



Sen. Kwame Raoul

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1 AMENDMENT TO SENATE BILL 483

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 483 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 304 as follows:

6 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

7 Sec. 304. Business income of persons other than residents.

8 (a) In general. The business income of a person other than  
9 a resident shall be allocated to this State if such person's  
10 business income is derived solely from this State. If a person  
11 other than a resident derives business income from this State  
12 and one or more other states, then, for tax years ending on or  
13 before December 30, 1998, and except as otherwise provided by  
14 this Section, such person's business income shall be  
15 apportioned to this State by multiplying the income by a  
16 fraction, the numerator of which is the sum of the property

1 factor (if any), the payroll factor (if any) and 200% of the  
2 sales factor (if any), and the denominator of which is 4  
3 reduced by the number of factors other than the sales factor  
4 which have a denominator of zero and by an additional 2 if the  
5 sales factor has a denominator of zero. For tax years ending on  
6 or after December 31, 1998, and except as otherwise provided by  
7 this Section, persons other than residents who derive business  
8 income from this State and one or more other states shall  
9 compute their apportionment factor by weighting their  
10 property, payroll, and sales factors as provided in subsection  
11 (h) of this Section.

12 (1) Property factor.

13 (A) The property factor is a fraction, the numerator of  
14 which is the average value of the person's real and  
15 tangible personal property owned or rented and used in the  
16 trade or business in this State during the taxable year and  
17 the denominator of which is the average value of all the  
18 person's real and tangible personal property owned or  
19 rented and used in the trade or business during the taxable  
20 year.

21 (B) Property owned by the person is valued at its  
22 original cost. Property rented by the person is valued at 8  
23 times the net annual rental rate. Net annual rental rate is  
24 the annual rental rate paid by the person less any annual  
25 rental rate received by the person from sub-rentals.

26 (C) The average value of property shall be determined

1 by averaging the values at the beginning and ending of the  
2 taxable year but the Director may require the averaging of  
3 monthly values during the taxable year if reasonably  
4 required to reflect properly the average value of the  
5 person's property.

6 (2) Payroll factor.

7 (A) The payroll factor is a fraction, the numerator of  
8 which is the total amount paid in this State during the  
9 taxable year by the person for compensation, and the  
10 denominator of which is the total compensation paid  
11 everywhere during the taxable year.

12 (B) Compensation is paid in this State if:

13 (i) The individual's service is performed entirely  
14 within this State;

15 (ii) The individual's service is performed both  
16 within and without this State, but the service  
17 performed without this State is incidental to the  
18 individual's service performed within this State; ~~or~~

19 (iii) Some of the service is performed within this  
20 State and either the base of operations, or if there is  
21 no base of operations, the place from which the service  
22 is directed or controlled is within this State, or the  
23 base of operations or the place from which the service  
24 is directed or controlled is not in any state in which  
25 some part of the service is performed, but the  
26 individual's residence is in this State; ~~or~~

1           (iv) The individual's service is performed both  
2           within and without this State, the individual is not  
3           eligible for compensation under subdivisions (ii) and  
4           (iii) of this subparagraph (B), and the compensation is  
5           paid for services performed only within this State; or

6           (v) ~~(iv)~~ Compensation paid to nonresident  
7           professional athletes.

8           (a) General. The Illinois source income of a  
9           nonresident individual who is a member of a  
10          professional athletic team includes the portion of the  
11          individual's total compensation for services performed  
12          as a member of a professional athletic team during the  
13          taxable year which the number of duty days spent within  
14          this State performing services for the team in any  
15          manner during the taxable year bears to the total  
16          number of duty days spent both within and without this  
17          State during the taxable year.

18          (b) Travel days. Travel days that do not involve  
19          either a game, practice, team meeting, or other similar  
20          team event are not considered duty days spent in this  
21          State. However, such travel days are considered in the  
22          total duty days spent both within and without this  
23          State.

24          (c) Definitions. For purposes of this subpart (v)  
25          ~~(iv)~~:

26                  (1) The term "professional athletic team"

1 includes, but is not limited to, any professional  
2 baseball, basketball, football, soccer, or hockey  
3 team.

4 (2) The term "member of a professional  
5 athletic team" includes those employees who are  
6 active players, players on the disabled list, and  
7 any other persons required to travel and who travel  
8 with and perform services on behalf of a  
9 professional athletic team on a regular basis.  
10 This includes, but is not limited to, coaches,  
11 managers, and trainers.

12 (3) Except as provided in items (C) and (D) of  
13 this subpart (3), the term "duty days" means all  
14 days during the taxable year from the beginning of  
15 the professional athletic team's official  
16 pre-season training period through the last game  
17 in which the team competes or is scheduled to  
18 compete. Duty days shall be counted for the year in  
19 which they occur, including where a team's  
20 official pre-season training period through the  
21 last game in which the team competes or is  
22 scheduled to compete, occurs during more than one  
23 tax year.

24 (A) Duty days shall also include days on  
25 which a member of a professional athletic team  
26 performs service for a team on a date that does

1 not fall within the foregoing period (e.g.,  
2 participation in instructional leagues, the  
3 "All Star Game", or promotional "caravans").  
4 Performing a service for a professional  
5 athletic team includes conducting training and  
6 rehabilitation activities, when such  
7 activities are conducted at team facilities.

8 (B) Also included in duty days are game  
9 days, practice days, days spent at team  
10 meetings, promotional caravans, preseason  
11 training camps, and days served with the team  
12 through all post-season games in which the team  
13 competes or is scheduled to compete.

14 (C) Duty days for any person who joins a  
15 team during the period from the beginning of  
16 the professional athletic team's official  
17 pre-season training period through the last  
18 game in which the team competes, or is  
19 scheduled to compete, shall begin on the day  
20 that person joins the team. Conversely, duty  
21 days for any person who leaves a team during  
22 this period shall end on the day that person  
23 leaves the team. Where a person switches teams  
24 during a taxable year, a separate duty-day  
25 calculation shall be made for the period the  
26 person was with each team.

1 (D) Days for which a member of a  
2 professional athletic team is not compensated  
3 and is not performing services for the team in  
4 any manner, including days when such member of  
5 a professional athletic team has been  
6 suspended without pay and prohibited from  
7 performing any services for the team, shall not  
8 be treated as duty days.

9 (E) Days for which a member of a  
10 professional athletic team is on the disabled  
11 list and does not conduct rehabilitation  
12 activities at facilities of the team, and is  
13 not otherwise performing services for the team  
14 in Illinois, shall not be considered duty days  
15 spent in this State. All days on the disabled  
16 list, however, are considered to be included in  
17 total duty days spent both within and without  
18 this State.

19 (4) The term "total compensation for services  
20 performed as a member of a professional athletic  
21 team" means the total compensation received during  
22 the taxable year for services performed:

23 (A) from the beginning of the official  
24 pre-season training period through the last  
25 game in which the team competes or is scheduled  
26 to compete during that taxable year; and

1 (B) during the taxable year on a date which  
2 does not fall within the foregoing period  
3 (e.g., participation in instructional leagues,  
4 the "All Star Game", or promotional caravans).

5 This compensation shall include, but is not  
6 limited to, salaries, wages, bonuses as described  
7 in this subpart, and any other type of compensation  
8 paid during the taxable year to a member of a  
9 professional athletic team for services performed  
10 in that year. This compensation does not include  
11 strike benefits, severance pay, termination pay,  
12 contract or option year buy-out payments,  
13 expansion or relocation payments, or any other  
14 payments not related to services performed for the  
15 team.

16 For purposes of this subparagraph, "bonuses"  
17 included in "total compensation for services  
18 performed as a member of a professional athletic  
19 team" subject to the allocation described in  
20 Section 302(c)(1) are: bonuses earned as a result  
21 of play (i.e., performance bonuses) during the  
22 season, including bonuses paid for championship,  
23 playoff or "bowl" games played by a team, or for  
24 selection to all-star league or other honorary  
25 positions; and bonuses paid for signing a  
26 contract, unless the payment of the signing bonus



1 is not conditional upon the signee playing any  
2 games for the team or performing any subsequent  
3 services for the team or even making the team, the  
4 signing bonus is payable separately from the  
5 salary and any other compensation, and the signing  
6 bonus is nonrefundable; or -

7 (3) Sales factor.

8 (A) The sales factor is a fraction, the numerator of  
9 which is the total sales of the person in this State during  
10 the taxable year, and the denominator of which is the total  
11 sales of the person everywhere during the taxable year.

12 (B) Sales of tangible personal property are in this  
13 State if:

14 (i) The property is delivered or shipped to a  
15 purchaser, other than the United States government,  
16 within this State regardless of the f. o. b. point or  
17 other conditions of the sale; or

18 (ii) The property is shipped from an office, store,  
19 warehouse, factory or other place of storage in this  
20 State and either the purchaser is the United States  
21 government or the person is not taxable in the state of  
22 the purchaser; provided, however, that premises owned  
23 or leased by a person who has independently contracted  
24 with the seller for the printing of newspapers,  
25 periodicals or books shall not be deemed to be an  
26 office, store, warehouse, factory or other place of

1 storage for purposes of this Section. Sales of tangible  
2 personal property are not in this State if the seller  
3 and purchaser would be members of the same unitary  
4 business group but for the fact that either the seller  
5 or purchaser is a person with 80% or more of total  
6 business activity outside of the United States and the  
7 property is purchased for resale.

8 (B-1) Patents, copyrights, trademarks, and similar  
9 items of intangible personal property.

10 (i) Gross receipts from the licensing, sale, or  
11 other disposition of a patent, copyright, trademark,  
12 or similar item of intangible personal property, other  
13 than gross receipts governed by paragraph (B-7) of this  
14 item (3), are in this State to the extent the item is  
15 utilized in this State during the year the gross  
16 receipts are included in gross income.

17 (ii) Place of utilization.

18 (I) A patent is utilized in a state to the  
19 extent that it is employed in production,  
20 fabrication, manufacturing, or other processing in  
21 the state or to the extent that a patented product  
22 is produced in the state. If a patent is utilized  
23 in more than one state, the extent to which it is  
24 utilized in any one state shall be a fraction equal  
25 to the gross receipts of the licensee or purchaser  
26 from sales or leases of items produced,

1           fabricated, manufactured, or processed within that  
2           state using the patent and of patented items  
3           produced within that state, divided by the total of  
4           such gross receipts for all states in which the  
5           patent is utilized.

6           (II) A copyright is utilized in a state to the  
7           extent that printing or other publication  
8           originates in the state. If a copyright is utilized  
9           in more than one state, the extent to which it is  
10          utilized in any one state shall be a fraction equal  
11          to the gross receipts from sales or licenses of  
12          materials printed or published in that state  
13          divided by the total of such gross receipts for all  
14          states in which the copyright is utilized.

15          (III) Trademarks and other items of intangible  
16          personal property governed by this paragraph (B-1)  
17          are utilized in the state in which the commercial  
18          domicile of the licensee or purchaser is located.

19          (iii) If the state of utilization of an item of  
20          property governed by this paragraph (B-1) cannot be  
21          determined from the taxpayer's books and records or  
22          from the books and records of any person related to the  
23          taxpayer within the meaning of Section 267(b) of the  
24          Internal Revenue Code, 26 U.S.C. 267, the gross  
25          receipts attributable to that item shall be excluded  
26          from both the numerator and the denominator of the

1 sales factor.

2 (B-2) Gross receipts from the license, sale, or other  
3 disposition of patents, copyrights, trademarks, and  
4 similar items of intangible personal property, other than  
5 gross receipts governed by paragraph (B-7) of this item  
6 (3), may be included in the numerator or denominator of the  
7 sales factor only if gross receipts from licenses, sales,  
8 or other disposition of such items comprise more than 50%  
9 of the taxpayer's total gross receipts included in gross  
10 income during the tax year and during each of the 2  
11 immediately preceding tax years; provided that, when a  
12 taxpayer is a member of a unitary business group, such  
13 determination shall be made on the basis of the gross  
14 receipts of the entire unitary business group.

15 (B-5) For taxable years ending on or after December 31,  
16 2008, except as provided in subsections (ii) through (vii),  
17 receipts from the sale of telecommunications service or  
18 mobile telecommunications service are in this State if the  
19 customer's service address is in this State.

20 (i) For purposes of this subparagraph (B-5), the  
21 following terms have the following meanings:

22 "Ancillary services" means services that are  
23 associated with or incidental to the provision of  
24 "telecommunications services", including but not  
25 limited to "detailed telecommunications billing",  
26 "directory assistance", "vertical service", and "voice

1 mail services".

2 "Air-to-Ground Radiotelephone service" means a  
3 radio service, as that term is defined in 47 CFR 22.99,  
4 in which common carriers are authorized to offer and  
5 provide radio telecommunications service for hire to  
6 subscribers in aircraft.

7 "Call-by-call Basis" means any method of charging  
8 for telecommunications services where the price is  
9 measured by individual calls.

10 "Communications Channel" means a physical or  
11 virtual path of communications over which signals are  
12 transmitted between or among customer channel  
13 termination points.

14 "Conference bridging service" means an "ancillary  
15 service" that links two or more participants of an  
16 audio or video conference call and may include the  
17 provision of a telephone number. "Conference bridging  
18 service" does not include the "telecommunications  
19 services" used to reach the conference bridge.

20 "Customer Channel Termination Point" means the  
21 location where the customer either inputs or receives  
22 the communications.

23 "Detailed telecommunications billing service"  
24 means an "ancillary service" of separately stating  
25 information pertaining to individual calls on a  
26 customer's billing statement.

1           "Directory assistance" means an "ancillary  
2 service" of providing telephone number information,  
3 and/or address information.

4           "Home service provider" means the facilities based  
5 carrier or reseller with which the customer contracts  
6 for the provision of mobile telecommunications  
7 services.

8           "Mobile telecommunications service" means  
9 commercial mobile radio service, as defined in Section  
10 20.3 of Title 47 of the Code of Federal Regulations as  
11 in effect on June 1, 1999.

12           "Place of primary use" means the street address  
13 representative of where the customer's use of the  
14 telecommunications service primarily occurs, which  
15 must be the residential street address or the primary  
16 business street address of the customer. In the case of  
17 mobile telecommunications services, "place of primary  
18 use" must be within the licensed service area of the  
19 home service provider.

20           "Post-paid telecommunication service" means the  
21 telecommunications service obtained by making a  
22 payment on a call-by-call basis either through the use  
23 of a credit card or payment mechanism such as a bank  
24 card, travel card, credit card, or debit card, or by  
25 charge made to a telephone number which is not  
26 associated with the origination or termination of the

1 telecommunications service. A post-paid calling  
2 service includes telecommunications service, except a  
3 prepaid wireless calling service, that would be a  
4 prepaid calling service except it is not exclusively a  
5 telecommunication service.

6 "Prepaid telecommunication service" means the  
7 right to access exclusively telecommunications  
8 services, which must be paid for in advance and which  
9 enables the origination of calls using an access number  
10 or authorization code, whether manually or  
11 electronically dialed, and that is sold in  
12 predetermined units or dollars of which the number  
13 declines with use in a known amount.

14 "Prepaid Mobile telecommunication service" means a  
15 telecommunications service that provides the right to  
16 utilize mobile wireless service as well as other  
17 non-telecommunication services, including but not  
18 limited to ancillary services, which must be paid for  
19 in advance that is sold in predetermined units or  
20 dollars of which the number declines with use in a  
21 known amount.

22 "Private communication service" means a  
23 telecommunication service that entitles the customer  
24 to exclusive or priority use of a communications  
25 channel or group of channels between or among  
26 termination points, regardless of the manner in which

1 such channel or channels are connected, and includes  
2 switching capacity, extension lines, stations, and any  
3 other associated services that are provided in  
4 connection with the use of such channel or channels.

5 "Service address" means:

6 (a) The location of the telecommunications  
7 equipment to which a customer's call is charged and  
8 from which the call originates or terminates,  
9 regardless of where the call is billed or paid;

10 (b) If the location in line (a) is not known,  
11 service address means the origination point of the  
12 signal of the telecommunications services first  
13 identified by either the seller's  
14 telecommunications system or in information  
15 received by the seller from its service provider  
16 where the system used to transport such signals is  
17 not that of the seller; and

18 (c) If the locations in line (a) and line (b)  
19 are not known, the service address means the  
20 location of the customer's place of primary use.

21 "Telecommunications service" means the electronic  
22 transmission, conveyance, or routing of voice, data,  
23 audio, video, or any other information or signals to a  
24 point, or between or among points. The term  
25 "telecommunications service" includes such  
26 transmission, conveyance, or routing in which computer



1 processing applications are used to act on the form,  
2 code or protocol of the content for purposes of  
3 transmission, conveyance or routing without regard to  
4 whether such service is referred to as voice over  
5 Internet protocol services or is classified by the  
6 Federal Communications Commission as enhanced or value  
7 added. "Telecommunications service" does not include:

8 (a) Data processing and information services  
9 that allow data to be generated, acquired, stored,  
10 processed, or retrieved and delivered by an  
11 electronic transmission to a purchaser when such  
12 purchaser's primary purpose for the underlying  
13 transaction is the processed data or information;

14 (b) Installation or maintenance of wiring or  
15 equipment on a customer's premises;

16 (c) Tangible personal property;

17 (d) Advertising, including but not limited to  
18 directory advertising;~~;~~

19 (e) Billing and collection services provided  
20 to third parties;

21 (f) Internet access service;

22 (g) Radio and television audio and video  
23 programming services, regardless of the medium,  
24 including the furnishing of transmission,  
25 conveyance and routing of such services by the  
26 programming service provider. Radio and television

1 audio and video programming services shall include  
2 but not be limited to cable service as defined in  
3 47 USC 522(6) and audio and video programming  
4 services delivered by commercial mobile radio  
5 service providers, as defined in 47 CFR 20.3;

6 (h) "Ancillary services"; or

7 (i) Digital products "delivered  
8 electronically", including but not limited to  
9 software, music, video, reading materials or ring  
10 tones.

11 "Vertical service" means an "ancillary service"  
12 that is offered in connection with one or more  
13 "telecommunications services", which offers advanced  
14 calling features that allow customers to identify  
15 callers and to manage multiple calls and call  
16 connections, including "conference bridging services".

17 "Voice mail service" means an "ancillary service"  
18 that enables the customer to store, send or receive  
19 recorded messages. "Voice mail service" does not  
20 include any "vertical services" that the customer may  
21 be required to have in order to utilize the "voice mail  
22 service".

23 (ii) Receipts from the sale of telecommunications  
24 service sold on an individual call-by-call basis are in  
25 this State if either of the following applies:

26 (a) The call both originates and terminates in

1           this State.

2           (b) The call either originates or terminates  
3           in this State and the service address is located in  
4           this State.

5           (iii) Receipts from the sale of postpaid  
6           telecommunications service at retail are in this State  
7           if the origination point of the telecommunication  
8           signal, as first identified by the service provider's  
9           telecommunication system or as identified by  
10          information received by the seller from its service  
11          provider if the system used to transport  
12          telecommunication signals is not the seller's, is  
13          located in this State.

14          (iv) Receipts from the sale of prepaid  
15          telecommunications service or prepaid mobile  
16          telecommunications service at retail are in this State  
17          if the purchaser obtains the prepaid card or similar  
18          means of conveyance at a location in this State.  
19          Receipts from recharging a prepaid telecommunications  
20          service or mobile telecommunications service is in  
21          this State if the purchaser's billing information  
22          indicates a location in this State.

23          (v) Receipts from the sale of private  
24          communication services are in this State as follows:

25                 (a) 100% of receipts from charges imposed at  
26                 each channel termination point in this State.

1           (b) 100% of receipts from charges for the total  
2           channel mileage between each channel termination  
3           point in this State.

4           (c) 50% of the total receipts from charges for  
5           service segments when those segments are between 2  
6           customer channel termination points, 1 of which is  
7           located in this State and the other is located  
8           outside of this State, which segments are  
9           separately charged.

10          (d) The receipts from charges for service  
11          segments with a channel termination point located  
12          in this State and in two or more other states, and  
13          which segments are not separately billed, are in  
14          this State based on a percentage determined by  
15          dividing the number of customer channel  
16          termination points in this State by the total  
17          number of customer channel termination points.

18          (vi) Receipts from charges for ancillary services  
19          for telecommunications service sold to customers at  
20          retail are in this State if the customer's primary  
21          place of use of telecommunications services associated  
22          with those ancillary services is in this State. If the  
23          seller of those ancillary services cannot determine  
24          where the associated telecommunications are located,  
25          then the ancillary services shall be based on the  
26          location of the purchaser.

1 (vii) Receipts to access a carrier's network or  
2 from the sale of telecommunication services or  
3 ancillary services for resale are in this State as  
4 follows:

5 (a) 100% of the receipts from access fees  
6 attributable to intrastate telecommunications  
7 service that both originates and terminates in  
8 this State.

9 (b) 50% of the receipts from access fees  
10 attributable to interstate telecommunications  
11 service if the interstate call either originates  
12 or terminates in this State.

13 (c) 100% of the receipts from interstate end  
14 user access line charges, if the customer's  
15 service address is in this State. As used in this  
16 subdivision, "interstate end user access line  
17 charges" includes, but is not limited to, the  
18 surcharge approved by the federal communications  
19 commission and levied pursuant to 47 CFR 69.

20 (d) Gross receipts from sales of  
21 telecommunication services or from ancillary  
22 services for telecommunications services sold to  
23 other telecommunication service providers for  
24 resale shall be sourced to this State using the  
25 apportionment concepts used for non-resale  
26 receipts of telecommunications services if the

1 information is readily available to make that  
2 determination. If the information is not readily  
3 available, then the taxpayer may use any other  
4 reasonable and consistent method.

5 (B-7) For taxable years ending on or after December 31,  
6 2008, receipts from the sale of broadcasting services are  
7 in this State if the broadcasting services are received in  
8 this State. For purposes of this paragraph (B-7), the  
9 following terms have the following meanings:

10 "Advertising revenue" means consideration received  
11 by the taxpayer in exchange for broadcasting services  
12 or allowing the broadcasting of commercials or  
13 announcements in connection with the broadcasting of  
14 film or radio programming, from sponsorships of the  
15 programming, or from product placements in the  
16 programming.

17 "Audience factor" means the ratio that the  
18 audience or subscribers located in this State of a  
19 station, a network, or a cable system bears to the  
20 total audience or total subscribers for that station,  
21 network, or cable system. The audience factor for film  
22 or radio programming shall be determined by reference  
23 to the books and records of the taxpayer or by  
24 reference to published rating statistics provided the  
25 method used by the taxpayer is consistently used from  
26 year to year for this purpose and fairly represents the

1 taxpayer's activity in this State.

2 "Broadcast" or "broadcasting" or "broadcasting  
3 services" means the transmission or provision of film  
4 or radio programming, whether through the public  
5 airwaves, by cable, by direct or indirect satellite  
6 transmission, or by any other means of communication,  
7 either through a station, a network, or a cable system.

8 "Film" or "film programming" means the broadcast  
9 on television of any and all performances, events, or  
10 productions, including but not limited to news,  
11 sporting events, plays, stories, or other literary,  
12 commercial, educational, or artistic works, either  
13 live or through the use of video tape, disc, or any  
14 other type of format or medium. Each episode of a  
15 series of films produced for television shall  
16 constitute separate "film" notwithstanding that the  
17 series relates to the same principal subject and is  
18 produced during one or more tax periods.

19 "Radio" or "radio programming" means the broadcast  
20 on radio of any and all performances, events, or  
21 productions, including but not limited to news,  
22 sporting events, plays, stories, or other literary,  
23 commercial, educational, or artistic works, either  
24 live or through the use of an audio tape, disc, or any  
25 other format or medium. Each episode in a series of  
26 radio programming produced for radio broadcast shall

1           constitute a separate "radio programming"  
2 notwithstanding that the series relates to the same  
3 principal subject and is produced during one or more  
4 tax periods.

5           (i) In the case of advertising revenue from  
6 broadcasting, the customer is the advertiser and  
7 the service is received in this State if the  
8 commercial domicile of the advertiser is in this  
9 State.

10          (ii) In the case where film or radio  
11 programming is broadcast by a station, a network,  
12 or a cable system for a fee or other remuneration  
13 received from the recipient of the broadcast, the  
14 portion of the service that is received in this  
15 State is measured by the portion of the recipients  
16 of the broadcast located in this State.  
17 Accordingly, the fee or other remuneration for  
18 such service that is included in the Illinois  
19 numerator of the sales factor is the total of those  
20 fees or other remuneration received from  
21 recipients in Illinois. For purposes of this  
22 paragraph, a taxpayer may determine the location  
23 of the recipients of its broadcast using the  
24 address of the recipient shown in its contracts  
25 with the recipient or using the billing address of  
26 the recipient in the taxpayer's records.



1           (iii) In the case where film or radio  
2 programming is broadcast by a station, a network,  
3 or a cable system for a fee or other remuneration  
4 from the person providing the programming, the  
5 portion of the broadcast service that is received  
6 by such station, network, or cable system in this  
7 State is measured by the portion of recipients of  
8 the broadcast located in this State. Accordingly,  
9 the amount of revenue related to such an  
10 arrangement that is included in the Illinois  
11 numerator of the sales factor is the total fee or  
12 other total remuneration from the person providing  
13 the programming related to that broadcast  
14 multiplied by the Illinois audience factor for  
15 that broadcast.

16           (iv) In the case where film or radio  
17 programming is provided by a taxpayer that is a  
18 network or station to a customer for broadcast in  
19 exchange for a fee or other remuneration from that  
20 customer the broadcasting service is received at  
21 the location of the office of the customer from  
22 which the services were ordered in the regular  
23 course of the customer's trade or business.  
24 Accordingly, in such a case the revenue derived by  
25 the taxpayer that is included in the taxpayer's  
26 Illinois numerator of the sales factor is the

1 revenue from such customers who receive the  
2 broadcasting service in Illinois.

3 (v) In the case where film or radio programming  
4 is provided by a taxpayer that is not a network or  
5 station to another person for broadcasting in  
6 exchange for a fee or other remuneration from that  
7 person, the broadcasting service is received at  
8 the location of the office of the customer from  
9 which the services were ordered in the regular  
10 course of the customer's trade or business.  
11 Accordingly, in such a case the revenue derived by  
12 the taxpayer that is included in the taxpayer's  
13 Illinois numerator of the sales factor is the  
14 revenue from such customers who receive the  
15 broadcasting service in Illinois.

16 (B-8) Gross receipts from winnings under the Illinois  
17 Lottery Law from the assignment of a prize under Section  
18 13.1 of the Illinois Lottery Law are received in this  
19 State. This paragraph (B-8) applies only to taxable years  
20 ending on or after December 31, 2013.

21 (C) For taxable years ending before December 31, 2008,  
22 sales, other than sales governed by paragraphs (B), (B-1),  
23 (B-2), and (B-8) are in this State if:

24 (i) The income-producing activity is performed in  
25 this State; or

26 (ii) The income-producing activity is performed

1           both within and without this State and a greater  
2           proportion of the income-producing activity is  
3           performed within this State than without this State,  
4           based on performance costs.

5           (C-5) For taxable years ending on or after December 31,  
6           2008, sales, other than sales governed by paragraphs (B),  
7           (B-1), (B-2), (B-5), and (B-7), are in this State if any of  
8           the following criteria are met:

9                   (i) Sales from the sale or lease of real property  
10                   are in this State if the property is located in this  
11                   State.

12                   (ii) Sales from the lease or rental of tangible  
13                   personal property are in this State if the property is  
14                   located in this State during the rental period. Sales  
15                   from the lease or rental of tangible personal property  
16                   that is characteristically moving property, including,  
17                   but not limited to, motor vehicles, rolling stock,  
18                   aircraft, vessels, or mobile equipment are in this  
19                   State to the extent that the property is used in this  
20                   State.

21                   (iii) In the case of interest, net gains (but not  
22                   less than zero) and other items of income from  
23                   intangible personal property, the sale is in this State  
24                   if:

25                           (a) in the case of a taxpayer who is a dealer  
26                           in the item of intangible personal property within

1           the meaning of Section 475 of the Internal Revenue  
2           Code, the income or gain is received from a  
3           customer in this State. For purposes of this  
4           subparagraph, a customer is in this State if the  
5           customer is an individual, trust or estate who is a  
6           resident of this State and, for all other  
7           customers, if the customer's commercial domicile  
8           is in this State. Unless the dealer has actual  
9           knowledge of the residence or commercial domicile  
10          of a customer during a taxable year, the customer  
11          shall be deemed to be a customer in this State if  
12          the billing address of the customer, as shown in  
13          the records of the dealer, is in this State; or

14               (b) in all other cases, if the  
15               income-producing activity of the taxpayer is  
16               performed in this State or, if the  
17               income-producing activity of the taxpayer is  
18               performed both within and without this State, if a  
19               greater proportion of the income-producing  
20               activity of the taxpayer is performed within this  
21               State than in any other state, based on performance  
22               costs.

23               (iv) Sales of services are in this State if the  
24               services are received in this State. For the purposes  
25               of this section, gross receipts from the performance of  
26               services provided to a corporation, partnership, or

1 trust may only be attributed to a state where that  
2 corporation, partnership, or trust has a fixed place of  
3 business. If the state where the services are received  
4 is not readily determinable or is a state where the  
5 corporation, partnership, or trust receiving the  
6 service does not have a fixed place of business, the  
7 services shall be deemed to be received at the location  
8 of the office of the customer from which the services  
9 were ordered in the regular course of the customer's  
10 trade or business. If the ordering office cannot be  
11 determined, the services shall be deemed to be received  
12 at the office of the customer to which the services are  
13 billed. If the taxpayer is not taxable in the state in  
14 which the services are received, the sale must be  
15 excluded from both the numerator and the denominator of  
16 the sales factor. The Department shall adopt rules  
17 prescribing where specific types of service are  
18 received, including, but not limited to, publishing,  
19 and utility service.

20 (D) For taxable years ending on or after December 31,  
21 1995, the following items of income shall not be included  
22 in the numerator or denominator of the sales factor:  
23 dividends; amounts included under Section 78 of the  
24 Internal Revenue Code; and Subpart F income as defined in  
25 Section 952 of the Internal Revenue Code. No inference  
26 shall be drawn from the enactment of this paragraph (D) in

1           construing this Section for taxable years ending before  
2           December 31, 1995.

3           (E) Paragraphs (B-1) and (B-2) shall apply to tax years  
4           ending on or after December 31, 1999, provided that a  
5           taxpayer may elect to apply the provisions of these  
6           paragraphs to prior tax years. Such election shall be made  
7           in the form and manner prescribed by the Department, shall  
8           be irrevocable, and shall apply to all tax years; provided  
9           that, if a taxpayer's Illinois income tax liability for any  
10          tax year, as assessed under Section 903 prior to January 1,  
11          1999, was computed in a manner contrary to the provisions  
12          of paragraphs (B-1) or (B-2), no refund shall be payable to  
13          the taxpayer for that tax year to the extent such refund is  
14          the result of applying the provisions of paragraph (B-1) or  
15          (B-2) retroactively. In the case of a unitary business  
16          group, such election shall apply to all members of such  
17          group for every tax year such group is in existence, but  
18          shall not apply to any taxpayer for any period during which  
19          that taxpayer is not a member of such group.

20          (b) Insurance companies.

21          (1) In general. Except as otherwise provided by  
22          paragraph (2), business income of an insurance company for  
23          a taxable year shall be apportioned to this State by  
24          multiplying such income by a fraction, the numerator of  
25          which is the direct premiums written for insurance upon  
26          property or risk in this State, and the denominator of

1       which is the direct premiums written for insurance upon  
2       property or risk everywhere. For purposes of this  
3       subsection, the term "direct premiums written" means the  
4       total amount of direct premiums written, assessments and  
5       annuity considerations as reported for the taxable year on  
6       the annual statement filed by the company with the Illinois  
7       Director of Insurance in the form approved by the National  
8       Convention of Insurance Commissioners or such other form as  
9       may be prescribed in lieu thereof.

10       (2) Reinsurance. If the principal source of premiums  
11       written by an insurance company consists of premiums for  
12       reinsurance accepted by it, the business income of such  
13       company shall be apportioned to this State by multiplying  
14       such income by a fraction, the numerator of which is the  
15       sum of (i) direct premiums written for insurance upon  
16       property or risk in this State, plus (ii) premiums written  
17       for reinsurance accepted in respect of property or risk in  
18       this State, and the denominator of which is the sum of  
19       (iii) direct premiums written for insurance upon property  
20       or risk everywhere, plus (iv) premiums written for  
21       reinsurance accepted in respect of property or risk  
22       everywhere. For purposes of this paragraph, premiums  
23       written for reinsurance accepted in respect of property or  
24       risk in this State, whether or not otherwise determinable,  
25       may, at the election of the company, be determined on the  
26       basis of the proportion which premiums written for

1 reinsurance accepted from companies commercially domiciled  
2 in Illinois bears to premiums written for reinsurance  
3 accepted from all sources, or, alternatively, in the  
4 proportion which the sum of the direct premiums written for  
5 insurance upon property or risk in this State by each  
6 ceding company from which reinsurance is accepted bears to  
7 the sum of the total direct premiums written by each such  
8 ceding company for the taxable year. The election made by a  
9 company under this paragraph for its first taxable year  
10 ending on or after December 31, 2011, shall be binding for  
11 that company for that taxable year and for all subsequent  
12 taxable years, and may be altered only with the written  
13 permission of the Department, which shall not be  
14 unreasonably withheld.

15 (c) Financial organizations.

16 (1) In general. For taxable years ending before  
17 December 31, 2008, business income of a financial  
18 organization shall be apportioned to this State by  
19 multiplying such income by a fraction, the numerator of  
20 which is its business income from sources within this  
21 State, and the denominator of which is its business income  
22 from all sources. For the purposes of this subsection, the  
23 business income of a financial organization from sources  
24 within this State is the sum of the amounts referred to in  
25 subparagraphs (A) through (E) following, but excluding the  
26 adjusted income of an international banking facility as



1 determined in paragraph (2):

2 (A) Fees, commissions or other compensation for  
3 financial services rendered within this State;

4 (B) Gross profits from trading in stocks, bonds or  
5 other securities managed within this State;

6 (C) Dividends, and interest from Illinois  
7 customers, which are received within this State;

8 (D) Interest charged to customers at places of  
9 business maintained within this State for carrying  
10 debit balances of margin accounts, without deduction  
11 of any costs incurred in carrying such accounts; and

12 (E) Any other gross income resulting from the  
13 operation as a financial organization within this  
14 State. In computing the amounts referred to in  
15 paragraphs (A) through (E) of this subsection, any  
16 amount received by a member of an affiliated group  
17 (determined under Section 1504(a) of the Internal  
18 Revenue Code but without reference to whether any such  
19 corporation is an "includible corporation" under  
20 Section 1504(b) of the Internal Revenue Code) from  
21 another member of such group shall be included only to  
22 the extent such amount exceeds expenses of the  
23 recipient directly related thereto.

24 (2) International Banking Facility. For taxable years  
25 ending before December 31, 2008:

26 (A) Adjusted Income. The adjusted income of an

1 international banking facility is its income reduced  
2 by the amount of the floor amount.

3 (B) Floor Amount. The floor amount shall be the  
4 amount, if any, determined by multiplying the income of  
5 the international banking facility by a fraction, not  
6 greater than one, which is determined as follows:

7 (i) The numerator shall be:

8 The average aggregate, determined on a  
9 quarterly basis, of the financial organization's  
10 loans to banks in foreign countries, to foreign  
11 domiciled borrowers (except where secured  
12 primarily by real estate) and to foreign  
13 governments and other foreign official  
14 institutions, as reported for its branches,  
15 agencies and offices within the state on its  
16 "Consolidated Report of Condition", Schedule A,  
17 Lines 2.c., 5.b., and 7.a., which was filed with  
18 the Federal Deposit Insurance Corporation and  
19 other regulatory authorities, for the year 1980,  
20 minus

21 The average aggregate, determined on a  
22 quarterly basis, of such loans (other than loans of  
23 an international banking facility), as reported by  
24 the financial institution for its branches,  
25 agencies and offices within the state, on the  
26 corresponding Schedule and lines of the

1 Consolidated Report of Condition for the current  
2 taxable year, provided, however, that in no case  
3 shall the amount determined in this clause (the  
4 subtrahend) exceed the amount determined in the  
5 preceding clause (the minuend); and

6 (ii) the denominator shall be the average  
7 aggregate, determined on a quarterly basis, of the  
8 international banking facility's loans to banks in  
9 foreign countries, to foreign domiciled borrowers  
10 (except where secured primarily by real estate)  
11 and to foreign governments and other foreign  
12 official institutions, which were recorded in its  
13 financial accounts for the current taxable year.

14 (C) Change to Consolidated Report of Condition and  
15 in Qualification. In the event the Consolidated Report  
16 of Condition which is filed with the Federal Deposit  
17 Insurance Corporation and other regulatory authorities  
18 is altered so that the information required for  
19 determining the floor amount is not found on Schedule  
20 A, lines 2.c., 5.b. and 7.a., the financial institution  
21 shall notify the Department and the Department may, by  
22 regulations or otherwise, prescribe or authorize the  
23 use of an alternative source for such information. The  
24 financial institution shall also notify the Department  
25 should its international banking facility fail to  
26 qualify as such, in whole or in part, or should there

1 be any amendment or change to the Consolidated Report  
2 of Condition, as originally filed, to the extent such  
3 amendment or change alters the information used in  
4 determining the floor amount.

5 (3) For taxable years ending on or after December 31,  
6 2008, the business income of a financial organization shall  
7 be apportioned to this State by multiplying such income by  
8 a fraction, the numerator of which is its gross receipts  
9 from sources in this State or otherwise attributable to  
10 this State's marketplace and the denominator of which is  
11 its gross receipts everywhere during the taxable year.  
12 "Gross receipts" for purposes of this subparagraph (3)  
13 means gross income, including net taxable gain on  
14 disposition of assets, including securities and money  
15 market instruments, when derived from transactions and  
16 activities in the regular course of the financial  
17 organization's trade or business. The following examples  
18 are illustrative:

19 (i) Receipts from the lease or rental of real or  
20 tangible personal property are in this State if the  
21 property is located in this State during the rental  
22 period. Receipts from the lease or rental of tangible  
23 personal property that is characteristically moving  
24 property, including, but not limited to, motor  
25 vehicles, rolling stock, aircraft, vessels, or mobile  
26 equipment are from sources in this State to the extent

1           that the property is used in this State.

2           (ii) Interest income, commissions, fees, gains on  
3           disposition, and other receipts from assets in the  
4           nature of loans that are secured primarily by real  
5           estate or tangible personal property are from sources  
6           in this State if the security is located in this State.

7           (iii) Interest income, commissions, fees, gains on  
8           disposition, and other receipts from consumer loans  
9           that are not secured by real or tangible personal  
10          property are from sources in this State if the debtor  
11          is a resident of this State.

12          (iv) Interest income, commissions, fees, gains on  
13          disposition, and other receipts from commercial loans  
14          and installment obligations that are not secured by  
15          real or tangible personal property are from sources in  
16          this State if the proceeds of the loan are to be  
17          applied in this State. If it cannot be determined where  
18          the funds are to be applied, the income and receipts  
19          are from sources in this State if the office of the  
20          borrower from which the loan was negotiated in the  
21          regular course of business is located in this State. If  
22          the location of this office cannot be determined, the  
23          income and receipts shall be excluded from the  
24          numerator and denominator of the sales factor.

25          (v) Interest income, fees, gains on disposition,  
26          service charges, merchant discount income, and other

1 receipts from credit card receivables are from sources  
2 in this State if the card charges are regularly billed  
3 to a customer in this State.

4 (vi) Receipts from the performance of services,  
5 including, but not limited to, fiduciary, advisory,  
6 and brokerage services, are in this State if the  
7 services are received in this State within the meaning  
8 of subparagraph (a) (3) (C-5) (iv) of this Section.

9 (vii) Receipts from the issuance of travelers  
10 checks and money orders are from sources in this State  
11 if the checks and money orders are issued from a  
12 location within this State.

13 (viii) Receipts from investment assets and  
14 activities and trading assets and activities are  
15 included in the receipts factor as follows:

16 (1) Interest, dividends, net gains (but not  
17 less than zero) and other income from investment  
18 assets and activities from trading assets and  
19 activities shall be included in the receipts  
20 factor. Investment assets and activities and  
21 trading assets and activities include but are not  
22 limited to: investment securities; trading account  
23 assets; federal funds; securities purchased and  
24 sold under agreements to resell or repurchase;  
25 options; futures contracts; forward contracts;  
26 notional principal contracts such as swaps;

1 equities; and foreign currency transactions. With  
2 respect to the investment and trading assets and  
3 activities described in subparagraphs (A) and (B)  
4 of this paragraph, the receipts factor shall  
5 include the amounts described in such  
6 subparagraphs.

7 (A) The receipts factor shall include the  
8 amount by which interest from federal funds  
9 sold and securities purchased under resale  
10 agreements exceeds interest expense on federal  
11 funds purchased and securities sold under  
12 repurchase agreements.

13 (B) The receipts factor shall include the  
14 amount by which interest, dividends, gains and  
15 other income from trading assets and  
16 activities, including but not limited to  
17 assets and activities in the matched book, in  
18 the arbitrage book, and foreign currency  
19 transactions, exceed amounts paid in lieu of  
20 interest, amounts paid in lieu of dividends,  
21 and losses from such assets and activities.

22 (2) The numerator of the receipts factor  
23 includes interest, dividends, net gains (but not  
24 less than zero), and other income from investment  
25 assets and activities and from trading assets and  
26 activities described in paragraph (1) of this

1 subsection that are attributable to this State.

2 (A) The amount of interest, dividends, net  
3 gains (but not less than zero), and other  
4 income from investment assets and activities  
5 in the investment account to be attributed to  
6 this State and included in the numerator is  
7 determined by multiplying all such income from  
8 such assets and activities by a fraction, the  
9 numerator of which is the gross income from  
10 such assets and activities which are properly  
11 assigned to a fixed place of business of the  
12 taxpayer within this State and the denominator  
13 of which is the gross income from all such  
14 assets and activities.

15 (B) The amount of interest from federal  
16 funds sold and purchased and from securities  
17 purchased under resale agreements and  
18 securities sold under repurchase agreements  
19 attributable to this State and included in the  
20 numerator is determined by multiplying the  
21 amount described in subparagraph (A) of  
22 paragraph (1) of this subsection from such  
23 funds and such securities by a fraction, the  
24 numerator of which is the gross income from  
25 such funds and such securities which are  
26 properly assigned to a fixed place of business



1 of the taxpayer within this State and the  
2 denominator of which is the gross income from  
3 all such funds and such securities.

4 (C) The amount of interest, dividends,  
5 gains, and other income from trading assets and  
6 activities, including but not limited to  
7 assets and activities in the matched book, in  
8 the arbitrage book and foreign currency  
9 transactions (but excluding amounts described  
10 in subparagraphs (A) or (B) of this paragraph),  
11 attributable to this State and included in the  
12 numerator is determined by multiplying the  
13 amount described in subparagraph (B) of  
14 paragraph (1) of this subsection by a fraction,  
15 the numerator of which is the gross income from  
16 such trading assets and activities which are  
17 properly assigned to a fixed place of business  
18 of the taxpayer within this State and the  
19 denominator of which is the gross income from  
20 all such assets and activities.

21 (D) Properly assigned, for purposes of  
22 this paragraph (2) of this subsection, means  
23 the investment or trading asset or activity is  
24 assigned to the fixed place of business with  
25 which it has a preponderance of substantive  
26 contacts. An investment or trading asset or

1 activity assigned by the taxpayer to a fixed  
2 place of business without the State shall be  
3 presumed to have been properly assigned if:

4 (i) the taxpayer has assigned, in the  
5 regular course of its business, such asset  
6 or activity on its records to a fixed place  
7 of business consistent with federal or  
8 state regulatory requirements;

9 (ii) such assignment on its records is  
10 based upon substantive contacts of the  
11 asset or activity to such fixed place of  
12 business; and

13 (iii) the taxpayer uses such records  
14 reflecting assignment of such assets or  
15 activities for the filing of all state and  
16 local tax returns for which an assignment  
17 of such assets or activities to a fixed  
18 place of business is required.

19 (E) The presumption of proper assignment  
20 of an investment or trading asset or activity  
21 provided in subparagraph (D) of paragraph (2)  
22 of this subsection may be rebutted upon a  
23 showing by the Department, supported by a  
24 preponderance of the evidence, that the  
25 preponderance of substantive contacts  
26 regarding such asset or activity did not occur

1 at the fixed place of business to which it was  
2 assigned on the taxpayer's records. If the  
3 fixed place of business that has a  
4 preponderance of substantive contacts cannot  
5 be determined for an investment or trading  
6 asset or activity to which the presumption in  
7 subparagraph (D) of paragraph (2) of this  
8 subsection does not apply or with respect to  
9 which that presumption has been rebutted, that  
10 asset or activity is properly assigned to the  
11 state in which the taxpayer's commercial  
12 domicile is located. For purposes of this  
13 subparagraph (E), it shall be presumed,  
14 subject to rebuttal, that taxpayer's  
15 commercial domicile is in the state of the  
16 United States or the District of Columbia to  
17 which the greatest number of employees are  
18 regularly connected with the management of the  
19 investment or trading income or out of which  
20 they are working, irrespective of where the  
21 services of such employees are performed, as of  
22 the last day of the taxable year.

23 (4) (Blank).

24 (5) (Blank).

25 (c-1) Federally regulated exchanges. For taxable years  
26 ending on or after December 31, 2012, business income of a

1 federally regulated exchange shall, at the option of the  
2 federally regulated exchange, be apportioned to this State by  
3 multiplying such income by a fraction, the numerator of which  
4 is its business income from sources within this State, and the  
5 denominator of which is its business income from all sources.  
6 For purposes of this subsection, the business income within  
7 this State of a federally regulated exchange is the sum of the  
8 following:

9 (1) Receipts attributable to transactions executed on  
10 a physical trading floor if that physical trading floor is  
11 located in this State.

12 (2) Receipts attributable to all other matching,  
13 execution, or clearing transactions, including without  
14 limitation receipts from the provision of matching,  
15 execution, or clearing services to another entity,  
16 multiplied by (i) for taxable years ending on or after  
17 December 31, 2012 but before December 31, 2013, 63.77%; and  
18 (ii) for taxable years ending on or after December 31,  
19 2013, 27.54%.

20 (3) All other receipts not governed by subparagraphs  
21 (1) or (2) of this subsection (c-1), to the extent the  
22 receipts would be characterized as "sales in this State"  
23 under item (3) of subsection (a) of this Section.

24 "Federally regulated exchange" means (i) a "registered  
25 entity" within the meaning of 7 U.S.C. Section 1a(40) (A), (B),  
26 or (C), (ii) an "exchange" or "clearing agency" within the

1 meaning of 15 U.S.C. Section 78c (a) (1) or (23), (iii) any such  
2 entities regulated under any successor regulatory structure to  
3 the foregoing, and (iv) all taxpayers who are members of the  
4 same unitary business group as a federally regulated exchange,  
5 determined without regard to the prohibition in Section  
6 1501(a) (27) of this Act against including in a unitary business  
7 group taxpayers who are ordinarily required to apportion  
8 business income under different subsections of this Section;  
9 provided that this subparagraph (iv) shall apply only if 50% or  
10 more of the business receipts of the unitary business group  
11 determined by application of this subparagraph (iv) for the  
12 taxable year are attributable to the matching, execution, or  
13 clearing of transactions conducted by an entity described in  
14 subparagraph (i), (ii), or (iii) of this paragraph.

15 In no event shall the Illinois apportionment percentage  
16 computed in accordance with this subsection (c-1) for any  
17 taxpayer for any tax year be less than the Illinois  
18 apportionment percentage computed under this subsection (c-1)  
19 for that taxpayer for the first full tax year ending on or  
20 after December 31, 2013 for which this subsection (c-1) applied  
21 to the taxpayer.

22 (d) Transportation services. For taxable years ending  
23 before December 31, 2008, business income derived from  
24 furnishing transportation services shall be apportioned to  
25 this State in accordance with paragraphs (1) and (2):

26 (1) Such business income (other than that derived from

1 transportation by pipeline) shall be apportioned to this  
2 State by multiplying such income by a fraction, the  
3 numerator of which is the revenue miles of the person in  
4 this State, and the denominator of which is the revenue  
5 miles of the person everywhere. For purposes of this  
6 paragraph, a revenue mile is the transportation of 1  
7 passenger or 1 net ton of freight the distance of 1 mile  
8 for a consideration. Where a person is engaged in the  
9 transportation of both passengers and freight, the  
10 fraction above referred to shall be determined by means of  
11 an average of the passenger revenue mile fraction and the  
12 freight revenue mile fraction, weighted to reflect the  
13 person's

14 (A) relative railway operating income from total  
15 passenger and total freight service, as reported to the  
16 Interstate Commerce Commission, in the case of  
17 transportation by railroad, and

18 (B) relative gross receipts from passenger and  
19 freight transportation, in case of transportation  
20 other than by railroad.

21 (2) Such business income derived from transportation  
22 by pipeline shall be apportioned to this State by  
23 multiplying such income by a fraction, the numerator of  
24 which is the revenue miles of the person in this State, and  
25 the denominator of which is the revenue miles of the person  
26 everywhere. For the purposes of this paragraph, a revenue

1 mile is the transportation by pipeline of 1 barrel of oil,  
2 1,000 cubic feet of gas, or of any specified quantity of  
3 any other substance, the distance of 1 mile for a  
4 consideration.

5 (3) For taxable years ending on or after December 31,  
6 2008, business income derived from providing  
7 transportation services other than airline services shall  
8 be apportioned to this State by using a fraction, (a) the  
9 numerator of which shall be (i) all receipts from any  
10 movement or shipment of people, goods, mail, oil, gas, or  
11 any other substance (other than by airline) that both  
12 originates and terminates in this State, plus (ii) that  
13 portion of the person's gross receipts from movements or  
14 shipments of people, goods, mail, oil, gas, or any other  
15 substance (other than by airline) that originates in one  
16 state or jurisdiction and terminates in another state or  
17 jurisdiction, that is determined by the ratio that the  
18 miles traveled in this State bears to total miles  
19 everywhere and (b) the denominator of which shall be all  
20 revenue derived from the movement or shipment of people,  
21 goods, mail, oil, gas, or any other substance (other than  
22 by airline). Where a taxpayer is engaged in the  
23 transportation of both passengers and freight, the  
24 fraction above referred to shall first be determined  
25 separately for passenger miles and freight miles. Then an  
26 average of the passenger miles fraction and the freight

1 miles fraction shall be weighted to reflect the taxpayer's:

2 (A) relative railway operating income from total  
3 passenger and total freight service, as reported to the  
4 Surface Transportation Board, in the case of  
5 transportation by railroad; and

6 (B) relative gross receipts from passenger and  
7 freight transportation, in case of transportation  
8 other than by railroad.

9 (4) For taxable years ending on or after December 31,  
10 2008, business income derived from furnishing airline  
11 transportation services shall be apportioned to this State  
12 by multiplying such income by a fraction, the numerator of  
13 which is the revenue miles of the person in this State, and  
14 the denominator of which is the revenue miles of the person  
15 everywhere. For purposes of this paragraph, a revenue mile  
16 is the transportation of one passenger or one net ton of  
17 freight the distance of one mile for a consideration. If a  
18 person is engaged in the transportation of both passengers  
19 and freight, the fraction above referred to shall be  
20 determined by means of an average of the passenger revenue  
21 mile fraction and the freight revenue mile fraction,  
22 weighted to reflect the person's relative gross receipts  
23 from passenger and freight airline transportation.

24 (e) Combined apportionment. Where 2 or more persons are  
25 engaged in a unitary business as described in subsection  
26 (a) (27) of Section 1501, a part of which is conducted in this



1 State by one or more members of the group, the business income  
2 attributable to this State by any such member or members shall  
3 be apportioned by means of the combined apportionment method.

4 (f) Alternative allocation. If the allocation and  
5 apportionment provisions of subsections (a) through (e) and of  
6 subsection (h) do not, for taxable years ending before December  
7 31, 2008, fairly represent the extent of a person's business  
8 activity in this State, or, for taxable years ending on or  
9 after December 31, 2008, fairly represent the market for the  
10 person's goods, services, or other sources of business income,  
11 the person may petition for, or the Director may, without a  
12 petition, permit or require, in respect of all or any part of  
13 the person's business activity, if reasonable:

14 (1) Separate accounting;

15 (2) The exclusion of any one or more factors;

16 (3) The inclusion of one or more additional factors  
17 which will fairly represent the person's business  
18 activities or market in this State; or

19 (4) The employment of any other method to effectuate an  
20 equitable allocation and apportionment of the person's  
21 business income.

22 (g) Cross reference. For allocation of business income by  
23 residents, see Section 301(a).

24 (h) For tax years ending on or after December 31, 1998, the  
25 apportionment factor of persons who apportion their business  
26 income to this State under subsection (a) shall be equal to:

1           (1) for tax years ending on or after December 31, 1998  
2           and before December 31, 1999, 16 2/3% of the property  
3           factor plus 16 2/3% of the payroll factor plus 66 2/3% of  
4           the sales factor;

5           (2) for tax years ending on or after December 31, 1999  
6           and before December 31, 2000, 8 1/3% of the property factor  
7           plus 8 1/3% of the payroll factor plus 83 1/3% of the sales  
8           factor;

9           (3) for tax years ending on or after December 31, 2000,  
10          the sales factor.

11          If, in any tax year ending on or after December 31, 1998 and  
12          before December 31, 2000, the denominator of the payroll,  
13          property, or sales factor is zero, the apportionment factor  
14          computed in paragraph (1) or (2) of this subsection for that  
15          year shall be divided by an amount equal to 100% minus the  
16          percentage weight given to each factor whose denominator is  
17          equal to zero.

18          (Source: P.A. 98-478, eff. 1-1-14; 98-496, eff. 1-1-14; 98-756,  
19          eff. 7-16-14; 99-642, eff. 7-28-16; revised 11-14-16.)

20          Section 99. Effective date. This Act takes effect upon  
21          becoming law."