through June 30, 2005, the use in this State of
8 motor vehicles of the second division: (i) with a gross vehicle
9 weight rating in excess of 8,000 pounds; (ii) that are subject
10 to the commercial distribution fee imposed under Section
11 3-815.1 of the Illinois Vehicle Code; and (iii) that are
12 primarily used for commercial purposes. Through June 30, 2005,
13 this exemption applies to repair and replacement parts added
14 after the initial purchase of such a motor vehicle if that
15 motor vehicle is used in a manner that would qualify for the
16 rolling stock exemption otherwise provided for in this Act. For
17 purposes of this paragraph, the term "used for commercial
18 purposes" means the transportation of persons or property in
19 furtherance of any commercial or industrial enterprise,
20 whether for-hire or not.

21 (34) Beginning January 1, 2008, tangible personal property
22 used in the construction or maintenance of a community water
23 supply, as defined under Section 3.145 of the Environmental
24 Protection Act, that is operated by a not-for-profit
25 corporation that holds a valid water supply permit issued under
26 Title IV of the Environmental Protection Act. This paragraph is

1 exempt from the provisions of Section 3-90.

2 (35) Beginning January 1, 2010, materials, parts,
3 equipment, components, and furnishings incorporated into or
4 upon an aircraft as part of the modification, refurbishment,
5 completion, replacement, repair, or maintenance of the
6 aircraft. This exemption includes consumable supplies used in
7 the modification, refurbishment, completion, replacement,
8 repair, and maintenance of aircraft, but excludes any
9 materials, parts, equipment, components, and consumable
10 supplies used in the modification, replacement, repair, and
11 maintenance of aircraft engines or power plants, whether such
12 engines or power plants are installed or uninstalled upon any
13 such aircraft. "Consumable supplies" include, but are not
14 limited to, adhesive, tape, sandpaper, general purpose
15 lubricants, cleaning solution, latex gloves, and protective
16 films. This exemption applies only to the use of qualifying
17 tangible personal property by persons who modify, refurbish,
18 complete, repair, replace, or maintain aircraft and who (i)
19 hold an Air Agency Certificate and are empowered to operate an
20 approved repair station by the Federal Aviation
21 Administration, (ii) have a Class IV Rating, and (iii) conduct
22 operations in accordance with Part 145 of the Federal Aviation
23 Regulations. The exemption does not include aircraft operated
24 by a commercial air carrier providing scheduled passenger air
25 service pursuant to authority issued under Part 121 or Part 129
26 of the Federal Aviation Regulations. The changes made to this

1 paragraph (35) by Public Act 98-534 are declarative of existing
2 law.

3 (36) Tangible personal property purchased by a
4 public-facilities corporation, as described in Section
5 11-65-10 of the Illinois Municipal Code, for purposes of
6 constructing or furnishing a municipal convention hall, but
7 only if the legal title to the municipal convention hall is
8 transferred to the municipality without any further
9 consideration by or on behalf of the municipality at the time
10 of the completion of the municipal convention hall or upon the
11 retirement or redemption of any bonds or other debt instruments
12 issued by the public-facilities corporation in connection with
13 the development of the municipal convention hall. This
14 exemption includes existing public-facilities corporations as
15 provided in Section 11-65-25 of the Illinois Municipal Code.
16 This paragraph is exempt from the provisions of Section 3-90.

17 (37) Beginning January 1, 2017, menstrual pads, tampons,
18 and menstrual cups.

19 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
20 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
21 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
22 7-29-15; 99-855, eff. 8-19-16.)

23 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

24 Sec. 3-50. Manufacturing and assembly exemption. The
25 manufacturing and assembling machinery and equipment exemption

1 includes machinery and equipment that replaces machinery and
2 equipment in an existing manufacturing facility as well as
3 machinery and equipment that are for use in an expanded or new
4 manufacturing facility. The machinery and equipment exemption
5 also includes machinery and equipment used in the general
6 maintenance or repair of exempt machinery and equipment or for
7 in-house manufacture of exempt machinery and equipment.
8 Beginning on July 1, 2017, the manufacturing and assembling
9 machinery and equipment exemption also includes graphic arts
10 machinery and equipment, as defined in paragraph (6) of Section
11 3-5. The machinery and equipment exemption does not include
12 machinery and equipment used in (i) the generation of
13 electricity for wholesale or retail sale; (ii) the generation
14 or treatment of natural or artificial gas for wholesale or
15 retail sale that is delivered to customers through pipes,
16 pipelines, or mains; or (iii) the treatment of water for
17 wholesale or retail sale that is delivered to customers through
18 pipes, pipelines, or mains. The provisions of this amendatory
19 Act of the 98th General Assembly are declaratory of existing
20 law as to the meaning and scope of this exemption. For the
21 purposes of this exemption, terms have the following meanings:

22 (1) "Manufacturing process" means the production of an
23 article of tangible personal property, whether the article
24 is a finished product or an article for use in the process
25 of manufacturing or assembling a different article of
26 tangible personal property, by a procedure commonly

1 regarded as manufacturing, processing, fabricating, or
2 refining that changes some existing material into a
3 material with a different form, use, or name. In relation
4 to a recognized integrated business composed of a series of
5 operations that collectively constitute manufacturing, or
6 individually constitute manufacturing operations, the
7 manufacturing process commences with the first operation
8 or stage of production in the series and does not end until
9 the completion of the final product in the last operation
10 or stage of production in the series. For purposes of this
11 exemption, photoprocessing is a manufacturing process of
12 tangible personal property for wholesale or retail sale.

13 (2) "Assembling process" means the production of an
14 article of tangible personal property, whether the article
15 is a finished product or an article for use in the process
16 of manufacturing or assembling a different article of
17 tangible personal property, by the combination of existing
18 materials in a manner commonly regarded as assembling that
19 results in an article or material of a different form, use,
20 or name.

21 (3) "Machinery" means major mechanical machines or
22 major components of those machines contributing to a
23 manufacturing or assembling process.

24 (4) "Equipment" includes an independent device or tool
25 separate from machinery but essential to an integrated
26 manufacturing or assembly process; including computers

1 used primarily in a manufacturer's computer assisted
2 design, computer assisted manufacturing (CAD/CAM) system;
3 any subunit or assembly comprising a component of any
4 machinery or auxiliary, adjunct, or attachment parts of
5 machinery, such as tools, dies, jigs, fixtures, patterns,
6 and molds; and any parts that require periodic replacement
7 in the course of normal operation; but does not include
8 hand tools. Equipment includes chemicals or chemicals
9 acting as catalysts but only if the chemicals or chemicals
10 acting as catalysts effect a direct and immediate change
11 upon a product being manufactured or assembled for
12 wholesale or retail sale or lease.

13 (5) "Production related tangible personal property"
14 means all tangible personal property that is used or
15 consumed by the purchaser in a manufacturing facility in
16 which a manufacturing process takes place and includes,
17 without limitation, tangible personal property that is
18 purchased for incorporation into real estate within a
19 manufacturing facility and tangible personal property that
20 is used or consumed in activities such as research and
21 development, preproduction material handling, receiving,
22 quality control, inventory control, storage, staging, and
23 packaging for shipping and transportation purposes.
24 "Production related tangible personal property" does not
25 include (i) tangible personal property that is used, within
26 or without a manufacturing facility, in sales, purchasing,

1 accounting, fiscal management, marketing, personnel
2 recruitment or selection, or landscaping or (ii) tangible
3 personal property that is required to be titled or
4 registered with a department, agency, or unit of federal,
5 State, or local government.

6 The manufacturing and assembling machinery and equipment
7 exemption includes production related tangible personal
8 property that is purchased on or after July 1, 2007 and on or
9 before June 30, 2008. The exemption for production related
10 tangible personal property is subject to both of the following
11 limitations:

12 (1) The maximum amount of the exemption for any one
13 taxpayer may not exceed 5% of the purchase price of
14 production related tangible personal property that is
15 purchased on or after July 1, 2007 and on or before June
16 30, 2008. A credit under Section 3-85 of this Act may not
17 be earned by the purchase of production related tangible
18 personal property for which an exemption is received under
19 this Section.

20 (2) The maximum aggregate amount of the exemptions for
21 production related tangible personal property awarded
22 under this Act and the Retailers' Occupation Tax Act to all
23 taxpayers may not exceed \$10,000,000. If the claims for the
24 exemption exceed \$10,000,000, then the Department shall
25 reduce the amount of the exemption to each taxpayer on a
26 pro rata basis.

1 The Department may adopt rules to implement and administer the
2 exemption for production related tangible personal property.

3 The manufacturing and assembling machinery and equipment
4 exemption includes the sale of materials to a purchaser who
5 produces exempted types of machinery, equipment, or tools and
6 who rents or leases that machinery, equipment, or tools to a
7 manufacturer of tangible personal property. This exemption
8 also includes the sale of materials to a purchaser who
9 manufactures those materials into an exempted type of
10 machinery, equipment, or tools that the purchaser uses himself
11 or herself in the manufacturing of tangible personal property.
12 This exemption includes the sale of exempted types of machinery
13 or equipment to a purchaser who is not the manufacturer, but
14 who rents or leases the use of the property to a manufacturer.
15 The purchaser of the machinery and equipment who has an active
16 resale registration number shall furnish that number to the
17 seller at the time of purchase. A user of the machinery,
18 equipment, or tools without an active resale registration
19 number shall prepare a certificate of exemption for each
20 transaction stating facts establishing the exemption for that
21 transaction, and that certificate shall be available to the
22 Department for inspection or audit. The Department shall
23 prescribe the form of the certificate. Informal rulings,
24 opinions, or letters issued by the Department in response to an
25 inquiry or request for an opinion from any person regarding the
26 coverage and applicability of this exemption to specific

1 devices shall be published, maintained as a public record, and
2 made available for public inspection and copying. If the
3 informal ruling, opinion, or letter contains trade secrets or
4 other confidential information, where possible, the Department
5 shall delete that information before publication. Whenever
6 informal rulings, opinions, or letters contain a policy of
7 general applicability, the Department shall formulate and
8 adopt that policy as a rule in accordance with the Illinois
9 Administrative Procedure Act.

10 The manufacturing and assembling machinery and equipment
11 exemption is exempt from the provisions of Section 3-90.

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

13 Section 35-10. The Service Use Tax Act is amended by
14 changing Sections 2 and 3-5 as follows:

15 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

16 Sec. 2. Definitions.

17 "Use" means the exercise by any person of any right or
18 power over tangible personal property incident to the ownership
19 of that property, but does not include the sale or use for
20 demonstration by him of that property in any form as tangible
21 personal property in the regular course of business. "Use" does
22 not mean the interim use of tangible personal property nor the
23 physical incorporation of tangible personal property, as an
24 ingredient or constituent, into other tangible personal

1 property, (a) which is sold in the regular course of business
2 or (b) which the person incorporating such ingredient or
3 constituent therein has undertaken at the time of such purchase
4 to cause to be transported in interstate commerce to
5 destinations outside the State of Illinois.

6 "Purchased from a serviceman" means the acquisition of the
7 ownership of, or title to, tangible personal property through a
8 sale of service.

9 "Purchaser" means any person who, through a sale of
10 service, acquires the ownership of, or title to, any tangible
11 personal property.

12 "Cost price" means the consideration paid by the serviceman
13 for a purchase valued in money, whether paid in money or
14 otherwise, including cash, credits and services, and shall be
15 determined without any deduction on account of the supplier's
16 cost of the property sold or on account of any other expense
17 incurred by the supplier. When a serviceman contracts out part
18 or all of the services required in his sale of service, it
19 shall be presumed that the cost price to the serviceman of the
20 property transferred to him or her by his or her subcontractor
21 is equal to 50% of the subcontractor's charges to the
22 serviceman in the absence of proof of the consideration paid by
23 the subcontractor for the purchase of such property.

24 "Selling price" means the consideration for a sale valued
25 in money whether received in money or otherwise, including
26 cash, credits and service, and shall be determined without any

1 deduction on account of the serviceman's cost of the property
2 sold, the cost of materials used, labor or service cost or any
3 other expense whatsoever, but does not include interest or
4 finance charges which appear as separate items on the bill of
5 sale or sales contract nor charges that are added to prices by
6 sellers on account of the seller's duty to collect, from the
7 purchaser, the tax that is imposed by this Act.

8 "Department" means the Department of Revenue.

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

14 "Sale of service" means any transaction except:

15 (1) a retail sale of tangible personal property taxable
16 under the Retailers' Occupation Tax Act or under the Use
17 Tax Act.

18 (2) a sale of tangible personal property for the
19 purpose of resale made in compliance with Section 2c of the
20 Retailers' Occupation Tax Act.

21 (3) except as hereinafter provided, a sale or transfer
22 of tangible personal property as an incident to the
23 rendering of service for or by any governmental body, or
24 for or by any corporation, society, association,
25 foundation or institution organized and operated
26 exclusively for charitable, religious or educational

1 purposes or any not-for-profit corporation, society,
2 association, foundation, institution or organization which
3 has no compensated officers or employees and which is
4 organized and operated primarily for the recreation of
5 persons 55 years of age or older. A limited liability
6 company may qualify for the exemption under this paragraph
7 only if the limited liability company is organized and
8 operated exclusively for educational purposes.

9 (4) a sale or transfer of tangible personal property as
10 an incident to the rendering of service for interstate
11 carriers for hire for use as rolling stock moving in
12 interstate commerce or by lessors under a lease of one year
13 or longer, executed or in effect at the time of purchase of
14 personal property, to interstate carriers for hire for use
15 as rolling stock moving in interstate commerce so long as
16 so used by such interstate carriers for hire, and equipment
17 operated by a telecommunications provider, licensed as a
18 common carrier by the Federal Communications Commission,
19 which is permanently installed in or affixed to aircraft
20 moving in interstate commerce.

21 (4a) a sale or transfer of tangible personal property
22 as an incident to the rendering of service for owners,
23 lessors, or shippers of tangible personal property which is
24 utilized by interstate carriers for hire for use as rolling
25 stock moving in interstate commerce so long as so used by
26 interstate carriers for hire, and equipment operated by a

1 telecommunications provider, licensed as a common carrier
2 by the Federal Communications Commission, which is
3 permanently installed in or affixed to aircraft moving in
4 interstate commerce.

5 (4a-5) on and after July 1, 2003 and through June 30,
6 2004, a sale or transfer of a motor vehicle of the second
7 division with a gross vehicle weight in excess of 8,000
8 pounds as an incident to the rendering of service if that
9 motor vehicle is subject to the commercial distribution fee
10 imposed under Section 3-815.1 of the Illinois Vehicle Code.
11 Beginning on July 1, 2004 and through June 30, 2005, the
12 use in this State of motor vehicles of the second division:
13 (i) with a gross vehicle weight rating in excess of 8,000
14 pounds; (ii) that are subject to the commercial
15 distribution fee imposed under Section 3-815.1 of the
16 Illinois Vehicle Code; and (iii) that are primarily used
17 for commercial purposes. Through June 30, 2005, this
18 exemption applies to repair and replacement parts added
19 after the initial purchase of such a motor vehicle if that
20 motor vehicle is used in a manner that would qualify for
21 the rolling stock exemption otherwise provided for in this
22 Act. For purposes of this paragraph, "used for commercial
23 purposes" means the transportation of persons or property
24 in furtherance of any commercial or industrial enterprise
25 whether for-hire or not.

26 (5) a sale or transfer of machinery and equipment used

1 primarily in the process of the manufacturing or
2 assembling, either in an existing, an expanded or a new
3 manufacturing facility, of tangible personal property for
4 wholesale or retail sale or lease, whether such sale or
5 lease is made directly by the manufacturer or by some other
6 person, whether the materials used in the process are owned
7 by the manufacturer or some other person, or whether such
8 sale or lease is made apart from or as an incident to the
9 seller's engaging in a service occupation and the
10 applicable tax is a Service Use Tax or Service Occupation
11 Tax, rather than Use Tax or Retailers' Occupation Tax. The
12 exemption provided by this paragraph (5) does not include
13 machinery and equipment used in (i) the generation of
14 electricity for wholesale or retail sale; (ii) the
15 generation or treatment of natural or artificial gas for
16 wholesale or retail sale that is delivered to customers
17 through pipes, pipelines, or mains; or (iii) the treatment
18 of water for wholesale or retail sale that is delivered to
19 customers through pipes, pipelines, or mains. The
20 provisions of this amendatory Act of the 98th General
21 Assembly are declaratory of existing law as to the meaning
22 and scope of this exemption. The exemption under this
23 paragraph (5) is exempt from the provisions of Section
24 3-75.

25 (5a) the repairing, reconditioning or remodeling, for
26 a common carrier by rail, of tangible personal property

1 which belongs to such carrier for hire, and as to which
2 such carrier receives the physical possession of the
3 repaired, reconditioned or remodeled item of tangible
4 personal property in Illinois, and which such carrier
5 transports, or shares with another common carrier in the
6 transportation of such property, out of Illinois on a
7 standard uniform bill of lading showing the person who
8 repaired, reconditioned or remodeled the property to a
9 destination outside Illinois, for use outside Illinois.

10 (5b) a sale or transfer of tangible personal property
11 which is produced by the seller thereof on special order in
12 such a way as to have made the applicable tax the Service
13 Occupation Tax or the Service Use Tax, rather than the
14 Retailers' Occupation Tax or the Use Tax, for an interstate
15 carrier by rail which receives the physical possession of
16 such property in Illinois, and which transports such
17 property, or shares with another common carrier in the
18 transportation of such property, out of Illinois on a
19 standard uniform bill of lading showing the seller of the
20 property as the shipper or consignor of such property to a
21 destination outside Illinois, for use outside Illinois.

22 (6) until July 1, 2003, a sale or transfer of
23 distillation machinery and equipment, sold as a unit or kit
24 and assembled or installed by the retailer, which machinery
25 and equipment is certified by the user to be used only for
26 the production of ethyl alcohol that will be used for

1 consumption as motor fuel or as a component of motor fuel
2 for the personal use of such user and not subject to sale
3 or resale.

4 (7) at the election of any serviceman not required to
5 be otherwise registered as a retailer under Section 2a of
6 the Retailers' Occupation Tax Act, made for each fiscal
7 year sales of service in which the aggregate annual cost
8 price of tangible personal property transferred as an
9 incident to the sales of service is less than 35%, or 75%
10 in the case of servicemen transferring prescription drugs
11 or servicemen engaged in graphic arts production, of the
12 aggregate annual total gross receipts from all sales of
13 service. The purchase of such tangible personal property by
14 the serviceman shall be subject to tax under the Retailers'
15 Occupation Tax Act and the Use Tax Act. However, if a
16 primary serviceman who has made the election described in
17 this paragraph subcontracts service work to a secondary
18 serviceman who has also made the election described in this
19 paragraph, the primary serviceman does not incur a Use Tax
20 liability if the secondary serviceman (i) has paid or will
21 pay Use Tax on his or her cost price of any tangible
22 personal property transferred to the primary serviceman
23 and (ii) certifies that fact in writing to the primary
24 serviceman.

25 Tangible personal property transferred incident to the
26 completion of a maintenance agreement is exempt from the tax

1 imposed pursuant to this Act.

2 Exemption (5) also includes machinery and equipment used in
3 the general maintenance or repair of such exempt machinery and
4 equipment or for in-house manufacture of exempt machinery and
5 equipment. On and after July 1, 2017, exemption (5) also
6 includes graphic arts machinery and equipment, as defined in
7 paragraph (5) of Section 3-5. The machinery and equipment
8 exemption does not include machinery and equipment used in (i)
9 the generation of electricity for wholesale or retail sale;
10 (ii) the generation or treatment of natural or artificial gas
11 for wholesale or retail sale that is delivered to customers
12 through pipes, pipelines, or mains; or (iii) the treatment of
13 water for wholesale or retail sale that is delivered to
14 customers through pipes, pipelines, or mains. The provisions of
15 this amendatory Act of the 98th General Assembly are
16 declaratory of existing law as to the meaning and scope of this
17 exemption. For the purposes of exemption (5), each of these
18 terms shall have the following meanings: (1) "manufacturing
19 process" shall mean the production of any article of tangible
20 personal property, whether such article is a finished product
21 or an article for use in the process of manufacturing or
22 assembling a different article of tangible personal property,
23 by procedures commonly regarded as manufacturing, processing,
24 fabricating, or refining which changes some existing material
25 or materials into a material with a different form, use or
26 name. In relation to a recognized integrated business composed

1 of a series of operations which collectively constitute
2 manufacturing, or individually constitute manufacturing
3 operations, the manufacturing process shall be deemed to
4 commence with the first operation or stage of production in the
5 series, and shall not be deemed to end until the completion of
6 the final product in the last operation or stage of production
7 in the series; and further, for purposes of exemption (5),
8 photoprocessing is deemed to be a manufacturing process of
9 tangible personal property for wholesale or retail sale; (2)
10 "assembling process" shall mean the production of any article
11 of tangible personal property, whether such article is a
12 finished product or an article for use in the process of
13 manufacturing or assembling a different article of tangible
14 personal property, by the combination of existing materials in
15 a manner commonly regarded as assembling which results in a
16 material of a different form, use or name; (3) "machinery"
17 shall mean major mechanical machines or major components of
18 such machines contributing to a manufacturing or assembling
19 process; and (4) "equipment" shall include any independent
20 device or tool separate from any machinery but essential to an
21 integrated manufacturing or assembly process; including
22 computers used primarily in a manufacturer's computer assisted
23 design, computer assisted manufacturing (CAD/CAM) system; or
24 any subunit or assembly comprising a component of any machinery
25 or auxiliary, adjunct or attachment parts of machinery, such as
26 tools, dies, jigs, fixtures, patterns and molds; or any parts

1 which require periodic replacement in the course of normal
2 operation; but shall not include hand tools. Equipment includes
3 chemicals or chemicals acting as catalysts but only if the
4 chemicals or chemicals acting as catalysts effect a direct and
5 immediate change upon a product being manufactured or assembled
6 for wholesale or retail sale or lease. The purchaser of such
7 machinery and equipment who has an active resale registration
8 number shall furnish such number to the seller at the time of
9 purchase. The user of such machinery and equipment and tools
10 without an active resale registration number shall prepare a
11 certificate of exemption for each transaction stating facts
12 establishing the exemption for that transaction, which
13 certificate shall be available to the Department for inspection
14 or audit. The Department shall prescribe the form of the
15 certificate.

16 Any informal rulings, opinions or letters issued by the
17 Department in response to an inquiry or request for any opinion
18 from any person regarding the coverage and applicability of
19 exemption (5) to specific devices shall be published,
20 maintained as a public record, and made available for public
21 inspection and copying. If the informal ruling, opinion or
22 letter contains trade secrets or other confidential
23 information, where possible the Department shall delete such
24 information prior to publication. Whenever such informal
25 rulings, opinions, or letters contain any policy of general
26 applicability, the Department shall formulate and adopt such

1 policy as a rule in accordance with the provisions of the
2 Illinois Administrative Procedure Act.

3 On and after July 1, 1987, no entity otherwise eligible
4 under exemption (3) of this Section shall make tax free
5 purchases unless it has an active exemption identification
6 number issued by the Department.

7 The purchase, employment and transfer of such tangible
8 personal property as newsprint and ink for the primary purpose
9 of conveying news (with or without other information) is not a
10 purchase, use or sale of service or of tangible personal
11 property within the meaning of this Act.

12 "Serviceman" means any person who is engaged in the
13 occupation of making sales of service.

14 "Sale at retail" means "sale at retail" as defined in the
15 Retailers' Occupation Tax Act.

16 "Supplier" means any person who makes sales of tangible
17 personal property to servicemen for the purpose of resale as an
18 incident to a sale of service.

19 "Serviceman maintaining a place of business in this State",
20 or any like term, means and includes any serviceman:

21 1. having or maintaining within this State, directly or
22 by a subsidiary, an office, distribution house, sales
23 house, warehouse or other place of business, or any agent
24 or other representative operating within this State under
25 the authority of the serviceman or its subsidiary,
26 irrespective of whether such place of business or agent or

1 other representative is located here permanently or
2 temporarily, or whether such serviceman or subsidiary is
3 licensed to do business in this State;

4 1.1. having a contract with a person located in this
5 State under which the person, for a commission or other
6 consideration based on the sale of service by the
7 serviceman, directly or indirectly refers potential
8 customers to the serviceman by providing to the potential
9 customers a promotional code or other mechanism that allows
10 the serviceman to track purchases referred by such persons.
11 Examples of mechanisms that allow the serviceman to track
12 purchases referred by such persons include but are not
13 limited to the use of a link on the person's Internet
14 website, promotional codes distributed through the
15 person's hand-delivered or mailed material, and
16 promotional codes distributed by the person through radio
17 or other broadcast media. The provisions of this paragraph
18 1.1 shall apply only if the cumulative gross receipts from
19 sales of service by the serviceman to customers who are
20 referred to the serviceman by all persons in this State
21 under such contracts exceed \$10,000 during the preceding 4
22 quarterly periods ending on the last day of March, June,
23 September, and December; a serviceman meeting the
24 requirements of this paragraph 1.1 shall be presumed to be
25 maintaining a place of business in this State but may rebut
26 this presumption by submitting proof that the referrals or

1 other activities pursued within this State by such persons
2 were not sufficient to meet the nexus standards of the
3 United States Constitution during the preceding 4
4 quarterly periods;

5 1.2. beginning July 1, 2011, having a contract with a
6 person located in this State under which:

7 A. the serviceman sells the same or substantially
8 similar line of services as the person located in this
9 State and does so using an identical or substantially
10 similar name, trade name, or trademark as the person
11 located in this State; and

12 B. the serviceman provides a commission or other
13 consideration to the person located in this State based
14 upon the sale of services by the serviceman.

15 The provisions of this paragraph 1.2 shall apply only if
16 the cumulative gross receipts from sales of service by the
17 serviceman to customers in this State under all such
18 contracts exceed \$10,000 during the preceding 4 quarterly
19 periods ending on the last day of March, June, September,
20 and December;

21 2. soliciting orders for tangible personal property by
22 means of a telecommunication or television shopping system
23 (which utilizes toll free numbers) which is intended by the
24 retailer to be broadcast by cable television or other means
25 of broadcasting, to consumers located in this State;

26 3. pursuant to a contract with a broadcaster or

1 publisher located in this State, soliciting orders for
2 tangible personal property by means of advertising which is
3 disseminated primarily to consumers located in this State
4 and only secondarily to bordering jurisdictions;

5 4. soliciting orders for tangible personal property by
6 mail if the solicitations are substantial and recurring and
7 if the retailer benefits from any banking, financing, debt
8 collection, telecommunication, or marketing activities
9 occurring in this State or benefits from the location in
10 this State of authorized installation, servicing, or
11 repair facilities;

12 5. being owned or controlled by the same interests
13 which own or control any retailer engaging in business in
14 the same or similar line of business in this State;

15 6. having a franchisee or licensee operating under its
16 trade name if the franchisee or licensee is required to
17 collect the tax under this Section;

18 7. pursuant to a contract with a cable television
19 operator located in this State, soliciting orders for
20 tangible personal property by means of advertising which is
21 transmitted or distributed over a cable television system
22 in this State; or

23 8. engaging in activities in Illinois, which
24 activities in the state in which the supply business
25 engaging in such activities is located would constitute
26 maintaining a place of business in that state.

1 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

2 (35 ILCS 110/3-5)

3 Sec. 3-5. Exemptions. Use of the following tangible
4 personal property is exempt from the tax imposed by this Act:

5 (1) Personal property purchased from a corporation,
6 society, association, foundation, institution, or
7 organization, other than a limited liability company, that is
8 organized and operated as a not-for-profit service enterprise
9 for the benefit of persons 65 years of age or older if the
10 personal property was not purchased by the enterprise for the
11 purpose of resale by the enterprise.

12 (2) Personal property purchased by a non-profit Illinois
13 county fair association for use in conducting, operating, or
14 promoting the county fair.

15 (3) Personal property purchased by a not-for-profit arts or
16 cultural organization that establishes, by proof required by
17 the Department by rule, that it has received an exemption under
18 Section 501(c)(3) of the Internal Revenue Code and that is
19 organized and operated primarily for the presentation or
20 support of arts or cultural programming, activities, or
21 services. These organizations include, but are not limited to,
22 music and dramatic arts organizations such as symphony
23 orchestras and theatrical groups, arts and cultural service
24 organizations, local arts councils, visual arts organizations,
25 and media arts organizations. On and after the effective date

1 of this amendatory Act of the 92nd General Assembly, however,
2 an entity otherwise eligible for this exemption shall not make
3 tax-free purchases unless it has an active identification
4 number issued by the Department.

5 (4) Legal tender, currency, medallions, or gold or silver
6 coinage issued by the State of Illinois, the government of the
7 United States of America, or the government of any foreign
8 country, and bullion.

9 (5) Until July 1, 2003 and beginning again on September 1,
10 2004 through August 30, 2014, graphic arts machinery and
11 equipment, including repair and replacement parts, both new and
12 used, and including that manufactured on special order or
13 purchased for lease, certified by the purchaser to be used
14 primarily for graphic arts production. Equipment includes
15 chemicals or chemicals acting as catalysts but only if the
16 chemicals or chemicals acting as catalysts effect a direct and
17 immediate change upon a graphic arts product. Beginning on July
18 1, 2017, graphic arts machinery and equipment is included in
19 the manufacturing and assembling machinery and equipment
20 exemption under Section 2 of this Act.

21 (6) Personal property purchased from a teacher-sponsored
22 student organization affiliated with an elementary or
23 secondary school located in Illinois.

24 (7) Farm machinery and equipment, both new and used,
25 including that manufactured on special order, certified by the
26 purchaser to be used primarily for production agriculture or

1 State or federal agricultural programs, including individual
2 replacement parts for the machinery and equipment, including
3 machinery and equipment purchased for lease, and including
4 implements of husbandry defined in Section 1-130 of the
5 Illinois Vehicle Code, farm machinery and agricultural
6 chemical and fertilizer spreaders, and nurse wagons required to
7 be registered under Section 3-809 of the Illinois Vehicle Code,
8 but excluding other motor vehicles required to be registered
9 under the Illinois Vehicle Code. Horticultural polyhouses or
10 hoop houses used for propagating, growing, or overwintering
11 plants shall be considered farm machinery and equipment under
12 this item (7). Agricultural chemical tender tanks and dry boxes
13 shall include units sold separately from a motor vehicle
14 required to be licensed and units sold mounted on a motor
15 vehicle required to be licensed if the selling price of the
16 tender is separately stated.

17 Farm machinery and equipment shall include precision
18 farming equipment that is installed or purchased to be
19 installed on farm machinery and equipment including, but not
20 limited to, tractors, harvesters, sprayers, planters, seeders,
21 or spreaders. Precision farming equipment includes, but is not
22 limited to, soil testing sensors, computers, monitors,
23 software, global positioning and mapping systems, and other
24 such equipment.

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (7) is exempt from the
6 provisions of Section 3-75.

7 (8) Until June 30, 2013, fuel and petroleum products sold
8 to or used by an air common carrier, certified by the carrier
9 to be used for consumption, shipment, or storage in the conduct
10 of its business as an air common carrier, for a flight destined
11 for or returning from a location or locations outside the
12 United States without regard to previous or subsequent domestic
13 stopovers.

14 Beginning July 1, 2013, fuel and petroleum products sold to
15 or used by an air carrier, certified by the carrier to be used
16 for consumption, shipment, or storage in the conduct of its
17 business as an air common carrier, for a flight that (i) is
18 engaged in foreign trade or is engaged in trade between the
19 United States and any of its possessions and (ii) transports at
20 least one individual or package for hire from the city of
21 origination to the city of final destination on the same
22 aircraft, without regard to a change in the flight number of
23 that aircraft.

24 (9) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption of
26 food and beverages acquired as an incident to the purchase of a

1 service from a serviceman, to the extent that the proceeds of
2 the service charge are in fact turned over as tips or as a
3 substitute for tips to the employees who participate directly
4 in preparing, serving, hosting or cleaning up the food or
5 beverage function with respect to which the service charge is
6 imposed.

7 (10) 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 (11) Proceeds from the sale of photoprocessing machinery
17 and equipment, including repair and replacement parts, both new
18 and used, including that manufactured on special order,
19 certified by the purchaser to be used primarily for
20 photoprocessing, and including photoprocessing machinery and
21 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) Semen used for artificial insemination of livestock
8 for direct agricultural production.

9 (14) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes. This item (14) is exempt from the provisions
15 of Section 3-75, and the exemption provided for under this item
16 (14) applies for all periods beginning May 30, 1995, but no
17 claim for credit or refund is allowed on or after the effective
18 date of this amendatory Act of the 95th General Assembly for
19 such taxes paid during the period beginning May 30, 2000 and
20 ending on the effective date of this amendatory Act of the 95th
21 General Assembly.

22 (15) Computers and communications equipment utilized for
23 any hospital purpose and equipment used in the diagnosis,
24 analysis, or treatment of hospital patients purchased by a
25 lessor who leases the equipment, under a lease of one year or
26 longer executed or in effect at the time the lessor would

1 otherwise be subject to the tax imposed by this Act, to a
2 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 non-exempt manner, the lessor shall be liable for the
7 tax imposed under this Act or the Use Tax Act, as the case may
8 be, based on the fair market value of the property at the time
9 the non-qualifying use occurs. No lessor shall collect or
10 attempt to collect an amount (however designated) that purports
11 to reimburse that lessor for the tax imposed by this Act or the
12 Use Tax Act, as the case may be, if the tax has not been paid by
13 the lessor. If a lessor improperly collects any such amount
14 from the lessee, the lessee shall have a legal right to claim a
15 refund of that amount from the lessor. If, however, that amount
16 is not refunded to the lessee for any reason, the lessor is
17 liable to pay that amount to the Department.

18 (16) Personal property purchased by a lessor who leases the
19 property, under a lease of one year or longer executed or in
20 effect at the time the lessor would otherwise be subject to the
21 tax imposed by this Act, to a governmental body that has been
22 issued an active tax exemption identification number by the
23 Department under Section 1g of the Retailers' Occupation Tax
24 Act. If the property is leased in a manner that does not
25 qualify for this exemption or is used in any other non-exempt
26 manner, the lessor shall be liable for the tax imposed under

1 this Act or the Use Tax Act, as the case may be, based on the
2 fair market value of the property at the time the
3 non-qualifying use occurs. No lessor shall collect or attempt
4 to collect an amount (however designated) that purports to
5 reimburse that lessor for the tax imposed by this Act or the
6 Use Tax Act, as the case may be, if the tax has not been paid by
7 the lessor. If a lessor improperly collects any such amount
8 from the lessee, the lessee shall have a legal right to claim a
9 refund of that amount from the lessor. If, however, that amount
10 is not refunded to the lessee for any reason, the lessor is
11 liable to pay that amount to the Department.

12 (17) Beginning with taxable years ending on or after
13 December 31, 1995 and ending with taxable years ending on or
14 before December 31, 2004, personal property that is donated for
15 disaster relief to be used in a State or federally declared
16 disaster area in Illinois or bordering Illinois by a
17 manufacturer or retailer that is registered in this State to a
18 corporation, society, association, foundation, or institution
19 that has been issued a sales tax exemption identification
20 number by the Department that assists victims of the disaster
21 who reside within the declared disaster area.

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 used in the
25 performance of infrastructure repairs in this State, including
26 but not limited to municipal roads and streets, access roads,

1 bridges, sidewalks, waste disposal systems, water and sewer
2 line extensions, water distribution and purification
3 facilities, storm water drainage and retention facilities, and
4 sewage treatment facilities, resulting from a State or
5 federally declared disaster in Illinois or bordering Illinois
6 when such repairs are initiated on facilities located in the
7 declared disaster area within 6 months after the disaster.

8 (19) Beginning July 1, 1999, game or game birds purchased
9 at a "game breeding and hunting preserve area" as that term is
10 used in the Wildlife Code. This paragraph is exempt from the
11 provisions of Section 3-75.

12 (20) A motor vehicle, as that term is defined in Section
13 1-146 of the Illinois Vehicle Code, that is donated to a
14 corporation, limited liability company, society, association,
15 foundation, or institution that is determined by the Department
16 to be organized and operated exclusively for educational
17 purposes. For purposes of this exemption, "a corporation,
18 limited liability company, society, association, foundation,
19 or institution organized and operated exclusively for
20 educational purposes" means all tax-supported public schools,
21 private schools that offer systematic instruction in useful
22 branches of learning by methods common to public schools and
23 that compare favorably in their scope and intensity with the
24 course of study presented in tax-supported schools, and
25 vocational or technical schools or institutes organized and
26 operated exclusively to provide a course of study of not less

1 than 6 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical, mechanical,
3 industrial, business, or commercial occupation.

4 (21) Beginning January 1, 2000, personal property,
5 including food, purchased through fundraising events for the
6 benefit of a public or private elementary or secondary school,
7 a group of those schools, or one or more school districts if
8 the events are sponsored by an entity recognized by the school
9 district that consists primarily of volunteers and includes
10 parents and teachers of the school children. This paragraph
11 does not apply to fundraising events (i) for the benefit of
12 private home instruction or (ii) for which the fundraising
13 entity purchases the personal property sold at the events from
14 another individual or entity that sold the property for the
15 purpose of resale by the fundraising entity and that profits
16 from the sale to the fundraising entity. This paragraph is
17 exempt from the provisions of Section 3-75.

18 (22) Beginning January 1, 2000 and through December 31,
19 2001, new or used automatic vending machines that prepare and
20 serve hot food and beverages, including coffee, soup, and other
21 items, and replacement parts for these machines. Beginning
22 January 1, 2002 and through June 30, 2003, machines and parts
23 for machines used in commercial, coin-operated amusement and
24 vending business if a use or occupation tax is paid on the
25 gross receipts derived from the use of the commercial,
26 coin-operated amusement and vending machines. This paragraph

1 is exempt from the provisions of Section 3-75.

2 (23) Beginning August 23, 2001 and through June 30, 2016,
3 food for human consumption that is to be consumed off the
4 premises where it is sold (other than alcoholic beverages, soft
5 drinks, and food that has been prepared for immediate
6 consumption) and prescription and nonprescription medicines,
7 drugs, medical appliances, and insulin, urine testing
8 materials, syringes, and needles used by diabetics, for human
9 use, when purchased for use by a person receiving medical
10 assistance under Article V of the Illinois Public Aid Code who
11 resides in a licensed long-term care facility, as defined in
12 the Nursing Home Care Act, or in a licensed facility as defined
13 in the ID/DD Community Care Act, the MC/DD Act, or the
14 Specialized Mental Health Rehabilitation Act of 2013.

15 (24) Beginning on the effective date of this amendatory Act
16 of the 92nd General Assembly, computers and communications
17 equipment utilized for any hospital purpose and equipment used
18 in the diagnosis, analysis, or treatment of hospital patients
19 purchased by a lessor who leases the equipment, under a lease
20 of one year or longer executed or in effect at the time the
21 lessor would otherwise be subject to the tax imposed by this
22 Act, to a hospital that has been issued an active tax exemption
23 identification number by the Department under Section 1g of the
24 Retailers' Occupation Tax Act. If the equipment is leased in a
25 manner that does not qualify for this exemption or is used in
26 any other nonexempt manner, the lessor shall be liable for the

1 tax imposed under this Act or the Use Tax Act, as the case may
2 be, based on the fair market value of the property at the time
3 the nonqualifying use occurs. No lessor shall collect or
4 attempt to collect an amount (however designated) that purports
5 to reimburse that lessor for the tax imposed by this Act or the
6 Use Tax Act, as the case may be, if the tax has not been paid by
7 the lessor. If a lessor improperly collects any such amount
8 from the lessee, the lessee shall have a legal right to claim a
9 refund of that amount from the lessor. If, however, that amount
10 is not refunded to the lessee for any reason, the lessor is
11 liable to pay that amount to the Department. This paragraph is
12 exempt from the provisions of Section 3-75.

13 (25) Beginning on the effective date of this amendatory Act
14 of the 92nd General Assembly, personal property purchased by a
15 lessor who leases the property, under a lease of one year or
16 longer executed or in effect at the time the lessor would
17 otherwise be subject to the tax imposed by this Act, to a
18 governmental body that has been issued an active tax exemption
19 identification number by the Department under Section 1g of the
20 Retailers' Occupation Tax Act. If the property is leased in a
21 manner that does not qualify for this exemption or is used in
22 any other nonexempt manner, the lessor shall be liable for the
23 tax imposed under this Act or the Use Tax Act, as the case may
24 be, based on the fair market value of the property at the time
25 the nonqualifying use occurs. No lessor shall collect or
26 attempt to collect an amount (however designated) that purports

1 to reimburse that lessor for the tax imposed by this Act or the
2 Use Tax Act, as the case may be, if the tax has not been paid by
3 the lessor. If a lessor improperly collects any such amount
4 from the lessee, the lessee shall have a legal right to claim a
5 refund of that amount from the lessor. If, however, that amount
6 is not refunded to the lessee for any reason, the lessor is
7 liable to pay that amount to the Department. This paragraph is
8 exempt from the provisions of Section 3-75.

9 (26) Beginning January 1, 2008, tangible personal property
10 used in the construction or maintenance of a community water
11 supply, as defined under Section 3.145 of the Environmental
12 Protection Act, that is operated by a not-for-profit
13 corporation that holds a valid water supply permit issued under
14 Title IV of the Environmental Protection Act. This paragraph is
15 exempt from the provisions of Section 3-75.

16 (27) Beginning January 1, 2010, materials, parts,
17 equipment, components, and furnishings incorporated into or
18 upon an aircraft as part of the modification, refurbishment,
19 completion, replacement, repair, or maintenance of the
20 aircraft. This exemption includes consumable supplies used in
21 the modification, refurbishment, completion, replacement,
22 repair, and maintenance of aircraft, but excludes any
23 materials, parts, equipment, components, and consumable
24 supplies used in the modification, replacement, repair, and
25 maintenance of aircraft engines or power plants, whether such
26 engines or power plants are installed or uninstalled upon any

1 such aircraft. "Consumable supplies" include, but are not
2 limited to, adhesive, tape, sandpaper, general purpose
3 lubricants, cleaning solution, latex gloves, and protective
4 films. This exemption applies only to the use of qualifying
5 tangible personal property transferred incident to the
6 modification, refurbishment, completion, replacement, repair,
7 or maintenance of aircraft by persons who (i) hold an Air
8 Agency Certificate and are empowered to operate an approved
9 repair station by the Federal Aviation Administration, (ii)
10 have a Class IV Rating, and (iii) conduct operations in
11 accordance with Part 145 of the Federal Aviation Regulations.
12 The exemption does not include aircraft operated by a
13 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 (27) by Public Act 98-534 are declarative of existing
17 law.

18 (28) 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 3-75.

6 (29) 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; 98-756, eff.
10 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

11 Section 35-15. The Service Occupation Tax Act is amended by
12 changing Sections 2 and 3-5 as follows:

13 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

14 Sec. 2. "Transfer" means any transfer of the title to
15 property or of the ownership of property whether or not the
16 transferor retains title as security for the payment of amounts
17 due him from the transferee.

18 "Cost Price" means the consideration paid by the serviceman
19 for a purchase valued in money, whether paid in money or
20 otherwise, including cash, credits and services, and shall be
21 determined without any deduction on account of the supplier's
22 cost of the property sold or on account of any other expense
23 incurred by the supplier. When a serviceman contracts out part
24 or all of the services required in his sale of service, it

1 shall be presumed that the cost price to the serviceman of the
2 property transferred to him by his or her subcontractor is
3 equal to 50% of the subcontractor's charges to the serviceman
4 in the absence of proof of the consideration paid by the
5 subcontractor for the purchase of such property.

6 "Department" means the Department of Revenue.

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

12 "Sale of Service" means any transaction except:

13 (a) A retail sale of tangible personal property taxable
14 under the Retailers' Occupation Tax Act or under the Use Tax
15 Act.

16 (b) A sale of tangible personal property for the purpose of
17 resale made in compliance with Section 2c of the Retailers'
18 Occupation Tax Act.

19 (c) Except as hereinafter provided, a sale or transfer of
20 tangible personal property as an incident to the rendering of
21 service for or by any governmental body or for or by any
22 corporation, society, association, foundation or institution
23 organized and operated exclusively for charitable, religious
24 or educational purposes or any not-for-profit corporation,
25 society, association, foundation, institution or organization
26 which has no compensated officers or employees and which 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.

6 (d) A sale or transfer of tangible personal property as an
7 incident to the rendering of service for interstate carriers
8 for hire for use as rolling stock moving in interstate commerce
9 or lessors under leases of one year or longer, executed or in
10 effect at the time of purchase, to interstate carriers for hire
11 for use as rolling stock moving in interstate commerce, and
12 equipment operated by a telecommunications provider, licensed
13 as a common carrier by the Federal Communications Commission,
14 which is permanently installed in or affixed to aircraft moving
15 in interstate commerce.

16 (d-1) A sale or transfer of tangible personal property as
17 an incident to the rendering of service for owners, lessors or
18 shippers of tangible personal property which is utilized by
19 interstate carriers for hire for use as rolling stock moving in
20 interstate commerce, and equipment operated by a
21 telecommunications provider, licensed as a common carrier by
22 the Federal Communications Commission, which is permanently
23 installed in or affixed to aircraft moving in interstate
24 commerce.

25 (d-1.1) On and after July 1, 2003 and through June 30,
26 2004, a sale or transfer of a motor vehicle of the second

1 division with a gross vehicle weight in excess of 8,000 pounds
2 as an incident to the rendering of service if that motor
3 vehicle is subject to the commercial distribution fee imposed
4 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
5 on July 1, 2004 and through June 30, 2005, the use in this
6 State of motor vehicles of the second division: (i) with a
7 gross vehicle weight rating in excess of 8,000 pounds; (ii)
8 that are subject to the commercial distribution fee imposed
9 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
10 that are primarily used for commercial purposes. Through June
11 30, 2005, this exemption applies to repair and replacement
12 parts added after the initial purchase of such a motor vehicle
13 if that motor vehicle is used in a manner that would qualify
14 for the rolling stock exemption otherwise provided for in this
15 Act. For purposes of this paragraph, "used for commercial
16 purposes" means the transportation of persons or property in
17 furtherance of any commercial or industrial enterprise whether
18 for-hire or not.

19 (d-2) The repairing, reconditioning or remodeling, for a
20 common carrier by rail, of tangible personal property which
21 belongs to such carrier for hire, and as to which such carrier
22 receives the physical possession of the repaired,
23 reconditioned or remodeled item of tangible personal property
24 in Illinois, and which such carrier transports, or shares with
25 another common carrier in the transportation of such property,
26 out of Illinois on a standard uniform bill of lading showing

1 the person who repaired, reconditioned or remodeled the
2 property as the shipper or consignor of such property to a
3 destination outside Illinois, for use outside Illinois.

4 (d-3) A sale or transfer of tangible personal property
5 which is produced by the seller thereof on special order in
6 such a way as to have made the applicable tax the Service
7 Occupation Tax or the Service Use Tax, rather than the
8 Retailers' Occupation Tax or the Use Tax, for an interstate
9 carrier by rail which receives the physical possession of such
10 property in Illinois, and which transports such property, or
11 shares with another common carrier in the transportation of
12 such property, out of Illinois on a standard uniform bill of
13 lading showing the seller of the property as the shipper or
14 consignor of such property to a destination outside Illinois,
15 for use outside Illinois.

16 (d-4) Until January 1, 1997, a sale, by a registered
17 serviceman paying tax under this Act to the Department, of
18 special order printed materials delivered outside Illinois and
19 which are not returned to this State, if delivery is made by
20 the seller or agent of the seller, including an agent who
21 causes the product to be delivered outside Illinois by a common
22 carrier or the U.S. postal service.

23 (e) A sale or transfer of machinery and equipment used
24 primarily in the process of the manufacturing or assembling,
25 either in an existing, an expanded or a new manufacturing
26 facility, of tangible personal property for wholesale or retail

1 sale or lease, whether such sale or lease is made directly by
2 the manufacturer or by some other person, whether the materials
3 used in the process are owned by the manufacturer or some other
4 person, or whether such sale or lease is made apart from or as
5 an incident to the seller's engaging in a service occupation
6 and the applicable tax is a Service Occupation Tax or Service
7 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
8 exemption provided by this paragraph (e) does not include
9 machinery and equipment used in (i) the generation of
10 electricity for wholesale or retail sale; (ii) the generation
11 or treatment of natural or artificial gas for wholesale or
12 retail sale that is delivered to customers through pipes,
13 pipelines, or mains; or (iii) the treatment of water for
14 wholesale or retail sale that is delivered to customers through
15 pipes, pipelines, or mains. The provisions of this amendatory
16 Act of the 98th General Assembly are declaratory of existing
17 law as to the meaning and scope of this exemption. The
18 exemption under this subsection (e) is exempt from the
19 provisions of Section 3-75.

20 (f) Until July 1, 2003, the sale or transfer of
21 distillation machinery and equipment, sold as a unit or kit and
22 assembled or installed by the retailer, which machinery and
23 equipment is 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 such user and not subject to sale or resale.

1 (g) At the election of any serviceman not required to be
2 otherwise registered as a retailer under Section 2a of the
3 Retailers' Occupation Tax Act, made for each fiscal year sales
4 of service in which the aggregate annual cost price of tangible
5 personal property transferred as an incident to the sales of
6 service is less than 35% (75% in the case of servicemen
7 transferring prescription drugs or servicemen engaged in
8 graphic arts production) of the aggregate annual total gross
9 receipts from all sales of service. The purchase of such
10 tangible personal property by the serviceman shall be subject
11 to tax under the Retailers' Occupation Tax Act and the Use Tax
12 Act. However, if a primary serviceman who has made the election
13 described in this paragraph subcontracts service work to a
14 secondary serviceman who has also made the election described
15 in this paragraph, the primary serviceman does not incur a Use
16 Tax liability if the secondary serviceman (i) has paid or will
17 pay Use Tax on his or her cost price of any tangible personal
18 property transferred to the primary serviceman and (ii)
19 certifies that fact in writing to the primary serviceman.

20 Tangible personal property transferred incident to the
21 completion of a maintenance agreement is exempt from the tax
22 imposed pursuant to this Act.

23 Exemption (e) also includes machinery and equipment used in
24 the general maintenance or repair of such exempt machinery and
25 equipment or for in-house manufacture of exempt machinery and
26 equipment. On and after July 1, 2017, exemption (e) also

1 includes graphic arts machinery and equipment, as defined in
2 paragraph (5) of Section 3-5. The machinery and equipment
3 exemption does not include machinery and equipment used in (i)
4 the generation of electricity for wholesale or retail sale;
5 (ii) the generation or treatment of natural or artificial gas
6 for wholesale or retail sale that is delivered to customers
7 through pipes, pipelines, or mains; or (iii) the treatment of
8 water for wholesale or retail sale that is delivered to
9 customers through pipes, pipelines, or mains. The provisions of
10 this amendatory Act of the 98th General Assembly are
11 declaratory of existing law as to the meaning and scope of this
12 exemption. For the purposes of exemption (e), each of these
13 terms shall have the following meanings: (1) "manufacturing
14 process" shall mean the production of any article of tangible
15 personal property, whether such article is a finished product
16 or an article for use in the process of manufacturing or
17 assembling a different article of tangible personal property,
18 by procedures commonly regarded as manufacturing, processing,
19 fabricating, or refining which changes some existing material
20 or materials into a material with a different form, use or
21 name. In relation to a recognized integrated business composed
22 of a series of operations which collectively constitute
23 manufacturing, or individually constitute manufacturing
24 operations, the manufacturing process shall be deemed to
25 commence with the first operation or stage of production in the
26 series, and shall not be deemed to end until the completion of

1 the final product in the last operation or stage of production
2 in the series; and further for purposes of exemption (e),
3 photoprocessing is deemed to be a manufacturing process of
4 tangible personal property for wholesale or retail sale; (2)
5 "assembling process" shall mean the production of any article
6 of tangible personal property, whether such article is a
7 finished product or an article for use in the process of
8 manufacturing or assembling a different article of tangible
9 personal property, by the combination of existing materials in
10 a manner commonly regarded as assembling which results in a
11 material of a different form, use or name; (3) "machinery"
12 shall mean major mechanical machines or major components of
13 such machines contributing to a manufacturing or assembling
14 process; and (4) "equipment" shall include any independent
15 device or tool separate from any machinery but essential to an
16 integrated manufacturing or assembly process; including
17 computers used primarily in a manufacturer's computer assisted
18 design, computer assisted manufacturing (CAD/CAM) system; or
19 any subunit or assembly comprising a component of any machinery
20 or auxiliary, adjunct or attachment parts of machinery, such as
21 tools, dies, jigs, fixtures, patterns and molds; or any parts
22 which require periodic replacement in the course of normal
23 operation; but shall not include hand tools. Equipment includes
24 chemicals or chemicals acting as catalysts but only if the
25 chemicals or chemicals acting as catalysts effect a direct and
26 immediate change upon a product being manufactured or assembled

1 for wholesale or retail sale or lease. The purchaser of such
2 machinery and equipment who has an active resale registration
3 number shall furnish such number to the seller at the time of
4 purchase. The purchaser of such machinery and equipment and
5 tools without an active resale registration number shall
6 furnish to the seller a certificate of exemption for each
7 transaction stating facts establishing the exemption for that
8 transaction, which certificate shall be available to the
9 Department for inspection or audit.

10 Except as provided in Section 2d of this Act, the rolling
11 stock exemption applies to rolling stock used by an interstate
12 carrier for hire, even just between points in Illinois, if such
13 rolling stock transports, for hire, persons whose journeys or
14 property whose shipments originate or terminate outside
15 Illinois.

16 Any informal rulings, opinions or letters issued by the
17 Department in response to an inquiry or request for any opinion
18 from any person regarding the coverage and applicability of
19 exemption (e) to specific devices shall be published,
20 maintained as a public record, and made available for public
21 inspection and copying. If the informal ruling, opinion or
22 letter contains trade secrets or other confidential
23 information, where possible the Department shall delete such
24 information prior to publication. Whenever such informal
25 rulings, opinions, or letters contain any policy of general
26 applicability, the Department shall formulate and adopt such

1 policy as a rule in accordance with the provisions of the
2 Illinois Administrative Procedure Act.

3 On and after July 1, 1987, no entity otherwise eligible
4 under exemption (c) of this Section shall make tax free
5 purchases unless it has an active exemption identification
6 number issued by the Department.

7 "Serviceman" means any person who is engaged in the
8 occupation of making sales of service.

9 "Sale at Retail" means "sale at retail" as defined in the
10 Retailers' Occupation Tax Act.

11 "Supplier" means any person who makes sales of tangible
12 personal property to servicemen for the purpose of resale as an
13 incident to a sale of service.

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

15 (35 ILCS 115/3-5)

16 Sec. 3-5. Exemptions. The following tangible personal
17 property is exempt from the tax imposed by this Act:

18 (1) Personal property sold by a corporation, society,
19 association, foundation, institution, or organization, other
20 than a limited liability company, that is organized and
21 operated as a not-for-profit service enterprise for the benefit
22 of persons 65 years of age or older if the personal property
23 was not purchased by the enterprise for the purpose of resale
24 by the enterprise.

25 (2) Personal property purchased by a not-for-profit

1 Illinois county fair association for use in conducting,
2 operating, or promoting the county fair.

3 (3) Personal property purchased by any not-for-profit arts
4 or cultural organization that establishes, by proof required by
5 the Department by rule, that it has received an exemption under
6 Section 501(c)(3) of the Internal Revenue Code and that is
7 organized and operated primarily for the presentation or
8 support of arts or cultural programming, activities, or
9 services. These organizations include, but are not limited to,
10 music and dramatic arts organizations such as symphony
11 orchestras and theatrical groups, arts and cultural service
12 organizations, local arts councils, visual arts organizations,
13 and media arts organizations. On and after the effective date
14 of this amendatory Act of the 92nd General Assembly, however,
15 an entity otherwise eligible for this exemption shall not make
16 tax-free purchases unless it has an active identification
17 number issued by the Department.

18 (4) Legal tender, currency, medallions, or gold or silver
19 coinage issued by the State of Illinois, the government of the
20 United States of America, or the government of any foreign
21 country, and bullion.

22 (5) Until July 1, 2003 and beginning again on September 1,
23 2004 through August 30, 2014, graphic arts machinery and
24 equipment, including repair and replacement parts, both new and
25 used, and including that manufactured on special order or
26 purchased for lease, certified by the purchaser to be used

1 primarily for graphic arts production. Equipment includes
2 chemicals or chemicals acting as catalysts but only if the
3 chemicals or chemicals acting as catalysts effect a direct and
4 immediate change upon a graphic arts product. Beginning on July
5 1, 2017, graphic arts machinery and equipment is included in
6 the manufacturing and assembling machinery and equipment
7 exemption under Section 2 of this Act.

8 (6) Personal property sold by a teacher-sponsored student
9 organization affiliated with an elementary or secondary school
10 located in Illinois.

11 (7) Farm machinery and equipment, both new and used,
12 including that manufactured on special order, certified by the
13 purchaser to be used primarily for production agriculture or
14 State or federal agricultural programs, including individual
15 replacement parts for the machinery and equipment, including
16 machinery and equipment purchased for lease, and including
17 implements of husbandry defined in Section 1-130 of the
18 Illinois Vehicle Code, farm machinery and agricultural
19 chemical and fertilizer spreaders, and nurse wagons required to
20 be registered under Section 3-809 of the Illinois Vehicle Code,
21 but excluding other motor vehicles required to be registered
22 under the Illinois Vehicle Code. Horticultural polyhouses or
23 hoop houses used for propagating, growing, or overwintering
24 plants shall be considered farm machinery and equipment under
25 this item (7). Agricultural chemical tender tanks and dry boxes
26 shall include units sold separately from a motor vehicle

1 required to be licensed and units sold mounted on a motor
2 vehicle required to be licensed if the selling price of the
3 tender is separately stated.

4 Farm machinery and equipment shall include precision
5 farming equipment that is installed or purchased to be
6 installed on farm machinery and equipment including, but not
7 limited to, tractors, harvesters, sprayers, planters, seeders,
8 or spreaders. Precision farming equipment includes, but is not
9 limited to, soil testing sensors, computers, monitors,
10 software, global positioning and mapping systems, and other
11 such equipment.

12 Farm machinery and equipment also includes computers,
13 sensors, software, and related equipment used primarily in the
14 computer-assisted operation of production agriculture
15 facilities, equipment, and activities such as, but not limited
16 to, the collection, monitoring, and correlation of animal and
17 crop data for the purpose of formulating animal diets and
18 agricultural chemicals. This item (7) is exempt from the
19 provisions of Section 3-55.

20 (8) Until June 30, 2013, fuel and petroleum products sold
21 to or used by an air common carrier, certified by the carrier
22 to be used for consumption, shipment, or storage in the conduct
23 of its business as an air common carrier, for a flight destined
24 for or returning from a location or locations outside the
25 United States without regard to previous or subsequent domestic
26 stopovers.

1 Beginning July 1, 2013, fuel and petroleum products sold to
2 or used by an air carrier, certified by the carrier to be used
3 for consumption, shipment, or storage in the conduct of its
4 business as an air common carrier, for a flight that (i) is
5 engaged in foreign trade or is engaged in trade between the
6 United States and any of its possessions and (ii) transports at
7 least one individual or package for hire from the city of
8 origination to the city of final destination on the same
9 aircraft, without regard to a change in the flight number of
10 that aircraft.

11 (9) Proceeds of mandatory service charges separately
12 stated on customers' bills for the purchase and consumption of
13 food and beverages, to the extent that the proceeds of the
14 service charge are in fact turned over as tips or as a
15 substitute for tips to the employees who participate directly
16 in preparing, serving, hosting or cleaning up the food or
17 beverage function with respect to which the service charge is
18 imposed.

19 (10) Until July 1, 2003, oil field exploration, drilling,
20 and production equipment, including (i) rigs and parts of rigs,
21 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
22 tubular goods, including casing and drill strings, (iii) pumps
23 and pump-jack units, (iv) storage tanks and flow lines, (v) any
24 individual replacement part for oil field exploration,
25 drilling, and production equipment, and (vi) machinery and
26 equipment purchased for lease; but excluding motor vehicles

1 required to be registered under the Illinois Vehicle Code.

2 (11) Photoprocessing machinery and equipment, including
3 repair and replacement parts, both new and used, including that
4 manufactured on special order, certified by the purchaser to be
5 used primarily for photoprocessing, and including
6 photoprocessing machinery and equipment purchased for lease.

7 (12) Coal and aggregate exploration, mining, off-highway
8 hauling, processing, maintenance, and reclamation equipment,
9 including replacement parts and equipment, and including
10 equipment purchased for lease, but excluding motor vehicles
11 required to be registered under the Illinois Vehicle Code. The
12 changes made to this Section by Public Act 97-767 apply on and
13 after July 1, 2003, but no claim for credit or refund is
14 allowed on or after August 16, 2013 (the effective date of
15 Public Act 98-456) for such taxes paid during the period
16 beginning July 1, 2003 and ending on August 16, 2013 (the
17 effective date of Public Act 98-456).

18 (13) Beginning January 1, 1992 and through June 30, 2016,
19 food for human consumption that is to be consumed off the
20 premises where it is sold (other than alcoholic beverages, soft
21 drinks and food that has been prepared for immediate
22 consumption) and prescription and non-prescription medicines,
23 drugs, medical appliances, and insulin, urine testing
24 materials, syringes, and needles used by diabetics, for human
25 use, when purchased for use by a person receiving medical
26 assistance under Article V of the Illinois Public Aid Code who

1 resides in a licensed long-term care facility, as defined in
2 the Nursing Home Care Act, or in a licensed facility as defined
3 in the ID/DD Community Care Act, the MC/DD Act, or the
4 Specialized Mental Health Rehabilitation Act of 2013.

5 (14) Semen used for artificial insemination of livestock
6 for direct agricultural production.

7 (15) Horses, or interests in horses, registered with and
8 meeting the requirements of any of the Arabian Horse Club
9 Registry of America, Appaloosa Horse Club, American Quarter
10 Horse Association, United States Trotting Association, or
11 Jockey Club, as appropriate, used for purposes of breeding or
12 racing for prizes. This item (15) is exempt from the provisions
13 of Section 3-55, and the exemption provided for under this item
14 (15) applies for all periods beginning May 30, 1995, but no
15 claim for credit or refund is allowed on or after January 1,
16 2008 (the effective date of Public Act 95-88) for such taxes
17 paid during the period beginning May 30, 2000 and ending on
18 January 1, 2008 (the effective date of Public Act 95-88).

19 (16) Computers and communications equipment utilized for
20 any hospital purpose and equipment used in the diagnosis,
21 analysis, or treatment of hospital patients sold to a lessor
22 who leases the equipment, under a lease of one year or longer
23 executed or in effect at the time of the purchase, to a
24 hospital that has been issued an active tax exemption
25 identification number by the Department under Section 1g of the
26 Retailers' Occupation Tax Act.

1 (17) Personal property sold to a lessor who leases the
2 property, under a lease of one year or longer executed or in
3 effect at the time of the purchase, to a governmental body that
4 has been issued an active tax exemption identification number
5 by the Department under Section 1g of the Retailers' Occupation
6 Tax Act.

7 (18) 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 (19) 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 (20) 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 3-55.

7 (21) 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 (22) 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 3-55.

13 (23) 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 3-55.

23 (24) Beginning on the effective date of this amendatory Act
24 of the 92nd General Assembly, computers and communications
25 equipment utilized for any hospital purpose and equipment used
26 in the diagnosis, analysis, or treatment of hospital patients

1 sold to a lessor who leases the equipment, under a lease of one
2 year or longer executed or in effect at the time of the
3 purchase, to a hospital that has been issued an active tax
4 exemption identification number by the Department under
5 Section 1g of the Retailers' Occupation Tax Act. This paragraph
6 is exempt from the provisions of Section 3-55.

7 (25) Beginning on the effective date of this amendatory Act
8 of the 92nd General Assembly, personal property sold to a
9 lessor who leases the property, under a lease of one year or
10 longer executed or in effect at the time of the purchase, to a
11 governmental body that has been issued an active tax exemption
12 identification number by the Department under Section 1g of the
13 Retailers' Occupation Tax Act. This paragraph is exempt from
14 the provisions of Section 3-55.

15 (26) Beginning on January 1, 2002 and through June 30,
16 2016, tangible personal property purchased from an Illinois
17 retailer by a taxpayer engaged in centralized purchasing
18 activities in Illinois who will, upon receipt of the property
19 in Illinois, temporarily store the property in Illinois (i) for
20 the purpose of subsequently transporting it outside this State
21 for use or consumption thereafter solely outside this State or
22 (ii) for the purpose of being processed, fabricated, or
23 manufactured into, attached to, or incorporated into other
24 tangible personal property to be transported outside this State
25 and thereafter used or consumed solely outside this State. The
26 Director of Revenue shall, pursuant to rules adopted in

1 accordance with the Illinois Administrative Procedure Act,
2 issue a permit to any taxpayer in good standing with the
3 Department who is eligible for the exemption under this
4 paragraph (26). The permit issued under this paragraph (26)
5 shall authorize the holder, to the extent and in the manner
6 specified in the rules adopted under this Act, to purchase
7 tangible personal property from a retailer exempt from the
8 taxes imposed by this Act. Taxpayers shall maintain all
9 necessary books and records to substantiate the use and
10 consumption of all such tangible personal property outside of
11 the State of Illinois.

12 (27) Beginning January 1, 2008, tangible personal property
13 used in the construction or maintenance of a community water
14 supply, as defined under Section 3.145 of the Environmental
15 Protection Act, that is operated by a not-for-profit
16 corporation that holds a valid water supply permit issued under
17 Title IV of the Environmental Protection Act. This paragraph is
18 exempt from the provisions of Section 3-55.

19 (28) Tangible personal property sold to a
20 public-facilities corporation, as described in Section
21 11-65-10 of the Illinois Municipal Code, for purposes of
22 constructing or furnishing a municipal convention hall, but
23 only if the legal title to the municipal convention hall is
24 transferred to the municipality without any further
25 consideration by or on behalf of the municipality at the time
26 of the completion of the municipal convention hall or upon the

1 retirement or redemption of any bonds or other debt instruments
2 issued by the public-facilities corporation in connection with
3 the development of the municipal convention hall. This
4 exemption includes existing public-facilities corporations as
5 provided in Section 11-65-25 of the Illinois Municipal Code.
6 This paragraph is exempt from the provisions of Section 3-55.

7 (29) Beginning January 1, 2010, materials, parts,
8 equipment, components, and furnishings incorporated into or
9 upon an aircraft as part of the modification, refurbishment,
10 completion, replacement, repair, or maintenance of the
11 aircraft. This exemption includes consumable supplies used in
12 the modification, refurbishment, completion, replacement,
13 repair, and maintenance of aircraft, but excludes any
14 materials, parts, equipment, components, and consumable
15 supplies used in the modification, replacement, repair, and
16 maintenance of aircraft engines or power plants, whether such
17 engines or power plants are installed or uninstalled upon any
18 such aircraft. "Consumable supplies" include, but are not
19 limited to, adhesive, tape, sandpaper, general purpose
20 lubricants, cleaning solution, latex gloves, and protective
21 films. This exemption applies only to the transfer of
22 qualifying tangible personal property incident to the
23 modification, refurbishment, completion, replacement, repair,
24 or maintenance of an aircraft by persons who (i) hold an Air
25 Agency Certificate and are empowered to operate an approved
26 repair station by the Federal Aviation Administration, (ii)

1 have a Class IV Rating, and (iii) conduct operations in
2 accordance with Part 145 of the Federal Aviation Regulations.
3 The exemption does not include aircraft operated by a
4 commercial air carrier providing scheduled passenger air
5 service pursuant to authority issued under Part 121 or Part 129
6 of the Federal Aviation Regulations. The changes made to this
7 paragraph (29) by Public Act 98-534 are declarative of existing
8 law.

9 (30) Beginning January 1, 2017, menstrual pads, tampons,
10 and menstrual cups.

11 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
12 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
13 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

14 Section 35-20. The Retailers' Occupation Tax Act is amended
15 by changing Sections 2-5 and 2-45 as follows:

16 (35 ILCS 120/2-5)

17 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
18 sale of the following tangible personal property are exempt
19 from the tax imposed by this Act:

20 (1) Farm chemicals.

21 (2) Farm machinery and equipment, both new and used,
22 including that manufactured on special order, certified by the
23 purchaser to be used primarily for production agriculture or
24 State or federal agricultural programs, including individual

1 replacement parts for the machinery and equipment, including
2 machinery and equipment purchased for lease, and including
3 implements of husbandry defined in Section 1-130 of the
4 Illinois Vehicle Code, farm machinery and agricultural
5 chemical and fertilizer spreaders, and nurse wagons required to
6 be registered under Section 3-809 of the Illinois Vehicle Code,
7 but excluding other motor vehicles required to be registered
8 under the Illinois Vehicle Code. Horticultural polyhouses or
9 hoop houses used for propagating, growing, or overwintering
10 plants shall be considered farm machinery and equipment under
11 this item (2). Agricultural chemical tender tanks and dry boxes
12 shall include units sold separately from a motor vehicle
13 required to be licensed and units sold mounted on a motor
14 vehicle required to be licensed, if the selling price of the
15 tender is separately stated.

16 Farm machinery and equipment shall include precision
17 farming equipment that is installed or purchased to be
18 installed on farm machinery and equipment including, but not
19 limited to, tractors, harvesters, sprayers, planters, seeders,
20 or spreaders. Precision farming equipment includes, but is not
21 limited to, soil testing sensors, computers, monitors,
22 software, global positioning and mapping systems, and other
23 such equipment.

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

1 facilities, equipment, and activities such as, but not limited
2 to, the collection, monitoring, and correlation of animal and
3 crop data for the purpose of formulating animal diets and
4 agricultural chemicals. This item (2) is exempt from the
5 provisions of Section 2-70.

6 (3) 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 (4) Until July 1, 2003 and beginning again September 1,
13 2004 through August 30, 2014, graphic arts machinery and
14 equipment, including repair and replacement parts, both new and
15 used, and including that manufactured on special order or
16 purchased for lease, certified by the purchaser to be used
17 primarily for graphic arts production. 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 graphic arts product. Beginning on July
21 1, 2017, graphic arts machinery and equipment is included in
22 the manufacturing and assembling machinery and equipment
23 exemption under paragraph (14).

24 (5) A motor vehicle that is used for automobile renting, as
25 defined in the Automobile Renting Occupation and Use Tax Act.
26 This paragraph is exempt from the provisions of Section 2-70.

1 (6) Personal property sold by a teacher-sponsored student
2 organization affiliated with an elementary or secondary school
3 located in Illinois.

4 (7) Until July 1, 2003, proceeds of that portion of the
5 selling price of a passenger car the sale of which is subject
6 to the Replacement Vehicle Tax.

7 (8) Personal property sold to an Illinois county fair
8 association for use in conducting, operating, or promoting the
9 county fair.

10 (9) Personal property sold to a not-for-profit arts or
11 cultural organization that establishes, by proof required by
12 the Department by rule, that it has received an exemption under
13 Section 501(c)(3) of the Internal Revenue Code and that is
14 organized and operated primarily for the presentation or
15 support of arts or cultural programming, activities, or
16 services. These organizations include, but are not limited to,
17 music and dramatic arts organizations such as symphony
18 orchestras and theatrical groups, arts and cultural service
19 organizations, local arts councils, visual arts organizations,
20 and media arts organizations. On and after the effective date
21 of this amendatory Act of the 92nd General Assembly, however,
22 an entity otherwise eligible for this exemption shall not make
23 tax-free purchases unless it has an active identification
24 number issued by the Department.

25 (10) Personal property sold by a corporation, society,
26 association, foundation, institution, or organization, other

1 than a limited liability company, that is organized and
2 operated as a not-for-profit service enterprise for the benefit
3 of persons 65 years of age or older if the personal property
4 was not purchased by the enterprise for the purpose of resale
5 by the enterprise.

6 (11) Personal property sold to a governmental body, to a
7 corporation, society, association, foundation, or institution
8 organized and operated exclusively for charitable, religious,
9 or educational purposes, or to a not-for-profit corporation,
10 society, association, foundation, institution, or organization
11 that has no compensated officers or employees and that is
12 organized and operated primarily for the recreation of persons
13 55 years of age or older. A limited liability company may
14 qualify for the exemption under this paragraph only if the
15 limited liability company is organized and operated
16 exclusively for educational purposes. On and after July 1,
17 1987, however, no entity otherwise eligible for this exemption
18 shall make tax-free purchases unless it has an active
19 identification number issued by the Department.

20 (12) Tangible personal property sold to interstate
21 carriers for hire for use as rolling stock moving in interstate
22 commerce or to lessors under leases of one year or longer
23 executed or in effect at the time of purchase by interstate
24 carriers for hire for use as rolling stock moving in interstate
25 commerce and equipment operated by a telecommunications
26 provider, licensed as a common carrier by the Federal

1 Communications Commission, which is permanently installed in
2 or affixed to aircraft moving in interstate commerce.

3 (12-5) On and after July 1, 2003 and through June 30, 2004,
4 motor vehicles of the second division with a gross vehicle
5 weight in excess of 8,000 pounds that are subject to the
6 commercial distribution fee imposed under Section 3-815.1 of
7 the Illinois Vehicle Code. Beginning on July 1, 2004 and
8 through June 30, 2005, the use in this State of motor vehicles
9 of the second division: (i) with a gross vehicle weight rating
10 in excess of 8,000 pounds; (ii) that are subject to the
11 commercial distribution fee imposed under Section 3-815.1 of
12 the Illinois Vehicle Code; and (iii) that are primarily used
13 for commercial purposes. Through June 30, 2005, this exemption
14 applies to repair and replacement parts added after the initial
15 purchase of such a motor vehicle if that motor vehicle is used
16 in a manner that would qualify for the rolling stock exemption
17 otherwise provided for in this Act. For purposes of this
18 paragraph, "used for commercial purposes" means the
19 transportation of persons or property in furtherance of any
20 commercial or industrial enterprise whether for-hire or not.

21 (13) Proceeds from sales to owners, lessors, or shippers of
22 tangible personal property that is utilized by interstate
23 carriers for hire for use as rolling stock moving in interstate
24 commerce and equipment operated by a telecommunications
25 provider, licensed as a common carrier by the Federal
26 Communications Commission, which is permanently installed in

1 or affixed to aircraft moving in interstate commerce.

2 (14) Machinery and equipment that will be used by the
3 purchaser, or a lessee of the purchaser, primarily in the
4 process of manufacturing or assembling tangible personal
5 property for wholesale or retail sale or lease, whether the
6 sale or lease is made directly by the manufacturer or by some
7 other person, whether the materials used in the process are
8 owned by the manufacturer or some other person, or whether the
9 sale or lease is made apart from or as an incident to the
10 seller's engaging in the service occupation of producing
11 machines, tools, dies, jigs, patterns, gauges, or other similar
12 items of no commercial value on special order for a particular
13 purchaser. The exemption provided by this paragraph (14) does
14 not include machinery and equipment used in (i) the generation
15 of electricity for wholesale or retail sale; (ii) the
16 generation or treatment of natural or artificial gas for
17 wholesale or retail sale that is delivered to customers through
18 pipes, pipelines, or mains; or (iii) the treatment of water for
19 wholesale or retail sale that is delivered to customers through
20 pipes, pipelines, or mains. The provisions of Public Act 98-583
21 are declaratory of existing law as to the meaning and scope of
22 this exemption. Beginning on July 1, 2017, the exemption
23 provided by this paragraph (14) includes, but is not limited
24 to, graphic arts machinery and equipment, as defined in
25 paragraph (4) of this Section.

26 (15) Proceeds of mandatory service charges separately

1 stated on customers' bills for purchase and consumption of food
2 and beverages, to the extent that the proceeds of the service
3 charge are in fact turned over as tips or as a substitute for
4 tips to the employees who participate directly in preparing,
5 serving, hosting or cleaning up the food or beverage function
6 with respect to which the service charge is imposed.

7 (16) Petroleum products sold to a purchaser if the seller
8 is prohibited by federal law from charging tax to the
9 purchaser.

10 (17) Tangible personal property sold to a common carrier by
11 rail or motor that receives the physical possession of the
12 property in Illinois and that transports the property, or
13 shares with another common carrier in the transportation of the
14 property, out of Illinois on a standard uniform bill of lading
15 showing the seller of the property as the shipper or consignor
16 of the property to a destination outside Illinois, for use
17 outside Illinois.

18 (18) Legal tender, currency, medallions, or gold or silver
19 coinage issued by the State of Illinois, the government of the
20 United States of America, or the government of any foreign
21 country, and bullion.

22 (19) 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 (20) Photoprocessing machinery and equipment, including
6 repair and replacement parts, both new and used, including that
7 manufactured on special order, certified by the purchaser to be
8 used primarily for photoprocessing, and including
9 photoprocessing machinery and equipment purchased for lease.

10 (21) Coal and aggregate exploration, mining, off-highway
11 hauling, processing, maintenance, and reclamation equipment,
12 including replacement parts and equipment, and including
13 equipment purchased for lease, but excluding motor vehicles
14 required to be registered under the Illinois Vehicle Code. The
15 changes made to this Section by Public Act 97-767 apply on and
16 after July 1, 2003, but no claim for credit or refund is
17 allowed on or after August 16, 2013 (the effective date of
18 Public Act 98-456) for such taxes paid during the period
19 beginning July 1, 2003 and ending on August 16, 2013 (the
20 effective date of Public Act 98-456).

21 (22) Until June 30, 2013, fuel and petroleum products sold
22 to or used by an air carrier, certified by the carrier to be
23 used for consumption, shipment, or storage in the conduct of
24 its business as an air common carrier, for a flight destined
25 for or returning from a location or locations outside the
26 United States without regard to previous or subsequent domestic

1 stopovers.

2 Beginning July 1, 2013, fuel and petroleum products sold to
3 or used by an air carrier, certified by the carrier to be used
4 for consumption, shipment, or storage in the conduct of its
5 business as an air common carrier, for a flight that (i) is
6 engaged in foreign trade or is engaged in trade between the
7 United States and any of its possessions and (ii) transports at
8 least one individual or package for hire from the city of
9 origination to the city of final destination on the same
10 aircraft, without regard to a change in the flight number of
11 that aircraft.

12 (23) A transaction in which the purchase order is received
13 by a florist who is located outside Illinois, but who has a
14 florist located in Illinois deliver the property to the
15 purchaser or the purchaser's donee in Illinois.

16 (24) Fuel consumed or used in the operation of ships,
17 barges, or vessels that are used primarily in or for the
18 transportation of property or the conveyance of persons for
19 hire on rivers bordering on this State if the fuel is delivered
20 by the seller to the purchaser's barge, ship, or vessel while
21 it is afloat upon that bordering river.

22 (25) Except as provided in item (25-5) of this Section, a
23 motor vehicle sold in this State to a nonresident even though
24 the motor vehicle is delivered to the nonresident in this
25 State, if the motor vehicle is not to be titled in this State,
26 and if a drive-away permit is issued to the motor vehicle as

1 provided in Section 3-603 of the Illinois Vehicle Code or if
2 the nonresident purchaser has vehicle registration plates to
3 transfer to the motor vehicle upon returning to his or her home
4 state. The issuance of the drive-away permit or having the
5 out-of-state registration plates to be transferred is prima
6 facie evidence that the motor vehicle will not be titled in
7 this State.

8 (25-5) The exemption under item (25) does not apply if the
9 state in which the motor vehicle will be titled does not allow
10 a reciprocal exemption for a motor vehicle sold and delivered
11 in that state to an Illinois resident but titled in Illinois.
12 The tax collected under this Act on the sale of a motor vehicle
13 in this State to a resident of another state that does not
14 allow a reciprocal exemption shall be imposed at a rate equal
15 to the state's rate of tax on taxable property in the state in
16 which the purchaser is a resident, except that the tax shall
17 not exceed the tax that would otherwise be imposed under this
18 Act. At the time of the sale, the purchaser shall execute a
19 statement, signed under penalty of perjury, of his or her
20 intent to title the vehicle in the state in which the purchaser
21 is a resident within 30 days after the sale and of the fact of
22 the payment to the State of Illinois of tax in an amount
23 equivalent to the state's rate of tax on taxable property in
24 his or her state of residence and shall submit the statement to
25 the appropriate tax collection agency in his or her state of
26 residence. In addition, the retailer must retain a signed copy

1 of the statement in his or her records. Nothing in this item
2 shall be construed to require the removal of the vehicle from
3 this state following the filing of an intent to title the
4 vehicle in the purchaser's state of residence if the purchaser
5 titles the vehicle in his or her state of residence within 30
6 days after the date of sale. The tax collected under this Act
7 in accordance with this item (25-5) shall be proportionately
8 distributed as if the tax were collected at the 6.25% general
9 rate imposed under this Act.

10 (25-7) Beginning on July 1, 2007, no tax is imposed under
11 this Act on the sale of an aircraft, as defined in Section 3 of
12 the Illinois Aeronautics Act, if all of the following
13 conditions are met:

14 (1) the aircraft leaves this State within 15 days after
15 the later of either the issuance of the final billing for
16 the sale of the aircraft, or the authorized approval for
17 return to service, completion of the maintenance record
18 entry, and completion of the test flight and ground test
19 for inspection, as required by 14 C.F.R. 91.407;

20 (2) the aircraft is not based or registered in this
21 State after the sale of the aircraft; and

22 (3) the seller retains in his or her books and records
23 and provides to the Department a signed and dated
24 certification from the purchaser, on a form prescribed by
25 the Department, certifying that the requirements of this
26 item (25-7) are met. The certificate must also include the

1 name and address of the purchaser, the address of the
2 location where the aircraft is to be titled or registered,
3 the address of the primary physical location of the
4 aircraft, and other information that the Department may
5 reasonably require.

6 For purposes of this item (25-7):

7 "Based in this State" means hangared, stored, or otherwise
8 used, excluding post-sale customizations as defined in this
9 Section, for 10 or more days in each 12-month period
10 immediately following the date of the sale of the aircraft.

11 "Registered in this State" means an aircraft registered
12 with the Department of Transportation, Aeronautics Division,
13 or titled or registered with the Federal Aviation
14 Administration to an address located in this State.

15 This paragraph (25-7) is exempt from the provisions of
16 Section 2-70.

17 (26) Semen used for artificial insemination of livestock
18 for direct agricultural production.

19 (27) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (27) is exempt from the provisions
25 of Section 2-70, and the exemption provided for under this item
26 (27) applies for all periods beginning May 30, 1995, but no

1 claim for credit or refund is allowed on or after January 1,
2 2008 (the effective date of Public Act 95-88) for such taxes
3 paid during the period beginning May 30, 2000 and ending on
4 January 1, 2008 (the effective date of Public Act 95-88).

5 (28) Computers and communications equipment utilized for
6 any hospital purpose and equipment used in the diagnosis,
7 analysis, or treatment of hospital patients sold to a lessor
8 who leases the equipment, under a lease of one year or longer
9 executed or in effect at the time of the purchase, to a
10 hospital that has been issued an active tax exemption
11 identification number by the Department under Section 1g of
12 this Act.

13 (29) Personal property sold to a lessor who leases the
14 property, under a lease of one year or longer executed or in
15 effect at the time of the purchase, to a governmental body that
16 has been issued an active tax exemption identification number
17 by the Department under Section 1g of this Act.

18 (30) 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 (31) 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 (32) Beginning July 1, 1999, game or game birds sold at a
15 "game breeding and hunting preserve area" as that term is used
16 in the Wildlife Code. This paragraph is exempt from the
17 provisions of Section 2-70.

18 (33) 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 (34) 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 2-70.

24 (35) 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 2-70.

8 (35-5) Beginning August 23, 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 a licensed facility as defined in
19 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
20 Mental Health Rehabilitation Act of 2013.

21 (36) Beginning August 2, 2001, computers and
22 communications equipment utilized for any hospital purpose and
23 equipment used in the diagnosis, analysis, or treatment of
24 hospital patients sold to a lessor who leases the equipment,
25 under a lease of one year or longer executed or in effect at
26 the time of the purchase, to a hospital that has been issued an

1 active tax exemption identification number by the Department
2 under Section 1g of this Act. This paragraph is exempt from the
3 provisions of Section 2-70.

4 (37) Beginning August 2, 2001, personal property sold to a
5 lessor who leases the property, under a lease of one year or
6 longer executed or in effect at the time of the purchase, to a
7 governmental body that has been issued an active tax exemption
8 identification number by the Department under Section 1g of
9 this Act. This paragraph is exempt from the provisions of
10 Section 2-70.

11 (38) Beginning on January 1, 2002 and through June 30,
12 2016, tangible personal property purchased from an Illinois
13 retailer by a taxpayer engaged in centralized purchasing
14 activities in Illinois who will, upon receipt of the property
15 in Illinois, temporarily store the property in Illinois (i) for
16 the purpose of subsequently transporting it outside this State
17 for use or consumption thereafter solely outside this State or
18 (ii) for the purpose of being processed, fabricated, or
19 manufactured into, attached to, or incorporated into other
20 tangible personal property to be transported outside this State
21 and thereafter used or consumed solely outside this State. The
22 Director of Revenue shall, pursuant to rules adopted in
23 accordance with the Illinois Administrative Procedure Act,
24 issue a permit to any taxpayer in good standing with the
25 Department who is eligible for the exemption under this
26 paragraph (38). The permit issued under this paragraph (38)

1 shall authorize the holder, to the extent and in the manner
2 specified in the rules adopted under this Act, to purchase
3 tangible personal property from a retailer exempt from the
4 taxes imposed by this Act. Taxpayers shall maintain all
5 necessary books and records to substantiate the use and
6 consumption of all such tangible personal property outside of
7 the State of Illinois.

8 (39) Beginning January 1, 2008, tangible personal property
9 used in the construction or maintenance of a community water
10 supply, as defined under Section 3.145 of the Environmental
11 Protection Act, that is operated by a not-for-profit
12 corporation that holds a valid water supply permit issued under
13 Title IV of the Environmental Protection Act. This paragraph is
14 exempt from the provisions of Section 2-70.

15 (40) Beginning January 1, 2010, materials, parts,
16 equipment, components, and furnishings incorporated into or
17 upon an aircraft as part of the modification, refurbishment,
18 completion, replacement, repair, or maintenance of the
19 aircraft. This exemption includes consumable supplies used in
20 the modification, refurbishment, completion, replacement,
21 repair, and maintenance of aircraft, but excludes any
22 materials, parts, equipment, components, and consumable
23 supplies used in the modification, replacement, repair, and
24 maintenance of aircraft engines or power plants, whether such
25 engines or power plants are installed or uninstalled upon any
26 such aircraft. "Consumable supplies" include, but are not

1 limited to, adhesive, tape, sandpaper, general purpose
2 lubricants, cleaning solution, latex gloves, and protective
3 films. This exemption applies only to the sale of qualifying
4 tangible personal property to persons who modify, refurbish,
5 complete, replace, or maintain an aircraft and who (i) hold an
6 Air Agency Certificate and are empowered to operate an approved
7 repair station by the Federal Aviation Administration, (ii)
8 have a Class IV Rating, and (iii) conduct operations in
9 accordance with Part 145 of the Federal Aviation Regulations.
10 The exemption does not include aircraft operated by a
11 commercial air carrier providing scheduled passenger air
12 service pursuant to authority issued under Part 121 or Part 129
13 of the Federal Aviation Regulations. The changes made to this
14 paragraph (40) by Public Act 98-534 are declarative of existing
15 law.

16 (41) Tangible personal property sold to a
17 public-facilities corporation, as described in Section
18 11-65-10 of the Illinois Municipal Code, for purposes of
19 constructing or furnishing a municipal convention hall, but
20 only if the legal title to the municipal convention hall is
21 transferred to the municipality without any further
22 consideration by or on behalf of the municipality at the time
23 of the completion of the municipal convention hall or upon the
24 retirement or redemption of any bonds or other debt instruments
25 issued by the public-facilities corporation in connection with
26 the development of the municipal convention hall. This

1 exemption includes existing public-facilities corporations as
2 provided in Section 11-65-25 of the Illinois Municipal Code.
3 This paragraph is exempt from the provisions of Section 2-70.

4 (42) Beginning January 1, 2017, menstrual pads, tampons,
5 and menstrual cups.

6 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
7 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
8 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
9 7-29-15; 99-855, eff. 8-19-16.)

10 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

11 Sec. 2-45. Manufacturing and assembly exemption. The
12 manufacturing and assembly machinery and equipment exemption
13 includes machinery and equipment that replaces machinery and
14 equipment in an existing manufacturing facility as well as
15 machinery and equipment that are for use in an expanded or new
16 manufacturing facility.

17 The machinery and equipment exemption also includes
18 machinery and equipment used in the general maintenance or
19 repair of exempt machinery and equipment or for in-house
20 manufacture of exempt machinery and equipment. Beginning on
21 July 1, 2017, the manufacturing and assembling machinery and
22 equipment exemption also includes graphic arts machinery and
23 equipment, as defined in paragraph (4) of Section 2-5. The
24 machinery and equipment exemption does not include machinery
25 and equipment used in (i) the generation of electricity for

1 wholesale or retail sale; (ii) the generation or treatment of
2 natural or artificial gas for wholesale or retail sale that is
3 delivered to customers through pipes, pipelines, or mains; or
4 (iii) the treatment of water for wholesale or retail sale that
5 is delivered to customers through pipes, pipelines, or mains.
6 The provisions of this amendatory Act of the 98th General
7 Assembly are declaratory of existing law as to the meaning and
8 scope of this exemption. For the purposes of this exemption,
9 terms have the following meanings:

10 (1) "Manufacturing process" means the production of an
11 article of tangible personal property, whether the article
12 is a finished product or an article for use in the process
13 of manufacturing or assembling a different article of
14 tangible personal property, by a procedure commonly
15 regarded as manufacturing, processing, fabricating, or
16 refining that changes some existing material or materials
17 into a material with a different form, use, or name. In
18 relation to a recognized integrated business composed of a
19 series of operations that collectively constitute
20 manufacturing, or individually constitute manufacturing
21 operations, the manufacturing process commences with the
22 first operation or stage of production in the series and
23 does not end until the completion of the final product in
24 the last operation or stage of production in the series.
25 For purposes of this exemption, photoprocessing is a
26 manufacturing process of tangible personal property for

1 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 a material of a different form, use, or name.

9 (3) "Machinery" means major mechanical machines or
10 major components of those machines contributing to a
11 manufacturing or assembling process.

12 (4) "Equipment" includes an independent device or tool
13 separate from machinery but essential to an integrated
14 manufacturing or assembly process; including computers
15 used primarily in a manufacturer's computer assisted
16 design, computer assisted manufacturing (CAD/CAM) system;
17 any subunit or assembly comprising a component of any
18 machinery or auxiliary, adjunct, or attachment parts of
19 machinery, such as tools, dies, jigs, fixtures, patterns,
20 and molds; and any parts that require periodic replacement
21 in the course of normal operation; but does not include
22 hand tools. Equipment includes chemicals or chemicals
23 acting as catalysts but only if the chemicals or chemicals
24 acting as catalysts effect a direct and immediate change
25 upon a product being manufactured or assembled for
26 wholesale or retail sale or lease.

1 (5) "Production related tangible personal property"
2 means all tangible personal property that is used or
3 consumed by the purchaser in a manufacturing facility in
4 which a manufacturing process takes place and includes,
5 without limitation, tangible personal property that is
6 purchased for incorporation into real estate within a
7 manufacturing facility and tangible personal property that
8 is used or consumed in activities such as research and
9 development, preproduction material handling, receiving,
10 quality control, inventory control, storage, staging, and
11 packaging for shipping and transportation purposes.
12 "Production related tangible personal property" does not
13 include (i) tangible personal property that is used, within
14 or without a manufacturing facility, in sales, purchasing,
15 accounting, fiscal management, marketing, personnel
16 recruitment or selection, or landscaping or (ii) tangible
17 personal property that is required to be titled or
18 registered with a department, agency, or unit of federal,
19 State, or local government.

20 The manufacturing and assembling machinery and equipment
21 exemption includes production related tangible personal
22 property that is purchased on or after July 1, 2007 and on or
23 before June 30, 2008. The exemption for production related
24 tangible personal property is subject to both of the following
25 limitations:

26 (1) The maximum amount of the exemption for any one

1 taxpayer may not exceed 5% of the purchase price of
2 production related tangible personal property that is
3 purchased on or after July 1, 2007 and on or before June
4 30, 2008. A credit under Section 3-85 of this Act may not
5 be earned by the purchase of production related tangible
6 personal property for which an exemption is received under
7 this Section.

8 (2) The maximum aggregate amount of the exemptions for
9 production related tangible personal property awarded
10 under this Act and the Use Tax Act to all taxpayers may not
11 exceed \$10,000,000. If the claims for the exemption exceed
12 \$10,000,000, then the Department shall reduce the amount of
13 the exemption to each taxpayer on a pro rata basis.

14 The Department may adopt rules to implement and administer the
15 exemption for production related tangible personal property.

16 The manufacturing and assembling machinery and equipment
17 exemption includes the sale of materials to a purchaser who
18 produces exempted types of machinery, equipment, or tools and
19 who rents or leases that machinery, equipment, or tools to a
20 manufacturer of tangible personal property. This exemption
21 also includes the sale of materials to a purchaser who
22 manufactures those materials into an exempted type of
23 machinery, equipment, or tools that the purchaser uses himself
24 or herself in the manufacturing of tangible personal property.
25 The purchaser of the machinery and equipment who has an active
26 resale registration number shall furnish that number to the

1 seller at the time of purchase. A purchaser of the machinery,
2 equipment, and tools without an active resale registration
3 number shall furnish to the seller a certificate of exemption
4 for each transaction stating facts establishing the exemption
5 for that transaction, and that certificate shall be available
6 to the Department for inspection or audit. Informal rulings,
7 opinions, or letters issued by the Department in response to an
8 inquiry or request for an opinion from any person regarding the
9 coverage and applicability of this exemption to specific
10 devices shall be published, maintained as a public record, and
11 made available for public inspection and copying. If the
12 informal ruling, opinion, or letter contains trade secrets or
13 other confidential information, where possible, the Department
14 shall delete that information before publication. Whenever
15 informal rulings, opinions, or letters contain a policy of
16 general applicability, the Department shall formulate and
17 adopt that policy as a rule in accordance with the Illinois
18 Administrative Procedure Act.

19 The manufacturing and assembling machinery and equipment
20 exemption is exempt from the provisions of Section 2-70.

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

22 ARTICLE 99. EFFECTIVE DATE

23 Section 99-999. Effective date. This Act takes effect upon
24 becoming law, except that Articles 1, 15, 17, and 25 take
25 effect on January 1, 2018.