



Sen. Toi W. Hutchinson

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1 AMENDMENT TO SENATE BILL 9

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

4 "ARTICLE 1. BUSINESS OPPORTUNITY TAX ACT

5 Section 1-1. Short title. This Act may be cited as the
6 Business Opportunity Tax Act.

7 Section 1-5. Definitions. As used in this Act:

8 "Compensation" means wages, salaries, commissions, and any
9 other form of remuneration paid to employees or independent
10 contractors for personal services.

11 "Department" means the Department of Revenue.

12 "Illinois payroll" means compensation paid by a qualified
13 business to residents of the State during the taxpayer's
14 taxable year.

15 "Qualified business" means an individual, trust, estate,

1 partnership, association, firm, company, corporation, or
2 limited liability company that issues a Form W-2 or a Form 1099
3 to a resident of the State.

4 "Resident" has the meaning given to that term in Section
5 1501 of the Illinois Income Tax Act.

6 "Taxable year" has the meaning given to that term in
7 Section 1501 of the Illinois Income Tax Act.

8 Section 1-10. Tax imposed.

9 (a) Beginning on July 1, 2017, a tax is hereby imposed upon
10 each qualified business for the privilege of doing business in
11 the State.

12 (b) The tax under subsection (a) shall be imposed in the
13 following amounts:

14 (1) if the taxpayer's total Illinois payroll for the
15 taxable year is less than \$100,000, then the annual tax is
16 \$225;

17 (2) if the taxpayer's total Illinois payroll for the
18 taxable year is \$100,000 or more but less than \$250,000,
19 then the annual tax is \$750;

20 (3) if the taxpayer's total Illinois payroll for the
21 taxable year is \$250,000 or more but less than \$500,000,
22 then the annual tax is \$3,750;

23 (4) if the taxpayer's total Illinois payroll for the
24 taxable year is \$500,000 or more but less than \$1,500,000,
25 then the annual tax is \$7,500; and

1 (5) if the taxpayer's total Illinois payroll for the
2 taxable year is \$1,500,000 or more, then the annual tax is
3 \$15,000.

4 Section 1-15. Exemptions. The following are exempt from
5 taxation under this Act:

6 (1) governmental employers described in Section 707 of
7 the Illinois Income Tax Act; and

8 (2) not-for-profit corporations that are exempt from
9 taxation under Sections 501(c) or 501(d) of the Internal
10 Revenue Code or organized under the General Not For Profit
11 Corporation Act of 1986.

12 Section 1-20. Annual return. Taxpayers who are liable for
13 the payment of the tax imposed under this Act may comply with
14 the requirements of this Act by filing an annual return, in the
15 form and manner required by the Department, and paying the
16 taxes required to be paid on or before the 15th day of the
17 fourth month following the close of the taxable year with
18 respect to which the tax under this Act is being paid.

19 Section 1-25. Collection authority. The Department shall
20 collect the taxes imposed by this Act. Money collected pursuant
21 to this Act shall be paid into the General Revenue Fund in the
22 State treasury.

1 Section 1-30. Applicability of the Illinois Income Tax Act.
2 The provisions of Articles 9, 10, 11, and 12 of the Illinois
3 Income Tax Act (other than Section 901 of the Illinois Income
4 Tax Act) which are not inconsistent with this Act shall apply
5 to the subject matter of this Act to the same extent as if
6 those provisions were included in this Act.

7 Section 1-35. Rulemaking. The Department may adopt, in
8 accordance with the requirements of the Illinois
9 Administrative Procedure Act, any rule that is necessary to
10 implement this Act.

11 ARTICLE 5. STORAGE EXCISE TAX

12 Section 5-1. Short title. This Act may be cited as the
13 Storage Excise Tax Act.

14 Section 5-5. Definitions.

15 "Business" means any person engaged in activities with the
16 object of profit or gain, either directly or indirectly, to the
17 person.

18 "Cost price" means the consideration paid by a provider to
19 a supplier for a purchase of tangible personal property valued
20 in money, whether paid in money or otherwise, including cash,
21 credits and services, and shall be determined without any
22 deduction on account of taxes paid by the provider for the

1 purchase of tangible personal property or on account of any
2 expenses that are part of the selling price of the tangible
3 personal property taxable under the Retailers' Occupation Tax
4 Act and the Use Tax Act that are charged to the provider by a
5 supplier. When a provider contracts out part or all of the
6 services required in his sale of service subject to tax under
7 this Act, it shall be presumed that the cost price to the
8 provider of the tangible personal property transferred to him
9 or her by his or her subcontractor is equal to 50% of the
10 subcontractor's charges to the provider in the absence of proof
11 of the consideration paid for the tangible personal property by
12 the provider to the subcontractor.

13 "Department" means the Department of Revenue.

14 "Director" means the Director of Revenue.

15 "Person" means any natural individual, firm, trust,
16 estate, partnership, association, joint stock company, joint
17 venture, corporation, limited liability company, or a
18 receiver, trustee, guardian, or other representative appointed
19 by order of any court.

20 "Provider" means any person engaged in the business of
21 providing, furnishing or supplying space for storage to persons
22 for use and not for resale.

23 "Provider maintaining a place of business in this State",
24 or any like term, means and includes any of the following:

25 (1) A provider having or maintaining within this State,
26 directly or by a subsidiary, an office, distribution house,

1 sales house, warehouse or other place of business, or any
2 agent or other representative operating within this State
3 under the authority of the provider or its subsidiary,
4 irrespective of whether such place of business or agent or
5 other representative is located here permanently or
6 temporarily, or whether such provider or subsidiary is
7 licensed to do business in this State.

8 (2) A provider having a contract with a person located
9 in this State under which the person, for a commission or
10 other consideration based upon the sale of services subject
11 to tax under this Act by the provider, directly or
12 indirectly refers potential customers to the provider by
13 providing to the potential customers a promotional code or
14 other mechanism that allows the provider to track purchases
15 referred by such persons. Examples of mechanisms that allow
16 the provider to track purchases referred by such persons
17 include but are not limited to the use of a link on the
18 person's Internet website, promotional codes distributed
19 through the person's hand-delivered or mailed material,
20 and promotional codes distributed by the person through
21 radio or other broadcast media. The provisions of this
22 paragraph (2) shall apply only if the cumulative purchase
23 prices from sales of services subject to tax under this Act
24 by the provider to purchasers who are referred to the
25 provider by all persons in this State under such contracts
26 exceed \$10,000 during the preceding 4 quarterly periods

1 ending on the last day of March, June, September, and
2 December. A provider meeting the requirements of this
3 paragraph (2) shall be presumed to be maintaining a place
4 of business in this State but may rebut this presumption by
5 submitting proof that the referrals or other activities
6 pursued within this State by such persons were not
7 sufficient to meet the nexus standards of the United States
8 Constitution during the preceding 4 quarterly periods.

9 (3) A provider having a contract with a person located
10 in this State under which:

11 (A) the provider sells the same or substantially
12 similar service subject to tax under this Act as the
13 person located in this State and does so using an
14 identical or substantially similar name, trade name,
15 or trademark as the person located in this State; and

16 (B) the provider provides a commission or other
17 consideration to the person located in this State based
18 upon the sale of services subject to tax under this Act
19 by the provider.

20 The provisions of this paragraph (3) shall apply only
21 if the cumulative purchase prices from sales of services
22 subject to tax under this Act by the provider to purchasers
23 in this State under all such contracts exceed \$10,000
24 during the preceding 4 quarterly periods ending on the last
25 day of March, June, September, and December.

26 "Purchase of service" means the acquisition, for a valuable

1 consideration, of space for storage.

2 "Purchase price" means the consideration paid for a
3 purchase of service, all services directly related to the
4 purchase of service, and all tangible personal property
5 transferred incident to the purchase of service, valued in
6 money, whether received in money or otherwise, including cash,
7 gift cards, reward points, credits, and property and shall be
8 determined without any deduction on account of the cost of
9 materials used, labor or service costs, or any other expense
10 whatsoever. However, "purchase price" shall not include
11 consideration paid for:

12 (1) any charge for a dishonored check;

13 (2) any finance or credit charge, penalty or charge for
14 delayed payment, or discount for prompt payment;

15 (3) any purchase by a purchaser if the provider is
16 prohibited by federal or State constitution, treaty,
17 convention, statute or court decision from collecting the
18 tax from such purchaser;

19 (4) the isolated or occasional sale of services subject
20 to tax under this Act by a person who does not hold himself
21 out as being engaged (or who does not habitually engage) in
22 selling such service; and

23 (5) any amounts added to a purchaser's bills because of
24 charges made pursuant to the tax imposed by this Act.

25 In case credit is extended, the amount thereof shall be
26 included only as and when payments are made.

1 "Purchaser" means any person who, for a valuable
2 consideration, acquires storage space for use and not for
3 resale.

4 "Storage" means the retaining or keeping of tangible
5 personal property in this State for any purpose.

6 "Space for storage" means (i) secure areas, such as rooms,
7 units, compartments or containers, whether accessible from
8 outside or from within a building, that are designated for the
9 use of a purchaser, where the purchaser can store and retrieve
10 property, including self-storage units, mini-storage units,
11 and areas by any other name; (ii) any parking lot, ramp, or
12 parking garage for a vehicle, whether the vehicle is parked by
13 the operator of the vehicle or by an attendant; (iii) any
14 aircraft parking area, ramp, or hanger; (iv) any boat slip,
15 dock, or dry dock; (v) any recreational vehicle parking area or
16 garage; and (vi) any other areas for storage or parking of
17 tangible personal property.

18 "Self-storage or "mini-storage" includes storage lockers
19 or storage units in apartment complexes (if the locker or unit
20 is utilized at the tenant's option and includes payment of a
21 fee in addition to apartment rental), and in amusement parks,
22 water parks, recreational facilities, and other locations
23 where lockers are rented for self-storage.

24 "Supplier" means any person who makes sales of tangible
25 personal property to providers for subsequent transfer
26 incident to a sale of service subject to tax under this Act.

1 "Use" means the exercise by any person of any right or
2 power over, or the enjoyment of, the services subject to tax
3 under this Act.

4 Section 5-10. Imposition of tax; calculation of tax.

5 (a) Effective January 1, 2018, except as otherwise provided
6 in this Section, a tax is imposed on the privilege of using in
7 this State space for storage purchased for use and not for
8 resale at the rate of 5% of the purchase price for the space
9 for storage.

10 (b) Except as otherwise provided in subsection (e), if
11 tangible personal property is transferred incident to a
12 purchase of service, and if the provider separately states on
13 the invoice the cost price of the tangible personal property
14 transferred incident to the purchase of service, the tax is
15 imposed on the difference between the total purchase price and
16 the provider's cost price of the tangible personal property
17 transferred.

18 (c) Except as otherwise provided in subsection (e), if
19 tangible personal property is transferred incident to a
20 purchase of service, and if the provider does not separately
21 state on the invoice the cost price of the tangible personal
22 property transferred incident to the purchase of service, tax
23 is imposed on 80% of the purchase price.

24 (d) Except as otherwise provided in subsection (e), a
25 provider that transfers tangible personal property incident to

1 a sale of service subject to tax under this Act shall make an
2 annual election prior to December 31 of each year to pay the
3 tax imposed by this Act under either subsection (b) or
4 subsection (c) for the following calendar year. A provider may
5 not make an election regarding the method of calculating tax on
6 a transaction-by-transaction basis. For a provider that fails
7 to make an election pursuant to this subsection, the tax is
8 imposed on 80% of the purchase price.

9 (e) A provider making sales of services subject to tax
10 under this Act in which the aggregate annual cost price of
11 tangible personal property transferred incident to all sales of
12 services subject to tax under this Act is less than 3% of the
13 aggregate annual total purchase prices from all sales of
14 services subject to tax under this Act, may annually elect to
15 calculate tax on 100% of the total purchase price for each
16 purchase of service. A provider that does not elect to
17 calculate tax as provided in this subsection must separately
18 state on the invoice the cost price of the tangible personal
19 property transferred incident to a purchase of service and
20 calculate tax pursuant to subsection (b).

21 A provider making an election to calculate tax under this
22 subsection may provide resale certificates under Section 2c of
23 the Retailers' Occupation Tax Act to his or her suppliers of
24 tangible personal property that will be transferred incident to
25 a sale of service subject to tax under this Act only if the
26 provider also makes sales of that tangible personal property at

1 retail. A provider that provides resale certificates to his or
2 her supplier must pay retailers' occupation tax on the portion
3 of the tangible personal property that is sold at retail.

4 Providers who do not also make sales of that tangible
5 personal property at retail may not provide suppliers with
6 certificates of resale, and their purchases of tangible
7 personal property are subject to tax under the Use Tax Act.

8 (f) If any provider erroneously collects tax or collects
9 more from the purchaser than the purchaser's liability for the
10 transaction, the purchaser shall have a legal right to claim a
11 refund of such amount from such provider. However, if such
12 amount is not refunded to the purchaser for any reason, the
13 provider is liable to pay such amount to the Department.

14 (g) The tax imposed by this Section is not imposed with
15 respect to any transaction in interstate commerce, to the
16 extent such transaction may not, under the Constitution and
17 statutes of the United States, be made the subject of taxation
18 by this State.

19 Section 5-15. Transactions involving subcontractors.
20 Providers making purchases of service from a subcontractor are
21 exempt from tax under this Act in accordance with paragraph (1)
22 of subsection (a) of Section 5-25. However, this exemption does
23 not apply to use tax due on the tangible personal property
24 transferred incident to the service. If a provider subcontracts
25 a service subject to tax under this Act in which tangible

1 personal property is transferred, the provider does not incur a
2 use tax liability on the cost price of any tangible personal
3 property transferred to the provider by the subcontractor if
4 the subcontractor (i) has paid or will pay a use tax on his or
5 her cost price of any tangible personal property transferred to
6 the provider and (ii) certifies that fact in writing to the
7 provider.

8 Section 5-20. Multi-state exemption. To prevent actual
9 multi-state taxation of services that are subject to taxation
10 under this Act, any purchaser or provider, upon proof that the
11 purchaser or provider has paid a tax in another state on such
12 service, shall be allowed a credit against the tax imposed by
13 this Act, to the extent of the amount of the tax properly due
14 and paid in the other state.

15 Section 5-25. Exemptions.

16 (a) The following purchasers are exempt from the tax
17 imposed by this Act:

18 (1) Businesses making purchases of service for the
19 benefit of or in furtherance of the business. This
20 paragraph is exempt from the provisions of Section 5-60.

21 (2) Corporations, societies, associations,
22 foundations, or institutions organized and operated
23 exclusively for charitable, religious or educational
24 purposes that have been issued an active tax exemption

1 number by the Department under Section 1g of the Retailers'
2 Occupation Tax Act. This paragraph is exempt from the
3 provisions of Section 5-60.

4 (3) The federal government and its instrumentalities
5 that have been issued an active tax exemption number by the
6 Department under Section 1g of the Retailers' Occupation
7 Tax Act. This paragraph is exempt from the provisions of
8 Section 5-60.

9 (4) Government bodies that have been issued an active
10 tax exemption number by the Department under Section 1g of
11 the Retailers' Occupation Tax Act. This paragraph is exempt
12 from the provisions of Section 5-60.

13 (b) The purchase of the following services is exempt from
14 the tax imposed by this Act:

15 (1) Services performed on tangible personal property
16 exempt under the Retailers' Occupation Tax Act, Use Tax
17 Act, Service Occupation Tax Act, or Service Use Tax Act.
18 This paragraph is exempt from the provisions of Section
19 5-60.

20 (2) Repair and maintenance services, to the extent that
21 those services are subject to a separate tax imposed by the
22 State. This paragraph is exempt from the provisions of
23 Section 5-60.

24 Section 5-30. Collection of tax.

25 (a) Beginning with bills issued or charges collected for a

1 purchase of service on and after January 1, 2018, the tax
2 imposed by this Act shall be collected from the purchaser by
3 any provider maintaining a place of business in this State at
4 the rate stated in Section 5-10 with respect to the service
5 subject to tax under this Act sold by such provider to or for
6 the purchaser, and shall be remitted to the Department as
7 provided in Section 5-50 of this Act. All sales of services
8 subject to tax under this Act to a purchaser for use and not
9 for resale are presumed subject to tax collection. Providers
10 shall collect the tax from purchasers by adding the tax to the
11 amount of the purchase price received from the purchaser for
12 selling a service subject to tax under this Act to or for the
13 purchaser. The tax imposed by the Act shall, when collected, be
14 stated as a distinct item separate and apart from the purchase
15 price of the service subject to tax under this Act. However, if
16 it is not possible to state the tax separately, the Department
17 may, by rule, exempt the purchase from this requirement if
18 purchasers are notified by language on the invoice or other
19 written notification or notified by a sign that the tax is
20 included in the purchase price.

21 (b) Any person purchasing a service subject to tax under
22 this Act for use and not for resale as to which there has been
23 no charge made to him of the tax imposed by Section 5-10 shall
24 make payment of the tax imposed by Section 5-10 of this Act in
25 the form and manner provided by the Department not later than
26 the 20th day of the month following the month of purchase of

1 the service.

2 Section 5-35. Registration of providers.

3 (a) A person who engages in business as a provider in this
4 State shall register with the Department. Application for a
5 certificate of registration shall be made to the Department, by
6 electronic means, in the form and manner prescribed by the
7 Department and shall contain any reasonable information the
8 Department may require. Upon receipt of the application for a
9 certificate of registration in proper form and manner, the
10 Department shall issue to the applicant a certificate of
11 registration.

12 The annual fee payable to the Department for each
13 certificate of registration shall be \$75. The fee shall be
14 deposited into the Tax Compliance and Administration Fund. Each
15 applicant for a certificate of registration shall pay the fee
16 to the Department at the time of submitting its application for
17 certificate registration to the Department. The Department
18 shall require an applicant for a certificate of registration
19 under this Section to electronically pay the fee. A separate
20 annual fee shall be paid for each place of business at which a
21 person who is required to procure a certificate of registration
22 under this Section proposes to sell a service in Illinois
23 subject to tax under this Act.

24 (b) The Department may refuse to issue or reissue a
25 certificate of registration to any applicant for the reasons

1 set forth in Section 2505-380 of the Department of Revenue Law
2 of the Civil Administrative Code of Illinois.

3 (c) Any person aggrieved by any decision of the Department
4 under this Section may, within 20 days after notice of such
5 decision, protest and request a hearing, whereupon the
6 Department shall give notice to such person of the time and
7 place fixed for such hearing and shall hold a hearing in
8 conformity with the provisions of this Act and then issue its
9 final administrative decision in the matter to such person. In
10 the absence of such a protest within 20 days, the Department's
11 decision shall become final without any further determination
12 being made or notice given.

13 Section 5-40. Revocation of certificate of registration.

14 (a) The Department may, after notice and a hearing as
15 provided herein, revoke the certificate of registration of any
16 person who violates any of the provisions of this Act or rule
17 adopted pursuant to this Act. Before revocation of a
18 certificate of registration, the Department shall, within 90
19 days after non-compliance and at least 7 days prior to the date
20 of the hearing, give the person so accused notice in writing of
21 the charge against him or her, and on the date designated shall
22 conduct a hearing upon this matter. The lapse of such 90-day
23 period shall not preclude the Department from conducting
24 revocation proceedings at a later date if necessary. Any
25 hearing held under this Section shall be conducted by the

1 Director or by any officer or employee of the Department
2 designated in writing by the Director.

3 (b) The Department may revoke a certificate of registration
4 for the reasons set forth in Section 2505-380 of the Department
5 of Revenue Law of the Civil Administrative Code of Illinois.

6 (c) Upon the hearing of any such proceeding, the Director,
7 or any officer or employee of the Department designated in
8 writing by the Director, may administer oaths, and the
9 Department may procure by its subpoena the attendance of
10 witnesses and, by its subpoena duces tecum, the production of
11 relevant books and papers. Any circuit court, upon application
12 either of the accused or of the Department, may, by order duly
13 entered, require the attendance of witnesses and the production
14 of relevant books and papers before the Department in any
15 hearing relating to the revocation of certificates of
16 registration. Upon refusal or neglect to obey the order of the
17 court, the court may compel obedience thereof by proceedings
18 for contempt.

19 (d) The Department may, by application to any circuit
20 court, obtain an injunction requiring any person who engages in
21 business as a provider under this Act to obtain a certificate
22 of registration. Upon refusal or neglect to obey the order of
23 the court, the court may compel obedience by proceedings for
24 contempt.

25 Section 5-45. Tax collected as debt owed to State. The tax

1 herein required to be collected by any provider maintaining a
2 place of business in this State, and any such tax collected by
3 that person, shall constitute a debt owed by that person to
4 this State.

5 Section 5-50. Return and payment of tax by provider.

6 (a) Each provider who is required or authorized to collect
7 the tax imposed by this Act shall make a return to the
8 Department on or before the 20th day of each month for the
9 preceding calendar month stating the following:

10 (1) the provider's name;

11 (2) the address of the provider's principal place of
12 business and the address of the principal place of business
13 (if that is a different address) from which the provider
14 engaged in the business of selling a service subject to tax
15 under this Act;

16 (3) total purchase price received by the provider for
17 all services subject to tax under this Act;

18 (4) amount of tax;

19 (5) the signature of the provider; and

20 (6) such other information as the Department
21 reasonably may require.

22 Any amount that is required to be shown or reported on any
23 return or other document under this Act shall, if that amount
24 is not a whole-dollar amount, be increased to the nearest
25 whole-dollar amount if the fractional part of a dollar is \$0.50

1 or more and decreased to the nearest whole-dollar amount if the
2 fractional part of a dollar is less than \$0.50. If a total
3 amount of less than \$1 is payable, refundable, or creditable,
4 such amount shall be disregarded if it is less than \$0.50 and
5 shall be increased to \$1 if it is \$0.50 or more.

6 The provider making the return provided for in this Section
7 shall, at the time of making such return, pay to the Department
8 the amount of tax imposed by this Act, less a discount of 1.75%
9 which is allowed to reimburse the provider for the expenses
10 incurred in keeping records, billing the purchaser, preparing
11 and filing returns, remitting the tax, and supplying data to
12 the Department upon request. No discount may be claimed by a
13 provider on returns not timely filed and for taxes not timely
14 remitted.

15 (b) If the average monthly tax liability to the Department
16 of the provider does not exceed \$200, the Department may
17 authorize the provider's returns to be filed on a
18 quarter-annual basis, with the return for January, February,
19 and March of a given year being due by April 20 of such year;
20 with the return for April, May, and June of a given year being
21 due by July 20 of such year; with the return for July, August,
22 and September of a given year being due by October 20 of such
23 year; and with the return for October, November, and December
24 of a given year being due by January 20 of the following year.

25 If the average monthly tax liability to the Department of
26 the provider does not exceed \$50, the Department may authorize

1 the provider's returns to be filed on an annual basis, with the
2 return for a given year being due by January 20 of the
3 following year.

4 Such quarter-annual and annual returns, as to form and
5 substance, shall be subject to the same requirements as monthly
6 returns.

7 Notwithstanding any other provision in this Act concerning
8 the time within which a provider may file a return, any such
9 provider who ceases to engage in a kind of business which makes
10 the person responsible for filing returns under this Act shall
11 file a final return under this Act with the Department not more
12 than one month after discontinuing such business.

13 Each provider whose average monthly liability to the
14 Department under this Act was \$10,000 or more during the
15 preceding calendar year, excluding the month of highest
16 liability and the month of lowest liability in such calendar
17 year, shall make estimated payments to the Department on or
18 before the 7th, 15th, 22nd, and last day of the month during
19 which tax liability to the Department is incurred in an amount
20 not less than the lower of either 22.5% of such provider's
21 actual tax liability for the month or 25% of such provider's
22 actual tax liability for the same calendar month of the
23 preceding year. The amount of such quarter-monthly payments
24 shall be credited against the final tax liability of such
25 provider's return for that month. Once applicable, the
26 requirement of the making of quarter-monthly payments to the

1 Department by taxpayers having an average monthly tax liability
2 of \$10,000 or more as determined in the manner provided in this
3 paragraph shall continue until such taxpayer's average monthly
4 liability to the Department during the preceding 4 complete
5 calendar quarters (excluding the month of highest liability and
6 the month of lowest liability) is less than \$9,000 or until the
7 taxpayer's average monthly liability to the Department as
8 computed for each of the 4 preceding complete calendar quarters
9 is less than \$10,000. However, if a taxpayer can show the
10 Department that a substantial change in the taxpayer's business
11 has occurred which causes the taxpayer to anticipate that his
12 average monthly tax liability for the reasonably foreseeable
13 future will fall below the \$10,000 threshold stated above, then
14 the taxpayer may petition the Department for a change in the
15 taxpayer's reporting status. The Department shall change the
16 taxpayer's reporting status unless it finds that such change is
17 seasonal in nature and not likely to be long term. If any such
18 quarter-monthly payment is not paid at the time or in the
19 amount required by this Section, then the taxpayer shall be
20 liable for penalties and interest on the difference between the
21 minimum amount due as a payment and the amount of such
22 quarter-monthly payment actually and timely paid, except
23 insofar as the taxpayer has previously made payments for that
24 month to the Department in excess of the minimum payments
25 previously due as provided in this Section. The Department
26 shall adopt rules to govern the quarter-monthly payment amount

1 and quarter-monthly payment dates for taxpayers who file on
2 other than a calendar monthly basis.

3 If any payment provided for in this Section exceeds the
4 taxpayer's liabilities under this Act, as shown on an original
5 monthly return, the Department shall, if requested by the
6 taxpayer, issue to the taxpayer a credit memorandum no later
7 than 30 days after the date of payment. The credit evidenced by
8 such credit memorandum may be assigned by the taxpayer to a
9 similar taxpayer under this Act, in accordance with reasonable
10 rules and regulations to be prescribed by the Department. If no
11 such request is made, the taxpayer may credit such excess
12 payment against tax liability subsequently to be remitted to
13 the Department under this Act, in accordance with reasonable
14 rules adopted by the Department. If the Department subsequently
15 determines that all or any part of the credit taken was not
16 actually due to the taxpayer, the taxpayer's 1.75% discount
17 shall be reduced by 1.75% of the difference between the credit
18 taken and that actually due, and that taxpayer shall be liable
19 for penalties and interest on such difference.

20 (c) A provider who has a tax liability in the amount set
21 forth in subsection (b) of Section 2505-210 of the Department
22 of Revenue Law of the Civil Administrative Code of Illinois
23 shall make all payments required by rules of the Department by
24 electronic funds transfer. Any provider not required to make
25 payments by electronic funds transfer may make payments by
26 electronic funds transfer with the permission of the

1 Department. All providers required to make payments by
2 electronic funds transfer and any providers authorized to
3 voluntarily make payments by electronic funds transfer shall
4 make those payments in the manner authorized by the Department.

5 (d) If a provider fails to sign a return within 30 days
6 after the proper notice and demand for signature by the
7 Department is received by the provider, the return shall be
8 considered valid and any amount shown to be due on the return
9 shall be deemed assessed.

10 Section 5-55. Claims; credit memorandum or refunds. If it
11 appears, after claim therefore filed with the Department, that
12 an amount of tax or penalty has been paid to the Department by
13 the taxpayer which was not due under this Act, whether as the
14 result of a mistake of fact or an error of law, except as
15 hereinafter provided, then the Department shall issue a credit
16 memorandum or refund to the person who made the erroneous
17 payment or, if that person has died or become a person under
18 legal disability, to his or her legal representative, as such.

19 If it is determined that the Department should issue a
20 credit or refund under this Act, the Department may first apply
21 the amount thereof against any amount of tax or penalty due
22 under this Act, or any other Act administered by the
23 Department, from the person entitled to such credit or refund.
24 For this purpose, if proceedings are pending to determine
25 whether or not any tax or penalty is due under this Act, or any

1 other Act administered by the Department, from such person, the
2 Department may withhold issuance of the credit or refund
3 pending the final disposition of such proceedings and may apply
4 such credit or refund against any amount found to be due to the
5 Department under this Act, or any other Act administered by the
6 Department, as a result of such proceedings. The balance, if
7 any, of the credit or refund shall be issued to the person
8 entitled thereto.

9 If no tax or penalty is due and no proceeding is pending to
10 determine whether such taxpayer is indebted to the Department
11 for tax or penalty, the credit memorandum or refund shall be
12 issued to the claimant; or (in the case of a credit memorandum)
13 the credit memorandum may be assigned and set over by the
14 lawful holder thereof, subject to reasonable rules of the
15 Department, to any other person who is subject to this Act, and
16 the amount thereof shall be applied by the Department against
17 any tax or penalty due or to become due under this Act from
18 such assignee.

19 As to any claim filed hereunder with the Department on and
20 after each January 1 and July 1, no amount of tax or penalty
21 erroneously paid (either in total or partial liquidation of a
22 tax or penalty under this Act) more than 3 years prior to such
23 January 1 and July 1, respectively, shall be credited or
24 refunded, except that if both the Department and the taxpayer
25 have agreed to an extension of time to issue a notice of tax
26 liability under this Act, the claim may be filed at any time

1 prior to the expiration of the period agreed upon.

2 No claim may be allowed for any amount paid to the
3 Department, whether paid voluntarily or involuntarily, if paid
4 in total or partial liquidation of an assessment which had
5 become final before the claim for credit or refund to recover
6 the amount so paid is filed with the Department, or if paid in
7 total or partial liquidation of a judgment or order of court.
8 No claim may be allowed or refund made for any amount paid by
9 or collected from any purchaser unless it appears that the
10 claimant has unconditionally repaid to the purchaser any amount
11 collected from the purchaser and retained by the claimant with
12 respect to the same transaction under the Act.

13 Any credit or refund that is allowed under this Act shall
14 bear interest at the rate and in the manner set forth in the
15 Uniform Penalty and Interest Act.

16 In case the Department determines that the claimant is
17 entitled to a refund, such refund shall be made only from such
18 appropriation as may be available for that purpose. If it
19 appears unlikely that the amount appropriated would permit
20 everyone having a claim allowed during the period covered by
21 such appropriation to elect to receive a cash refund, the
22 Department, by rule or regulation, shall provide for the
23 payment of refunds in hardship cases and shall define what
24 types of cases qualify as hardship cases.

25 Section 5-60. Sunset of exemptions, credits, and

1 deductions. The application of every exemption, credit, and
2 deduction against tax imposed by this Act that becomes law
3 after the effective date of this Act shall be limited by a
4 reasonable and appropriate sunset date. A taxpayer is not
5 entitled to take the exemption, credit, or deduction beginning
6 on the sunset date and thereafter. If a reasonable and
7 appropriate sunset date is not specified in the Public Act that
8 creates the exemption, credit, or deduction, a taxpayer shall
9 not be entitled to take the exemption, credit, or deduction
10 beginning 5 years after the effective date of the Public Act
11 creating the exemption, credit, or deduction and thereafter.

12 Section 5-65. Distribution of proceeds. All moneys
13 received by the Department under this Act shall be paid into
14 the General Revenue Fund in the State Treasury.

15 Section 5-70. Rulemaking. The Department may adopt rules in
16 accordance with the Illinois Administrative Procedure Act and
17 prescribe forms relating to the administration and enforcement
18 of this Act as it deems appropriate.

19 Section 5-75. Incorporation by reference. All of the
20 provisions of Sections 2a, 2b, 4, 5, 5a, 5b, 5c, 5d, 5e, 5f,
21 5g, 5i, 5j, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of
22 the Retailers' Occupation Tax Act and all of the provisions of
23 the Uniform Penalty and Interest Act, that are not inconsistent

1 with this Act, apply to providers to the same extent as if
2 those provisions were included in this Act. References in the
3 incorporated Sections of the Retailers' Occupation Tax Act to
4 retailers, to sellers, or to persons engaged in the business of
5 selling tangible personal property mean providers when used in
6 this Act. References in the incorporated Sections to sales of
7 tangible personal property mean sales of services subject to
8 tax under this Act when used in this Act.

9 ARTICLE 10. AMUSEMENT EXCISE TAX

10 Section 10-1. Short title. This Act may be cited as the
11 Amusement Excise Tax Act.

12 Section 10-5. Definitions.

13 "Amusement device" means any machine, which, upon the
14 insertion of a coin, slug, token, card, or similar object, or
15 upon any other payment method, may be operated by the public
16 generally for use as a game, entertainment, or amusement,
17 whether or not registering a score, and includes but is not
18 limited to such devices as jukeboxes, marble machines, pinball
19 machines, movie and video booths or stands, and all games,
20 operations or transactions similar thereto under whatever name
21 by which they may be indicated. If a machine consists of more
22 than one game monitor which permits individuals to play
23 separate games simultaneously, each separate game monitor

1 shall be deemed an automatic amusement device.

2 "Amusement" means the following categories, for which any
3 charge is made, including, but not limited to, gate charges,
4 seat charges, ticket charges, dues, and entrance fees: (i) any
5 exhibition, performance, presentation or show for amusement,
6 athletic, entertainment, or recreational purposes, including,
7 but not limited to, animal acts and shows, antique shows,
8 automobile shows, ballets, baseball games, basketball games,
9 carnivals, circuses, flower shows, football games, live adult
10 entertainment, live performances (including but not limited
11 to, theatrical, dramatic, or musical performances), movies,
12 professional sporting events, races (including, but not
13 limited to, automobile, dog, horse races); (ii) access to or
14 use of a membership in clubs, whether open to the public or for
15 members only, including, but not limited to, athletic clubs,
16 country clubs, golf clubs, gun clubs, fishing clubs, flying
17 clubs, hunting clubs, swimming clubs, tennis clubs, and
18 yachting clubs; (iii) access to or use of amusement, athletic,
19 entertainment, or recreational equipment or facilities,
20 including, but not limited to, amusement park rides and games,
21 billiards and pool halls, bowling alleys, campgrounds, dance
22 halls, fishing ponds or lakes, golf courses, horseback riding
23 facilities, shooting galleries, swimming pools, and tennis
24 courts; and (iv) use of an amusement device.

25 "Cost price" means the consideration paid by a provider to
26 a supplier for a purchase of tangible personal property valued

1 in money, whether paid in money or otherwise, including cash,
2 credits, and services, and shall be determined without any
3 deduction on account of taxes paid by the provider for the
4 purchase of tangible personal property or on account of any
5 expenses that are part of the selling price of the tangible
6 personal property taxable under the Retailers' Occupation Tax
7 Act and the Use Tax Act that are charged to the provider by a
8 supplier. When a provider contracts out part or all of the
9 services required in his sale of service subject to tax under
10 this Act, it shall be presumed that the cost price to the
11 provider of the tangible personal property transferred to him
12 or her by his or her subcontractor is equal to 50% of the
13 subcontractor's charges to the provider in the absence of proof
14 of the consideration paid for the tangible personal property by
15 the provider to the subcontractor.

16 "Department" means the Department of Revenue.

17 "Director" means the Director of Revenue.

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

23 "Provider" means any person engaged in the business of
24 providing, furnishing, selling or supplying an amusement or
25 amusement device. Entrepreneurs, promoters, sponsors, or
26 managers of an amusement shall be regarded as providers for the

1 purposes of this Act, if the entrepreneurs, promoters,
2 sponsors, or managers have control and direction of the
3 amusement, including activities such as controlling the sale of
4 admissions or admission tickets; controlling or regulating the
5 admittance of all persons to the event or place; determining
6 the nature of the amusement to be offered; deciding the scale
7 of the prices to be charged for admission; receiving the
8 proceeds from ticket sales, including amounts from ticket
9 agents or brokers; and deciding, or having the right to decide,
10 the disposition of the net profits, if any, realized from the
11 event. "Provider" also means persons that purchase amusement or
12 amusement devices for resale.

13 "Provider maintaining a place of business in this State",
14 or any like term, means and includes any of the following:

15 (1) A provider having or maintaining within this State,
16 directly or by a subsidiary, an office, distribution house,
17 sales house, warehouse or other place of business, or any
18 agent or other representative operating within this State
19 under the authority of the provider or its subsidiary,
20 irrespective of whether such place of business or agent or
21 other representative is located here permanently or
22 temporarily, or whether such provider or subsidiary is
23 licensed to do business in this State.

24 (2) A provider having a contract with a person located
25 in this State under which the person, for a commission or
26 other consideration based upon the sale of services subject

1 to tax under this Act by the provider, directly or
2 indirectly refers potential customers to the provider by
3 providing to the potential customers a promotional code or
4 other mechanism that allows the provider to track purchases
5 referred by such persons. Examples of mechanisms that allow
6 the provider to track purchases referred by such persons
7 include but are not limited to the use of a link on the
8 person's Internet website, promotional codes distributed
9 through the person's hand-delivered or mailed material,
10 and promotional codes distributed by the person through
11 radio or other broadcast media. The provisions of this
12 paragraph (2) shall apply only if the cumulative purchase
13 prices from sales of services subject to tax under this Act
14 by the provider to purchasers who are referred to the
15 provider by all persons in this State under such contracts
16 exceed \$10,000 during the preceding 4 quarterly periods
17 ending on the last day of March, June, September, and
18 December. A provider meeting the requirements of this
19 paragraph (2) shall be presumed to be maintaining a place
20 of business in this State but may rebut this presumption by
21 submitting proof that the referrals or other activities
22 pursued within this State by such persons were not
23 sufficient to meet the nexus standards of the United States
24 Constitution during the preceding 4 quarterly periods.

25 (3) A provider having a contract with a person located
26 in this State under which:

1 (A) the provider sells the same or substantially
2 similar service subject to tax under this Act as the
3 person located in this State and does so using an
4 identical or substantially similar name, trade name,
5 or trademark as the person located in this State; and

6 (B) the provider provides a commission or other
7 consideration to the person located in this State based
8 upon the sale of services subject to tax under this Act
9 by the provider.

10 The provisions of this paragraph (3) shall apply only
11 if the cumulative purchase prices from sales of services
12 subject to tax under this Act by the provider to purchasers
13 in this State under all such contracts exceed \$10,000
14 during the preceding 4 quarterly periods ending on the last
15 day of March, June, September, and December.

16 "Purchase of service" means the acquisition of an amusement
17 or use of an amusement device for a valuable consideration.

18 "Purchase price" means the consideration paid for a
19 purchase of service, all services directly related to the
20 purchase of service, and all tangible personal property
21 transferred incident to the purchase of service, valued in
22 money, whether received in money or otherwise, including cash,
23 gift cards, reward points, credits, and property and shall be
24 determined without any deduction on account of the cost of
25 materials used, labor or service costs, or any other expense
26 whatsoever. However, "purchase price" shall not include

1 consideration paid for:

2 (1) any charge for a dishonored check;

3 (2) any finance or credit charge, penalty or charge for
4 delayed payment, or discount for prompt payment;

5 (3) any purchase by a purchaser if the provider is
6 prohibited by federal or State constitution, treaty,
7 convention, statute or court decision from collecting the
8 tax from such purchaser;

9 (4) the isolated or occasional sale of services subject
10 to tax under this Act by a person who does not hold himself
11 out as being engaged (or who does not habitually engage) in
12 selling such service; and

13 (5) any amounts added to a purchaser's bills because of
14 charges made pursuant to the tax imposed by this Act.

15 In case credit is extended, the amount thereof shall be
16 included only as and when payments are made.

17 "Purchaser" means any person who, for a valuable
18 consideration, acquires an amusement or uses an amusement
19 device.

20 "Supplier" means any person who makes sales of tangible
21 personal property to providers for subsequent transfer
22 incident to a sale of service subject to tax under this Act.

23 "Use" means the exercise by any person of any right or
24 power over, or the enjoyment of, the services subject to the
25 tax under this Act.

1 Section 10-10. Imposition of tax; calculation of tax.

2 (a) Effective January 1, 2018, except as otherwise provided
3 in this Section, a tax is imposed at the rate of 5% of the
4 purchase price upon purchasers of: (i) amusements; (ii) the
5 privilege of access to clubs; (iii) the privilege of having
6 access to or use of amusement, athletic, entertainment and
7 recreational equipment and facilities; and (iv) the privilege
8 of using amusement devices.

9 (b) Except as otherwise provided in subsection (e), if
10 tangible personal property is transferred incident to a
11 purchase of service, and if the provider separately states on
12 the invoice the cost price of the tangible personal property
13 transferred incident to the purchase of service, the tax is
14 imposed on the difference between the total purchase price and
15 the provider's cost price of the tangible personal property
16 transferred.

17 (c) Except as otherwise provided in subsection (e), if
18 tangible personal property is transferred incident to a
19 purchase of service, and if the provider does not separately
20 state on the invoice the cost price of the tangible personal
21 property transferred incident to the purchase of service, tax
22 is imposed on 80% of the purchase price.

23 (d) Except as otherwise provided in subsection (e), a
24 provider that transfers tangible personal property incident to
25 a sale of service subject to tax under this Act shall make an
26 annual election prior to December 31 of each year to pay the

1 tax imposed by this Act under either subsection (b) or
2 subsection (c) for the following calendar year. A provider may
3 not make an election regarding the method of calculating tax on
4 a transaction-by-transaction basis. For a provider that fails
5 to make an election pursuant to this subsection, the tax is
6 imposed on 80% of the purchase price.

7 (e) A provider making sales of services subject to tax
8 under this Act in which the aggregate annual cost price of
9 tangible personal property transferred incident to all sales of
10 services subject to tax under this Act is less than 3% of the
11 aggregate annual total purchase prices from all sales of
12 services subject to tax under this Act, may annually elect to
13 calculate tax on 100% of the total purchase price for each
14 purchase of service. A provider that does not elect to
15 calculate tax as provided in this subsection must separately
16 state on the invoice the cost price of the tangible personal
17 property transferred incident to a purchase of service and
18 calculate tax pursuant to subsection (b).

19 A provider making an election to calculate tax under this
20 subsection may provide resale certificates under Section 2c of
21 the Retailers' Occupation Tax Act to his or her suppliers of
22 tangible personal property that will be transferred incident to
23 sales of services subject to tax under this Act only if the
24 provider also makes sales of that tangible personal property at
25 retail. A provider that provides resale certificates to his or
26 her supplier must pay Retailers' Occupation Tax on the portion

1 of the tangible personal property that is sold at retail.

2 Providers who do not also make sales of that tangible
3 personal property at retail may not provide suppliers with
4 certificates of resale, and their purchases of tangible
5 personal property are subject to tax under the Use Tax Act.

6 (f) If any provider erroneously collects tax or collects
7 more from the purchaser than the purchaser's liability for the
8 transaction, the purchaser shall have a legal right to claim a
9 refund of such amount from such provider. However, if such
10 amount is not refunded to the purchaser for any reason, the
11 provider is liable to pay such amount to the Department.

12 (g) The tax imposed by this Section is not imposed with
13 respect to any transaction in interstate commerce, to the
14 extent such transaction may not, under the Constitution and
15 statutes of the United States, be made the subject of taxation
16 by this State.

17 Section 10-15. Transactions involving subcontractors. If a
18 provider subcontracts a service subject to tax under this Act
19 in which tangible personal property is transferred, the
20 provider does not incur a use tax liability on the cost price
21 of any tangible personal property transferred to the provider
22 by the subcontractor if the subcontractor (i) has paid or will
23 pay use tax on his or her cost price of any tangible personal
24 property transferred to the provider and (ii) certifies that
25 fact in writing to the provider.

1 Section 10-20. Multi-state exemption. To prevent actual
2 multi-state taxation of the services that are subject to
3 taxation under this Act, any purchaser or provider, upon proof
4 that the purchaser or provider has paid a tax in another state
5 on such service, shall be allowed a credit against the tax
6 imposed by this Act, to the extent of the amount of the tax
7 properly due and paid in the other state.

8 Section 10-25. Exemptions.

9 (a) The following purchasers are exempt from the tax
10 imposed by this Act:

11 (1) corporations, societies, associations,
12 foundations, or institutions organized and operated
13 exclusively for charitable, religious or educational
14 purposes that have been issued an active tax exemption
15 number by the Department under Section 1g of the Retailers'
16 Occupation Tax Act; this paragraph is exempt from the
17 provisions of Section 10-60;

18 (2) the federal government and its instrumentalities
19 that have been issued an active tax exemption number by the
20 Department under Section 1g of the Retailers' Occupation
21 Tax Act; this paragraph is exempt from the provisions of
22 Section 10-60; and

23 (3) government bodies that have been issued an active
24 tax exemption number by the Department under Section 1g of

1 the Retailers' Occupation Tax Act; this paragraph is exempt
2 from the provisions of Section 10-60.

3 (b) The purchase of services performed on tangible personal
4 property that is exempt under the Retailers' Occupation Tax
5 Act, the Use Tax Act, the Service Occupation Tax Act, or the
6 Service Use Tax Act is exempt under this Act. This subsection
7 (b) is exempt from the provisions of Section 10-60.

8 Section 10-30. Collection of tax.

9 (a) Beginning with bills issued or charges collected for a
10 purchase of service on and after January 1, 2018, the tax
11 imposed by this Act shall be collected from the purchaser by
12 any provider maintaining a place of business in this State at
13 the rate stated in Section 10-10 with respect to the service
14 subject to tax under this Act sold by such provider to or for
15 the purchaser, and shall be remitted to the Department as
16 provided in Section 10-50 of this Act. All sales of services
17 subject to tax under this Act to a purchaser for use and not
18 for resale are presumed subject to tax collection. Providers
19 shall collect the tax from purchasers by adding the tax to the
20 amount of the purchase price received from the purchaser for
21 selling a service subject to tax under this Act to or for the
22 purchaser. The tax imposed by the Act shall when collected be
23 stated as a distinct item separate and apart from the purchase
24 price of the service subject to tax under this Act. However, if
25 it is not possible to state the tax separately, the Department

1 may, by rule, exempt the purchase from this requirement if
2 purchasers are notified by language on the invoice or other
3 written notification or notified by a sign that the tax is
4 included in the purchase price.

5 (b) Any person purchasing a service subject to tax under
6 this Act for use and not for resale as to which there has been
7 no charge made to him of the tax imposed by Section 10-10 shall
8 make payment of the tax imposed by Section 10-10 of this Act in
9 the form and manner provided by the Department not later than
10 the 20th day of the month following the month of purchase of
11 the service.

12 Section 10-35. Registration of providers.

13 (a) A person who engages in business as a provider in this
14 State shall register with the Department. Application for a
15 certificate of registration shall be made to the Department, by
16 electronic means, in the form and manner prescribed by the
17 Department and shall contain any reasonable information the
18 Department may require. Upon receipt of the application for a
19 certificate of registration in proper form and manner, the
20 Department shall issue to the applicant a certificate of
21 registration.

22 The annual fee payable to the Department for each
23 certificate of registration shall be \$75. The fee shall be
24 deposited into the Tax Compliance and Administration Fund. Each
25 applicant for a certificate of registration shall pay the fee

1 to the Department at the time of submitting its application for
2 certificate registration to the Department. The Department
3 shall require an applicant for a certificate of registration
4 under this Section to electronically pay the fee. A separate
5 annual fee shall be paid for each place of business at which a
6 person who is required to procure a certificate of registration
7 under this Section proposes to sell a service in Illinois
8 subject to tax under this Act.

9 (b) The Department may refuse to issue or reissue a
10 certificate of registration to any applicant for the reasons
11 set forth in Section 2505-380 of the Department of Revenue Law
12 of the Civil Administrative Code of Illinois.

13 (c) Any person aggrieved by any decision of the Department
14 under this Section may, within 20 days after notice of such
15 decision, protest and request a hearing, whereupon the
16 Department shall give notice to such person of the time and
17 place fixed for such hearing and shall hold a hearing in
18 conformity with the provisions of this Act and then issue its
19 final administrative decision in the matter to such person. In
20 the absence of such a protest within 20 days, the Department's
21 decision shall become final without any further determination
22 being made or notice given. The term "administrative decision"
23 is as defined in Section 3-101 of the Code of Civil Procedure.

24 Section 10-40. Revocation of certificate of registration.

25 (a) The Department may, after notice and a hearing as

1 provided herein, revoke the certificate of registration of any
2 person who violates any of the provisions of this Act or
3 regulation promulgated pursuant to this Act. Before revocation
4 of a certificate of registration, the Department shall, within
5 90 days after non-compliance and at least 7 days prior to the
6 date of the hearing, give the person so accused notice in
7 writing of the charge against him or her, and on the date
8 designated shall conduct a hearing upon this matter. The lapse
9 of such 90 day period shall not preclude the Department from
10 conducting revocation proceedings at a later date if necessary.
11 Any hearing held under this Section shall be conducted by the
12 Director or by any officer or employee of the Department
13 designated in writing by the Director.

14 (b) The Department may revoke a certificate of registration
15 for the reasons set forth in Section 2505-380 of the Department
16 of Revenue Law of the Civil Administrative Code of Illinois.

17 (c) Upon the hearing of any such proceeding, the Director
18 or any officer or employee of the Department designated in
19 writing by the Director may administer oaths, and the
20 Department may procure by its subpoena the attendance of
21 witnesses and, by its subpoena duces tecum, the production of
22 relevant books and papers. Any circuit court, upon application
23 either of the accused or of the Department, may, by order duly
24 entered, require the attendance of witnesses and the production
25 of relevant books and papers before the Department in any
26 hearing relating to the revocation of certificates of

1 registration. Upon refusal or neglect to obey the order of the
2 court, the court may compel obedience thereof by proceedings
3 for contempt.

4 (d) The Department may, by application to any circuit
5 court, obtain an injunction requiring any person who engages in
6 business as a provider under this Act to obtain a certificate
7 of registration. Upon refusal or neglect to obey the order of
8 the court, the court may compel obedience by proceedings for
9 contempt.

10 Section 10-45. Tax collected as debt owed to State. The tax
11 herein required to be collected by any provider maintaining a
12 place of business in this State, and any such tax collected by
13 that person, shall constitute a debt owed by that person to
14 this State.

15 Section 10-50. Return and payment of tax by provider.

16 (a) Each provider who is required or authorized to collect
17 the tax imposed by this Act shall make a return to the
18 Department on or before the 20th day of each month for the
19 preceding calendar month stating the following:

20 (1) the provider's name;

21 (2) the address of the provider's principal place of
22 business and the address of the principal place of business
23 (if that is a different address) from which the provider
24 engaged in the business of selling a service subject to tax

1 under this Act;

2 (3) the total purchase price received by the provider
3 for all services subject to tax under this Act;

4 (4) the amount of tax, computed upon item (3) at the
5 rate stated in Section 10-10;

6 (5) the signature of the provider; and

7 (6) such other information as the Department may
8 reasonably require.

9 Any amount that is required to be shown or reported on any
10 return or other document under this Act shall, if such amount
11 is not a whole-dollar amount, be increased to the nearest
12 whole-dollar amount if the fractional part of a dollar is \$0.50
13 or more and decreased to the nearest whole-dollar amount if the
14 fractional part of a dollar is less than \$0.50. If a total
15 amount of less than \$1 is payable, refundable, or creditable,
16 such amount shall be disregarded if it is less than \$0.50 and
17 shall be increased to \$1 if it is \$0.50 or more.

18 The provider making the return provided for in this Section
19 shall, at the time of making such return, pay to the Department
20 the amount of tax imposed by this Act, less a discount of 1.75%
21 which is allowed to reimburse the provider for the expenses
22 incurred in keeping records, billing the purchaser, preparing
23 and filing returns, remitting the tax, and supplying data to
24 the Department upon request. No discount may be claimed by a
25 provider on returns not timely filed and for taxes not timely
26 remitted.

1 (b) If the average monthly tax liability to the Department
2 of the provider does not exceed \$200, the Department may
3 authorize the provider's returns to be filed on a
4 quarter-annual basis, with the return for January, February,
5 and March of a given year being due by April 20 of such year;
6 with the return for April, May, and June of a given year being
7 due by July 20 of such year; with the return for July, August,
8 and September of a given year being due by October 20 of such
9 year; and with the return for October, November, and December
10 of a given year being due by January 20 of the following year.

11 If the average monthly tax liability to the Department of
12 the provider does not exceed \$50, the Department may authorize
13 the provider's returns to be filed on an annual basis, with the
14 return for a given year being due by January 20 of the
15 following year.

16 Such quarter-annual and annual returns, as to form and
17 substance, shall be subject to the same requirements as monthly
18 returns.

19 Notwithstanding any other provision in this Act concerning
20 the time within which a provider may file a return, any such
21 provider who ceases to engage in a kind of business which makes
22 the person responsible for filing returns under this Act shall
23 file a final return under this Act with the Department not more
24 than one month after discontinuing such business.

25 Each provider whose average monthly liability to the
26 Department under this Act was \$10,000 or more during the

1 preceding calendar year, excluding the month of highest
2 liability and the month of lowest liability in such calendar
3 year, shall make estimated payments to the Department on or
4 before the 7th, 15th, 22nd, and last day of the month during
5 which tax liability to the Department is incurred in an amount
6 not less than the lower of either 22.5% of such provider's
7 actual tax liability for the month or 25% of such provider's
8 actual tax liability for the same calendar month of the
9 preceding year. The amount of such quarter-monthly payments
10 shall be credited against the final tax liability of such
11 provider's return for that month. Once applicable, the
12 requirement of the making of quarter-monthly payments to the
13 Department by taxpayers having an average monthly tax liability
14 of \$10,000 or more as determined in the manner provided in this
15 paragraph shall continue until that taxpayer's average monthly
16 liability to the Department during the preceding 4 complete
17 calendar quarters (excluding the month of highest liability and
18 the month of lowest liability) is less than \$9,000 or until
19 such taxpayer's average monthly liability to the Department as
20 computed for each of the 4 preceding complete calendar quarters
21 is less than \$10,000. However, if a taxpayer can show the
22 Department that a substantial change in the taxpayer's business
23 has occurred which causes the taxpayer to anticipate that his
24 average monthly tax liability for the reasonably foreseeable
25 future will fall below the \$10,000 threshold stated above, then
26 the taxpayer may petition the Department for a change in the

1 taxpayer's reporting status. The Department shall change that
2 taxpayer's reporting status unless it finds that such change is
3 seasonal in nature and not likely to be long term. If any such
4 quarter-monthly payment is not paid at the time or in the
5 amount required by this Section, then the taxpayer shall be
6 liable for penalties and interest on the difference between the
7 minimum amount due as a payment and the amount of such
8 quarter-monthly payments actually and timely paid, except
9 insofar as the taxpayer has previously made payments for that
10 month to the Department in excess of the minimum payments
11 previously due as provided in this Section. The Department
12 shall adopt rules to govern the quarter-monthly payment amount
13 and quarter-monthly payment dates for taxpayers who file on
14 other than a calendar monthly basis.

15 If any payment provided for in this Section exceeds the
16 taxpayer's liabilities under this Act, as shown on an original
17 monthly return, the Department shall, if requested by the
18 taxpayer, issue to the taxpayer a credit memorandum no later
19 than 30 days after the date of payment. The credit evidenced by
20 such credit memorandum may be assigned by the taxpayer to a
21 similar taxpayer under this Act, in accordance with reasonable
22 rules and regulations to be prescribed by the Department. If no
23 such request is made, the taxpayer may credit such excess
24 payment against tax liability subsequently to be remitted to
25 the Department under this Act, in accordance with reasonable
26 rules and regulations prescribed by the Department. If the

1 Department subsequently determines that all or any part of the
2 credit taken was not actually due to the taxpayer, the
3 taxpayer's 1.75% discount shall be reduced by 1.75% of the
4 difference between the credit taken and that actually due, and
5 that taxpayer shall be liable for penalties and interest on
6 such difference.

7 (c) A provider who has a tax liability in the amount set
8 forth in subsection (b) of Section 2505-210 of the Department
9 of Revenue Law of the Civil Administrative Code of Illinois
10 shall make all payments required by rules of the Department by
11 electronic funds transfer. Any provider not required to make
12 payments by electronic funds transfer may make payments by
13 electronic funds transfer with the permission of the
14 Department. All providers required to make payments by
15 electronic funds transfer and any providers authorized to
16 voluntarily make payments by electronic funds transfer shall
17 make those payments in the manner authorized by the Department.

18 (d) If a provider fails to sign a return within 30 days
19 after the proper notice and demand for signature by the
20 Department is received by the provider, the return shall be
21 considered valid and any amount shown to be due on the return
22 shall be deemed assessed.

23 (e) Any person engaged in business as a provider at the
24 Illinois State Fair, the DuQuoin State Fair, a county fair, an
25 art show, a flea market, or a similar exhibition or event may
26 be required to make a daily report to the Department setting

1 forth the amount of purchases of service and make a daily
2 payment of the full amount of tax due. The Department shall
3 impose this requirement when it finds that there is a
4 significant risk of loss of revenue to the State at such an
5 exhibition or event. Such a finding shall be based on evidence
6 that a substantial number of providers who are not residents of
7 Illinois will be engaging in business at the exhibition or
8 event, or other evidence of a significant risk of loss of
9 revenue to the State. The Department shall notify providers
10 affected by the imposition of this requirement. In the absence
11 of notification by the Department, the providers shall file
12 their returns as otherwise required in this Section.

13 Section 10-55. Claims; credit memorandum or refunds. If it
14 appears, after claim therefore filed with the Department, that
15 an amount of tax or penalty has been paid to the Department by
16 the taxpayer which was not due under this Act, whether as the
17 result of a mistake of fact or an error of law, except as
18 hereinafter provided, then the Department shall issue a credit
19 memorandum or refund to the person who made the erroneous
20 payment or, if that person has died or become a person under
21 legal disability, to his or her legal representative, as such.

22 If it is determined that the Department should issue a
23 credit or refund under this Act, the Department may first apply
24 the amount thereof against any amount of tax or penalty due
25 under this Act, or any other Act administered by the

1 Department, from the person entitled to such credit or refund.
2 For this purpose, if proceedings are pending to determine
3 whether or not any tax or penalty is due under this Act, or any
4 other Act administered by the Department, from such person, the
5 Department may withhold issuance of the credit or refund
6 pending the final disposition of such proceedings and may apply
7 such credit or refund against any amount found to be due to the
8 Department under this Act, or any other Act administered by the
9 Department, as a result of such proceedings. The balance, if
10 any, of the credit or refund shall be issued to the person
11 entitled thereto.

12 If no tax or penalty is due and no proceeding is pending to
13 determine whether such taxpayer is indebted to the Department
14 for tax or penalty, the credit memorandum or refund shall be
15 issued to the claimant; or (in the case of a credit memorandum)
16 the credit memorandum may be assigned and set over by the
17 lawful holder thereof, subject to reasonable rules of the
18 Department, to any other person who is subject to this Act, and
19 the amount thereof shall be applied by the Department against
20 any tax or penalty due or to become due under this Act from
21 such assignee.

22 As to any claim filed hereunder with the Department on and
23 after each January 1 and July 1, no amount of tax or penalty
24 erroneously paid (either in total or partial liquidation of a
25 tax or penalty under this Act) more than 3 years prior to such
26 January 1 and July 1, respectively, shall be credited or

1 refunded, except that if both the Department and the taxpayer
2 have agreed to an extension of time to issue a notice of tax
3 liability under this Act, the claim may be filed at any time
4 prior to the expiration of the period agreed upon.

5 No claim may be allowed for any amount paid to the
6 Department, whether paid voluntarily or involuntarily, if paid
7 in total or partial liquidation of an assessment which had
8 become final before the claim for credit or refund to recover
9 the amount so paid is filed with the Department, or if paid in
10 total or partial liquidation of a judgment or order of court.
11 No claim may be allowed or refund made for any amount paid by
12 or collected from any purchaser unless it appears that the
13 claimant has unconditionally repaid to the purchaser any amount
14 collected from the purchaser and retained by the claimant with
15 respect to the same transaction under the Act.

16 Any credit or refund that is allowed under this Act shall
17 bear interest at the rate and in the manner set forth in the
18 Uniform Penalty and Interest Act.

19 In case the Department determines that the claimant is
20 entitled to a refund, such refund shall be made only from such
21 appropriation as may be available for that purpose. If it
22 appears unlikely that the amount appropriated would permit
23 everyone having a claim allowed during the period covered by
24 such appropriation to elect to receive a cash refund, the
25 Department, by rule or regulation, shall provide for the
26 payment of refunds in hardship cases and shall define what

1 types of cases qualify as hardship cases.

2 Section 10-60. Sunset of exemptions, credits, and
3 deductions. The application of every exemption, credit, and
4 deduction against tax imposed by this Act that becomes law
5 after the effective date of this Act shall be limited by a
6 reasonable and appropriate sunset date. A taxpayer is not
7 entitled to take the exemption, credit, or deduction beginning
8 on the sunset date and thereafter. If a reasonable and
9 appropriate sunset date is not specified in the Public Act that
10 creates the exemption, credit, or deduction, a taxpayer shall
11 not be entitled to take the exemption, credit, or deduction
12 beginning 5 years after the effective date of the Public Act
13 creating the exemption, credit, or deduction and thereafter.

14 Section 10-65. Deposit of proceeds. Except as otherwise
15 provided in this Section, all moneys received by the Department
16 under this Act shall be paid into the General Revenue Fund.
17 Each month, from the moneys received by the Department under
18 this Act for the preceding month, the Department shall pay
19 \$50,000 monthly into the Sexual Assault Services Prevention
20 Fund, a special fund in the State treasury, increased annually
21 on July 1 by the percentage increase in the Consumer Price
22 Index during the 12-month calendar year preceding that July 1.
23 For purposes of this Section "Consumer Price Index" means the
24 Consumer Price Index for All Urban Consumers for all items

1 published by the United States Department of Labor.

2 Section 10-70. Rulemaking. The Department may adopt rules
3 under the Illinois Administrative Procedure Act and prescribe
4 forms relating to the administration and enforcement of this
5 Act as it deems appropriate.

6 Section 10-75. Incorporation by reference. All of the
7 provisions of Sections 2a, 2b, 4, 5, 5a, 5b, 5c, 5d, 5e, 5f,
8 5g, 5i, 5j, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of
9 the Retailers' Occupation Tax Act and all of the provisions of
10 the Uniform Penalty and Interest Act, that are not inconsistent
11 with this Act, apply to providers to the same extent as if
12 those provisions were included in this Act. References in the
13 incorporated Sections of the Retailers' Occupation Tax Act to
14 retailers, to sellers, or to persons engaged in the business of
15 selling tangible personal property mean providers when used in
16 this Act. References in the incorporated Sections to sales of
17 tangible personal property mean sales of services subject to
18 tax under this Act when used in this Act.

19 ARTICLE 15. REPAIR AND MAINTENANCE EXCISE TAX ACT

20 Section 15-1. Short title. This Act may be cited as the
21 Repair and Maintenance Excise Tax Act.

1 Section 15-5. Definitions.

2 "Business" means any person engaged in activities with the
3 object of profit or gain, either directly or indirectly, to the
4 person.

5 "Cost price" means the consideration paid by a provider to
6 a supplier for a purchase of tangible personal property valued
7 in money, whether paid in money or otherwise, including cash,
8 credits and services, and shall be determined without any
9 deduction on account of taxes paid by the provider for the
10 purchase of tangible personal property or on account of any
11 expenses that are part of the selling price of the tangible
12 personal property taxable under the Retailers' Occupation Tax
13 Act and the Use Tax Act that are charged to the provider by a
14 supplier. When a provider contracts out part or all of the
15 services required in his sale of service subject to tax under
16 this Act, it shall be presumed that the cost price to the
17 provider of the tangible personal property transferred to him
18 or her by his or her subcontractor is equal to 50% of the
19 subcontractor's charges to the provider in the absence of proof
20 of the consideration paid for the tangible personal property by
21 the provider to the subcontractor.

22 "Department" means the Department of Revenue.

23 "Director" means the Director of Revenue.

24 "Person" means any natural individual, firm, trust,
25 estate, partnership, association, joint stock company, joint
26 venture, corporation, limited liability company, or a

1 receiver, trustee, guardian, or other representative appointed
2 by order of any court.

3 "Provider" means any person engaged in the business of
4 repairing, servicing, altering, fitting, cleaning, painting,
5 coating, towing, inspecting, or maintaining tangible personal
6 property or tangible personal property that has been affixed to
7 real estate.

8 "Provider maintaining a place of business in this State",
9 or any like term, means and includes any of the following:

10 (1) A provider having or maintaining within this State,
11 directly or by a subsidiary, an office, distribution house,
12 sales house, warehouse or other place of business, or any
13 agent or other representative operating within this State
14 under the authority of the provider or its subsidiary,
15 irrespective of whether such place of business or agent or
16 other representative is located here permanently or
17 temporarily, or whether such provider or subsidiary is
18 licensed to do business in this State.

19 (2) A provider having a contract with a person located
20 in this State under which the person, for a commission or
21 other consideration based upon the sale of services subject
22 to tax under this Act by the provider, directly or
23 indirectly refers potential customers to the provider by
24 providing to the potential customers a promotional code or
25 other mechanism that allows the provider to track purchases
26 referred by such persons. Examples of mechanisms that allow

1 the provider to track purchases referred by such persons
2 include but are not limited to the use of a link on the
3 person's Internet website, promotional codes distributed
4 through the person's hand-delivered or mailed material,
5 and promotional codes distributed by the person through
6 radio or other broadcast media. The provisions of this
7 paragraph (2) shall apply only if the cumulative purchase
8 prices from sales of services subject to tax under this Act
9 by the provider to purchasers who are referred to the
10 provider by all persons in this State under such contracts
11 exceed \$10,000 during the preceding 4 quarterly periods
12 ending on the last day of March, June, September, and
13 December. A provider meeting the requirements of this
14 paragraph (2) shall be presumed to be maintaining a place
15 of business in this State but may rebut this presumption by
16 submitting proof that the referrals or other activities
17 pursued within this State by such persons were not
18 sufficient to meet the nexus standards of the United States
19 Constitution during the preceding 4 quarterly periods.

20 (3) A provider having a contract with a person located
21 in this State under which:

22 (A) the provider sells the same or substantially
23 similar service subject to tax under this Act as the
24 person located in this State and does so using an
25 identical or substantially similar name, trade name,
26 or trademark as the person located in this State; and

1 (B) the provider provides a commission or other
2 consideration to the person located in this State based
3 upon the sale of services subject to tax under this Act
4 by the provider.

5 The provisions of this paragraph (3) shall apply only
6 if the cumulative purchase prices from sales of services
7 subject to tax under this Act by the provider to purchasers
8 in this State under all such contracts exceed \$10,000
9 during the preceding 4 quarterly periods ending on the last
10 day of March, June, September, and December.

11 "Purchase of service" means the acquisition of the repair,
12 service, alteration, fitting, cleaning, painting, coating,
13 towing, inspection, or maintenance of tangible personal
14 property or tangible personal property that has been affixed to
15 real estate, for a valuable consideration.

16 "Purchase price" means the consideration paid for a
17 purchase of service, all services directly related to the
18 purchase of service, and all tangible personal property
19 transferred incident to the purchase of service, valued in
20 money, whether received in money or otherwise, including cash,
21 gift cards, reward points, credits, and property and shall be
22 determined without any deduction on account of the cost of
23 materials used, labor or service costs, or any other expense
24 whatsoever. However, "purchase price" shall not include
25 consideration paid for:

26 (1) any charge for a dishonored check;

1 (2) any finance or credit charge, penalty or charge for
2 delayed payment, or discount for prompt payment;

3 (3) any purchase by a purchaser if the provider is
4 prohibited by federal or State constitution, treaty,
5 convention, statute or court decision from collecting the
6 tax from such purchaser;

7 (4) the isolated or occasional sale of services subject
8 to tax under this Act by a person who does not hold himself
9 out as being engaged (or who does not habitually engage) in
10 selling such service;

11 (5) any amounts added to a purchaser's bills because of
12 charges made pursuant to the tax imposed by this Act; and

13 (6) new construction, reconstruction, or expansion of
14 a building or structure.

15 In case credit is extended, the amount thereof shall be
16 included only as and when payments are made.

17 "Purchaser" means any person who acquires the repair,
18 service, alteration, fitting, cleaning, painting, coating,
19 towing, inspection, or maintenance of tangible personal
20 property or tangible personal property that has been affixed to
21 real estate, for a valuable consideration.

22 "Supplier" means any person who makes sales of tangible
23 personal property to providers for subsequent transfer
24 incident to a sale of service subject to tax under this Act.

25 "Use" means the exercise by any person of any right or
26 power over, or the enjoyment of, the services subject to tax

1 under this Act.

2 Section 15-10. Imposition of tax; calculation of tax.

3 (a) Effective January 1, 2018, except as otherwise provided
4 in this Section, a tax is imposed upon the purchase, for use
5 and not for resale, of the repair, servicing, alteration,
6 fitting, cleaning, painting, coating, towing, inspection, or
7 maintenance of tangible personal property or tangible personal
8 property that has been affixed to real estate at the rate of 5%
9 of the purchase price.

10 (b) Except as otherwise provided in subsection (e), if
11 tangible personal property is transferred incident to a
12 purchase of service, and if the provider separately states on
13 the invoice the cost price of the tangible personal property
14 transferred incident to the purchase of service, the tax is
15 imposed on the difference between the total purchase price and
16 the provider's cost price of the tangible personal property
17 transferred.

18 (c) Except as otherwise provided in subsection (e), if
19 tangible personal property is transferred incident to a
20 purchase of service, and if the provider does not separately
21 state on the invoice the cost price of the tangible personal
22 property transferred incident to the purchase of service, tax
23 is imposed on 80% of the purchase price.

24 (d) Except as otherwise provided in subsection (e), a
25 provider that transfers tangible personal property incident to

1 sales of service subject to tax under this Act shall make an
2 annual election prior to December 31 of each year to pay the
3 tax imposed by this Act under either subsection (b) or
4 subsection (c) for the following calendar year. A provider may
5 not make an election regarding the method of calculating tax on
6 a transaction-by-transaction basis. For a provider that fails
7 to make an election pursuant to this subsection, the tax is
8 imposed on 80% of the purchase price.

9 (e) A provider making sales of services subject to tax
10 under this Act in which the aggregate annual cost price of
11 tangible personal property transferred incident to all sales of
12 services subject to tax under this Act is less than 3% of the
13 aggregate annual total purchase prices from all sales of
14 services subject to tax under this Act, may annually elect to
15 calculate tax on 100% of the total purchase price for each
16 purchase of service. A provider that does not elect to
17 calculate tax as provided in this subsection must separately
18 state on the invoice the cost price of the tangible personal
19 property transferred incident to a purchase of service and
20 calculate tax pursuant to subsection (b).

21 A provider making an election to calculate tax under this
22 subsection may provide resale certificates under Section 2c of
23 the Retailers' Occupation Tax Act to his or her suppliers of
24 tangible personal property that will be transferred incident to
25 sales of services subject to tax under this Act only if the
26 provider also makes sales of that tangible personal property at

1 retail. A provider that provides resale certificates to his or
2 her supplier must pay Retailers' Occupation Tax on the portion
3 of the tangible personal property that is sold at retail.

4 Providers who do not also make sales of that tangible
5 personal property at retail may not provide suppliers with
6 certificates of resale, and their purchases of tangible
7 personal property are subject to tax under the Use Tax Act.

8 (f) If any provider erroneously collects tax or collects
9 more from the purchaser than the purchaser's liability for the
10 transaction, the purchaser shall have a legal right to claim a
11 refund of such amount from such provider. However, if such
12 amount is not refunded to the purchaser for any reason, the
13 provider is liable to pay such amount to the Department.

14 (g) The tax imposed by this Section 15-10 is not imposed
15 with respect to any transaction in interstate commerce, to the
16 extent such transaction may not, under the Constitution and
17 statutes of the United States, be made the subject of taxation
18 by this State.

19 Section 15-15. Transactions involving subcontractors.
20 Providers making purchases of service from a subcontractor are
21 exempt from tax under this Act in accordance with paragraph (1)
22 of subsection (a) of Section 15-25. However, this exemption
23 does not apply to use tax due on the tangible personal property
24 transferred incident to the service. If a provider subcontracts
25 a service subject to tax under this Act in which tangible

1 personal property is transferred, the provider does not incur a
2 use tax liability on the cost price of any tangible personal
3 property transferred to the provider by the subcontractor if
4 the subcontractor (i) has paid or will pay use tax on his or
5 her cost price of any tangible personal property transferred to
6 the provider and (ii) certifies that fact in writing to the
7 provider.

8 Section 15-20. Multi-state exemption. To prevent actual
9 multi-state taxation of services that are subject to taxation
10 under this Act, any purchaser or provider, upon proof that the
11 purchaser or provider has paid a tax in another state on such
12 service, shall be allowed a credit against the tax imposed by
13 this Act, to the extent of the amount of the tax properly due
14 and paid in the other state.

15 Section 15-25. Exemptions.

16 (a) The following purchasers are exempt from the tax
17 imposed by this Act:

18 (1) Businesses making purchases of service for the
19 benefit of or in furtherance of the business. This
20 paragraph is exempt from the provisions of Section 15-60.

21 (2) Corporations, societies, associations,
22 foundations, or institutions organized and operated
23 exclusively for charitable, religious, or educational
24 purposes that have been issued an active tax exemption

1 number by the Department under Section 1g of the Retailers'
2 Occupation Tax Act. This paragraph is exempt from the
3 provisions of Section 15-60.

4 (3) The federal government and its instrumentalities
5 that have been issued an active tax exemption number by the
6 Department under Section 1g of the Retailers' Occupation
7 Tax Act. This paragraph is exempt from the provisions of
8 Section 15-60.

9 (4) Government bodies that have been issued an active
10 tax exemption number by the Department under Section 1g of
11 the Retailers' Occupation Tax Act. This paragraph is exempt
12 from the provisions of Section 15-60.

13 (b) The purchase of the following services is exempt from
14 the tax imposed by this Act:

15 (1) Laundry, dry cleaning, cloth pressing, dyeing, and
16 linen services, to the extent that those services are
17 subject to a separate tax imposed by the State. This
18 paragraph is exempt from the provisions of Section 15-60.

19 (2) Landscaping services, to the extent that those
20 services are subject to a separate tax imposed by the
21 State. This paragraph is exempt from the provisions of
22 Section 15-60.

23 (3) Services performed on tangible personal property
24 exempt under the Retailers' Occupation Tax Act, Use Tax
25 Act, Service Occupation Tax Act, or Service Use Tax Act.
26 This paragraph is exempt from the provisions of Section

1 15-60.

2 Section 15-30. Collection of tax.

3 (a) Beginning with bills issued or charges collected for a
4 purchase of service on and after January 1, 2018, the tax
5 imposed by this Act shall be collected from the purchaser by
6 any provider maintaining a place of business in this State at
7 the rate stated in Section 15-10 with respect to the service
8 subject to tax under this Act sold by such provider to or for
9 the purchaser, and shall be remitted to the Department as
10 provided in Section 15-50 of this Act. All sales of services
11 subject to tax under this Act to a purchaser for use and not
12 for resale are presumed subject to tax collection. Providers
13 shall collect the tax from purchasers by adding the tax to the
14 amount of the purchase price received from the purchaser for
15 selling a service subject to tax under this Act to or for the
16 purchaser. The tax imposed by the Act shall, when collected, be
17 stated as a distinct item separate and apart from the purchase
18 price of the service subject to tax under this Act. However, if
19 it is not possible to state the tax separately, the Department
20 may by rule exempt the purchase from this requirement if
21 purchasers are notified by language on the invoice or other
22 written notification or notified by a sign that the tax is
23 included in the purchase price.

24 (b) Any person purchasing a service subject to tax under
25 this Act for use and not for resale as to which there has been

1 no charge made to him of the tax imposed by Section 15-10 shall
2 make payment of the tax imposed by Section 15-10 of this Act in
3 the form and manner provided by the Department not later than
4 the 20th day of the month following the month of purchase of
5 the service.

6 Section 15-35. Registration of providers.

7 (a) A person who engages in business as a provider in this
8 State shall register with the Department. Application for a
9 certificate of registration shall be made to the Department, by
10 electronic means, in the form and manner prescribed by the
11 Department and shall contain any reasonable information the
12 Department may require. Upon receipt of the application for a
13 certificate of registration in proper form and manner, the
14 Department shall issue to the applicant a certificate of
15 registration.

16 The annual fee payable to the Department for each
17 certificate of registration shall be \$75. The fee shall be
18 deposited into the Tax Compliance and Administration Fund. Each
19 applicant for a certificate of registration shall pay the fee
20 to the Department at the time of submitting its application for
21 certificate registration to the Department. The Department
22 shall require an applicant for a certificate of registration
23 under this Section to electronically pay the fee. A separate
24 annual fee shall be paid for each place of business at which a
25 person who is required to procure a certificate of registration

1 under this Section proposes to sell a service in Illinois
2 subject to tax under this Act.

3 (b) The Department may refuse to issue or reissue a
4 certificate of registration to any applicant for the reasons
5 set forth in Section 2505-380 of the Department of Revenue Law
6 of the Civil Administrative Code of Illinois.

7 (c) Any person aggrieved by any decision of the Department
8 under this Section may, within 20 days after notice of such
9 decision, protest and request a hearing, whereupon the
10 Department shall give notice to such person of the time and
11 place fixed for such hearing and shall hold a hearing in
12 conformity with the provisions of this Act and then issue its
13 final administrative decision in the matter to such person. In
14 the absence of such a protest within 20 days, the Department's
15 decision shall become final without any further determination
16 being made or notice given.

17 Section 15-40. Revocation of certificate of registration.

18 (a) The Department may, after notice and a hearing as
19 provided herein, revoke the certificate of registration of any
20 person who violates any of the provisions of this Act or
21 regulation promulgated pursuant to this Act. Before revocation
22 of a certificate of registration, the Department shall, within
23 90 days after non-compliance and at least 7 days prior to the
24 date of the hearing, give the person so accused notice in
25 writing of the charge against him or her, and on the date

1 designated shall conduct a hearing upon this matter. The lapse
2 of such 90-day period shall not preclude the Department from
3 conducting revocation proceedings at a later date if necessary.
4 Any hearing held under this Section shall be conducted by the
5 Director or by any officer or employee of the Department
6 designated in writing by the Director.

7 (b) The Department may revoke a certificate of registration
8 for the reasons set forth in Section 2505-380 of the Department
9 of Revenue Law of the Civil Administrative Code of Illinois.

10 (c) Upon the hearing of any such proceeding, the Director
11 or any officer or employee of the Department designated in
12 writing by the Director may administer oaths, and the
13 Department may procure by its subpoena the attendance of
14 witnesses and, by its subpoena duces tecum, the production of
15 relevant books and papers. Any circuit court, upon application
16 either of the accused or of the Department, may, by order duly
17 entered, require the attendance of witnesses and the production
18 of relevant books and papers before the Department in any
19 hearing relating to the revocation of certificates of
20 registration. Upon refusal or neglect to obey the order of the
21 court, the court may compel obedience thereof by proceedings
22 for contempt.

23 (d) The Department may, by application to any circuit
24 court, obtain an injunction requiring any person who engages in
25 business as a provider under this Act to obtain a certificate
26 of registration. Upon refusal or neglect to obey the order of

1 the court, the court may compel obedience by proceedings for
2 contempt.

3 Section 15-45. Tax collected as debt owed to State. The tax
4 herein required to be collected by any provider maintaining a
5 place of business in this State, and any such tax collected by
6 that person, shall constitute a debt owed by that person to
7 this State.

8 Section 15-50. Return and payment of tax by provider.

9 (a) Each provider who is required or authorized to collect
10 the tax imposed by this Act shall make a return to the
11 Department on or before the 20th day of each month for the
12 preceding calendar month stating the following:

13 (1) the provider's name;

14 (2) the address of the provider's principal place of
15 business and the address of the principal place of business
16 (if that is a different address) from which the provider
17 engaged in the business of selling a service subject to tax
18 under this Act;

19 (3) total purchase price received by the provider for
20 all services subject to tax under this Act;

21 (4) amount of tax;

22 (5) the signature of the provider; and

23 (6) such other information as the Department
24 reasonably may require.

1 Any amount which is required to be shown or reported on any
2 return or other document under this Act shall, if such amount
3 is not a whole-dollar amount, be increased to the nearest
4 whole-dollar amount if the fractional part of a dollar is \$0.50
5 or more and decreased to the nearest whole-dollar amount if the
6 fractional part of a dollar is less than \$0.50. If a total
7 amount of less than \$1 is payable, refundable, or creditable,
8 such amount shall be disregarded if it is less than \$0.50 and
9 shall be increased to \$1 if it is \$0.50 or more.

10 The provider making the return provided for in this Section
11 shall, at the time of making such return, pay to the Department
12 the amount of tax imposed by this Act, less a discount of 1.75%
13 which is allowed to reimburse the provider for the expenses
14 incurred in keeping records, billing the purchaser, preparing
15 and filing returns, remitting the tax, and supplying data to
16 the Department upon request. No discount may be claimed by a
17 provider on returns not timely filed and for taxes not timely
18 remitted.

19 (b) If the average monthly tax liability to the Department
20 of the provider does not exceed \$200, the Department may
21 authorize the provider's returns to be filed on a
22 quarter-annual basis, with the return for January, February,
23 and March of a given year being due by April 20 of such year;
24 with the return for April, May, and June of a given year being
25 due by July 20 of such year; with the return for July, August,
26 and September of a given year being due by October 20 of such

1 year; and with the return for October, November, and December
2 of a given year being due by January 20 of the following year.

3 If the average monthly tax liability to the Department of
4 the provider does not exceed \$50, the Department may authorize
5 the provider's returns to be filed on an annual basis, with the
6 return for a given year being due by January 20 of the
7 following year.

8 Such quarter-annual and annual returns, as to form and
9 substance, shall be subject to the same requirements as monthly
10 returns.

11 Notwithstanding any other provision in this Act concerning
12 the time within which a provider may file a return, any such
13 provider who ceases to engage in a kind of business which makes
14 the person responsible for filing returns under this Act shall
15 file a final return under this Act with the Department not more
16 than one month after discontinuing such business.

17 Each provider whose average monthly liability to the
18 Department under this Act was \$10,000 or more during the
19 preceding calendar year, excluding the month of highest
20 liability and the month of lowest liability in such calendar
21 year, shall make estimated payments to the Department on or
22 before the 7th, 15th, 22nd, and last day of the month during
23 which tax liability to the Department is incurred in an amount
24 not less than the lower of either 22.5% of such provider's
25 actual tax liability for the month or 25% of such provider's
26 actual tax liability for the same calendar month of the

1 preceding year. The amount of such quarter-monthly payments
2 shall be credited against the final tax liability of such
3 provider's return for that month. Once applicable, the
4 requirement of the making of quarter-monthly payments to the
5 Department by taxpayers having an average monthly tax liability
6 of \$10,000 or more as determined in the manner provided in this
7 paragraph shall continue until the taxpayer's average monthly
8 liability to the Department during the preceding 4 complete
9 calendar quarters (excluding the month of highest liability and
10 the month of lowest liability) is less than \$9,000 or until the
11 taxpayer's average monthly liability to the Department as
12 computed for each of the 4 preceding complete calendar quarters
13 is less than \$10,000. However, if a taxpayer can show the
14 Department that a substantial change in the taxpayer's business
15 has occurred which causes the taxpayer to anticipate that his
16 average monthly tax liability for the reasonably foreseeable
17 future will fall below the \$10,000 threshold stated above, then
18 such taxpayer may petition the Department for a change in the
19 taxpayer's reporting status. The Department shall change the
20 taxpayer's reporting status unless it finds that the change is
21 seasonal in nature and not likely to be long term. If any such
22 quarter-monthly payment is not paid at the time or in the
23 amount required by this Section, then the taxpayer shall be
24 liable for penalties and interest on the difference between the
25 minimum amount due as a payment and the amount of such
26 quarter-monthly payment actually and timely paid, except

1 insofar as the taxpayer has previously made payments for that
2 month to the Department in excess of the minimum payments
3 previously due as provided in this Section. The Department
4 shall adopt rules to govern the quarter-monthly payment amount
5 and quarter-monthly payment dates for taxpayers who file on
6 other than a calendar monthly basis.

7 If any payment provided for in this Section exceeds the
8 taxpayer's liabilities under this Act, as shown on an original
9 monthly return, the Department shall, if requested by the
10 taxpayer, issue to the taxpayer a credit memorandum no later
11 than 30 days after the date of payment. The credit evidenced by
12 such credit memorandum may be assigned by the taxpayer to a
13 similar taxpayer under this Act, in accordance with reasonable
14 rules and regulations to be prescribed by the Department. If no
15 such request is made, the taxpayer may credit such excess
16 payment against tax liability subsequently to be remitted to
17 the Department under this Act, in accordance with reasonable
18 rules and regulations prescribed by the Department. If the
19 Department subsequently determines that all or any part of the
20 credit taken was not actually due to the taxpayer, the
21 taxpayer's 1.75% discount shall be reduced by 1.75% of the
22 difference between the credit taken and that actually due, and
23 that taxpayer shall be liable for penalties and interest on
24 such difference.

25 (c) A provider who has a tax liability in the amount set
26 forth in subsection (b) of Section 2505-210 of the Department

1 of Revenue Law of the Civil Administrative Code of Illinois
2 shall make all payments required by rules of the Department by
3 electronic funds transfer. Any provider not required to make
4 payments by electronic funds transfer may make payments by
5 electronic funds transfer with the permission of the
6 Department. All providers required to make payments by
7 electronic funds transfer and any providers authorized to
8 voluntarily make payments by electronic funds transfer shall
9 make those payments in the manner authorized by the Department.

10 (d) If a provider fails to sign a return within 30 days
11 after the proper notice and demand for signature by the
12 Department is received by the provider, the return shall be
13 considered valid and any amount shown to be due on the return
14 shall be deemed assessed.

15 Section 15-55. Claims; credit memorandum or refunds. If it
16 appears, after claim therefore filed with the Department, that
17 an amount of tax or penalty has been paid to the Department by
18 the taxpayer which was not due under this Act, whether as the
19 result of a mistake of fact or an error of law, except as
20 hereinafter provided, then the Department shall issue a credit
21 memorandum or refund to the person who made the erroneous
22 payment or, if that person has died or become a person under
23 legal disability, to his or her legal representative, as such.

24 If it is determined that the Department should issue a
25 credit or refund under this Act, the Department may first apply

1 the amount thereof against any amount of tax or penalty due
2 under this Act, or any other Act administered by the
3 Department, from the person entitled to such credit or refund.
4 For this purpose, if proceedings are pending to determine
5 whether or not any tax or penalty is due under this Act, or any
6 other Act administered by the Department, from such person, the
7 Department may withhold issuance of the credit or refund
8 pending the final disposition of such proceedings and may apply
9 such credit or refund against any amount found to be due to the
10 Department under this Act, or any other Act administered by the
11 Department, as a result of such proceedings. The balance, if
12 any, of the credit or refund shall be issued to the person
13 entitled thereto.

14 If no tax or penalty is due and no proceeding is pending to
15 determine whether such taxpayer is indebted to the Department
16 for tax or penalty, the credit memorandum or refund shall be
17 issued to the claimant; or (in the case of a credit memorandum)
18 the credit memorandum may be assigned and set over by the
19 lawful holder thereof, subject to reasonable rules of the
20 Department, to any other person who is subject to this Act, and
21 the amount thereof shall be applied by the Department against
22 any tax or penalty due or to become due under this Act from
23 such assignee.

24 As to any claim filed hereunder with the Department on and
25 after each January 1 and July 1, no amount of tax or penalty
26 erroneously paid (either in total or partial liquidation of a

1 tax or penalty under this Act) more than 3 years prior to such
2 January 1 and July 1, respectively, shall be credited or
3 refunded, except that if both the Department and the taxpayer
4 have agreed to an extension of time to issue a notice of tax
5 liability under this Act, the claim may be filed at any time
6 prior to the expiration of the period agreed upon. No claim may
7 be allowed for any amount paid to the Department, whether paid
8 voluntarily or involuntarily, if paid in total or partial
9 liquidation of an assessment which had become final before the
10 claim for credit or refund to recover the amount so paid is
11 filed with the Department, or if paid in total or partial
12 liquidation of a judgment or order of court.

13 No claim may be allowed or refund made for any amount paid
14 by or collected from any purchaser unless it appears that the
15 claimant has unconditionally repaid to the purchaser any amount
16 collected from the purchaser and retained by the claimant with
17 respect to the same transaction under the Act.

18 Any credit or refund that is allowed under this Act shall
19 bear interest at the rate and in the manner set forth in the
20 Uniform Penalty and Interest Act.

21 In case the Department determines that the claimant is
22 entitled to a refund, such refund shall be made only from such
23 appropriation as may be available for that purpose. If it
24 appears unlikely that the amount appropriated would permit
25 everyone having a claim allowed during the period covered by
26 such appropriation to elect to receive a cash refund, the

1 Department, by rule or regulation, shall provide for the
2 payment of refunds in hardship cases and shall define what
3 types of cases qualify as hardship cases.

4 Section 15-60. Sunset of exemptions, credits, and
5 deductions. The application of every exemption, credit, and
6 deduction against tax imposed by this Act that becomes law
7 after the effective date of this Act shall be limited by a
8 reasonable and appropriate sunset date. A taxpayer is not
9 entitled to take the exemption, credit, or deduction beginning
10 on the sunset date and thereafter. If a reasonable and
11 appropriate sunset date is not specified in the Public Act that
12 creates the exemption, credit, or deduction, a taxpayer shall
13 not be entitled to take the exemption, credit, or deduction
14 beginning 5 years after the effective date of the Public Act
15 creating the exemption, credit, or deduction and thereafter.

16 Section 15-65. Distribution of proceeds. All moneys
17 received by the Department under this Act shall be paid into
18 the General Revenue Fund in the State Treasury.

19 Section 15-70. Rulemaking. The Department may adopt rules
20 in accordance with the Illinois Administrative Procedure Act
21 and prescribe forms relating to the administration and
22 enforcement of this Act as it deems appropriate.

1 Section 15-75. Incorporation by reference. All of the
2 provisions of Sections 2a, 2b, 4, 5, 5a, 5b, 5c, 5d, 5e, 5f,
3 5g, 5i, 5j, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of
4 the Retailers' Occupation Tax Act and all of the provisions of
5 the Uniform Penalty and Interest Act, that are not inconsistent
6 with this Act, apply to providers to the same extent as if
7 those provisions were included in this Act. References in the
8 incorporated Sections of the Retailers' Occupation Tax Act to
9 retailers, to sellers, or to persons engaged in the business of
10 selling tangible personal property mean providers when used in
11 this Act. References in the incorporated Sections to sales of
12 tangible personal property mean sales of services subject to
13 tax under this Act when used in this Act.

14 ARTICLE 20. LANDSCAPING EXCISE TAX ACT

15 Section 20-1. Short title. This Act may be cited as the
16 Landscaping Excise Tax Act.

17 Section 20-5. Definitions.

18 "Cost price" means the consideration paid by a provider to
19 a supplier for a purchase of tangible personal property valued
20 in money, whether paid in money or otherwise, including cash,
21 credits and services, and shall be determined without any
22 deduction on account of taxes paid by the provider for the
23 purchase of tangible personal property or on account of any

1 expenses that are part of the selling price of the tangible
2 personal property taxable under the Retailers' Occupation Tax
3 Act and the Use Tax Act that are charged to the provider by a
4 supplier. When a provider contracts out part or all of the
5 services required in his sale of service subject to tax under
6 this Act, it shall be presumed that the cost price to the
7 provider of the tangible personal property transferred to him
8 or her by his or her subcontractor is equal to 50% of the
9 subcontractor's charges to the provider in the absence of proof
10 of the consideration paid for the tangible personal property by
11 the provider to the subcontractor.

12 "Department" means the Department of Revenue.

13 "Director" means the Director of Revenue.

14 "Landscaping services" means services performed by a
15 person who arranges and modifies the natural condition of a
16 given parcel or tract of land so as to render the land suitable
17 for public or private use or enjoyment. Landscaping services
18 include, but are not limited to, mowing, watering, and aerating
19 lawns; weeding; mulching; raking leaves; tree and shrub
20 trimming and removal; planting of trees, shrubs, flowering and
21 non-flowering plants, and sod; spraying; fertilizing; applying
22 chemicals; lawn and garden installation; constructing,
23 remodeling, or repairing irrigation or lawn sprinkler systems,
24 patios (other than asphalt, tar, macadam, or poured concrete),
25 walkways (other than asphalt, tar, macadam, or poured
26 concrete), fences, trellises, and retaining walls; grading

1 (such as the filling or leveling of topsoil for lawns and
2 gardens), and snow plowing and removal.

3 "Person" means any natural individual, firm, trust,
4 estate, partnership, association, joint stock company, joint
5 venture, corporation, limited liability company, or a
6 receiver, trustee, guardian, or other representative appointed
7 by order of any court.

8 "Provider" means any person engaged in the business of
9 providing landscaping services.

10 "Provider maintaining a place of business in this State",
11 or any like term, means any of the following:

12 (1) A provider having or maintaining within this State,
13 directly or by a subsidiary, an office, distribution house,
14 sales house, warehouse, or other place of business, or any
15 agent or other representative operating within this State
16 under the authority of the provider or its subsidiary,
17 irrespective of whether such place of business or agent or
18 other representative is located here permanently or
19 temporarily, or whether such provider or subsidiary is
20 licensed to do business in this State.

21 (2) A provider having a contract with a person located
22 in this State under which the person, for a commission or
23 other consideration based upon the sale of services subject
24 to tax under this Act by the provider, directly or
25 indirectly refers potential customers to the provider by
26 providing to the potential customers a promotional code or

1 other mechanism that allows the provider to track purchases
2 referred by such persons. Examples of mechanisms that allow
3 the provider to track purchases referred by such persons
4 include, but are not limited to, the use of a link on the
5 person's Internet website, promotional codes distributed
6 through the person's hand-delivered or mailed material,
7 and promotional codes distributed by the person through
8 radio or other broadcast media. The provisions of this
9 paragraph (2) shall apply only if the cumulative purchase
10 prices from sales of services subject to tax under this Act
11 by the provider to purchasers who are referred to the
12 provider by all persons in this State under such contracts
13 exceed \$10,000 during the preceding 4 quarterly periods
14 ending on the last day of March, June, September, and
15 December. A provider meeting the requirements of this
16 paragraph (2) shall be presumed to be maintaining a place
17 of business in this State but may rebut this presumption by
18 submitting proof that the referrals or other activities
19 pursued within this State by such persons were not
20 sufficient to meet the nexus standards of the United States
21 Constitution during the preceding 4 quarterly periods.

22 (3) A provider having a contract with a person located
23 in this State under which:

24 (A) the provider sells the same or substantially
25 similar service subject to tax under this Act as the
26 person located in this State and does so using an

1 identical or substantially similar name, trade name,
2 or trademark as the person located in this State; and

3 (B) the provider provides a commission or other
4 consideration to the person located in this State based
5 upon the sale of services subject to tax under this Act
6 by the provider.

7 The provisions of this paragraph (3) shall apply only if
8 the cumulative purchase prices from sales of services subject
9 to tax under this Act by the provider to purchasers in this
10 State under all such contracts exceed \$10,000 during the
11 preceding 4 quarterly periods ending on the last day of March,
12 June, September, and December.

13 "Purchase of service" means the acquisition of landscaping
14 services for a valuable consideration.

15 "Purchase price" means the consideration paid for a
16 purchase of service, all services directly related to the
17 purchase of service, and all tangible personal property
18 transferred incident to the purchase of service, valued in
19 money, whether received in money or otherwise, including cash,
20 gift cards, reward points, credits, and property and shall be
21 determined without any deduction on account of the cost of
22 materials used, labor or service costs, or any other expense
23 whatsoever. "Purchase price" shall not include consideration
24 paid for:

25 (1) any charge for a dishonored check;

26 (2) any finance or credit charge, penalty or charge

1 for delayed payment, or discount for prompt payment;

2 (3) any purchase by a purchaser if the provider is
3 prohibited by federal or State constitution, treaty,
4 convention, statute, or court decision from collecting the
5 tax from such purchaser;

6 (4) the isolated or occasional sale of services
7 subject to tax under this Act by a person who does not hold
8 himself out as being engaged (or who does not habitually
9 engage) in selling such service; and

10 (5) any amounts added to a purchaser's bills
11 because of charges made pursuant to the tax imposed by this
12 Act.

13 In case credit is extended, the amount thereof shall be
14 included only as and when payments are made.

15 "Purchaser" means any person who acquires landscaping
16 services for a valuable consideration.

17 "Supplier" means any person who makes sales of tangible
18 personal property to providers for subsequent transfer
19 incident to a sale of service subject to tax under this Act.

20 "Use" means the exercise by any person of any right or
21 power over, or the enjoyment of, the services subject to tax
22 under this Act.

23 Section 20-10. Imposition of tax; calculation of tax.

24 (a) Effective January 1, 2018, except as otherwise provided
25 in this Section, a tax is imposed upon the purchase, for use

1 and not for resale, of landscaping services at the rate of 5%
2 of the purchase price.

3 (b) Except as otherwise provided in subsection (e), if
4 tangible personal property is transferred incident to a
5 purchase of service, and if the provider separately states on
6 the invoice the cost price of the tangible personal property
7 transferred incident to the purchase of service, the tax is
8 imposed on the difference between the total purchase price and
9 the provider's cost price of the tangible personal property
10 transferred.

11 (c) Except as otherwise provided in subsection (e), if
12 tangible personal property is transferred incident to a
13 purchase of service, and if the provider does not separately
14 state on the invoice the cost price of the tangible personal
15 property transferred incident to the purchase of service, tax
16 is imposed on 80% of the purchase price.

17 (d) Except as otherwise provided in subsection (e), a
18 provider that transfers tangible personal property incident to
19 sales of service subject to tax under this Act shall make an
20 annual election prior to December 31 of each year to pay the
21 tax imposed by this Act under either subsection (b) or
22 subsection (c) for the following calendar year. A provider may
23 not make an election regarding the method of calculating tax on
24 a transaction-by-transaction basis. For a provider that fails
25 to make an election under this subsection (d), the tax is
26 imposed on 80% of the purchase price.

1 (e) A provider making sales of services subject to tax
2 under this Act in which the aggregate annual cost price of
3 tangible personal property transferred incident to all sales of
4 services subject to tax under this Act is less than 3% of the
5 aggregate annual total purchase prices from all sales of
6 services subject to tax under this Act, may annually elect to
7 calculate tax on 100% of the total purchase price for each
8 purchase of service. A provider that does not elect to
9 calculate tax under this subsection (e) must separately state
10 on the invoice the cost price of the tangible personal property
11 transferred incident to a purchase of service and calculate tax
12 under subsection (b).

13 A provider making an election to calculate tax under this
14 subsection (e) may provide resale certificates under Section 2c
15 of the Retailers' Occupation Tax Act to his or her suppliers of
16 tangible personal property that will be transferred incident to
17 sales of services subject to tax under this Act only if the
18 provider also makes sales of that tangible personal property at
19 retail. A provider that provides resale certificates to his or
20 her supplier must pay Retailers' Occupation Tax on the portion
21 of the tangible personal property that is sold at retail.

22 Providers who do not also make sales of that tangible
23 personal property at retail may not provide suppliers with
24 certificates of resale, and their purchases of tangible
25 personal property are subject to tax under the Use Tax Act.

26 (f) If any provider erroneously collects tax or collects

1 more from the purchaser than the purchaser's liability for the
2 transaction, the purchaser shall have a legal right to claim a
3 refund of such amount from such provider. However, if such
4 amount is not refunded to the purchaser for any reason, the
5 provider is liable to pay such amount to the Department.

6 (g) The tax imposed by this Section is not imposed with
7 respect to any transaction in interstate commerce, to the
8 extent such transaction may not, under the Constitution and
9 statutes of the United States, be made the subject of taxation
10 by this State.

11 Section 20-15. Transactions involving subcontractors. If a
12 provider subcontracts a service subject to tax under this Act
13 in which tangible personal property is transferred, the
14 provider does not incur a use tax liability on the cost price
15 of any tangible personal property transferred to the provider
16 by the subcontractor if the subcontractor (i) has paid or will
17 pay use tax on his or her cost price of any tangible personal
18 property transferred to the provider and (ii) certifies that
19 fact in writing to the provider.

20 Section 20-20. Multi-state exemption. To prevent actual
21 multi-state taxation of services that are subject to taxation
22 under this Act, any purchaser or provider, upon proof that the
23 purchaser or provider has paid a tax in another state on such
24 service, shall be allowed a credit against the tax imposed by

1 this Act, to the extent of the amount of the tax properly due
2 and paid in the other state.

3 Section 20-25. Exemptions.

4 (a) The following purchasers are exempt from the tax
5 imposed by this Act:

6 (1) Corporations, societies, associations,
7 foundations, or institutions organized and operated
8 exclusively for charitable, religious, or educational
9 purposes that have been issued an active tax exemption
10 number by the Department under Section 1g of the Retailers'
11 Occupation Tax Act. This paragraph is exempt from the
12 provisions of Section 20-60 of this Act.

13 (2) The federal government and its instrumentalities
14 that have been issued an active tax exemption number by the
15 Department under Section 1g of the Retailers' Occupation
16 Tax Act. This paragraph is exempt from the provisions of
17 Section 20-60 of this Act.

18 (3) Government bodies that have been issued an active
19 tax exemption number by the Department under Section 1g of
20 the Retailers' Occupation Tax Act. This paragraph is exempt
21 from the provisions of Section 20-60 of this Act.

22 (b) The purchase of the following services is exempt from
23 the tax imposed by this Act:

24 (1) Repair and maintenance services, to the extent that
25 those services are subject to a separate tax imposed by the

1 State. This paragraph is exempt from the provisions of
2 Section 20-60 of this Act.

3 (2) Services performed on tangible personal property
4 exempt under the Retailers' Occupation Tax Act, Use Tax
5 Act, Service Occupation Tax Act, or Service Use Tax Act.
6 This paragraph is exempt from the provisions of Section
7 20-60 of this Act.

8 (3) Landscaping services that qualify as production
9 agriculture as defined in Section 2-35 of the Retailers'
10 Occupation Tax Act. This paragraph is exempt from the
11 provisions of Section 20-60 of this Act.

12 Section 20-30. Collection of tax.

13 (a) Beginning with bills issued or charges collected for a
14 purchase of service on and after January 1, 2018, the tax
15 imposed by this Act shall be collected from the purchaser by
16 any provider maintaining a place of business in this State at
17 the rate under Section 20-10 of this Act with respect to the
18 service subject to tax under this Act sold by such provider to
19 or for the purchaser, and shall be remitted to the Department
20 as provided in Section 20-50 of this Act. All sales of services
21 subject to tax under this Act to a purchaser for use and not
22 for resale are presumed subject to tax collection. Providers
23 shall collect the tax from purchasers by adding the tax to the
24 amount of the purchase price received from the purchaser for
25 selling a service subject to tax under this Act to or for the

1 purchaser. The tax imposed by the Act shall, when collected, be
2 stated as a distinct item separate and apart from the purchase
3 price of the service subject to tax under this Act. Where it is
4 not possible to state the tax separately, the Department may by
5 rule exempt such purchases from this requirement if purchasers
6 are notified by language on the invoice or other written
7 notification or notified by a sign that the tax is included in
8 the purchase price.

9 (b) Any person purchasing a service subject to tax under
10 this Act for use and not for resale as to which there has been
11 no charge made to him of the tax imposed by Section 20-10 shall
12 make payment of the tax imposed by Section 20-10 of this Act in
13 the form and manner provided by the Department not later than
14 the 20th day of the month following the month of purchase of
15 the service.

16 Section 20-35. Registration of providers.

17 (a) A person who engages in business as a provider in this
18 State shall register with the Department. Application for a
19 certificate of registration shall be made to the Department, by
20 electronic means, in the form and manner prescribed by the
21 Department and shall contain any reasonable information the
22 Department may require. Upon receipt of the application for a
23 certificate of registration in proper form and manner, the
24 Department shall issue to the applicant a certificate of
25 registration.

1 The annual fee payable to the Department for each
2 certificate of registration shall be \$75. The fee shall be
3 deposited into the Tax Compliance and Administration Fund. Each
4 applicant for a certificate of registration shall pay the fee
5 to the Department at the time of submitting the application.
6 The Department shall require an applicant for a certificate of
7 registration under this Section to electronically pay the fee.
8 A separate annual fee shall be paid for each place of business
9 at which a person who is required to procure a certificate of
10 registration under this Section proposes to sell a service in
11 this State subject to tax under this Act.

12 (b) The Department may refuse to issue or reissue a
13 certificate of registration to any applicant for the reasons
14 set forth in Section 2505-380 of the Department of Revenue Law
15 of the Civil Administrative Code of Illinois.

16 (c) Any person aggrieved by any decision of the Department
17 under this Section may, within 20 days after notice of such
18 decision, protest and request a hearing, whereupon the
19 Department shall give notice to such person of the time and
20 place fixed for such hearing and shall hold a hearing in
21 conformity with the provisions of this Act and then issue its
22 final administrative decision in the matter to such person. In
23 the absence of such a protest within 20 days, the Department's
24 decision shall become final without any further determination
25 being made or notice given.

1 Section 20-40. Revocation of certificate of registration.

2 (a) The Department may, after notice and a hearing as
3 provided in Section 20-30, revoke the certificate of
4 registration of any person who violates any of the provisions
5 of this Act or regulation promulgated pursuant to this Act.
6 Before revocation of a certificate of registration, the
7 Department shall, within 90 days after non-compliance and at
8 least 7 days prior to the date of the hearing, give the person
9 so accused notice in writing of the charge against him or her,
10 and on the date designated shall conduct a hearing upon this
11 matter. The lapse of the 90 day period shall not preclude the
12 Department from conducting revocation proceedings at a later
13 date if necessary. Any hearing held under this Section shall be
14 conducted by the Director or by any officer or employee of the
15 Department designated in writing by the Director.

16 (b) The Department may revoke a certificate of registration
17 for the reasons set forth in Section 2505-380 of the Department
18 of Revenue Law of the Civil Administrative Code of Illinois.

19 (c) Upon the hearing of any such proceeding, the Director
20 or any officer or employee of the Department designated in
21 writing by the Director may administer oaths, and the
22 Department may procure by its subpoena the attendance of
23 witnesses and, by its subpoena duces tecum, the production of
24 relevant books and papers. Any circuit court, upon application
25 either of the accused or of the Department, may, by order duly
26 entered, require the attendance of witnesses and the production

1 of relevant books and papers before the Department in any
2 hearing relating to the revocation of certificates of
3 registration. Upon refusal or neglect to obey the order of the
4 court, the court may compel obedience thereof by proceedings
5 for contempt.

6 (d) The Department may, by application to any circuit
7 court, obtain an injunction requiring any person who engages in
8 business as a provider under this Act to obtain a certificate
9 of registration. Upon refusal or neglect to obey the order of
10 the court, the court may compel obedience by proceedings for
11 contempt.

12 Section 20-45. Tax collected as debt owed to State. The tax
13 required to be collected under this Act by any provider
14 maintaining a place of business in this State, and any such tax
15 collected by that person, shall constitute a debt owed by that
16 person to this State.

17 Section 20-50. Return and payment of tax by provider.

18 (a) Each provider who is required or authorized to collect
19 the tax imposed by this Act shall make a return to the
20 Department on or before the 20th day of each month for the
21 preceding calendar month stating the following:

22 (1) the provider's name;

23 (2) the address of the provider's principal place of
24 business and the address of the principal place of business

1 (if that is a different address) from which the provider
2 engaged in the business of selling a service subject to tax
3 under this Act;

4 (3) total purchase price received by the provider for
5 all services subject to tax under this Act;

6 (4) amount of tax, computed upon item (3) at the rate
7 stated in Section 20-10;

8 (5) the signature of the provider; and

9 (6) such other information as the Department
10 reasonably may require.

11 Any amount which is required to be shown or reported on any
12 return or other document under this Act shall, if such amount
13 is not a whole-dollar amount, be increased to the nearest
14 whole-dollar amount if the fractional part of a dollar is \$0.50
15 or more and decreased to the nearest whole-dollar amount if the
16 fractional part of the dollar is less than \$0.50. If a total
17 amount of less than \$1 is payable, refundable, or creditable,
18 such amount shall be disregarded if it is less than \$0.50 and
19 shall be increased to \$1 if it is \$0.50 or more.

20 The provider making the return provided for in this Section
21 shall, at the time of making such return, pay to the Department
22 the amount of tax imposed by this Act, less a discount of 1.75%
23 which is allowed to reimburse the provider for the expenses
24 incurred in keeping records, billing the purchaser, preparing
25 and filing returns, remitting the tax, and supplying data to
26 the Department upon request. No discount may be claimed by a

1 provider on returns not timely filed and for taxes not timely
2 remitted.

3 (b) If the average monthly tax liability to the Department
4 of the provider does not exceed \$200, the Department may
5 authorize the provider's returns to be filed on a
6 quarter-annual basis, with the return for January, February,
7 and March of a given year being due by April 20 of such year;
8 with the return for April, May, and June of a given year being
9 due by July 20 of such year; with the return for July, August,
10 and September of a given year being due by October 20 of such
11 year; and with the return for October, November, and December
12 of a given year being due by January 20 of the following year.

13 If the average monthly tax liability to the Department of
14 the provider does not exceed \$50, the Department may authorize
15 the provider's returns to be filed on an annual basis, with the
16 return for a given year being due by January 20 of the
17 following year.

18 The quarter-annual and annual returns, as to form and
19 substance, shall be subject to the same requirements as monthly
20 returns.

21 Notwithstanding any other provision in this Act concerning
22 the time within which a provider may file a return, any such
23 provider who ceases to engage in a kind of business which makes
24 the person responsible for filing returns under this Act shall
25 file a final return under this Act with the Department not more
26 than one month after discontinuing such business.

1 Each provider whose average monthly liability to the
2 Department under this Act was \$10,000 or more during the
3 preceding calendar year, excluding the month of highest
4 liability and the month of lowest liability in such calendar
5 year, shall make estimated payments to the Department on or
6 before the 7th, 15th, 22nd, and last day of the month during
7 which tax liability to the Department is incurred in an amount
8 not less than the lower of either 22.5% of such provider's
9 actual tax liability for the month or 25% of such provider's
10 actual tax liability for the same calendar month of the
11 preceding year. The amount of the quarter-monthly payments
12 shall be credited against the final tax liability of the
13 provider's return for that month. Once applicable, the
14 requirement of the making of quarter-monthly payments to the
15 Department by taxpayers having an average monthly tax liability
16 of \$10,000 or more as determined in a manner provided in this
17 paragraph shall continue until such taxpayer's average monthly
18 liability to the Department during the preceding 4 complete
19 calendar quarters (excluding the month of highest liability and
20 the month of lowest liability) is less than \$9,000 or until
21 such taxpayer's average monthly liability to the Department as
22 computed for each of the 4 preceding complete calendar quarters
23 is less than \$10,000. However, if a taxpayer can show the
24 Department that a substantial change in the taxpayer's business
25 has occurred which causes the taxpayer to anticipate that his
26 average monthly tax liability for the reasonably foreseeable

1 future will fall below the \$10,000 threshold stated above, then
2 such taxpayer may petition the Department for a change in such
3 taxpayer's reporting status unless it finds that such change is
4 seasonal in nature and not likely to be long term. If any such
5 quarter-monthly payment is not paid at the time or in the
6 amount required by this Section, then the taxpayer shall be
7 liable for penalties and interest on the difference between the
8 minimum amount due as a payment and the amount of such
9 quarter-monthly payment actually and timely paid, except
10 insofar as the taxpayer has previously made payments for that
11 month to the Department in excess of the minimum payments
12 previously due as provided in this Section. The Department
13 shall adopt rules to govern the quarter-monthly payment amount
14 and quarter-monthly payment dates for taxpayers who file on
15 other than a calendar monthly basis.

16 If any payment provided for in this Section exceeds the
17 taxpayer's liabilities under this Act, as shown on an original
18 monthly return, the Department shall, if requested by the
19 taxpayer, issue to the taxpayer a credit memorandum no later
20 than 30 days after the date of payment. The credit evidenced by
21 such credit memorandum may be assigned by the taxpayer to a
22 similar taxpayer under this Act, in accordance with reasonable
23 rules and regulations to be prescribed by the Department. If no
24 such request is made, the taxpayer may credit such excess
25 payment against tax liability subsequently to be remitted to
26 the Department under this Act, in accordance with reasonable

1 rules and regulations prescribed by the Department. If the
2 Department subsequently determines that all or any part of the
3 credit taken was not actually due to the taxpayer, the
4 taxpayer's 1.75% discount shall be reduced by 1.75% of the
5 difference between the credit taken and that actually due, and
6 that taxpayer shall be liable for penalties and interest on
7 such difference.

8 (c) A provider who has a tax liability in the amount set
9 forth in subsection (b) of Section 2505-210 of the Department
10 of Revenue Law of the Civil Administrative Code of Illinois
11 shall make all payments required by rules of the Department by
12 electronic funds transfer. Any provider not required to make
13 payments by electronic funds transfer may make payments by
14 electronic funds transfer with the permission of the
15 Department. All providers required to make payments by
16 electronic funds transfer and any providers authorized to
17 voluntarily make payments by electronic funds transfer shall
18 make those payments in the manner authorized by the Department.

19 (d) If a provider fails to sign a return within 30 days
20 after the proper notice and demand for signature by the
21 Department is received by the provider, the return shall be
22 considered valid and any amount shown to be due on the return
23 shall be deemed assessed.

24 Section 20-55. Claims; credit memorandum or refunds.

25 If it appears, after claim therefore filed with the

1 Department, that an amount of tax or penalty has been paid to
2 the Department by the taxpayer which was not due under this
3 Act, whether as the result of a mistake of fact or an error of
4 law, except as hereinafter provided, then the Department shall
5 issue a credit memorandum or refund to the person who made the
6 erroneous payment or, if that person has died or become a
7 person under legal disability, to his or her legal
8 representative, as such.

9 If it is determined that the Department should issue a
10 credit or refund under this Act, the Department may first apply
11 the amount thereof against any amount of tax or penalty due
12 under this Act, or any other Act administered by the
13 Department, from the person entitled to such credit or refund.
14 For this purpose, if proceedings are pending to determine
15 whether or not any tax or penalty is due under this Act, or any
16 other Act administered by the Department, from such person, the
17 Department may withhold issuance of the credit or refund
18 pending the final disposition of such proceedings and may apply
19 such credit or refund against any amount found to be due to the
20 Department under this Act, or any other Act administered by the
21 Department, as a result of such proceedings. The balance, if
22 any, of the credit or refund shall be issued to the person
23 entitled thereto.

24 If no tax or penalty is due and no proceeding is pending to
25 determine whether such taxpayer is indebted to the Department
26 for tax or penalty, the credit memorandum or refund shall be

1 issued to the claimant; or (in the case of a credit memorandum)
2 the credit memorandum may be assigned and set over by the
3 lawful holder thereof, subject to reasonable rules of the
4 Department, to any other person who is subject to this Act, and
5 the amount thereof shall be applied by the Department against
6 any tax or penalty due or to become due under this Act from
7 such assignee.

8 As to any claim filed hereunder with the Department on and
9 after each January 1 and July 1, no amount of tax or penalty
10 erroneously paid (either in total or partial liquidation of a
11 tax or penalty under this Act) more than 3 years prior to such
12 January 1 and July 1, respectively, shall be credited or
13 refunded, except that if both the Department and the taxpayer
14 have agreed to an extension of time to issue a notice of tax
15 liability under this Act, the claim may be filed at any time
16 prior to the expiration of the period agreed upon.

17 No claim may be allowed for any amount paid to the
18 Department, whether paid voluntarily or involuntarily, if paid
19 in total or partial liquidation of an assessment which had
20 become final before the claim for credit or refund to recover
21 the amount so paid is filed with the Department, or if paid in
22 total or partial liquidation of a judgment or order of court.
23 No claim may be allowed or refund made for any amount paid by
24 or collected from any purchaser unless it appears that the
25 claimant has unconditionally repaid to the purchaser any amount
26 collected from the purchaser and retained by the claimant with

1 respect to the same transaction under the Act.

2 Any credit or refund that is allowed under this Act shall
3 bear interest at the rate and in the manner set forth in the
4 Uniform Penalty and Interest Act.

5 In case the Department determines that the claimant is
6 entitled to a refund, such refund shall be made only from such
7 appropriation as may be available for that purpose. If it
8 appears unlikely that the amount appropriated would permit
9 everyone having a claim allowed during the period covered by
10 such appropriation to elect to receive a cash refund, the
11 Department, by rule or regulation, shall provide for the
12 payment of refunds in hardship cases and shall define what
13 types of cases qualify as hardship cases.

14 Section 20-60. Sunset of exemptions, credits, and
15 deductions.

16 The application of every exemption, credit, and deduction
17 against tax imposed by this Act that becomes law after the
18 effective date of this Act shall be limited by a reasonable and
19 appropriate sunset date. A taxpayer is not entitled to take the
20 exemption, credit, or deduction beginning on the sunset date
21 and thereafter. If a reasonable and appropriate sunset date is
22 not specified in the Public Act that creates the exemption,
23 credit, or deduction, a taxpayer shall not be entitled to take
24 the exemption, credit, or deduction beginning 5 years after the
25 effective date of the Public Act creating the exemption,

1 credit, or deduction and thereafter.

2 Section 20-65. Distribution of proceeds. All moneys
3 received by the Department under this Act shall be paid into
4 the General Revenue Fund in the State Treasury.

5 Section 20-70. Department's authority to adopt rules. The
6 Department is authorized to adopt and enforce reasonable rules
7 under the Illinois Administrative Procedure Act, and to
8 prescribe forms relating to the administration and enforcement
9 of this Act, as it may deem appropriate.

10 Section 20-75. Incorporation by reference. All of the
11 provisions of Sections 2a, 2b, 4, 5, 5a, 5b, 5c, 5d, 5e, 5f,
12 5g, 5i, 5j, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of
13 the Retailers' Occupation Tax Act and all of the provisions of
14 the Uniform Penalty and Interest Act, that are not inconsistent
15 with this Act, apply to providers to the same extent as if
16 those provisions were included in this Act. References in the
17 incorporated Sections of the Retailers' Occupation Tax Act to
18 retailers, to sellers, or to persons engaged in the business of
19 selling tangible personal property mean providers when used in
20 this Act. References in the incorporated Sections to sales of
21 tangible personal property mean sales of services subject to
22 tax under this Act when used in this Act.

1 Section 20-80. Sourcing. The purchase of landscaping
2 services shall be sourced to the location of the parcel or
3 tract of land where the benefit of the landscaping services is
4 realized.

5 ARTICLE 25. LAUNDRY AND DRYCLEANING EXCISE TAX ACT

6 Section 25-1. Short title. This Act may be cited as the
7 Laundry and Drycleaning Excise Tax Act.

8 Section 25-5. Definitions.

9 "Cost price" means the consideration paid by a provider to
10 a supplier for a purchase of tangible personal property valued
11 in money, whether paid in money or otherwise, including cash,
12 credits and services, and shall be determined without any
13 deduction on account of taxes paid by the provider for the
14 purchase of tangible personal property or on account of any
15 expenses that are part of the selling price of the tangible
16 personal property taxable under the Retailers' Occupation Tax
17 Act and the Use Tax Act that are charged to the provider by a
18 supplier. When a provider contracts out part or all of the
19 services required in his sale of service subject to tax under
20 this Act, it shall be presumed that the cost price to the
21 provider of the tangible personal property transferred to him
22 or her by his or her subcontractor is equal to 50% of the
23 subcontractor's charges to the provider in the absence of proof

1 of the consideration paid for the tangible personal property by
2 the provider to the subcontractor.

3 "Department" means the Department of Revenue.

4 "Director" means the Director of Revenue.

5 "Person" means any natural individual, firm, trust,
6 estate, partnership, association, joint stock company, joint
7 venture, corporation, limited liability company, or a
8 receiver, trustee, guardian, or other representative appointed
9 by order of any court.

10 "Provider" means any person engaged in the business of
11 providing, furnishing, selling, or supplying laundry,
12 drycleaning, cloth pressing, dyeing, or linen service.

13 "Provider maintaining a place of business in this State",
14 or any like term, means and includes any of the following:

15 (1) A provider having or maintaining within this State,
16 directly or by a subsidiary, an office, distribution house,
17 sales house, warehouse or other place of business, or any
18 agent or other representative operating within this State
19 under the authority of the provider or its subsidiary,
20 irrespective of whether such place of business or agent or
21 other representative is located here permanently or
22 temporarily, or whether such provider or subsidiary is
23 licensed to do business in this State.

24 (2) A provider having a contract with a person located
25 in this State under which the person, for a commission or
26 other consideration based upon the sale of services subject

1 to tax under this Act by the provider, directly or
2 indirectly refers potential customers to the provider by
3 providing to the potential customers a promotional code or
4 other mechanism that allows the provider to track purchases
5 referred by such persons. Examples of mechanisms that allow
6 the provider to track purchases referred by such persons
7 include but are not limited to the use of a link on the
8 person's Internet website, promotional codes distributed
9 through the person's hand-delivered or mailed material,
10 and promotional codes distributed by the person through
11 radio or other broadcast media. The provisions of this
12 paragraph (2) shall apply only if the cumulative purchase
13 prices from sales of services subject to tax under this Act
14 by the provider to purchasers who are referred to the
15 provider by all persons in this State under such contracts
16 exceed \$10,000 during the preceding 4 quarterly periods
17 ending on the last day of March, June, September, and
18 December. A provider meeting the requirements of this
19 paragraph (2) shall be presumed to be maintaining a place
20 of business in this State but may rebut this presumption by
21 submitting proof that the referrals or other activities
22 pursued within this State by such persons were not
23 sufficient to meet the nexus standards of the United States
24 Constitution during the preceding 4 quarterly periods.

25 (3) A provider having a contract with a person located
26 in this State under which:

1 (A) the provider sells the same or substantially
2 similar service subject to tax under this Act as the
3 person located in this State and does so using an
4 identical or substantially similar name, trade name,
5 or trademark as the person located in this State; and

6 (B) the provider provides a commission or other
7 consideration to the person located in this State based
8 upon the sale of services subject to tax under this Act
9 by the provider.

10 The provisions of this paragraph (3) shall apply only
11 if the cumulative purchase prices from sales of services
12 subject to tax under this Act by the provider to purchasers
13 in this State under all such contracts exceed \$10,000
14 during the preceding 4 quarterly periods ending on the last
15 day of March, June, September, and December.

16 "Purchase of service" means the acquisition of laundry,
17 drycleaning, cloth pressing, dyeing, or linen service for a
18 valuable consideration.

19 "Purchase price" means the consideration paid for a
20 purchase of service, all services directly related to the
21 purchase of service, and all tangible personal property
22 transferred incident to the purchase of service, valued in
23 money, whether received in money or otherwise, including cash,
24 gift cards, reward points, credits, and property and shall be
25 determined without any deduction on account of the cost of
26 materials used, labor or service costs, or any other expense

1 whatsoever. However, "purchase price" shall not include
2 consideration paid for:

3 (1) any charge for a dishonored check;

4 (2) any finance or credit charge, penalty or charge for
5 delayed payment, or discount for prompt payment;

6 (3) any purchase by a purchaser if the provider is
7 prohibited by federal or State constitution, treaty,
8 convention, statute or court decision from collecting the
9 tax from such purchaser;

10 (4) the isolated or occasional sale of services subject
11 to tax under this Act by a person who does not hold himself
12 out as being engaged (or who does not habitually engage) in
13 selling such service; and

14 (5) any amounts added to a purchaser's bills because of
15 charges made pursuant to the tax imposed by this Act.

16 In case credit is extended, the amount thereof shall be
17 included only as and when payments are made.

18 "Purchaser" means any person who, for a valuable
19 consideration, acquires laundry, drycleaning, cloth pressing,
20 dyeing, or linen service.

21 "Supplier" means any person who makes sales of tangible
22 personal property to providers for subsequent transfer
23 incident to a sale of service subject to tax under this Act.

24 "Use" means the exercise by any person of any right or
25 power over, or the enjoyment of, the services subject to tax
26 under this Act.

1 Section 25-10. Imposition of tax; calculation of tax.

2 (a) Effective January 1, 2018, except as otherwise provided
3 in this Section, a tax is imposed upon the purchase, for use
4 and not for resale, of laundry, drycleaning, cloth pressing,
5 dyeing, or linen service at the rate of 5% of the purchase
6 price.

7 (b) Except as otherwise provided in subsection (e), if
8 tangible personal property is transferred incident to a
9 purchase of service, and if the provider separately states on
10 the invoice the cost price of the tangible personal property
11 transferred incident to the purchase of service, the tax is
12 imposed on the difference between the total purchase price and
13 the provider's cost price of the tangible personal property
14 transferred.

15 (c) Except as otherwise provided in subsection (e), if
16 tangible personal property is transferred incident to a
17 purchase of service, and if the provider does not separately
18 state on the invoice the cost price of the tangible personal
19 property transferred incident to the purchase of service, tax
20 is imposed on 80% of the purchase price.

21 (d) Except as otherwise provided in subsection (e), a
22 provider that transfers tangible personal property incident to
23 sales of service subject to tax under this Act shall make an
24 annual election prior to December 31 of each year to pay the
25 tax imposed by this Act under either subsection (b) or

1 subsection (c) for the following calendar year. A provider may
2 not make an election regarding the method of calculating tax on
3 a transaction-by-transaction basis. For a provider that fails
4 to make an election pursuant to this subsection, the tax is
5 imposed on 80% of the purchase price.

6 (e) A provider making sales of services subject to tax
7 under this Act in which the aggregate annual cost price of
8 tangible personal property transferred incident to all sales of
9 services subject to tax under this Act is less than 3% of the
10 aggregate annual total purchase prices from all sales of
11 services subject to tax under this Act, may annually elect to
12 calculate tax on 100% of the total purchase price for each
13 purchase of service. A provider that does not elect to
14 calculate tax as provided in this subsection must separately
15 state on the invoice the cost price of the tangible personal
16 property transferred incident to a purchase of service and
17 calculate tax pursuant to subsection (b).

18 A provider making an election to calculate tax under this
19 subsection may provide resale certificates under Section 2c of
20 the Retailers' Occupation Tax Act to his or her suppliers of
21 tangible personal property that will be transferred incident to
22 sales of services subject to tax under this Act only if the
23 provider also makes sales of that tangible personal property at
24 retail. A provider that provides resale certificates to his or
25 her supplier must pay Retailers' Occupation Tax on the portion
26 of the tangible personal property that is sold at retail.

1 Providers who do not also make sales of that tangible
2 personal property at retail may not provide suppliers with
3 certificates of resale, and their purchases of tangible
4 personal property are subject to tax under the Use Tax Act.

5 (f) If any provider erroneously collects tax or collects
6 more from the purchaser than the purchaser's liability for the
7 transaction, the purchaser shall have a legal right to claim a
8 refund of such amount from such provider. However, if such
9 amount is not refunded to the purchaser for any reason, the
10 provider is liable to pay such amount to the Department.

11 (g) The tax imposed by this Section 25-10 is not imposed
12 with respect to any transaction in interstate commerce, to the
13 extent such transaction may not, under the Constitution and
14 statutes of the United States, be made the subject of taxation
15 by this State.

16 Section 25-15. Transactions involving subcontractors. If a
17 provider subcontracts a service subject to tax under this Act
18 in which tangible personal property is transferred, the
19 provider does not incur a use tax liability on the cost price
20 of any tangible personal property transferred to the provider
21 by the subcontractor if the subcontractor (i) has paid or will
22 pay a use tax on his or her cost price of any tangible personal
23 property transferred to the provider and (ii) certifies that
24 fact in writing to the provider.

1 Section 25-20. Multi-state exemption. To prevent actual
2 multi-state taxation of services that are subject to taxation
3 under this Act, any purchaser or provider, upon proof that the
4 purchaser or provider has paid a tax in another state on such
5 service, shall be allowed a credit against the tax imposed by
6 this Act, to the extent of the amount of the tax properly due
7 and paid in the other state.

8 Section 25-25. Exemptions.

9 (a) The following purchasers are exempt from the tax
10 imposed by this Act:

11 (1) Corporations, societies, associations,
12 foundations, or institutions organized and operated
13 exclusively for charitable, religious or educational
14 purposes that have been issued an active tax exemption
15 number by the Department under Section 1g of the Retailers'
16 Occupation Tax Act. This paragraph is exempt from the
17 provisions of Section 25-60.

18 (2) The federal government and its instrumentalities
19 that have been issued an active tax exemption number by the
20 Department under Section 1g of the Retailers' Occupation
21 Tax Act. This paragraph is exempt from the provisions of
22 Section 25-60.

23 (3) Government bodies that have been issued an active
24 tax exemption number by the Department under Section 1g of
25 the Retailers' Occupation Tax Act. This paragraph is exempt

1 from the provisions of Section 25-60.

2 (b) The purchase of the following services is exempt from
3 the tax imposed by this Act:

4 (1) Repair and maintenance services, to the extent that
5 those services are subject to a separate tax imposed by the
6 State. This paragraph is exempt from the provisions of
7 Section 25-60.

8 (2) Services performed on tangible personal property
9 exempt under the Retailers' Occupation Tax Act, Use Tax
10 Act, Service Occupation Tax Act, or Service Use Tax Act.
11 This paragraph is exempt from the provisions of Section
12 25-60.

13 Section 25-30. Collection of tax.

14 (a) Beginning with bills issued or charges collected for a
15 purchase of service on and after January 1, 2018, the tax
16 imposed by this Act shall be collected from the purchaser by
17 any provider maintaining a place of business in this State at
18 the rate stated in Section 25-10 with respect to the service
19 subject to tax under this Act sold by such provider to or for
20 the purchaser, and shall be remitted to the Department as
21 provided in Section 25-50 of this Act. All sales of services
22 subject to tax under this Act to a purchaser for use and not
23 for resale are presumed subject to tax collection. Providers
24 shall collect the tax from purchasers by adding the tax to the
25 amount of the purchase price received from the purchaser for

1 selling a service subject to tax under this Act to or for the
2 purchaser. The tax imposed by the Act shall when collected be
3 stated as a distinct item separate and apart from the purchase
4 price of the service subject to tax under this Act. However,
5 where it is not possible to state the tax separately, the
6 Department may by rule exempt such purchases from this
7 requirement if purchasers are notified by language on the
8 invoice or other written notification or notified by a sign
9 that the tax is included in the purchase price.

10 (b) Any person purchasing a service subject to tax under
11 this Act for use and not for resale as to which there has been
12 no charge made to him of the tax imposed by Section 25-10 shall
13 make payment of the tax imposed by Section 25-10 of this Act in
14 the form and manner provided by the Department not later than
15 the 20th day of the month following the month of purchase of
16 the service.

17 Section 25-35. Registration of providers.

18 (a) A person who engages in business as a provider in this
19 State shall register with the Department. Application for a
20 certificate of registration shall be made to the Department, by
21 electronic means, in the form and manner prescribed by the
22 Department, and shall contain any reasonable information the
23 Department may require. Upon receipt of the application for a
24 certificate of registration in proper form and manner, the
25 Department shall issue to the applicant a certificate of

1 registration.

2 The annual fee payable to the Department for each
3 certificate of registration shall be \$75. The fee shall be
4 deposited into the Tax Compliance and Administration Fund. Each
5 applicant for a certificate of registration shall pay the fee
6 to the Department at the time of submitting its application for
7 certificate registration to the Department. The Department
8 shall require an applicant for a certificate of registration
9 under this Section to electronically pay the fee. A separate
10 annual fee shall be paid for each place of business at which a
11 person who is required to procure a certificate of registration
12 under this Section proposes to sell a service in Illinois
13 subject to tax under this Act.

14 (b) The Department may refuse to issue or reissue a
15 certificate of registration to any applicant for the reasons
16 set forth in Section 2505-380 of the Department of Revenue Law
17 of the Civil Administrative Code of Illinois.

18 (c) Any person aggrieved by any decision of the Department
19 under this Section may, within 20 days after notice of such
20 decision, protest and request a hearing, whereupon the
21 Department shall give notice to such person of the time and
22 place fixed for such hearing and shall hold a hearing in
23 conformity with the provisions of this Act and then issue its
24 final administrative decision in the matter to such person. In
25 the absence of such a protest within 20 days, the Department's
26 decision shall become final without any further determination

1 being made or notice given.

2 Section 25-40. Revocation of certificate of registration.

3 (a) The Department may, after notice and a hearing as
4 provided herein, revoke the certificate of registration of any
5 person who violates any of the provisions of this Act or
6 regulation promulgated pursuant to this Act. Before revocation
7 of a certificate of registration, the Department shall, within
8 90 days after non-compliance and at least 7 days prior to the
9 date of the hearing, give the person so accused notice in
10 writing of the charge against him or her, and on the date
11 designated shall conduct a hearing upon this matter. The lapse
12 of such 90-day period shall not preclude the Department from
13 conducting revocation proceedings at a later date if necessary.
14 Any hearing held under this Section shall be conducted by the
15 Director or by any officer or employee of the Department
16 designated in writing by the Director.

17 (b) The Department may revoke a certificate of registration
18 for the reasons set forth in Section 2505-380 of the Department
19 of Revenue Law of the Civil Administrative Code of Illinois.

20 (c) Upon the hearing of any such proceeding, the Director
21 or any officer or employee of the Department designated in
22 writing by the Director may administer oaths, and the
23 Department may procure by its subpoena the attendance of
24 witnesses and, by its subpoena duces tecum, the production of
25 relevant books and papers. Any circuit court, upon application

1 either of the accused or of the Department, may, by order duly
2 entered, require the attendance of witnesses and the production
3 of relevant books and papers before the Department in any
4 hearing relating to the revocation of certificates of
5 registration. Upon refusal or neglect to obey the order of the
6 court, the court may compel obedience thereof by proceedings
7 for contempt.

8 (d) The Department may, by application to any circuit
9 court, obtain an injunction requiring any person who engages in
10 business as a provider under this Act to obtain a certificate
11 of registration. Upon refusal or neglect to obey the order of
12 the court, the court may compel obedience by proceedings for
13 contempt.

14 Section 25-45. Tax collected as debt owed to State. The tax
15 herein required to be collected by any provider maintaining a
16 place of business in this State, and any such tax collected by
17 that person, shall constitute a debt owed by that person to
18 this State.

19 Section 25-50. Return and payment of tax by provider.

20 (a) Each provider who is required or authorized to collect
21 the tax imposed by this Act shall make a return to the
22 Department on or before the 20th day of each month for the
23 preceding calendar month stating the following:

24 (1) the provider's name;

1 (2) the address of the provider's principal place of
2 business and the address of the principal place of business
3 (if that is a different address) from which the provider
4 engaged in the business of selling a service subject to tax
5 under this Act;

6 (3) total purchase price received by the provider for
7 all services subject to tax under this Act;

8 (4) amount of tax, computed upon item (3) at the rate
9 stated in Section 25-10;

10 (5) the signature of the provider; and

11 (6) such other information as the Department
12 reasonably may require.

13 Any amount which is required to be shown or reported on any
14 return or other document under this Act shall, if such amount
15 is not a whole-dollar amount, be increased to the nearest
16 whole-dollar amount if the fractional part of a dollar is \$0.50
17 or more and decreased to the nearest whole-dollar amount if the
18 fractional part of a dollar is less than \$0.50. If a total
19 amount of less than \$1 is payable, refundable, or creditable,
20 that amount shall be disregarded if it is less than \$0.50 and
21 shall be increased to \$1 if it is \$0.50 or more.

22 The provider making the return provided for in this Section
23 shall, at the time of making such return, pay to the Department
24 the amount of tax imposed by this Act, less a discount of 1.75%
25 which is allowed to reimburse the provider for the expenses
26 incurred in keeping records, billing the purchaser, preparing

1 and filing returns, remitting the tax, and supplying data to
2 the Department upon request. No discount may be claimed by a
3 provider on returns not timely filed and for taxes not timely
4 remitted.

5 (b) If the average monthly tax liability to the Department
6 of the provider does not exceed \$200, the Department may
7 authorize the provider's returns to be filed on a
8 quarter-annual basis, with the return for January, February,
9 and March of a given year being due by April 20 of such year;
10 with the return for April, May and June of a given year being
11 due by July 20 of such year; with the return for July, August,
12 and September of a given year being due by October 20 of such
13 year; and with the return for October, November, and December
14 of a given year being due by January 20 of the following year.

15 If the average monthly tax liability to the Department of
16 the provider does not exceed \$50, the Department may authorize
17 the provider's returns to be filed on an annual basis, with the
18 return for a given year being due by January 20 of the
19 following year.

20 Such quarter-annual and annual returns, as to form and
21 substance, shall be subject to the same requirements as monthly
22 returns.

23 Notwithstanding any other provision in this Act concerning
24 the time within which a provider may file a return, any such
25 provider who ceases to engage in a kind of business which makes
26 the person responsible for filing returns under this Act shall

1 file a final return under this Act with the Department not more
2 than one month after discontinuing such business.

3 Each provider whose average monthly liability to the
4 Department under this Act was \$10,000 or more during the
5 preceding calendar year, excluding the month of highest
6 liability and the month of lowest liability in such calendar
7 year, shall make estimated payments to the Department on or
8 before the 7th, 15th, 22nd, and last day of the month during
9 which tax liability to the Department is incurred in an amount
10 not less than the lower of either 22.5% of such provider's
11 actual tax liability for the month or 25% of such provider's
12 actual tax liability for the same calendar month of the
13 preceding year. The amount of such quarter-monthly payments
14 shall be credited against the final tax liability of such
15 provider's return for that month. Once applicable, the
16 requirement of the making of quarter-monthly payments to the
17 Department by taxpayers having an average monthly tax liability
18 of \$10,000 or more as determined in the manner provided in this
19 paragraph shall continue until the taxpayer's average monthly
20 liability to the Department during the preceding 4 complete
21 calendar quarters (excluding the month of highest liability and
22 the month of lowest liability) is less than \$9,000 or until the
23 taxpayer's average monthly liability to the Department as
24 computed for each of the 4 preceding complete calendar quarters
25 is less than \$10,000. However, if a taxpayer can show the
26 Department that a substantial change in the taxpayer's business

1 has occurred that causes the taxpayer to anticipate that his
2 average monthly tax liability for the reasonably foreseeable
3 future will fall below the \$10,000 threshold stated above, then
4 the taxpayer may petition the Department for a change in the
5 taxpayer's reporting status. The Department shall change the
6 taxpayer's reporting status unless it finds that the change is
7 seasonal in nature and not likely to be long term. If any such
8 quarter-monthly payment is not paid at the time or in the
9 amount required by this Section, then the taxpayer shall be
10 liable for penalties and interest on the difference between the
11 minimum amount due as a payment and the amount of such
12 quarter-monthly payments actually and timely paid, except
13 insofar as the taxpayer has previously made payments for that
14 month to the Department in excess of the minimum payments
15 previously due as provided in this Section. The Department
16 shall adopt rules to govern the quarter-monthly payment amount
17 and quarter-monthly payment dates for taxpayers who file on
18 other than a calendar monthly basis.

19 If any payment provided for in this Section exceeds the
20 taxpayer's liabilities under this Act, as shown on an original
21 monthly return, the Department shall, if requested by the
22 taxpayer, issue to the taxpayer a credit memorandum no later
23 than 30 days after the date of payment. The credit evidenced by
24 such credit memorandum may be assigned by the taxpayer to a
25 similar taxpayer under this Act, in accordance with reasonable
26 rules and regulations to be prescribed by the Department. If no

1 such request is made, the taxpayer may credit such excess
2 payment against tax liability subsequently to be remitted to
3 the Department under this Act, in accordance with reasonable
4 rules and regulations prescribed by the Department. If the
5 Department subsequently determines that all or any part of the
6 credit taken was not actually due to the taxpayer, the
7 taxpayer's 1.75% discount shall be reduced by 1.75% of the
8 difference between the credit taken and that actually due, and
9 that taxpayer shall be liable for penalties and interest on
10 such difference.

11 (c) A provider who has a tax liability in the amount set
12 forth in subsection (b) of Section 2505-210 of the Department
13 of Revenue Law of the Civil Administrative Code of Illinois
14 shall make all payments required by rules of the Department by
15 electronic funds transfer. Any provider not required to make
16 payments by electronic funds transfer may make payments by
17 electronic funds transfer with the permission of the
18 Department. All providers required to make payments by
19 electronic funds transfer and any providers authorized to
20 voluntarily make payments by electronic funds transfer shall
21 make those payments in the manner authorized by the Department.

22 (d) If a provider fails to sign a return within 30 days
23 after the proper notice and demand for signature by the
24 Department is received by the provider, the return shall be
25 considered valid and any amount shown to be due on the return
26 shall be deemed assessed.

1 Section 25-55. Claims; credit memorandum or refunds. If it
2 appears, after claim therefore filed with the Department, that
3 an amount of tax or penalty has been paid to the Department by
4 the taxpayer which was not due under this Act, whether as the
5 result of a mistake of fact or an error of law, except as
6 hereinafter provided, then the Department shall issue a credit
7 memorandum or refund to the person who made the erroneous
8 payment or, if that person has died or become a person under
9 legal disability, to his or her legal representative, as such.

10 If it is determined that the Department should issue a
11 credit or refund under this Act, the Department may first apply
12 the amount thereof against any amount of tax or penalty due
13 under this Act, or any other Act administered by the
14 Department, from the person entitled to such credit or refund.
15 For this purpose, if proceedings are pending to determine
16 whether or not any tax or penalty is due under this Act, or any
17 other Act administered by the Department, from such person, the
18 Department may withhold issuance of the credit or refund
19 pending the final disposition of such proceedings and may apply
20 such credit or refund against any amount found to be due to the
21 Department under this Act, or any other Act administered by the
22 Department, as a result of such proceedings. The balance, if
23 any, of the credit or refund shall be issued to the person
24 entitled thereto.

25 If no tax or penalty is due and no proceeding is pending to

1 determine whether such taxpayer is indebted to the Department
2 for tax or penalty, the credit memorandum or refund shall be
3 issued to the claimant; or (in the case of a credit memorandum)
4 the credit memorandum may be assigned and set over by the
5 lawful holder thereof, subject to reasonable rules of the
6 Department, to any other person who is subject to this Act, and
7 the amount thereof shall be applied by the Department against
8 any tax or penalty due or to become due under this Act from
9 such assignee.

10 As to any claim filed hereunder with the Department on and
11 after each January 1 and July 1, no amount of tax or penalty
12 erroneously paid (either in total or partial liquidation of a
13 tax or penalty under this Act) more than 3 years prior to such
14 January 1 and July 1, respectively, shall be credited or
15 refunded, except that if both the Department and the taxpayer
16 have agreed to an extension of time to issue a notice of tax
17 liability under this Act, the claim may be filed at any time
18 prior to the expiration of the period agreed upon.

19 No claim may be allowed for any amount paid to the
20 Department, whether paid voluntarily or involuntarily, if paid
21 in total or partial liquidation of an assessment which had
22 become final before the claim for credit or refund to recover
23 the amount so paid is filed with the Department, or if paid in
24 total or partial liquidation of a judgment or order of court.
25 No claim may be allowed or refund made for any amount paid by
26 or collected from any purchaser unless it appears that the

1 claimant has unconditionally repaid to the purchaser any amount
2 collected from the purchaser and retained by the claimant with
3 respect to the same transaction under the Act.

4 Any credit or refund that is allowed under this Act shall
5 bear interest at the rate and in the manner set forth in the
6 Uniform Penalty and Interest Act.

7 In case the Department determines that the claimant is
8 entitled to a refund, such refund shall be made only from such
9 appropriation as may be available for that purpose. If it
10 appears unlikely that the amount appropriated would permit
11 everyone having a claim allowed during the period covered by
12 such appropriation to elect to receive a cash refund, the
13 Department, by rule or regulation, shall provide for the
14 payment of refunds in hardship cases and shall define what
15 types of cases qualify as hardship cases.

16 Section 25-60. Sunset of exemptions, credits, and
17 deductions. The application of every exemption, credit, and
18 deduction against tax imposed by this Act that becomes law
19 after the effective date of this Act shall be limited by a
20 reasonable and appropriate sunset date. A taxpayer is not
21 entitled to take the exemption, credit, or deduction beginning
22 on the sunset date and thereafter. If a reasonable and
23 appropriate sunset date is not specified in the Public Act that
24 creates the exemption, credit, or deduction, a taxpayer shall
25 not be entitled to take the exemption, credit, or deduction

1 beginning 5 years after the effective date of the Public Act
2 creating the exemption, credit, or deduction and thereafter.

3 Section 25-65. Distribution of proceeds. All moneys
4 received by the Department under this Act shall be paid into
5 the General Revenue Fund in the State Treasury.

6 Section 25-70. Rulemaking. The Department may adopt rules
7 in accordance with the Illinois Administrative Procedure Act
8 and prescribe such forms relating to the administration and
9 enforcement of this Act as it deems appropriate.

10 Section 25-75. Incorporation by reference. All of the
11 provisions of Sections 2a, 2b, 4, 5, 5a, 5b, 5c, 5d, 5e, 5f,
12 5g, 5i, 5j, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of
13 the Retailers' Occupation Tax Act and all of the provisions of
14 the Uniform Penalty and Interest Act, that are not inconsistent
15 with this Act, apply to providers to the same extent as if
16 those provisions were included in this Act. References in the
17 incorporated Sections of the Retailers' Occupation Tax Act to
18 retailers, to sellers, or to persons engaged in the business of
19 selling tangible personal property mean providers when used in
20 this Act. References in the incorporated Sections to sales of
21 tangible personal property mean sales of services subject to
22 tax under this Act when used in this Act.

1 ARTICLE 30. AMENDATORY PROVISIONS

2 Section 30-5. The State Finance Act is amended by changing
3 Sections 6z-43 and 6z-51 as follows:

4 (30 ILCS 105/6z-43)

5 Sec. 6z-43. Tobacco Settlement Recovery Fund.

6 (a) There is created in the State Treasury a special fund
7 to be known as the Tobacco Settlement Recovery Fund, which
8 shall contain 3 accounts: (i) the General Account, (ii) the
9 Tobacco Settlement Bond Proceeds Account and (iii) the Tobacco
10 Settlement Residual Account. There shall be deposited into the
11 several accounts of the Tobacco Settlement Recovery Fund and
12 the Attorney General Tobacco Fund all monies paid to the State
13 pursuant to (1) the Master Settlement Agreement entered in the
14 case of People of the State of Illinois v. Philip Morris, et
15 al. (Circuit Court of Cook County, No. 96-L13146) and (2) any
16 settlement with or judgment against any tobacco product
17 manufacturer other than one participating in the Master
18 Settlement Agreement in satisfaction of any released claim as
19 defined in the Master Settlement Agreement, as well as any
20 other monies as provided by law. Moneys shall be deposited into
21 the Tobacco Settlement Bond Proceeds Account and the Tobacco
22 Settlement Residual Account as provided by the terms of the
23 Railsplitter Tobacco Settlement Authority Act, provided that
24 an annual amount not less than \$2,500,000, subject to

1 appropriation, shall be deposited into the Attorney General
2 Tobacco Fund for use only by the Attorney General's office. The
3 scheduled \$2,500,000 deposit into the Tobacco Settlement
4 Residual Account for fiscal year 2011 should be transferred to
5 the Attorney General Tobacco Fund in fiscal year 2012 as soon
6 as this fund has been established. All other moneys available
7 to be deposited into the Tobacco Settlement Recovery Fund shall
8 be deposited into the General Account. An investment made from
9 moneys credited to a specific account constitutes part of that
10 account and such account shall be credited with all income from
11 the investment of such moneys. The Treasurer may invest the
12 moneys in the several accounts the Fund in the same manner, in
13 the same types of investments, and subject to the same
14 limitations provided in the Illinois Pension Code for the
15 investment of pension funds other than those established under
16 Article 3 or 4 of the Code. Notwithstanding the foregoing, to
17 the extent necessary to preserve the tax-exempt status of any
18 bonds issued pursuant to the Railsplitter Tobacco Settlement
19 Authority Act, the interest on which is intended to be
20 excludable from the gross income of the owners for federal
21 income tax purposes, moneys on deposit in the Tobacco
22 Settlement Bond Proceeds Account and the Tobacco Settlement
23 Residual Account may be invested in obligations the interest
24 upon which is tax-exempt under the provisions of Section 103 of
25 the Internal Revenue Code of 1986, as now or hereafter amended,
26 or any successor code or provision.

1 (b) Moneys on deposit in the Tobacco Settlement Bond
2 Proceeds Account and the Tobacco Settlement Residual Account
3 may be expended, subject to appropriation, for the purposes
4 authorized in subsection (g) of Section 3-6 of the Railsplitter
5 Tobacco Settlement Authority Act.

6 (c) As soon as may be practical after June 30, 2001 and
7 until an initial transfer has been made to the Budget
8 Stabilization Fund under subsection (b) of Section 15 of the
9 Budget Stabilization Act as amended by this amendatory Act of
10 the 100th General Assembly, upon notification from and at the
11 direction of the Governor, the State Comptroller shall direct
12 and the State Treasurer shall transfer the unencumbered balance
13 in the Tobacco Settlement Recovery Fund as of June 30, 2001, as
14 determined by the Governor, into the Budget Stabilization Fund.
15 The Treasurer may invest the moneys in the Budget Stabilization
16 Fund in the same manner, in the same types of investments, and
17 subject to the same limitations provided in the Illinois
18 Pension Code for the investment of pension funds other than
19 those established under Article 3 or 4 of the Code.

20 (d) All federal financial participation moneys received
21 pursuant to expenditures from the Fund shall be deposited into
22 the General Account.

23 (Source: P.A. 99-78, eff. 7-20-15.)

24 (30 ILCS 105/6z-51)

25 Sec. 6z-51. Budget Stabilization Fund.

1 (a) The Budget Stabilization Fund, a special fund in the
2 State Treasury, shall consist of moneys appropriated or
3 transferred to that Fund, as provided in Section 6z-43 and as
4 otherwise provided by law. All earnings on Budget Stabilization
5 Fund investments shall be deposited into that Fund.

6 (b) Until an initial transfer has been made to the Budget
7 Stabilization Fund under subsection (b) of Section 15 of the
8 Budget Stabilization Act as amended by this amendatory Act of
9 the 100th General Assembly, the ~~The~~ State Comptroller may
10 direct the State Treasurer to transfer moneys from the Budget
11 Stabilization Fund to the General Revenue Fund in order to meet
12 cash flow deficits resulting from timing variations between
13 disbursements and the receipt of funds within a fiscal year.
14 Any moneys so borrowed in any fiscal year other than Fiscal
15 Year 2011 shall be repaid by June 30 of the fiscal year in
16 which they were borrowed. Any moneys so borrowed in Fiscal Year
17 2011 shall be repaid no later than July 15, 2011.

18 (c) During Fiscal Year 2017 only, amounts may be expended
19 from the Budget Stabilization Fund only pursuant to specific
20 authorization by appropriation. Any moneys expended pursuant
21 to appropriation shall not be subject to repayment.

22 (Source: P.A. 99-523, eff. 6-30-16.)

23 Section 30-10. The Budget Stabilization Act is amended by
24 changing Sections 15 and 20 as follows:

1 (30 ILCS 122/15)

2 Sec. 15. Transfers to Budget Stabilization Fund. In
3 furtherance of the State's objective for the Budget
4 Stabilization Fund to have resources representing 5% of the
5 State's annual general funds revenues:

6 (a) On January 10, 2018 and each January 10 thereafter, the
7 Department on Aging, the Department of Healthcare and Family
8 Services, and the Department of Human Services shall certify to
9 the Comptroller the amount of invoices that may be paid from
10 appropriations in future fiscal years resulting from
11 insufficient appropriations in the current fiscal year. In
12 addition, the Department of Central Management Services shall
13 certify the amount of invoices that may be paid from
14 appropriations in future fiscal years due to insufficient
15 resources in the Health Insurance Reserve Fund, and the
16 Department of Revenue shall certify an estimate of the amount
17 of individual and corporate income tax overpayments that will
18 not be refunded before the close of the current fiscal year
19 resulting from insufficient deposits into the Income Tax Refund
20 Fund. On January 15, 2018 and each January 15 thereafter, the
21 Comptroller shall issue a report to the Governor and the
22 General Assembly detailing the total value of the amounts
23 certified by the Department on Aging and the Departments of
24 Central Management Services, Healthcare and Family Services,
25 Human Services, and Revenue. The report shall also include the
26 accounts payable with the Comptroller at the close of business

1 ~~on December 31, 2017 and each December 31 thereafter. For each~~
2 ~~fiscal year when the General Assembly's appropriations and~~
3 ~~transfers or diversions as required by law from general funds~~
4 ~~do not exceed 99% of the estimated general funds revenues~~
5 ~~pursuant to subsection (a) of Section 10, the Comptroller shall~~
6 ~~transfer from the General Revenue Fund as provided by this~~
7 ~~Section a total amount equal to 0.5% of the estimated general~~
8 ~~funds revenues to the Budget Stabilization Fund.~~

9 (b) If the amount of accounts payable reported by the
10 Comptroller is an amount less than \$3,400,000,000, on the last
11 day of each month of the next fiscal year or as soon thereafter
12 as possible, the Comptroller shall order transferred and the
13 Treasurer shall transfer from the General Revenue Fund to the
14 Budget Stabilization Fund the lesser of (i) \$400,000,000 or
15 (ii) the amount necessary to maintain resources in the Budget
16 Stabilization Fund that is equal to 5% of the total general
17 funds revenues of the prior fiscal year, in equal monthly
18 installments. Nothing in this Act prohibits the General
19 Assembly from appropriating additional moneys into the Budget
20 Stabilization Fund; however, transfers or appropriations shall
21 only be made from the Budget Stabilization Fund under
22 subsection (d) of this Section. ~~For each fiscal year when the~~
23 ~~General Assembly's appropriations and transfers or diversions~~
24 ~~as required by law from general funds do not exceed 98% of the~~
25 ~~estimated general funds revenues pursuant to subsection (b) of~~
26 ~~Section 10, the Comptroller shall transfer from the General~~

1 ~~Revenue Fund as provided by this Section a total amount equal~~
2 ~~to 1% of the estimated general funds revenues to the Budget~~
3 ~~Stabilization Fund.~~

4 (c) ~~The Comptroller shall transfer 1/12 of the total amount~~
5 ~~to be transferred each fiscal year under this Section into the~~
6 ~~Budget Stabilization Fund on the first day of each month of~~
7 ~~that fiscal year or as soon thereafter as possible.~~ The balance
8 of the Budget Stabilization Fund shall not exceed 5% of the
9 total of general funds revenues estimated for that fiscal year.
10 If the balance of the Budget Stabilization Fund is equal to 5%
11 of the total general funds revenues of the prior fiscal year,
12 no further transfers shall be made to the Budget Stabilization
13 Fund. However, if the amounts certified to the Comptroller that
14 may be paid from future fiscal year resources by the Department
15 on Aging and the Departments of Central Management Services,
16 Healthcare and Family Services, Human Services, and Revenue
17 exceed zero, the Comptroller shall order transferred and the
18 Treasurer shall transfer from the General Revenue Fund to the
19 Health Insurance Reserve Fund, the Health Care Provider Relief
20 Fund, or the Income Tax Refund Fund an amount necessary to
21 reduce those amounts to zero, but not to exceed a monthly
22 aggregate of \$33,333,333. ~~except as provided by subsection (d)~~
23 ~~of this Section.~~

24 (d) Upon written notice from the Governor to the Clerk of
25 the House of Representatives, the Secretary of the Senate, and
26 the Secretary of State pursuant to Section 1.1 of the Short

1 Term Borrowing Act, the Comptroller may cease the order of any
2 further transfers to the Budget Stabilization Fund and may
3 order the transfer and the Treasurer shall transfer from the
4 Budget Stabilization Fund to the General Revenue Fund an amount
5 deemed necessary to maintain the State's accounts payable to an
6 amount below \$3,400,000,000. In the event that such written
7 notice has been provided, the General Assembly may make
8 transfers or appropriations from the Budget Stabilization Fund
9 for the upcoming fiscal year as necessary to provide for the
10 health, safety, and welfare of the people of the State of
11 Illinois. If the balance of the Budget Stabilization Fund
12 exceeds 5% of the total general funds revenues estimated for
13 that fiscal year, the additional transfers are not required
14 unless there are outstanding liabilities under Section 25 of
15 the State Finance Act from prior fiscal years. If there are
16 such outstanding Section 25 liabilities, then the Comptroller
17 shall continue to transfer 1/12 of the total amount identified
18 for transfer to the Budget Stabilization Fund on the first day
19 of each month of that fiscal year or as soon thereafter as
20 possible to be reserved for those Section 25 liabilities.
21 Nothing in this Act prohibits the General Assembly from
22 appropriating additional moneys into the Budget Stabilization
23 Fund.

24 (e) On or before August 31 of each fiscal year, the amount
25 determined to be transferred to the Budget Stabilization Fund
26 shall be reconciled to actual general funds revenues for that

1 fiscal year. The final transfer for each fiscal year shall be
2 adjusted so that the total amount transferred under this
3 Section is equal to the amount ~~percentage~~ specified in
4 subsection ~~(a) or~~ (b) of this Section, as applicable, based on
5 actual general funds revenues calculated consistently with
6 subsection (c) of Section 10 of this Act for each fiscal year.

7 (f) For the fiscal year beginning July 1, 2006 and for each
8 fiscal year thereafter, the budget proposal to the General
9 Assembly shall identify liabilities incurred in a prior fiscal
10 year under Section 25 of the State Finance Act and the budget
11 proposal shall provide funding as allowable pursuant to
12 subsection (d) of this Section, if applicable.

13 (Source: P.A. 93-660, eff. 7-1-04; 94-839, eff. 6-6-06.)

14 (30 ILCS 122/20)

15 (Text of Section WITH the changes made by P.A. 98-599,
16 which has been held unconstitutional)

17 Sec. 20. Pension Stabilization Fund.

18 (a) The Pension Stabilization Fund is hereby created as a
19 special fund in the State treasury. Moneys in the fund shall be
20 used for the sole purpose of making payments to the designated
21 retirement systems as provided in Section 25.

22 (b) For each fiscal year ~~through State fiscal year 2014,~~
23 when the General Assembly's appropriations and transfers or
24 diversions as required by law from general funds do not exceed
25 99% of the estimated general funds revenues pursuant to

1 subsection (a) of Section 10, the Comptroller shall transfer
2 from the General Revenue Fund as provided by this Section a
3 total amount equal to 1% ~~0.5%~~ of the estimated general funds
4 revenues to the Pension Stabilization Fund.

5 (c) For each fiscal year ~~through State fiscal year 2014,~~
6 when the General Assembly's appropriations and transfers or
7 diversions as required by law from general funds do not exceed
8 98% of the estimated general funds revenues pursuant to
9 subsection (b) of Section 10, the Comptroller shall transfer
10 from the General Revenue Fund as provided by this Section a
11 total amount equal to 2% ~~1.0%~~ of the estimated general funds
12 revenues to the Pension Stabilization Fund.

13 (c-5) In addition to any other amounts required to be
14 transferred under this Section, in State fiscal year 2016 and
15 each fiscal year thereafter through State fiscal year 2045, or
16 when each of the designated retirement systems, as defined in
17 Section 25, has achieved 100% funding, whichever occurs first,
18 the State Comptroller shall order transferred and the State
19 Treasurer shall transfer from the General Revenue Fund to the
20 Pension Stabilization Fund an amount equal to 10% of (1) the
21 sum of the amounts certified by the designated retirement
22 systems under subsection (a-5) of Section 2-134, subsection
23 (a-10) of Section 14-135.08, subsection (a-10) of Section
24 15-165, and subsection (a-10) of Section 16-158 of this Code
25 for that fiscal year minus (2) the sum of (i) the transfer
26 required under subsection (c-10) of this Section for that

1 fiscal year and (ii) the sum of the required State
2 contributions certified by the retirement systems under
3 subsection (a) of Section 2-134, subsection (a-5) of Section
4 14-135.08, subsection (a-5) of Section 15-165, and subsection
5 (a-5) of Section 16-158 of this Code for that fiscal year. The
6 transferred amount is intended to represent one-tenth of the
7 annual savings to the State resulting from the enactment of
8 this amendatory Act of the 98th General Assembly.

9 (c-10) In State fiscal year 2019, the State Comptroller
10 shall order transferred and the State Treasurer shall transfer
11 \$364,000,000 from the General Revenue Fund to the Pension
12 Stabilization Fund. In State fiscal year 2020 and each fiscal
13 year thereafter until terminated under subsection (c-15), the
14 State Comptroller shall order transferred and the State
15 Treasurer shall transfer \$1,000,000,000 from the General
16 Revenue Fund to the Pension Stabilization Fund.

17 (c-15) The transfers made beginning in State fiscal year
18 2020 pursuant to subsection (c-10) of this Section shall
19 terminate at the end of State fiscal year 2045 or when each of
20 the designated retirement systems, as defined in Section 25,
21 has achieved 100% funding, whichever occurs first.

22 (d) The Comptroller shall transfer 1/12 of the total amount
23 to be transferred each fiscal year under this Section into the
24 Pension Stabilization Fund on the first day of each month of
25 that fiscal year or as soon thereafter as possible; except that
26 the final transfer of the fiscal year shall be made as soon as

1 practical after the August 31 following the end of the fiscal
2 year.

3 Before ~~Until State fiscal year 2015, before~~ the final
4 transfer for a fiscal year is made, the Comptroller shall
5 reconcile the estimated general funds revenues used in
6 calculating the other transfers under this Section for that
7 fiscal year with the actual general funds revenues for that
8 fiscal year. The final transfer for the fiscal year shall be
9 adjusted so that the total amount transferred under this
10 Section for that fiscal year is equal to the percentage
11 specified in subsection (b) or (c) of this Section, whichever
12 is applicable, of the actual general funds revenues for that
13 fiscal year. The actual general funds revenues for the fiscal
14 year shall be calculated in a manner consistent with subsection
15 (c) of Section 10 of this Act.

16 (Source: P.A. 98-599, eff. 6-1-14.)

17 (Text of Section WITHOUT the changes made by P.A. 98-599,
18 which has been held unconstitutional)

19 Sec. 20. Pension Stabilization Fund.

20 (a) The Pension Stabilization Fund is hereby created as a
21 special fund in the State treasury. Moneys in the fund shall be
22 used for the sole purpose of making payments to the designated
23 retirement systems as provided in Section 25.

24 (b) For each fiscal year when the General Assembly's
25 appropriations and transfers or diversions as required by law

1 from general funds do not exceed 99% of the estimated general
2 funds revenues pursuant to subsection (a) of Section 10, the
3 Comptroller shall transfer from the General Revenue Fund as
4 provided by this Section a total amount equal to 1% ~~0.5%~~ of the
5 estimated general funds revenues to the Pension Stabilization
6 Fund.

7 (c) For each fiscal year when the General Assembly's
8 appropriations and transfers or diversions as required by law
9 from general funds do not exceed 98% of the estimated general
10 funds revenues pursuant to subsection (b) of Section 10, the
11 Comptroller shall transfer from the General Revenue Fund as
12 provided by this Section a total amount equal to 2% ~~1.0%~~ of the
13 estimated general funds revenues to the Pension Stabilization
14 Fund.

15 (d) The Comptroller shall transfer 1/12 of the total amount
16 to be transferred each fiscal year under this Section into the
17 Pension Stabilization Fund on the first day of each month of
18 that fiscal year or as soon thereafter as possible; except that
19 the final transfer of the fiscal year shall be made as soon as
20 practical after the August 31 following the end of the fiscal
21 year.

22 Before the final transfer for a fiscal year is made, the
23 Comptroller shall reconcile the estimated general funds
24 revenues used in calculating the other transfers under this
25 Section for that fiscal year with the actual general funds
26 revenues for that fiscal year. The final transfer for the

1 fiscal year shall be adjusted so that the total amount
2 transferred under this Section for that fiscal year is equal to
3 the percentage specified in subsection (b) or (c) of this
4 Section, whichever is applicable, of the actual general funds
5 revenues for that fiscal year. The actual general funds
6 revenues for the fiscal year shall be calculated in a manner
7 consistent with subsection (c) of Section 10 of this Act.

8 (Source: P.A. 94-839, eff. 6-6-06.)

9 Section 30-15. The Illinois Income Tax Act is amended by
10 changing Sections 201, 203, 212, 804, 901, and 1501 and by
11 adding Sections 201.7 and 225 as follows:

12 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

13 Sec. 201. Tax Imposed.

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

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

24 (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 January 1, 2017 ~~January 1, 2025~~, an
10 amount equal to 3.75% of the taxpayer's net income for the
11 taxable year.

12 (5.3) In the case of an individual, trust, or estate,
13 for taxable years beginning prior to January 1, 2017
14 ~~January 1, 2025~~, and ending after December 31, 2016
15 ~~December 31, 2024~~, an amount equal to the sum of (i) 3.75%
16 of the taxpayer's net income for the period prior to
17 January 1, 2017 ~~January 1, 2025~~, as calculated under
18 Section 202.5, and (ii) 4.99% ~~3.25%~~ of the taxpayer's net
19 income for the period after December 31, 2016 ~~December 31,~~
20 ~~2024~~, as calculated under Section 202.5.

21 (5.4) In the case of an individual, trust, or estate,
22 for taxable years beginning on or after January 1, 2017
23 ~~January 1, 2025~~, an amount equal to 4.99% ~~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 January 1, 2017 ~~January 1, 2025~~, an amount equal to 5.25%
8 of the taxpayer's net income for the taxable year.

9 (13) In the case of a corporation, for taxable years
10 beginning prior to January 1, 2017 ~~January 1, 2025~~, and
11 ending after December 31, 2016 ~~December 31, 2024~~, an amount
12 equal to the sum of (i) 5.25% of the taxpayer's net income
13 for the period prior to January 1, 2017 ~~January 1, 2025~~, as
14 calculated under Section 202.5, and (ii) 7% ~~4.8%~~ of the
15 taxpayer's net income for the period after December 31,
16 2016 ~~December 31, 2024~~, as calculated under Section 202.5.

17 (14) In the case of a corporation, for taxable years
18 beginning on or after January 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, 2016,~~ a taxpayer shall be
5 allowed a credit against the tax imposed by subsections (a) and
6 (b) of this Section for increasing research activities in this
7 State. The credit allowed against the tax imposed by
8 subsections (a) and (b) shall be equal to 6 1/2% of the
9 qualifying expenditures for increasing research activities in
10 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 (i) for tax

1 years ending prior to December 31, 2017, the average of the
2 qualifying expenditures for each year in the base period; and
3 (2) for tax years ending on or after December 31, 2017, 50% of
4 the average of the qualifying expenditures for each year in the
5 base period, and "base period" means the 3 taxable years
6 immediately preceding the taxable year for which the
7 determination is being made.

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

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

1 credit is given was incurred.

2 No inference shall be drawn from this amendatory Act of the
3 91st General Assembly in construing this Section for taxable
4 years beginning before January 1, 1999.

5 This subsection (k) is exempt from the provisions of
6 Section 250.

7 It is the intent of the General Assembly that the research
8 and development credit under this subsection (k) shall apply
9 continuously for all tax years ending on or after December 31,
10 2004, including, but not limited to, the period beginning on
11 January 1, 2016 and ending on the effective date of this
12 amendatory Act of the 100th General Assembly. All actions taken
13 in reliance on the continuation of the credit under this
14 subsection (k) by any taxpayer are hereby validated.

15 (l) Environmental Remediation Tax Credit.

16 (i) For tax years ending after December 31, 1997 and on
17 or before December 31, 2001, a taxpayer shall be allowed a
18 credit against the tax imposed by subsections (a) and (b)
19 of this Section for certain amounts paid for unreimbursed
20 eligible remediation costs, as specified in this
21 subsection. For purposes of this Section, "unreimbursed
22 eligible remediation costs" means costs approved by the
23 Illinois Environmental Protection Agency ("Agency") under
24 Section 58.14 of the Environmental Protection Act that were
25 paid in performing environmental remediation at a site for
26 which a No Further Remediation Letter was issued by the

1 Agency and recorded under Section 58.10 of the
2 Environmental Protection Act. The credit must be claimed
3 for the taxable year in which Agency approval of the
4 eligible remediation costs is granted. The credit is not
5 available to any taxpayer if the taxpayer or any related
6 party caused or contributed to, in any material respect, a
7 release of regulated substances on, in, or under the site
8 that was identified and addressed by the remedial action
9 pursuant to the Site Remediation Program of the
10 Environmental Protection Act. After the Pollution Control
11 Board rules are adopted pursuant to the Illinois
12 Administrative Procedure Act for the administration and
13 enforcement of Section 58.9 of the Environmental
14 Protection Act, determinations as to credit availability
15 for purposes of this Section shall be made consistent with
16 those rules. For purposes of this Section, "taxpayer"
17 includes a person whose tax attributes the taxpayer has
18 succeeded to under Section 381 of the Internal Revenue Code
19 and "related party" includes the persons disallowed a
20 deduction for losses by paragraphs (b), (c), and (f)(1) of
21 Section 267 of the Internal Revenue Code by virtue of being
22 a related taxpayer, as well as any of its partners. The
23 credit allowed against the tax imposed by subsections (a)
24 and (b) shall be equal to 25% of the unreimbursed eligible
25 remediation costs in excess of \$100,000 per site, except
26 that the \$100,000 threshold shall not apply to any site

1 contained in an enterprise zone as determined by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity). The
4 total credit allowed shall not exceed \$40,000 per year with
5 a maximum total of \$150,000 per site. For partners and
6 shareholders of subchapter S corporations, there shall be
7 allowed a credit under this subsection to be determined in
8 accordance with the determination of income and
9 distributive share of income under Sections 702 and 704 and
10 subchapter S of the Internal Revenue Code.

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. The
15 term "unused credit" does not include any amounts of
16 unreimbursed eligible remediation costs in excess of the
17 maximum credit per site authorized under paragraph (i).
18 This credit shall be applied first to the earliest year for
19 which there is a liability. If there is a credit under this
20 subsection from more than one tax year that is available to
21 offset a liability, the earliest credit arising under this
22 subsection shall be applied first. A credit allowed under
23 this subsection may be sold to a buyer as part of a sale of
24 all or part of the remediation site for which the credit
25 was granted. The purchaser of a remediation site and the
26 tax credit shall succeed to the unused credit and remaining

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

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

13 (m) Education expense credit. Beginning with tax years
14 ending after December 31, 1999, a taxpayer who is the custodian
15 of one or more qualifying pupils shall be allowed a credit
16 against the tax imposed by subsections (a) and (b) of this
17 Section for qualified education expenses incurred on behalf of
18 the qualifying pupils. The credit shall be equal to 25% of
19 qualified education expenses, but in no event may the total
20 credit under this subsection claimed by a family that is the
21 custodian of qualifying pupils exceed (i) \$500 for tax years
22 ending prior to December 31, 2017, and (ii) \$750 for tax years
23 ending on or after December 31, 2017. In no event shall a
24 credit under this subsection reduce the taxpayer's liability
25 under this Act to less than zero. This subsection is exempt
26 from the provisions of Section 250 of this Act.

1 For purposes of this subsection:

2 "Qualifying pupils" means individuals who (i) are
3 residents of the State of Illinois, (ii) are under the age of
4 21 at the close of the school year for which a credit is
5 sought, and (iii) during the school year for which a credit is
6 sought were full-time pupils enrolled in a kindergarten through
7 twelfth grade education program at any school, as defined in
8 this subsection.

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

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

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

23 (n) River Edge Redevelopment Zone site remediation tax
24 credit.

25 (i) For tax years ending on or after December 31, 2006,
26 a taxpayer shall be allowed a credit against the tax

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

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

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

1 amount of the tax credit to be transferred as a portion of
2 the sale. In no event may a credit be transferred to any
3 taxpayer if the taxpayer or a related party would not be
4 eligible under the provisions of subsection (i).

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

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

18 (1) the medical cannabis cultivation center
19 registration, medical cannabis dispensary registration, or
20 the property of a registration is transferred as a result
21 of any of the following:

22 (A) bankruptcy, a receivership, or a debt
23 adjustment initiated by or against the initial
24 registration or the substantial owners of the initial
25 registration;

26 (B) cancellation, revocation, or termination of

1 any registration by the Illinois Department of Public
2 Health;

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

8 (D) the death of an owner of the equity interest in
9 a registrant;

10 (E) the acquisition of a controlling interest in
11 the stock or substantially all of the assets of a
12 publicly traded company;

13 (F) a transfer by a parent company to a wholly
14 owned subsidiary; or

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

19 (2) the cannabis cultivation center registration,
20 medical cannabis dispensary registration, or the
21 controlling interest in a registrant's property is
22 transferred in a transaction to lineal descendants in which
23 no gain or loss is recognized or as a result of a
24 transaction in accordance with Section 351 of the Internal
25 Revenue Code in which no gain or loss is recognized.

26 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,

1 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
2 eff. 7-16-14.)

3 (35 ILCS 5/201.7 new)

4 Sec. 201.7. Fiscal Year 2018 spending limitation and tax
5 reduction.

6 (a) If, in State fiscal year 2018, State spending exceeds
7 the State spending limitation set forth in subsection (b) of
8 this Section, then the tax rates set forth in subsection (b) of
9 Section 201 of this Act shall be reduced, according to the
10 procedures set forth in this Section, to 3.75% of the
11 taxpayer's net income for individuals, trusts, and estates and
12 to 5.25% of the taxpayer's net income for corporations. For all
13 taxable years following the taxable year in which the rate has
14 been reduced pursuant to this Section, the tax rate set forth
15 in subsection (b) of Section 201 of this Act shall be 3.75% of
16 the taxpayer's net income for individuals, trusts, and estates
17 and 5.25% of the taxpayer's net income for corporations.

18 (b) The State spending limitation for fiscal years 2018
19 shall be \$38,450,000,000.

20 (c) Notwithstanding any other provision of law to the
21 contrary, the Auditor General shall examine each Public Act
22 authorizing State spending from State general funds and prepare
23 a report no later than 30 days after receiving notification of
24 the Public Act from the Secretary of State or 60 days after the
25 effective date of the Public Act, whichever is earlier. The

1 Auditor General shall file the report with the Secretary of
2 State and copies with the Governor, the State Treasurer, the
3 State Comptroller, the Senate, and the House of
4 Representatives. The report shall indicate: (i) the amount of
5 State spending set forth in the applicable Public Act; (ii) the
6 total amount of State spending authorized by law for the
7 applicable fiscal year as of the date of the report; and (iii)
8 whether State spending exceeds the State spending limitation
9 set forth in subsection (b). The Auditor General may examine
10 multiple Public Acts in one consolidated report, provided that
11 each Public Act is examined within the time period mandated by
12 this subsection (c). The Auditor General shall issue reports in
13 accordance with this Section through June 30, 2018, or the
14 effective date of a reduction in the rate of tax imposed by
15 subsections (a) and (b) of Section 201 of this Act pursuant to
16 this Section, whichever is earlier.

17 At the request of the Auditor General, each State agency
18 shall, without delay, make available to the Auditor General or
19 his or her designated representative any record or information
20 requested and shall provide for examination or copying all
21 records, accounts, papers, reports, vouchers, correspondence,
22 books and other documentation in the custody of that agency,
23 including information stored in electronic data processing
24 systems, which is related to or within the scope of a report
25 prepared under this Section. The Auditor General shall report
26 to the Governor each instance in which a State agency fails to

1 cooperate promptly and fully with his or her office as required
2 by this Section.

3 The Auditor General's report shall not be in the nature of
4 a post-audit or examination and shall not lead to the issuance
5 of an opinion as that term is defined in generally accepted
6 government auditing standards.

7 (d) If the Auditor General reports that State spending has
8 exceeded the State spending limitation set forth in subsection
9 (b) and if the Governor has not been presented with a bill or
10 bills passed by the General Assembly to reduce State spending
11 to a level that does not exceed the State spending limitation
12 within 45 calendar days of receipt of the Auditor General's
13 report, then the Governor may, for the purpose of reducing
14 State spending to a level that does not exceed the State
15 spending limitation set forth in subsection (b), designate
16 amounts to be set aside as a reserve from the amounts
17 appropriated from the State general funds for all boards,
18 commissions, agencies, institutions, authorities, colleges,
19 universities, and bodies politic and corporate of the State,
20 but not other constitutional officers, the legislative or
21 judicial branch, the office of the Executive Inspector General,
22 or the Executive Ethics Commission. Such a designation must be
23 made within 15 calendar days after the end of that 45-day
24 period. If the Governor designates amounts to be set aside as a
25 reserve, the Governor shall give notice of the designation to
26 the Auditor General, the State Treasurer, the State

1 Comptroller, the Senate, and the House of Representatives. The
2 amounts placed in reserves shall not be transferred, obligated,
3 encumbered, expended, or otherwise committed unless so
4 authorized by law. Any amount placed in reserves is not State
5 spending and shall not be considered when calculating the total
6 amount of State spending. Any Public Act authorizing the use of
7 amounts placed in reserve by the Governor is considered State
8 spending, unless such Public Act authorizes the use of amounts
9 placed in reserves in response to a fiscal emergency under
10 subsection (g).

11 (e) If the Auditor General reports under subsection (c)
12 that State spending has exceeded the State spending limitation
13 set forth in subsection (b), then the Auditor General shall
14 issue a supplemental report no sooner than the 61st day and no
15 later than the 65th day after issuing the report pursuant to
16 subsection (c). The supplemental report shall: (i) summarize
17 details of actions taken by the General Assembly and the
18 Governor after the issuance of the initial report to reduce
19 State spending, if any, (ii) indicate whether the level of
20 State spending has changed since the initial report, and (iii)
21 indicate whether State spending exceeds the State spending
22 limitation. The Auditor General shall file the report with the
23 Secretary of State and copies with the Governor, the State
24 Treasurer, the State Comptroller, the Senate, and the House of
25 Representatives. If the supplemental report of the Auditor
26 General provides that State spending exceeds the State spending

1 limitation, then the rate of tax imposed by subsections (a) and
2 (b) of Section 201 is reduced as provided in this Section
3 beginning on the first day of the first month to occur not less
4 than 30 days after issuance of the supplemental report.

5 (f) Should the rates of tax be reduced under this Section,
6 the tax imposed by subsections (a) and (b) of Section 201 shall
7 be determined as follows:

8 (1) In the case of an individual, trust, or estate, the
9 tax shall be imposed in an amount equal to the sum of (i)
10 the rate applicable to the taxpayer under subsection (b) of
11 Section 201 (without regard to the provisions of this
12 Section) times the taxpayer's net income for any portion of
13 the taxable year prior to the effective date of the
14 reduction and (ii) 3.75% of the taxpayer's net income for
15 any portion of the taxable year on or after the effective
16 date of the reduction.

17 (2) In the case of a corporation, the tax shall be
18 imposed in an amount equal to the sum of (i) the rate
19 applicable to the taxpayer under subsection (b) of Section
20 201 (without regard to the provisions of this Section)
21 times the taxpayer's net income for any portion of the
22 taxable year prior to the effective date of the reduction
23 and (ii) 5.25% of the taxpayer's net income for any portion
24 of the taxable year on or after the effective date of the
25 reduction.

26 (3) For any taxpayer for whom the rate has been reduced

1 under this Section for a portion of a taxable year, the
2 taxpayer shall determine the net income for each portion of
3 the taxable year following the rules set forth in Section
4 202.5 of this Act, using the effective date of the rate
5 reduction rather than the January 1 dates found in that
6 Section, and the day before the effective date of the rate
7 reduction rather than the December 31 dates found in that
8 Section.

9 (4) If the rate applicable to the taxpayer under
10 subsection (b) of Section 201 (without regard to the
11 provisions of this Section) changes during a portion of the
12 taxable year to which that rate is applied under paragraphs
13 (1) or (2) of this subsection (f), the tax for that portion
14 of the taxable year for purposes of paragraph (1) or (2) of
15 this subsection (f) shall be determined as if that portion
16 of the taxable year were a separate taxable year, following
17 the rules set forth in Section 202.5 of this Act. If the
18 taxpayer elects to follow the rules set forth in subsection
19 (b) of Section 202.5, the taxpayer shall follow the rules
20 set forth in subsection (b) of Section 202.5 for all
21 purposes of this Section for that taxable year.

22 (g) Notwithstanding the State spending limitation set
23 forth in subsection (b) of this Section, the Governor may
24 declare a fiscal emergency by filing a declaration with the
25 Secretary of State and copies with the State Treasurer, the
26 State Comptroller, the Senate, and the House of

1 Representatives. The declaration must be limited to only one
2 State fiscal year, set forth compelling reasons for declaring a
3 fiscal emergency, and request a specific dollar amount. Unless,
4 within 10 calendar days of receipt of the Governor's
5 declaration, the State Comptroller or State Treasurer notifies
6 the Senate and the House of Representatives that he or she does
7 not concur in the Governor's declaration, State spending
8 authorized by law to address the fiscal emergency in an amount
9 no greater than the dollar amount specified in the declaration
10 shall not be considered "State spending" for purposes of the
11 State spending limitation.

12 (h) As used in this Section:

13 "State general funds" means the General Revenue Fund, the
14 Common School Fund, the General Revenue Common School Special
15 Account Fund, the Education Assistance Fund, and the Budget
16 Stabilization Fund.

17 "State spending" means (i) the total amount authorized for
18 spending by appropriation or statutory transfer from the State
19 general funds in the applicable fiscal year, and (ii) any
20 amounts the Governor places in reserves in accordance with
21 subsection (d) that are subsequently released from reserves
22 following authorization by a Public Act. For the purpose of
23 this definition, "appropriation" means authority to spend
24 money from a State general fund for a specific amount, purpose,
25 and time period, including any supplemental appropriation or
26 continuing appropriation, but does not include

1 reappropriations from a previous fiscal year. For the purpose
2 of this definition, "statutory transfer" means authority to
3 transfer funds from one State general fund to any other fund in
4 the State treasury, but does not include transfers made from
5 one State general fund to another State general fund.

6 "State spending limitation" means the amount described in
7 subsection (b) of this Section for the applicable fiscal year.

8 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

9 Sec. 203. Base income defined.

10 (a) Individuals.

11 (1) In general. In the case of an individual, base
12 income means an amount equal to the taxpayer's adjusted
13 gross income for the taxable year as modified by paragraph
14 (2).

15 (2) Modifications. The adjusted gross income referred
16 to in paragraph (1) shall be modified by adding thereto the
17 sum of the following amounts:

18 (A) An amount equal to all amounts paid or accrued
19 to the taxpayer as interest or dividends during the
20 taxable year to the extent excluded from gross income
21 in the computation of adjusted gross income, except
22 stock dividends of qualified public utilities
23 described in Section 305(e) of the Internal Revenue
24 Code;

25 (B) An amount equal to the amount of tax imposed by

1 this Act to the extent deducted from gross income in
2 the computation of adjusted gross income for the
3 taxable year;

4 (C) An amount equal to the amount received during
5 the taxable year as a recovery or refund of real
6 property taxes paid with respect to the taxpayer's
7 principal residence under the Revenue Act of 1939 and
8 for which a deduction was previously taken under
9 subparagraph (L) of this paragraph (2) prior to July 1,
10 1991, the retrospective application date of Article 4
11 of Public Act 87-17. In the case of multi-unit or
12 multi-use structures and farm dwellings, the taxes on
13 the taxpayer's principal residence shall be that
14 portion of the total taxes for the entire property
15 which is attributable to such principal residence;

16 (D) 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 adjusted gross income;

20 (D-5) An amount, to the extent not included in
21 adjusted gross income, equal to the amount of money
22 withdrawn by the taxpayer in the taxable year from a
23 medical care savings account and the interest earned on
24 the account in the taxable year of a withdrawal
25 pursuant to subsection (b) of Section 20 of the Medical
26 Care Savings Account Act or subsection (b) of Section

1 20 of the Medical Care Savings Account Act of 2000;

2 (D-10) For taxable years ending after December 31,
3 1997, an amount equal to any eligible remediation costs
4 that the individual deducted in computing adjusted
5 gross income and for which the individual claims a
6 credit under subsection (l) of Section 201;

7 (D-15) For taxable years 2001 and thereafter, an
8 amount equal to the bonus depreciation deduction taken
9 on the taxpayer's federal income tax return for the
10 taxable year under subsection (k) of Section 168 of the
11 Internal Revenue Code;

12 (D-16) If the taxpayer sells, transfers, abandons,
13 or otherwise disposes of property for which the
14 taxpayer was required in any taxable year to make an
15 addition modification under subparagraph (D-15), then
16 an amount equal to the aggregate amount of the
17 deductions taken in all taxable years under
18 subparagraph (Z) with respect to that property.

19 If the taxpayer continues to own property through
20 the last day of the last tax year for which the
21 taxpayer may claim a depreciation deduction for
22 federal income tax purposes and for which the taxpayer
23 was allowed in any taxable year to make a subtraction
24 modification under subparagraph (Z), then an amount
25 equal to that subtraction modification.

26 The taxpayer is required to make the addition

1 modification under this subparagraph only once with
2 respect to any one piece of property;

3 (D-17) An amount equal to the amount otherwise
4 allowed as a deduction in computing base income for
5 interest paid, accrued, or incurred, directly or
6 indirectly, (i) for taxable years ending on or after
7 December 31, 2004, to a foreign person who would be a
8 member of the same unitary business group but for the
9 fact that foreign person's business activity outside
10 the United States is 80% or more of the foreign
11 person's total business activity and (ii) for taxable
12 years ending on or after December 31, 2008, to a person
13 who would be a member of the same unitary business
14 group but for the fact that the person is prohibited
15 under Section 1501(a)(27) from being included in the
16 unitary business group because he or she is ordinarily
17 required to apportion business income under different
18 subsections of Section 304. The addition modification
19 required by this subparagraph shall be reduced to the
20 extent that dividends were included in base income of
21 the unitary group for the same taxable year and
22 received by the taxpayer or by a member of the
23 taxpayer's unitary business group (including amounts
24 included in gross income under Sections 951 through 964
25 of the Internal Revenue Code and amounts included in
26 gross income under Section 78 of the Internal Revenue

1 Code) with respect to the stock of the same person to
2 whom the interest was paid, accrued, or incurred.

3 This paragraph shall not apply to the following:

4 (i) an item of interest paid, accrued, or
5 incurred, directly or indirectly, to a person who
6 is subject in a foreign country or state, other
7 than a state which requires mandatory unitary
8 reporting, to a tax on or measured by net income
9 with respect to such interest; or

10 (ii) an item of interest paid, accrued, or
11 incurred, directly or indirectly, to a person if
12 the taxpayer can establish, based on a
13 preponderance of the evidence, both of the
14 following:

15 (a) the person, during the same taxable
16 year, paid, accrued, or incurred, the interest
17 to a person that is not a related member, and

18 (b) the transaction giving rise to the
19 interest expense between the taxpayer and the
20 person did not have as a principal purpose the
21 avoidance of Illinois income tax, and is paid
22 pursuant to a contract or agreement that
23 reflects an arm's-length interest rate and
24 terms; or

25 (iii) the taxpayer can establish, based on
26 clear and convincing evidence, that the interest

1 paid, accrued, or incurred relates to a contract or
2 agreement entered into at arm's-length rates and
3 terms and the principal purpose for the payment is
4 not federal or Illinois tax avoidance; or

5 (iv) an item of interest paid, accrued, or
6 incurred, directly or indirectly, to a person if
7 the taxpayer establishes by clear and convincing
8 evidence that the adjustments are unreasonable; or
9 if the taxpayer and the Director agree in writing
10 to the application or use of an alternative method
11 of apportionment under Section 304(f).

12 Nothing in this subsection shall preclude the
13 Director from making any other adjustment
14 otherwise allowed under Section 404 of this Act for
15 any tax year beginning after the effective date of
16 this amendment provided such adjustment is made
17 pursuant to regulation adopted by the Department
18 and such regulations provide methods and standards
19 by which the Department will utilize its authority
20 under Section 404 of this Act;

21 (D-18) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

1 unitary business group but for the fact that the
2 foreign person's business activity outside the United
3 States is 80% or more of that person's total business
4 activity and (ii) for taxable years ending on or after
5 December 31, 2008, to a person who would be a member of
6 the same unitary business group but for the fact that
7 the person is prohibited under Section 1501(a)(27)
8 from being included in the unitary business group
9 because he or she is ordinarily required to apportion
10 business income under different subsections of Section
11 304. The addition modification required by this
12 subparagraph shall be reduced to the extent that
13 dividends were included in base income of the unitary
14 group for the same taxable year and received by the
15 taxpayer or by a member of the taxpayer's unitary
16 business group (including amounts included in gross
17 income under Sections 951 through 964 of the Internal
18 Revenue Code and amounts included in gross income under
19 Section 78 of the Internal Revenue Code) with respect
20 to the stock of the same person to whom the intangible
21 expenses and costs were directly or indirectly paid,
22 incurred, or accrued. The preceding sentence does not
23 apply to the extent that the same dividends caused a
24 reduction to the addition modification required under
25 Section 203(a)(2)(D-17) of this Act. As used in this
26 subparagraph, the term "intangible expenses and costs"

1 includes (1) expenses, losses, and costs for, or
2 related to, the direct or indirect acquisition, use,
3 maintenance or management, ownership, sale, exchange,
4 or any other disposition of intangible property; (2)
5 losses incurred, directly or indirectly, from
6 factoring transactions or discounting transactions;
7 (3) royalty, patent, technical, and copyright fees;
8 (4) licensing fees; and (5) other similar expenses and
9 costs. For purposes of this subparagraph, "intangible
10 property" includes patents, patent applications, trade
11 names, trademarks, service marks, copyrights, mask
12 works, trade secrets, and similar types of intangible
13 assets.

14 This paragraph shall not apply to the following:

15 (i) any item of intangible expenses or costs
16 paid, accrued, or incurred, directly or
17 indirectly, from a transaction with a person who is
18 subject in a foreign country or state, other than a
19 state which requires mandatory unitary reporting,
20 to a tax on or measured by net income with respect
21 to such item; or

22 (ii) any item of intangible expense or cost
23 paid, accrued, or incurred, directly or
24 indirectly, if the taxpayer can establish, based
25 on a preponderance of the evidence, both of the
26 following:

1 (a) the person during the same taxable
2 year paid, accrued, or incurred, the
3 intangible expense or cost to a person that is
4 not a related member, and

5 (b) the transaction giving rise to the
6 intangible expense or cost between the
7 taxpayer and the person did not have as a
8 principal purpose the avoidance of Illinois
9 income tax, and is paid pursuant to a contract
10 or agreement that reflects arm's-length terms;
11 or

12 (iii) any item of intangible expense or cost
13 paid, accrued, or incurred, directly or
14 indirectly, from a transaction with a person if the
15 taxpayer establishes by clear and convincing
16 evidence, that the adjustments are unreasonable;
17 or if the taxpayer and the Director agree in
18 writing to the application or use of an alternative
19 method of apportionment under Section 304(f);

20 Nothing in this subsection shall preclude the
21 Director from making any other adjustment
22 otherwise allowed under Section 404 of this Act for
23 any tax year beginning after the effective date of
24 this amendment provided such adjustment is made
25 pursuant to regulation adopted by the Department
26 and such regulations provide methods and standards

1 by which the Department will utilize its authority
2 under Section 404 of this Act;

3 (D-19) For taxable years ending on or after
4 December 31, 2008, an amount equal to the amount of
5 insurance premium expenses and costs otherwise allowed
6 as a deduction in computing base income, and that were
7 paid, accrued, or incurred, directly or indirectly, to
8 a person who would be a member of the same unitary
9 business group but for the fact that the person is
10 prohibited under Section 1501(a)(27) from being
11 included in the unitary business group because he or
12 she is ordinarily required to apportion business
13 income under different subsections of Section 304. The
14 addition modification required by this subparagraph
15 shall be reduced to the extent that dividends were
16 included in base income of the unitary group for the
17 same taxable year and received by the taxpayer or by a
18 member of the taxpayer's unitary business group
19 (including amounts included in gross income under
20 Sections 951 through 964 of the Internal Revenue Code
21 and amounts included in gross income under Section 78
22 of the Internal Revenue Code) with respect to the stock
23 of the same person to whom the premiums and costs were
24 directly or indirectly paid, incurred, or accrued. The
25 preceding sentence does not apply to the extent that
26 the same dividends caused a reduction to the addition

1 modification required under Section 203(a)(2)(D-17) or
2 Section 203(a)(2)(D-18) of this Act.

3 (D-20) For taxable years beginning on or after
4 January 1, 2002 and ending on or before December 31,
5 2006, in the case of a distribution from a qualified
6 tuition program under Section 529 of the Internal
7 Revenue Code, other than (i) a distribution from a
8 College Savings Pool created under Section 16.5 of the
9 State Treasurer Act or (ii) a distribution from the
10 Illinois Prepaid Tuition Trust Fund, an amount equal to
11 the amount excluded from gross income under Section
12 529(c)(3)(B). For taxable years beginning on or after
13 January 1, 2007, in the case of a distribution from a
14 qualified tuition program under Section 529 of the
15 Internal Revenue Code, other than (i) a distribution
16 from a College Savings Pool created under Section 16.5
17 of the State Treasurer Act, (ii) a distribution from
18 the Illinois Prepaid Tuition Trust Fund, or (iii) a
19 distribution from a qualified tuition program under
20 Section 529 of the Internal Revenue Code that (I)
21 adopts and determines that its offering materials
22 comply with the College Savings Plans Network's
23 disclosure principles and (II) has made reasonable
24 efforts to inform in-state residents of the existence
25 of in-state qualified tuition programs by informing
26 Illinois residents directly and, where applicable, to

1 inform financial intermediaries distributing the
2 program to inform in-state residents of the existence
3 of in-state qualified tuition programs at least
4 annually, an amount equal to the amount excluded from
5 gross income under Section 529(c)(3)(B).

6 For the purposes of this subparagraph (D-20), a
7 qualified tuition program has made reasonable efforts
8 if it makes disclosures (which may use the term
9 "in-state program" or "in-state plan" and need not
10 specifically refer to Illinois or its qualified
11 programs by name) (i) directly to prospective
12 participants in its offering materials or makes a
13 public disclosure, such as a website posting; and (ii)
14 where applicable, to intermediaries selling the
15 out-of-state program in the same manner that the
16 out-of-state program distributes its offering
17 materials;

18 (D-21) For taxable years beginning on or after
19 January 1, 2007, in the case of transfer of moneys from
20 a qualified tuition program under Section 529 of the
21 Internal Revenue Code that is administered by the State
22 to an out-of-state program, an amount equal to the
23 amount of moneys previously deducted from base income
24 under subsection (a)(2)(Y) of this Section;

25 (D-22) For taxable years beginning on or after
26 January 1, 2009, in the case of a nonqualified

1 withdrawal or refund of moneys from a qualified tuition
2 program under Section 529 of the Internal Revenue Code
3 administered by the State that is not used for
4 qualified expenses at an eligible education
5 institution, an amount equal to the contribution
6 component of the nonqualified withdrawal or refund
7 that was previously deducted from base income under
8 subsection (a)(2)(y) of this Section, provided that
9 the withdrawal or refund did not result from the
10 beneficiary's death or disability;

11 (D-23) An amount equal to the credit allowable to
12 the taxpayer under Section 218(a) of this Act,
13 determined without regard to Section 218(c) of this
14 Act;

15 (D-24) For taxable years beginning on or after
16 January 1, 2017, an amount equal to the deduction
17 allowed under Section 199 of the Internal Revenue Code
18 for the taxable year;

19 and by deducting from the total so obtained the sum of the
20 following amounts:

21 (E) For taxable years ending before December 31,
22 2001, any amount included in such total in respect of
23 any compensation (including but not limited to any
24 compensation paid or accrued to a serviceman while a
25 prisoner of war or missing in action) paid to a
26 resident by reason of being on active duty in the Armed

1 Forces of the United States and in respect of any
2 compensation paid or accrued to a resident who as a
3 governmental employee was a prisoner of war or missing
4 in action, and in respect of any compensation paid to a
5 resident in 1971 or thereafter for annual training
6 performed pursuant to Sections 502 and 503, Title 32,
7 United States Code as a member of the Illinois National
8 Guard or, beginning with taxable years ending on or
9 after December 31, 2007, the National Guard of any
10 other state. For taxable years ending on or after
11 December 31, 2001, any amount included in such total in
12 respect of any compensation (including but not limited
13 to any compensation paid or accrued to a serviceman
14 while a prisoner of war or missing in action) paid to a
15 resident by reason of being a member of any component
16 of the Armed Forces of the United States and in respect
17 of any compensation paid or accrued to a resident who
18 as a governmental employee was a prisoner of war or
19 missing in action, and in respect of any compensation
20 paid to a resident in 2001 or thereafter by reason of
21 being a member of the Illinois National Guard or,
22 beginning with taxable years ending on or after
23 December 31, 2007, the National Guard of any other
24 state. The provisions of this subparagraph (E) are
25 exempt from the provisions of Section 250;

26 (F) An amount equal to all amounts included in such

1 total pursuant to the provisions of Sections 402(a),
2 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
3 Internal Revenue Code, or included in such total as
4 distributions under the provisions of any retirement
5 or disability plan for employees of any governmental
6 agency or unit, or retirement payments to retired
7 partners, which payments are excluded in computing net
8 earnings from self employment by Section 1402 of the
9 Internal Revenue Code and regulations adopted pursuant
10 thereto;

11 (G) The valuation limitation amount;

12 (H) An amount equal to the amount of any tax
13 imposed by this Act which was refunded to the taxpayer
14 and included in such total for the taxable year;

15 (I) An amount equal to all amounts included in such
16 total pursuant to the provisions of Section 111 of the
17 Internal Revenue Code as a recovery of items previously
18 deducted from adjusted gross income in the computation
19 of taxable income;

20 (J) An amount equal to those dividends included in
21 such total which were paid by a corporation which
22 conducts business operations in a River Edge
23 Redevelopment Zone or zones created under the River
24 Edge Redevelopment Zone Act, and conducts
25 substantially all of its operations in a River Edge
26 Redevelopment Zone or zones. This subparagraph (J) is

1 exempt from the provisions of Section 250;

2 (K) An amount equal to those dividends included in
3 such total that were paid by a corporation that
4 conducts business operations in a federally designated
5 Foreign Trade Zone or Sub-Zone and that is designated a
6 High Impact Business located in Illinois; provided
7 that dividends eligible for the deduction provided in
8 subparagraph (J) of paragraph (2) of this subsection
9 shall not be eligible for the deduction provided under
10 this subparagraph (K);

11 (L) For taxable years ending after December 31,
12 1983, an amount equal to all social security benefits
13 and railroad retirement benefits included in such
14 total pursuant to Sections 72(r) and 86 of the Internal
15 Revenue Code;

16 (M) With the exception of any amounts subtracted
17 under subparagraph (N), an amount equal to the sum of
18 all amounts disallowed as deductions by (i) Sections
19 171(a) (2), and 265(2) of the Internal Revenue Code,
20 and all amounts of expenses allocable to interest and
21 disallowed as deductions by Section 265(1) of the
22 Internal Revenue Code; and (ii) for taxable years
23 ending on or after August 13, 1999, Sections 171(a) (2),
24 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
25 Code, plus, for taxable years ending on or after
26 December 31, 2011, Section 45G(e) (3) of the Internal

1 Revenue Code and, for taxable years ending on or after
2 December 31, 2008, any amount included in gross income
3 under Section 87 of the Internal Revenue Code; the
4 provisions of this subparagraph are exempt from the
5 provisions of Section 250;

6 (N) An amount equal to all amounts included in such
7 total which are exempt from taxation by this State
8 either by reason of its statutes or Constitution or by
9 reason of the Constitution, treaties or statutes of the
10 United States; provided that, in the case of any
11 statute of this State that exempts income derived from
12 bonds or other obligations from the tax imposed under
13 this Act, the amount exempted shall be the interest net
14 of bond premium amortization;

15 (O) An amount equal to any contribution made to a
16 job training project established pursuant to the Tax
17 Increment Allocation Redevelopment Act;

18 (P) An amount equal to the amount of the deduction
19 used to compute the federal income tax credit for
20 restoration of substantial amounts held under claim of
21 right for the taxable year pursuant to Section 1341 of
22 the Internal Revenue Code or of any itemized deduction
23 taken from adjusted gross income in the computation of
24 taxable income for restoration of substantial amounts
25 held under claim of right for the taxable year;

26 (Q) An amount equal to any amounts included in such

1 total, received by the taxpayer as an acceleration in
2 the payment of life, endowment or annuity benefits in
3 advance of the time they would otherwise be payable as
4 an indemnity for a terminal illness;

5 (R) An amount equal to the amount of any federal or
6 State bonus paid to veterans of the Persian Gulf War;

7 (S) An amount, to the extent included in adjusted
8 gross income, equal to the amount of a contribution
9 made in the taxable year on behalf of the taxpayer to a
10 medical care savings account established under the
11 Medical Care Savings Account Act or the Medical Care
12 Savings Account Act of 2000 to the extent the
13 contribution is accepted by the account administrator
14 as provided in that Act;

15 (T) An amount, to the extent included in adjusted
16 gross income, equal to the amount of interest earned in
17 the taxable year on a medical care savings account
18 established under the Medical Care Savings Account Act
19 or the Medical Care Savings Account Act of 2000 on
20 behalf of the taxpayer, other than interest added
21 pursuant to item (D-5) of this paragraph (2);

22 (U) For one taxable year beginning on or after
23 January 1, 1994, an amount equal to the total amount of
24 tax imposed and paid under subsections (a) and (b) of
25 Section 201 of this Act on grant amounts received by
26 the taxpayer under the Nursing Home Grant Assistance

1 Act during the taxpayer's taxable years 1992 and 1993;

2 (V) Beginning with tax years ending on or after
3 December 31, 1995 and ending with tax years ending on
4 or before December 31, 2004, an amount equal to the
5 amount paid by a taxpayer who is a self-employed
6 taxpayer, a partner of a partnership, or a shareholder
7 in a Subchapter S corporation for health insurance or
8 long-term care insurance for that taxpayer or that
9 taxpayer's spouse or dependents, to the extent that the
10 amount paid for that health insurance or long-term care
11 insurance may be deducted under Section 213 of the
12 Internal Revenue Code, has not been deducted on the
13 federal income tax return of the taxpayer, and does not
14 exceed the taxable income attributable to that
15 taxpayer's income, self-employment income, or
16 Subchapter S corporation income; except that no
17 deduction shall be allowed under this item (V) if the
18 taxpayer is eligible to participate in any health
19 insurance or long-term care insurance plan of an
20 employer of the taxpayer or the taxpayer's spouse. The
21 amount of the health insurance and long-term care
22 insurance subtracted under this item (V) shall be
23 determined by multiplying total health insurance and
24 long-term care insurance premiums paid by the taxpayer
25 times a number that represents the fractional
26 percentage of eligible medical expenses under Section

1 213 of the Internal Revenue Code of 1986 not actually
2 deducted on the taxpayer's federal income tax return;

3 (W) For taxable years beginning on or after January
4 1, 1998, all amounts included in the taxpayer's federal
5 gross income in the taxable year from amounts converted
6 from a regular IRA to a Roth IRA. This paragraph is
7 exempt from the provisions of Section 250;

8 (X) For taxable year 1999 and thereafter, an amount
9 equal to the amount of any (i) distributions, to the
10 extent includible in gross income for federal income
11 tax purposes, made to the taxpayer because of his or
12 her status as a victim of persecution for racial or
13 religious reasons by Nazi Germany or any other Axis
14 regime or as an heir of the victim and (ii) items of
15 income, to the extent includible in gross income for
16 federal income tax purposes, attributable to, derived
17 from or in any way related to assets stolen from,
18 hidden from, or otherwise lost to a victim of
19 persecution for racial or religious reasons by Nazi
20 Germany or any other Axis regime immediately prior to,
21 during, and immediately after World War II, including,
22 but not limited to, interest on the proceeds receivable
23 as insurance under policies issued to a victim of
24 persecution for racial or religious reasons by Nazi
25 Germany or any other Axis regime by European insurance
26 companies immediately prior to and during World War II;

1 provided, however, this subtraction from federal
2 adjusted gross income does not apply to assets acquired
3 with such assets or with the proceeds from the sale of
4 such assets; provided, further, this paragraph shall
5 only apply to a taxpayer who was the first recipient of
6 such assets after their recovery and who is a victim of
7 persecution for racial or religious reasons by Nazi
8 Germany or any other Axis regime or as an heir of the
9 victim. The amount of and the eligibility for any
10 public assistance, benefit, or similar entitlement is
11 not affected by the inclusion of items (i) and (ii) of
12 this paragraph in gross income for federal income tax
13 purposes. This paragraph is exempt from the provisions
14 of Section 250;

15 (Y) For taxable years beginning on or after January
16 1, 2002 and ending on or before December 31, 2004,
17 moneys contributed in the taxable year to a College
18 Savings Pool account under Section 16.5 of the State
19 Treasurer Act, except that amounts excluded from gross
20 income under Section 529(c)(3)(C)(i) of the Internal
21 Revenue Code shall not be considered moneys
22 contributed under this subparagraph (Y). For taxable
23 years beginning on or after January 1, 2005, a maximum
24 of \$10,000 contributed in the taxable year to (i) a
25 College Savings Pool account under Section 16.5 of the
26 State Treasurer Act or (ii) the Illinois Prepaid

1 Tuition Trust Fund, except that amounts excluded from
2 gross income under Section 529(c)(3)(C)(i) of the
3 Internal Revenue Code shall not be considered moneys
4 contributed under this subparagraph (Y). For purposes
5 of this subparagraph, contributions made by an
6 employer on behalf of an employee, or matching
7 contributions made by an employee, shall be treated as
8 made by the employee. This subparagraph (Y) is exempt
9 from the provisions of Section 250;

10 (Z) For taxable years 2001 and thereafter, for the
11 taxable year in which the bonus depreciation deduction
12 is taken on the taxpayer's federal income tax return
13 under subsection (k) of Section 168 of the Internal
14 Revenue Code and for each applicable taxable year
15 thereafter, an amount equal to "x", where:

16 (1) "y" equals the amount of the depreciation
17 deduction taken for the taxable year on the
18 taxpayer's federal income tax return on property
19 for which the bonus depreciation deduction was
20 taken in any year under subsection (k) of Section
21 168 of the Internal Revenue Code, but not including
22 the bonus depreciation deduction;

23 (2) for taxable years ending on or before
24 December 31, 2005, "x" equals "y" multiplied by 30
25 and then divided by 70 (or "y" multiplied by
26 0.429); and

1 (3) for taxable years ending after December
2 31, 2005:

3 (i) for property on which a bonus
4 depreciation deduction of 30% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 30 and then divided by 70 (or "y" multiplied by
7 0.429); and

8 (ii) for property on which a bonus
9 depreciation deduction of 50% of the adjusted
10 basis was taken, "x" equals "y" multiplied by
11 1.0.

12 The aggregate amount deducted under this
13 subparagraph in all taxable years for any one piece of
14 property may not exceed the amount of the bonus
15 depreciation deduction taken on that property on the
16 taxpayer's federal income tax return under subsection
17 (k) of Section 168 of the Internal Revenue Code. This
18 subparagraph (Z) is exempt from the provisions of
19 Section 250;

20 (AA) If the taxpayer sells, transfers, abandons,
21 or otherwise disposes of property for which the
22 taxpayer was required in any taxable year to make an
23 addition modification under subparagraph (D-15), then
24 an amount equal to that addition modification.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was required in any taxable year to make an addition
4 modification under subparagraph (D-15), then an amount
5 equal to that addition modification.

6 The taxpayer is allowed to take the deduction under
7 this subparagraph only once with respect to any one
8 piece of property.

9 This subparagraph (AA) is exempt from the
10 provisions of Section 250;

11 (BB) Any amount included in adjusted gross income,
12 other than salary, received by a driver in a
13 ridesharing arrangement using a motor vehicle;

14 (CC) 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 that 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 that
3 addition modification. This subparagraph (CC) is
4 exempt from the provisions of Section 250;

5 (DD) 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(a)(2)(D-17) for
22 interest paid, accrued, or incurred, directly or
23 indirectly, to the same person. This subparagraph (DD)
24 is exempt from the provisions of Section 250;

25 (EE) 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(a)(2)(D-18) for
16 intangible expenses and costs paid, accrued, or
17 incurred, directly or indirectly, to the same foreign
18 person. This subparagraph (EE) is exempt from the
19 provisions of Section 250;

20 (FF) An amount equal to any amount awarded to the
21 taxpayer during the taxable year by the Court of Claims
22 under subsection (c) of Section 8 of the Court of
23 Claims Act for time unjustly served in a State prison.
24 This subparagraph (FF) is exempt from the provisions of
25 Section 250; and

26 (GG) For taxable years ending on or after December

1 31, 2011, in the case of a taxpayer who was required to
2 add back any insurance premiums under Section
3 203(a)(2)(D-19), such taxpayer may elect to subtract
4 that part of a reimbursement received from the
5 insurance company equal to the amount of the expense or
6 loss (including expenses incurred by the insurance
7 company) that would have been taken into account as a
8 deduction for federal income tax purposes if the
9 expense or loss had been uninsured. If a taxpayer makes
10 the election provided for by this subparagraph (GG),
11 the insurer to which the premiums were paid must add
12 back to income the amount subtracted by the taxpayer
13 pursuant to this subparagraph (GG). This subparagraph
14 (GG) is exempt from the provisions of Section 250.

15 (b) Corporations.

16 (1) In general. In the case of a corporation, base
17 income means an amount equal to the taxpayer's taxable
18 income for the taxable year as modified by paragraph (2).

19 (2) Modifications. The taxable income referred to in
20 paragraph (1) shall be modified by adding thereto the sum
21 of the following amounts:

22 (A) An amount equal to all amounts paid or accrued
23 to the taxpayer as interest and all distributions
24 received from regulated investment companies during
25 the taxable year to the extent excluded from gross

1 income in the computation of taxable income;

2 (B) An amount equal to the amount of tax imposed by
3 this Act to the extent deducted from gross income in
4 the computation of taxable income for the taxable year;

5 (C) In the case of a regulated investment company,
6 an amount equal to the excess of (i) the net long-term
7 capital gain for the taxable year, over (ii) the amount
8 of the capital gain dividends designated as such in
9 accordance with Section 852(b)(3)(C) of the Internal
10 Revenue Code and any amount designated under Section
11 852(b)(3)(D) of the Internal Revenue Code,
12 attributable to the taxable year (this amendatory Act
13 of 1995 (Public Act 89-89) is declarative of existing
14 law and is not a new enactment);

15 (D) The amount of any net operating loss deduction
16 taken in arriving at taxable income, other than a net
17 operating loss carried forward from a taxable year
18 ending prior to December 31, 1986;

19 (E) For taxable years in which a net operating loss
20 carryback or carryforward from a taxable year ending
21 prior to December 31, 1986 is an element of taxable
22 income under paragraph (1) of subsection (e) or
23 subparagraph (E) of paragraph (2) of subsection (e),
24 the amount by which addition modifications other than
25 those provided by this subparagraph (E) exceeded
26 subtraction modifications in such earlier taxable

1 year, with the following limitations applied in the
2 order that they are listed:

3 (i) the addition modification relating to the
4 net operating loss carried back or forward to the
5 taxable year from any taxable year ending prior to
6 December 31, 1986 shall be reduced by the amount of
7 addition modification under this subparagraph (E)
8 which related to that net operating loss and which
9 was taken into account in calculating the base
10 income of an earlier taxable year, and

11 (ii) the addition modification relating to the
12 net operating loss carried back or forward to the
13 taxable year from any taxable year ending prior to
14 December 31, 1986 shall not exceed the amount of
15 such carryback or carryforward;

16 For taxable years in which there is a net operating
17 loss carryback or carryforward from more than one other
18 taxable year ending prior to December 31, 1986, the
19 addition modification provided in this subparagraph
20 (E) shall be the sum of the amounts computed
21 independently under the preceding provisions of this
22 subparagraph (E) for each such taxable year;

23 (E-5) For taxable years ending after December 31,
24 1997, an amount equal to any eligible remediation costs
25 that the corporation deducted in computing adjusted
26 gross income and for which the corporation claims a

1 credit under subsection (l) of Section 201;

2 (E-10) 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 (E-11) 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 (E-10), then
11 an amount equal to the aggregate amount of the
12 deductions taken in all taxable years under
13 subparagraph (T) 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 (T), 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 (E-12) 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 the 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 pursuant to Sections 951
20 through 964 of the Internal Revenue Code and amounts
21 included in gross income under Section 78 of the
22 Internal Revenue Code) with respect to the stock of the
23 same person to whom the interest was paid, accrued, or
24 incurred.

25 This paragraph shall not apply to the following:

26 (i) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person who
2 is subject in a foreign country or state, other
3 than a state which requires mandatory unitary
4 reporting, to a tax on or measured by net income
5 with respect to such interest; or

6 (ii) an item of interest paid, accrued, or
7 incurred, directly or indirectly, to a person if
8 the taxpayer can establish, based on a
9 preponderance of the evidence, both of the
10 following:

11 (a) the person, during the same taxable
12 year, paid, accrued, or incurred, the interest
13 to a person that is not a related member, and

14 (b) the transaction giving rise to the
15 interest expense between the taxpayer and the
16 person did not have as a principal purpose the
17 avoidance of Illinois income tax, and is paid
18 pursuant to a contract or agreement that
19 reflects an arm's-length interest rate and
20 terms; or

21 (iii) the taxpayer can establish, based on
22 clear and convincing evidence, that the interest
23 paid, accrued, or incurred relates to a contract or
24 agreement entered into at arm's-length rates and
25 terms and the principal purpose for the payment is
26 not federal or Illinois tax avoidance; or

1 (iv) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a person if
3 the taxpayer establishes by clear and convincing
4 evidence that the adjustments are unreasonable; or
5 if the taxpayer and the Director agree in writing
6 to the application or use of an alternative method
7 of apportionment under Section 304(f).

8 Nothing in this subsection shall preclude the
9 Director from making any other adjustment
10 otherwise allowed under Section 404 of this Act for
11 any tax year beginning after the effective date of
12 this amendment provided such adjustment is made
13 pursuant to regulation adopted by the Department
14 and such regulations provide methods and standards
15 by which the Department will utilize its authority
16 under Section 404 of this Act;

17 (E-13) An amount equal to the amount of intangible
18 expenses and costs otherwise allowed as a deduction in
19 computing base income, and that were paid, accrued, or
20 incurred, directly or indirectly, (i) for taxable
21 years ending on or after December 31, 2004, to a
22 foreign person who would be a member of the same
23 unitary business group but for the fact that the
24 foreign person's business activity outside the United
25 States is 80% or more of that person's total business
26 activity and (ii) for taxable years ending on or after

1 December 31, 2008, to a person who would be a member of
2 the same unitary business group but for the fact that
3 the person is prohibited under Section 1501(a)(27)
4 from being included in the unitary business group
5 because he or she is ordinarily required to apportion
6 business income under different subsections of Section
7 304. The addition modification required by this
8 subparagraph shall be reduced to the extent that
9 dividends were included in base income of the unitary
10 group for the same taxable year and received by the
11 taxpayer or by a member of the taxpayer's unitary
12 business group (including amounts included in gross
13 income pursuant to Sections 951 through 964 of the
14 Internal Revenue Code and amounts included in gross
15 income under Section 78 of the Internal Revenue Code)
16 with respect to the stock of the same person to whom
17 the intangible expenses and costs were directly or
18 indirectly paid, incurred, or accrued. The preceding
19 sentence shall not apply to the extent that the same
20 dividends caused a reduction to the addition
21 modification required under Section 203(b)(2)(E-12) of
22 this Act. As used in this subparagraph, the term
23 "intangible expenses and costs" includes (1) expenses,
24 losses, and costs for, or related to, the direct or
25 indirect acquisition, use, maintenance or management,
26 ownership, sale, exchange, or any other disposition of

1 intangible property; (2) losses incurred, directly or
2 indirectly, from factoring transactions or discounting
3 transactions; (3) royalty, patent, technical, and
4 copyright fees; (4) licensing fees; and (5) other
5 similar expenses and costs. For purposes of this
6 subparagraph, "intangible property" includes patents,
7 patent applications, trade names, trademarks, service
8 marks, copyrights, mask works, trade secrets, and
9 similar types of intangible assets.

10 This paragraph shall not apply to the following:

11 (i) any item of intangible expenses or costs
12 paid, accrued, or incurred, directly or
13 indirectly, from a transaction with a person who is
14 subject in a foreign country or state, other than a
15 state which requires mandatory unitary reporting,
16 to a tax on or measured by net income with respect
17 to such item; or

18 (ii) any item of intangible expense or cost
19 paid, accrued, or incurred, directly or
20 indirectly, if the taxpayer can establish, based
21 on a preponderance of the evidence, both of the
22 following:

23 (a) the person during the same taxable
24 year paid, accrued, or incurred, the
25 intangible expense or cost to a person that is
26 not a related member, and

1 (b) the transaction giving rise to the
2 intangible expense or cost between the
3 taxpayer and the person did not have as a
4 principal purpose the avoidance of Illinois
5 income tax, and is paid pursuant to a contract
6 or agreement that reflects arm's-length terms;
7 or

8 (iii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person if the
11 taxpayer establishes by clear and convincing
12 evidence, that the adjustments are unreasonable;
13 or if the taxpayer and the Director agree in
14 writing to the application or use of an alternative
15 method of apportionment under Section 304(f);

16 Nothing in this subsection shall preclude the
17 Director from making any other adjustment
18 otherwise allowed under Section 404 of this Act for
19 any tax year beginning after the effective date of
20 this amendment provided such adjustment is made
21 pursuant to regulation adopted by the Department
22 and such regulations provide methods and standards
23 by which the Department will utilize its authority
24 under Section 404 of this Act;

25 (E-14) For taxable years ending on or after
26 December 31, 2008, an amount equal to the amount of

1 insurance premium expenses and costs otherwise allowed
2 as a deduction in computing base income, and that were
3 paid, accrued, or incurred, directly or indirectly, to
4 a person who would be a member of the same unitary
5 business group but for the fact that the person is
6 prohibited under Section 1501(a)(27) from being
7 included in the unitary business group because he or
8 she is ordinarily required to apportion business
9 income under different subsections of Section 304. The
10 addition modification required by this subparagraph
11 shall be reduced to the extent that dividends were
12 included in base income of the unitary group for the
13 same taxable year and received by the taxpayer or by a
14 member of the taxpayer's unitary business group
15 (including amounts included in gross income under
16 Sections 951 through 964 of the Internal Revenue Code
17 and amounts included in gross income under Section 78
18 of the Internal Revenue Code) with respect to the stock
19 of the same person to whom the premiums and costs were
20 directly or indirectly paid, incurred, or accrued. The
21 preceding sentence does not apply to the extent that
22 the same dividends caused a reduction to the addition
23 modification required under Section 203(b)(2)(E-12) or
24 Section 203(b)(2)(E-13) of this Act;

25 (E-15) For taxable years beginning after December
26 31, 2008, any deduction for dividends paid by a captive

1 real estate investment trust that is allowed to a real
2 estate investment trust under Section 857(b)(2)(B) of
3 the Internal Revenue Code for dividends paid;

4 (E-16) An amount equal to the credit allowable to
5 the taxpayer under Section 218(a) of this Act,
6 determined without regard to Section 218(c) of this
7 Act;

8 (E-17) For taxable years beginning on or after
9 January 1, 2017, an amount equal to the deduction
10 allowed under Section 199 of the Internal Revenue Code
11 for the taxable year;

12 and by deducting from the total so obtained the sum of the
13 following amounts:

14 (F) An amount equal to the amount of any tax
15 imposed by this Act which was refunded to the taxpayer
16 and included in such total for the taxable year;

17 (G) An amount equal to any amount included in such
18 total under Section 78 of the Internal Revenue Code;

19 (H) In the case of a regulated investment company,
20 an amount equal to the amount of exempt interest
21 dividends as defined in subsection (b)(5) of Section
22 852 of the Internal Revenue Code, paid to shareholders
23 for the taxable year;

24 (I) With the exception of any amounts subtracted
25 under subparagraph (J), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections

1 171(a) (2), and 265(a)(2) and amounts disallowed as
2 interest expense by Section 291(a)(3) of the Internal
3 Revenue Code, and all amounts of expenses allocable to
4 interest and disallowed as deductions by Section
5 265(a)(1) of the Internal Revenue Code; and (ii) for
6 taxable years ending on or after August 13, 1999,
7 Sections 171(a)(2), 265, 280C, 291(a)(3), and
8 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
9 for tax years ending on or after December 31, 2011,
10 amounts disallowed as deductions by Section 45G(e)(3)
11 of the Internal Revenue Code and, for taxable years
12 ending on or after December 31, 2008, any amount
13 included in gross income under Section 87 of the
14 Internal Revenue Code and the policyholders' share of
15 tax-exempt interest of a life insurance company under
16 Section 807(a)(2)(B) of the Internal Revenue Code (in
17 the case of a life insurance company with gross income
18 from a decrease in reserves for the tax year) or
19 Section 807(b)(1)(B) of the Internal Revenue Code (in
20 the case of a life insurance company allowed a
21 deduction for an increase in reserves for the tax
22 year); the provisions of this subparagraph are exempt
23 from the provisions of Section 250;

24 (J) An amount equal to all amounts included in such
25 total which are exempt from taxation by this State
26 either by reason of its statutes or Constitution or by

1 reason of the Constitution, treaties or statutes of the
2 United States; provided that, in the case of any
3 statute of this State that exempts income derived from
4 bonds or other obligations from the tax imposed under
5 this Act, the amount exempted shall be the interest net
6 of bond premium amortization;

7 (K) An amount equal to those dividends included in
8 such total which were paid by a corporation which
9 conducts business operations in a River Edge
10 Redevelopment Zone or zones created under the River
11 Edge Redevelopment Zone Act and conducts substantially
12 all of its operations in a River Edge Redevelopment
13 Zone or zones. This subparagraph (K) is exempt from the
14 provisions of Section 250;

15 (L) An amount equal to those dividends included in
16 such total that were paid by a corporation that
17 conducts business operations in a federally designated
18 Foreign Trade Zone or Sub-Zone and that is designated a
19 High Impact Business located in Illinois; provided
20 that dividends eligible for the deduction provided in
21 subparagraph (K) of paragraph 2 of this subsection
22 shall not be eligible for the deduction provided under
23 this subparagraph (L);

24 (M) For any taxpayer that is a financial
25 organization within the meaning of Section 304(c) of
26 this Act, an amount included in such total as interest

1 income from a loan or loans made by such taxpayer to a
2 borrower, to the extent that such a loan is secured by
3 property which is eligible for the River Edge
4 Redevelopment Zone Investment Credit. To determine the
5 portion of a loan or loans that is secured by property
6 eligible for a Section 201(f) investment credit to the
7 borrower, the entire principal amount of the loan or
8 loans between the taxpayer and the borrower should be
9 divided into the basis of the Section 201(f) investment
10 credit property which secures the loan or loans, using
11 for this purpose the original basis of such property on
12 the date that it was placed in service in the River
13 Edge Redevelopment Zone. The subtraction modification
14 available to taxpayer in any year under this subsection
15 shall be that portion of the total interest paid by the
16 borrower with respect to such loan attributable to the
17 eligible property as calculated under the previous
18 sentence. This subparagraph (M) is exempt from the
19 provisions of Section 250;

20 (M-1) For any taxpayer that is a financial
21 organization within the meaning of Section 304(c) of
22 this Act, an amount included in such total as interest
23 income from a loan or loans made by such taxpayer to a
24 borrower, to the extent that such a loan is secured by
25 property which is eligible for the High Impact Business
26 Investment Credit. To determine the portion of a loan

1 or loans that is secured by property eligible for a
2 Section 201(h) investment credit to the borrower, the
3 entire principal amount of the loan or loans between
4 the taxpayer and the borrower should be divided into
5 the basis of the Section 201(h) investment credit
6 property which secures the loan or loans, using for
7 this purpose the original basis of such property on the
8 date that it was placed in service in a federally
9 designated Foreign Trade Zone or Sub-Zone located in
10 Illinois. No taxpayer that is eligible for the
11 deduction provided in subparagraph (M) of paragraph
12 (2) of this subsection shall be eligible for the
13 deduction provided under this subparagraph (M-1). The
14 subtraction modification available to taxpayers in any
15 year under this subsection shall be that portion of the
16 total interest paid by the borrower with respect to
17 such loan attributable to the eligible property as
18 calculated under the previous sentence;

19 (N) Two times any contribution made during the
20 taxable year to a designated zone organization to the
21 extent that the contribution (i) qualifies as a
22 charitable contribution under subsection (c) of
23 Section 170 of the Internal Revenue Code and (ii) must,
24 by its terms, be used for a project approved by the
25 Department of Commerce and Economic Opportunity under
26 Section 11 of the Illinois Enterprise Zone Act or under

1 Section 10-10 of the River Edge Redevelopment Zone Act.
2 This subparagraph (N) is exempt from the provisions of
3 Section 250;

4 (O) An amount equal to: (i) 85% for taxable years
5 ending on or before December 31, 1992, or, a percentage
6 equal to the percentage allowable under Section
7 243(a)(1) of the Internal Revenue Code of 1986 for
8 taxable years ending after December 31, 1992, of the
9 amount by which dividends included in taxable income
10 and received from a corporation that is not created or
11 organized under the laws of the United States or any
12 state or political subdivision thereof, including, for
13 taxable years ending on or after December 31, 1988,
14 dividends received or deemed received or paid or deemed
15 paid under Sections 951 through 965 of the Internal
16 Revenue Code, exceed the amount of the modification
17 provided under subparagraph (G) of paragraph (2) of
18 this subsection (b) which is related to such dividends,
19 and including, for taxable years ending on or after
20 December 31, 2008, dividends received from a captive
21 real estate investment trust; plus (ii) 100% of the
22 amount by which dividends, included in taxable income
23 and received, including, for taxable years ending on or
24 after December 31, 1988, dividends received or deemed
25 received or paid or deemed paid under Sections 951
26 through 964 of the Internal Revenue Code and including,

1 for taxable years ending on or after December 31, 2008,
2 dividends received from a captive real estate
3 investment trust, from any such corporation specified
4 in clause (i) that would but for the provisions of
5 Section 1504 (b) (3) of the Internal Revenue Code be
6 treated as a member of the affiliated group which
7 includes the dividend recipient, exceed the amount of
8 the modification provided under subparagraph (G) of
9 paragraph (2) of this subsection (b) which is related
10 to such dividends. This subparagraph (O) is exempt from
11 the provisions of Section 250 of this Act;

12 (P) An amount equal to any contribution made to a
13 job training project established pursuant to the Tax
14 Increment Allocation Redevelopment Act;

15 (Q) An amount equal to the amount of the deduction
16 used to compute the federal income tax credit for
17 restoration of substantial amounts held under claim of
18 right for the taxable year pursuant to Section 1341 of
19 the Internal Revenue Code;

20 (R) On and after July 20, 1999, in the case of an
21 attorney-in-fact with respect to whom an interinsurer
22 or a reciprocal insurer has made the election under
23 Section 835 of the Internal Revenue Code, 26 U.S.C.
24 835, an amount equal to the excess, if any, of the
25 amounts paid or incurred by that interinsurer or
26 reciprocal insurer in the taxable year to the

1 attorney-in-fact over the deduction allowed to that
2 interinsurer or reciprocal insurer with respect to the
3 attorney-in-fact under Section 835(b) of the Internal
4 Revenue Code for the taxable year; the provisions of
5 this subparagraph are exempt from the provisions of
6 Section 250;

7 (S) For taxable years ending on or after December
8 31, 1997, in the case of a Subchapter S corporation, an
9 amount equal to all amounts of income allocable to a
10 shareholder subject to the Personal Property Tax
11 Replacement Income Tax imposed by subsections (c) and
12 (d) of Section 201 of this Act, including amounts
13 allocable to organizations exempt from federal income
14 tax by reason of Section 501(a) of the Internal Revenue
15 Code. This subparagraph (S) is exempt from the
16 provisions of Section 250;

17 (T) For taxable years 2001 and thereafter, for the
18 taxable year in which the bonus depreciation deduction
19 is taken on the taxpayer's federal income tax return
20 under subsection (k) of Section 168 of the Internal
21 Revenue Code and for each applicable taxable year
22 thereafter, an amount equal to "x", where:

23 (1) "y" equals the amount of the depreciation
24 deduction taken for the taxable year on the
25 taxpayer's federal income tax return on property
26 for which the bonus depreciation deduction was

1 taken in any year under subsection (k) of Section
2 168 of the Internal Revenue Code, but not including
3 the bonus depreciation deduction;

4 (2) for taxable years ending on or before
5 December 31, 2005, "x" equals "y" multiplied by 30
6 and then divided by 70 (or "y" multiplied by
7 0.429); and

8 (3) for taxable years ending after December
9 31, 2005:

10 (i) for property on which a bonus
11 depreciation deduction of 30% of the adjusted
12 basis was taken, "x" equals "y" multiplied by
13 30 and then divided by 70 (or "y" multiplied by
14 0.429); and

15 (ii) for property on which a bonus
16 depreciation deduction of 50% of the adjusted
17 basis was taken, "x" equals "y" multiplied by
18 1.0.

19 The aggregate amount deducted under this
20 subparagraph in all taxable years for any one piece of
21 property may not exceed the amount of the bonus
22 depreciation deduction taken on that property on the
23 taxpayer's federal income tax return under subsection
24 (k) of Section 168 of the Internal Revenue Code. This
25 subparagraph (T) is exempt from the provisions of
26 Section 250;

1 (U) If the taxpayer sells, transfers, abandons, or
2 otherwise disposes of property for which the taxpayer
3 was required in any taxable year to make an addition
4 modification under subparagraph (E-10), then an amount
5 equal to that addition modification.

6 If the taxpayer continues to own property through
7 the last day of the last tax year for which the
8 taxpayer may claim a depreciation deduction for
9 federal income tax purposes and for which the taxpayer
10 was required in any taxable year to make an addition
11 modification under subparagraph (E-10), then an amount
12 equal to that addition modification.

13 The taxpayer is allowed to take the deduction under
14 this subparagraph only once with respect to any one
15 piece of property.

16 This subparagraph (U) is exempt from the
17 provisions of Section 250;

18 (V) The amount of: (i) any interest income (net of
19 the deductions allocable thereto) taken into account
20 for the taxable year with respect to a transaction with
21 a taxpayer that is required to make an addition
22 modification with respect to such transaction under
23 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
24 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
25 the amount of such addition modification, (ii) any
26 income from intangible property (net of the deductions

1 allocable thereto) taken into account for the taxable
2 year with respect to a transaction with a taxpayer that
3 is required to make an addition modification with
4 respect to such transaction under Section
5 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
6 203(d)(2)(D-8), but not to exceed the amount of such
7 addition modification, and (iii) any insurance premium
8 income (net of deductions allocable thereto) taken
9 into account for the taxable year with respect to a
10 transaction with a taxpayer that is required to make an
11 addition modification with respect to such transaction
12 under Section 203(a)(2)(D-19), Section
13 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
14 203(d)(2)(D-9), but not to exceed the amount of that
15 addition modification. This subparagraph (V) is exempt
16 from the provisions of Section 250;

17 (W) An amount equal to the interest income taken
18 into account for the taxable year (net of the
19 deductions allocable thereto) with respect to
20 transactions with (i) a foreign person who would be a
21 member of the taxpayer's unitary business group but for
22 the fact that the foreign person's business activity
23 outside the United States is 80% or more of that
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

1 group but for the fact that the person is prohibited
2 under Section 1501(a)(27) from being included in the
3 unitary business group because he or she is ordinarily
4 required to apportion business income under different
5 subsections of Section 304, but not to exceed the
6 addition modification required to be made for the same
7 taxable year under Section 203(b)(2)(E-12) for
8 interest paid, accrued, or incurred, directly or
9 indirectly, to the same person. This subparagraph (W)
10 is exempt from the provisions of Section 250;

11 (X) An amount equal to the income from intangible
12 property taken into account for the taxable year (net
13 of the deductions allocable thereto) with respect to
14 transactions with (i) a foreign person who would be a
15 member of the taxpayer's unitary business group but for
16 the fact that the foreign person's business activity
17 outside the United States is 80% or more of that
18 person's total business activity and (ii) for taxable
19 years ending on or after December 31, 2008, to a person
20 who would be a member of the same unitary business
21 group but for the fact that the person is prohibited
22 under Section 1501(a)(27) from being included in the
23 unitary business group because he or she is ordinarily
24 required to apportion business income under different
25 subsections of Section 304, but not to exceed the
26 addition modification required to be made for the same

1 taxable year under Section 203(b)(2)(E-13) for
2 intangible expenses and costs paid, accrued, or
3 incurred, directly or indirectly, to the same foreign
4 person. This subparagraph (X) is exempt from the
5 provisions of Section 250;

6 (Y) For taxable years ending on or after December
7 31, 2011, in the case of a taxpayer who was required to
8 add back any insurance premiums under Section
9 203(b)(2)(E-14), such taxpayer may elect to subtract
10 that part of a reimbursement received from the
11 insurance company equal to the amount of the expense or
12 loss (including expenses incurred by the insurance
13 company) that would have been taken into account as a
14 deduction for federal income tax purposes if the
15 expense or loss had been uninsured. If a taxpayer makes
16 the election provided for by this subparagraph (Y), the
17 insurer to which the premiums were paid must add back
18 to income the amount subtracted by the taxpayer
19 pursuant to this subparagraph (Y). This subparagraph
20 (Y) is exempt from the provisions of Section 250; and

21 (Z) The difference between the nondeductible
22 controlled foreign corporation dividends under Section
23 965(e)(3) of the Internal Revenue Code over the taxable
24 income of the taxpayer, computed without regard to
25 Section 965(e)(2)(A) of the Internal Revenue Code, and
26 without regard to any net operating loss deduction.

1 This subparagraph (Z) is exempt from the provisions of
2 Section 250.

3 (3) Special rule. For purposes of paragraph (2) (A),
4 "gross income" in the case of a life insurance company, for
5 tax years ending on and after December 31, 1994, and prior
6 to December 31, 2011, shall mean the gross investment
7 income for the taxable year and, for tax years ending on or
8 after December 31, 2011, shall mean all amounts included in
9 life insurance gross income under Section 803(a)(3) of the
10 Internal Revenue Code.

11 (c) Trusts and estates.

12 (1) In general. In the case of a trust or estate, base
13 income means an amount equal to the taxpayer's taxable
14 income for the taxable year as modified by paragraph (2).

15 (2) Modifications. Subject to the provisions of
16 paragraph (3), the taxable income referred to in paragraph
17 (1) shall be modified by adding thereto the sum of the
18 following amounts:

19 (A) An amount equal to all amounts paid or accrued
20 to the taxpayer as interest or dividends during the
21 taxable year to the extent excluded from gross income
22 in the computation of taxable income;

23 (B) In the case of (i) an estate, \$600; (ii) a
24 trust which, under its governing instrument, is
25 required to distribute all of its income currently,

1 \$300; and (iii) any other trust, \$100, but in each such
2 case, only to the extent such amount was deducted in
3 the computation of taxable income;

4 (C) An amount equal to the amount of tax imposed by
5 this Act to the extent deducted from gross income in
6 the computation of taxable income for the taxable year;

7 (D) The amount of any net operating loss deduction
8 taken in arriving at taxable income, other than a net
9 operating loss carried forward from a taxable year
10 ending prior to December 31, 1986;

11 (E) For taxable years in which a net operating loss
12 carryback or carryforward from a taxable year ending
13 prior to December 31, 1986 is an element of taxable
14 income under paragraph (1) of subsection (e) or
15 subparagraph (E) of paragraph (2) of subsection (e),
16 the amount by which addition modifications other than
17 those provided by this subparagraph (E) exceeded
18 subtraction modifications in such taxable year, with
19 the following limitations applied in the order that
20 they are listed:

21 (i) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall be reduced by the amount of
25 addition modification under this subparagraph (E)
26 which related to that net operating loss and which

1 was taken into account in calculating the base
2 income of an earlier taxable year, and

3 (ii) the addition modification relating to the
4 net operating loss carried back or forward to the
5 taxable year from any taxable year ending prior to
6 December 31, 1986 shall not exceed the amount of
7 such carryback or carryforward;

8 For taxable years in which there is a net operating
9 loss carryback or carryforward from more than one other
10 taxable year ending prior to December 31, 1986, the
11 addition modification provided in this subparagraph
12 (E) shall be the sum of the amounts computed
13 independently under the preceding provisions of this
14 subparagraph (E) for each such taxable year;

15 (F) For taxable years ending on or after January 1,
16 1989, an amount equal to the tax deducted pursuant to
17 Section 164 of the Internal Revenue Code if the trust
18 or estate is claiming the same tax for purposes of the
19 Illinois foreign tax credit under Section 601 of this
20 Act;

21 (G) An amount equal to the amount of the capital
22 gain deduction allowable under the Internal Revenue
23 Code, to the extent deducted from gross income in the
24 computation of taxable income;

25 (G-5) For taxable years ending after December 31,
26 1997, an amount equal to any eligible remediation costs

1 that the trust or estate deducted in computing adjusted
2 gross income and for which the trust or estate claims a
3 credit under subsection (l) of Section 201;

4 (G-10) For taxable years 2001 and thereafter, an
5 amount equal to the bonus depreciation deduction taken
6 on the taxpayer's federal income tax return for the
7 taxable year under subsection (k) of Section 168 of the
8 Internal Revenue Code; and

9 (G-11) If the taxpayer sells, transfers, abandons,
10 or otherwise disposes of property for which the
11 taxpayer was required in any taxable year to make an
12 addition modification under subparagraph (G-10), then
13 an amount equal to the aggregate amount of the
14 deductions taken in all taxable years under
15 subparagraph (R) with respect to that property.

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which the
18 taxpayer may claim a depreciation deduction for
19 federal income tax purposes and for which the taxpayer
20 was allowed in any taxable year to make a subtraction
21 modification under subparagraph (R), then an amount
22 equal to that subtraction modification.

23 The taxpayer is required to make the addition
24 modification under this subparagraph only once with
25 respect to any one piece of property;

26 (G-12) An amount equal to the amount otherwise

1 allowed as a deduction in computing base income for
2 interest paid, accrued, or incurred, directly or
3 indirectly, (i) for taxable years ending on or after
4 December 31, 2004, to a foreign person who would be a
5 member of the same unitary business group but for the
6 fact that the foreign person's business activity
7 outside the United States is 80% or more of the foreign
8 person's total business activity and (ii) for taxable
9 years ending on or after December 31, 2008, to a person
10 who would be a member of the same unitary business
11 group but for the fact that the person is prohibited
12 under Section 1501(a)(27) from being included in the
13 unitary business group because he or she is ordinarily
14 required to apportion business income under different
15 subsections of Section 304. The addition modification
16 required by this subparagraph shall be reduced to the
17 extent that dividends were included in base income of
18 the unitary group for the same taxable year and
19 received by the taxpayer or by a member of the
20 taxpayer's unitary business group (including amounts
21 included in gross income pursuant to Sections 951
22 through 964 of the Internal Revenue Code and amounts
23 included in gross income under Section 78 of the
24 Internal Revenue Code) with respect to the stock of the
25 same person to whom the interest was paid, accrued, or
26 incurred.

1 This paragraph shall not apply to the following:

2 (i) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person who
4 is subject in a foreign country or state, other
5 than a state which requires mandatory unitary
6 reporting, to a tax on or measured by net income
7 with respect to such interest; or

8 (ii) an item of interest paid, accrued, or
9 incurred, directly or indirectly, to a person if
10 the taxpayer can establish, based on a
11 preponderance of the evidence, both of the
12 following:

13 (a) the person, during the same taxable
14 year, paid, accrued, or incurred, the interest
15 to a person that is not a related member, and

16 (b) the transaction giving rise to the
17 interest expense between the taxpayer and the
18 person did not have as a principal purpose the
19 avoidance of Illinois income tax, and is paid
20 pursuant to a contract or agreement that
21 reflects an arm's-length interest rate and
22 terms; or

23 (iii) the taxpayer can establish, based on
24 clear and convincing evidence, that the interest
25 paid, accrued, or incurred relates to a contract or
26 agreement entered into at arm's-length rates and

1 terms and the principal purpose for the payment is
2 not federal or Illinois tax avoidance; or

3 (iv) an item of interest paid, accrued, or
4 incurred, directly or indirectly, to a person if
5 the taxpayer establishes by clear and convincing
6 evidence that the adjustments are unreasonable; or
7 if the taxpayer and the Director agree in writing
8 to the application or use of an alternative method
9 of apportionment under Section 304(f).

10 Nothing in this subsection shall preclude the
11 Director from making any other adjustment
12 otherwise allowed under Section 404 of this Act for
13 any tax year beginning after the effective date of
14 this amendment provided such adjustment is made
15 pursuant to regulation adopted by the Department
16 and such regulations provide methods and standards
17 by which the Department will utilize its authority
18 under Section 404 of this Act;

19 (G-13) An amount equal to the amount of intangible
20 expenses and costs otherwise allowed as a deduction in
21 computing base income, and that were paid, accrued, or
22 incurred, directly or indirectly, (i) for taxable
23 years ending on or after December 31, 2004, to a
24 foreign person who would be a member of the same
25 unitary business group but for the fact that the
26 foreign person's business activity outside the United

1 States is 80% or more of that person's total business
2 activity and (ii) for taxable years ending on or after
3 December 31, 2008, to a person who would be a member of
4 the same unitary business group but for the fact that
5 the person is prohibited under Section 1501(a)(27)
6 from being included in the unitary business group
7 because he or she is ordinarily required to apportion
8 business income under different subsections of Section
9 304. The addition modification required by this
10 subparagraph shall be reduced to the extent that
11 dividends were included in base income of the unitary
12 group for the same taxable year and received by the
13 taxpayer or by a member of the taxpayer's unitary
14 business group (including amounts included in gross
15 income pursuant to Sections 951 through 964 of the
16 Internal Revenue Code and amounts included in gross
17 income under Section 78 of the Internal Revenue Code)
18 with respect to the stock of the same person to whom
19 the intangible expenses and costs were directly or
20 indirectly paid, incurred, or accrued. The preceding
21 sentence shall not apply to the extent that the same
22 dividends caused a reduction to the addition
23 modification required under Section 203(c)(2)(G-12) of
24 this Act. As used in this subparagraph, the term
25 "intangible expenses and costs" includes: (1)
26 expenses, losses, and costs for or related to the

1 direct or indirect acquisition, use, maintenance or
2 management, ownership, sale, exchange, or any other
3 disposition of intangible property; (2) losses
4 incurred, directly or indirectly, from factoring
5 transactions or discounting transactions; (3) royalty,
6 patent, technical, and copyright fees; (4) licensing
7 fees; and (5) other similar expenses and costs. For
8 purposes of this subparagraph, "intangible property"
9 includes patents, patent applications, trade names,
10 trademarks, service marks, copyrights, mask works,
11 trade secrets, and similar types of intangible assets.

12 This paragraph shall not apply to the following:

13 (i) any item of intangible expenses or costs
14 paid, accrued, or incurred, directly or
15 indirectly, from a transaction with a person who is
16 subject in a foreign country or state, other than a
17 state which requires mandatory unitary reporting,
18 to a tax on or measured by net income with respect
19 to such item; or

20 (ii) any item of intangible expense or cost
21 paid, accrued, or incurred, directly or
22 indirectly, if the taxpayer can establish, based
23 on a preponderance of the evidence, both of the
24 following:

25 (a) the person during the same taxable
26 year paid, accrued, or incurred, the

1 intangible expense or cost to a person that is
2 not a related member, and

3 (b) the transaction giving rise to the
4 intangible expense or cost between the
5 taxpayer and the person did not have as a
6 principal purpose the avoidance of Illinois
7 income tax, and is paid pursuant to a contract
8 or agreement that reflects arm's-length terms;
9 or

10 (iii) any item of intangible expense or cost
11 paid, accrued, or incurred, directly or
12 indirectly, from a transaction with a person if the
13 taxpayer establishes by clear and convincing
14 evidence, that the adjustments are unreasonable;
15 or if the taxpayer and the Director agree in
16 writing to the application or use of an alternative
17 method of apportionment under Section 304(f);

18 Nothing in this subsection shall preclude the
19 Director from making any other adjustment
20 otherwise allowed under Section 404 of this Act for
21 any tax year beginning after the effective date of
22 this amendment provided such adjustment is made
23 pursuant to regulation adopted by the Department
24 and such regulations provide methods and standards
25 by which the Department will utilize its authority
26 under Section 404 of this Act;

1 (G-14) For taxable years ending on or after
2 December 31, 2008, an amount equal to the amount of
3 insurance premium expenses and costs otherwise allowed
4 as a deduction in computing base income, and that were
5 paid, accrued, or incurred, directly or indirectly, to
6 a person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304. The
12 addition modification required by this subparagraph
13 shall be reduced to the extent that dividends were
14 included in base income of the unitary group for the
15 same taxable year and received by the taxpayer or by a
16 member of the taxpayer's unitary business group
17 (including amounts included in gross income under
18 Sections 951 through 964 of the Internal Revenue Code
19 and amounts included in gross income under Section 78
20 of the Internal Revenue Code) with respect to the stock
21 of the same person to whom the premiums and costs were
22 directly or indirectly paid, incurred, or accrued. The
23 preceding sentence does not apply to the extent that
24 the same dividends caused a reduction to the addition
25 modification required under Section 203(c)(2)(G-12) or
26 Section 203(c)(2)(G-13) of this Act;

1 (G-15) An amount equal to the credit allowable to
2 the taxpayer under Section 218(a) of this Act,
3 determined without regard to Section 218(c) of this
4 Act;

5 (G-16) For taxable years beginning on or after
6 January 1, 2017, an amount equal to the deduction
7 allowed under Section 199 of the Internal Revenue Code
8 for the taxable year;

9 and by deducting from the total so obtained the sum of the
10 following amounts:

11 (H) An amount equal to all amounts included in such
12 total pursuant to the provisions of Sections 402(a),
13 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
14 Internal Revenue Code or included in such total as
15 distributions under the provisions of any retirement
16 or disability plan for employees of any governmental
17 agency or unit, or retirement payments to retired
18 partners, which payments are excluded in computing net
19 earnings from self employment by Section 1402 of the
20 Internal Revenue Code and regulations adopted pursuant
21 thereto;

22 (I) The valuation limitation amount;

23 (J) An amount equal to the amount of any tax
24 imposed by this Act which was refunded to the taxpayer
25 and included in such total for the taxable year;

26 (K) An amount equal to all amounts included in

1 taxable income as modified by subparagraphs (A), (B),
2 (C), (D), (E), (F) and (G) which are exempt from
3 taxation by this State either by reason of its statutes
4 or Constitution or by reason of the Constitution,
5 treaties or statutes of the United States; provided
6 that, in the case of any statute of this State that
7 exempts income derived from bonds or other obligations
8 from the tax imposed under this Act, the amount
9 exempted shall be the interest net of bond premium
10 amortization;

11 (L) With the exception of any amounts subtracted
12 under subparagraph (K), an amount equal to the sum of
13 all amounts disallowed as deductions by (i) Sections
14 171(a) (2) and 265(a) (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, (iii) 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 (M) An amount equal to those dividends included in
2 such total which were paid by a corporation which
3 conducts business operations in a River Edge
4 Redevelopment Zone or zones created under the River
5 Edge Redevelopment Zone Act and conducts substantially
6 all of its operations in a River Edge Redevelopment
7 Zone or zones. This subparagraph (M) is exempt from the
8 provisions of Section 250;

9 (N) An amount equal to any contribution made to a
10 job training project established pursuant to the Tax
11 Increment Allocation Redevelopment Act;

12 (O) An amount equal to those dividends included in
13 such total that were paid by a corporation that
14 conducts business operations in a federally designated
15 Foreign Trade Zone or Sub-Zone and that is designated a
16 High Impact Business located in Illinois; provided
17 that dividends eligible for the deduction provided in
18 subparagraph (M) of paragraph (2) of this subsection
19 shall not be eligible for the deduction provided under
20 this subparagraph (O);

21 (P) An amount equal to the amount of the deduction
22 used to compute the federal income tax credit for
23 restoration of substantial amounts held under claim of
24 right for the taxable year pursuant to Section 1341 of
25 the Internal Revenue Code;

26 (Q) For taxable year 1999 and thereafter, an amount

1 equal to the amount of any (i) distributions, to the
2 extent includible in gross income for federal income
3 tax purposes, made to the taxpayer because of his or
4 her status as a victim of persecution for racial or
5 religious reasons by Nazi Germany or any other Axis
6 regime or as an heir of the victim and (ii) items of
7 income, to the extent includible in gross income for
8 federal income tax purposes, attributable to, derived
9 from or in any way related to assets stolen from,
10 hidden from, or otherwise lost to a victim of
11 persecution for racial or religious reasons by Nazi
12 Germany or any other Axis regime immediately prior to,
13 during, and immediately after World War II, including,
14 but not limited to, interest on the proceeds receivable
15 as insurance under policies issued to a victim of
16 persecution for racial or religious reasons by Nazi
17 Germany or any other Axis regime by European insurance
18 companies immediately prior to and during World War II;
19 provided, however, this subtraction from federal
20 adjusted gross income does not apply to assets acquired
21 with such assets or with the proceeds from the sale of
22 such assets; provided, further, this paragraph shall
23 only apply to a taxpayer who was the first recipient of
24 such assets after their recovery and who is a victim of
25 persecution for racial or religious reasons by Nazi
26 Germany or any other Axis regime or as an heir of the

1 victim. The amount of and the eligibility for any
2 public assistance, benefit, or similar entitlement is
3 not affected by the inclusion of items (i) and (ii) of
4 this paragraph in gross income for federal income tax
5 purposes. This paragraph is exempt from the provisions
6 of Section 250;

7 (R) For taxable years 2001 and thereafter, for the
8 taxable year in which the bonus depreciation deduction
9 is taken on the taxpayer's federal income tax return
10 under subsection (k) of Section 168 of the Internal
11 Revenue Code and for each applicable taxable year
12 thereafter, an amount equal to "x", where:

13 (1) "y" equals the amount of the depreciation
14 deduction taken for the taxable year on the
15 taxpayer's federal income tax return on property
16 for which the bonus depreciation deduction was
17 taken in any year under subsection (k) of Section
18 168 of the Internal Revenue Code, but not including
19 the bonus depreciation deduction;

20 (2) for taxable years ending on or before
21 December 31, 2005, "x" equals "y" multiplied by 30
22 and then divided by 70 (or "y" multiplied by
23 0.429); and

24 (3) for taxable years ending after December
25 31, 2005:

26 (i) for property on which a bonus

1 depreciation deduction of 30% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 30 and then divided by 70 (or "y" multiplied by
4 0.429); and

5 (ii) for property on which a bonus
6 depreciation deduction of 50% of the adjusted
7 basis was taken, "x" equals "y" multiplied by
8 1.0.

9 The aggregate amount deducted under this
10 subparagraph in all taxable years for any one piece of
11 property may not exceed the amount of the bonus
12 depreciation deduction taken on that property on the
13 taxpayer's federal income tax return under subsection
14 (k) of Section 168 of the Internal Revenue Code. This
15 subparagraph (R) is exempt from the provisions of
16 Section 250;

17 (S) If the taxpayer sells, transfers, abandons, or
18 otherwise disposes of property for which the taxpayer
19 was required in any taxable year to make an addition
20 modification under subparagraph (G-10), then an amount
21 equal to that addition modification.

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which the
24 taxpayer may claim a depreciation deduction for
25 federal income tax purposes and for which the taxpayer
26 was required in any taxable year to make an addition

1 modification under subparagraph (G-10), then an amount
2 equal to that addition modification.

3 The taxpayer is allowed to take the deduction under
4 this subparagraph only once with respect to any one
5 piece of property.

6 This subparagraph (S) is exempt from the
7 provisions of Section 250;

8 (T) The amount of (i) any interest income (net of
9 the deductions allocable thereto) taken into account
10 for the taxable year with respect to a transaction with
11 a taxpayer that is required to make an addition
12 modification with respect to such transaction under
13 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
14 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
15 the amount of such addition modification and (ii) any
16 income from intangible property (net of the deductions
17 allocable thereto) taken into account for the taxable
18 year with respect to a transaction with a taxpayer that
19 is required to make an addition modification with
20 respect to such transaction under Section
21 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
22 203(d)(2)(D-8), but not to exceed the amount of such
23 addition modification. This subparagraph (T) is exempt
24 from the provisions of Section 250;

25 (U) An amount equal to the interest income taken
26 into account for the taxable year (net of the

1 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 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(c)(2)(G-12) for
16 interest paid, accrued, or incurred, directly or
17 indirectly, to the same person. This subparagraph (U)
18 is exempt from the provisions of Section 250;

19 (V) An amount equal to the income from intangible
20 property taken into account for the taxable year (net
21 of the deductions allocable thereto) with respect to
22 transactions with (i) a foreign person who would be a
23 member of the taxpayer's unitary business group but for
24 the fact that the foreign person's business activity
25 outside the United States is 80% or more of that
26 person's total business activity and (ii) for taxable

1 years ending on or after December 31, 2008, to a person
2 who would be a member of the same unitary business
3 group but for the fact that the person is prohibited
4 under Section 1501(a)(27) from being included in the
5 unitary business group because he or she is ordinarily
6 required to apportion business income under different
7 subsections of Section 304, but not to exceed the
8 addition modification required to be made for the same
9 taxable year under Section 203(c)(2)(G-13) for
10 intangible expenses and costs paid, accrued, or
11 incurred, directly or indirectly, to the same foreign
12 person. This subparagraph (V) is exempt from the
13 provisions of Section 250;

14 (W) in the case of an estate, an amount equal to
15 all amounts included in such total pursuant to the
16 provisions of Section 111 of the Internal Revenue Code
17 as a recovery of items previously deducted by the
18 decedent from adjusted gross income in the computation
19 of taxable income. This subparagraph (W) is exempt from
20 Section 250;

21 (X) an amount equal to the refund included in such
22 total of any tax deducted for federal income tax
23 purposes, to the extent that deduction was added back
24 under subparagraph (F). This subparagraph (X) is
25 exempt from the provisions of Section 250; and

26 (Y) For taxable years ending on or after December

1 31, 2011, in the case of a taxpayer who was required to
2 add back any insurance premiums under Section
3 203(c)(2)(G-14), such taxpayer may elect to subtract
4 that part of a reimbursement received from the
5 insurance company equal to the amount of the expense or
6 loss (including expenses incurred by the insurance
7 company) that would have been taken into account as a
8 deduction for federal income tax purposes if the
9 expense or loss had been uninsured. If a taxpayer makes
10 the election provided for by this subparagraph (Y), the
11 insurer to which the premiums were paid must add back
12 to income the amount subtracted by the taxpayer
13 pursuant to this subparagraph (Y). This subparagraph
14 (Y) is exempt from the provisions of Section 250.

15 (3) Limitation. The amount of any modification
16 otherwise required under this subsection shall, under
17 regulations prescribed by the Department, be adjusted by
18 any amounts included therein which were properly paid,
19 credited, or required to be distributed, or permanently set
20 aside for charitable purposes pursuant to Internal Revenue
21 Code Section 642(c) during the taxable year.

22 (d) Partnerships.

23 (1) In general. In the case of a partnership, base
24 income means an amount equal to the taxpayer's taxable
25 income for the taxable year as modified by paragraph (2).

1 (2) Modifications. The taxable income referred to in
2 paragraph (1) shall be modified by adding thereto the sum
3 of the following amounts:

4 (A) An amount equal to all amounts paid or accrued
5 to the taxpayer as interest or dividends during the
6 taxable year to the extent excluded from gross income
7 in the computation of taxable income;

8 (B) An amount equal to the amount of tax imposed by
9 this Act to the extent deducted from gross income for
10 the taxable year;

11 (C) The amount of deductions allowed to the
12 partnership pursuant to Section 707 (c) of the Internal
13 Revenue Code in calculating its taxable income;

14 (D) An amount equal to the amount of the capital
15 gain deduction allowable under the Internal Revenue
16 Code, to the extent deducted from gross income in the
17 computation of taxable income;

18 (D-5) For taxable years 2001 and thereafter, an
19 amount equal to the bonus depreciation deduction taken
20 on the taxpayer's federal income tax return for the
21 taxable year under subsection (k) of Section 168 of the
22 Internal Revenue Code;

23 (D-6) If the taxpayer sells, transfers, abandons,
24 or otherwise disposes of property for which the
25 taxpayer was required in any taxable year to make an
26 addition modification under subparagraph (D-5), then

1 an amount equal to the aggregate amount of the
2 deductions taken in all taxable years under
3 subparagraph (O) with respect to that property.

4 If the taxpayer continues to own property through
5 the last day of the last tax year for which the
6 taxpayer may claim a depreciation deduction for
7 federal income tax purposes and for which the taxpayer
8 was allowed in any taxable year to make a subtraction
9 modification under subparagraph (O), then an amount
10 equal to that subtraction modification.

11 The taxpayer is required to make the addition
12 modification under this subparagraph only once with
13 respect to any one piece of property;

14 (D-7) An amount equal to the amount otherwise
15 allowed as a deduction in computing base income for
16 interest paid, accrued, or incurred, directly or
17 indirectly, (i) for taxable years ending on or after
18 December 31, 2004, to a foreign person who would be a
19 member of the same unitary business group but for the
20 fact the foreign person's business activity outside
21 the United States is 80% or more of the foreign
22 person's total business activity and (ii) for taxable
23 years ending on or after December 31, 2008, to a person
24 who would be a member of the same unitary business
25 group but for the fact that the person is prohibited
26 under Section 1501(a)(27) from being included in the

1 unitary business group because he or she is ordinarily
2 required to apportion business income under different
3 subsections of Section 304. The addition modification
4 required by this subparagraph shall be reduced to the
5 extent that dividends were included in base income of
6 the unitary group for the same taxable year and
7 received by the taxpayer or by a member of the
8 taxpayer's unitary business group (including amounts
9 included in gross income pursuant to Sections 951
10 through 964 of the Internal Revenue Code and amounts
11 included in gross income under Section 78 of the
12 Internal Revenue Code) with respect to the stock of the
13 same person to whom the interest was paid, accrued, or
14 incurred.

15 This paragraph shall not apply to the following:

16 (i) an item of interest paid, accrued, or
17 incurred, directly or indirectly, to a person who
18 is subject in a foreign country or state, other
19 than a state which requires mandatory unitary
20 reporting, to a tax on or measured by net income
21 with respect to such interest; or

22 (ii) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer can establish, based on a
25 preponderance of the evidence, both of the
26 following:

1 (a) the person, during the same taxable
2 year, paid, accrued, or incurred, the interest
3 to a person that is not a related member, and

4 (b) the transaction giving rise to the
5 interest expense between the taxpayer and the
6 person did not have as a principal purpose the
7 avoidance of Illinois income tax, and is paid
8 pursuant to a contract or agreement that
9 reflects an arm's-length interest rate and
10 terms; or

11 (iii) the taxpayer can establish, based on
12 clear and convincing evidence, that the interest
13 paid, accrued, or incurred relates to a contract or
14 agreement entered into at arm's-length rates and
15 terms and the principal purpose for the payment is
16 not federal or Illinois tax avoidance; or

17 (iv) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person if
19 the taxpayer establishes by clear and convincing
20 evidence that the adjustments are unreasonable; or
21 if the taxpayer and the Director agree in writing
22 to the application or use of an alternative method
23 of apportionment under Section 304(f).

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act for

1 any tax year beginning after the effective date of
2 this amendment provided such adjustment is made
3 pursuant to regulation adopted by the Department
4 and such regulations provide methods and standards
5 by which the Department will utilize its authority
6 under Section 404 of this Act; and

7 (D-8) An amount equal to the amount of intangible
8 expenses and costs otherwise allowed as a deduction in
9 computing base income, and that were paid, accrued, or
10 incurred, directly or indirectly, (i) for taxable
11 years ending on or after December 31, 2004, to a
12 foreign person who would be a member of the same
13 unitary business group but for the fact that the
14 foreign person's business activity outside the United
15 States is 80% or more of that person's total business
16 activity and (ii) for taxable years ending on or after
17 December 31, 2008, to a person who would be a member of
18 the same unitary business group but for the fact that
19 the person is prohibited under Section 1501(a)(27)
20 from being included in the unitary business group
21 because he or she is ordinarily required to apportion
22 business income under different subsections of Section
23 304. The addition modification required by this
24 subparagraph shall be reduced to the extent that
25 dividends were included in base income of the unitary
26 group for the same taxable year and received by the

1 taxpayer or by a member of the taxpayer's unitary
2 business group (including amounts included in gross
3 income pursuant to Sections 951 through 964 of the
4 Internal Revenue Code and amounts included in gross
5 income under Section 78 of the Internal Revenue Code)
6 with respect to the stock of the same person to whom
7 the intangible expenses and costs were directly or
8 indirectly paid, incurred or accrued. The preceding
9 sentence shall not apply to the extent that the same
10 dividends caused a reduction to the addition
11 modification required under Section 203(d)(2)(D-7) of
12 this Act. As used in this subparagraph, the term
13 "intangible expenses and costs" includes (1) expenses,
14 losses, and costs for, or related to, the direct or
15 indirect acquisition, use, maintenance or management,
16 ownership, sale, exchange, or any other disposition of
17 intangible property; (2) losses incurred, directly or
18 indirectly, from factoring transactions or discounting
19 transactions; (3) royalty, patent, technical, and
20 copyright fees; (4) licensing fees; and (5) other
21 similar expenses and costs. For purposes of this
22 subparagraph, "intangible property" includes patents,
23 patent applications, trade names, trademarks, service
24 marks, copyrights, mask works, trade secrets, and
25 similar types of intangible assets;

26 This paragraph shall not apply to the following:

1 (i) any item of intangible expenses or costs
2 paid, accrued, or incurred, directly or
3 indirectly, from a transaction with a person who is
4 subject in a foreign country or state, other than a
5 state which requires mandatory unitary reporting,
6 to a tax on or measured by net income with respect
7 to such item; or

8 (ii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, if the taxpayer can establish, based
11 on a preponderance of the evidence, both of the
12 following:

13 (a) the person during the same taxable
14 year paid, accrued, or incurred, the
15 intangible expense or cost to a person that is
16 not a related member, and

17 (b) the transaction giving rise to the
18 intangible expense or cost between the
19 taxpayer and the person did not have as a
20 principal purpose the avoidance of Illinois
21 income tax, and is paid pursuant to a contract
22 or agreement that reflects arm's-length terms;
23 or

24 (iii) any item of intangible expense or cost
25 paid, accrued, or incurred, directly or
26 indirectly, from a transaction with a person if the

1 taxpayer establishes by clear and convincing
2 evidence, that the adjustments are unreasonable;
3 or if the taxpayer and the Director agree in
4 writing to the application or use of an alternative
5 method of apportionment under Section 304(f);

6 Nothing in this subsection shall preclude the
7 Director from making any other adjustment
8 otherwise allowed under Section 404 of this Act for
9 any tax year beginning after the effective date of
10 this amendment provided such adjustment is made
11 pursuant to regulation adopted by the Department
12 and such regulations provide methods and standards
13 by which the Department will utilize its authority
14 under Section 404 of this Act;

15 (D-9) For taxable years ending on or after December
16 31, 2008, an amount equal to the amount of insurance
17 premium expenses and costs otherwise allowed as a
18 deduction in computing base income, and that were paid,
19 accrued, or incurred, directly or indirectly, to a
20 person who would be a member of the same unitary
21 business group but for the fact that the person is
22 prohibited under Section 1501(a)(27) from being
23 included in the unitary business group because he or
24 she is ordinarily required to apportion business
25 income under different subsections of Section 304. The
26 addition modification required by this subparagraph

1 shall be reduced to the extent that dividends were
2 included in base income of the unitary group for the
3 same taxable year and received by the taxpayer or by a
4 member of the taxpayer's unitary business group
5 (including amounts included in gross income under
6 Sections 951 through 964 of the Internal Revenue Code
7 and amounts included in gross income under Section 78
8 of the Internal Revenue Code) with respect to the stock
9 of the same person to whom the premiums and costs were
10 directly or indirectly paid, incurred, or accrued. The
11 preceding sentence does not apply to the extent that
12 the same dividends caused a reduction to the addition
13 modification required under Section 203(d)(2)(D-7) or
14 Section 203(d)(2)(D-8) of this Act;

15 (D-10) An amount equal to the credit allowable to
16 the taxpayer under Section 218(a) of this Act,
17 determined without regard to Section 218(c) of this
18 Act;

19 (D-11) For taxable years beginning on or after
20 January 1, 2017, an amount equal to the deduction
21 allowed under Section 199 of the Internal Revenue Code
22 for the taxable year;

23 and by deducting from the total so obtained the following
24 amounts:

25 (E) The valuation limitation amount;

26 (F) An amount equal to the amount of any tax

1 imposed by this Act which was refunded to the taxpayer
2 and included in such total for the taxable year;

3 (G) An amount equal to all amounts included in
4 taxable income as modified by subparagraphs (A), (B),
5 (C) and (D) which are exempt from taxation by this
6 State either by reason of its statutes or Constitution
7 or by reason of the Constitution, treaties or statutes
8 of the United States; provided that, in the case of any
9 statute of this State that exempts income derived from
10 bonds or other obligations from the tax imposed under
11 this Act, the amount exempted shall be the interest net
12 of bond premium amortization;

13 (H) Any income of the partnership which
14 constitutes personal service income as defined in
15 Section 1348 (b) (1) of the Internal Revenue Code (as
16 in effect December 31, 1981) or a reasonable allowance
17 for compensation paid or accrued for services rendered
18 by partners to the partnership, whichever is greater;
19 this subparagraph (H) is exempt from the provisions of
20 Section 250;

21 (I) An amount equal to all amounts of income
22 distributable to an entity subject to the Personal
23 Property Tax Replacement Income Tax imposed by
24 subsections (c) and (d) of Section 201 of this Act
25 including amounts distributable to organizations
26 exempt from federal income tax by reason of Section

1 501(a) of the Internal Revenue Code; this subparagraph
2 (I) is exempt from the provisions of Section 250;

3 (J) With the exception of any amounts subtracted
4 under subparagraph (G), an amount equal to the sum of
5 all amounts disallowed as deductions by (i) Sections
6 171(a) (2), and 265(2) of the Internal Revenue Code,
7 and all amounts of expenses allocable to interest and
8 disallowed as deductions by Section 265(1) of the
9 Internal Revenue Code; and (ii) for taxable years
10 ending on or after August 13, 1999, Sections 171(a) (2),
11 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
12 Code, plus, (iii) for taxable years ending on or after
13 December 31, 2011, Section 45G(e) (3) of the Internal
14 Revenue Code and, for taxable years ending on or after
15 December 31, 2008, any amount included in gross income
16 under Section 87 of the Internal Revenue Code; the
17 provisions of this subparagraph are exempt from the
18 provisions of Section 250;

19 (K) An amount equal to those dividends included in
20 such total which were paid by a corporation which
21 conducts business operations in a River Edge
22 Redevelopment Zone or zones created under the River
23 Edge Redevelopment Zone Act and conducts substantially
24 all of its operations from a River Edge Redevelopment
25 Zone or zones. This subparagraph (K) is exempt from the
26 provisions of Section 250;

1 (L) An amount equal to any contribution made to a
2 job training project established pursuant to the Real
3 Property Tax Increment Allocation Redevelopment Act;

4 (M) An amount equal to those dividends included in
5 such total that were paid by a corporation that
6 conducts business operations in a federally designated
7 Foreign Trade Zone or Sub-Zone and that is designated a
8 High Impact Business located in Illinois; provided
9 that dividends eligible for the deduction provided in
10 subparagraph (K) of paragraph (2) of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (M);

13 (N) 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;

18 (O) For taxable years 2001 and thereafter, for the
19 taxable year in which the bonus depreciation deduction
20 is taken on the taxpayer's federal income tax return
21 under subsection (k) of Section 168 of the Internal
22 Revenue Code and for each applicable taxable year
23 thereafter, an amount equal to "x", where:

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) of Section
3 168 of the Internal Revenue Code, but not including
4 the bonus depreciation deduction;

5 (2) for taxable years ending on or before
6 December 31, 2005, "x" equals "y" multiplied by 30
7 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (3) for taxable years ending after December
10 31, 2005:

11 (i) for property on which a bonus
12 depreciation deduction of 30% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 30 and then divided by 70 (or "y" multiplied by
15 0.429); and

16 (ii) for property on which a bonus
17 depreciation deduction of 50% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 1.0.

20 The aggregate amount deducted under this
21 subparagraph in all taxable years for any one piece of
22 property may not exceed the amount of the bonus
23 depreciation deduction taken on that property on the
24 taxpayer's federal income tax return under subsection
25 (k) of Section 168 of the Internal Revenue Code. This
26 subparagraph (O) is exempt from the provisions of

1 Section 250;

2 (P) If the taxpayer sells, transfers, abandons, or
3 otherwise disposes of property for which the taxpayer
4 was required in any taxable year to make an addition
5 modification under subparagraph (D-5), then an amount
6 equal to that addition modification.

7 If the taxpayer continues to own property through
8 the last day of the last tax year for which the
9 taxpayer may claim a depreciation deduction for
10 federal income tax purposes and for which the taxpayer
11 was required in any taxable year to make an addition
12 modification under subparagraph (D-5), then an amount
13 equal to that addition modification.

14 The taxpayer is allowed to take the deduction under
15 this subparagraph only once with respect to any one
16 piece of property.

17 This subparagraph (P) is exempt from the
18 provisions of Section 250;

19 (Q) The amount of (i) any interest income (net of
20 the deductions allocable thereto) taken into account
21 for the taxable year with respect to a transaction with
22 a taxpayer that is required to make an addition
23 modification with respect to such transaction under
24 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
25 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
26 the amount of such addition modification and (ii) any

1 income from intangible property (net of the deductions
2 allocable thereto) taken into account for the taxable
3 year with respect to a transaction with a taxpayer that
4 is required to make an addition modification with
5 respect to such transaction under Section
6 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
7 203(d)(2)(D-8), but not to exceed the amount of such
8 addition modification. This subparagraph (Q) is exempt
9 from Section 250;

10 (R) An amount equal to the interest income taken
11 into account for the taxable year (net of the
12 deductions allocable thereto) with respect to
13 transactions with (i) a foreign person who would be a
14 member of the taxpayer's unitary business group but for
15 the fact that the foreign person's business activity
16 outside the United States is 80% or more of that
17 person's total business activity and (ii) for taxable
18 years ending on or after December 31, 2008, to a person
19 who would be a member of the same unitary business
20 group but for the fact that the person is prohibited
21 under Section 1501(a)(27) from being included in the
22 unitary business group because he or she is ordinarily
23 required to apportion business income under different
24 subsections of Section 304, but not to exceed the
25 addition modification required to be made for the same
26 taxable year under Section 203(d)(2)(D-7) for interest

1 paid, accrued, or incurred, directly or indirectly, to
2 the same person. This subparagraph (R) is exempt from
3 Section 250;

4 (S) An amount equal to the income from intangible
5 property taken into account for the taxable year (net
6 of the deductions allocable thereto) with respect to
7 transactions with (i) a foreign person who would be a
8 member of the taxpayer's unitary business group but for
9 the fact that the foreign person's business activity
10 outside the United States is 80% or more of that
11 person's total business activity and (ii) for taxable
12 years ending on or after December 31, 2008, to a person
13 who would be a member of the same unitary business
14 group but for the fact that the person is prohibited
15 under Section 1501(a)(27) from being included in the
16 unitary business group because he or she is ordinarily
17 required to apportion business income under different
18 subsections of Section 304, but not to exceed the
19 addition modification required to be made for the same
20 taxable year under Section 203(d)(2)(D-8) for
21 intangible expenses and costs paid, accrued, or
22 incurred, directly or indirectly, to the same person.
23 This subparagraph (S) is exempt from Section 250; and

24 (T) For taxable years ending on or after December
25 31, 2011, in the case of a taxpayer who was required to
26 add back any insurance premiums under Section

1 203(d)(2)(D-9), such taxpayer may elect to subtract
2 that part of a reimbursement received from the
3 insurance company equal to the amount of the expense or
4 loss (including expenses incurred by the insurance
5 company) that would have been taken into account as a
6 deduction for federal income tax purposes if the
7 expense or loss had been uninsured. If a taxpayer makes
8 the election provided for by this subparagraph (T), the
9 insurer to which the premiums were paid must add back
10 to income the amount subtracted by the taxpayer
11 pursuant to this subparagraph (T). This subparagraph
12 (T) is exempt from the provisions of Section 250.

13 (e) Gross income; adjusted gross income; taxable income.

14 (1) In general. Subject to the provisions of paragraph
15 (2) and subsection (b) (3), for purposes of this Section
16 and Section 803(e), a taxpayer's gross income, adjusted
17 gross income, or taxable income for the taxable year shall
18 mean the amount of gross income, adjusted gross income or
19 taxable income properly reportable for federal income tax
20 purposes for the taxable year under the provisions of the
21 Internal Revenue Code. Taxable income may be less than
22 zero. However, for taxable years ending on or after
23 December 31, 1986, net operating loss carryforwards from
24 taxable years ending prior to December 31, 1986, may not
25 exceed the sum of federal taxable income for the taxable

1 year before net operating loss deduction, plus the excess
2 of addition modifications over subtraction modifications
3 for the taxable year. For taxable years ending prior to
4 December 31, 1986, taxable income may never be an amount in
5 excess of the net operating loss for the taxable year as
6 defined in subsections (c) and (d) of Section 172 of the
7 Internal Revenue Code, provided that when taxable income of
8 a corporation (other than a Subchapter S corporation),
9 trust, or estate is less than zero and addition
10 modifications, other than those provided by subparagraph
11 (E) of paragraph (2) of subsection (b) for corporations or
12 subparagraph (E) of paragraph (2) of subsection (c) for
13 trusts and estates, exceed subtraction modifications, an
14 addition modification must be made under those
15 subparagraphs for any other taxable year to which the
16 taxable income less than zero (net operating loss) is
17 applied under Section 172 of the Internal Revenue Code or
18 under subparagraph (E) of paragraph (2) of this subsection
19 (e) applied in conjunction with Section 172 of the Internal
20 Revenue Code.

21 (2) Special rule. For purposes of paragraph (1) of this
22 subsection, the taxable income properly reportable for
23 federal income tax purposes shall mean:

24 (A) Certain life insurance companies. In the case
25 of a life insurance company subject to the tax imposed
26 by Section 801 of the Internal Revenue Code, life

1 insurance company taxable income, plus the amount of
2 distribution from pre-1984 policyholder surplus
3 accounts as calculated under Section 815a of the
4 Internal Revenue Code;

5 (B) Certain other insurance companies. In the case
6 of mutual insurance companies subject to the tax
7 imposed by Section 831 of the Internal Revenue Code,
8 insurance company taxable income;

9 (C) Regulated investment companies. In the case of
10 a regulated investment company subject to the tax
11 imposed by Section 852 of the Internal Revenue Code,
12 investment company taxable income;

13 (D) Real estate investment trusts. In the case of a
14 real estate investment trust subject to the tax imposed
15 by Section 857 of the Internal Revenue Code, real
16 estate investment trust taxable income;

17 (E) Consolidated corporations. In the case of a
18 corporation which is a member of an affiliated group of
19 corporations filing a consolidated income tax return
20 for the taxable year for federal income tax purposes,
21 taxable income determined as if such corporation had
22 filed a separate return for federal income tax purposes
23 for the taxable year and each preceding taxable year
24 for which it was a member of an affiliated group. For
25 purposes of this subparagraph, the taxpayer's separate
26 taxable income shall be determined as if the election

1 provided by Section 243(b) (2) of the Internal Revenue
2 Code had been in effect for all such years;

3 (F) Cooperatives. In the case of a cooperative
4 corporation or association, the taxable income of such
5 organization determined in accordance with the
6 provisions of Section 1381 through 1388 of the Internal
7 Revenue Code, but without regard to the prohibition
8 against offsetting losses from patronage activities
9 against income from nonpatronage activities; except
10 that a cooperative corporation or association may make
11 an election to follow its federal income tax treatment
12 of patronage losses and nonpatronage losses. In the
13 event such election is made, such losses shall be
14 computed and carried over in a manner consistent with
15 subsection (a) of Section 207 of this Act and
16 apportioned by the apportionment factor reported by
17 the cooperative on its Illinois income tax return filed
18 for the taxable year in which the losses are incurred.
19 The election shall be effective for all taxable years
20 with original returns due on or after the date of the
21 election. In addition, the cooperative may file an
22 amended return or returns, as allowed under this Act,
23 to provide that the election shall be effective for
24 losses incurred or carried forward for taxable years
25 occurring prior to the date of the election. Once made,
26 the election may only be revoked upon approval of the

1 Director. The Department shall adopt rules setting
2 forth requirements for documenting the elections and
3 any resulting Illinois net loss and the standards to be
4 used by the Director in evaluating requests to revoke
5 elections. Public Act 96-932 is declaratory of
6 existing law;

7 (G) Subchapter S corporations. In the case of: (i)
8 a Subchapter S corporation for which there is in effect
9 an election for the taxable year under Section 1362 of
10 the Internal Revenue Code, the taxable income of such
11 corporation determined in accordance with Section
12 1363(b) of the Internal Revenue Code, except that
13 taxable income shall take into account those items
14 which are required by Section 1363(b)(1) of the
15 Internal Revenue Code to be separately stated; and (ii)
16 a Subchapter S corporation for which there is in effect
17 a federal election to opt out of the provisions of the
18 Subchapter S Revision Act of 1982 and have applied
19 instead the prior federal Subchapter S rules as in
20 effect on July 1, 1982, the taxable income of such
21 corporation determined in accordance with the federal
22 Subchapter S rules as in effect on July 1, 1982; and

23 (H) Partnerships. In the case of a partnership,
24 taxable income determined in accordance with Section
25 703 of the Internal Revenue Code, except that taxable
26 income shall take into account those items which are

1 required by Section 703(a)(1) to be separately stated
2 but which would be taken into account by an individual
3 in calculating his taxable income.

4 (3) Recapture of business expenses on disposition of
5 asset or business. Notwithstanding any other law to the
6 contrary, if in prior years income from an asset or
7 business has been classified as business income and in a
8 later year is demonstrated to be non-business income, then
9 all expenses, without limitation, deducted in such later
10 year and in the 2 immediately preceding taxable years
11 related to that asset or business that generated the
12 non-business income shall be added back and recaptured as
13 business income in the year of the disposition of the asset
14 or business. Such amount shall be apportioned to Illinois
15 using the greater of the apportionment fraction computed
16 for the business under Section 304 of this Act for the
17 taxable year or the average of the apportionment fractions
18 computed for the business under Section 304 of this Act for
19 the taxable year and for the 2 immediately preceding
20 taxable years.

21 (f) Valuation limitation amount.

22 (1) In general. The valuation limitation amount
23 referred to in subsections (a) (2) (G), (c) (2) (I) and
24 (d) (2) (E) is an amount equal to:

25 (A) The sum of the pre-August 1, 1969 appreciation

1 amounts (to the extent consisting of gain reportable
2 under the provisions of Section 1245 or 1250 of the
3 Internal Revenue Code) for all property in respect of
4 which such gain was reported for the taxable year; plus

5 (B) The lesser of (i) the sum of the pre-August 1,
6 1969 appreciation amounts (to the extent consisting of
7 capital gain) for all property in respect of which such
8 gain was reported for federal income tax purposes for
9 the taxable year, or (ii) the net capital gain for the
10 taxable year, reduced in either case by any amount of
11 such gain included in the amount determined under
12 subsection (a) (2) (F) or (c) (2) (H).

13 (2) Pre-August 1, 1969 appreciation amount.

14 (A) If the fair market value of property referred
15 to in paragraph (1) was readily ascertainable on August
16 1, 1969, the pre-August 1, 1969 appreciation amount for
17 such property is the lesser of (i) the excess of such
18 fair market value over the taxpayer's basis (for
19 determining gain) for such property on that date
20 (determined under the Internal Revenue Code as in
21 effect on that date), or (ii) the total gain realized
22 and reportable for federal income tax purposes in
23 respect of the sale, exchange or other disposition of
24 such property.

25 (B) If the fair market value of property referred
26 to in paragraph (1) was not readily ascertainable on

1 August 1, 1969, the pre-August 1, 1969 appreciation
2 amount for such property is that amount which bears the
3 same ratio to the total gain reported in respect of the
4 property for federal income tax purposes for the
5 taxable year, as the number of full calendar months in
6 that part of the taxpayer's holding period for the
7 property ending July 31, 1969 bears to the number of
8 full calendar months in the taxpayer's entire holding
9 period for the property.

10 (C) The Department shall prescribe such
11 regulations as may be necessary to carry out the
12 purposes of this paragraph.

13 (g) Double deductions. Unless specifically provided
14 otherwise, nothing in this Section shall permit the same item
15 to be deducted more than once.

16 (h) Legislative intention. Except as expressly provided by
17 this Section there shall be no modifications or limitations on
18 the amounts of income, gain, loss or deduction taken into
19 account in determining gross income, adjusted gross income or
20 taxable income for federal income tax purposes for the taxable
21 year, or in the amount of such items entering into the
22 computation of base income and net income under this Act for
23 such taxable year, whether in respect of property values as of
24 August 1, 1969 or otherwise.

1 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
2 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
3 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
4 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
5 eff. 8-23-11; 97-905, eff. 8-7-12.)

6 (35 ILCS 5/212)

7 Sec. 212. Earned income tax credit.

8 (a) With respect to the federal earned income tax credit
9 allowed for the taxable year under Section 32 of the federal
10 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
11 is entitled to a credit against the tax imposed by subsections
12 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
13 federal tax credit for each taxable year beginning on or after
14 January 1, 2000 and ending prior to December 31, 2012, (ii)
15 7.5% of the federal tax credit for each taxable year beginning
16 on or after January 1, 2012 and ending prior to December 31,
17 2013, ~~and~~ (iii) 10% of the federal tax credit for each taxable
18 year beginning on or after January 1, 2013 and beginning prior
19 to January 1, 2017, and (iv) 15% of the federal tax credit for
20 each taxable year beginning on or after January 1, 2017.

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

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

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

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

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

13 (35 ILCS 5/225 new)

14 Sec. 225. Credit for instructional materials and supplies.
15 For taxable years beginning on and after January 1, 2017, a
16 taxpayer shall be allowed a credit in the amount paid by the
17 taxpayer during the taxable year for instructional materials
18 and supplies with respect to classroom based instruction in a
19 qualified school, or \$250, whichever is less, provided that the
20 taxpayer is a teacher, instructor, counselor, principal, or
21 aide in a qualified school for at least 900 hours during a
22 school year.

23 The credit may not be carried back and may not reduce the
24 taxpayer's liability to less than zero. If the amount of the
25 credit exceeds the tax liability for the year, the excess may

1 be carried forward and applied to the tax liability of the 5
2 taxable years following the excess credit year. The tax credit
3 shall be applied to the earliest year for which there is a tax
4 liability. If there are credits for more than one year that are
5 available to offset a liability, the earlier credit shall be
6 applied first.

7 For purposes of this Section, the term "materials and
8 supplies" means amounts paid for instructional materials or
9 supplies that are designated for classroom use in any qualified
10 school. For purposes of this Section, the term "qualified
11 school" means a public school or non-public school located in
12 Illinois.

13 This Section is exempt from the provisions of Section 250.

14 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

15 Sec. 804. Failure to Pay Estimated Tax.

16 (a) In general. In case of any underpayment of estimated
17 tax by a taxpayer, except as provided in subsection (d) or (e),
18 the taxpayer shall be liable to a penalty in an amount
19 determined at the rate prescribed by Section 3-3 of the Uniform
20 Penalty and Interest Act upon the amount of the underpayment
21 (determined under subsection (b)) for each required
22 installment.

23 (b) Amount of underpayment. For purposes of subsection (a),
24 the amount of the underpayment shall be the excess of:

25 (1) the amount of the installment which would be

1 required to be paid under subsection (c), over

2 (2) the amount, if any, of the installment paid on or
3 before the last date prescribed for payment.

4 (c) Amount of Required Installments.

5 (1) Amount.

6 (A) In General. Except as provided in paragraphs
7 (2) and (3), the amount of any required installment
8 shall be 25% of the required annual payment.

9 (B) Required Annual Payment. For purposes of
10 subparagraph (A), the term "required annual payment"
11 means the lesser of:

12 (i) 90% of the tax shown on the return for the
13 taxable year, or if no return is filed, 90% of the
14 tax for such year;

15 (ii) for installments due prior to February 1,
16 2011, and after January 31, 2012, 100% of the tax
17 shown on the return of the taxpayer for the
18 preceding taxable year if a return showing a
19 liability for tax was filed by the taxpayer for the
20 preceding taxable year and such preceding year was
21 a taxable year of 12 months; or

22 (iii) for installments due after January 31,
23 2011, and prior to February 1, 2012, 150% of the
24 tax shown on the return of the taxpayer for the
25 preceding taxable year if a return showing a
26 liability for tax was filed by the taxpayer for the

1 preceding taxable year and such preceding year was
2 a taxable year of 12 months.

3 (2) Lower Required Installment where Annualized Income
4 Installment is Less Than Amount Determined Under Paragraph
5 (1).

6 (A) In General. In the case of any required
7 installment if a taxpayer establishes that the
8 annualized income installment is less than the amount
9 determined under paragraph (1),

10 (i) the amount of such required installment
11 shall be the annualized income installment, and

12 (ii) any reduction in a required installment
13 resulting from the application of this
14 subparagraph shall be recaptured by increasing the
15 amount of the next required installment determined
16 under paragraph (1) by the amount of such
17 reduction, and by increasing subsequent required
18 installments to the extent that the reduction has
19 not previously been recaptured under this clause.

20 (B) Determination of Annualized Income
21 Installment. In the case of any required installment,
22 the annualized income installment is the excess, if
23 any, of:

24 (i) an amount equal to the applicable
25 percentage of the tax for the taxable year computed
26 by placing on an annualized basis the net income

1 for months in the taxable year ending before the
2 due date for the installment, over

3 (ii) the aggregate amount of any prior
4 required installments for the taxable year.

5 (C) Applicable Percentage.

6 In the case of the following The applicable
7 required installments: percentage is:

8	1st.....	22.5%
9	2nd.....	45%
10	3rd.....	67.5%
11	4th.....	90%

12 (D) Annualized Net Income; Individuals. For
13 individuals, net income shall be placed on an
14 annualized basis by:

15 (i) multiplying by 12, or in the case of a
16 taxable year of less than 12 months, by the number
17 of months in the taxable year, the net income
18 computed without regard to the standard exemption
19 for the months in the taxable year ending before
20 the month in which the installment is required to
21 be paid;

22 (ii) dividing the resulting amount by the
23 number of months in the taxable year ending before
24 the month in which such installment date falls; and

25 (iii) deducting from such amount the standard
26 exemption allowable for the taxable year, such

1 standard exemption being determined as of the last
2 date prescribed for payment of the installment.

3 (E) Annualized Net Income; Corporations. For
4 corporations, net income shall be placed on an
5 annualized basis by multiplying by 12 the taxable
6 income

7 (i) for the first 3 months of the taxable year,
8 in the case of the installment required to be paid
9 in the 4th month,

10 (ii) for the first 3 months or for the first 5
11 months of the taxable year, in the case of the
12 installment required to be paid in the 6th month,

13 (iii) for the first 6 months or for the first 8
14 months of the taxable year, in the case of the
15 installment required to be paid in the 9th month,
16 and

17 (iv) for the first 9 months or for the first 11
18 months of the taxable year, in the case of the
19 installment required to be paid in the 12th month
20 of the taxable year,

21 then dividing the resulting amount by the number of
22 months in the taxable year (3, 5, 6, 8, 9, or 11 as the
23 case may be).

24 (3) Notwithstanding any other provision of this
25 subsection (c), in the case of a federally regulated
26 exchange that elects to apportion its income under Section

1 304(c-1) of this Act, the amount of each required
2 installment due prior to June 30 of the first taxable year
3 to which the election applies shall be 25% of the tax that
4 would have been shown on the return for that taxable year
5 if the taxpayer had not made such election.

6 (d) Exceptions. Notwithstanding the provisions of the
7 preceding subsections, the penalty imposed by subsection (a)
8 shall not be imposed if the taxpayer was not required to file
9 an Illinois income tax return for the preceding taxable year,
10 or, for individuals, if the taxpayer had no tax liability for
11 the preceding taxable year and such year was a taxable year of
12 12 months. The penalty imposed by subsection (a) shall also not
13 be imposed on any underpayments of estimated tax due before the
14 effective date of this amendatory Act of 1998 which
15 underpayments are solely attributable to the change in
16 apportionment from subsection (a) to subsection (h) of Section
17 304. The provisions of this amendatory Act of 1998 apply to tax
18 years ending on or after December 31, 1998.

19 (e) The penalty imposed for underpayment of estimated tax
20 by subsection (a) of this Section shall not be imposed to the
21 extent that the Director or his or her designate determines,
22 pursuant to Section 3-8 of the Uniform Penalty and Interest Act
23 that the penalty should not be imposed.

24 (f) Definition of tax. For purposes of subsections (b) and
25 (c), the term "tax" means the excess of the tax imposed under
26 Article 2 of this Act, over the amounts credited against such

1 tax under Sections 601(b) (3) and (4).

2 (g) Application of Section in case of tax withheld under
3 Article 7. For purposes of applying this Section:

4 (1) tax withheld from compensation for the taxable year
5 shall be deemed a payment of estimated tax, and an equal
6 part of such amount shall be deemed paid on each
7 installment date for such taxable year, unless the taxpayer
8 establishes the dates on which all amounts were actually
9 withheld, in which case the amounts so withheld shall be
10 deemed payments of estimated tax on the dates on which such
11 amounts were actually withheld;

12 (2) amounts timely paid by a partnership, Subchapter S
13 corporation, or trust on behalf of a partner, shareholder,
14 or beneficiary pursuant to subsection (f) of Section 502 or
15 Section 709.5 and claimed as a payment of estimated tax
16 shall be deemed a payment of estimated tax made on the last
17 day of the taxable year of the partnership, Subchapter S
18 corporation, or trust for which the income from the
19 withholding is made was computed; and

20 (3) all other amounts pursuant to Article 7 shall be
21 deemed a payment of estimated tax on the date the payment
22 is made to the taxpayer of the amount from which the tax is
23 withheld.

24 (g-5) Amounts withheld under the State Salary and Annuity
25 Withholding Act. An individual who has amounts withheld under
26 paragraph (10) of Section 4 of the State Salary and Annuity

1 Withholding Act may elect to have those amounts treated as
2 payments of estimated tax made on the dates on which those
3 amounts are actually withheld.

4 (g-10) Notwithstanding any other provision of law, no
5 penalty shall apply with respect to an underpayment of
6 estimated tax for the first, second, or third quarter of any
7 taxable year beginning on or after January 1, 2017 and
8 beginning prior to January 1, 2018 if (i) the underpayment was
9 due to the changes made by this amendatory Act of the 100th
10 General Assembly, (ii) the payment was otherwise timely made,
11 and (iii) the balance due is included with the taxpayer's
12 estimated tax payment for the fourth quarter.

13 (i) Short taxable year. The application of this Section to
14 taxable years of less than 12 months shall be in accordance
15 with regulations prescribed by the Department.

16 The changes in this Section made by Public Act 84-127 shall
17 apply to taxable years ending on or after January 1, 1986.

18 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11;
19 97-636, eff. 6-1-12.)

20 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

21 Sec. 901. Collection authority.

22 (a) In general.

23 The Department shall collect the taxes imposed by this Act.
24 The Department shall collect certified past due child support
25 amounts under Section 2505-650 of the Department of Revenue Law

1 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
2 (e), (f), (g), and (h) of this Section, money collected
3 pursuant to subsections (a) and (b) of Section 201 of this Act
4 shall be paid into the General Revenue Fund in the State
5 treasury; money collected pursuant to subsections (c) and (d)
6 of Section 201 of this Act shall be paid into the Personal
7 Property Tax Replacement Fund, a special fund in the State
8 Treasury; and money collected under Section 2505-650 of the
9 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
10 into the Child Support Enforcement Trust Fund, a special fund
11 outside the State Treasury, or to the State Disbursement Unit
12 established under Section 10-26 of the Illinois Public Aid
13 Code, as directed by the Department of Healthcare and Family
14 Services.

15 (b) Local Government Distributive Fund.

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

1 Section 201 of this Act during the preceding month. Beginning
2 July 1, 1995 and continuing through January 31, 2011, the
3 Treasurer shall transfer each month from the General Revenue
4 Fund to the Local Government Distributive Fund an amount equal
5 to the net of (i) 1/10 of the net revenue realized from the tax
6 imposed by subsections (a) and (b) of Section 201 of the
7 Illinois Income Tax Act during the preceding month (ii) minus,
8 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
9 and beginning July 1, 2004, zero. Beginning February 1, 2011,
10 and continuing through January 31, 2015, the Treasurer shall
11 transfer each month from the General Revenue Fund to the Local
12 Government Distributive Fund an amount equal to the sum of (i)
13 6% (10% of the ratio of the 3% individual income tax rate prior
14 to 2011 to the 5% individual income tax rate after 2010) of the
15 net revenue realized from the tax imposed by subsections (a)
16 and (b) of Section 201 of this Act upon individuals, trusts,
17 and estates during the preceding month and (ii) 6.86% (10% of
18 the ratio of the 4.8% corporate income tax rate prior to 2011
19 to the 7% corporate income tax rate after 2010) of the net
20 revenue realized from the tax imposed by subsections (a) and
21 (b) of Section 201 of this Act upon corporations during the
22 preceding month. Beginning February 1, 2015 and continuing
23 through January 31, 2017 ~~January 31, 2025~~, the Treasurer shall
24 transfer each month from the General Revenue Fund to the Local
25 Government Distributive Fund an amount equal to the sum of (i)
26 8% (10% of the ratio of the 3% individual income tax rate prior

1 to 2011 to the 3.75% individual income tax rate after 2014) of
2 the net revenue realized from the tax imposed by subsections
3 (a) and (b) of Section 201 of this Act upon individuals,
4 trusts, and estates during the preceding month and (ii) 9.14%
5 (10% of the ratio of the 4.8% corporate income tax rate prior
6 to 2011 to the 5.25% corporate income tax rate after 2014) of
7 the net revenue realized from the tax imposed by subsections
8 (a) and (b) of Section 201 of this Act upon corporations during
9 the preceding month. Beginning February 1, 2017 ~~February 1,~~
10 ~~2025~~, the Treasurer shall transfer each month from the General
11 Revenue Fund to the Local Government Distributive Fund an
12 amount equal to the sum of (i) 6.02% ~~9.23%~~ (10% of the ratio of
13 the 3% individual income tax rate prior to 2011 to the 4.99%
14 ~~3.25%~~ individual income tax rate beginning in 2017 ~~after 2024~~)
15 of the net revenue realized from the tax imposed by subsections
16 (a) and (b) of Section 201 of this Act upon individuals,
17 trusts, and estates during the preceding month and (ii) 6.86%
18 (10% of the ratio of the 4.8% corporate income tax rate prior
19 to 2011 to the 7% corporate income tax rate beginning in 2017)
20 ~~10%~~ of the net revenue realized from the tax imposed by
21 subsections (a) and (b) of Section 201 of this Act upon
22 corporations during the preceding month. Net revenue realized
23 for a month shall be defined as the revenue from the tax
24 imposed by subsections (a) and (b) of Section 201 of this Act
25 which is deposited in the General Revenue Fund, the Education
26 Assistance Fund, the Income Tax Surcharge Local Government

1 Distributive Fund, the Fund for the Advancement of Education,
2 and the Commitment to Human Services Fund during the month
3 minus the amount paid out of the General Revenue Fund in State
4 warrants during that same month as refunds to taxpayers for
5 overpayment of liability under the tax imposed by subsections
6 (a) and (b) of Section 201 of this Act.

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

12 (c) Deposits Into Income Tax Refund Fund.

13 (1) Beginning on January 1, 1989 and thereafter, the
14 Department shall deposit a percentage of the amounts
15 collected pursuant to subsections (a) and (b)(1), (2), and
16 (3), of Section 201 of this Act into a fund in the State
17 treasury known as the Income Tax Refund Fund. The
18 Department shall deposit 6% of such amounts during the
19 period beginning January 1, 1989 and ending on June 30,
20 1989. Beginning with State fiscal year 1990 and for each
21 fiscal year thereafter, the percentage deposited into the
22 Income Tax Refund Fund during a fiscal year shall be the
23 Annual Percentage. For fiscal years 1999 through 2001, the
24 Annual Percentage shall be 7.1%. For fiscal year 2003, the
25 Annual Percentage shall be 8%. For fiscal year 2004, the
26 Annual Percentage shall be 11.7%. Upon the effective date

1 of this amendatory Act of the 93rd General Assembly, the
2 Annual Percentage shall be 10% for fiscal year 2005. For
3 fiscal year 2006, the Annual Percentage shall be 9.75%. For
4 fiscal year 2007, the Annual Percentage shall be 9.75%. For
5 fiscal year 2008, the Annual Percentage shall be 7.75%. For
6 fiscal year 2009, the Annual Percentage shall be 9.75%. For
7 fiscal year 2010, the Annual Percentage shall be 9.75%. For
8 fiscal year 2011, the Annual Percentage shall be 8.75%. For
9 fiscal year 2012, the Annual Percentage shall be 8.75%. For
10 fiscal year 2013, the Annual Percentage shall be 9.75%. For
11 fiscal year 2014, the Annual Percentage shall be 9.5%. For
12 fiscal year 2015, the Annual Percentage shall be 10%. For
13 all other fiscal years, the Annual Percentage shall be
14 calculated as a fraction, the numerator of which shall be
15 the amount of refunds approved for payment by the
16 Department during the preceding fiscal year as a result of
17 overpayment of tax liability under subsections (a) and
18 (b) (1), (2), and (3) of Section 201 of this Act plus the
19 amount of such refunds remaining approved but unpaid at the
20 end of the preceding fiscal year, minus the amounts
21 transferred into the Income Tax Refund Fund from the
22 Tobacco Settlement Recovery Fund, and the denominator of
23 which shall be the amounts which will be collected pursuant
24 to subsections (a) and (b) (1), (2), and (3) of Section 201
25 of this Act during the preceding fiscal year; except that
26 in State fiscal year 2002, the Annual Percentage shall in

1 no event exceed 7.6%. The Director of Revenue shall certify
2 the Annual Percentage to the Comptroller on the last
3 business day of the fiscal year immediately preceding the
4 fiscal year for which it is to be effective.

5 (2) Beginning on January 1, 1989 and thereafter, the
6 Department shall deposit a percentage of the amounts
7 collected pursuant to subsections (a) and (b) (6), (7), and
8 (8), (c) and (d) of Section 201 of this Act into a fund in
9 the State treasury known as the Income Tax Refund Fund. The
10 Department shall deposit 18% of such amounts during the
11 period beginning January 1, 1989 and ending on June 30,
12 1989. Beginning with State fiscal year 1990 and for each
13 fiscal year thereafter, the percentage deposited into the
14 Income Tax Refund Fund during a fiscal year shall be the
15 Annual Percentage. For fiscal years 1999, 2000, and 2001,
16 the Annual Percentage shall be 19%. For fiscal year 2003,
17 the Annual Percentage shall be 27%. For fiscal year 2004,
18 the Annual Percentage shall be 32%. Upon the effective date
19 of this amendatory Act of the 93rd General Assembly, the
20 Annual Percentage shall be 24% for fiscal year 2005. For
21 fiscal year 2006, the Annual Percentage shall be 20%. For
22 fiscal year 2007, the Annual Percentage shall be 17.5%. For
23 fiscal year 2008, the Annual Percentage shall be 15.5%. For
24 fiscal year 2009, the Annual Percentage shall be 17.5%. For
25 fiscal year 2010, the Annual Percentage shall be 17.5%. For
26 fiscal year 2011, the Annual Percentage shall be 17.5%. For

1 fiscal year 2012, the Annual Percentage shall be 17.5%. For
2 fiscal year 2013, the Annual Percentage shall be 14%. For
3 fiscal year 2014, the Annual Percentage shall be 13.4%. For
4 fiscal year 2015, the Annual Percentage shall be 14%. For
5 all other fiscal years, the Annual Percentage shall be
6 calculated as a fraction, the numerator of which shall be
7 the amount of refunds approved for payment by the
8 Department during the preceding fiscal year as a result of
9 overpayment of tax liability under subsections (a) and
10 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
11 Act plus the amount of such refunds remaining approved but
12 unpaid at the end of the preceding fiscal year, and the
13 denominator of which shall be the amounts which will be
14 collected pursuant to subsections (a) and (b) (6), (7), and
15 (8), (c) and (d) of Section 201 of this Act during the
16 preceding fiscal year; except that in State fiscal year
17 2002, the Annual Percentage shall in no event exceed 23%.
18 The Director of Revenue shall certify the Annual Percentage
19 to the Comptroller on the last business day of the fiscal
20 year immediately preceding the fiscal year for which it is
21 to be effective.

22 (3) The Comptroller shall order transferred and the
23 Treasurer shall transfer from the Tobacco Settlement
24 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
25 in January, 2001, (ii) \$35,000,000 in January, 2002, and
26 (iii) \$35,000,000 in January, 2003.

1 (d) Expenditures from Income Tax Refund Fund.

2 (1) Beginning January 1, 1989, money in the Income Tax
3 Refund Fund shall be expended exclusively for the purpose
4 of paying refunds resulting from overpayment of tax
5 liability under Section 201 of this Act, for paying rebates
6 under Section 208.1 in the event that the amounts in the
7 Homeowners' Tax Relief Fund are insufficient for that
8 purpose, and for making transfers pursuant to this
9 subsection (d).

10 (2) The Director shall order payment of refunds
11 resulting from overpayment of tax liability under Section
12 201 of this Act from the Income Tax Refund Fund only to the
13 extent that amounts collected pursuant to Section 201 of
14 this Act and transfers pursuant to this subsection (d) and
15 item (3) of subsection (c) have been deposited and retained
16 in the Fund.

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

1 (d) of Section 201 of this Act paid from the Income Tax
2 Refund Fund during the fiscal year.

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

15 (4.5) As soon as possible after the end of fiscal year
16 1999 and of each fiscal year thereafter, the Director shall
17 order transferred and the State Treasurer and State
18 Comptroller shall transfer from the Income Tax Refund Fund
19 to the General Revenue Fund any surplus remaining in the
20 Income Tax Refund Fund as of the end of such fiscal year;
21 excluding for fiscal years 2000, 2001, and 2002 amounts
22 attributable to transfers under item (3) of subsection (c)
23 less refunds resulting from the earned income tax credit.

24 (5) This Act shall constitute an irrevocable and
25 continuing appropriation from the Income Tax Refund Fund
26 for the purpose of paying refunds upon the order of the

1 Director in accordance with the provisions of this Section.

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

4 On July 1, 1991, and thereafter, of the amounts collected
5 pursuant to subsections (a) and (b) of Section 201 of this Act,
6 minus deposits into the Income Tax Refund Fund, the Department
7 shall deposit 7.3% into the Education Assistance Fund in the
8 State Treasury. Beginning July 1, 1991, and continuing through
9 January 31, 1993, of the amounts collected pursuant to
10 subsections (a) and (b) of Section 201 of the Illinois Income
11 Tax Act, minus deposits into the Income Tax Refund Fund, the
12 Department shall deposit 3.0% into the Income Tax Surcharge
13 Local Government Distributive Fund in the State Treasury.
14 Beginning February 1, 1993 and continuing through June 30,
15 1993, of the amounts collected pursuant to subsections (a) and
16 (b) of Section 201 of the Illinois Income Tax Act, minus
17 deposits into the Income Tax Refund Fund, the Department shall
18 deposit 4.4% into the Income Tax Surcharge Local Government
19 Distributive Fund in the State Treasury. Beginning July 1,
20 1993, and continuing through June 30, 1994, of the amounts
21 collected under subsections (a) and (b) of Section 201 of this
22 Act, minus deposits into the Income Tax Refund Fund, the
23 Department shall deposit 1.475% into the Income Tax Surcharge
24 Local Government Distributive Fund in the State Treasury.

25 (f) Deposits into the Fund for the Advancement of
26 Education. Beginning February 1, 2015, the Department shall

1 deposit the following portions of the revenue realized from the
2 tax imposed upon individuals, trusts, and estates by
3 subsections (a) and (b) of Section 201 of this Act during the
4 preceding month, minus deposits into the Income Tax Refund
5 Fund, into the Fund for the Advancement of Education:

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

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

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

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

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

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

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

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

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

16 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

17 Sec. 1501. Definitions.

18 (a) In general. When used in this Act, where not otherwise
19 distinctly expressed or manifestly incompatible with the
20 intent thereof:

21 (1) Business income. The term "business income" means
22 all income that may be treated as apportionable business
23 income under the Constitution of the United States.
24 Business income is net of the deductions allocable thereto.
25 Such term does not include compensation or the deductions

1 allocable thereto. For each taxable year beginning on or
2 after January 1, 2003, a taxpayer may elect to treat all
3 income other than compensation as business income. This
4 election shall be made in accordance with rules adopted by
5 the Department and, once made, shall be irrevocable.

6 (1.5) Captive real estate investment trust:

7 (A) The term "captive real estate investment
8 trust" means a corporation, trust, or association:

9 (i) that is considered a real estate
10 investment trust for the taxable year under
11 Section 856 of the Internal Revenue Code;

12 (ii) the certificates of beneficial interest
13 or shares of which are not regularly traded on an
14 established securities market; and

15 (iii) of which more than 50% of the voting
16 power or value of the beneficial interest or
17 shares, at any time during the last half of the
18 taxable year, is owned or controlled, directly,
19 indirectly, or constructively, by a single
20 corporation.

21 (B) The term "captive real estate investment
22 trust" does not include:

23 (i) a real estate investment trust of which
24 more than 50% of the voting power or value of the
25 beneficial interest or shares is owned or
26 controlled, directly, indirectly, or

1 asset value at the close of its taxable
2 year is represented by real estate assets
3 (as defined in Section 856(c)(5)(B) of the
4 Internal Revenue Code, thereby including
5 shares or certificates of beneficial
6 interest in any real estate investment
7 trust), cash and cash equivalents, and
8 U.S. Government securities;

9 (2) the entity is not subject to tax on
10 amounts that are distributed to its
11 beneficial owners or is exempt from
12 entity-level taxation;

13 (3) the entity distributes at least
14 85% of its taxable income (as computed in
15 the jurisdiction in which it is organized)
16 to the holders of its shares or
17 certificates of beneficial interest on an
18 annual basis;

19 (4) either (i) the shares or
20 beneficial interests of the entity are
21 regularly traded on an established
22 securities market or (ii) not more than 10%
23 of the voting power or value in the entity
24 is held, directly, indirectly, or
25 constructively, by a single entity or
26 individual; and

1 (5) the entity is organized in a
2 country that has entered into a tax treaty
3 with the United States; or

4 (ii) during its first taxable year for which it
5 elects to be treated as a real estate investment
6 trust under Section 856(c)(1) of the Internal
7 Revenue Code, a real estate investment trust the
8 certificates of beneficial interest or shares of
9 which are not regularly traded on an established
10 securities market, but only if the certificates of
11 beneficial interest or shares of the real estate
12 investment trust are regularly traded on an
13 established securities market prior to the earlier
14 of the due date (including extensions) for filing
15 its return under this Act for that first taxable
16 year or the date it actually files that return.

17 (C) For the purposes of this subsection (1.5), the
18 constructive ownership rules prescribed under Section
19 318(a) of the Internal Revenue Code, as modified by
20 Section 856(d)(5) of the Internal Revenue Code, apply
21 in determining the ownership of stock, assets, or net
22 profits of any person.

23 (D) For the purposes of this item (1.5), for
24 taxable years ending on or after August 16, 2007, the
25 voting power or value of the beneficial interest or
26 shares of a real estate investment trust does not

1 include any voting power or value of beneficial
2 interest or shares in a real estate investment trust
3 held directly or indirectly in a segregated asset
4 account by a life insurance company (as described in
5 Section 817 of the Internal Revenue Code) to the extent
6 such voting power or value is for the benefit of
7 entities or persons who are either immune from taxation
8 or exempt from taxation under subtitle A of the
9 Internal Revenue Code.

10 (2) Commercial domicile. The term "commercial
11 domicile" means the principal place from which the trade or
12 business of the taxpayer is directed or managed.

13 (3) Compensation. The term "compensation" means wages,
14 salaries, commissions and any other form of remuneration
15 paid to employees for personal services.

16 (4) Corporation. The term "corporation" includes
17 associations, joint-stock companies, insurance companies
18 and cooperatives. Any entity, including a limited
19 liability company formed under the Illinois Limited
20 Liability Company Act, shall be treated as a corporation if
21 it is so classified for federal income tax purposes.

22 (5) Department. The term "Department" means the
23 Department of Revenue of this State.

24 (6) Director. The term "Director" means the Director of
25 Revenue of this State.

26 (7) Fiduciary. The term "fiduciary" means a guardian,

1 trustee, executor, administrator, receiver, or any person
2 acting in any fiduciary capacity for any person.

3 (8) Financial organization.

4 (A) The term "financial organization" means any
5 bank, bank holding company, trust company, savings
6 bank, industrial bank, land bank, safe deposit
7 company, private banker, savings and loan association,
8 building and loan association, credit union, currency
9 exchange, cooperative bank, small loan company, sales
10 finance company, investment company, or any person
11 which is owned by a bank or bank holding company. For
12 the purpose of this Section a "person" will include
13 only those persons which a bank holding company may
14 acquire and hold an interest in, directly or
15 indirectly, under the provisions of the Bank Holding
16 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
17 where interests in any person must be disposed of
18 within certain required time limits under the Bank
19 Holding Company Act of 1956.

20 (B) For purposes of subparagraph (A) of this
21 paragraph, the term "bank" includes (i) any entity that
22 is regulated by the Comptroller of the Currency under
23 the National Bank Act, or by the Federal Reserve Board,
24 or by the Federal Deposit Insurance Corporation and
25 (ii) any federally or State chartered bank operating as
26 a credit card bank.

1 (C) For purposes of subparagraph (A) of this
2 paragraph, the term "sales finance company" has the
3 meaning provided in the following item (i) or (ii):

4 (i) A person primarily engaged in one or more
5 of the following businesses: the business of
6 purchasing customer receivables, the business of
7 making loans upon the security of customer
8 receivables, the business of making loans for the
9 express purpose of funding purchases of tangible
10 personal property or services by the borrower, or
11 the business of finance leasing. For purposes of
12 this item (i), "customer receivable" means:

13 (a) a retail installment contract or
14 retail charge agreement within the meaning of
15 the Sales Finance Agency Act, the Retail
16 Installment Sales Act, or the Motor Vehicle
17 Retail Installment Sales Act;

18 (b) an installment, charge, credit, or
19 similar contract or agreement arising from the
20 sale of tangible personal property or services
21 in a transaction involving a deferred payment
22 price payable in one or more installments
23 subsequent to the sale; or

24 (c) the outstanding balance of a contract
25 or agreement described in provisions (a) or (b)
26 of this item (i).

1 A customer receivable need not provide for
2 payment of interest on deferred payments. A sales
3 finance company may purchase a customer receivable
4 from, or make a loan secured by a customer
5 receivable to, the seller in the original
6 transaction or to a person who purchased the
7 customer receivable directly or indirectly from
8 that seller.

9 (ii) A corporation meeting each of the
10 following criteria:

11 (a) the corporation must be a member of an
12 "affiliated group" within the meaning of
13 Section 1504(a) of the Internal Revenue Code,
14 determined without regard to Section 1504(b)
15 of the Internal Revenue Code;

16 (b) more than 50% of the gross income of
17 the corporation for the taxable year must be
18 interest income derived from qualifying loans.
19 A "qualifying loan" is a loan made to a member
20 of the corporation's affiliated group that
21 originates customer receivables (within the
22 meaning of item (i)) or to whom customer
23 receivables originated by a member of the
24 affiliated group have been transferred, to the
25 extent the average outstanding balance of
26 loans from that corporation to members of its

1 affiliated group during the taxable year do not
2 exceed the limitation amount for that
3 corporation. The "limitation amount" for a
4 corporation is the average outstanding
5 balances during the taxable year of customer
6 receivables (within the meaning of item (i))
7 originated by all members of the affiliated
8 group. If the average outstanding balances of
9 the loans made by a corporation to members of
10 its affiliated group exceed the limitation
11 amount, the interest income of that
12 corporation from qualifying loans shall be
13 equal to its interest income from loans to
14 members of its affiliated groups times a
15 fraction equal to the limitation amount
16 divided by the average outstanding balances of
17 the loans made by that corporation to members
18 of its affiliated group;

19 (c) the total of all shareholder's equity
20 (including, without limitation, paid-in
21 capital on common and preferred stock and
22 retained earnings) of the corporation plus the
23 total of all of its loans, advances, and other
24 obligations payable or owed to members of its
25 affiliated group may not exceed 20% of the
26 total assets of the corporation at any time

1 during the tax year; and

2 (d) more than 50% of all interest-bearing
3 obligations of the affiliated group payable to
4 persons outside the group determined in
5 accordance with generally accepted accounting
6 principles must be obligations of the
7 corporation.

8 This amendatory Act of the 91st General Assembly is
9 declaratory of existing law.

10 (D) Subparagraphs (B) and (C) of this paragraph are
11 declaratory of existing law and apply retroactively,
12 for all tax years beginning on or before December 31,
13 1996, to all original returns, to all amended returns
14 filed no later than 30 days after the effective date of
15 this amendatory Act of 1996, and to all notices issued
16 on or before the effective date of this amendatory Act
17 of 1996 under subsection (a) of Section 903, subsection
18 (a) of Section 904, subsection (e) of Section 909, or
19 Section 912. A taxpayer that is a "financial
20 organization" that engages in any transaction with an
21 affiliate shall be a "financial organization" for all
22 purposes of this Act.

23 (E) For all tax years beginning on or before
24 December 31, 1996, a taxpayer that falls within the
25 definition of a "financial organization" under
26 subparagraphs (B) or (C) of this paragraph, but who

1 does not fall within the definition of a "financial
2 organization" under the Proposed Regulations issued by
3 the Department of Revenue on July 19, 1996, may
4 irrevocably elect to apply the Proposed Regulations
5 for all of those years as though the Proposed
6 Regulations had been lawfully promulgated, adopted,
7 and in effect for all of those years. For purposes of
8 applying subparagraphs (B) or (C) of this paragraph to
9 all of those years, the election allowed by this
10 subparagraph applies only to the taxpayer making the
11 election and to those members of the taxpayer's unitary
12 business group who are ordinarily required to
13 apportion business income under the same subsection of
14 Section 304 of this Act as the taxpayer making the
15 election. No election allowed by this subparagraph
16 shall be made under a claim filed under subsection (d)
17 of Section 909 more than 30 days after the effective
18 date of this amendatory Act of 1996.

19 (F) Finance Leases. For purposes of this
20 subsection, a finance lease shall be treated as a loan
21 or other extension of credit, rather than as a lease,
22 regardless of how the transaction is characterized for
23 any other purpose, including the purposes of any
24 regulatory agency to which the lessor is subject. A
25 finance lease is any transaction in the form of a lease
26 in which the lessee is treated as the owner of the

1 leased asset entitled to any deduction for
2 depreciation allowed under Section 167 of the Internal
3 Revenue Code.

4 (9) Fiscal year. The term "fiscal year" means an
5 accounting period of 12 months ending on the last day of
6 any month other than December.

7 (9.5) Fixed place of business. The term "fixed place of
8 business" has the same meaning as that term is given in
9 Section 864 of the Internal Revenue Code and the related
10 Treasury regulations.

11 (10) Includes and including. The terms "includes" and
12 "including" when used in a definition contained in this Act
13 shall not be deemed to exclude other things otherwise
14 within the meaning of the term defined.

15 (11) Internal Revenue Code. The term "Internal Revenue
16 Code" means the United States Internal Revenue Code of 1954
17 or any successor law or laws relating to federal income
18 taxes in effect for the taxable year.

19 (11.5) Investment partnership.

20 (A) The term "investment partnership" means any
21 entity that is treated as a partnership for federal
22 income tax purposes that meets the following
23 requirements:

24 (i) no less than 90% of the partnership's cost
25 of its total assets consists of qualifying
26 investment securities, deposits at banks or other

1 financial institutions, and office space and
2 equipment reasonably necessary to carry on its
3 activities as an investment partnership;

4 (ii) no less than 90% of its gross income
5 consists of interest, dividends, and gains from
6 the sale or exchange of qualifying investment
7 securities; and

8 (iii) the partnership is not a dealer in
9 qualifying investment securities.

10 (B) For purposes of this paragraph (11.5), the term
11 "qualifying investment securities" includes all of the
12 following:

13 (i) common stock, including preferred or debt
14 securities convertible into common stock, and
15 preferred stock;

16 (ii) bonds, debentures, and other debt
17 securities;

18 (iii) foreign and domestic currency deposits
19 secured by federal, state, or local governmental
20 agencies;

21 (iv) mortgage or asset-backed securities
22 secured by federal, state, or local governmental
23 agencies;

24 (v) repurchase agreements and loan
25 participations;

26 (vi) foreign currency exchange contracts and

1 forward and futures contracts on foreign
2 currencies;

3 (vii) stock and bond index securities and
4 futures contracts and other similar financial
5 securities and futures contracts on those
6 securities;

7 (viii) options for the purchase or sale of any
8 of the securities, currencies, contracts, or
9 financial instruments described in items (i) to
10 (vii), inclusive;

11 (ix) regulated futures contracts;

12 (x) commodities (not described in Section
13 1221(a)(1) of the Internal Revenue Code) or
14 futures, forwards, and options with respect to
15 such commodities, provided, however, that any item
16 of a physical commodity to which title is actually
17 acquired in the partnership's capacity as a dealer
18 in such commodity shall not be a qualifying
19 investment security;

20 (xi) derivatives; and

21 (xii) a partnership interest in another
22 partnership that is an investment partnership.

23 (12) Mathematical error. The term "mathematical error"
24 includes the following types of errors, omissions, or
25 defects in a return filed by a taxpayer which prevents
26 acceptance of the return as filed for processing:

1 (A) arithmetic errors or incorrect computations on
2 the return or supporting schedules;

3 (B) entries on the wrong lines;

4 (C) omission of required supporting forms or
5 schedules or the omission of the information in whole
6 or in part called for thereon; and

7 (D) an attempt to claim, exclude, deduct, or
8 improperly report, in a manner directly contrary to the
9 provisions of the Act and regulations thereunder any
10 item of income, exemption, deduction, or credit.

11 (13) Nonbusiness income. The term "nonbusiness income"
12 means all income other than business income or
13 compensation.

14 (14) Nonresident. The term "nonresident" means a
15 person who is not a resident.

16 (15) Paid, incurred and accrued. The terms "paid",
17 "incurring" and "accrued" shall be construed according to
18 the method of accounting upon the basis of which the
19 person's base income is computed under this Act.

20 (16) Partnership and partner. The term "partnership"
21 includes a syndicate, group, pool, joint venture or other
22 unincorporated organization, through or by means of which
23 any business, financial operation, or venture is carried
24 on, and which is not, within the meaning of this Act, a
25 trust or estate or a corporation; and the term "partner"
26 includes a member in such syndicate, group, pool, joint

1 venture or organization.

2 The term "partnership" includes any entity, including
3 a limited liability company formed under the Illinois
4 Limited Liability Company Act, classified as a partnership
5 for federal income tax purposes.

6 The term "partnership" does not include a syndicate,
7 group, pool, joint venture, or other unincorporated
8 organization established for the sole purpose of playing
9 the Illinois State Lottery.

10 (17) Part-year resident. The term "part-year resident"
11 means an individual who became a resident during the
12 taxable year or ceased to be a resident during the taxable
13 year. Under Section 1501(a)(20)(A)(i) residence commences
14 with presence in this State for other than a temporary or
15 transitory purpose and ceases with absence from this State
16 for other than a temporary or transitory purpose. Under
17 Section 1501(a)(20)(A)(ii) residence commences with the
18 establishment of domicile in this State and ceases with the
19 establishment of domicile in another State.

20 (18) Person. The term "person" shall be construed to
21 mean and include an individual, a trust, estate,
22 partnership, association, firm, company, corporation,
23 limited liability company, or fiduciary. For purposes of
24 Section 1301 and 1302 of this Act, a "person" means (i) an
25 individual, (ii) a corporation, (iii) an officer, agent, or
26 employee of a corporation, (iv) a member, agent or employee

1 of a partnership, or (v) a member, manager, employee,
2 officer, director, or agent of a limited liability company
3 who in such capacity commits an offense specified in
4 Section 1301 and 1302.

5 (18A) Records. The term "records" includes all data
6 maintained by the taxpayer, whether on paper, microfilm,
7 microfiche, or any type of machine-sensible data
8 compilation.

9 (19) Regulations. The term "regulations" includes
10 rules promulgated and forms prescribed by the Department.

11 (20) Resident. The term "resident" means:

12 (A) an individual (i) who is in this State for
13 other than a temporary or transitory purpose during the
14 taxable year; or (ii) who is domiciled in this State
15 but is absent from the State for a temporary or
16 transitory purpose during the taxable year;

17 (B) The estate of a decedent who at his or her
18 death was domiciled in this State;

19 (C) A trust created by a will of a decedent who at
20 his death was domiciled in this State; and

21 (D) An irrevocable trust, the grantor of which was
22 domiciled in this State at the time such trust became
23 irrevocable. For purpose of this subparagraph, a trust
24 shall be considered irrevocable to the extent that the
25 grantor is not treated as the owner thereof under
26 Sections 671 through 678 of the Internal Revenue Code.

1 (21) Sales. The term "sales" means all gross receipts
2 of the taxpayer not allocated under Sections 301, 302 and
3 303.

4 (22) State. The term "state" when applied to a
5 jurisdiction other than this State means any state of the
6 United States, the District of Columbia, the Commonwealth
7 of Puerto Rico, any Territory or Possession of the United
8 States, and any foreign country, or any political
9 subdivision of any of the foregoing. For purposes of the
10 foreign tax credit under Section 601, the term "state"
11 means any state of the United States, the District of
12 Columbia, the Commonwealth of Puerto Rico, and any
13 territory or possession of the United States, or any
14 political subdivision of any of the foregoing, effective
15 for tax years ending on or after December 31, 1989.

16 (23) Taxable year. The term "taxable year" means the
17 calendar year, or the fiscal year ending during such
18 calendar year, upon the basis of which the base income is
19 computed under this Act. "Taxable year" means, in the case
20 of a return made for a fractional part of a year under the
21 provisions of this Act, the period for which such return is
22 made.

23 (24) Taxpayer. The term "taxpayer" means any person
24 subject to the tax imposed by this Act.

25 (25) International banking facility. The term
26 international banking facility shall have the same meaning

1 as is set forth in the Illinois Banking Act or as is set
2 forth in the laws of the United States or regulations of
3 the Board of Governors of the Federal Reserve System.

4 (26) Income Tax Return Preparer.

5 (A) The term "income tax return preparer" means any
6 person who prepares for compensation, or who employs
7 one or more persons to prepare for compensation, any
8 return of tax imposed by this Act or any claim for
9 refund of tax imposed by this Act. The preparation of a
10 substantial portion of a return or claim for refund
11 shall be treated as the preparation of that return or
12 claim for refund.

13 (B) A person is not an income tax return preparer
14 if all he or she does is

15 (i) furnish typing, reproducing, or other
16 mechanical assistance;

17 (ii) prepare returns or claims for refunds for
18 the employer by whom he or she is regularly and
19 continuously employed;

20 (iii) prepare as a fiduciary returns or claims
21 for refunds for any person; or

22 (iv) prepare claims for refunds for a taxpayer
23 in response to any notice of deficiency issued to
24 that taxpayer or in response to any waiver of
25 restriction after the commencement of an audit of
26 that taxpayer or of another taxpayer if a

1 determination in the audit of the other taxpayer
2 directly or indirectly affects the tax liability
3 of the taxpayer whose claims he or she is
4 preparing.

5 (27) Unitary business group.

6 (A) The term "unitary business group" means a group
7 of persons related through common ownership whose
8 business activities are integrated with, dependent
9 upon and contribute to each other. The group will not
10 include those members whose business activity outside
11 the United States is 80% or more of any such member's
12 total business activity; for purposes of this
13 paragraph and clause (a)(3)(B)(ii) of Section 304,
14 business activity within the United States shall be
15 measured by means of the factors ordinarily applicable
16 under subsections (a), (b), (c), (d), or (h) of Section
17 304 except that, in the case of members ordinarily
18 required to apportion business income by means of the 3
19 factor formula of property, payroll and sales
20 specified in subsection (a) of Section 304, including
21 the formula as weighted in subsection (h) of Section
22 304, such members shall not use the sales factor in the
23 computation and the results of the property and payroll
24 factor computations of subsection (a) of Section 304
25 shall be divided by 2 (by one if either the property or
26 payroll factor has a denominator of zero). The

1 computation required by the preceding sentence shall,
2 in each case, involve the division of the member's
3 property, payroll, or revenue miles in the United
4 States, insurance premiums on property or risk in the
5 United States, or financial organization business
6 income from sources within the United States, as the
7 case may be, by the respective worldwide figures for
8 such items. Common ownership in the case of
9 corporations is the direct or indirect control or
10 ownership of more than 50% of the outstanding voting
11 stock of the persons carrying on unitary business
12 activity. Unitary business activity can ordinarily be
13 illustrated where the activities of the members are:
14 (1) in the same general line (such as manufacturing,
15 wholesaling, retailing of tangible personal property,
16 insurance, transportation or finance); or (2) are
17 steps in a vertically structured enterprise or process
18 (such as the steps involved in the production of
19 natural resources, which might include exploration,
20 mining, refining, and marketing); and, in either
21 instance, the members are functionally integrated
22 through the exercise of strong centralized management
23 (where, for example, authority over such matters as
24 purchasing, financing, tax compliance, product line,
25 personnel, marketing and capital investment is not
26 left to each member).

1 (B) In no event, for taxable years beginning prior
2 to January 1, 2017, shall any unitary business group
3 include members which are ordinarily required to
4 apportion business income under different subsections
5 of Section 304 except that for tax years ending on or
6 after December 31, 1987 this prohibition shall not
7 apply to a holding company that would otherwise be a
8 member of a unitary business group with taxpayers that
9 apportion business income under any of subsections
10 (b), (c), (c-1), or (d) of Section 304. If a unitary
11 business group would, but for the preceding sentence,
12 include members that are ordinarily required to
13 apportion business income under different subsections
14 of Section 304, then for each subsection of Section 304
15 for which there are two or more members, there shall be
16 a separate unitary business group composed of such
17 members. For purposes of the preceding two sentences, a
18 member is "ordinarily required to apportion business
19 income" under a particular subsection of Section 304 if
20 it would be required to use the apportionment method
21 prescribed by such subsection except for the fact that
22 it derives business income solely from Illinois. As
23 used in this paragraph, the phrase "United States"
24 means ~~only~~ the 50 states and the District of Columbia
25 and, ~~but~~ does not include any territory or possession
26 of the United States, but, for taxable years ending on

1 or after December 31, 2017, does include ~~or~~ any area
2 over which the United States has asserted jurisdiction
3 or claimed exclusive rights with respect to the
4 exploration for or exploitation of natural resources.

5 (C) Holding companies.

6 (i) For purposes of this subparagraph, a
7 "holding company" is a corporation (other than a
8 corporation that is a financial organization under
9 paragraph (8) of this subsection (a) of Section
10 1501 because it is a bank holding company under the
11 provisions of the Bank Holding Company Act of 1956
12 (12 U.S.C. 1841, et seq.) or because it is owned by
13 a bank or a bank holding company) that owns a
14 controlling interest in one or more other
15 taxpayers ("controlled taxpayers"); that, during
16 the period that includes the taxable year and the 2
17 immediately preceding taxable years or, if the
18 corporation was formed during the current or
19 immediately preceding taxable year, the taxable
20 years in which the corporation has been in
21 existence, derived substantially all its gross
22 income from dividends, interest, rents, royalties,
23 fees or other charges received from controlled
24 taxpayers for the provision of services, and gains
25 on the sale or other disposition of interests in
26 controlled taxpayers or in property leased or

1 licensed to controlled taxpayers or used by the
2 taxpayer in providing services to controlled
3 taxpayers; and that incurs no substantial expenses
4 other than expenses (including interest and other
5 costs of borrowing) incurred in connection with
6 the acquisition and holding of interests in
7 controlled taxpayers and in the provision of
8 services to controlled taxpayers or in the leasing
9 or licensing of property to controlled taxpayers.

10 (ii) The income of a holding company which is a
11 member of more than one unitary business group
12 shall be included in each unitary business group of
13 which it is a member on a pro rata basis, by
14 including in each unitary business group that
15 portion of the base income of the holding company
16 that bears the same proportion to the total base
17 income of the holding company as the gross receipts
18 of the unitary business group bears to the combined
19 gross receipts of all unitary business groups (in
20 both cases without regard to the holding company)
21 or on any other reasonable basis, consistently
22 applied.

23 (iii) A holding company shall apportion its
24 business income under the subsection of Section
25 304 used by the other members of its unitary
26 business group. The apportionment factors of a

1 holding company which would be a member of more
2 than one unitary business group shall be included
3 with the apportionment factors of each unitary
4 business group of which it is a member on a pro
5 rata basis using the same method used in clause
6 (ii).

7 (iv) The provisions of this subparagraph (C)
8 are intended to clarify existing law.

9 (D) If including the base income and factors of a
10 holding company in more than one unitary business group
11 under subparagraph (C) does not fairly reflect the
12 degree of integration between the holding company and
13 one or more of the unitary business groups, the
14 dependence of the holding company and one or more of
15 the unitary business groups upon each other, or the
16 contributions between the holding company and one or
17 more of the unitary business groups, the holding
18 company may petition the Director, under the
19 procedures provided under Section 304(f), for
20 permission to include all base income and factors of
21 the holding company only with members of a unitary
22 business group apportioning their business income
23 under one subsection of subsections (a), (b), (c), or
24 (d) of Section 304. If the petition is granted, the
25 holding company shall be included in a unitary business
26 group only with persons apportioning their business

1 income under the selected subsection of Section 304
2 until the Director grants a petition of the holding
3 company either to be included in more than one unitary
4 business group under subparagraph (C) or to include its
5 base income and factors only with members of a unitary
6 business group apportioning their business income
7 under a different subsection of Section 304.

8 (E) If the unitary business group members'
9 accounting periods differ, the common parent's
10 accounting period or, if there is no common parent, the
11 accounting period of the member that is expected to
12 have, on a recurring basis, the greatest Illinois
13 income tax liability must be used to determine whether
14 to use the apportionment method provided in subsection
15 (a) or subsection (h) of Section 304. The prohibition
16 against membership in a unitary business group for
17 taxpayers ordinarily required to apportion income
18 under different subsections of Section 304 does not
19 apply to taxpayers required to apportion income under
20 subsection (a) and subsection (h) of Section 304. The
21 provisions of this amendatory Act of 1998 apply to tax
22 years ending on or after December 31, 1998.

23 (28) Subchapter S corporation. The term "Subchapter S
24 corporation" means a corporation for which there is in
25 effect an election under Section 1362 of the Internal
26 Revenue Code, or for which there is a federal election to

1 opt out of the provisions of the Subchapter S Revision Act
2 of 1982 and have applied instead the prior federal
3 Subchapter S rules as in effect on July 1, 1982.

4 (30) Foreign person. The term "foreign person" means
5 any person who is a nonresident alien individual and any
6 nonindividual entity, regardless of where created or
7 organized, whose business activity outside the United
8 States is 80% or more of the entity's total business
9 activity.

10 (b) Other definitions.

11 (1) Words denoting number, gender, and so forth, when
12 used in this Act, where not otherwise distinctly expressed
13 or manifestly incompatible with the intent thereof:

14 (A) Words importing the singular include and apply
15 to several persons, parties or things;

16 (B) Words importing the plural include the
17 singular; and

18 (C) Words importing the masculine gender include
19 the feminine as well.

20 (2) "Company" or "association" as including successors
21 and assigns. The word "company" or "association", when used
22 in reference to a corporation, shall be deemed to embrace
23 the words "successors and assigns of such company or
24 association", and in like manner as if these last-named
25 words, or words of similar import, were expressed.

1 (3) Other terms. Any term used in any Section of this
2 Act with respect to the application of, or in connection
3 with, the provisions of any other Section of this Act shall
4 have the same meaning as in such other Section.

5 (Source: P.A. 99-213, eff. 7-31-15.)

6 Section 30-20. The Film Production Services Tax Credit Act
7 of 2008 is amended by changing Section 42 as follows:

8 (35 ILCS 16/42)

9 Sec. 42. Sunset of credits. The application of credits
10 awarded pursuant to this Act shall be limited by a reasonable
11 and appropriate sunset date. A taxpayer shall not be entitled
12 to take a credit awarded pursuant to this Act for tax years
13 beginning on or after January 1, 2027 ~~10 years after the~~
14 ~~effective date of this amendatory Act of the 97th General~~
15 ~~Assembly. After the initial 10 year sunset, the General~~
16 ~~Assembly may extend the sunset date by 5 year intervals.~~

17 (Source: P.A. 97-2, eff. 5-6-11; 97-3, eff. 5-6-11.)

18 Section 30-25. The Use Tax Act is amended by changing
19 Sections 3-5, 3-50, and 10 and by adding Sections 3-6.5, 3-6.6,
20 3-6.7, 3-6.8, and 3-6.9 as follows:

21 (35 ILCS 105/3-5)

22 Sec. 3-5. Exemptions. Use of the following tangible

1 personal property is exempt from the tax imposed by this Act:

2 (1) Personal property purchased from a corporation,
3 society, association, foundation, institution, or
4 organization, other than a limited liability company, that is
5 organized and operated as a not-for-profit service enterprise
6 for the benefit of persons 65 years of age or older if the
7 personal property was not purchased by the enterprise for the
8 purpose of resale by the enterprise.

9 (2) Personal property purchased by a not-for-profit
10 Illinois county fair association for use in conducting,
11 operating, or promoting the county fair.

12 (3) Personal property purchased by a not-for-profit arts or
13 cultural organization that establishes, by proof required by
14 the Department by rule, that it has received an exemption under
15 Section 501(c)(3) of the Internal Revenue Code and that is
16 organized and operated primarily for the presentation or
17 support of arts or cultural programming, activities, or
18 services. These organizations include, but are not limited to,
19 music and dramatic arts organizations such as symphony
20 orchestras and theatrical groups, arts and cultural service
21 organizations, local arts councils, visual arts organizations,
22 and media arts organizations. On and after the effective date
23 of this amendatory Act of the 92nd General Assembly, however,
24 an entity otherwise eligible for this exemption shall not make
25 tax-free purchases unless it has an active identification
26 number issued by the Department.

1 (4) Personal property purchased by a governmental body, by
2 a corporation, society, association, foundation, or
3 institution organized and operated exclusively for charitable,
4 religious, or educational purposes, or by a not-for-profit
5 corporation, society, association, foundation, institution, or
6 organization that has no compensated officers or employees and
7 that is organized and operated primarily for the recreation of
8 persons 55 years of age or older. A limited liability company
9 may qualify for the exemption under this paragraph only if the
10 limited liability company is organized and operated
11 exclusively for educational purposes. On and after July 1,
12 1987, however, no entity otherwise eligible for this exemption
13 shall make tax-free purchases unless it has an active exemption
14 identification number issued by the Department.

15 (5) Until July 1, 2003, a passenger car that is a
16 replacement vehicle to the extent that the purchase price of
17 the car is subject to the Replacement Vehicle Tax.

18 (6) Until July 1, 2003 and beginning again on September 1,
19 2004 through August 30, 2014, graphic arts machinery and
20 equipment, including repair and replacement parts, both new and
21 used, and including that manufactured on special order,
22 certified by the purchaser to be used primarily for graphic
23 arts production, and including machinery and equipment
24 purchased for lease. Equipment includes chemicals or chemicals
25 acting as catalysts but only if the chemicals or chemicals
26 acting as catalysts effect a direct and immediate change upon a

1 graphic arts product. Beginning on July 1, 2017, graphic arts
2 machinery and equipment is included in the manufacturing and
3 assembling machinery and equipment exemption under paragraph
4 (18).

5 (7) Farm chemicals.

6 (8) Legal tender, currency, medallions, or gold or silver
7 coinage issued by the State of Illinois, the government of the
8 United States of America, or the government of any foreign
9 country, and bullion.

10 (9) Personal property purchased from a teacher-sponsored
11 student organization affiliated with an elementary or
12 secondary school located in Illinois.

13 (10) A motor vehicle that is used for automobile renting,
14 as defined in the Automobile Renting Occupation and Use Tax
15 Act.

16 (11) Farm machinery and equipment, both new and used,
17 including that manufactured on special order, certified by the
18 purchaser to be used primarily for production agriculture or
19 State or federal agricultural programs, including individual
20 replacement parts for the machinery and equipment, including
21 machinery and equipment purchased for lease, and including
22 implements of husbandry defined in Section 1-130 of the
23 Illinois Vehicle Code, farm machinery and agricultural
24 chemical and fertilizer spreaders, and nurse wagons required to
25 be registered under Section 3-809 of the Illinois Vehicle Code,
26 but excluding other motor vehicles required to be registered

1 under the Illinois Vehicle Code. Horticultural polyhouses or
2 hoop houses used for propagating, growing, or overwintering
3 plants shall be considered farm machinery and equipment under
4 this item (11). Agricultural chemical tender tanks and dry
5 boxes shall include units sold separately from a motor vehicle
6 required to be licensed and units sold mounted on a motor
7 vehicle required to be licensed if the selling price of the
8 tender is separately stated.

9 Farm machinery and equipment shall include precision
10 farming equipment that is installed or purchased to be
11 installed on farm machinery and equipment including, but not
12 limited to, tractors, harvesters, sprayers, planters, seeders,
13 or spreaders. Precision farming equipment includes, but is not
14 limited to, soil testing sensors, computers, monitors,
15 software, global positioning and mapping systems, and other
16 such equipment.

17 Farm machinery and equipment also includes computers,
18 sensors, software, and related equipment used primarily in the
19 computer-assisted operation of production agriculture
20 facilities, equipment, and activities such as, but not limited
21 to, the collection, monitoring, and correlation of animal and
22 crop data for the purpose of formulating animal diets and
23 agricultural chemicals. This item (11) is exempt from the
24 provisions of Section 3-90.

25 (12) Until June 30, 2013, fuel and petroleum products sold
26 to or used by an air common carrier, certified by the carrier

1 to be used for consumption, shipment, or storage in the conduct
2 of its business as an air common carrier, for a flight destined
3 for or returning from a location or locations outside the
4 United States without regard to previous or subsequent domestic
5 stopovers.

6 Beginning July 1, 2013, fuel and petroleum products sold to
7 or used by an air carrier, certified by the carrier to be used
8 for consumption, shipment, or storage in the conduct of its
9 business as an air common carrier, for a flight that (i) is
10 engaged in foreign trade or is engaged in trade between the
11 United States and any of its possessions and (ii) transports at
12 least one individual or package for hire from the city of
13 origination to the city of final destination on the same
14 aircraft, without regard to a change in the flight number of
15 that aircraft.

16 (13) Proceeds of mandatory service charges separately
17 stated on customers' bills for the purchase and consumption of
18 food and beverages purchased at retail from a retailer, to the
19 extent that the proceeds of the service charge are in fact
20 turned over as tips or as a substitute for tips to the
21 employees who participate directly in preparing, serving,
22 hosting or cleaning up the food or beverage function with
23 respect to which the service charge is imposed.

24 (14) Until July 1, 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of rigs,
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

1 tubular goods, including casing and drill strings, (iii) pumps
2 and pump-jack units, (iv) storage tanks and flow lines, (v) any
3 individual replacement part for oil field exploration,
4 drilling, and production equipment, and (vi) machinery and
5 equipment purchased for lease; but excluding motor vehicles
6 required to be registered under the Illinois Vehicle Code.

7 (15) Photoprocessing machinery and equipment, including
8 repair and replacement parts, both new and used, including that
9 manufactured on special order, certified by the purchaser to be
10 used primarily for photoprocessing, and including
11 photoprocessing machinery and equipment purchased for lease.

12 (16) Coal and aggregate exploration, mining, off-highway
13 hauling, processing, maintenance, and reclamation equipment,
14 including replacement parts and equipment, and including
15 equipment purchased for lease, but excluding motor vehicles
16 required to be registered under the Illinois Vehicle Code. The
17 changes made to this Section by Public Act 97-767 apply on and
18 after July 1, 2003, but no claim for credit or refund is
19 allowed on or after August 16, 2013 (the effective date of
20 Public Act 98-456) for such taxes paid during the period
21 beginning July 1, 2003 and ending on August 16, 2013 (the
22 effective date of Public Act 98-456).

23 (17) Until July 1, 2003, distillation machinery and
24 equipment, sold as a unit or kit, assembled or installed by the
25 retailer, certified by the user to be used only for the
26 production of ethyl alcohol that will be used for consumption

1 as motor fuel or as a component of motor fuel for the personal
2 use of the user, and not subject to sale or resale.

3 (18) Manufacturing and assembling machinery and equipment
4 used primarily in the process of manufacturing or assembling
5 tangible personal property for wholesale or retail sale or
6 lease, whether that sale or lease is made directly by the
7 manufacturer or by some other person, whether the materials
8 used in the process are owned by the manufacturer or some other
9 person, or whether that sale or lease is made apart from or as
10 an incident to the seller's engaging in the service occupation
11 of producing machines, tools, dies, jigs, patterns, gauges, or
12 other similar items of no commercial value on special order for
13 a particular purchaser. The exemption provided by this
14 paragraph (18) does not include machinery and equipment used in
15 (i) the generation of electricity for wholesale or retail sale;
16 (ii) the generation or treatment of natural or artificial gas
17 for wholesale or retail sale that is delivered to customers
18 through pipes, pipelines, or mains; or (iii) the treatment of
19 water for wholesale or retail sale that is delivered to
20 customers through pipes, pipelines, or mains. The provisions of
21 Public Act 98-583 are declaratory of existing law as to the
22 meaning and scope of this exemption. Beginning on July 1, 2017,
23 the exemption provided by this paragraph (18) includes, but is
24 not limited to, graphic arts machinery and equipment, as
25 defined in paragraph (6) of this Section. Beginning on July 1,
26 2017, the exemption provided by this paragraph (18) includes,

1 but is not limited to, production related tangible personal
2 property, as defined in Section 3-50 of this Act. The exemption
3 provided by this paragraph (18) is exempt from the provisions
4 of Section 3-90.

5 (19) Personal property delivered to a purchaser or
6 purchaser's donee inside Illinois when the purchase order for
7 that personal property was received by a florist located
8 outside Illinois who has a florist located inside Illinois
9 deliver the personal property.

10 (20) Semen used for artificial insemination of livestock
11 for direct agricultural production.

12 (21) Horses, or interests in horses, registered with and
13 meeting the requirements of any of the Arabian Horse Club
14 Registry of America, Appaloosa Horse Club, American Quarter
15 Horse Association, United States Trotting Association, or
16 Jockey Club, as appropriate, used for purposes of breeding or
17 racing for prizes. This item (21) is exempt from the provisions
18 of Section 3-90, and the exemption provided for under this item
19 (21) applies for all periods beginning May 30, 1995, but no
20 claim for credit or refund is allowed on or after January 1,
21 2008 for such taxes paid during the period beginning May 30,
22 2000 and ending on January 1, 2008.

23 (22) Computers and communications equipment utilized for
24 any hospital purpose and equipment used in the diagnosis,
25 analysis, or treatment of hospital patients purchased by a
26 lessor who leases the equipment, under a lease of one year or

1 longer executed or in effect at the time the lessor would
2 otherwise be subject to the tax imposed by this Act, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of the
5 Retailers' Occupation Tax Act. If the equipment is leased in a
6 manner that does not qualify for this exemption or is used in
7 any other non-exempt manner, the lessor shall be liable for the
8 tax imposed under this Act or the Service Use Tax Act, as the
9 case may be, based on the fair market value of the property at
10 the time the non-qualifying use occurs. No lessor shall collect
11 or attempt to collect an amount (however designated) that
12 purports to reimburse that lessor for the tax imposed by this
13 Act or the Service Use Tax Act, as the case may be, if the tax
14 has not been paid by the lessor. If a lessor improperly
15 collects any such amount from the lessee, the lessee shall have
16 a legal right to claim a refund of that amount from the lessor.
17 If, however, that amount is not refunded to the lessee for any
18 reason, the lessor is liable to pay that amount to the
19 Department.

20 (23) Personal property purchased by a lessor who leases the
21 property, under a lease of one year or longer executed or in
22 effect at the time the lessor would otherwise be subject to the
23 tax imposed by this Act, to a governmental body that has been
24 issued an active sales tax exemption identification number by
25 the Department under Section 1g of the Retailers' Occupation
26 Tax Act. If the property is leased in a manner that does not

1 qualify for this exemption or used in any other non-exempt
2 manner, the lessor shall be liable for the tax imposed under
3 this Act or the Service Use Tax Act, as the case may be, based
4 on the fair market value of the property at the time the
5 non-qualifying use occurs. No lessor shall collect or attempt
6 to collect an amount (however designated) that purports to
7 reimburse that lessor for the tax imposed by this Act or the
8 Service Use Tax Act, as the case may be, if the tax has not been
9 paid by the lessor. If a lessor improperly collects any such
10 amount from the lessee, the lessee shall have a legal right to
11 claim a refund of that amount from the lessor. If, however,
12 that amount is not refunded to the lessee for any reason, the
13 lessor is liable to pay that amount to the Department.

14 (24) Beginning with taxable years ending on or after
15 December 31, 1995 and ending with taxable years ending on or
16 before December 31, 2004, personal property that is donated for
17 disaster relief to be used in a State or federally declared
18 disaster area in Illinois or bordering Illinois by a
19 manufacturer or retailer that is registered in this State to a
20 corporation, society, association, foundation, or institution
21 that has been issued a sales tax exemption identification
22 number by the Department that assists victims of the disaster
23 who reside within the declared disaster area.

24 (25) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is used in the

1 performance of infrastructure repairs in this State, including
2 but not limited to municipal roads and streets, access roads,
3 bridges, sidewalks, waste disposal systems, water and sewer
4 line extensions, water distribution and purification
5 facilities, storm water drainage and retention facilities, and
6 sewage treatment facilities, resulting from a State or
7 federally declared disaster in Illinois or bordering Illinois
8 when such repairs are initiated on facilities located in the
9 declared disaster area within 6 months after the disaster.

10 (26) Beginning July 1, 1999, game or game birds purchased
11 at a "game breeding and hunting preserve area" as that term is
12 used in the Wildlife Code. This paragraph is exempt from the
13 provisions of Section 3-90.

14 (27) A motor vehicle, as that term is defined in Section
15 1-146 of the Illinois Vehicle Code, that is donated to a
16 corporation, limited liability company, society, association,
17 foundation, or institution that is determined by the Department
18 to be organized and operated exclusively for educational
19 purposes. For purposes of this exemption, "a corporation,
20 limited liability company, society, association, foundation,
21 or institution organized and operated exclusively for
22 educational purposes" means all tax-supported public schools,
23 private schools that offer systematic instruction in useful
24 branches of learning by methods common to public schools and
25 that compare favorably in their scope and intensity with the
26 course of study presented in tax-supported schools, and

1 vocational or technical schools or institutes organized and
2 operated exclusively to provide a course of study of not less
3 than 6 weeks duration and designed to prepare individuals to
4 follow a trade or to pursue a manual, technical, mechanical,
5 industrial, business, or commercial occupation.

6 (28) Beginning January 1, 2000, personal property,
7 including food, purchased through fundraising events for the
8 benefit of a public or private elementary or secondary school,
9 a group of those schools, or one or more school districts if
10 the events are sponsored by an entity recognized by the school
11 district that consists primarily of volunteers and includes
12 parents and teachers of the school children. This paragraph
13 does not apply to fundraising events (i) for the benefit of
14 private home instruction or (ii) for which the fundraising
15 entity purchases the personal property sold at the events from
16 another individual or entity that sold the property for the
17 purpose of resale by the fundraising entity and that profits
18 from the sale to the fundraising entity. This paragraph is
19 exempt from the provisions of Section 3-90.

20 (29) Beginning January 1, 2000 and through December 31,
21 2001, new or used automatic vending machines that prepare and
22 serve hot food and beverages, including coffee, soup, and other
23 items, and replacement parts for these machines. Beginning
24 January 1, 2002 and through June 30, 2003, machines and parts
25 for machines used in commercial, coin-operated amusement and
26 vending business if a use or occupation tax is paid on the

1 gross receipts derived from the use of the commercial,
2 coin-operated amusement and vending machines. This paragraph
3 is exempt from the provisions of Section 3-90.

4 (30) Beginning January 1, 2001 and through June 30, 2016,
5 food for human consumption that is to be consumed off the
6 premises where it is sold (other than alcoholic beverages, soft
7 drinks, and food that has been prepared for immediate
8 consumption) and prescription and nonprescription medicines,
9 drugs, medical appliances, and insulin, urine testing
10 materials, syringes, and needles used by diabetics, for human
11 use, when purchased for use by a person receiving medical
12 assistance under Article V of the Illinois Public Aid Code who
13 resides in a licensed long-term care facility, as defined in
14 the Nursing Home Care Act, or in a licensed facility as defined
15 in the ID/DD Community Care Act, the MC/DD Act, or the
16 Specialized Mental Health Rehabilitation Act of 2013.

17 (31) Beginning on the effective date of this amendatory Act
18 of the 92nd General Assembly, computers and communications
19 equipment utilized for any hospital purpose and equipment used
20 in the diagnosis, analysis, or treatment of hospital patients
21 purchased by a lessor who leases the equipment, under a lease
22 of one year or longer executed or in effect at the time the
23 lessor would otherwise be subject to the tax imposed by this
24 Act, to a 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. If the equipment is leased in a

1 manner that does not qualify for this exemption or is used in
2 any other nonexempt manner, the lessor shall be liable for the
3 tax imposed under this Act or the Service Use Tax Act, as the
4 case may be, based on the fair market value of the property at
5 the time the nonqualifying use occurs. No lessor shall collect
6 or attempt to collect an amount (however designated) that
7 purports to reimburse that lessor for the tax imposed by this
8 Act or the Service Use Tax Act, as the case may be, if the tax
9 has not been paid by the lessor. If a lessor improperly
10 collects any such amount from the lessee, the lessee shall have
11 a legal right to claim a refund of that amount from the lessor.
12 If, however, that amount is not refunded to the lessee for any
13 reason, the lessor is liable to pay that amount to the
14 Department. This paragraph is exempt from the provisions of
15 Section 3-90.

16 (32) Beginning on the effective date of this amendatory Act
17 of the 92nd General Assembly, personal property purchased by a
18 lessor who leases the property, under a lease of one year or
19 longer executed or in effect at the time the lessor would
20 otherwise be subject to the tax imposed by this Act, to a
21 governmental body that has been issued an active sales tax
22 exemption identification number by the Department under
23 Section 1g of the Retailers' Occupation Tax Act. If the
24 property is leased in a manner that does not qualify for this
25 exemption or used in any other nonexempt manner, the lessor
26 shall be liable for the tax imposed under this Act or the

1 Service Use Tax Act, as the case may be, based on the fair
2 market value of the property at the time the nonqualifying use
3 occurs. No lessor shall collect or attempt to collect an amount
4 (however designated) that purports to reimburse that lessor for
5 the tax imposed by this Act or the Service Use Tax Act, as the
6 case may be, if the tax has not been paid by the lessor. If a
7 lessor improperly collects any such amount from the lessee, the
8 lessee shall have a legal right to claim a refund of that
9 amount from the lessor. If, however, that amount is not
10 refunded to the lessee for any reason, the lessor is liable to
11 pay that amount to the Department. This paragraph is exempt
12 from the provisions of Section 3-90.

13 (33) On and after July 1, 2003 and through June 30, 2004,
14 the use in this State of motor vehicles of the second division
15 with a gross vehicle weight in excess of 8,000 pounds and that
16 are subject to the commercial distribution fee imposed under
17 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
18 1, 2004 and through June 30, 2005, the use in this State of
19 motor vehicles of the second division: (i) with a gross vehicle
20 weight rating in excess of 8,000 pounds; (ii) that are subject
21 to the commercial distribution fee imposed under Section
22 3-815.1 of the Illinois Vehicle Code; and (iii) that are
23 primarily used for commercial purposes. Through June 30, 2005,
24 this exemption applies to repair and replacement parts added
25 after the initial purchase of such a motor vehicle if that
26 motor vehicle is used in a manner that would qualify for the

1 rolling stock exemption otherwise provided for in this Act. For
2 purposes of this paragraph, the term "used for commercial
3 purposes" means the transportation of persons or property in
4 furtherance of any commercial or industrial enterprise,
5 whether for-hire or not.

6 (34) Beginning January 1, 2008, tangible personal property
7 used in the construction or maintenance of a community water
8 supply, as defined under Section 3.145 of the Environmental
9 Protection Act, that is operated by a not-for-profit
10 corporation that holds a valid water supply permit issued under
11 Title IV of the Environmental Protection Act. This paragraph is
12 exempt from the provisions of Section 3-90.

13 (35) Beginning January 1, 2010, materials, parts,
14 equipment, components, and furnishings incorporated into or
15 upon an aircraft as part of the modification, refurbishment,
16 completion, replacement, repair, or maintenance of the
17 aircraft. This exemption includes consumable supplies used in
18 the modification, refurbishment, completion, replacement,
19 repair, and maintenance of aircraft, but excludes any
20 materials, parts, equipment, components, and consumable
21 supplies used in the modification, replacement, repair, and
22 maintenance of aircraft engines or power plants, whether such
23 engines or power plants are installed or uninstalled upon any
24 such aircraft. "Consumable supplies" include, but are not
25 limited to, adhesive, tape, sandpaper, general purpose
26 lubricants, cleaning solution, latex gloves, and protective

1 films. This exemption applies only to the use of qualifying
2 tangible personal property by persons who modify, refurbish,
3 complete, repair, replace, or maintain aircraft and who (i)
4 hold an Air Agency Certificate and are empowered to operate an
5 approved repair station by the Federal Aviation
6 Administration, (ii) have a Class IV Rating, and (iii) conduct
7 operations in accordance with Part 145 of the Federal Aviation
8 Regulations. The exemption does not include aircraft operated
9 by a commercial air carrier providing scheduled passenger air
10 service pursuant to authority issued under Part 121 or Part 129
11 of the Federal Aviation Regulations. The changes made to this
12 paragraph (35) by Public Act 98-534 are declarative of existing
13 law.

14 (36) Tangible personal property purchased by a
15 public-facilities corporation, as described in Section
16 11-65-10 of the Illinois Municipal Code, for purposes of
17 constructing or furnishing a municipal convention hall, but
18 only if the legal title to the municipal convention hall is
19 transferred to the municipality without any further
20 consideration by or on behalf of the municipality at the time
21 of the completion of the municipal convention hall or upon the
22 retirement or redemption of any bonds or other debt instruments
23 issued by the public-facilities corporation in connection with
24 the development of the municipal convention hall. This
25 exemption includes existing public-facilities corporations as
26 provided in Section 11-65-25 of the Illinois Municipal Code.

1 This paragraph is exempt from the provisions of Section 3-90.

2 (37) Beginning January 1, 2017, menstrual pads, tampons,
3 and menstrual cups.

4 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
5 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
6 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
7 7-29-15; 99-855, eff. 8-19-16.)

8 (35 ILCS 105/3-6.5 new)

9 Sec. 3-6.5. Storage Excise Tax exemption. Providers, as
10 defined in the Storage Excise Tax Act, may make exempt
11 purchases of tangible personal property that will be
12 transferred to purchasers as part of a sale of service subject
13 to tax under the Storage Excise Tax Act if those purchasers
14 could claim an exemption, other than resale, for the tangible
15 personal property under any provision of this Act.

16 (35 ILCS 105/3-6.6 new)

17 Sec. 3-6.6. Amusement Excise Tax exemption. Providers, as
18 defined in the Amusement Excise Tax Act, may make exempt
19 purchases of tangible personal property that will be
20 transferred to purchasers as part of a sale of service subject
21 to tax under the Amusement Excise Tax Act if those purchasers
22 could claim an exemption, other than resale, for the tangible
23 personal property under any provision of this Act.

1 (35 ILCS 105/3-6.7 new)

2 Sec. 3-6.7. Repair and Maintenance Excise Tax exemption.
3 Providers, as defined in the Repair and Maintenance Excise Tax
4 Act, may make exempt purchases of tangible personal property
5 that will be transferred to purchasers as part of a sale of
6 service subject to tax under the Repair and Maintenance Excise
7 Tax Act if those purchasers could claim an exemption, other
8 than resale, for the tangible personal property under any
9 provision of this Act.

10 (35 ILCS 105/3-6.8 new)

11 Sec. 3-6.8. Landscaping Excise Tax exemption. Providers,
12 as defined in the Landscaping Excise Tax Act, may make exempt
13 purchases of tangible personal property that will be
14 transferred to purchasers as part of a sale of service subject
15 to tax under the Landscaping Excise Tax Act if those purchasers
16 could claim an exemption, other than resale, for the tangible
17 personal property under any provision of this Act.

18 (35 ILCS 105/3-6.9 new)

19 Sec. 3-6.9. Laundry and Drycleaning Excise Tax exemption.
20 Providers, as defined in the Laundry and Drycleaning Excise Tax
21 Act, may make exempt purchases of tangible personal property
22 that will be transferred to purchasers as part of a sale of
23 service subject to tax under the Laundry and Drycleaning Excise
24 Tax Act if those purchasers could claim an exemption, other

1 than for resale, for the tangible personal property under any
2 provision of this Act.

3 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

4 Sec. 3-50. Manufacturing and assembly exemption. The
5 manufacturing and assembling machinery and equipment exemption
6 includes machinery and equipment that replaces machinery and
7 equipment in an existing manufacturing facility as well as
8 machinery and equipment that are for use in an expanded or new
9 manufacturing facility. The machinery and equipment exemption
10 also includes machinery and equipment used in the general
11 maintenance or repair of exempt machinery and equipment or for
12 in-house manufacture of exempt machinery and equipment.
13 Beginning on July 1, 2017, the manufacturing and assembling
14 machinery and equipment exemption also includes graphic arts
15 machinery and equipment, as defined in paragraph (6) of Section
16 3-5. Beginning on July 1, 2017, the manufacturing and
17 assembling machinery and equipment exemption also includes
18 production related tangible personal property, as defined in
19 this Section. The machinery and equipment exemption does not
20 include machinery and equipment used in (i) the generation of
21 electricity for wholesale or retail sale; (ii) the generation
22 or treatment of natural or artificial gas for wholesale or
23 retail sale that is delivered to customers through pipes,
24 pipelines, or mains; or (iii) the treatment of water for
25 wholesale or retail sale that is delivered to customers through

1 pipes, pipelines, or mains. The provisions of this amendatory
2 Act of the 98th General Assembly are declaratory of existing
3 law as to the meaning and scope of this exemption. For the
4 purposes of this exemption, terms have the following meanings:

5 (1) "Manufacturing process" means the production of an
6 article of tangible personal property, whether the article
7 is a finished product or an article for use in the process
8 of manufacturing or assembling a different article of
9 tangible personal property, by a procedure commonly
10 regarded as manufacturing, processing, fabricating, or
11 refining that changes some existing material into a
12 material with a different form, use, or name. In relation
13 to a recognized integrated business composed of a series of
14 operations that collectively constitute manufacturing, or
15 individually constitute manufacturing operations, the
16 manufacturing process commences with the first operation
17 or stage of production in the series and does not end until
18 the completion of the final product in the last operation
19 or stage of production in the series. For purposes of this
20 exemption, photoprocessing is a manufacturing process of
21 tangible personal property for wholesale or retail sale.

22 (2) "Assembling 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 the combination of existing

1 materials in a manner commonly regarded as assembling that
2 results in an article or material of a different form, use,
3 or name.

4 (3) "Machinery" means major mechanical machines or
5 major components of those machines contributing to a
6 manufacturing or assembling process.

7 (4) "Equipment" includes an independent device or tool
8 separate from machinery but essential to an integrated
9 manufacturing or assembly process; including computers
10 used primarily in a manufacturer's computer assisted
11 design, computer assisted manufacturing (CAD/CAM) system;
12 any subunit or assembly comprising a component of any
13 machinery or auxiliary, adjunct, or attachment parts of
14 machinery, such as tools, dies, jigs, fixtures, patterns,
15 and molds; and any parts that require periodic replacement
16 in the course of normal operation; but does not include
17 hand tools. Equipment includes chemicals or chemicals
18 acting as catalysts but only if the chemicals or chemicals
19 acting as catalysts effect a direct and immediate change
20 upon a product being manufactured or assembled for
21 wholesale or retail sale or lease.

22 (5) "Production related tangible personal property"
23 means all tangible personal property that is used or
24 consumed by the purchaser in a manufacturing facility in
25 which a manufacturing process takes place and includes,
26 without limitation, tangible personal property that is

1 purchased for incorporation into real estate within a
2 manufacturing facility and tangible personal property that
3 is used or consumed in activities such as research and
4 development, preproduction material handling, receiving,
5 quality control, inventory control, storage, staging, and
6 packaging for shipping and transportation purposes.

7 "Production related tangible personal property" does not
8 include (i) tangible personal property that is used, within
9 or without a manufacturing facility, in sales, purchasing,
10 accounting, fiscal management, marketing, personnel
11 recruitment or selection, or landscaping or (ii) tangible
12 personal property that is required to be titled or
13 registered with a department, agency, or unit of federal,
14 State, or local government.

15 The manufacturing and assembling machinery and equipment
16 exemption includes production related tangible personal
17 property that is purchased (i) on or after July 1, 2007 and on
18 or before June 30, 2008 or (ii) on and after July 1, 2017. The
19 exemption for production related tangible personal property
20 purchased on or after July 1, 2007 and on or before June 30,
21 2008 is subject to both of the following limitations:

22 (1) The maximum amount of the exemption for any one
23 taxpayer may not exceed 5% of the purchase price of
24 production related tangible personal property that is
25 purchased on or after July 1, 2007 and on or before June
26 30, 2008. A credit under Section 3-85 of this Act may not

1 be earned by the purchase of production related tangible
2 personal property for which an exemption is received under
3 this Section.

4 (2) The maximum aggregate amount of the exemptions for
5 production related tangible personal property awarded
6 under this Act and the Retailers' Occupation Tax Act to all
7 taxpayers may not exceed \$10,000,000. If the claims for the
8 exemption exceed \$10,000,000, then the Department shall
9 reduce the amount of the exemption to each taxpayer on a
10 pro rata basis.

11 The Department may adopt rules to implement and administer the
12 exemption for production related tangible personal property.

13 The manufacturing and assembling machinery and equipment
14 exemption includes the sale of materials to a purchaser who
15 produces exempted types of machinery, equipment, or tools and
16 who rents or leases that machinery, equipment, or tools to a
17 manufacturer of tangible personal property. This exemption
18 also includes the sale of materials to a purchaser who
19 manufactures those materials into an exempted type of
20 machinery, equipment, or tools that the purchaser uses himself
21 or herself in the manufacturing of tangible personal property.
22 This exemption includes the sale of exempted types of machinery
23 or equipment to a purchaser who is not the manufacturer, but
24 who rents or leases the use of the property to a manufacturer.
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 user of the machinery,
2 equipment, or tools without an active resale registration
3 number shall prepare a certificate of exemption for each
4 transaction stating facts establishing the exemption for that
5 transaction, and that certificate shall be available to the
6 Department for inspection or audit. The Department shall
7 prescribe the form of the certificate. Informal rulings,
8 opinions, or letters issued by the Department in response to an
9 inquiry or request for an opinion from any person regarding the
10 coverage and applicability of this exemption to specific
11 devices shall be published, maintained as a public record, and
12 made available for public inspection and copying. If the
13 informal ruling, opinion, or letter contains trade secrets or
14 other confidential information, where possible, the Department
15 shall delete that information before publication. Whenever
16 informal rulings, opinions, or letters contain a policy of
17 general applicability, the Department shall formulate and
18 adopt that policy as a rule in accordance with the Illinois
19 Administrative Procedure Act.

20 The manufacturing and assembling machinery and equipment
21 exemption, including the addition of production related
22 tangible personal property, is exempt from the provisions of
23 Section 3-90.

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

1 Sec. 10. Except as to motor vehicles, aircraft, watercraft,
2 and trailers, and except as to cigarettes as defined in the
3 Cigarette Use Tax Act, when tangible personal property is
4 purchased from a retailer for use in this State by a purchaser
5 who did not pay the tax imposed by this Act to the retailer,
6 and who does not file returns with the Department as a retailer
7 under Section 9 of this Act, such purchaser (by the last day of
8 the month following the calendar month in which such purchaser
9 makes any payment upon the selling price of such property)
10 shall, except as otherwise provided in this Section, file a
11 return with the Department and pay the tax upon that portion of
12 the selling price so paid by the purchaser during the preceding
13 calendar month. When tangible personal property, including but
14 not limited to motor vehicles and aircraft, is purchased by a
15 lessor, under a lease for one year or longer, executed or in
16 effect at the time of purchase to an interstate carrier for
17 hire, who did not pay the tax imposed by this Act to the
18 retailer, such lessor (by the last day of the month following
19 the calendar month in which such property reverts to the use of
20 such lessor) shall file a return with the Department and pay
21 the tax upon the fair market value of such property on the date
22 of such reversion. However, in determining the fair market
23 value at the time of reversion, the fair market value of such
24 property shall not exceed the original purchase price of the
25 property that was paid by the lessor at the time of purchase.
26 Such return shall be filed on a form prescribed by the

1 Department and shall contain such information as the Department
2 may reasonably require. Such return and payment from the
3 purchaser shall be submitted to the Department sooner than the
4 last day of the month after the month in which the purchase is
5 made to the extent that that may be necessary in order to
6 secure the title to a motor vehicle or the certificate of
7 registration for an aircraft. However, except as to motor
8 vehicles and aircraft, and except as to cigarettes as defined
9 in the Cigarette Use Tax Act, if the purchaser's annual use tax
10 liability does not exceed \$600, the purchaser may file the
11 return on an annual basis on or before April 15th of the year
12 following the year use tax liability was incurred. Individual
13 purchasers with an annual use tax liability that does not
14 exceed \$600 may, in lieu of the filing and payment requirements
15 in this Section, file and pay in compliance with Section 502.1
16 of the Illinois Income Tax Act.

17 If cigarettes, as defined in the Cigarette Use Tax Act, are
18 purchased from a retailer for use in this State by a purchaser
19 who did not pay the tax imposed by this Act to the retailer,
20 and who does not file returns with the Department as a retailer
21 under Section 9 of this Act, such purchaser must, within 30
22 days after acquiring the cigarettes, file a return with the
23 Department and pay the tax upon that portion of the selling
24 price so paid by the purchaser for the cigarettes.

25 In addition with respect to motor vehicles, aircraft,
26 watercraft, and trailers, a purchaser of such tangible personal

1 property for use in this State, who purchases such tangible
2 personal property from an out-of-state retailer, shall file
3 with the Department, upon a form to be prescribed and supplied
4 by the Department, a return for each such item of tangible
5 personal property purchased, except that if, in the same
6 transaction, (i) a purchaser of motor vehicles, aircraft,
7 watercraft, or trailers who is a retailer of motor vehicles,
8 aircraft, watercraft, or trailers purchases more than one motor
9 vehicle, aircraft, watercraft, or trailer for the purpose of
10 resale or (ii) a purchaser of motor vehicles, aircraft,
11 watercraft, or trailers purchases more than one motor vehicle,
12 aircraft, watercraft, or trailer for use as qualifying rolling
13 stock as provided in Section 3-55 of this Act, then the
14 purchaser may report the purchase of all motor vehicles,
15 aircraft, watercraft, or trailers involved in that transaction
16 to the Department on a single return prescribed by the
17 Department. Such return in the case of motor vehicles and
18 aircraft must show the name and address of the seller, the
19 name, address of purchaser, the amount of the selling price
20 including the amount allowed by the retailer for traded in
21 property, if any; the amount allowed by the retailer for the
22 traded-in tangible personal property, if any, to the extent to
23 which Section 2 of this Act allows an exemption for the value
24 of traded-in property; the balance payable after deducting such
25 trade-in allowance from the total selling price; the amount of
26 tax due from the purchaser with respect to such transaction;

1 the amount of tax collected from the purchaser by the retailer
2 on such transaction (or satisfactory evidence that such tax is
3 not due in that particular instance if that is claimed to be
4 the fact); the place and date of the sale, a sufficient
5 identification of the property sold, and such other information
6 as the Department may reasonably require.

7 Such return shall be filed not later than 30 days after
8 such motor vehicle or aircraft is brought into this State for
9 use.

10 For purposes of this Section, "watercraft" means a Class 2,
11 Class 3, or Class 4 watercraft as defined in Section 3-2 of the
12 Boat Registration and Safety Act, a personal watercraft, or any
13 boat equipped with an inboard motor.

14 The return and tax remittance or proof of exemption from
15 the tax that is imposed by this Act may be transmitted to the
16 Department by way of the State agency with which, or State
17 officer with whom, the tangible personal property must be
18 titled or registered (if titling or registration is required)
19 if the Department and such agency or State officer determine
20 that this procedure will expedite the processing of
21 applications for title or registration.

22 With each such return, the purchaser shall remit the proper
23 amount of tax due (or shall submit satisfactory evidence that
24 the sale is not taxable if that is the case), to the Department
25 or its agents, whereupon the Department shall issue, in the
26 purchaser's name, a tax receipt (or a certificate of exemption

1 if the Department is satisfied that the particular sale is tax
2 exempt) which such purchaser may submit to the agency with
3 which, or State officer with whom, he must title or register
4 the tangible personal property that is involved (if titling or
5 registration is required) in support of such purchaser's
6 application for an Illinois certificate or other evidence of
7 title or registration to such tangible personal property.

8 When a purchaser pays a tax imposed by this Act directly to
9 the Department, the Department (upon request therefor from such
10 purchaser) shall issue an appropriate receipt to such purchaser
11 showing that he has paid such tax to the Department. Such
12 receipt shall be sufficient to relieve the purchaser from
13 further liability for the tax to which such receipt may refer.

14 A user who is liable to pay use tax directly to the
15 Department only occasionally and not on a frequently recurring
16 basis, and who is not required to file returns with the
17 Department as a retailer under Section 9 of this Act, or under
18 the "Retailers' Occupation Tax Act", or as a registrant with
19 the Department under the "Service Occupation Tax Act" or the
20 "Service Use Tax Act", need not register with the Department.
21 However, if such a user has a frequently recurring direct use
22 tax liability to pay to the Department, such user shall be
23 required to register with the Department on forms prescribed by
24 the Department and to obtain and display a certificate of
25 registration from the Department. In that event, all of the
26 provisions of Section 9 of this Act concerning the filing of

1 regular monthly, quarterly or annual tax returns and all of the
2 provisions of Section 2a of the "Retailers' Occupation Tax Act"
3 concerning the requirements for registrants to post bond or
4 other security with the Department, as the provisions of such
5 sections now exist or may hereafter be amended, shall apply to
6 such users to the same extent as if such provisions were
7 included herein.

8 A person purchasing a service subject to tax under the
9 Storage Excise Tax Act incident to which tangible personal
10 property is transferred and as to which there has been no
11 charge made to him of the tax imposed by Section 5-10 of the
12 Storage Excise Tax Act, incurs and must remit use tax to the
13 Department on his or her cost price of the tangible personal
14 property transferred incident to the purchase of service under
15 the Storage Excise Tax Act in the form and manner required by
16 the Department under this Section. It shall be presumed that
17 the cost price to the purchaser under the Storage Excise Tax
18 Act of the tangible personal property transferred to him or her
19 by his or her provider is equal to 50% of the provider's
20 charges to the purchaser in the absence of proof of the
21 consideration paid for the tangible personal property by the
22 purchaser to the provider.

23 A person purchasing a service subject to tax under the
24 Amusement Excise Tax Act incident to which tangible personal
25 property is transferred and as to which there has been no
26 charge made to him of the tax imposed by Section 10-10 of the

1 Amusement Excise Tax Act, incurs and must remit use tax to the
2 Department on his or her cost price of the tangible personal
3 property transferred incident to the purchase of service under
4 the Amusement Excise Tax Act in the form and manner required by
5 the Department under this Section. It shall be presumed that
6 the cost price to the purchaser under the Amusement Excise Tax
7 Act of the tangible personal property transferred to him or her
8 by his or her provider is equal to 50% of the provider's
9 charges to the purchaser in the absence of proof of the
10 consideration paid for the tangible personal property by the
11 purchaser to the provider.

12 A person purchasing a service subject to tax under the
13 Repair and Maintenance Excise Tax Act incident to which
14 tangible personal property is transferred and as to which there
15 has been no charge made to him of the tax imposed by Section
16 15-10 of the Repair and Maintenance Excise Tax Act, incurs and
17 must remit use tax to the Department on his or her cost price
18 of the tangible personal property transferred incident to the
19 purchase of service under the Repair and Maintenance Excise Tax
20 Act in the form and manner required by the Department under
21 this Section. It shall be presumed that the cost price to the
22 purchaser under the Repair and Maintenance Excise Tax Act of
23 the tangible personal property transferred to him or her by his
24 or her provider is equal to 50% of the provider's charges to
25 the purchaser in the absence of proof of the consideration paid
26 for the tangible personal property by the purchaser to the

1 provider.

2 A person purchasing a service subject to tax under the
3 Landscaping Excise Tax Act incident to which tangible personal
4 property is transferred and as to which there has been no
5 charge made to him of the tax imposed by Section 20-10 of the
6 Landscaping Excise Tax Act, incurs and must remit use tax to
7 the Department on his or her cost price of the tangible
8 personal property transferred incident to the purchase of
9 service under the Landscaping Excise Tax Act in the form and
10 manner required by the Department under this Section. It shall
11 be presumed that the cost price to the purchaser under the
12 Landscaping Excise Tax Act of the tangible personal property
13 transferred to him or her by his or her provider is equal to
14 50% of the provider's charges to the purchaser in the absence
15 of proof of the consideration paid for the tangible personal
16 property by the purchaser to the provider.

17 A person purchasing a service subject to tax under the
18 Laundry and Drycleaning Excise Tax Act incident to which
19 tangible personal property is transferred and as to which there
20 has been no charge made to him of the tax imposed by Section
21 25-10 of the Laundry and Drycleaning Excise Tax Act, incurs and
22 must remit use tax to the Department on his or her cost price
23 of the tangible personal property transferred incident to the
24 purchase of service under the Laundry and Drycleaning Excise
25 Tax Act in the form and manner required by the Department under
26 this Section. It shall be presumed that the cost price to the

1 purchaser under the Laundry and Drycleaning Excise Tax Act of
2 the tangible personal property transferred to him or her by his
3 or her provider is equal to 50% of the provider's charges to
4 the purchaser in the absence of proof of the consideration paid
5 for the tangible personal property by the purchaser to the
6 provider.

7 (Source: P.A. 96-520, eff. 8-14-09; 96-1000, eff. 7-2-10;
8 96-1388, eff. 7-29-10.)

9 Section 30-30. The Service Use Tax Act is amended by
10 changing Sections 2 and 3-5 and by adding Section 1.1 as
11 follows:

12 (35 ILCS 110/1.1 new)

13 Sec. 1.1. Applicability. This Act is not applicable to
14 transactions that are subject to the Storage Excise Tax Act,
15 the Amusement Excise Tax Act, the Repair and Maintenance Excise
16 Tax Act, the Landscaping Excise Tax Act, or the Laundry and
17 Drycleaning Excise Tax Act that occur on or after January 1,
18 2018. This amendatory Act of the 100th General Assembly does
19 not affect tax liability that arose before January 1, 2018.

20 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

21 Sec. 2. Definitions.

22 "Use" means the exercise by any person of any right or
23 power over tangible personal property incident to the ownership

1 of that property, but does not include the sale or use for
2 demonstration by him of that property in any form as tangible
3 personal property in the regular course of business. "Use" does
4 not mean the interim use of tangible personal property nor the
5 physical incorporation of tangible personal property, as an
6 ingredient or constituent, into other tangible personal
7 property, (a) which is sold in the regular course of business
8 or (b) which the person incorporating such ingredient or
9 constituent therein has undertaken at the time of such purchase
10 to cause to be transported in interstate commerce to
11 destinations outside the State of Illinois.

12 "Purchased from a serviceman" means the acquisition of the
13 ownership of, or title to, tangible personal property through a
14 sale of service.

15 "Purchaser" means any person who, through a sale of
16 service, acquires the ownership of, or title to, any tangible
17 personal property.

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
25 shall be presumed that the cost price to the serviceman of the
26 property transferred to him or her by his or her subcontractor

1 is equal to 50% of the subcontractor's charges to the
2 serviceman in the absence of proof of the consideration paid by
3 the subcontractor for the purchase of such property.

4 "Selling price" means the consideration for a sale valued
5 in money whether received in money or otherwise, including
6 cash, credits and service, and shall be determined without any
7 deduction on account of the serviceman's cost of the property
8 sold, the cost of materials used, labor or service cost or any
9 other expense whatsoever, but does not include interest or
10 finance charges which appear as separate items on the bill of
11 sale or sales contract nor charges that are added to prices by
12 sellers on account of the seller's duty to collect, from the
13 purchaser, the tax that is imposed by this Act.

14 "Department" means the Department of Revenue.

15 "Person" means any natural individual, firm, partnership,
16 association, joint stock company, joint venture, public or
17 private corporation, limited liability company, and any
18 receiver, executor, trustee, guardian or other representative
19 appointed by order of any court.

20 "Sale of service" means any transaction except:

21 (1) a retail sale of tangible personal property taxable
22 under the Retailers' Occupation Tax Act or under the Use
23 Tax Act.

24 (2) a sale of tangible personal property for the
25 purpose of resale made in compliance with Section 2c of the
26 Retailers' Occupation Tax Act.

1 (3) except as hereinafter provided, a sale or transfer
2 of tangible personal property as an incident to the
3 rendering of service for or by any governmental body, or
4 for or by any corporation, society, association,
5 foundation or institution organized and operated
6 exclusively for charitable, religious or educational
7 purposes or any not-for-profit corporation, society,
8 association, foundation, institution or organization which
9 has no compensated officers or employees and which is
10 organized and operated primarily for the recreation of
11 persons 55 years of age or older. A limited liability
12 company may qualify for the exemption under this paragraph
13 only if the limited liability company is organized and
14 operated exclusively for educational purposes.

15 (4) a sale or transfer of tangible personal property as
16 an incident to the rendering of service for interstate
17 carriers for hire for use as rolling stock moving in
18 interstate commerce or by lessors under a lease of one year
19 or longer, executed or in effect at the time of purchase of
20 personal property, to interstate carriers for hire for use
21 as rolling stock moving in interstate commerce so long as
22 so used by such interstate carriers for hire, and equipment
23 operated by a telecommunications provider, licensed as a
24 common carrier by the Federal Communications Commission,
25 which is permanently installed in or affixed to aircraft
26 moving in interstate commerce.

1 (4a) a sale or transfer of tangible personal property
2 as an incident to the rendering of service for owners,
3 lessors, or shippers of tangible personal property which is
4 utilized by interstate carriers for hire for use as rolling
5 stock moving in interstate commerce so long as so used by
6 interstate carriers for hire, and equipment operated by a
7 telecommunications provider, licensed as a common carrier
8 by the Federal Communications Commission, which is
9 permanently installed in or affixed to aircraft moving in
10 interstate commerce.

11 (4a-5) on and after July 1, 2003 and through June 30,
12 2004, a sale or transfer of a motor vehicle of the second
13 division with a gross vehicle weight in excess of 8,000
14 pounds as an incident to the rendering of service if that
15 motor vehicle is subject to the commercial distribution fee
16 imposed under Section 3-815.1 of the Illinois Vehicle Code.
17 Beginning on July 1, 2004 and through June 30, 2005, the
18 use in this State of motor vehicles of the second division:
19 (i) with a gross vehicle weight rating in excess of 8,000
20 pounds; (ii) that are subject to the commercial
21 distribution fee imposed under Section 3-815.1 of the
22 Illinois Vehicle Code; and (iii) that are primarily used
23 for commercial purposes. Through June 30, 2005, this
24 exemption applies to repair and replacement parts added
25 after the initial purchase of such a motor vehicle if that
26 motor vehicle is used in a manner that would qualify for

1 the rolling stock exemption otherwise provided for in this
2 Act. For purposes of this paragraph, "used for commercial
3 purposes" means the transportation of persons or property
4 in furtherance of any commercial or industrial enterprise
5 whether for-hire or not.

6 (5) a sale or transfer of machinery and equipment used
7 primarily in the process of the manufacturing or
8 assembling, either in an existing, an expanded or a new
9 manufacturing facility, of tangible personal property for
10 wholesale or retail sale or lease, whether such sale or
11 lease is made directly by the manufacturer or by some other
12 person, whether the materials used in the process are owned
13 by the manufacturer or some other person, or whether such
14 sale or lease is made apart from or as an incident to the
15 seller's engaging in a service occupation and the
16 applicable tax is a Service Use Tax or Service Occupation
17 Tax, rather than Use Tax or Retailers' Occupation Tax. The
18 exemption provided by this paragraph (5) does not include
19 machinery and equipment used in (i) the generation of
20 electricity for wholesale or retail sale; (ii) the
21 generation or treatment of natural or artificial gas for
22 wholesale or retail sale that is delivered to customers
23 through pipes, pipelines, or mains; or (iii) the treatment
24 of water for wholesale or retail sale that is delivered to
25 customers through pipes, pipelines, or mains. The
26 provisions of this amendatory Act of the 98th General

1 Assembly are declaratory of existing law as to the meaning
2 and scope of this exemption. The exemption under this
3 paragraph (5) is exempt from the provisions of Section
4 3-75.

5 (5a) the repairing, reconditioning or remodeling, for
6 a common carrier by rail, of tangible personal property
7 which belongs to such carrier for hire, and as to which
8 such carrier receives the physical possession of the
9 repaired, reconditioned or remodeled item of tangible
10 personal property in Illinois, and which such carrier
11 transports, or shares with another common carrier in the
12 transportation of such property, out of Illinois on a
13 standard uniform bill of lading showing the person who
14 repaired, reconditioned or remodeled the property to a
15 destination outside Illinois, for use outside Illinois.

16 (5b) a sale or transfer of tangible personal property
17 which is produced by the seller thereof on special order in
18 such a way as to have made the applicable tax the Service
19 Occupation Tax or the Service Use Tax, rather than the
20 Retailers' Occupation Tax or the Use Tax, for an interstate
21 carrier by rail which receives the physical possession of
22 such property in Illinois, and which transports such
23 property, or shares with another common carrier in the
24 transportation of such property, out of Illinois on a
25 standard uniform bill of lading showing the seller of the
26 property as the shipper or consignor of such property to a

1 destination outside Illinois, for use outside Illinois.

2 (6) until July 1, 2003, a sale or transfer of
3 distillation machinery and equipment, sold as a unit or kit
4 and assembled or installed by the retailer, which machinery
5 and equipment is certified by the user to be used only for
6 the production of ethyl alcohol that will be used for
7 consumption as motor fuel or as a component of motor fuel
8 for the personal use of such user and not subject to sale
9 or resale.

10 (7) at the election of any serviceman not required to
11 be otherwise registered as a retailer under Section 2a of
12 the Retailers' Occupation Tax Act, made for each fiscal
13 year sales of service in which the aggregate annual cost
14 price of tangible personal property transferred as an
15 incident to the sales of service is less than 35%, or 75%
16 in the case of servicemen transferring prescription drugs
17 or servicemen engaged in graphic arts production, of the
18 aggregate annual total gross receipts from all sales of
19 service. The purchase of such tangible personal property by
20 the serviceman shall be subject to tax under the Retailers'
21 Occupation Tax Act and the Use Tax Act. However, if a
22 primary serviceman who has made the election described in
23 this paragraph subcontracts service work to a secondary
24 serviceman who has also made the election described in this
25 paragraph, the primary serviceman does not incur a Use Tax
26 liability if the secondary serviceman (i) has paid or will

1 pay Use Tax on his or her cost price of any tangible
2 personal property transferred to the primary serviceman
3 and (ii) certifies that fact in writing to the primary
4 serviceman.

5 Tangible personal property transferred incident to the
6 completion of a maintenance agreement is exempt from the tax
7 imposed pursuant to this Act.

8 Exemption (5) also includes machinery and equipment used in
9 the general maintenance or repair of such exempt machinery and
10 equipment or for in-house manufacture of exempt machinery and
11 equipment. On and after July 1, 2017, exemption (5) also
12 includes production related tangible personal property, as
13 defined in Section 3-50 of the Use Tax Act. On and after July
14 1, 2017, exemption (5) also includes graphic arts machinery and
15 equipment, as defined in paragraph (5) of Section 3-5. The
16 machinery and equipment exemption does not include machinery
17 and equipment used in (i) the generation of electricity for
18 wholesale or retail sale; (ii) the generation or treatment of
19 natural or artificial gas for wholesale or retail sale that is
20 delivered to customers through pipes, pipelines, or mains; or
21 (iii) the treatment of water for wholesale or retail sale that
22 is delivered to customers through pipes, pipelines, or mains.
23 The provisions of this amendatory Act of the 98th General
24 Assembly are declaratory of existing law as to the meaning and
25 scope of this exemption. For the purposes of exemption (5),
26 each of these terms shall have the following meanings: (1)

1 "manufacturing process" shall mean the production of any
2 article of tangible personal property, whether such article is
3 a finished product or an article for use in the process of
4 manufacturing or assembling a different article of tangible
5 personal property, by procedures commonly regarded as
6 manufacturing, processing, fabricating, or refining which
7 changes some existing material or materials into a material
8 with a different form, use or name. In relation to a recognized
9 integrated business composed of a series of operations which
10 collectively constitute manufacturing, or individually
11 constitute manufacturing operations, the manufacturing process
12 shall be deemed to commence with the first operation or stage
13 of production in the series, and shall not be deemed to end
14 until the completion of the final product in the last operation
15 or stage of production in the series; and further, for purposes
16 of exemption (5), photoprocessing is deemed to be a
17 manufacturing process of tangible personal property for
18 wholesale or retail sale; (2) "assembling process" shall mean
19 the production of any article of tangible personal property,
20 whether such article is a finished product or an article for
21 use in the process of manufacturing or assembling a different
22 article of tangible personal property, by the combination of
23 existing materials in a manner commonly regarded as assembling
24 which results in a material of a different form, use or name;
25 (3) "machinery" shall mean major mechanical machines or major
26 components of such machines contributing to a manufacturing or

1 assembling process; and (4) "equipment" shall include any
2 independent device or tool separate from any machinery but
3 essential to an integrated manufacturing or assembly process;
4 including computers used primarily in a manufacturer's
5 computer assisted design, computer assisted manufacturing
6 (CAD/CAM) system; or any subunit or assembly comprising a
7 component of any machinery or auxiliary, adjunct or attachment
8 parts of machinery, such as tools, dies, jigs, fixtures,
9 patterns and molds; or any parts which require periodic
10 replacement in the course of normal operation; but shall not
11 include hand tools. Equipment includes chemicals or chemicals
12 acting as catalysts but only if the chemicals or chemicals
13 acting as catalysts effect a direct and immediate change upon a
14 product being manufactured or assembled for wholesale or retail
15 sale or lease. The purchaser of such machinery and equipment
16 who has an active resale registration number shall furnish such
17 number to the seller at the time of purchase. The user of such
18 machinery and equipment and tools without an active resale
19 registration number shall prepare a certificate of exemption
20 for each transaction stating facts establishing the exemption
21 for that transaction, which certificate shall be available to
22 the Department for inspection or audit. The Department shall
23 prescribe the form of the certificate.

24 Any informal rulings, opinions or letters issued by the
25 Department in response to an inquiry or request for any opinion
26 from any person regarding the coverage and applicability of

1 exemption (5) to specific devices shall be published,
2 maintained as a public record, and made available for public
3 inspection and copying. If the informal ruling, opinion or
4 letter contains trade secrets or other confidential
5 information, where possible the Department shall delete such
6 information prior to publication. Whenever such informal
7 rulings, opinions, or letters contain any policy of general
8 applicability, the Department shall formulate and adopt such
9 policy as a rule in accordance with the provisions of the
10 Illinois Administrative Procedure Act.

11 On and after July 1, 1987, no entity otherwise eligible
12 under exemption (3) of this Section shall make tax free
13 purchases unless it has an active exemption identification
14 number issued by the Department.

15 The purchase, employment and transfer of such tangible
16 personal property as newsprint and ink for the primary purpose
17 of conveying news (with or without other information) is not a
18 purchase, use or sale of service or of tangible personal
19 property within the meaning of this Act.

20 "Serviceman" means any person who is engaged in the
21 occupation of making sales of service.

22 "Sale at retail" means "sale at retail" as defined in the
23 Retailers' Occupation Tax Act.

24 "Supplier" means any person who makes sales of tangible
25 personal property to servicemen for the purpose of resale as an
26 incident to a sale of service.

1 "Serviceman maintaining a place of business in this State",
2 or any like term, means and includes any serviceman:

3 1. having or maintaining within this State, directly or
4 by a subsidiary, an office, distribution house, sales
5 house, warehouse or other place of business, or any agent
6 or other representative operating within this State under
7 the authority of the serviceman or its subsidiary,
8 irrespective of whether such place of business or agent or
9 other representative is located here permanently or
10 temporarily, or whether such serviceman or subsidiary is
11 licensed to do business in this State;

12 1.1. having a contract with a person located in this
13 State under which the person, for a commission or other
14 consideration based on the sale of service by the
15 serviceman, directly or indirectly refers potential
16 customers to the serviceman by providing to the potential
17 customers a promotional code or other mechanism that allows
18 the serviceman to track purchases referred by such persons.
19 Examples of mechanisms that allow the serviceman to track
20 purchases referred by such persons include but are not
21 limited to the use of a link on the person's Internet
22 website, promotional codes distributed through the
23 person's hand-delivered or mailed material, and
24 promotional codes distributed by the person through radio
25 or other broadcast media. The provisions of this paragraph
26 1.1 shall apply only if the cumulative gross receipts from

1 sales of service by the serviceman to customers who are
2 referred to the serviceman by all persons in this State
3 under such contracts exceed \$10,000 during the preceding 4
4 quarterly periods ending on the last day of March, June,
5 September, and December; a serviceman meeting the
6 requirements of this paragraph 1.1 shall be presumed to be
7 maintaining a place of business in this State but may rebut
8 this presumption by submitting proof that the referrals or
9 other activities pursued within this State by such persons
10 were not sufficient to meet the nexus standards of the
11 United States Constitution during the preceding 4
12 quarterly periods;

13 1.2. beginning July 1, 2011, having a contract with a
14 person located in this State under which:

15 A. the serviceman sells the same or substantially
16 similar line of services as the person located in this
17 State and does so using an identical or substantially
18 similar name, trade name, or trademark as the person
19 located in this State; and

20 B. the serviceman provides a commission or other
21 consideration to the person located in this State based
22 upon the sale of services by the serviceman.

23 The provisions of this paragraph 1.2 shall apply only if
24 the cumulative gross receipts from sales of service by the
25 serviceman to customers in this State under all such
26 contracts exceed \$10,000 during the preceding 4 quarterly

1 periods ending on the last day of March, June, September,
2 and December;

3 2. soliciting orders for tangible personal property by
4 means of a telecommunication or television shopping system
5 (which utilizes toll free numbers) which is intended by the
6 retailer to be broadcast by cable television or other means
7 of broadcasting, to consumers located in this State;

8 3. pursuant to a contract with a broadcaster or
9 publisher located in this State, soliciting orders for
10 tangible personal property by means of advertising which is
11 disseminated primarily to consumers located in this State
12 and only secondarily to bordering jurisdictions;

13 4. soliciting orders for tangible personal property by
14 mail if the solicitations are substantial and recurring and
15 if the retailer benefits from any banking, financing, debt
16 collection, telecommunication, or marketing activities
17 occurring in this State or benefits from the location in
18 this State of authorized installation, servicing, or
19 repair facilities;

20 5. being owned or controlled by the same interests
21 which own or control any retailer engaging in business in
22 the same or similar line of business in this State;

23 6. having a franchisee or licensee operating under its
24 trade name if the franchisee or licensee is required to
25 collect the tax under this Section;

26 7. pursuant to a contract with a cable television

1 operator located in this State, soliciting orders for
2 tangible personal property by means of advertising which is
3 transmitted or distributed over a cable television system
4 in this State; or

5 8. engaging in activities in Illinois, which
6 activities in the state in which the supply business
7 engaging in such activities is located would constitute
8 maintaining a place of business in that state.

9 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

10 (35 ILCS 110/3-5)

11 Sec. 3-5. Exemptions. Use of the following tangible
12 personal property is exempt from the tax imposed by this Act:

13 (1) Personal property purchased from a corporation,
14 society, association, foundation, institution, or
15 organization, other than a limited liability company, that is
16 organized and operated as a not-for-profit service enterprise
17 for the benefit of persons 65 years of age or older if the
18 personal property was not purchased by the enterprise for the
19 purpose of resale by the enterprise.

20 (2) Personal property purchased by a non-profit Illinois
21 county fair association for use in conducting, operating, or
22 promoting the county fair.

23 (3) Personal property purchased by a not-for-profit arts or
24 cultural organization that establishes, by proof required by
25 the Department by rule, that it has received an exemption under

1 Section 501(c)(3) of the Internal Revenue Code and that is
2 organized and operated primarily for the presentation or
3 support of arts or cultural programming, activities, or
4 services. These organizations include, but are not limited to,
5 music and dramatic arts organizations such as symphony
6 orchestras and theatrical groups, arts and cultural service
7 organizations, local arts councils, visual arts organizations,
8 and media arts organizations. On and after the effective date
9 of this amendatory Act of the 92nd General Assembly, however,
10 an entity otherwise eligible for this exemption shall not make
11 tax-free purchases unless it has an active identification
12 number issued by the Department.

13 (4) Legal tender, currency, medallions, or gold or silver
14 coinage issued by the State of Illinois, the government of the
15 United States of America, or the government of any foreign
16 country, and bullion.

17 (5) Until July 1, 2003 and beginning again on September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both new and
20 used, and including that manufactured on special order or
21 purchased for lease, certified by the purchaser to be used
22 primarily for graphic arts production. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a graphic arts product. Beginning on July
26 1, 2017, graphic arts machinery and equipment is included in

1 the manufacturing and assembling machinery and equipment
2 exemption under Section 2 of this Act.

3 (6) Personal property purchased from a teacher-sponsored
4 student organization affiliated with an elementary or
5 secondary school located in Illinois.

6 (7) Farm machinery and equipment, both new and used,
7 including that manufactured on special order, certified by the
8 purchaser to be used primarily for production agriculture or
9 State or federal agricultural programs, including individual
10 replacement parts for the machinery and equipment, including
11 machinery and equipment purchased for lease, and including
12 implements of husbandry defined in Section 1-130 of the
13 Illinois Vehicle Code, farm machinery and agricultural
14 chemical and fertilizer spreaders, and nurse wagons required to
15 be registered under Section 3-809 of the Illinois Vehicle Code,
16 but excluding other motor vehicles required to be registered
17 under the Illinois Vehicle Code. Horticultural polyhouses or
18 hoop houses used for propagating, growing, or overwintering
19 plants shall be considered farm machinery and equipment under
20 this item (7). Agricultural chemical tender tanks and dry boxes
21 shall include units sold separately from a motor vehicle
22 required to be licensed and units sold mounted on a motor
23 vehicle required to be licensed if the selling price of the
24 tender is separately stated.

25 Farm machinery and equipment shall include precision
26 farming equipment that is installed or purchased to be

1 installed on farm machinery and equipment including, but not
2 limited to, tractors, harvesters, sprayers, planters, seeders,
3 or spreaders. Precision farming equipment includes, but is not
4 limited to, soil testing sensors, computers, monitors,
5 software, global positioning and mapping systems, and other
6 such equipment.

7 Farm machinery and equipment also includes computers,
8 sensors, software, and related equipment used primarily in the
9 computer-assisted operation of production agriculture
10 facilities, equipment, and activities such as, but not limited
11 to, the collection, monitoring, and correlation of animal and
12 crop data for the purpose of formulating animal diets and
13 agricultural chemicals. This item (7) is exempt from the
14 provisions of Section 3-75.

15 (8) Until June 30, 2013, fuel and petroleum products sold
16 to or used by an air common carrier, certified by the carrier
17 to be used for consumption, shipment, or storage in the conduct
18 of its business as an air common carrier, for a flight destined
19 for or returning from a location or locations outside the
20 United States without regard to previous or subsequent domestic
21 stopovers.

22 Beginning July 1, 2013, fuel and petroleum products sold to
23 or used by an air carrier, certified by the carrier to be used
24 for consumption, shipment, or storage in the conduct of its
25 business as an air common carrier, for a flight that (i) is
26 engaged in foreign trade or is engaged in trade between the

1 United States and any of its possessions and (ii) transports at
2 least one individual or package for hire from the city of
3 origination to the city of final destination on the same
4 aircraft, without regard to a change in the flight number of
5 that aircraft.

6 (9) Proceeds of mandatory service charges separately
7 stated on customers' bills for the purchase and consumption of
8 food and beverages acquired as an incident to the purchase of a
9 service from a serviceman, to the extent that the proceeds of
10 the service charge are in fact turned over as tips or as a
11 substitute for tips to the employees who participate directly
12 in preparing, serving, hosting or cleaning up the food or
13 beverage function with respect to which the service charge is
14 imposed.

15 (10) Until July 1, 2003, oil field exploration, drilling,
16 and production equipment, including (i) rigs and parts of rigs,
17 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
18 tubular goods, including casing and drill strings, (iii) pumps
19 and pump-jack units, (iv) storage tanks and flow lines, (v) any
20 individual replacement part for oil field exploration,
21 drilling, and production equipment, and (vi) machinery and
22 equipment purchased for lease; but excluding motor vehicles
23 required to be registered under the Illinois Vehicle Code.

24 (11) Proceeds from the sale of photoprocessing machinery
25 and equipment, including repair and replacement parts, both new
26 and used, including that manufactured on special order,

1 certified by the purchaser to be used primarily for
2 photoprocessing, and including photoprocessing machinery and
3 equipment purchased for lease.

4 (12) Coal and aggregate exploration, mining, off-highway
5 hauling, processing, maintenance, and reclamation equipment,
6 including replacement parts and equipment, and including
7 equipment purchased for lease, but excluding motor vehicles
8 required to be registered under the Illinois Vehicle Code. The
9 changes made to this Section by Public Act 97-767 apply on and
10 after July 1, 2003, but no claim for credit or refund is
11 allowed on or after August 16, 2013 (the effective date of
12 Public Act 98-456) for such taxes paid during the period
13 beginning July 1, 2003 and ending on August 16, 2013 (the
14 effective date of Public Act 98-456).

15 (13) Semen used for artificial insemination of livestock
16 for direct agricultural production.

17 (14) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (14) is exempt from the provisions
23 of Section 3-75, and the exemption provided for under this item
24 (14) applies for all periods beginning May 30, 1995, but no
25 claim for credit or refund is allowed on or after the effective
26 date of this amendatory Act of the 95th General Assembly for

1 such taxes paid during the period beginning May 30, 2000 and
2 ending on the effective date of this amendatory Act of the 95th
3 General Assembly.

4 (15) Computers and communications equipment utilized for
5 any hospital purpose and equipment used in the diagnosis,
6 analysis, or treatment of hospital patients purchased by a
7 lessor who leases the equipment, 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 hospital that has been issued an active tax exemption
11 identification number by the Department under Section 1g of the
12 Retailers' Occupation Tax Act. If the equipment is leased in a
13 manner that does not qualify for this exemption or is used in
14 any other non-exempt manner, the lessor shall be liable for the
15 tax imposed under this Act or the Use Tax Act, as the case may
16 be, based on the fair market value of the property at the time
17 the non-qualifying use occurs. No lessor shall collect or
18 attempt to collect an amount (however designated) that purports
19 to reimburse that lessor for the tax imposed by this Act or the
20 Use Tax Act, as the case may be, if the tax has not been paid by
21 the lessor. If a lessor improperly collects any such amount
22 from the lessee, the lessee shall have a legal right to claim a
23 refund of that amount from the lessor. If, however, that amount
24 is not refunded to the lessee for any reason, the lessor is
25 liable to pay that amount to the Department.

26 (16) Personal property purchased by a lessor who leases the

1 property, under a lease of one year or longer executed or in
2 effect at the time the lessor would otherwise be subject to the
3 tax imposed by this Act, to a governmental body that has been
4 issued an active tax exemption identification number by the
5 Department under Section 1g of the Retailers' Occupation Tax
6 Act. If the property is leased in a manner that does not
7 qualify for this exemption or is used in any other non-exempt
8 manner, the lessor shall be liable for the tax imposed under
9 this Act or the Use Tax Act, as the case may be, based on the
10 fair market value of the property at the time the
11 non-qualifying use occurs. No lessor shall collect or attempt
12 to collect an amount (however designated) that purports to
13 reimburse that lessor for the tax imposed by this Act or the
14 Use Tax Act, as the case may be, if the tax has not been paid by
15 the lessor. If a lessor improperly collects any such amount
16 from the lessee, the lessee shall have a legal right to claim a
17 refund of that amount from the lessor. If, however, that amount
18 is not refunded to the lessee for any reason, the lessor is
19 liable to pay that amount to the Department.

20 (17) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on or
22 before December 31, 2004, personal property that is donated for
23 disaster relief to be used in a State or federally declared
24 disaster area in Illinois or bordering Illinois by a
25 manufacturer or retailer that is registered in this State to a
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

4 (18) Beginning with taxable years ending on or after
5 December 31, 1995 and ending with taxable years ending on or
6 before December 31, 2004, personal property that is used in the
7 performance of infrastructure repairs in this State, including
8 but not limited to municipal roads and streets, access roads,
9 bridges, sidewalks, waste disposal systems, water and sewer
10 line extensions, water distribution and purification
11 facilities, storm water drainage and retention facilities, and
12 sewage treatment facilities, resulting from a State or
13 federally declared disaster in Illinois or bordering Illinois
14 when such repairs are initiated on facilities located in the
15 declared disaster area within 6 months after the disaster.

16 (19) Beginning July 1, 1999, game or game birds purchased
17 at a "game breeding and hunting preserve area" as that term is
18 used in the Wildlife Code. This paragraph is exempt from the
19 provisions of Section 3-75.

20 (20) A motor vehicle, as that term is defined in Section
21 1-146 of the Illinois Vehicle Code, that is donated to a
22 corporation, limited liability company, society, association,
23 foundation, or institution that is determined by the Department
24 to be organized and operated exclusively for educational
25 purposes. For purposes of this exemption, "a corporation,
26 limited liability company, society, association, foundation,

1 or institution organized and operated exclusively for
2 educational purposes" means all tax-supported public schools,
3 private schools that offer systematic instruction in useful
4 branches of learning by methods common to public schools and
5 that compare favorably in their scope and intensity with the
6 course of study presented in tax-supported schools, and
7 vocational or technical schools or institutes organized and
8 operated exclusively to provide a course of study of not less
9 than 6 weeks duration and designed to prepare individuals to
10 follow a trade or to pursue a manual, technical, mechanical,
11 industrial, business, or commercial occupation.

12 (21) Beginning January 1, 2000, personal property,
13 including food, purchased through fundraising events for the
14 benefit of a public or private elementary or secondary school,
15 a group of those schools, or one or more school districts if
16 the events are sponsored by an entity recognized by the school
17 district that consists primarily of volunteers and includes
18 parents and teachers of the school children. This paragraph
19 does not apply to fundraising events (i) for the benefit of
20 private home instruction or (ii) for which the fundraising
21 entity purchases the personal property sold at the events from
22 another individual or entity that sold the property for the
23 purpose of resale by the fundraising entity and that profits
24 from the sale to the fundraising entity. This paragraph is
25 exempt from the provisions of Section 3-75.

26 (22) Beginning January 1, 2000 and through December 31,

1 2001, new or used automatic vending machines that prepare and
2 serve hot food and beverages, including coffee, soup, and other
3 items, and replacement parts for these machines. Beginning
4 January 1, 2002 and through June 30, 2003, machines and parts
5 for machines used in commercial, coin-operated amusement and
6 vending business if a use or occupation tax is paid on the
7 gross receipts derived from the use of the commercial,
8 coin-operated amusement and vending machines. This paragraph
9 is exempt from the provisions of Section 3-75.

10 (23) Beginning August 23, 2001 and through June 30, 2016,
11 food for human consumption that is to be consumed off the
12 premises where it is sold (other than alcoholic beverages, soft
13 drinks, and food that has been prepared for immediate
14 consumption) and prescription and nonprescription medicines,
15 drugs, medical appliances, and insulin, urine testing
16 materials, syringes, and needles used by diabetics, for human
17 use, when purchased for use by a person receiving medical
18 assistance under Article V of the Illinois Public Aid Code who
19 resides in a licensed long-term care facility, as defined in
20 the Nursing Home Care Act, or in a licensed facility as defined
21 in the ID/DD Community Care Act, the MC/DD Act, or the
22 Specialized Mental Health Rehabilitation Act of 2013.

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 purchased by a lessor who leases the equipment, under a lease
2 of one year or longer executed or in effect at the time the
3 lessor would otherwise be subject to the tax imposed by this
4 Act, to a hospital that has been issued an active tax exemption
5 identification number by the Department under Section 1g of the
6 Retailers' Occupation Tax Act. If the equipment is leased in a
7 manner that does not qualify for this exemption or is used in
8 any other nonexempt manner, the lessor shall be liable for the
9 tax imposed under this Act or the Use Tax Act, as the case may
10 be, based on the fair market value of the property at the time
11 the nonqualifying use occurs. No lessor shall collect or
12 attempt to collect an amount (however designated) that purports
13 to reimburse that lessor for the tax imposed by this Act or the
14 Use Tax Act, as the case may be, if the tax has not been paid by
15 the lessor. If a lessor improperly collects any such amount
16 from the lessee, the lessee shall have a legal right to claim a
17 refund of that amount from the lessor. If, however, that amount
18 is not refunded to the lessee for any reason, the lessor is
19 liable to pay that amount to the Department. This paragraph is
20 exempt from the provisions of Section 3-75.

21 (25) Beginning on the effective date of this amendatory Act
22 of the 92nd General Assembly, personal property purchased by a
23 lessor who leases the property, under a lease of one year or
24 longer executed or in effect at the time the lessor would
25 otherwise be subject to the tax imposed by this Act, to a
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of the
2 Retailers' Occupation Tax Act. If the property is leased in a
3 manner that does not qualify for this exemption or is used in
4 any other nonexempt manner, the lessor shall be liable for the
5 tax imposed under this Act or the Use Tax Act, as the case may
6 be, based on the fair market value of the property at the time
7 the nonqualifying use occurs. No lessor shall collect or
8 attempt to collect an amount (however designated) that purports
9 to reimburse that lessor for the tax imposed by this Act or the
10 Use Tax Act, as the case may be, if the tax has not been paid by
11 the lessor. If a lessor improperly collects any such amount
12 from the lessee, the lessee shall have a legal right to claim a
13 refund of that amount from the lessor. If, however, that amount
14 is not refunded to the lessee for any reason, the lessor is
15 liable to pay that amount to the Department. This paragraph is
16 exempt from the provisions of Section 3-75.

17 (26) Beginning January 1, 2008, tangible personal property
18 used in the construction or maintenance of a community water
19 supply, as defined under Section 3.145 of the Environmental
20 Protection Act, that is operated by a not-for-profit
21 corporation that holds a valid water supply permit issued under
22 Title IV of the Environmental Protection Act. This paragraph is
23 exempt from the provisions of Section 3-75.

24 (27) Beginning January 1, 2010, materials, parts,
25 equipment, components, and furnishings incorporated into or
26 upon an aircraft as part of the modification, refurbishment,

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used in
3 the modification, refurbishment, completion, replacement,
4 repair, and maintenance of aircraft, but excludes any
5 materials, parts, equipment, components, and consumable
6 supplies used in the modification, replacement, repair, and
7 maintenance of aircraft engines or power plants, whether such
8 engines or power plants are installed or uninstalled upon any
9 such aircraft. "Consumable supplies" include, but are not
10 limited to, adhesive, tape, sandpaper, general purpose
11 lubricants, cleaning solution, latex gloves, and protective
12 films. This exemption applies only to the use of qualifying
13 tangible personal property transferred incident to the
14 modification, refurbishment, completion, replacement, repair,
15 or maintenance of aircraft by persons who (i) hold an Air
16 Agency Certificate and are empowered to operate an approved
17 repair station by the Federal Aviation Administration, (ii)
18 have a Class IV Rating, and (iii) conduct operations in
19 accordance with Part 145 of the Federal Aviation Regulations.
20 The exemption does not include aircraft operated by a
21 commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part 129
23 of the Federal Aviation Regulations. The changes made to this
24 paragraph (27) by Public Act 98-534 are declarative of existing
25 law.

26 (28) Tangible personal property purchased by a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall, but
4 only if the legal title to the municipal convention hall is
5 transferred to the municipality without any further
6 consideration by or on behalf of the municipality at the time
7 of the completion of the municipal convention hall or upon the
8 retirement or redemption of any bonds or other debt instruments
9 issued by the public-facilities corporation in connection with
10 the development of the municipal convention hall. This
11 exemption includes existing public-facilities corporations as
12 provided in Section 11-65-25 of the Illinois Municipal Code.
13 This paragraph is exempt from the provisions of Section 3-75.

14 (29) Beginning January 1, 2017, menstrual pads, tampons,
15 and menstrual cups.

16 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
17 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
18 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

19 Section 30-35. The Service Occupation Tax Act is amended by
20 changing Sections 2 and 3-5 and by adding Section 1.1 as
21 follows:

22 (35 ILCS 115/1.1 new)

23 Sec. 1.1. Applicability. This Act is not applicable to
24 transactions that are subject to the Storage Excise Tax Act,

1 the Amusement Excise Tax Act, the Repair and Maintenance Excise
2 Tax Act, the Landscaping Excise Tax Act, or the Laundry and
3 Drycleaning Excise Tax Act that occur on or after January 1,
4 2018. This amendatory Act of the 100th General Assembly does
5 not affect tax liability that arose before January 1, 2018.

6 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

7 Sec. 2. "Transfer" means any transfer of the title to
8 property or of the ownership of property whether or not the
9 transferor retains title as security for the payment of amounts
10 due him from the transferee.

11 "Cost Price" means the consideration paid by the serviceman
12 for a purchase valued in money, whether paid in money or
13 otherwise, including cash, credits and services, and shall be
14 determined without any deduction on account of the supplier's
15 cost of the property sold or on account of any other expense
16 incurred by the supplier. When a serviceman contracts out part
17 or all of the services required in his sale of service, it
18 shall be presumed that the cost price to the serviceman of the
19 property transferred to him by his or her subcontractor is
20 equal to 50% of the subcontractor's charges to the serviceman
21 in the absence of proof of the consideration paid by the
22 subcontractor for the purchase of such property.

23 "Department" means the Department of Revenue.

24 "Person" means any natural individual, firm, partnership,
25 association, joint stock company, joint venture, public or

1 private corporation, limited liability company, and any
2 receiver, executor, trustee, guardian or other representative
3 appointed by order of any court.

4 "Sale of Service" means any transaction except:

5 (a) A retail sale of tangible personal property taxable
6 under the Retailers' Occupation Tax Act or under the Use Tax
7 Act.

8 (b) A sale of tangible personal property for the purpose of
9 resale made in compliance with Section 2c of the Retailers'
10 Occupation Tax Act.

11 (c) Except as hereinafter provided, a sale or transfer of
12 tangible personal property as an incident to the rendering of
13 service for or by any governmental body or for or by any
14 corporation, society, association, foundation or institution
15 organized and operated exclusively for charitable, religious
16 or educational purposes or any not-for-profit corporation,
17 society, association, foundation, institution or organization
18 which has no compensated officers or employees and which is
19 organized and operated primarily for the recreation of persons
20 55 years of age or older. A limited liability company may
21 qualify for the exemption under this paragraph only if the
22 limited liability company is organized and operated
23 exclusively for educational purposes.

24 (d) A sale or transfer of tangible personal property as an
25 incident to the rendering of service for interstate carriers
26 for hire for use as rolling stock moving in interstate commerce

1 or lessors under leases of one year or longer, executed or in
2 effect at the time of purchase, to interstate carriers for hire
3 for use as rolling stock moving in interstate commerce, and
4 equipment operated by a telecommunications provider, licensed
5 as a common carrier by the Federal Communications Commission,
6 which is permanently installed in or affixed to aircraft moving
7 in interstate commerce.

8 (d-1) A sale or transfer of tangible personal property as
9 an incident to the rendering of service for owners, lessors or
10 shippers of tangible personal property which is utilized by
11 interstate carriers for hire for use as rolling stock moving in
12 interstate commerce, and equipment operated by a
13 telecommunications provider, licensed as a common carrier by
14 the Federal Communications Commission, which is permanently
15 installed in or affixed to aircraft moving in interstate
16 commerce.

17 (d-1.1) On and after July 1, 2003 and through June 30,
18 2004, a sale or transfer of a motor vehicle of the second
19 division with a gross vehicle weight in excess of 8,000 pounds
20 as an incident to the rendering of service if that motor
21 vehicle is subject to the commercial distribution fee imposed
22 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
23 on July 1, 2004 and through June 30, 2005, the use in this
24 State of motor vehicles of the second division: (i) with a
25 gross vehicle weight rating in excess of 8,000 pounds; (ii)
26 that are subject to the commercial distribution fee imposed

1 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
2 that are primarily used for commercial purposes. Through June
3 30, 2005, this exemption applies to repair and replacement
4 parts added after the initial purchase of such a motor vehicle
5 if that motor vehicle is used in a manner that would qualify
6 for the rolling stock exemption otherwise provided for in this
7 Act. For purposes of this paragraph, "used for commercial
8 purposes" means the transportation of persons or property in
9 furtherance of any commercial or industrial enterprise whether
10 for-hire or not.

11 (d-2) The repairing, reconditioning or remodeling, for a
12 common carrier by rail, of tangible personal property which
13 belongs to such carrier for hire, and as to which such carrier
14 receives the physical possession of the repaired,
15 reconditioned or remodeled item of tangible personal property
16 in Illinois, and which such carrier transports, or shares with
17 another common carrier in the transportation of such property,
18 out of Illinois on a standard uniform bill of lading showing
19 the person who repaired, reconditioned or remodeled the
20 property as the shipper or consignor of such property to a
21 destination outside Illinois, for use outside Illinois.

22 (d-3) A sale or transfer of tangible personal property
23 which is produced by the seller thereof on special order in
24 such a way as to have made the applicable tax the Service
25 Occupation Tax or the Service Use Tax, rather than the
26 Retailers' Occupation Tax or the Use Tax, for an interstate

1 carrier by rail which receives the physical possession of such
2 property in Illinois, and which transports such property, or
3 shares with another common carrier in the transportation of
4 such property, out of Illinois on a standard uniform bill of
5 lading showing the seller of the property as the shipper or
6 consignor of such property to a destination outside Illinois,
7 for use outside Illinois.

8 (d-4) Until January 1, 1997, a sale, by a registered
9 serviceman paying tax under this Act to the Department, of
10 special order printed materials delivered outside Illinois and
11 which are not returned to this State, if delivery is made by
12 the seller or agent of the seller, including an agent who
13 causes the product to be delivered outside Illinois by a common
14 carrier or the U.S. postal service.

15 (e) A sale or transfer of machinery and equipment used
16 primarily in the process of the manufacturing or assembling,
17 either in an existing, an expanded or a new manufacturing
18 facility, of tangible personal property for wholesale or retail
19 sale or lease, whether such sale or lease is made directly by
20 the manufacturer or by some other person, whether the materials
21 used in the process are owned by the manufacturer or some other
22 person, or whether such sale or lease is made apart from or as
23 an incident to the seller's engaging in a service occupation
24 and the applicable tax is a Service Occupation Tax or Service
25 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
26 exemption provided by this paragraph (e) does not include

1 machinery and equipment used in (i) the generation of
2 electricity for wholesale or retail sale; (ii) the generation
3 or treatment of natural or artificial gas for wholesale or
4 retail sale that is delivered to customers through pipes,
5 pipelines, or mains; or (iii) the treatment of water for
6 wholesale or retail sale that is delivered to customers through
7 pipes, pipelines, or mains. The provisions of this amendatory
8 Act of the 98th General Assembly are declaratory of existing
9 law as to the meaning and scope of this exemption. The
10 exemption under this subsection (e) is exempt from the
11 provisions of Section 3-75.

12 (f) Until July 1, 2003, the sale or transfer of
13 distillation machinery and equipment, sold as a unit or kit and
14 assembled or installed by the retailer, which machinery and
15 equipment is certified by the user to be used only for the
16 production of ethyl alcohol that will be used for consumption
17 as motor fuel or as a component of motor fuel for the personal
18 use of such user and not subject to sale or resale.

19 (g) At the election of any serviceman not required to be
20 otherwise registered as a retailer under Section 2a of the
21 Retailers' Occupation Tax Act, made for each fiscal year sales
22 of service in which the aggregate annual cost price of tangible
23 personal property transferred as an incident to the sales of
24 service is less than 35% (75% in the case of servicemen
25 transferring prescription drugs or servicemen engaged in
26 graphic arts production) of the aggregate annual total gross

1 receipts from all sales of service. The purchase of such
2 tangible personal property by the serviceman shall be subject
3 to tax under the Retailers' Occupation Tax Act and the Use Tax
4 Act. However, if a primary serviceman who has made the election
5 described in this paragraph subcontracts service work to a
6 secondary serviceman who has also made the election described
7 in this paragraph, the primary serviceman does not incur a Use
8 Tax liability if the secondary serviceman (i) has paid or will
9 pay Use Tax on his or her cost price of any tangible personal
10 property transferred to the primary serviceman and (ii)
11 certifies that fact in writing to the primary serviceman.

12 Tangible personal property transferred incident to the
13 completion of a maintenance agreement is exempt from the tax
14 imposed pursuant to this Act.

15 Exemption (e) also includes machinery and equipment used in
16 the general maintenance or repair of such exempt machinery and
17 equipment or for in-house manufacture of exempt machinery and
18 equipment. On and after July 1, 2017, exemption (e) also
19 includes production related tangible personal property, as
20 defined in Section 2-45 of the Retailers' Occupation Tax Act.
21 On and after July 1, 2017, exemption (e) also includes graphic
22 arts machinery and equipment, as defined in paragraph (5) of
23 Section 3-5. The machinery and equipment exemption does not
24 include machinery and equipment used in (i) the generation of
25 electricity for wholesale or retail sale; (ii) the generation
26 or treatment of natural or artificial gas for wholesale or

1 retail sale that is delivered to customers through pipes,
2 pipelines, or mains; or (iii) the treatment of water for
3 wholesale or retail sale that is delivered to customers through
4 pipes, pipelines, or mains. The provisions of this amendatory
5 Act of the 98th General Assembly are declaratory of existing
6 law as to the meaning and scope of this exemption. For the
7 purposes of exemption (e), each of these terms shall have the
8 following meanings: (1) "manufacturing process" shall mean the
9 production of any article of tangible personal property,
10 whether such article is a finished product or an article for
11 use in the process of manufacturing or assembling a different
12 article of tangible personal property, by procedures commonly
13 regarded as manufacturing, processing, fabricating, or
14 refining which changes some existing material or materials into
15 a material with a different form, use or name. In relation to a
16 recognized integrated business composed of a series of
17 operations which collectively constitute manufacturing, or
18 individually constitute manufacturing operations, the
19 manufacturing process shall be deemed to commence with the
20 first operation or stage of production in the series, and shall
21 not be deemed to end until the completion of the final product
22 in the last operation or stage of production in the series; and
23 further for purposes of exemption (e), photoprocessing is
24 deemed to be a manufacturing process of tangible personal
25 property for wholesale or retail sale; (2) "assembling process"
26 shall mean the production of any article of tangible personal

1 property, whether such article is a finished product or an
2 article for use in the process of manufacturing or assembling a
3 different article of tangible personal property, by the
4 combination of existing materials in a manner commonly regarded
5 as assembling which results in a material of a different form,
6 use or name; (3) "machinery" shall mean major mechanical
7 machines or major components of such machines contributing to a
8 manufacturing or assembling process; and (4) "equipment" shall
9 include any independent device or tool separate from any
10 machinery but essential to an integrated manufacturing or
11 assembly process; including computers used primarily in a
12 manufacturer's computer assisted design, computer assisted
13 manufacturing (CAD/CAM) system; or any subunit or assembly
14 comprising a component of any machinery or auxiliary, adjunct
15 or attachment parts of machinery, such as tools, dies, jigs,
16 fixtures, patterns and molds; or any parts which require
17 periodic replacement in the course of normal operation; but
18 shall not include hand tools. Equipment includes chemicals or
19 chemicals acting as catalysts but only if the chemicals or
20 chemicals acting as catalysts effect a direct and immediate
21 change upon a product being manufactured or assembled for
22 wholesale or retail sale or lease. The purchaser of such
23 machinery and equipment who has an active resale registration
24 number shall furnish such number to the seller at the time of
25 purchase. The purchaser of such machinery and equipment and
26 tools without an active resale registration number shall

1 furnish to the seller a certificate of exemption for each
2 transaction stating facts establishing the exemption for that
3 transaction, which certificate shall be available to the
4 Department for inspection or audit.

5 Except as provided in Section 2d of this Act, the rolling
6 stock exemption applies to rolling stock used by an interstate
7 carrier for hire, even just between points in Illinois, if such
8 rolling stock transports, for hire, persons whose journeys or
9 property whose shipments originate or terminate outside
10 Illinois.

11 Any informal rulings, opinions or letters issued by the
12 Department in response to an inquiry or request for any opinion
13 from any person regarding the coverage and applicability of
14 exemption (e) to specific devices shall be published,
15 maintained as a public record, and made available for public
16 inspection and copying. If the informal ruling, opinion or
17 letter contains trade secrets or other confidential
18 information, where possible the Department shall delete such
19 information prior to publication. Whenever such informal
20 rulings, opinions, or letters contain any policy of general
21 applicability, the Department shall formulate and adopt such
22 policy as a rule in accordance with the provisions of the
23 Illinois Administrative Procedure Act.

24 On and after July 1, 1987, no entity otherwise eligible
25 under exemption (c) of this Section shall make tax free
26 purchases unless it has an active exemption identification

1 number issued by the Department.

2 "Serviceman" means any person who is engaged in the
3 occupation of making sales of service.

4 "Sale at Retail" means "sale at retail" as defined in the
5 Retailers' Occupation Tax Act.

6 "Supplier" means any person who makes sales of tangible
7 personal property to servicemen for the purpose of resale as an
8 incident to a sale of service.

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

10 (35 ILCS 115/3-5)

11 Sec. 3-5. Exemptions. The following tangible personal
12 property is exempt from the tax imposed by this Act:

13 (1) Personal property sold by a corporation, society,
14 association, foundation, institution, or organization, other
15 than a limited liability company, that is organized and
16 operated as a not-for-profit service enterprise for the benefit
17 of persons 65 years of age or older if the personal property
18 was not purchased by the enterprise for the purpose of resale
19 by the enterprise.

20 (2) Personal property purchased by a not-for-profit
21 Illinois county fair association for use in conducting,
22 operating, or promoting the county fair.

23 (3) Personal property purchased by any not-for-profit arts
24 or cultural organization that establishes, by proof required by
25 the Department by rule, that it has received an exemption under

1 Section 501(c)(3) of the Internal Revenue Code and that is
2 organized and operated primarily for the presentation or
3 support of arts or cultural programming, activities, or
4 services. These organizations include, but are not limited to,
5 music and dramatic arts organizations such as symphony
6 orchestras and theatrical groups, arts and cultural service
7 organizations, local arts councils, visual arts organizations,
8 and media arts organizations. On and after the effective date
9 of this amendatory Act of the 92nd General Assembly, however,
10 an entity otherwise eligible for this exemption shall not make
11 tax-free purchases unless it has an active identification
12 number issued by the Department.

13 (4) Legal tender, currency, medallions, or gold or silver
14 coinage issued by the State of Illinois, the government of the
15 United States of America, or the government of any foreign
16 country, and bullion.

17 (5) Until July 1, 2003 and beginning again on September 1,
18 2004 through August 30, 2014, graphic arts machinery and
19 equipment, including repair and replacement parts, both new and
20 used, and including that manufactured on special order or
21 purchased for lease, certified by the purchaser to be used
22 primarily for graphic arts production. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a graphic arts product. Beginning on July
26 1, 2017, graphic arts machinery and equipment is included in

1 the manufacturing and assembling machinery and equipment
2 exemption under Section 2 of this Act.

3 (6) Personal property sold by a teacher-sponsored student
4 organization affiliated with an elementary or secondary school
5 located in Illinois.

6 (7) Farm machinery and equipment, both new and used,
7 including that manufactured on special order, certified by the
8 purchaser to be used primarily for production agriculture or
9 State or federal agricultural programs, including individual
10 replacement parts for the machinery and equipment, including
11 machinery and equipment purchased for lease, and including
12 implements of husbandry defined in Section 1-130 of the
13 Illinois Vehicle Code, farm machinery and agricultural
14 chemical and fertilizer spreaders, and nurse wagons required to
15 be registered under Section 3-809 of the Illinois Vehicle Code,
16 but excluding other motor vehicles required to be registered
17 under the Illinois Vehicle Code. Horticultural polyhouses or
18 hoop houses used for propagating, growing, or overwintering
19 plants shall be considered farm machinery and equipment under
20 this item (7). Agricultural chemical tender tanks and dry boxes
21 shall include units sold separately from a motor vehicle
22 required to be licensed and units sold mounted on a motor
23 vehicle required to be licensed if the selling price of the
24 tender is separately stated.

25 Farm machinery and equipment shall include precision
26 farming equipment that is installed or purchased to be

1 installed on farm machinery and equipment including, but not
2 limited to, tractors, harvesters, sprayers, planters, seeders,
3 or spreaders. Precision farming equipment includes, but is not
4 limited to, soil testing sensors, computers, monitors,
5 software, global positioning and mapping systems, and other
6 such equipment.

7 Farm machinery and equipment also includes computers,
8 sensors, software, and related equipment used primarily in the
9 computer-assisted operation of production agriculture
10 facilities, equipment, and activities such as, but not limited
11 to, the collection, monitoring, and correlation of animal and
12 crop data for the purpose of formulating animal diets and
13 agricultural chemicals. This item (7) is exempt from the
14 provisions of Section 3-55.

15 (8) Until June 30, 2013, fuel and petroleum products sold
16 to or used by an air common carrier, certified by the carrier
17 to be used for consumption, shipment, or storage in the conduct
18 of its business as an air common carrier, for a flight destined
19 for or returning from a location or locations outside the
20 United States without regard to previous or subsequent domestic
21 stopovers.

22 Beginning July 1, 2013, fuel and petroleum products sold to
23 or used by an air carrier, certified by the carrier to be used
24 for consumption, shipment, or storage in the conduct of its
25 business as an air common carrier, for a flight that (i) is
26 engaged in foreign trade or is engaged in trade between the

1 United States and any of its possessions and (ii) transports at
2 least one individual or package for hire from the city of
3 origination to the city of final destination on the same
4 aircraft, without regard to a change in the flight number of
5 that aircraft.

6 (9) Proceeds of mandatory service charges separately
7 stated on customers' bills for the purchase and consumption of
8 food and beverages, to the extent that the proceeds of the
9 service charge are in fact turned over as tips or as a
10 substitute for tips to the employees who participate directly
11 in preparing, serving, hosting or cleaning up the food or
12 beverage function with respect to which the service charge is
13 imposed.

14 (10) Until July 1, 2003, oil field exploration, drilling,
15 and production equipment, including (i) rigs and parts of rigs,
16 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
17 tubular goods, including casing and drill strings, (iii) pumps
18 and pump-jack units, (iv) storage tanks and flow lines, (v) any
19 individual replacement part for oil field exploration,
20 drilling, and production equipment, and (vi) machinery and
21 equipment purchased for lease; but excluding motor vehicles
22 required to be registered under the Illinois Vehicle Code.

23 (11) Photoprocessing machinery and equipment, including
24 repair and replacement parts, both new and used, including that
25 manufactured on special order, certified by the purchaser to be
26 used primarily for photoprocessing, and including

1 photoprocessing machinery and equipment purchased for lease.

2 (12) Coal and aggregate exploration, mining, off-highway
3 hauling, processing, maintenance, and reclamation equipment,
4 including replacement parts and equipment, and including
5 equipment purchased for lease, but excluding motor vehicles
6 required to be registered under the Illinois Vehicle Code. The
7 changes made to this Section by Public Act 97-767 apply on and
8 after July 1, 2003, but no claim for credit or refund is
9 allowed on or after August 16, 2013 (the effective date of
10 Public Act 98-456) for such taxes paid during the period
11 beginning July 1, 2003 and ending on August 16, 2013 (the
12 effective date of Public Act 98-456).

13 (13) Beginning January 1, 1992 and through June 30, 2016,
14 food for human consumption that is to be consumed off the
15 premises where it is sold (other than alcoholic beverages, soft
16 drinks and food that has been prepared for immediate
17 consumption) and prescription and non-prescription medicines,
18 drugs, medical appliances, and insulin, urine testing
19 materials, syringes, and needles used by diabetics, for human
20 use, when purchased for use by a person receiving medical
21 assistance under Article V of the Illinois Public Aid Code who
22 resides in a licensed long-term care facility, as defined in
23 the Nursing Home Care Act, or in a licensed facility as defined
24 in the ID/DD Community Care Act, the MC/DD Act, or the
25 Specialized Mental Health Rehabilitation Act of 2013.

26 (14) Semen used for artificial insemination of livestock

1 for direct agricultural production.

2 (15) Horses, or interests in horses, registered with and
3 meeting the requirements of any of the Arabian Horse Club
4 Registry of America, Appaloosa Horse Club, American Quarter
5 Horse Association, United States Trotting Association, or
6 Jockey Club, as appropriate, used for purposes of breeding or
7 racing for prizes. This item (15) is exempt from the provisions
8 of Section 3-55, and the exemption provided for under this item
9 (15) applies for all periods beginning May 30, 1995, but no
10 claim for credit or refund is allowed on or after January 1,
11 2008 (the effective date of Public Act 95-88) for such taxes
12 paid during the period beginning May 30, 2000 and ending on
13 January 1, 2008 (the effective date of Public Act 95-88).

14 (16) Computers and communications equipment utilized for
15 any hospital purpose and equipment used in the diagnosis,
16 analysis, or treatment of hospital patients sold to a lessor
17 who leases the equipment, under a lease of one year or longer
18 executed or in effect at the time of the purchase, to a
19 hospital that has been issued an active tax exemption
20 identification number by the Department under Section 1g of the
21 Retailers' Occupation Tax Act.

22 (17) Personal property sold to a lessor who leases the
23 property, under a lease of one year or longer executed or in
24 effect at the time of the purchase, to a governmental body that
25 has been issued an active tax exemption identification number
26 by the Department under Section 1g of the Retailers' Occupation

1 Tax Act.

2 (18) 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 donated for
5 disaster relief to be used in a State or federally declared
6 disaster area in Illinois or bordering Illinois by a
7 manufacturer or retailer that is registered in this State to a
8 corporation, society, association, foundation, or institution
9 that has been issued a sales tax exemption identification
10 number by the Department that assists victims of the disaster
11 who reside within the declared disaster area.

12 (19) 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 used in the
15 performance of infrastructure repairs in this State, including
16 but not limited to municipal roads and streets, access roads,
17 bridges, sidewalks, waste disposal systems, water and sewer
18 line extensions, water distribution and purification
19 facilities, storm water drainage and retention facilities, and
20 sewage treatment facilities, resulting from a State or
21 federally declared disaster in Illinois or bordering Illinois
22 when such repairs are initiated on facilities located in the
23 declared disaster area within 6 months after the disaster.

24 (20) Beginning July 1, 1999, game or game birds sold at a
25 "game breeding and hunting preserve area" as that term is used
26 in the Wildlife Code. This paragraph is exempt from the

1 provisions of Section 3-55.

2 (21) A motor vehicle, as that term is defined in Section
3 1-146 of the Illinois Vehicle Code, that is donated to a
4 corporation, limited liability company, society, association,
5 foundation, or institution that is determined by the Department
6 to be organized and operated exclusively for educational
7 purposes. For purposes of this exemption, "a corporation,
8 limited liability company, society, association, foundation,
9 or institution organized and operated exclusively for
10 educational purposes" means all tax-supported public schools,
11 private schools that offer systematic instruction in useful
12 branches of learning by methods common to public schools and
13 that compare favorably in their scope and intensity with the
14 course of study presented in tax-supported schools, and
15 vocational or technical schools or institutes organized and
16 operated exclusively to provide a course of study of not less
17 than 6 weeks duration and designed to prepare individuals to
18 follow a trade or to pursue a manual, technical, mechanical,
19 industrial, business, or commercial occupation.

20 (22) Beginning January 1, 2000, personal property,
21 including food, purchased through fundraising events for the
22 benefit of a public or private elementary or secondary school,
23 a group of those schools, or one or more school districts if
24 the events are sponsored by an entity recognized by the school
25 district that consists primarily of volunteers and includes
26 parents and teachers of the school children. This paragraph

1 does not apply to fundraising events (i) for the benefit of
2 private home instruction or (ii) for which the fundraising
3 entity purchases the personal property sold at the events from
4 another individual or entity that sold the property for the
5 purpose of resale by the fundraising entity and that profits
6 from the sale to the fundraising entity. This paragraph is
7 exempt from the provisions of Section 3-55.

8 (23) Beginning January 1, 2000 and through December 31,
9 2001, new or used automatic vending machines that prepare and
10 serve hot food and beverages, including coffee, soup, and other
11 items, and replacement parts for these machines. Beginning
12 January 1, 2002 and through June 30, 2003, machines and parts
13 for machines used in commercial, coin-operated amusement and
14 vending business if a use or occupation tax is paid on the
15 gross receipts derived from the use of the commercial,
16 coin-operated amusement and vending machines. This paragraph
17 is exempt from the provisions of Section 3-55.

18 (24) Beginning on the effective date of this amendatory Act
19 of the 92nd General Assembly, computers and communications
20 equipment utilized for any hospital purpose and equipment used
21 in the diagnosis, analysis, or treatment of hospital patients
22 sold to a lessor who leases the equipment, under a lease of one
23 year or longer executed or in effect at the time of the
24 purchase, to a hospital that has been issued an active tax
25 exemption identification number by the Department under
26 Section 1g of the Retailers' Occupation Tax Act. This paragraph

1 is exempt from the provisions of Section 3-55.

2 (25) Beginning on the effective date of this amendatory Act
3 of the 92nd General Assembly, personal property sold to a
4 lessor who leases the property, under a lease of one year or
5 longer executed or in effect at the time of the purchase, to a
6 governmental body that has been issued an active tax exemption
7 identification number by the Department under Section 1g of the
8 Retailers' Occupation Tax Act. This paragraph is exempt from
9 the provisions of Section 3-55.

10 (26) Beginning on January 1, 2002 and through June 30,
11 2016, tangible personal property purchased from an Illinois
12 retailer by a taxpayer engaged in centralized purchasing
13 activities in Illinois who will, upon receipt of the property
14 in Illinois, temporarily store the property in Illinois (i) for
15 the purpose of subsequently transporting it outside this State
16 for use or consumption thereafter solely outside this State or
17 (ii) for the purpose of being processed, fabricated, or
18 manufactured into, attached to, or incorporated into other
19 tangible personal property to be transported outside this State
20 and thereafter used or consumed solely outside this State. The
21 Director of Revenue shall, pursuant to rules adopted in
22 accordance with the Illinois Administrative Procedure Act,
23 issue a permit to any taxpayer in good standing with the
24 Department who is eligible for the exemption under this
25 paragraph (26). The permit issued under this paragraph (26)
26 shall authorize the holder, to the extent and in the manner

1 specified in the rules adopted under this Act, to purchase
2 tangible personal property from a retailer exempt from the
3 taxes imposed by this Act. Taxpayers shall maintain all
4 necessary books and records to substantiate the use and
5 consumption of all such tangible personal property outside of
6 the State of Illinois.

7 (27) Beginning January 1, 2008, tangible personal property
8 used in the construction or maintenance of a community water
9 supply, as defined under Section 3.145 of the Environmental
10 Protection Act, that is operated by a not-for-profit
11 corporation that holds a valid water supply permit issued under
12 Title IV of the Environmental Protection Act. This paragraph is
13 exempt from the provisions of Section 3-55.

14 (28) Tangible personal property sold to a
15 public-facilities corporation, as described in Section
16 11-65-10 of the Illinois Municipal Code, for purposes of
17 constructing or furnishing a municipal convention hall, but
18 only if the legal title to the municipal convention hall is
19 transferred to the municipality without any further
20 consideration by or on behalf of the municipality at the time
21 of the completion of the municipal convention hall or upon the
22 retirement or redemption of any bonds or other debt instruments
23 issued by the public-facilities corporation in connection with
24 the development of the municipal convention hall. This
25 exemption includes existing public-facilities corporations as
26 provided in Section 11-65-25 of the Illinois Municipal Code.

1 This paragraph is exempt from the provisions of Section 3-55.

2 (29) 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 transfer of
17 qualifying tangible personal property incident to the
18 modification, refurbishment, completion, replacement, repair,
19 or maintenance of an aircraft by persons who (i) hold an Air
20 Agency Certificate and are empowered to operate an approved
21 repair station by the Federal Aviation Administration, (ii)
22 have a Class IV Rating, and (iii) conduct operations in
23 accordance with Part 145 of the Federal Aviation Regulations.
24 The exemption does not include aircraft operated by a
25 commercial air carrier providing scheduled passenger air
26 service pursuant to authority issued under Part 121 or Part 129

1 of the Federal Aviation Regulations. The changes made to this
2 paragraph (29) by Public Act 98-534 are declarative of existing
3 law.

4 (30) 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; 98-756, eff.
8 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

9 Section 30-40. The Retailers' Occupation Tax Act is amended
10 by changing Sections 2-5, 2-45, and 2c and by adding Sections
11 2-6.5, 2-6.6, 2-6.7, 2-6.8, and 2-6.9 as follows:

12 (35 ILCS 120/2-5)

13 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
14 sale of the following tangible personal property are exempt
15 from the tax imposed by this Act:

16 (1) Farm chemicals.

17 (2) Farm machinery and equipment, both new and used,
18 including that manufactured on special order, certified by the
19 purchaser to be used primarily for production agriculture or
20 State or federal agricultural programs, including individual
21 replacement parts for the machinery and equipment, including
22 machinery and equipment purchased for lease, and including
23 implements of husbandry defined in Section 1-130 of the
24 Illinois Vehicle Code, farm machinery and agricultural

1 chemical and fertilizer spreaders, and nurse wagons required to
2 be registered under Section 3-809 of the Illinois Vehicle Code,
3 but excluding other motor vehicles required to be registered
4 under the Illinois Vehicle Code. Horticultural polyhouses or
5 hoop houses used for propagating, growing, or overwintering
6 plants shall be considered farm machinery and equipment under
7 this item (2). Agricultural chemical tender tanks and dry boxes
8 shall include units sold separately from a motor vehicle
9 required to be licensed and units sold mounted on a motor
10 vehicle required to be licensed, if the selling price of the
11 tender is separately stated.

12 Farm machinery and equipment shall include precision
13 farming equipment that is installed or purchased to be
14 installed on farm machinery and equipment including, but not
15 limited to, tractors, harvesters, sprayers, planters, seeders,
16 or spreaders. Precision farming equipment includes, but is not
17 limited to, soil testing sensors, computers, monitors,
18 software, global positioning and mapping systems, and other
19 such equipment.

20 Farm machinery and equipment also includes computers,
21 sensors, software, and related equipment used primarily in the
22 computer-assisted operation of production agriculture
23 facilities, equipment, and activities such as, but not limited
24 to, the collection, monitoring, and correlation of animal and
25 crop data for the purpose of formulating animal diets and
26 agricultural chemicals. This item (2) is exempt from the

1 provisions of Section 2-70.

2 (3) Until July 1, 2003, distillation machinery and
3 equipment, sold as a unit or kit, assembled or installed by the
4 retailer, certified by the user to be used only for the
5 production of ethyl alcohol that will be used for consumption
6 as motor fuel or as a component of motor fuel for the personal
7 use of the user, and not subject to sale or resale.

8 (4) Until July 1, 2003 and beginning again September 1,
9 2004 through August 30, 2014, graphic arts machinery and
10 equipment, including repair and replacement parts, both new and
11 used, and including that manufactured on special order or
12 purchased for lease, certified by the purchaser to be used
13 primarily for graphic arts production. Equipment includes
14 chemicals or chemicals acting as catalysts but only if the
15 chemicals or chemicals acting as catalysts effect a direct and
16 immediate change upon a graphic arts product. Beginning on July
17 1, 2017, graphic arts machinery and equipment is included in
18 the manufacturing and assembling machinery and equipment
19 exemption under paragraph (14).

20 (5) A motor vehicle that is used for automobile renting, as
21 defined in the Automobile Renting Occupation and Use Tax Act.
22 This paragraph is exempt from the provisions of Section 2-70.

23 (6) Personal property sold by a teacher-sponsored student
24 organization affiliated with an elementary or secondary school
25 located in Illinois.

26 (7) Until July 1, 2003, proceeds of that portion of the

1 selling price of a passenger car the sale of which is subject
2 to the Replacement Vehicle Tax.

3 (8) Personal property sold to an Illinois county fair
4 association for use in conducting, operating, or promoting the
5 county fair.

6 (9) Personal property sold to 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 (10) Personal property sold by a corporation, society,
22 association, foundation, institution, or organization, other
23 than a limited liability company, that is organized and
24 operated as a not-for-profit service enterprise for the benefit
25 of persons 65 years of age or older if the personal property
26 was not purchased by the enterprise for the purpose of resale

1 by the enterprise.

2 (11) Personal property sold to a governmental body, to a
3 corporation, society, association, foundation, or institution
4 organized and operated exclusively for charitable, religious,
5 or educational purposes, or to a not-for-profit corporation,
6 society, association, foundation, institution, or organization
7 that has no compensated officers or employees and that is
8 organized and operated primarily for the recreation of persons
9 55 years of age or older. A limited liability company may
10 qualify for the exemption under this paragraph only if the
11 limited liability company is organized and operated
12 exclusively for educational purposes. On and after July 1,
13 1987, however, no entity otherwise eligible for this exemption
14 shall make tax-free purchases unless it has an active
15 identification number issued by the Department.

16 (12) Tangible personal property sold to interstate
17 carriers for hire for use as rolling stock moving in interstate
18 commerce or to lessors under leases of one year or longer
19 executed or in effect at the time of purchase by interstate
20 carriers for hire for use as rolling stock moving in interstate
21 commerce and equipment operated by a telecommunications
22 provider, licensed as a common carrier by the Federal
23 Communications Commission, which is permanently installed in
24 or affixed to aircraft moving in interstate commerce.

25 (12-5) On and after July 1, 2003 and through June 30, 2004,
26 motor vehicles of the second division with a gross vehicle

1 weight in excess of 8,000 pounds that are subject to the
2 commercial distribution fee imposed under Section 3-815.1 of
3 the Illinois Vehicle Code. Beginning on July 1, 2004 and
4 through June 30, 2005, the use in this State of motor vehicles
5 of the second division: (i) with a gross vehicle weight rating
6 in excess of 8,000 pounds; (ii) that are subject to the
7 commercial distribution fee imposed under Section 3-815.1 of
8 the Illinois Vehicle Code; and (iii) that are primarily used
9 for commercial purposes. Through June 30, 2005, this exemption
10 applies to repair and replacement parts added after the initial
11 purchase of such a motor vehicle if that motor vehicle is used
12 in a manner that would qualify for the rolling stock exemption
13 otherwise provided for in this Act. For purposes of this
14 paragraph, "used for commercial purposes" means the
15 transportation of persons or property in furtherance of any
16 commercial or industrial enterprise whether for-hire or not.

17 (13) Proceeds from sales to owners, lessors, or shippers of
18 tangible personal property that is utilized by interstate
19 carriers for hire for use as rolling stock moving in interstate
20 commerce and equipment operated by a telecommunications
21 provider, licensed as a common carrier by the Federal
22 Communications Commission, which is permanently installed in
23 or affixed to aircraft moving in interstate commerce.

24 (14) Machinery and equipment that will be used by the
25 purchaser, or a lessee of the purchaser, primarily in the
26 process of manufacturing or assembling tangible personal

1 property for wholesale or retail sale or lease, whether the
2 sale or lease is made directly by the manufacturer or by some
3 other person, whether the materials used in the process are
4 owned by the manufacturer or some other person, or whether the
5 sale or lease is made apart from or as an incident to the
6 seller's engaging in the service occupation of producing
7 machines, tools, dies, jigs, patterns, gauges, or other similar
8 items of no commercial value on special order for a particular
9 purchaser. The exemption provided by this paragraph (14) does
10 not include machinery and equipment used in (i) the generation
11 of electricity for wholesale or retail sale; (ii) the
12 generation or treatment of natural or artificial gas for
13 wholesale or retail sale that is delivered to customers through
14 pipes, pipelines, or mains; or (iii) the treatment of water for
15 wholesale or retail sale that is delivered to customers through
16 pipes, pipelines, or mains. The provisions of Public Act 98-583
17 are declaratory of existing law as to the meaning and scope of
18 this exemption. Beginning on July 1, 2017, the exemption
19 provided by this paragraph (14) includes, but is not limited
20 to, graphic arts machinery and equipment, as defined in
21 paragraph (4) of this Section. Beginning on July 1, 2017, the
22 exemption provided by this paragraph (14) includes, but is not
23 limited to, production related tangible personal property, as
24 defined in Section 2-45 of this Act. The exemption provided by
25 this paragraph (14) is exempt from the provisions of Section
26 2-70.

1 (15) Proceeds of mandatory service charges separately
2 stated on customers' bills for purchase and consumption of food
3 and beverages, to the extent that the proceeds of the service
4 charge are in fact turned over as tips or as a substitute for
5 tips to the employees who participate directly in preparing,
6 serving, hosting or cleaning up the food or beverage function
7 with respect to which the service charge is imposed.

8 (16) Petroleum products sold to a purchaser if the seller
9 is prohibited by federal law from charging tax to the
10 purchaser.

11 (17) Tangible personal property sold to a common carrier by
12 rail or motor that receives the physical possession of the
13 property in Illinois and that transports the property, or
14 shares with another common carrier in the transportation of the
15 property, out of Illinois on a standard uniform bill of lading
16 showing the seller of the property as the shipper or consignor
17 of the property to a destination outside Illinois, for use
18 outside Illinois.

19 (18) Legal tender, currency, medallions, or gold or silver
20 coinage issued by the State of Illinois, the government of the
21 United States of America, or the government of any foreign
22 country, and bullion.

23 (19) Until July 1 2003, oil field exploration, drilling,
24 and production equipment, including (i) rigs and parts of rigs,
25 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
26 tubular goods, including casing and drill strings, (iii) pumps

1 and pump-jack units, (iv) storage tanks and flow lines, (v) any
2 individual replacement part for oil field exploration,
3 drilling, and production equipment, and (vi) machinery and
4 equipment purchased for lease; but excluding motor vehicles
5 required to be registered under the Illinois Vehicle Code.

6 (20) Photoprocessing machinery and equipment, including
7 repair and replacement parts, both new and used, including that
8 manufactured on special order, certified by the purchaser to be
9 used primarily for photoprocessing, and including
10 photoprocessing machinery and equipment purchased for lease.

11 (21) Coal and aggregate exploration, mining, off-highway
12 hauling, processing, maintenance, and reclamation equipment,
13 including replacement parts and equipment, and including
14 equipment purchased for lease, but excluding motor vehicles
15 required to be registered under the Illinois Vehicle Code. The
16 changes made to this Section by Public Act 97-767 apply on and
17 after July 1, 2003, but no claim for credit or refund is
18 allowed on or after August 16, 2013 (the effective date of
19 Public Act 98-456) for such taxes paid during the period
20 beginning July 1, 2003 and ending on August 16, 2013 (the
21 effective date of Public Act 98-456).

22 (22) Until June 30, 2013, fuel and petroleum products sold
23 to or used by an air carrier, certified by the carrier to be
24 used for consumption, shipment, or storage in the conduct of
25 its business as an air common carrier, for a flight destined
26 for or returning from a location or locations outside the

1 United States without regard to previous or subsequent domestic
2 stopovers.

3 Beginning July 1, 2013, fuel and petroleum products sold to
4 or used by an air carrier, certified by the carrier to be used
5 for consumption, shipment, or storage in the conduct of its
6 business as an air common carrier, for a flight that (i) is
7 engaged in foreign trade or is engaged in trade between the
8 United States and any of its possessions and (ii) transports at
9 least one individual or package for hire from the city of
10 origination to the city of final destination on the same
11 aircraft, without regard to a change in the flight number of
12 that aircraft.

13 (23) A transaction in which the purchase order is received
14 by a florist who is located outside Illinois, but who has a
15 florist located in Illinois deliver the property to the
16 purchaser or the purchaser's donee in Illinois.

17 (24) Fuel consumed or used in the operation of ships,
18 barges, or vessels that are used primarily in or for the
19 transportation of property or the conveyance of persons for
20 hire on rivers bordering on this State if the fuel is delivered
21 by the seller to the purchaser's barge, ship, or vessel while
22 it is afloat upon that bordering river.

23 (25) Except as provided in item (25-5) of this Section, a
24 motor vehicle sold in this State to a nonresident even though
25 the motor vehicle is delivered to the nonresident in this
26 State, if the motor vehicle is not to be titled in this State,

1 and if a drive-away permit is issued to the motor vehicle as
2 provided in Section 3-603 of the Illinois Vehicle Code or if
3 the nonresident purchaser has vehicle registration plates to
4 transfer to the motor vehicle upon returning to his or her home
5 state. The issuance of the drive-away permit or having the
6 out-of-state registration plates to be transferred is prima
7 facie evidence that the motor vehicle will not be titled in
8 this State.

9 (25-5) The exemption under item (25) does not apply if the
10 state in which the motor vehicle will be titled does not allow
11 a reciprocal exemption for a motor vehicle sold and delivered
12 in that state to an Illinois resident but titled in Illinois.
13 The tax collected under this Act on the sale of a motor vehicle
14 in this State to a resident of another state that does not
15 allow a reciprocal exemption shall be imposed at a rate equal
16 to the state's rate of tax on taxable property in the state in
17 which the purchaser is a resident, except that the tax shall
18 not exceed the tax that would otherwise be imposed under this
19 Act. At the time of the sale, the purchaser shall execute a
20 statement, signed under penalty of perjury, of his or her
21 intent to title the vehicle in the state in which the purchaser
22 is a resident within 30 days after the sale and of the fact of
23 the payment to the State of Illinois of tax in an amount
24 equivalent to the state's rate of tax on taxable property in
25 his or her state of residence and shall submit the statement to
26 the appropriate tax collection agency in his or her state of

1 residence. In addition, the retailer must retain a signed copy
2 of the statement in his or her records. Nothing in this item
3 shall be construed to require the removal of the vehicle from
4 this state following the filing of an intent to title the
5 vehicle in the purchaser's state of residence if the purchaser
6 titles the vehicle in his or her state of residence within 30
7 days after the date of sale. The tax collected under this Act
8 in accordance with this item (25-5) shall be proportionately
9 distributed as if the tax were collected at the 6.25% general
10 rate imposed under this Act.

11 (25-7) Beginning on July 1, 2007, no tax is imposed under
12 this Act on the sale of an aircraft, as defined in Section 3 of
13 the Illinois Aeronautics Act, if all of the following
14 conditions are met:

15 (1) the aircraft leaves this State within 15 days after
16 the later of either the issuance of the final billing for
17 the sale of the aircraft, or the authorized approval for
18 return to service, completion of the maintenance record
19 entry, and completion of the test flight and ground test
20 for inspection, as required by 14 C.F.R. 91.407;

21 (2) the aircraft is not based or registered in this
22 State after the sale of the aircraft; and

23 (3) the seller retains in his or her books and records
24 and provides to the Department a signed and dated
25 certification from the purchaser, on a form prescribed by
26 the Department, certifying that the requirements of this

1 item (25-7) are met. The certificate must also include the
2 name and address of the purchaser, the address of the
3 location where the aircraft is to be titled or registered,
4 the address of the primary physical location of the
5 aircraft, and other information that the Department may
6 reasonably require.

7 For purposes of this item (25-7):

8 "Based in this State" means hangared, stored, or otherwise
9 used, excluding post-sale customizations as defined in this
10 Section, for 10 or more days in each 12-month period
11 immediately following the date of the sale of the aircraft.

12 "Registered in this State" means an aircraft registered
13 with the Department of Transportation, Aeronautics Division,
14 or titled or registered with the Federal Aviation
15 Administration to an address located in this State.

16 This paragraph (25-7) is exempt from the provisions of
17 Section 2-70.

18 (26) Semen used for artificial insemination of livestock
19 for direct agricultural production.

20 (27) Horses, or interests in horses, registered with and
21 meeting the requirements of any of the Arabian Horse Club
22 Registry of America, Appaloosa Horse Club, American Quarter
23 Horse Association, United States Trotting Association, or
24 Jockey Club, as appropriate, used for purposes of breeding or
25 racing for prizes. This item (27) is exempt from the provisions
26 of Section 2-70, and the exemption provided for under this item

1 (27) applies for all periods beginning May 30, 1995, but no
2 claim for credit or refund is allowed on or after January 1,
3 2008 (the effective date of Public Act 95-88) for such taxes
4 paid during the period beginning May 30, 2000 and ending on
5 January 1, 2008 (the effective date of Public Act 95-88).

6 (28) Computers and communications equipment utilized for
7 any hospital purpose and equipment used in the diagnosis,
8 analysis, or treatment of hospital patients sold to a lessor
9 who leases the equipment, under a lease of one year or longer
10 executed or in effect at the time of the purchase, to a
11 hospital that has been issued an active tax exemption
12 identification number by the Department under Section 1g of
13 this Act.

14 (29) Personal property sold to a lessor who leases the
15 property, under a lease of one year or longer executed or in
16 effect at the time of the purchase, to a governmental body that
17 has been issued an active tax exemption identification number
18 by the Department under Section 1g of this Act.

19 (30) Beginning with taxable years ending on or after
20 December 31, 1995 and ending with taxable years ending on or
21 before December 31, 2004, personal property that is donated for
22 disaster relief to be used in a State or federally declared
23 disaster area in Illinois or bordering Illinois by a
24 manufacturer or retailer that is registered in this State to a
25 corporation, society, association, foundation, or institution
26 that has been issued a sales tax exemption identification

1 number by the Department that assists victims of the disaster
2 who reside within the declared disaster area.

3 (31) 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 used in the
6 performance of infrastructure repairs in this State, including
7 but not limited to municipal roads and streets, access roads,
8 bridges, sidewalks, waste disposal systems, water and sewer
9 line extensions, water distribution and purification
10 facilities, storm water drainage and retention facilities, and
11 sewage treatment facilities, resulting from a State or
12 federally declared disaster in Illinois or bordering Illinois
13 when such repairs are initiated on facilities located in the
14 declared disaster area within 6 months after the disaster.

15 (32) Beginning July 1, 1999, game or game birds sold at a
16 "game breeding and hunting preserve area" as that term is used
17 in the Wildlife Code. This paragraph is exempt from the
18 provisions of Section 2-70.

19 (33) A motor vehicle, as that term is defined in Section
20 1-146 of the Illinois Vehicle Code, that is donated to a
21 corporation, limited liability company, society, association,
22 foundation, or institution that is determined by the Department
23 to be organized and operated exclusively for educational
24 purposes. For purposes of this exemption, "a corporation,
25 limited liability company, society, association, foundation,
26 or institution organized and operated exclusively for

1 educational purposes" means all tax-supported public schools,
2 private schools that offer systematic instruction in useful
3 branches of learning by methods common to public schools and
4 that compare favorably in their scope and intensity with the
5 course of study presented in tax-supported schools, and
6 vocational or technical schools or institutes organized and
7 operated exclusively to provide a course of study of not less
8 than 6 weeks duration and designed to prepare individuals to
9 follow a trade or to pursue a manual, technical, mechanical,
10 industrial, business, or commercial occupation.

11 (34) Beginning January 1, 2000, personal property,
12 including food, purchased through fundraising events for the
13 benefit of a public or private elementary or secondary school,
14 a group of those schools, or one or more school districts if
15 the events are sponsored by an entity recognized by the school
16 district that consists primarily of volunteers and includes
17 parents and teachers of the school children. This paragraph
18 does not apply to fundraising events (i) for the benefit of
19 private home instruction or (ii) for which the fundraising
20 entity purchases the personal property sold at the events from
21 another individual or entity that sold the property for the
22 purpose of resale by the fundraising entity and that profits
23 from the sale to the fundraising entity. This paragraph is
24 exempt from the provisions of Section 2-70.

25 (35) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and other
2 items, and replacement parts for these machines. Beginning
3 January 1, 2002 and through June 30, 2003, machines and parts
4 for machines used in commercial, coin-operated amusement and
5 vending business if a use or occupation tax is paid on the
6 gross receipts derived from the use of the commercial,
7 coin-operated amusement and vending machines. This paragraph
8 is exempt from the provisions of Section 2-70.

9 (35-5) Beginning August 23, 2001 and through June 30, 2016,
10 food for human consumption that is to be consumed off the
11 premises where it is sold (other than alcoholic beverages, soft
12 drinks, and food that has been prepared for immediate
13 consumption) and prescription and nonprescription medicines,
14 drugs, medical appliances, and insulin, urine testing
15 materials, syringes, and needles used by diabetics, for human
16 use, when purchased for use by a person receiving medical
17 assistance under Article V of the Illinois Public Aid Code who
18 resides in a licensed long-term care facility, as defined in
19 the Nursing Home Care Act, or a licensed facility as defined in
20 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
21 Mental Health Rehabilitation Act of 2013.

22 (36) Beginning August 2, 2001, computers and
23 communications equipment utilized for any hospital purpose and
24 equipment used in the diagnosis, analysis, or treatment of
25 hospital patients sold to a lessor who leases the equipment,
26 under a lease of one year or longer executed or in effect at

1 the time of the purchase, to a hospital that has been issued an
2 active tax exemption identification number by the Department
3 under Section 1g of this Act. This paragraph is exempt from the
4 provisions of Section 2-70.

5 (37) Beginning August 2, 2001, personal property sold to a
6 lessor who leases the property, under a lease of one year or
7 longer executed or in effect at the time of the purchase, to a
8 governmental body that has been issued an active tax exemption
9 identification number by the Department under Section 1g of
10 this Act. This paragraph is exempt from the provisions of
11 Section 2-70.

12 (38) Beginning on January 1, 2002 and through June 30,
13 2016, tangible personal property purchased from an Illinois
14 retailer by a taxpayer engaged in centralized purchasing
15 activities in Illinois who will, upon receipt of the property
16 in Illinois, temporarily store the property in Illinois (i) for
17 the purpose of subsequently transporting it outside this State
18 for use or consumption thereafter solely outside this State or
19 (ii) for the purpose of being processed, fabricated, or
20 manufactured into, attached to, or incorporated into other
21 tangible personal property to be transported outside this State
22 and thereafter used or consumed solely outside this State. The
23 Director of Revenue shall, pursuant to rules adopted in
24 accordance with the Illinois Administrative Procedure Act,
25 issue a permit to any taxpayer in good standing with the
26 Department who is eligible for the exemption under this

1 paragraph (38). The permit issued under this paragraph (38)
2 shall authorize the holder, to the extent and in the manner
3 specified in the rules adopted under this Act, to purchase
4 tangible personal property from a retailer exempt from the
5 taxes imposed by this Act. Taxpayers shall maintain all
6 necessary books and records to substantiate the use and
7 consumption of all such tangible personal property outside of
8 the State of Illinois.

9 (39) 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 2-70.

16 (40) 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 sale of qualifying
5 tangible personal property to persons who modify, refurbish,
6 complete, replace, or maintain an aircraft and who (i) hold an
7 Air Agency Certificate and are empowered to operate an approved
8 repair station by the Federal Aviation Administration, (ii)
9 have a Class IV Rating, and (iii) conduct operations in
10 accordance with Part 145 of the Federal Aviation Regulations.
11 The exemption does not include aircraft operated by a
12 commercial air carrier providing scheduled passenger air
13 service pursuant to authority issued under Part 121 or Part 129
14 of the Federal Aviation Regulations. The changes made to this
15 paragraph (40) by Public Act 98-534 are declarative of existing
16 law.

17 (41) Tangible personal property sold to a
18 public-facilities corporation, as described in Section
19 11-65-10 of the Illinois Municipal Code, for purposes of
20 constructing or furnishing a municipal convention hall, but
21 only if the legal title to the municipal convention hall is
22 transferred to the municipality without any further
23 consideration by or on behalf of the municipality at the time
24 of the completion of the municipal convention hall or upon the
25 retirement or redemption of any bonds or other debt instruments
26 issued by the public-facilities corporation in connection with

1 the development of the municipal convention hall. This
2 exemption includes existing public-facilities corporations as
3 provided in Section 11-65-25 of the Illinois Municipal Code.
4 This paragraph is exempt from the provisions of Section 2-70.

5 (42) Beginning January 1, 2017, menstrual pads, tampons,
6 and menstrual cups.

7 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
8 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
9 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
10 7-29-15; 99-855, eff. 8-19-16.)

11 (35 ILCS 120/2-6.5 new)

12 Sec. 2-6.5. Storage Excise Tax exemption. Retailers may
13 make exempt sales to providers, as defined in the Storage
14 Excise Tax Act, of tangible personal property that will be
15 transferred to purchasers as part of a sale of service subject
16 to tax under the Storage Excise Tax Act if the retailer could
17 make an exempt sale, other than resale, of that tangible
18 personal property to those purchasers under any provision of
19 this Act.

20 (35 ILCS 120/2-6.6 new)

21 Sec. 2-6.6. Amusement Excise Tax exemption. Retailers may
22 make exempt sales to providers, as defined in the Amusement
23 Excise Tax Act, of tangible personal property that will be
24 transferred to purchasers as part of a sale of service subject

1 to tax under the Amusement Excise Tax Act if the retailer could
2 make an exempt sale, other than resale, of that tangible
3 personal property to those purchasers under any provision of
4 this Act.

5 (35 ILCS 120/2-6.7 new)

6 Sec. 2-6.7. Repair and Maintenance Excise Tax exemption.
7 Retailers may make exempt sales to providers, as defined in the
8 Repair and Maintenance Excise Tax Act, of tangible personal
9 property that will be transferred to purchasers as part of a
10 sale of service subject to tax under the Repair and Maintenance
11 Excise Tax Act if the retailer could make an exempt sale, other
12 than resale, of that tangible personal property to those
13 purchasers under any provision of this Act.

14 (35 ILCS 120/2-6.8 new)

15 Sec. 2-6.8. Landscaping Excise Tax exemption. Retailers
16 may make exempt sales to providers, as defined in the
17 Landscaping Excise Tax Act, of tangible personal property that
18 will be transferred to purchasers as part of a sale of service
19 subject to tax under the Landscaping Excise Tax Act if the
20 retailer could make an exempt sale, other than resale, of that
21 tangible personal property to those purchasers under any
22 provision of this Act.

23 (35 ILCS 120/2-6.9 new)

1 Sec. 2-6.9. Laundry and Drycleaning Excise Tax exemption.
2 Retailers may make exempt sales to providers, as defined in the
3 Laundry and Drycleaning Excise Tax Act, of tangible personal
4 property that will be transferred to purchasers as part of a
5 sale of service subject to tax under the Laundry and
6 Drycleaning Excise Tax Act if the retailer could make an exempt
7 sale, other than resale, of that tangible personal property to
8 those purchasers under any provision of this Act.

9 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

10 Sec. 2-45. Manufacturing and assembly exemption. The
11 manufacturing and assembly machinery and equipment exemption
12 includes machinery and equipment that replaces machinery and
13 equipment in an existing manufacturing facility as well as
14 machinery and equipment that are for use in an expanded or new
15 manufacturing facility.

16 The machinery and equipment exemption also includes
17 machinery and equipment used in the general maintenance or
18 repair of exempt machinery and equipment or for in-house
19 manufacture of exempt machinery and equipment. Beginning on
20 July 1, 2017, the manufacturing and assembling machinery and
21 equipment exemption also includes graphic arts machinery and
22 equipment, as defined in paragraph (4) of Section 2-5.
23 Beginning on July 1, 2017, the manufacturing and assembling
24 machinery and equipment exemption also includes production
25 related tangible personal property, as defined in this Section.

1 The machinery and equipment exemption does not include
2 machinery and equipment used in (i) the generation of
3 electricity for wholesale or retail sale; (ii) the generation
4 or treatment of natural or artificial gas for wholesale or
5 retail sale that is delivered to customers through pipes,
6 pipelines, or mains; or (iii) the treatment of water for
7 wholesale or retail sale that is delivered to customers through
8 pipes, pipelines, or mains. The provisions of this amendatory
9 Act of the 98th General Assembly are declaratory of existing
10 law as to the meaning and scope of this exemption. For the
11 purposes of this exemption, terms have the following meanings:

12 (1) "Manufacturing process" means the production of an
13 article of tangible personal property, whether the article
14 is a finished product or an article for use in the process
15 of manufacturing or assembling a different article of
16 tangible personal property, by a procedure commonly
17 regarded as manufacturing, processing, fabricating, or
18 refining that changes some existing material or materials
19 into a material with a different form, use, or name. In
20 relation to a recognized integrated business composed of a
21 series of operations that collectively constitute
22 manufacturing, or individually constitute manufacturing
23 operations, the manufacturing process commences with the
24 first operation or stage of production in the series and
25 does not end until the completion of the final product in
26 the last operation or stage of production in the series.

1 For purposes of this exemption, photoprocessing is a
2 manufacturing process of tangible personal property for
3 wholesale or retail sale.

4 (2) "Assembling process" means the production of an
5 article of tangible personal property, whether the article
6 is a finished product or an article for use in the process
7 of manufacturing or assembling a different article of
8 tangible personal property, by the combination of existing
9 materials in a manner commonly regarded as assembling that
10 results in a material of a different form, use, or name.

11 (3) "Machinery" means major mechanical machines or
12 major components of those machines contributing to a
13 manufacturing or assembling process.

14 (4) "Equipment" includes an independent device or tool
15 separate from machinery but essential to an integrated
16 manufacturing or assembly process; including computers
17 used primarily in a manufacturer's computer assisted
18 design, computer assisted manufacturing (CAD/CAM) system;
19 any subunit or assembly comprising a component of any
20 machinery or auxiliary, adjunct, or attachment parts of
21 machinery, such as tools, dies, jigs, fixtures, patterns,
22 and molds; and any parts that require periodic replacement
23 in the course of normal operation; but does not include
24 hand tools. Equipment includes chemicals or chemicals
25 acting as catalysts but only if the chemicals or chemicals
26 acting as catalysts effect a direct and immediate change

1 upon a product being manufactured or assembled for
2 wholesale or retail sale or lease.

3 (5) "Production related tangible personal property"
4 means all tangible personal property that is used or
5 consumed by the purchaser in a manufacturing facility in
6 which a manufacturing process takes place and includes,
7 without limitation, tangible personal property that is
8 purchased for incorporation into real estate within a
9 manufacturing facility and tangible personal property that
10 is used or consumed in activities such as research and
11 development, preproduction material handling, receiving,
12 quality control, inventory control, storage, staging, and
13 packaging for shipping and transportation purposes.
14 "Production related tangible personal property" does not
15 include (i) tangible personal property that is used, within
16 or without a manufacturing facility, in sales, purchasing,
17 accounting, fiscal management, marketing, personnel
18 recruitment or selection, or landscaping or (ii) tangible
19 personal property that is required to be titled or
20 registered with a department, agency, or unit of federal,
21 State, or local government.

22 The manufacturing and assembling machinery and equipment
23 exemption includes production related tangible personal
24 property that is purchased (i) on or after July 1, 2007 and on
25 or before June 30, 2008 or (ii) on and after July 1, 2017. The
26 exemption for production related tangible personal property

1 purchased on or after July 1, 2007 and on or before June 30,
2 2008 is subject to both of the following limitations:

3 (1) The maximum amount of the exemption for any one
4 taxpayer may not exceed 5% of the purchase price of
5 production related tangible personal property that is
6 purchased on or after July 1, 2007 and on or before June
7 30, 2008. A credit under Section 3-85 of this Act may not
8 be earned by the purchase of production related tangible
9 personal property for which an exemption is received under
10 this Section.

11 (2) The maximum aggregate amount of the exemptions for
12 production related tangible personal property awarded
13 under this Act and the Use Tax Act to all taxpayers may not
14 exceed \$10,000,000. If the claims for the exemption exceed
15 \$10,000,000, then the Department shall reduce the amount of
16 the exemption to each taxpayer on a pro rata basis.

17 The Department may adopt rules to implement and administer the
18 exemption for production related tangible personal property.

19 The manufacturing and assembling machinery and equipment
20 exemption includes the sale of materials to a purchaser who
21 produces exempted types of machinery, equipment, or tools and
22 who rents or leases that machinery, equipment, or tools to a
23 manufacturer of tangible personal property. This exemption
24 also includes the sale of materials to a purchaser who
25 manufactures those materials into an exempted type of
26 machinery, equipment, or tools that the purchaser uses himself

1 or herself in the manufacturing of tangible personal property.
2 The purchaser of the machinery and equipment who has an active
3 resale registration number shall furnish that number to the
4 seller at the time of purchase. A purchaser of the machinery,
5 equipment, and tools without an active resale registration
6 number shall furnish to the seller a certificate of exemption
7 for each transaction stating facts establishing the exemption
8 for that transaction, and that certificate shall be available
9 to the Department for inspection or audit. Informal rulings,
10 opinions, or letters issued by the Department in response to an
11 inquiry or request for an opinion from any person regarding the
12 coverage and applicability of this exemption to specific
13 devices shall be published, maintained as a public record, and
14 made available for public inspection and copying. If the
15 informal ruling, opinion, or letter contains trade secrets or
16 other confidential information, where possible, the Department
17 shall delete that information before publication. Whenever
18 informal rulings, opinions, or letters contain a policy of
19 general applicability, the Department shall formulate and
20 adopt that policy as a rule in accordance with the Illinois
21 Administrative Procedure Act.

22 The manufacturing and assembling machinery and equipment
23 exemption is exempt from the provisions of Section 2-70.

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

1 Sec. 2c. If the purchaser is not registered with the
2 Department as a taxpayer, but claims to be a reseller of the
3 tangible personal property in such a way that such resales are
4 not taxable under this Act or under some other tax law which
5 the Department may administer, such purchaser (except in the
6 case of an out-of-State purchaser who will always resell and
7 deliver the property to his customers outside Illinois) shall
8 apply to the Department for a resale number. Such applicant
9 shall state facts which will show the Department why such
10 applicant is not liable for tax under this Act or under some
11 other tax law which the Department may administer on any of his
12 resales and shall furnish such additional information as the
13 Department may reasonably require.

14 Upon approval of the application, the Department shall
15 assign a resale number to the applicant and shall certify such
16 number to him. The Department may cancel any such number which
17 is obtained through misrepresentation, or which is used to make
18 a purchase tax-free when the purchase in fact is not a purchase
19 for resale, or which no longer applies because of the
20 purchaser's having discontinued the making of tax exempt
21 resales of the property.

22 The Department may restrict the use of the number to one
23 year at a time or to some other definite period if the
24 Department finds it impracticable or otherwise inadvisable to
25 issue such numbers for indefinite periods.

26 Except as provided hereinabove in this Section, a sale

1 shall be made tax-free on the ground of being a sale for resale
2 if the purchaser has an active registration number or resale
3 number from the Department and furnishes that number to the
4 seller in connection with certifying to the seller that any
5 sale to such purchaser is nontaxable because of being a sale
6 for resale.

7 Failure to present an active registration number or resale
8 number and a certification to the seller that a sale is for
9 resale creates a presumption that a sale is not for resale.
10 This presumption may be rebutted by other evidence that all of
11 the seller's sales are sale for resale, or that a particular
12 sale is a sale for resale.

13 A provider under the Storage Excise Tax Act who is required
14 to collect the tax imposed under that Act is not authorized to
15 purchase tangible personal property for resale which he or she
16 will transfer incident to a sale of service subject to tax
17 under that Act. However, any provider who also makes sales of
18 that tangible personal property at retail and who has properly
19 elected to use the method of calculating tax provided in
20 subsection (e) of Section 5-10 of the Storage Excise Tax Act
21 may provide resale certificates to his or her suppliers for
22 tangible personal property that will be transferred incident to
23 sales of service.

24 A provider under the Amusement Excise Tax Act who is
25 required to collect the tax imposed under that Act is not
26 authorized to purchase tangible personal property for resale

1 which he or she will transfer incident to a sale of service
2 subject to tax under that Act. However, any provider who also
3 makes sales of that tangible personal property at retail and
4 who has properly elected to use the method of calculating tax
5 provided in subsection (e) of Section 10 of the Amusement
6 Excise Tax Act may provide resale certificates to his or her
7 suppliers for tangible personal property that will be
8 transferred incident to sales of service.

9 A provider under the Repair and Maintenance Excise Tax Act
10 who is required to collect the tax imposed under that Act is
11 not authorized to purchase tangible personal property for
12 resale which he or she will transfer incident to a sale of
13 service subject to tax under that Act. However, any provider
14 who also makes sales of that tangible personal property at
15 retail and who has properly elected to use the method of
16 calculating tax provided in subsection (e) of Section 10 of the
17 Repair and Maintenance Excise Tax Act may provide resale
18 certificates to his or her suppliers for tangible personal
19 property that will be transferred incident to sales of service.

20 A provider under the Landscaping Excise Tax Act who is
21 required to collect the tax imposed under that Act is not
22 authorized to purchase tangible personal property for resale
23 which he or she will transfer incident to a sale of service
24 subject to tax under that Act. However, any provider who also
25 makes sales of that tangible personal property at retail, and
26 who has properly elected to use the method of calculating tax

1 under subsection (e) of Section 10 of the Landscaping Excise
2 Tax Act, may provide resale certificates to his or her
3 suppliers for tangible personal property that will be
4 transferred incident to sales of service.

5 A provider under the Laundry and Drycleaning Excise Tax Act
6 who is required to collect the tax imposed under that Act is
7 not authorized to purchase tangible personal property for
8 resale which he or she will transfer incident to a sale of
9 service subject to tax under that Act. However, any provider
10 who also makes sales of that tangible personal property at
11 retail and who has properly elected to use the method of
12 calculating tax provided in subsection (e) of Section 10 of the
13 Laundry and Drycleaning Excise Tax Act may provide resale
14 certificates to his or her suppliers for tangible personal
15 property that will be transferred incident to sales of service.

16 (Source: P.A. 83-1463.)

17 Section 30-45. The Live Adult Entertainment Facility
18 Surcharge Act is amended by adding Section 1.1 as follows:

19 (35 ILCS 175/1.1 new)

20 Sec. 1.1. Applicability. This Act is not applicable to
21 operators of live adult entertainment facilities on and after
22 January 1, 2018. This amendatory Act of the 100th General
23 Assembly does not affect surcharge liability that arose before
24 January 1, 2018.

1 Section 30-50. The Property Tax Code is amended by changing
2 Sections 11-10, 11-15, and 11-25 as follows:

3 (35 ILCS 200/11-10)

4 Sec. 11-10. Definition of pollution control facilities.
5 "Pollution control facilities" means any system, method,
6 construction, device or appliance appurtenant thereto, or any
7 portion of any building or equipment, that is designed,
8 constructed, installed or operated for the primary purpose of:

9 (a) eliminating, preventing, or reducing air or water
10 pollution, as the terms "air pollution" and "water pollution"
11 are defined in the Environmental Protection Act, in compliance
12 with federal or State requirements enacted or promulgated to
13 eliminate, prevent, or reduce air pollution or water pollution;
14 or

15 (b) treating, pretreating, modifying or disposing of any
16 potential solid, liquid or gaseous pollutant which if released
17 without treatment, pretreatment, modification or disposal
18 might be harmful, detrimental or offensive to human, plant or
19 animal life, or to property. "Pollution control facilities"
20 shall not include, however,

21 (1) any facility with the primary purpose of (i)
22 eliminating, containing, preventing or reducing
23 radioactive contaminants or energy, or (ii) treating waste
24 water produced by the nuclear generation of electric power,

1 (2) any large diameter pipes or piping systems used to
2 remove and disperse heat from water involved in the nuclear
3 generation of electric power,

4 (3) any facility operated by any person other than a
5 unit of government, whether within or outside of the
6 territorial boundaries of a unit of local government, for
7 sewage disposal or treatment, ~~or~~

8 (4) land underlying a cooling pond, ~~or~~

9 (5) wind turbines, or

10 (6) ethanol producing facilities, except that systems,
11 methods, construction, devices, or appliances appurtenant
12 to those ethanol producing facilities may be considered
13 pollution control facilities for the purposes of this Act.

14 (Source: P.A. 83-883; 88-455.)

15 (35 ILCS 200/11-15)

16 Sec. 11-15. Method of valuation for pollution control
17 facilities. To determine 33 1/3% of the fair cash value of any
18 certified pollution control facilities in assessing those
19 facilities, the Department shall, where reasonable, consider:

20 (1) ~~take into consideration~~ the actual or probable net earnings
21 attributable to the facilities in question, capitalized on the
22 basis of their productive earning value to their owner; (2) the
23 probable net value which could be realized by their owner if
24 the facilities were removed and sold at a fair, voluntary sale,
25 giving due account to the expense of removal and condition of

1 the particular facilities in question; or (3) such ~~and~~ other
2 information as the Department may, consistent with principles
3 set forth in this Section, believe to have a bearing on the
4 fair cash value of the facilities to their owner ~~consider as~~
5 bearing on the fair cash value of the facilities to their
6 owner, consistent with the principles set forth in this
7 Section. For the purposes of this Code, earnings shall be
8 attributed to a pollution control facility only to the extent
9 that its operation results in the production of a commercially
10 saleable by-product, ~~or~~ increases the production of the
11 products or services otherwise sold by the owner of the
12 facility, or reduces the production costs of the products or
13 services otherwise sold by the owner of such facility.

14 (Source: P.A. 83-121; 88-455.)

15 (35 ILCS 200/11-25)

16 Sec. 11-25. Certification procedure. Application for a
17 pollution control facility certificate shall be filed with the
18 Pollution Control Board in a manner and form prescribed in
19 regulations issued by that board. The application shall contain
20 appropriate and available descriptive information concerning
21 anything claimed to be entitled in whole or in part to tax
22 treatment as a pollution control facility. If it is found that
23 the claimed facility or relevant portion thereof is a pollution
24 control facility as defined in Section 11-10, the Pollution
25 Control Board, acting through its Chairman or his or her

1 specifically authorized delegate, shall enter a finding and
2 issue a certificate to that effect. The certificate shall
3 require tax treatment as a pollution control facility, but only
4 for the portion certified if only a portion is certified. The
5 effective date of a certificate shall be January 1 of the year
6 in which the certificate is issued ~~the date of application for~~
7 ~~the certificate or the date of the construction of the~~
8 ~~facility, whichever is later.~~

9 (Source: P.A. 76-2451; 88-455; revised 9-13-16.)

10 Section 30-55. The Telecommunications Excise Tax Act is
11 amended by changing Sections 2 and 6 and by adding Section 4.1
12 as follows:

13 (35 ILCS 630/2) (from Ch. 120, par. 2002)

14 Sec. 2. As used in this Article, unless the context clearly
15 requires otherwise:

16 (a) "Gross charge" means the amount paid for the act or
17 privilege of originating or receiving telecommunications in
18 this State and for all services and equipment provided in
19 connection therewith by a retailer, valued in money whether
20 paid in money or otherwise, including cash, credits, services
21 and property of every kind or nature, and shall be determined
22 without any deduction on account of the cost of such
23 telecommunications, the cost of materials used, labor or
24 service costs or any other expense whatsoever. In case credit

1 is extended, the amount thereof shall be included only as and
2 when paid. "Gross charges" for private line service shall
3 include charges imposed at each channel termination point
4 within this State, charges for the channel mileage between each
5 channel termination point within this State, and charges for
6 that portion of the interstate inter-office channel provided
7 within Illinois. Charges for that portion of the interstate
8 inter-office channel provided in Illinois shall be determined
9 by the retailer as follows: (i) for interstate inter-office
10 channels having 2 channel termination points, only one of which
11 is in Illinois, 50% of the total charge imposed; or (ii) for
12 interstate inter-office channels having more than 2 channel
13 termination points, one or more of which are in Illinois, an
14 amount equal to the total charge multiplied by a fraction, the
15 numerator of which is the number of channel termination points
16 within Illinois and the denominator of which is the total
17 number of channel termination points. Prior to January 1, 2004,
18 any method consistent with this paragraph or other method that
19 reasonably apportions the total charges for interstate
20 inter-office channels among the states in which channel
21 terminations points are located shall be accepted as a
22 reasonable method to determine the charges for that portion of
23 the interstate inter-office channel provided within Illinois
24 for that period. However, "gross charges" shall not include any
25 of the following:

- 26 (1) Any amounts added to a purchaser's bill because of

1 a charge made pursuant to (i) the tax imposed by this
2 Article; (ii) charges added to customers' bills pursuant to
3 the provisions of Sections 9-221 or 9-222 of the Public
4 Utilities Act, as amended, or any similar charges added to
5 customers' bills by retailers who are not subject to rate
6 regulation by the Illinois Commerce Commission for the
7 purpose of recovering any of the tax liabilities or other
8 amounts specified in such provisions of such Act; (iii) the
9 tax imposed by Section 4251 of the Internal Revenue Code;
10 (iv) 911 surcharges; or (v) the tax imposed by the
11 Simplified Municipal Telecommunications Tax Act.

12 (2) Charges for a sent collect telecommunication
13 received outside of the State.

14 (3) Charges for leased time on equipment or charges for
15 the storage of data or information for subsequent retrieval
16 or the processing of data or information intended to change
17 its form or content. Such equipment includes, but is not
18 limited to, the use of calculators, computers, data
19 processing equipment, tabulating equipment or accounting
20 equipment and also includes the usage of computers under a
21 time-sharing agreement.

22 (4) Charges for customer equipment, including such
23 equipment that is leased or rented by the customer from any
24 source, wherein such charges are disaggregated and
25 separately identified from other charges.

26 (5) Charges to business enterprises certified under

1 Section 9-222.1 of the Public Utilities Act, as amended, to
2 the extent of such exemption and during the period of time
3 specified by the Department of Commerce and Economic
4 Opportunity.

5 (6) Charges for telecommunications and all services
6 and equipment provided in connection therewith between a
7 parent corporation and its wholly owned subsidiaries or
8 between wholly owned subsidiaries when the tax imposed
9 under this Article has already been paid to a retailer and
10 only to the extent that the charges between the parent
11 corporation and wholly owned subsidiaries or between
12 wholly owned subsidiaries represent expense allocation
13 between the corporations and not the generation of profit
14 for the corporation rendering such service.

15 (7) Bad debts. Bad debt means any portion of a debt
16 that is related to a sale at retail for which gross charges
17 are not otherwise deductible or excludable that has become
18 worthless or uncollectable, as determined under applicable
19 federal income tax standards. If the portion of the debt
20 deemed to be bad is subsequently paid, the retailer shall
21 report and pay the tax on that portion during the reporting
22 period in which the payment is made.

23 (8) Charges paid by inserting coins in coin-operated
24 telecommunication devices.

25 (9) Amounts paid by telecommunications retailers under
26 the Telecommunications Municipal Infrastructure

1 Maintenance Fee Act.

2 (10) Charges for nontaxable services or
3 telecommunications if (i) those charges are aggregated
4 with other charges for telecommunications that are
5 taxable, (ii) those charges are not separately stated on
6 the customer bill or invoice, and (iii) the retailer can
7 reasonably identify the nontaxable charges on the
8 retailer's books and records kept in the regular course of
9 business. If the nontaxable charges cannot reasonably be
10 identified, the gross charge from the sale of both taxable
11 and nontaxable services or telecommunications billed on a
12 combined basis shall be attributed to the taxable services
13 or telecommunications. The burden of proving nontaxable
14 charges shall be on the retailer of the telecommunications.

15 (b) "Amount paid" means the amount charged to the
16 taxpayer's service address in this State regardless of where
17 such amount is billed or paid.

18 (c) "Telecommunications", in addition to the meaning
19 ordinarily and popularly ascribed to it, includes, without
20 limitation, messages or information transmitted through use of
21 local, toll and wide area telephone service; private line
22 services; channel services; telegraph services;
23 teletypewriter; computer exchange services; cellular mobile
24 telecommunications service; specialized mobile radio;
25 stationary two way radio; paging service; or any other form of
26 mobile and portable one-way or two-way communications; or any

1 other transmission of messages or information by electronic or
2 similar means, between or among points by wire, cable,
3 fiber-optics, laser, microwave, radio, satellite or similar
4 facilities. Beginning July 1, 2017, "telecommunications"
5 includes messages or information transmitted through use of
6 cable television service or direct broadcast satellite
7 service. As used in this Act, "private line" means a dedicated
8 non-traffic sensitive service for a single customer, that
9 entitles the customer to exclusive or priority use of a
10 communications channel or group of channels, from one or more
11 specified locations to one or more other specified locations.
12 The definition of "telecommunications" shall not include value
13 added services in which computer processing applications are
14 used to act on the form, content, code and protocol of the
15 information for purposes other than transmission.
16 "Telecommunications" shall not include purchases of
17 telecommunications by a telecommunications service provider
18 for use as a component part of the service provided by him to
19 the ultimate retail consumer who originates or terminates the
20 taxable end-to-end communications. Carrier access charges,
21 right of access charges, charges for use of inter-company
22 facilities, and all telecommunications resold in the
23 subsequent provision of, used as a component of, or integrated
24 into end-to-end telecommunications service shall be
25 non-taxable as sales for resale.

26 (d) "Interstate telecommunications" means all

1 telecommunications that either originate or terminate outside
2 this State.

3 (e) "Intrastate telecommunications" means all
4 telecommunications that originate and terminate within this
5 State.

6 (f) "Department" means the Department of Revenue of the
7 State of Illinois.

8 (g) "Director" means the Director of Revenue for the
9 Department of Revenue of the State of Illinois.

10 (h) "Taxpayer" means a person who individually or through
11 his agents, employees or permittees engages in the act or
12 privilege of originating or receiving telecommunications in
13 this State and who incurs a tax liability under this Article.

14 (i) "Person" means any natural individual, firm, trust,
15 estate, partnership, association, joint stock company, joint
16 venture, corporation, limited liability company, or a
17 receiver, trustee, guardian or other representative appointed
18 by order of any court, the Federal and State governments,
19 including State universities created by statute or any city,
20 town, county or other political subdivision of this State.

21 (j) "Purchase at retail" means the acquisition,
22 consumption or use of telecommunication through a sale at
23 retail.

24 (k) "Sale at retail" means the transmitting, supplying or
25 furnishing of telecommunications and all services and
26 equipment provided in connection therewith for a consideration

1 to persons other than the Federal and State governments, and
2 State universities created by statute and other than between a
3 parent corporation and its wholly owned subsidiaries or between
4 wholly owned subsidiaries for their use or consumption and not
5 for resale.

6 (l) "Retailer" means and includes every person engaged in
7 the business of making sales at retail as defined in this
8 Article. The Department may, in its discretion, upon
9 application, authorize the collection of the tax hereby imposed
10 by any retailer not maintaining a place of business within this
11 State, who, to the satisfaction of the Department, furnishes
12 adequate security to insure collection and payment of the tax.
13 Such retailer shall be issued, without charge, a permit to
14 collect such tax. When so authorized, it shall be the duty of
15 such retailer to collect the tax upon all of the gross charges
16 for telecommunications in this State in the same manner and
17 subject to the same requirements as a retailer maintaining a
18 place of business within this State. The permit may be revoked
19 by the Department at its discretion.

20 (m) "Retailer maintaining a place of business in this
21 State", or any like term, means and includes any retailer
22 having or maintaining within this State, directly or by a
23 subsidiary, an office, distribution facilities, transmission
24 facilities, sales office, warehouse or other place of business,
25 or any agent or other representative operating within this
26 State under the authority of the retailer or its subsidiary,

1 irrespective of whether such place of business or agent or
2 other representative is located here permanently or
3 temporarily, or whether such retailer or subsidiary is licensed
4 to do business in this State.

5 (n) "Service address" means the location of
6 telecommunications equipment from which the telecommunications
7 services are originated or at which telecommunications
8 services are received by a taxpayer. In the event this may not
9 be a defined location, as in the case of mobile phones, paging
10 systems, maritime systems, service address means the
11 customer's place of primary use as defined in the Mobile
12 Telecommunications Sourcing Conformity Act. For air-to-ground
13 systems and the like, service address shall mean the location
14 of a taxpayer's primary use of the telecommunications equipment
15 as defined by telephone number, authorization code, or location
16 in Illinois where bills are sent.

17 (o) "Prepaid telephone calling arrangements" mean the
18 right to exclusively purchase telephone or telecommunications
19 services that must be paid for in advance and enable the
20 origination of one or more intrastate, interstate, or
21 international telephone calls or other telecommunications
22 using an access number, an authorization code, or both, whether
23 manually or electronically dialed, for which payment to a
24 retailer must be made in advance, provided that, unless
25 recharged, no further service is provided once that prepaid
26 amount of service has been consumed. Prepaid telephone calling

1 arrangements include the recharge of a prepaid calling
2 arrangement. For purposes of this subsection, "recharge" means
3 the purchase of additional prepaid telephone or
4 telecommunications services whether or not the purchaser
5 acquires a different access number or authorization code.
6 "Prepaid telephone calling arrangement" does not include an
7 arrangement whereby a customer purchases a payment card and
8 pursuant to which the service provider reflects the amount of
9 such purchase as a credit on an invoice issued to that customer
10 under an existing subscription plan.

11 (p) "Cable television service" means cable service as
12 defined in 47 U.S.C. 522(6).

13 (q) "Direct broadcast satellite service" means the
14 distribution or broadcasting of programming or services by
15 satellite, including audio or video programming, to receiving
16 equipment located at a customer's premises.

17 (Source: P.A. 93-286, 1-1-04; 94-793, eff. 5-19-06.)

18 (35 ILCS 630/4.1 new)

19 Sec. 4.1. Cable television; direct broadcast satellite
20 service. Beginning July 1, 2017, a tax is imposed upon the act
21 or privilege of receiving cable television service or direct
22 broadcast satellite service by a person in this State at the
23 rate of 7% of the gross charge for such cable television
24 service or direct broadcast satellite service purchased at
25 retail from a retailer by such person. To prevent actual

1 multi-state taxation of the act or privilege that is subject to
2 taxation under this paragraph, any taxpayer, upon proof that
3 that taxpayer has paid a tax in another state on such event,
4 shall be allowed a credit against the tax imposed under this
5 Section to the extent of the amount of such tax properly due
6 and paid in such other state. However, such tax is not imposed
7 on the act or privilege to the extent such act or privilege may
8 not, under the Constitution and statutes of the United States,
9 be made the subject of taxation by the State.

10 (35 ILCS 630/6) (from Ch. 120, par. 2006)

11 Sec. 6. Except as provided hereinafter in this Section, on
12 or before the last day of each month, each retailer maintaining
13 a place of business in this State shall make a return to the
14 Department for the preceding calendar month, stating:

15 1. His name;

16 2. The address of his principal place of business, or
17 the address of the principal place of business (if that is
18 a different address) from which he engages in the business
19 of transmitting telecommunications;

20 3. Total amount of gross charges billed by him during
21 the preceding calendar month for providing
22 telecommunications during such calendar month;

23 4. Total amount received by him during the preceding
24 calendar month on credit extended;

25 5. Deductions allowed by law;

1 6. Gross charges which were billed by him during the
2 preceding calendar month and upon the basis of which the
3 tax is imposed;

4 7. Amount of tax (computed upon Item 6);

5 8. Such other reasonable information as the Department
6 may require.

7 Any taxpayer required to make payments under this Section
8 may make the payments by electronic funds transfer. The
9 Department shall adopt rules necessary to effectuate a program
10 of electronic funds transfer. Any taxpayer who has average
11 monthly tax billings due to the Department under this Act and
12 the Simplified Municipal Telecommunications Tax Act that
13 exceed \$1,000 shall make all payments by electronic funds
14 transfer as required by rules of the Department and shall file
15 the return required by this Section by electronic means as
16 required by rules of the Department.

17 If the retailer's average monthly tax billings due to the
18 Department under this Act and the Simplified Municipal
19 Telecommunications Tax Act do not exceed \$1,000, the Department
20 may authorize his returns to be filed on a quarter annual
21 basis, with the return for January, February and March of a
22 given year being due by April 30 of such year; with the return
23 for April, May and June of a given year being due by July 31st
24 of such year; with the return for July, August and September of
25 a given year being due by October 31st of such year; and with
26 the return of October, November and December of a given year

1 being due by January 31st of the following year.

2 If the retailer is otherwise required to file a monthly or
3 quarterly return and if the retailer's average monthly tax
4 billings due to the Department under this Act and the
5 Simplified Municipal Telecommunications Tax Act do not exceed
6 \$400, the Department may authorize his or her return to be
7 filed on an annual basis, with the return for a given year
8 being due by January 31st of the following year.

9 Notwithstanding any other provision of this Article
10 containing the time within which a retailer may file his
11 return, in the case of any retailer who ceases to engage in a
12 kind of business which makes him responsible for filing returns
13 under this Article, such retailer shall file a final return
14 under this Article with the Department not more than one month
15 after discontinuing such business.

16 In making such return, the retailer shall determine the
17 value of any consideration other than money received by him and
18 he shall include such value in his return. Such determination
19 shall be subject to review and revision by the Department in
20 the manner hereinafter provided for the correction of returns.

21 Each retailer whose average monthly liability to the
22 Department under this Article and the Simplified Municipal
23 Telecommunications Tax Act was \$25,000 or more during the
24 preceding calendar year, excluding the month of highest
25 liability and the month of lowest liability in such calendar
26 year, and who is not operated by a unit of local government,

1 shall make estimated payments to the Department on or before
2 the 7th, 15th, 22nd and last day of the month during which tax
3 collection liability to the Department is incurred in an amount
4 not less than the lower of either 22.5% of the retailer's
5 actual tax collections for the month or 25% of the retailer's
6 actual tax collections for the same calendar month of the
7 preceding year. The amount of such quarter monthly payments
8 shall be credited against the final liability of the retailer's
9 return for that month. Any outstanding credit, approved by the
10 Department, arising from the retailer's overpayment of its
11 final liability for any month may be applied to reduce the
12 amount of any subsequent quarter monthly payment or credited
13 against the final liability of the retailer's return for any
14 subsequent month. If any quarter monthly payment is not paid at
15 the time or in the amount required by this Section, the
16 retailer shall be liable for penalty and interest on the
17 difference between the minimum amount due as a payment and the
18 amount of such payment actually and timely paid, except insofar
19 as the retailer has previously made payments for that month to
20 the Department in excess of the minimum payments previously
21 due.

22 The retailer making the return herein provided for shall,
23 at the time of making such return, pay to the Department the
24 amount of tax herein imposed, less a discount of 1% which is
25 allowed to reimburse the retailer for the expenses incurred in
26 keeping records, billing the customer, preparing and filing

1 returns, remitting the tax, and supplying data to the
2 Department upon request. No discount may be claimed by a
3 retailer on returns not timely filed and for taxes not timely
4 remitted.

5 On and after the effective date of this Article of 1985, of
6 the moneys received by the Department of Revenue pursuant to
7 this Article, other than moneys received pursuant to the
8 additional taxes imposed by Public Act 90-548 and this
9 amendatory Act of the 100th General Assembly:

10 (1) \$1,000,000 shall be paid each month into the Common
11 School Fund;

12 (2) beginning on the first day of the first calendar
13 month to occur on or after the effective date of this
14 amendatory Act of the 98th General Assembly, an amount
15 equal to 1/12 of 5% of the cash receipts collected during
16 the preceding fiscal year by the Audit Bureau of the
17 Department from the tax under this Act and the Simplified
18 Municipal Telecommunications Tax Act shall be paid each
19 month into the Tax Compliance and Administration Fund;
20 those moneys shall be used, subject to appropriation, to
21 fund additional auditors and compliance personnel at the
22 Department of Revenue; and

23 (3) the remainder shall be deposited into the General
24 Revenue Fund.

25 On and after February 1, 1998, however, of the moneys
26 received by the Department of Revenue pursuant to the

1 additional taxes imposed by Public Act 90-548, one-half shall
2 be deposited into the School Infrastructure Fund and one-half
3 shall be deposited into the Common School Fund. On and after
4 the effective date of this amendatory Act of the 91st General
5 Assembly, if in any fiscal year the total of the moneys
6 deposited into the School Infrastructure Fund under this Act is
7 less than the total of the moneys deposited into that Fund from
8 the additional taxes imposed by Public Act 90-548 during fiscal
9 year 1999, then, as soon as possible after the close of the
10 fiscal year, the Comptroller shall order transferred and the
11 Treasurer shall transfer from the General Revenue Fund to the
12 School Infrastructure Fund an amount equal to the difference
13 between the fiscal year total deposits and the total amount
14 deposited into the Fund in fiscal year 1999.

15 On and after July 1, 2017, the additional moneys received
16 by the Department pursuant to this amendatory Act of the 100th
17 General Assembly shall be deposited into the General Revenue
18 Fund.

19 (Source: P.A. 98-1098, eff. 8-26-14.)

20 Section 30-60. The Illinois Independent Tax Tribunal Act of
21 2012 is amended by changing Section 1-45 as follows:

22 (35 ILCS 1010/1-45)

23 Sec. 1-45. Jurisdiction of the Tax Tribunal.

24 (a) Except as provided by the Constitution of the United

1 States, the Constitution of the State of Illinois, or any
2 statutes of this State, including, but not limited to, the
3 State Officers and Employees Money Disposition Act, the Tax
4 Tribunal shall have original jurisdiction over all
5 determinations of the Department reflected on a Notice of
6 Deficiency, Notice of Tax Liability, Notice of Claim Denial, or
7 Notice of Penalty Liability issued under the Illinois Income
8 Tax Act, the Use Tax Act, the Service Use Tax Act, the Service
9 Occupation Tax Act, the Retailers' Occupation Tax Act, the
10 Cigarette Tax Act, the Cigarette Use Tax Act, the Tobacco
11 Products Tax Act of 1995, the Hotel Operators' Occupation Tax
12 Act, the Motor Fuel Tax Law, the Automobile Renting Occupation
13 and Use Tax Act, the Coin-Operated Amusement Device and
14 Redemption Machine Tax Act, the Gas Revenue Tax Act, the Water
15 Company Invested Capital Tax Act, the Telecommunications
16 Excise Tax Act, the Telecommunications Infrastructure
17 Maintenance Fee Act, the Public Utilities Revenue Act, the
18 Electricity Excise Tax Law, the Aircraft Use Tax Law, the
19 Watercraft Use Tax Law, the Gas Use Tax Law, the Storage Excise
20 Tax Act, the Amusement Excise Tax Act, the Repair and
21 Maintenance Excise Tax Act, the Landscaping Excise Tax Act, the
22 Laundry and Drycleaning Excise Tax Act, or the Uniform Penalty
23 and Interest Act. Jurisdiction of the Tax Tribunal is limited
24 to Notices of Tax Liability, Notices of Deficiency, Notices of
25 Claim Denial, and Notices of Penalty Liability where the amount
26 at issue in a notice, or the aggregate amount at issue in

1 multiple notices issued for the same tax year or audit period,
2 exceeds \$15,000, exclusive of penalties and interest. In
3 notices solely asserting either an interest or penalty
4 assessment, or both, the Tax Tribunal shall have jurisdiction
5 over cases where the combined total of all penalties or
6 interest assessed exceeds \$15,000.

7 (b) Except as otherwise permitted by this Act and by the
8 Constitution of the State of Illinois or otherwise by State
9 law, including, but not limited to, the State Officers and
10 Employees Money Disposition Act, no person shall contest any
11 matter within the jurisdiction of the Tax Tribunal in any
12 action, suit, or proceeding in the circuit court or any other
13 court of the State. If a person attempts to do so, then such
14 action, suit, or proceeding shall be dismissed without
15 prejudice. The improper commencement of any action, suit, or
16 proceeding does not extend the time period for commencing a
17 proceeding in the Tax Tribunal.

18 (c) The Tax Tribunal may require the taxpayer to post a
19 bond equal to 25% of the liability at issue (1) upon motion of
20 the Department and a showing that (A) the taxpayer's action is
21 frivolous or legally insufficient or (B) the taxpayer is acting
22 primarily for the purpose of delaying the collection of tax or
23 prejudicing the ability ultimately to collect the tax, or (2)
24 if, at any time during the proceedings, it is determined by the
25 Tax Tribunal that the taxpayer is not pursuing the resolution
26 of the case with due diligence. If the Tax Tribunal finds in a

1 particular case that the taxpayer cannot procure and furnish a
2 satisfactory surety or sureties for the kind of bond required
3 herein, the Tax Tribunal may relieve the taxpayer of the
4 obligation of filing such bond, if, upon the timely application
5 for a lien in lieu thereof and accompanying proof therein
6 submitted, the Tax Tribunal is satisfied that any such lien
7 imposed would operate to secure the assessment in the manner
8 and to the degree as would a bond. The Tax Tribunal shall adopt
9 rules for the procedures to be used in securing a bond or lien
10 under this Section.

11 (d) If, with or after the filing of a timely petition, the
12 taxpayer pays all or part of the tax or other amount in issue
13 before the Tax Tribunal has rendered a decision, the Tax
14 Tribunal shall treat the taxpayer's petition as a protest of a
15 denial of claim for refund of the amount so paid upon a written
16 motion filed by the taxpayer.

17 (e) The Tax Tribunal shall not have jurisdiction to review:

18 (1) any assessment made under the Property Tax Code;

19 (2) any decisions relating to the issuance or denial of
20 an exemption ruling for any entity claiming exemption from
21 any tax imposed under the Property Tax Code or any State
22 tax administered by the Department;

23 (3) a notice of proposed tax liability, notice of
24 proposed deficiency, or any other notice of proposed
25 assessment or notice of intent to take some action;

26 (4) any action or determination of the Department

1 regarding tax liabilities that have become finalized by
2 law, including but not limited to the issuance of liens,
3 levies, and revocations, suspensions, or denials of
4 licenses or certificates of registration or any other
5 collection activities;

6 (5) any proceedings of the Department's informal
7 administrative appeals function; and

8 (6) any challenge to an administrative subpoena issued
9 by the Department.

10 (f) The Tax Tribunal shall decide questions regarding the
11 constitutionality of statutes and rules adopted by the
12 Department as applied to the taxpayer, but shall not have the
13 power to declare a statute or rule unconstitutional or
14 otherwise invalid on its face. A taxpayer challenging the
15 constitutionality of a statute or rule on its face may present
16 such challenge to the Tax Tribunal for the sole purpose of
17 making a record for review by the Illinois Appellate Court.
18 Failure to raise a constitutional issue regarding the
19 application of a statute or regulations to the taxpayer shall
20 not preclude the taxpayer or the Department from raising those
21 issues at the appellate court level.

22 (Source: P.A. 97-1129, eff. 8-28-12; 98-463, eff. 8-16-13.)

23 Section 30-65. The Illinois False Claims Act is amended by
24 changing Section 3 as follows:

1 (740 ILCS 175/3) (from Ch. 127, par. 4103)

2 Sec. 3. False claims.

3 (a) Liability for certain acts.

4 (1) In general, any person who:

5 (A) knowingly presents, or causes to be presented,
6 a false or fraudulent claim for payment or approval;

7 (B) knowingly makes, uses, or causes to be made or
8 used, a false record or statement material to a false
9 or fraudulent claim;

10 (C) conspires to commit a violation of
11 subparagraph (A), (B), (D), (E), (F), or (G);

12 (D) has possession, custody, or control of
13 property or money used, or to be used, by the State and
14 knowingly delivers, or causes to be delivered, less
15 than all the money or property;

16 (E) is authorized to make or deliver a document
17 certifying receipt of property used, or to be used, by
18 the State and, intending to defraud the State, makes or
19 delivers the receipt without completely knowing that
20 the information on the receipt is true;

21 (F) knowingly buys, or receives as a pledge of an
22 obligation or debt, public property from an officer or
23 employee of the State, or a member of the Guard, who
24 lawfully may not sell or pledge property; or

25 (G) knowingly makes, uses, or causes to be made or
26 used, a false record or statement material to an

1 obligation to pay or transmit money or property to the
2 State, or knowingly conceals or knowingly and
3 improperly avoids or decreases an obligation to pay or
4 transmit money or property to the State,
5 is liable to the State for a civil penalty of not less than
6 \$5,500 and not more than \$11,000, plus 3 times the amount
7 of damages which the State sustains because of the act of
8 that person. The penalties in this Section are intended to
9 be remedial rather than punitive, and shall not preclude,
10 nor be precluded by, a criminal prosecution for the same
11 conduct.

12 (2) A person violating this subsection shall also be
13 liable to the State for the costs of a civil action brought
14 to recover any such penalty or damages.

15 (b) Definitions. For purposes of this Section:

16 (1) The terms "knowing" and "knowingly":

17 (A) mean that a person, with respect to
18 information:

19 (i) has actual knowledge of the information;

20 (ii) acts in deliberate ignorance of the truth
21 or falsity of the information; or

22 (iii) acts in reckless disregard of the truth
23 or falsity of the information, and

24 (B) require no proof of specific intent to defraud.

25 (2) The term "claim":

26 (A) means any request or demand, whether under a

1 contract or otherwise, for money or property and
2 whether or not the State has title to the money or
3 property, that

4 (i) is presented to an officer, employee, or
5 agent of the State; or

6 (ii) is made to a contractor, grantee, or other
7 recipient, if the money or property is to be spent
8 or used on the State's behalf or to advance a State
9 program or interest, and if the State:

10 (I) provides or has provided any portion
11 of the money or property requested or demanded;

12 or

13 (II) will reimburse such contractor,
14 grantee, or other recipient for any portion of
15 the money or property which is requested or
16 demanded; and

17 (B) does not include requests or demands for money
18 or property that the State has paid to an individual as
19 compensation for State employment or as an income
20 subsidy with no restrictions on that individual's use
21 of the money or property.

22 (3) The term "obligation" means an established duty,
23 whether or not fixed, arising from an express or implied
24 contractual, grantor-grantee, or licensor-licensee
25 relationship, from a fee-based or similar relationship,
26 from statute or regulation, or from the retention of any

1 overpayment.

2 (4) The term "material" means having a natural tendency
3 to influence, or be capable of influencing, the payment or
4 receipt of money or property.

5 (c) Exclusion. This Section does not apply to any taxes
6 imposed, collected, or administered by the State of Illinois
7 ~~claims, records, or statements made under the Illinois Income~~
8 ~~Tax Act.~~

9 (Source: P.A. 95-128, eff. 1-1-08; 96-1304, eff. 7-27-10.)

10 Section 30-70. The Business Corporation Act of 1983 is
11 amended by changing Sections 13.70, 14.30, 15.35, 15.65, 15.97,
12 and 16.05 as follows:

13 (805 ILCS 5/13.70) (from Ch. 32, par. 13.70)

14 Sec. 13.70. Transacting business without authority.

15 (a) No foreign corporation transacting business in this
16 State without authority to do so is permitted to maintain a
17 civil action in any court of this State, until the corporation
18 obtains that authority. Nor shall a civil action be maintained
19 in any court of this State by any successor or assignee of the
20 corporation on any right, claim or demand arising out of the
21 transaction of business by the corporation in this State, until
22 authority to transact business in this State is obtained by the
23 corporation or by a corporation that has acquired all or
24 substantially all of its assets.

1 (b) The failure of a foreign corporation to obtain
2 authority to transact business in this State does not impair
3 the validity of any contract or act of the corporation, and
4 does not prevent the corporation from defending any action in
5 any court of this State.

6 (c) A foreign corporation that transacts business in this
7 State without authority is liable to this State, for the years
8 or parts thereof during which it transacted business in this
9 State without authority, in an amount equal to all fees,
10 franchise taxes, penalties and other charges that would have
11 been imposed by this Act upon the corporation had it duly
12 applied for and received authority to transact business in this
13 State as required by this Act, but failed to pay the franchise
14 taxes that would have been computed thereon, and thereafter
15 filed all reports required by this Act; and, if a corporation
16 fails to file an application for authority within 60 days after
17 it commences business in this State, in addition thereto it is
18 liable for a penalty of either 10% of the filing fee, license
19 fee and franchise taxes or \$500 ~~\$200~~ plus \$25 ~~\$5.00~~ for each
20 month or fraction thereof in which it has continued to transact
21 business in this State without authority therefor, whichever
22 penalty is greater. The Attorney General shall bring
23 proceedings to recover all amounts due this State under this
24 Section.

25 (d) The Attorney General shall bring an action to restrain
26 a foreign corporation from transacting business in this State,

1 if the authority of the foreign corporation to transact
2 business has been revoked under subsection (m) of Section 13.50
3 of this Act.

4 (Source: P.A. 95-515, eff. 8-28-07.)

5 (805 ILCS 5/14.30) (from Ch. 32, par. 14.30)

6 Sec. 14.30. Cumulative report of changes in issued shares
7 or paid-in capital.

8 (a) Each domestic corporation and each foreign
9 corporation authorized to transact business in this State that
10 effects any change in the number of issued shares or the amount
11 of paid-in capital prior to July 1, 2017 that has not
12 theretofore been reported in any report other than an annual
13 report, interim annual report, or final transition annual
14 report, shall execute and file, in accordance with Section 1.10
15 of this Act, a report with respect to the changes in its issued
16 shares or paid-in capital:

17 (1) that have occurred subsequent to the last day of
18 the third month preceding its anniversary month in the
19 preceding year and prior to the first day of the second
20 month immediately preceding its anniversary month in the
21 current year; or

22 (2) in the case of a corporation that has established
23 an extended filing month, that have occurred during its
24 fiscal year; or

25 (3) in the case of a statutory merger or consolidation

1 or an amendment to the corporation's articles of
2 incorporation that affects the number of issued shares or
3 the amount of paid-in capital, that have occurred between
4 the last day of the third month immediately preceding its
5 anniversary month and the date of the merger,
6 consolidation, or amendment or, in the case of a
7 corporation that has established an extended filing month,
8 that have occurred between the first day of its fiscal year
9 and the date of the merger, consolidation, or amendment; or

10 (4) in the case of a statutory merger or consolidation
11 or an amendment to the corporation's articles of
12 incorporation that affects the number of issued shares or
13 the amount of paid-in capital, that have occurred between
14 the date of the merger, consolidation, or amendment (but
15 not including the merger, consolidation, or amendment) and
16 the first day of the second month immediately preceding its
17 anniversary month in the current year, or in the case of a
18 corporation that has established an extended filing month,
19 that have occurred between the date of the merger,
20 consolidation or amendment (but not including the merger,
21 consolidation or amendment) and the last day of its fiscal
22 year.

23 (b) The corporation shall file the report required under
24 subsection (a) not later than (i) the time its annual report is
25 required to be filed in 1992 and in each subsequent year and
26 (ii) not later than the time of filing the articles of merger,

1 consolidation, or amendment to the articles of incorporation
2 that affects the number of issued shares or the amount of
3 paid-in capital of a domestic corporation or the certified copy
4 of merger of a foreign corporation.

5 (c) The report shall net decreases against increases that
6 occur during the same taxable period. The report shall set
7 forth:

8 (1) The name of the corporation and the state or
9 country under the laws of which it is organized.

10 (2) A statement of the aggregate number of shares which
11 the corporation has authority to issue, itemized by classes
12 and series, if any, within a class.

13 (3) A statement of the aggregate number of issued
14 shares as last reported to the Secretary of State in any
15 document required or permitted by this Act to be filed,
16 other than an annual report, interim annual report or final
17 transition annual report, itemized by classes and series,
18 if any, within a class.

19 (4) A statement, expressed in dollars, of the amount of
20 paid-in capital of the corporation as last reported to the
21 Secretary of State in any document required or permitted by
22 this Act to be filed, other than an annual report, interim
23 annual report or final transition annual report.

24 (5) A statement, if applicable, of the aggregate number
25 of shares issued by the corporation not theretofore
26 reported to the Secretary of State as having been issued,

1 and a statement, expressed in dollars, of the value of the
2 entire consideration received, less expenses, including
3 commissions, paid or incurred in connection with the
4 issuance, for, or on account of, the issuance of the
5 shares, itemized by classes, and series, if any, within a
6 class; and in the case of shares issued as a share
7 dividend, the amount added or transferred to the paid-in
8 capital of the corporation for, or on account of, the
9 issuance of the shares; provided, however, that the report
10 shall also include the date of each issuance made prior to
11 the current reporting period, and the number of issued
12 shares and consideration received in each case.

13 (6) A statement, if applicable, expressed in dollars,
14 of the amount added or transferred to paid-in capital of
15 the corporation without the issuance of shares; provided,
16 however, that the report shall also include the date of
17 each increase made prior to the current reporting period,
18 and the consideration received in each case.

19 (7) In case of an exchange or reclassification of
20 issued shares resulting in an increase in the amount of
21 paid-in capital, a statement of the manner in which it was
22 effected, and a statement, expressed in dollars, of the
23 amount added or transferred to the paid-in capital of the
24 corporation as a result thereof, except any portion thereof
25 reported under any other subsection of this Section as a
26 part of the consideration received by the corporation for,

1 or on account of, its issued shares; provided, however,
2 that the report shall also include the date of each
3 exchange or reclassification made prior to the current
4 reporting period and the consideration received in each
5 case.

6 (8) If the consideration received for the issuance of
7 any shares not theretofore reported as having been issued
8 consists of labor or services performed or of property,
9 other than cash, then a statement, expressed in dollars, of
10 the value of that consideration as fixed by the board of
11 directors.

12 (9) In the case of a cancellation of shares or a
13 reduction in paid-in capital made pursuant to Section 9.20,
14 the aggregate reduction in paid-in capital; provided,
15 however, that the report shall also include the date of
16 each reduction made prior to the current reporting period.

17 (10) A statement of the aggregate number of issued
18 shares itemized by classes and series, if any, within a
19 class, after giving effect to the changes reported.

20 (11) A statement, expressed in dollars, of the amount
21 of paid-in capital of the corporation after giving effect
22 to the changes reported.

23 (d) No additional license fees or franchise taxes shall be
24 payable upon the filing of the report to the extent that
25 license fees or franchise taxes shall have been previously paid
26 by the corporation in respect of shares previously issued which

1 are being exchanged for the shares the issuance of which is
2 being reported, provided those facts are shown in the report.

3 (e) The report shall be made on forms prescribed and
4 furnished by the Secretary of State.

5 (f) Until the report under this Section or a report under
6 Section 14.25 shall have been filed in the Office of the
7 Secretary of State showing a reduction in paid-in capital, the
8 basis of the annual franchise tax payable by the corporation
9 shall not be reduced, provided, however, in no event shall the
10 annual franchise tax for any taxable year be reduced if the
11 report is not filed prior to the first day of the anniversary
12 month or, in the case of a corporation which has established an
13 extended filing month, the extended filing month of the
14 corporation of that taxable year and before payment of its
15 annual franchise tax.

16 (Source: P.A. 90-421, eff. 1-1-98.)

17 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

18 Sec. 15.35. Franchise taxes payable by domestic
19 corporations. For the privilege of exercising its franchises in
20 this State, each domestic corporation shall pay to the
21 Secretary of State the following franchise taxes, computed on
22 the basis, at the rates and for the periods prescribed in this
23 Act:

24 (a) An initial franchise tax at the time of filing its
25 first report of issuance of shares.

1 (b) An additional franchise tax at the time of filing (1) a
2 report of the issuance of additional shares, or (2) a report of
3 an increase in paid-in capital without the issuance of shares,
4 or (3) an amendment to the articles of incorporation or a
5 report of cumulative changes in paid-in capital, whenever any
6 amendment or such report discloses an increase in its paid-in
7 capital over the amount thereof last reported in any document,
8 other than an annual report, interim annual report or final
9 transition annual report required by this Act to be filed in
10 the office of the Secretary of State.

11 (c) An additional franchise tax at the time of filing a
12 report of paid-in capital following a statutory merger or
13 consolidation, which discloses that the paid-in capital of the
14 surviving or new corporation immediately after the merger or
15 consolidation is greater than the sum of the paid-in capital of
16 all of the merged or consolidated corporations as last reported
17 by them in any documents, other than annual reports, required
18 by this Act to be filed in the office of the Secretary of
19 State; and in addition, the surviving or new corporation shall
20 be liable for a further additional franchise tax on the paid-in
21 capital of each of the merged or consolidated corporations as
22 last reported by them in any document, other than an annual
23 report, required by this Act to be filed with the Secretary of
24 State from their taxable year end to the next succeeding
25 anniversary month or, in the case of a corporation which has
26 established an extended filing month, the extended filing month

1 of the surviving or new corporation; however if the taxable
2 year ends within the 2 month period immediately preceding the
3 anniversary month or, in the case of a corporation which has
4 established an extended filing month, the extended filing month
5 of the surviving or new corporation the tax will be computed to
6 the anniversary month or, in the case of a corporation which
7 has established an extended filing month, the extended filing
8 month of the surviving or new corporation in the next
9 succeeding calendar year.

10 (d) An annual franchise tax payable each year with the
11 annual report which the corporation is required by this Act to
12 file.

13 (e) The provisions of this Section shall not apply to
14 require the payment of any franchise tax that would otherwise
15 have been due and payable on or after July 1, 2017. There shall
16 be no refunds or proration of franchise tax for any taxes due
17 and payable prior to July 1, 2017 on the basis that a portion
18 of the corporation's taxable year extends beyond July 1, 2017.
19 This amendatory Act of the 100th General Assembly shall not
20 affect any right accrued or established, or any liability or
21 penalty incurred prior to July 1, 2017.

22 (Source: P.A. 86-985.)

23 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

24 Sec. 15.65. Franchise taxes payable by foreign
25 corporations. For the privilege of exercising its authority to

1 transact such business in this State as set out in its
2 application therefor or any amendment thereto, each foreign
3 corporation shall pay to the Secretary of State the following
4 franchise taxes, computed on the basis, at the rates and for
5 the periods prescribed in this Act:

6 (a) An initial franchise tax at the time of filing its
7 application for authority to transact business in this State.

8 (b) An additional franchise tax at the time of filing (1) a
9 report of the issuance of additional shares, or (2) a report of
10 an increase in paid-in capital without the issuance of shares,
11 or (3) a report of cumulative changes in paid-in capital or a
12 report of an exchange or reclassification of shares, whenever
13 any such report discloses an increase in its paid-in capital
14 over the amount thereof last reported in any document, other
15 than an annual report, interim annual report or final
16 transition annual report, required by this Act to be filed in
17 the office of the Secretary of State.

18 (c) Whenever the corporation shall be a party to a
19 statutory merger and shall be the surviving corporation, an
20 additional franchise tax at the time of filing its report
21 following merger, if such report discloses that the amount
22 represented in this State of its paid-in capital immediately
23 after the merger is greater than the aggregate of the amounts
24 represented in this State of the paid-in capital of such of the
25 merged corporations as were authorized to transact business in
26 this State at the time of the merger, as last reported by them

1 in any documents, other than annual reports, required by this
2 Act to be filed in the office of the Secretary of State; and in
3 addition, the surviving corporation shall be liable for a
4 further additional franchise tax on the paid-in capital of each
5 of the merged corporations as last reported by them in any
6 document, other than an annual report, required by this Act to
7 be filed with the Secretary of State, from their taxable year
8 end to the next succeeding anniversary month or, in the case of
9 a corporation which has established an extended filing month,
10 the extended filing month of the surviving corporation; however
11 if the taxable year ends within the 2 month period immediately
12 preceding the anniversary month or the extended filing month of
13 the surviving corporation, the tax will be computed to the
14 anniversary or, extended filing month of the surviving
15 corporation in the next succeeding calendar year.

16 (d) An annual franchise tax payable each year with any
17 annual report which the corporation is required by this Act to
18 file.

19 (e) The provisions of this Section shall not apply to
20 require the payment of any franchise tax that would otherwise
21 have been due and payable on or after July 1, 2017. There shall
22 be no refunds or proration of franchise tax for any taxes due
23 and payable prior to July 1, 2017 on the basis that a portion
24 of the corporation's taxable year extends beyond July 1, 2017.
25 This amendatory Act of the 100th General Assembly shall not
26 affect any right accrued or established, or any liability or

1 penalty incurred prior to July 1, 2017.

2 (Source: P.A. 92-33, eff. 7-1-01.)

3 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

4 Sec. 15.97. Corporate Franchise Tax Refund Fund.

5 (a) Beginning July 1, 1993, a percentage of the amounts
6 collected under Sections 15.35, 15.45, 15.65, and 15.75 of this
7 Act shall be deposited into the Corporate Franchise Tax Refund
8 Fund, a special Fund hereby created in the State treasury. From
9 July 1, 1993, until December 31, 1994, there shall be deposited
10 into the Fund 3% of the amounts received under those Sections.
11 Beginning January 1, 1995, and for each fiscal year beginning
12 thereafter, 2% of the amounts collected under those Sections
13 during the preceding fiscal year shall be deposited into the
14 Fund.

15 (b) Beginning July 1, 1993, moneys in the Fund shall be
16 expended exclusively for the purpose of paying refunds payable
17 because of overpayment of franchise taxes, penalties, or
18 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and
19 16.05 of this Act and making transfers authorized under this
20 Section. Refunds in accordance with the provisions of
21 subsections (f) and (g) of Section 1.15 and Section 1.17 of
22 this Act may be made from the Fund only to the extent that
23 amounts collected under Sections 15.35, 15.45, 15.65, and 15.75
24 of this Act have been deposited in the Fund and remain
25 available. On or before August 31 of each year, the balance in

1 the Fund in excess of \$100,000 shall be transferred to the
2 General Revenue Fund. Notwithstanding the above, for the period
3 commencing on the effective date of this amendatory Act of the
4 100th General Assembly and continuing through December 31,
5 2019, amounts in the fund shall not be transferred to the
6 General Revenue Fund and shall be used to pay refunds in
7 accordance with the provisions of this Act. Within a reasonable
8 time after January 1, 2020, the Secretary of State shall direct
9 and the Comptroller shall order transferred to the General
10 Revenue Fund all amounts remaining in the fund.

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

15 (Source: P.A. 99-620, eff. 1-1-17.)

16 (805 ILCS 5/16.05) (from Ch. 32, par. 16.05)

17 Sec. 16.05. Penalties and interest imposed upon
18 corporations.

19 (a) Each corporation, domestic or foreign, that fails or
20 refuses to file any annual report or report of cumulative
21 changes in paid-in capital and pay any franchise tax due
22 pursuant to the report prior to the first day of its
23 anniversary month or, in the case of a corporation which has
24 established an extended filing month, the extended filing month
25 of the corporation shall pay a penalty of 10% of the amount of

1 any delinquent franchise tax due for the report. From February
2 1, 2008 through March 15, 2008, no penalty shall be imposed
3 with respect to any amount of delinquent franchise tax paid
4 pursuant to the Franchise Tax and License Fee Amnesty Act of
5 2007. Notwithstanding the above, commencing on July 1, 2017,
6 each corporation, domestic or foreign, that fails or refuses to
7 file any annual report prior to the first day of its
8 anniversary month, or in the case of a corporation which has
9 established an extended filing month, the extended filing month
10 of the corporation, shall, for each report, pay a one-time
11 penalty of \$50, plus an additional penalty of \$10 for each
12 calendar month or part of the month that the report is
13 delinquent.

14 (b) Each corporation, domestic or foreign, that fails or
15 refuses to file a report of issuance of shares or increase in
16 paid-in capital within the time prescribed by this Act is
17 subject to a penalty on any obligation occurring prior to
18 January 1, 1991, and interest on those obligations on or after
19 January 1, 1991, for each calendar month or part of month that
20 it is delinquent in the amount of 2% of the amount of license
21 fees and franchise taxes provided by this Act to be paid on
22 account of the issuance of shares or increase in paid-in
23 capital. From February 1, 2008 through March 15, 2008, no
24 penalty shall be imposed, or interest charged, with respect to
25 any amount of delinquent license fees and franchise taxes paid
26 pursuant to the Franchise Tax and License Fee Amnesty Act of

1 2007.

2 (c) Each corporation, domestic or foreign, that fails or
3 refuses to file a report of cumulative changes in paid-in
4 capital or report following merger within the time prescribed
5 by this Act is subject to interest on or after January 1, 1992,
6 for each calendar month or part of month that it is delinquent,
7 in the amount of 2% of the amount of franchise taxes provided
8 by this Act to be paid on account of the issuance of shares or
9 increase in paid-in capital disclosed on the report of
10 cumulative changes in paid-in capital or report following
11 merger, or \$1, whichever is greater. From February 1, 2008
12 through March 15, 2008, no interest shall be charged with
13 respect to any amount of delinquent franchise tax paid pursuant
14 to the Franchise Tax and License Fee Amnesty Act of 2007.
15 Notwithstanding the above, commencing on July 1, 2017, each
16 corporation, domestic or foreign, that fails or refuses to file
17 any report following merger within the time prescribed by this
18 Act, shall, for each report, pay a one-time penalty of \$50,
19 plus an additional penalty of \$10 for each calendar month or
20 part of the month that the report is delinquent.

21 (d) If the annual franchise tax, or the supplemental annual
22 franchise tax for any 12-month period commencing July 1, 1968,
23 or July 1 of any subsequent year through June 30, 1983,
24 assessed in accordance with this Act, is not paid by July 31,
25 it is delinquent, and there is added a penalty prior to January
26 1, 1991, and interest on and after January 1, 1991, of 2% for

1 each month or part of month that it is delinquent commencing
2 with the month of August, or \$1, whichever is greater. From
3 February 1, 2008 through March 15, 2008, no penalty shall be
4 imposed, or interest charged, with respect to any amount of
5 delinquent franchise taxes paid pursuant to the Franchise Tax
6 and License Fee Amnesty Act of 2007.

7 (e) If the supplemental annual franchise tax assessed in
8 accordance with the provisions of this Act for the 12-month
9 period commencing July 1, 1967, is not paid by September 30,
10 1967, it is delinquent, and there is added a penalty prior to
11 January 1, 1991, and interest on and after January 1, 1991, of
12 2% for each month or part of month that it is delinquent
13 commencing with the month of October, 1967. From February 1,
14 2008 through March 15, 2008, no penalty shall be imposed, or
15 interest charged, with respect to any amount of delinquent
16 franchise taxes paid pursuant to the Franchise Tax and License
17 Fee Amnesty Act of 2007.

18 (f) If any annual franchise tax for any period beginning on
19 or after July 1, 1983, is not paid by the time period herein
20 prescribed, it is delinquent and there is added a penalty prior
21 to January 1, 1991, and interest on and after January 1, 1991,
22 of 2% for each month or part of a month that it is delinquent
23 commencing with the anniversary month or in the case of a
24 corporation that has established an extended filing month, the
25 extended filing month, or \$1, whichever is greater. From
26 February 1, 2008 through March 15, 2008, no penalty shall be

1 imposed, or interest charged, with respect to any amount of
2 delinquent franchise taxes paid pursuant to the Franchise Tax
3 and License Fee Amnesty Act of 2007.

4 (g) Any corporation, domestic or foreign, failing to pay
5 the prescribed fee for assumed corporate name renewal when due
6 and payable shall be given notice of nonpayment by the
7 Secretary of State by regular mail; and if the fee together
8 with a penalty fee of \$5 is not paid within 90 days after the
9 notice is mailed, the right to use the assumed name shall
10 cease.

11 (h) Any corporation which (i) puts forth any sign or
12 advertisement, assuming any name other than that by which it is
13 incorporated or otherwise authorized by law to act or (ii)
14 violates Section 3.25, shall be guilty of a Class C misdemeanor
15 and shall be deemed guilty of an additional offense for each
16 day it shall continue to so offend.

17 (i) Each corporation, domestic or foreign, that fails or
18 refuses (1) to answer truthfully and fully within the time
19 prescribed by this Act interrogatories propounded by the
20 Secretary of State in accordance with this Act or (2) to
21 perform any other act required by this Act to be performed by
22 the corporation, is guilty of a Class C misdemeanor.

23 (j) Each corporation that fails or refuses to file articles
24 of revocation of dissolution within the time prescribed by this
25 Act is subject to a penalty for each calendar month or part of
26 the month that it is delinquent in the amount of \$50.

1 (Source: P.A. 95-233, eff. 8-16-07; 95-707, eff. 1-11-08;
2 96-1121, eff. 1-1-11.)

3 Section 30-75. The Limited Liability Company Act is amended
4 by changing Section 50-10 as follows:

5 (805 ILCS 180/50-10)

6 (Text of Section before amendment by P.A. 99-637)

7 Sec. 50-10. Fees.

8 (a) The Secretary of State shall charge and collect in
9 accordance with the provisions of this Act and rules
10 promulgated under its authority all of the following:

11 (1) Fees for filing documents.

12 (2) Miscellaneous charges.

13 (3) Fees for the sale of lists of filings and for
14 copies of any documents.

15 (b) The Secretary of State shall charge and collect for all
16 of the following:

17 (1) Filing articles of organization (domestic),
18 application for admission (foreign), and restated articles
19 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
20 foregoing, the fee for filing articles of organization
21 (domestic), application for admission (foreign), and
22 restated articles of organization (domestic) in connection
23 with a limited liability company with ability to establish
24 series pursuant to Section 37-40 of this Act is \$59 ~~\$750~~.

1 (2) Filing articles of amendment or an amended
2 application for admission, \$150.

3 (3) Filing articles of dissolution or application for
4 withdrawal, \$100.

5 (4) Filing an application to reserve a name, \$300.

6 (5) Filing a notice of cancellation of a reserved name,
7 \$100.

8 (6) Filing a notice of a transfer of a reserved name,
9 \$100.

10 (7) Registration of a name, \$300.

11 (8) Renewal of registration of a name, \$100.

12 (9) Filing an application for use of an assumed name
13 under Section 1-20 of this Act, \$150 for each year or part
14 thereof ending in 0 or 5, \$120 for each year or part
15 thereof ending in 1 or 6, \$90 for each year or part thereof
16 ending in 2 or 7, \$60 for each year or part thereof ending
17 in 3 or 8, \$30 for each year or part thereof ending in 4 or
18 9, and a renewal for each assumed name, \$150.

19 (10) Filing an application for change or cancellation
20 of an assumed name, \$100.

21 (11) Filing an annual report of a limited liability
22 company or foreign limited liability company, \$250, if
23 filed as required by this Act, plus a penalty if
24 delinquent. Notwithstanding the foregoing, the fee for
25 filing an annual report of a limited liability company or
26 foreign limited liability company with ability to

1 establish series is \$250 plus \$50 for each series for which
2 a certificate of designation has been filed pursuant to
3 Section 37-40 of this Act and active on the last day of the
4 third month preceding the company's anniversary month,
5 plus a penalty if delinquent.

6 (12) Filing an application for reinstatement of a
7 limited liability company or foreign limited liability
8 company \$500.

9 (13) Filing Articles of Merger, \$100 plus \$50 for each
10 party to the merger in excess of the first 2 parties.

11 (14) Filing an Agreement of Conversion or Statement of
12 Conversion, \$100.

13 (15) Filing a statement of change of address of
14 registered office or change of registered agent, or both,
15 or filing a statement of correction, \$25.

16 (16) Filing a petition for refund, \$15.

17 (17) Filing any other document, \$100.

18 (18) Filing a certificate of designation of a limited
19 liability company with the ability to establish series
20 pursuant to Section 37-40 of this Act, \$50.

21 (c) The Secretary of State shall charge and collect all of
22 the following:

23 (1) For furnishing a copy or certified copy of any
24 document, instrument, or paper relating to a limited
25 liability company or foreign limited liability company, or
26 for a certificate, \$25.

1 (2) For the transfer of information by computer process
2 media to any purchaser, fees established by rule.
3 (Source: P.A. 97-839, eff. 7-20-12.)

4 (Text of Section after amendment by P.A. 99-637)
5 Sec. 50-10. Fees.

6 (a) The Secretary of State shall charge and collect in
7 accordance with the provisions of this Act and rules
8 promulgated under its authority all of the following:

9 (1) Fees for filing documents.

10 (2) Miscellaneous charges.

11 (3) Fees for the sale of lists of filings and for
12 copies of any documents.

13 (b) The Secretary of State shall charge and collect for all
14 of the following:

15 (1) Filing articles of organization (domestic),
16 application for admission (foreign), and restated articles
17 of organization (domestic), \$39 ~~\$500~~. Notwithstanding the
18 foregoing, the fee for filing articles of organization
19 (domestic), application for admission (foreign), and
20 restated articles of organization (domestic) in connection
21 with a limited liability company with a series or the
22 ability to establish a series pursuant to Section 37-40 of
23 this Act is \$59 ~~\$750~~.

24 (2) Filing amendments (domestic or foreign), \$150.

25 (3) Filing a statement of termination or application

1 for withdrawal, \$25.

2 (4) Filing an application to reserve a name, \$300.

3 (5) Filing a notice of cancellation of a reserved name,
4 \$100.

5 (6) Filing a notice of a transfer of a reserved name,
6 \$100.

7 (7) Registration of a name, \$300.

8 (8) Renewal of registration of a name, \$100.

9 (9) Filing an application for use of an assumed name
10 under Section 1-20 of this Act, \$150 for each year or part
11 thereof ending in 0 or 5, \$120 for each year or part
12 thereof ending in 1 or 6, \$90 for each year or part thereof
13 ending in 2 or 7, \$60 for each year or part thereof ending
14 in 3 or 8, \$30 for each year or part thereof ending in 4 or
15 9, and a renewal for each assumed name, \$150.

16 (10) Filing an application for change or cancellation
17 of an assumed name, \$100.

18 (11) Filing an annual report of a limited liability
19 company or foreign limited liability company, \$250, if
20 filed as required by this Act, plus a penalty if
21 delinquent. Notwithstanding the foregoing, the fee for
22 filing an annual report of a limited liability company or
23 foreign limited liability company is \$250 plus \$50 for each
24 series for which a certificate of designation has been
25 filed pursuant to Section 37-40 of this Act and is in
26 effect on the last day of the third month preceding the

1 company's anniversary month, plus a penalty if delinquent.

2 (12) Filing an application for reinstatement of a
3 limited liability company or foreign limited liability
4 company \$500.

5 (13) Filing articles of merger, \$100 plus \$50 for each
6 party to the merger in excess of the first 2 parties.

7 (14) Filing articles of conversion, \$100.

8 (15) Filing a statement of change of address of
9 registered office or change of registered agent, or both,
10 or filing a statement of correction, \$25.

11 (16) Filing a petition for refund, \$15.

12 (17) Filing a certificate of designation of a limited
13 liability company with a series pursuant to Section 37-40
14 of this Act, \$50.

15 (18) Filing articles of domestication, \$100.

16 (19) Filing, amending, or cancelling a statement of
17 authority, \$50.

18 (20) Filing, amending, or cancelling a statement of
19 denial, \$10.

20 (21) Filing any other document, \$100.

21 (c) The Secretary of State shall charge and collect all of
22 the following:

23 (1) For furnishing a copy or certified copy of any
24 document, instrument, or paper relating to a limited
25 liability company or foreign limited liability company, or
26 for a certificate, \$25.

1 (2) For the transfer of information by computer process
2 media to any purchaser, fees established by rule.
3 (Source: P.A. 99-637, eff. 7-1-17.)

4 ARTICLE 95. NO ACCELERATION OR DELAY

5 Section 95-995. No acceleration or delay. Where this Act
6 makes changes in a statute that is represented in this Act by
7 text that is not yet or no longer in effect (for example, a
8 Section represented by multiple versions), the use of that text
9 does not accelerate or delay the taking effect of (i) the
10 changes made by this Act or (ii) provisions derived from any
11 other Public Act.

12 ARTICLE 99. EFFECTIVE DATE

13 Section 99-999. Effective date. This Act takes effect upon
14 becoming law, but this Act does not take effect at all unless
15 Senate Bills 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, and 13 of the
16 100th General Assembly become law.".