

HB0316



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB0316

by Rep. David McSweeney

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201
35 ILCS 5/901

from Ch. 120, par. 2-201
from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. For taxable years beginning on or after January 1, 2019, reduces the rate of tax to 3% for individuals, trusts, and estates and 4.8% for corporations. Makes corresponding changes concerning the distribution of tax proceeds. Effective immediately.

LRB101 04006 HLH 49014 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Sections 201 and 901 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

7 Sec. 201. Tax imposed.

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

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

18 (1) In the case of an individual, trust or estate, for
19 taxable years ending prior to July 1, 1989, an amount equal
20 to 2 1/2% of the taxpayer's net income for the taxable
21 year.

22 (2) In the case of an individual, trust or estate, for
23 taxable years beginning prior to July 1, 1989 and ending

1 after June 30, 1989, an amount equal to the sum of (i) 2
2 1/2% of the taxpayer's net income for the period prior to
3 July 1, 1989, as calculated under Section 202.3, and (ii)
4 3% of the taxpayer's net income for the period after June
5 30, 1989, as calculated under Section 202.3.

6 (3) In the case of an individual, trust or estate, for
7 taxable years beginning after June 30, 1989, and ending
8 prior to January 1, 2011, an amount equal to 3% of the
9 taxpayer's net income for the taxable year.

10 (4) In the case of an individual, trust, or estate, for
11 taxable years beginning prior to January 1, 2011, and
12 ending after December 31, 2010, an amount equal to the sum
13 of (i) 3% of the taxpayer's net income for the period prior
14 to January 1, 2011, as calculated under Section 202.5, and
15 (ii) 5% of the taxpayer's net income for the period after
16 December 31, 2010, as calculated under Section 202.5.

17 (5) In the case of an individual, trust, or estate, for
18 taxable years beginning on or after January 1, 2011, and
19 ending prior to January 1, 2015, an amount equal to 5% of
20 the taxpayer's net income for the taxable year.

21 (5.1) In the case of an individual, trust, or estate,
22 for taxable years beginning prior to January 1, 2015, and
23 ending after December 31, 2014, an amount equal to the sum
24 of (i) 5% of the taxpayer's net income for the period prior
25 to January 1, 2015, as calculated under Section 202.5, and
26 (ii) 3.75% of the taxpayer's net income for the period

1 after December 31, 2014, as calculated under Section 202.5.

2 (5.2) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2015,
4 and ending prior to July 1, 2017, an amount equal to 3.75%
5 of the taxpayer's net income for the taxable year.

6 (5.3) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to July 1, 2017, and
8 ending after June 30, 2017, an amount equal to the sum of
9 (i) 3.75% of the taxpayer's net income for the period prior
10 to July 1, 2017, as calculated under Section 202.5, and
11 (ii) 4.95% of the taxpayer's net income for the period
12 after June 30, 2017, as calculated under Section 202.5.

13 (5.4) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after July 1, 2017 and
15 ending prior to January 1, 2019, an amount equal to 4.95%
16 of the taxpayer's net income for the taxable year.

17 (5.5) In the case of an individual, trust, or estate,
18 for taxable years beginning prior to January 1, 2019 and
19 ending after December 31, 2018, an amount equal to the sum
20 of (i) 4.95% of the taxpayer's net income for the period
21 prior to January 1, 2019, as calculated under Section
22 202.5, and (ii) 3% of the taxpayer's net income for the
23 period after December 31, 2018, as calculated under Section
24 202.5.

25 (5.6) In the case of an individual, trust, or estate,
26 for taxable years beginning on or after January 1, 2019, an

1 amount equal to 3% of the taxpayer's net income for the
2 taxable year.

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

6 (7) In the case of a corporation, for taxable years
7 beginning prior to July 1, 1989 and ending after June 30,
8 1989, an amount equal to the sum of (i) 4% of the
9 taxpayer's net income for the period prior to July 1, 1989,
10 as calculated under Section 202.3, and (ii) 4.8% of the
11 taxpayer's net income for the period after June 30, 1989,
12 as calculated under Section 202.3.

13 (8) In the case of a corporation, for taxable years
14 beginning after June 30, 1989, and ending prior to January
15 1, 2011, an amount equal to 4.8% of the taxpayer's net
16 income for the taxable year.

17 (9) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2011, and ending after
19 December 31, 2010, an amount equal to the sum of (i) 4.8%
20 of the taxpayer's net income for the period prior to
21 January 1, 2011, as calculated under Section 202.5, and
22 (ii) 7% of the taxpayer's net income for the period after
23 December 31, 2010, as calculated under Section 202.5.

24 (10) In the case of a corporation, for taxable years
25 beginning on or after January 1, 2011, and ending prior to
26 January 1, 2015, an amount equal to 7% of the taxpayer's

1 net income for the taxable year.

2 (11) In the case of a corporation, for taxable years
3 beginning prior to January 1, 2015, and ending after
4 December 31, 2014, an amount equal to the sum of (i) 7% of
5 the taxpayer's net income for the period prior to January
6 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
7 of the taxpayer's net income for the period after December
8 31, 2014, as calculated under Section 202.5.

9 (12) In the case of a corporation, for taxable years
10 beginning on or after January 1, 2015, and ending prior to
11 July 1, 2017, an amount equal to 5.25% of the taxpayer's
12 net income for the taxable year.

13 (13) In the case of a corporation, for taxable years
14 beginning prior to July 1, 2017, and ending after June 30,
15 2017, an amount equal to the sum of (i) 5.25% of the
16 taxpayer's net income for the period prior to July 1, 2017,
17 as calculated under Section 202.5, and (ii) 7% of the
18 taxpayer's net income for the period after June 30, 2017,
19 as calculated under Section 202.5.

20 (14) In the case of a corporation, for taxable years
21 beginning on or after July 1, 2017 and ending prior to
22 January 1, 2019, an amount equal to 7% of the taxpayer's
23 net income for the taxable year.

24 (15) In the case of a corporation, for taxable years
25 beginning prior to January 1, 2019 and ending after
26 December 31, 2018, an amount equal to the sum of (i) 7% of

1 the taxpayer's net income for the period prior to January
2 1, 2019, as calculated under Section 202.5, and (ii) 4.8%
3 of the taxpayer's net income for the period after December
4 31, 2018, as calculated under Section 202.5.

5 (16) In the case of a corporation, for taxable years
6 beginning on or after January 1, 2019, an amount equal to
7 4.8% of the taxpayer's net income for the taxable year.

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

10 (c) Personal Property Tax Replacement Income Tax.
11 Beginning on July 1, 1979 and thereafter, in addition to such
12 income tax, there is also hereby imposed the Personal Property
13 Tax Replacement Income Tax measured by net income on every
14 corporation (including Subchapter S corporations), partnership
15 and trust, for each taxable year ending after June 30, 1979.
16 Such taxes are imposed on the privilege of earning or receiving
17 income in or as a resident of this State. The Personal Property
18 Tax Replacement Income Tax shall be in addition to the income
19 tax imposed by subsections (a) and (b) of this Section and in
20 addition to all other occupation or privilege taxes imposed by
21 this State or by any municipal corporation or political
22 subdivision thereof.

23 (d) Additional Personal Property Tax Replacement Income
24 Tax Rates. The personal property tax replacement income tax
25 imposed by this subsection and subsection (c) of this Section
26 in the case of a corporation, other than a Subchapter S

1 corporation and except as adjusted by subsection (d-1), shall
2 be an additional amount equal to 2.85% of such taxpayer's net
3 income for the taxable year, except that beginning on January
4 1, 1981, and thereafter, the rate of 2.85% specified in this
5 subsection shall be reduced to 2.5%, and in the case of a
6 partnership, trust or a Subchapter S corporation shall be an
7 additional amount equal to 1.5% of such taxpayer's net income
8 for the taxable year.

9 (d-1) Rate reduction for certain foreign insurers. In the
10 case of a foreign insurer, as defined by Section 35A-5 of the
11 Illinois Insurance Code, whose state or country of domicile
12 imposes on insurers domiciled in Illinois a retaliatory tax
13 (excluding any insurer whose premiums from reinsurance assumed
14 are 50% or more of its total insurance premiums as determined
15 under paragraph (2) of subsection (b) of Section 304, except
16 that for purposes of this determination premiums from
17 reinsurance do not include premiums from inter-affiliate
18 reinsurance arrangements), beginning with taxable years ending
19 on or after December 31, 1999, the sum of the rates of tax
20 imposed by subsections (b) and (d) shall be reduced (but not
21 increased) to the rate at which the total amount of tax imposed
22 under this Act, net of all credits allowed under this Act,
23 shall equal (i) the total amount of tax that would be imposed
24 on the foreign insurer's net income allocable to Illinois for
25 the taxable year by such foreign insurer's state or country of
26 domicile if that net income were subject to all income taxes

1 and taxes measured by net income imposed by such foreign
2 insurer's state or country of domicile, net of all credits
3 allowed or (ii) a rate of zero if no such tax is imposed on such
4 income by the foreign insurer's state of domicile. For the
5 purposes of this subsection (d-1), an inter-affiliate includes
6 a mutual insurer under common management.

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

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

13 (B) the privilege tax imposed by Section 409 of the
14 Illinois Insurance Code, the fire insurance company
15 tax imposed by Section 12 of the Fire Investigation
16 Act, and the fire department taxes imposed under
17 Section 11-10-1 of the Illinois Municipal Code,
18 equals 1.25% for taxable years ending prior to December 31,
19 2003, or 1.75% for taxable years ending on or after
20 December 31, 2003, of the net taxable premiums written for
21 the taxable year, as described by subsection (1) of Section
22 409 of the Illinois Insurance Code. This paragraph will in
23 no event increase the rates imposed under subsections (b)
24 and (d).

25 (2) Any reduction in the rates of tax imposed by this
26 subsection shall be applied first against the rates imposed

1 by subsection (b) and only after the tax imposed by
2 subsection (a) net of all credits allowed under this
3 Section other than the credit allowed under subsection (i)
4 has been reduced to zero, against the rates imposed by
5 subsection (d).

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

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

11 (1) A taxpayer shall be allowed a credit equal to .5%
12 of the basis of qualified property placed in service during
13 the taxable year, provided such property is placed in
14 service on or after July 1, 1984. There shall be allowed an
15 additional credit equal to .5% of the basis of qualified
16 property placed in service during the taxable year,
17 provided such property is placed in service on or after
18 July 1, 1986, and the taxpayer's base employment within
19 Illinois has increased by 1% or more over the preceding
20 year as determined by the taxpayer's employment records
21 filed with the Illinois Department of Employment Security.
22 Taxpayers who are new to Illinois shall be deemed to have
23 met the 1% growth in base employment for the first year in
24 which they file employment records with the Illinois
25 Department of Employment Security. The provisions added to
26 this Section by Public Act 85-1200 (and restored by Public

1 Act 87-895) shall be construed as declaratory of existing
2 law and not as a new enactment. If, in any year, the
3 increase in base employment within Illinois over the
4 preceding year is less than 1%, the additional credit shall
5 be limited to that percentage times a fraction, the
6 numerator of which is .5% and the denominator of which is
7 1%, but shall not exceed .5%. The investment credit shall
8 not be allowed to the extent that it would reduce a
9 taxpayer's liability in any tax year below zero, nor may
10 any credit for qualified property be allowed for any year
11 other than the year in which the property was placed in
12 service in Illinois. For tax years ending on or after
13 December 31, 1987, and on or before December 31, 1988, the
14 credit shall be allowed for the tax year in which the
15 property is placed in service, or, if the amount of the
16 credit exceeds the tax liability for that year, whether it
17 exceeds the original liability or the liability as later
18 amended, such excess may be carried forward and applied to
19 the tax liability of the 5 taxable years following the
20 excess credit years if the taxpayer (i) makes investments
21 which cause the creation of a minimum of 2,000 full-time
22 equivalent jobs in Illinois, (ii) is located in an
23 enterprise zone established pursuant to the Illinois
24 Enterprise Zone Act and (iii) is certified by the
25 Department of Commerce and Community Affairs (now
26 Department of Commerce and Economic Opportunity) as

1 complying with the requirements specified in clause (i) and
2 (ii) by July 1, 1986. The Department of Commerce and
3 Community Affairs (now Department of Commerce and Economic
4 Opportunity) shall notify the Department of Revenue of all
5 such certifications immediately. For tax years ending
6 after December 31, 1988, the credit shall be allowed for
7 the tax year in which the property is placed in service,
8 or, if the amount of the credit exceeds the tax liability
9 for that year, whether it exceeds the original liability or
10 the liability as later amended, such excess may be carried
11 forward and applied to the tax liability of the 5 taxable
12 years following the excess credit years. The credit shall
13 be applied to the earliest year for which there is a
14 liability. If there is credit from more than one tax year
15 that is available to offset a liability, earlier credit
16 shall be applied first.

17 (2) The term "qualified property" means property
18 which:

19 (A) is tangible, whether new or used, including
20 buildings and structural components of buildings and
21 signs that are real property, but not including land or
22 improvements to real property that are not a structural
23 component of a building such as landscaping, sewer
24 lines, local access roads, fencing, parking lots, and
25 other appurtenances;

26 (B) is depreciable pursuant to Section 167 of the

1 Internal Revenue Code, except that "3-year property"
2 as defined in Section 168(c)(2)(A) of that Code is not
3 eligible for the credit provided by this subsection
4 (e);

5 (C) is acquired by purchase as defined in Section
6 179(d) of the Internal Revenue Code;

7 (D) is used in Illinois by a taxpayer who is
8 primarily engaged in manufacturing, or in mining coal
9 or fluorite, or in retailing, or was placed in service
10 on or after July 1, 2006 in a River Edge Redevelopment
11 Zone established pursuant to the River Edge
12 Redevelopment Zone Act; and

13 (E) has not previously been used in Illinois in
14 such a manner and by such a person as would qualify for
15 the credit provided by this subsection (e) or
16 subsection (f).

17 (3) For purposes of this subsection (e),
18 "manufacturing" means the material staging and production
19 of tangible personal property by procedures commonly
20 regarded as manufacturing, processing, fabrication, or
21 assembling which changes some existing material into new
22 shapes, new qualities, or new combinations. For purposes of
23 this subsection (e) the term "mining" shall have the same
24 meaning as the term "mining" in Section 613(c) of the
25 Internal Revenue Code. For purposes of this subsection (e),
26 the term "retailing" means the sale of tangible personal

1 property for use or consumption and not for resale, or
2 services rendered in conjunction with the sale of tangible
3 personal property for use or consumption and not for
4 resale. For purposes of this subsection (e), "tangible
5 personal property" has the same meaning as when that term
6 is used in the Retailers' Occupation Tax Act, and, for
7 taxable years ending after December 31, 2008, does not
8 include the generation, transmission, or distribution of
9 electricity.

10 (4) The basis of qualified property shall be the basis
11 used to compute the depreciation deduction for federal
12 income tax purposes.

13 (5) If the basis of the property for federal income tax
14 depreciation purposes is increased after it has been placed
15 in service in Illinois by the taxpayer, the amount of such
16 increase shall be deemed property placed in service on the
17 date of such increase in basis.

18 (6) The term "placed in service" shall have the same
19 meaning as under Section 46 of the Internal Revenue Code.

20 (7) If during any taxable year, any property ceases to
21 be qualified property in the hands of the taxpayer within
22 48 months after being placed in service, or the situs of
23 any qualified property is moved outside Illinois within 48
24 months after being placed in service, the Personal Property
25 Tax Replacement Income Tax for such taxable year shall be
26 increased. Such increase shall be determined by (i)

1 recomputing the investment credit which would have been
2 allowed for the year in which credit for such property was
3 originally allowed by eliminating such property from such
4 computation and, (ii) subtracting such recomputed credit
5 from the amount of credit previously allowed. For the
6 purposes of this paragraph (7), a reduction of the basis of
7 qualified property resulting from a redetermination of the
8 purchase price shall be deemed a disposition of qualified
9 property to the extent of such reduction.

10 (8) Unless the investment credit is extended by law,
11 the basis of qualified property shall not include costs
12 incurred after December 31, 2018, except for costs incurred
13 pursuant to a binding contract entered into on or before
14 December 31, 2018.

15 (9) Each taxable year ending before December 31, 2000,
16 a partnership may elect to pass through to its partners the
17 credits to which the partnership is entitled under this
18 subsection (e) for the taxable year. A partner may use the
19 credit allocated to him or her under this paragraph only
20 against the tax imposed in subsections (c) and (d) of this
21 Section. If the partnership makes that election, those
22 credits shall be allocated among the partners in the
23 partnership in accordance with the rules set forth in
24 Section 704(b) of the Internal Revenue Code, and the rules
25 promulgated under that Section, and the allocated amount of
26 the credits shall be allowed to the partners for that

1 taxable year. The partnership shall make this election on
2 its Personal Property Tax Replacement Income Tax return for
3 that taxable year. The election to pass through the credits
4 shall be irrevocable.

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

19 (f) Investment credit; Enterprise Zone; River Edge
20 Redevelopment Zone.

21 (1) A taxpayer shall be allowed a credit against the
22 tax imposed by subsections (a) and (b) of this Section for
23 investment in qualified property which is placed in service
24 in an Enterprise Zone created pursuant to the Illinois
25 Enterprise Zone Act or, for property placed in service on
26 or after July 1, 2006, a River Edge Redevelopment Zone

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

1 accruing first in time shall be applied first.

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

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

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

10 (C) is acquired by purchase as defined in Section
11 179(d) of the Internal Revenue Code;

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

14 (E) has not been previously used in Illinois in
15 such a manner and by such a person as would qualify for
16 the credit provided by this subsection (f) or
17 subsection (e).

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

21 (4) If the basis of the property for federal income tax
22 depreciation purposes is increased after it has been placed
23 in service in the Enterprise Zone or River Edge
24 Redevelopment Zone by the taxpayer, the amount of such
25 increase shall be deemed property placed in service on the
26 date of such increase in basis.

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

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

20 (7) There shall be allowed an additional credit equal
21 to 0.5% of the basis of qualified property placed in
22 service during the taxable year in a River Edge
23 Redevelopment Zone, provided such property is placed in
24 service on or after July 1, 2006, and the taxpayer's base
25 employment within Illinois has increased by 1% or more over
26 the preceding year as determined by the taxpayer's

1 employment records filed with the Illinois Department of
2 Employment Security. Taxpayers who are new to Illinois
3 shall be deemed to have met the 1% growth in base
4 employment for the first year in which they file employment
5 records with the Illinois Department of Employment
6 Security. If, in any year, the increase in base employment
7 within Illinois over the preceding year is less than 1%,
8 the additional credit shall be limited to that percentage
9 times a fraction, the numerator of which is 0.5% and the
10 denominator of which is 1%, but shall not exceed 0.5%.

11 (g) (Blank).

12 (h) Investment credit; High Impact Business.

13 (1) Subject to subsections (b) and (b-5) of Section 5.5
14 of the Illinois Enterprise Zone Act, a taxpayer shall be
15 allowed a credit against the tax imposed by subsections (a)
16 and (b) of this Section for investment in qualified
17 property which is placed in service by a Department of
18 Commerce and Economic Opportunity designated High Impact
19 Business. The credit shall be .5% of the basis for such
20 property. The credit shall not be available (i) until the
21 minimum investments in qualified property set forth in
22 subdivision (a)(3)(A) of Section 5.5 of the Illinois
23 Enterprise Zone Act have been satisfied or (ii) until the
24 time authorized in subsection (b-5) of the Illinois
25 Enterprise Zone Act for entities designated as High Impact
26 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and

1 (a) (3) (D) of Section 5.5 of the Illinois Enterprise Zone
2 Act, and shall not be allowed to the extent that it would
3 reduce a taxpayer's liability for the tax imposed by
4 subsections (a) and (b) of this Section to below zero. The
5 credit applicable to such investments shall be taken in the
6 taxable year in which such investments have been completed.
7 The credit for additional investments beyond the minimum
8 investment by a designated high impact business authorized
9 under subdivision (a) (3) (A) of Section 5.5 of the Illinois
10 Enterprise Zone Act shall be available only in the taxable
11 year in which the property is placed in service and shall
12 not be allowed to the extent that it would reduce a
13 taxpayer's liability for the tax imposed by subsections (a)
14 and (b) of this Section to below zero. For tax years ending
15 on or after December 31, 1987, the credit shall be allowed
16 for the tax year in which the property is placed in
17 service, or, if the amount of the credit exceeds the tax
18 liability for that year, whether it exceeds the original
19 liability or the liability as later amended, such excess
20 may be carried forward and applied to the tax liability of
21 the 5 taxable years following the excess credit year. The
22 credit shall be applied to the earliest year for which
23 there is a liability. If there is credit from more than one
24 tax year that is available to offset a liability, the
25 credit accruing first in time shall be applied first.

26 Changes made in this subdivision (h) (1) by Public Act

1 88-670 restore changes made by Public Act 85-1182 and
2 reflect existing law.

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

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

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

11 (C) is acquired by purchase as defined in Section
12 179(d) of the Internal Revenue Code; and

13 (D) is not eligible for the Enterprise Zone
14 Investment Credit provided by subsection (f) of this
15 Section.

16 (3) The basis of qualified property shall be the basis
17 used to compute the depreciation deduction for federal
18 income tax purposes.

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

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

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

19 (7) Beginning with tax years ending after December 31,
20 1996, if a taxpayer qualifies for the credit under this
21 subsection (h) and thereby is granted a tax abatement and
22 the taxpayer relocates its entire facility in violation of
23 the explicit terms and length of the contract under Section
24 18-183 of the Property Tax Code, the tax imposed under
25 subsections (a) and (b) of this Section shall be increased
26 for the taxable year in which the taxpayer relocated its

1 facility by an amount equal to the amount of credit
2 received by the taxpayer under this subsection (h).

3 (i) Credit for Personal Property Tax Replacement Income
4 Tax. For tax years ending prior to December 31, 2003, a credit
5 shall be allowed against the tax imposed by subsections (a) and
6 (b) of this Section for the tax imposed by subsections (c) and
7 (d) of this Section. This credit shall be computed by
8 multiplying the tax imposed by subsections (c) and (d) of this
9 Section by a fraction, the numerator of which is base income
10 allocable to Illinois and the denominator of which is Illinois
11 base income, and further multiplying the product by the tax
12 rate imposed by subsections (a) and (b) of this Section.

13 Any credit earned on or after December 31, 1986 under this
14 subsection which is unused in the year the credit is computed
15 because it exceeds the tax liability imposed by subsections (a)
16 and (b) for that year (whether it exceeds the original
17 liability or the liability as later amended) may be carried
18 forward and applied to the tax liability imposed by subsections
19 (a) and (b) of the 5 taxable years following the excess credit
20 year, provided that no credit may be carried forward to any
21 year ending on or after December 31, 2003. This credit shall be
22 applied first to the earliest year for which there is a
23 liability. If there is a credit under this subsection from more
24 than one tax year that is available to offset a liability the
25 earliest credit arising under this subsection shall be applied
26 first.

1 If, during any taxable year ending on or after December 31,
2 1986, the tax imposed by subsections (c) and (d) of this
3 Section for which a taxpayer has claimed a credit under this
4 subsection (i) is reduced, the amount of credit for such tax
5 shall also be reduced. Such reduction shall be determined by
6 recomputing the credit to take into account the reduced tax
7 imposed by subsections (c) and (d). If any portion of the
8 reduced amount of credit has been carried to a different
9 taxable year, an amended return shall be filed for such taxable
10 year to reduce the amount of credit claimed.

11 (j) Training expense credit. Beginning with tax years
12 ending on or after December 31, 1986 and prior to December 31,
13 2003, a taxpayer shall be allowed a credit against the tax
14 imposed by subsections (a) and (b) under this Section for all
15 amounts paid or accrued, on behalf of all persons employed by
16 the taxpayer in Illinois or Illinois residents employed outside
17 of Illinois by a taxpayer, for educational or vocational
18 training in semi-technical or technical fields or semi-skilled
19 or skilled fields, which were deducted from gross income in the
20 computation of taxable income. The credit against the tax
21 imposed by subsections (a) and (b) shall be 1.6% of such
22 training expenses. For partners, shareholders of subchapter S
23 corporations, and owners of limited liability companies, if the
24 liability company is treated as a partnership for purposes of
25 federal and State income taxation, there shall be allowed a
26 credit under this subsection (j) to be determined in accordance

1 with the determination of income and distributive share of
2 income under Sections 702 and 704 and subchapter S of the
3 Internal Revenue Code.

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

14 (k) Research and development credit. For tax years ending
15 after July 1, 1990 and prior to December 31, 2003, and
16 beginning again for tax years ending on or after December 31,
17 2004, and ending prior to January 1, 2022, a taxpayer shall be
18 allowed a credit against the tax imposed by subsections (a) and
19 (b) of this Section for increasing research activities in this
20 State. The credit allowed against the tax imposed by
21 subsections (a) and (b) shall be equal to 6 1/2% of the
22 qualifying expenditures for increasing research activities in
23 this State. For partners, shareholders of subchapter S
24 corporations, and owners of limited liability companies, if the
25 liability company is treated as a partnership for purposes of
26 federal and State income taxation, there shall be allowed a

1 credit under this subsection to be determined in accordance
2 with the determination of income and distributive share of
3 income under Sections 702 and 704 and subchapter S of the
4 Internal Revenue Code.

5 For purposes of this subsection, "qualifying expenditures"
6 means the qualifying expenditures as defined for the federal
7 credit for increasing research activities which would be
8 allowable under Section 41 of the Internal Revenue Code and
9 which are conducted in this State, "qualifying expenditures for
10 increasing research activities in this State" means the excess
11 of qualifying expenditures for the taxable year in which
12 incurred over qualifying expenditures for the base period,
13 "qualifying expenditures for the base period" means the average
14 of the qualifying expenditures for each year in the base
15 period, and "base period" means the 3 taxable years immediately
16 preceding the taxable year for which the determination is being
17 made.

18 Any credit in excess of the tax liability for the taxable
19 year may be carried forward. A taxpayer may elect to have the
20 unused credit shown on its final completed return carried over
21 as a credit against the tax liability for the following 5
22 taxable years or until it has been fully used, whichever occurs
23 first; provided that no credit earned in a tax year ending
24 prior to December 31, 2003 may be carried forward to any year
25 ending on or after December 31, 2003.

26 If an unused credit is carried forward to a given year from

1 2 or more earlier years, that credit arising in the earliest
2 year will be applied first against the tax liability for the
3 given year. If a tax liability for the given year still
4 remains, the credit from the next earliest year will then be
5 applied, and so on, until all credits have been used or no tax
6 liability for the given year remains. Any remaining unused
7 credit or credits then will be carried forward to the next
8 following year in which a tax liability is incurred, except
9 that no credit can be carried forward to a year which is more
10 than 5 years after the year in which the expense for which the
11 credit is given was incurred.

12 No inference shall be drawn from this amendatory Act of the
13 91st General Assembly in construing this Section for taxable
14 years beginning before January 1, 1999.

15 It is the intent of the General Assembly that the research
16 and development credit under this subsection (k) shall apply
17 continuously for all tax years ending on or after December 31,
18 2004 and ending prior to January 1, 2022, including, but not
19 limited to, the period beginning on January 1, 2016 and ending
20 on the effective date of this amendatory Act of the 100th
21 General Assembly. All actions taken in reliance on the
22 continuation of the credit under this subsection (k) by any
23 taxpayer are hereby validated.

24 (1) Environmental Remediation Tax Credit.

25 (i) For tax years ending after December 31, 1997 and on
26 or before December 31, 2001, a taxpayer shall be allowed a

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

1 succeeded to under Section 381 of the Internal Revenue Code
2 and "related party" includes the persons disallowed a
3 deduction for losses by paragraphs (b), (c), and (f)(1) of
4 Section 267 of the Internal Revenue Code by virtue of being
5 a related taxpayer, as well as any of its partners. The
6 credit allowed against the tax imposed by subsections (a)
7 and (b) shall be equal to 25% of the unreimbursed eligible
8 remediation costs in excess of \$100,000 per site, except
9 that the \$100,000 threshold shall not apply to any site
10 contained in an enterprise zone as determined by the
11 Department of Commerce and Community Affairs (now
12 Department of Commerce and Economic Opportunity). The
13 total credit allowed shall not exceed \$40,000 per year with
14 a maximum total of \$150,000 per site. For partners and
15 shareholders of subchapter S corporations, there shall be
16 allowed a credit under this subsection to be determined in
17 accordance with the determination of income and
18 distributive share of income under Sections 702 and 704 and
19 subchapter S of the Internal Revenue Code.

20 (ii) A credit allowed under this subsection that is
21 unused in the year the credit is earned may be carried
22 forward to each of the 5 taxable years following the year
23 for which the credit is first earned until it is used. The
24 term "unused credit" does not include any amounts of
25 unreimbursed eligible remediation costs in excess of the
26 maximum credit per site authorized under paragraph (i).

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

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

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

1 the qualifying pupils. The credit shall be equal to 25% of
2 qualified education expenses, but in no event may the total
3 credit under this subsection claimed by a family that is the
4 custodian of qualifying pupils exceed (i) \$500 for tax years
5 ending prior to December 31, 2017, and (ii) \$750 for tax years
6 ending on or after December 31, 2017. In no event shall a
7 credit under this subsection reduce the taxpayer's liability
8 under this Act to less than zero. Notwithstanding any other
9 provision of law, for taxable years beginning on or after
10 January 1, 2017, no taxpayer may claim a credit under this
11 subsection (m) if the taxpayer's adjusted gross income for the
12 taxable year exceeds (i) \$500,000, in the case of spouses
13 filing a joint federal tax return or (ii) \$250,000, in the case
14 of all other taxpayers. This subsection is exempt from the
15 provisions of Section 250 of this Act.

16 For purposes of this subsection:

17 "Qualifying pupils" means individuals who (i) are
18 residents of the State of Illinois, (ii) are under the age of
19 21 at the close of the school year for which a credit is
20 sought, and (iii) during the school year for which a credit is
21 sought were full-time pupils enrolled in a kindergarten through
22 twelfth grade education program at any school, as defined in
23 this subsection.

24 "Qualified education expense" means the amount incurred on
25 behalf of a qualifying pupil in excess of \$250 for tuition,
26 book fees, and lab fees at the school in which the pupil is

1 enrolled during the regular school year.

2 "School" means any public or nonpublic elementary or
3 secondary school in Illinois that is in compliance with Title
4 VI of the Civil Rights Act of 1964 and attendance at which
5 satisfies the requirements of Section 26-1 of the School Code,
6 except that nothing shall be construed to require a child to
7 attend any particular public or nonpublic school to qualify for
8 the credit under this Section.

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

12 (n) River Edge Redevelopment Zone site remediation tax
13 credit.

14 (i) For tax years ending on or after December 31, 2006,
15 a taxpayer shall be allowed a credit against the tax
16 imposed by subsections (a) and (b) of this Section for
17 certain amounts paid for unreimbursed eligible remediation
18 costs, as specified in this subsection. For purposes of
19 this Section, "unreimbursed eligible remediation costs"
20 means costs approved by the Illinois Environmental
21 Protection Agency ("Agency") under Section 58.14a of the
22 Environmental Protection Act that were paid in performing
23 environmental remediation at a site within a River Edge
24 Redevelopment Zone for which a No Further Remediation
25 Letter was issued by the Agency and recorded under Section
26 58.10 of the Environmental Protection Act. The credit must

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

24 (ii) A credit allowed under this subsection that is
25 unused in the year the credit is earned may be carried
26 forward to each of the 5 taxable years following the year

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

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

23 (o) For each of taxable years during the Compassionate Use
24 of Medical Cannabis Pilot Program, a surcharge is imposed on
25 all taxpayers on income arising from the sale or exchange of
26 capital assets, depreciable business property, real property

1 used in the trade or business, and Section 197 intangibles of
2 an organization registrant under the Compassionate Use of
3 Medical Cannabis Pilot Program Act. The amount of the surcharge
4 is equal to the amount of federal income tax liability for the
5 taxable year attributable to those sales and exchanges. The
6 surcharge imposed does not apply if:

7 (1) the medical cannabis cultivation center
8 registration, medical cannabis dispensary registration, or
9 the property of a registration is transferred as a result
10 of any of the following:

11 (A) bankruptcy, a receivership, or a debt
12 adjustment initiated by or against the initial
13 registration or the substantial owners of the initial
14 registration;

15 (B) cancellation, revocation, or termination of
16 any registration by the Illinois Department of Public
17 Health;

18 (C) a determination by the Illinois Department of
19 Public Health that transfer of the registration is in
20 the best interests of Illinois qualifying patients as
21 defined by the Compassionate Use of Medical Cannabis
22 Pilot Program Act;

23 (D) the death of an owner of the equity interest in
24 a registrant;

25 (E) the acquisition of a controlling interest in
26 the stock or substantially all of the assets of a

1 publicly traded company;

2 (F) a transfer by a parent company to a wholly
3 owned subsidiary; or

4 (G) the transfer or sale to or by one person to
5 another person where both persons were initial owners
6 of the registration when the registration was issued;
7 or

8 (2) the cannabis cultivation center registration,
9 medical cannabis dispensary registration, or the
10 controlling interest in a registrant's property is
11 transferred in a transaction to lineal descendants in which
12 no gain or loss is recognized or as a result of a
13 transaction in accordance with Section 351 of the Internal
14 Revenue Code in which no gain or loss is recognized.

15 (Source: P.A. 100-22, eff. 7-6-17.)

16 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

17 Sec. 901. Collection authority.

18 (a) In general. The Department shall collect the taxes
19 imposed by this Act. The Department shall collect certified
20 past due child support amounts under Section 2505-650 of the
21 Department of Revenue Law of the Civil Administrative Code of
22 Illinois. Except as provided in subsections (b), (c), (e), (f),
23 (g), and (h) of this Section, money collected pursuant to
24 subsections (a) and (b) of Section 201 of this Act shall be
25 paid into the General Revenue Fund in the State treasury; money

1 collected pursuant to subsections (c) and (d) of Section 201 of
2 this Act shall be paid into the Personal Property Tax
3 Replacement Fund, a special fund in the State Treasury; and
4 money collected under Section 2505-650 of the Department of
5 Revenue Law of the Civil Administrative Code of Illinois shall
6 be paid into the Child Support Enforcement Trust Fund, a
7 special fund outside the State Treasury, or to the State
8 Disbursement Unit established under Section 10-26 of the
9 Illinois Public Aid Code, as directed by the Department of
10 Healthcare and Family Services.

11 (b) Local Government Distributive Fund. Beginning August
12 1, 1969, and continuing through June 30, 1994, the Treasurer
13 shall transfer each month from the General Revenue Fund to a
14 special fund in the State treasury, to be known as the "Local
15 Government Distributive Fund", an amount equal to 1/12 of the
16 net revenue realized from the tax imposed by subsections (a)
17 and (b) of Section 201 of this Act during the preceding month.
18 Beginning July 1, 1994, and continuing through June 30, 1995,
19 the Treasurer shall transfer each month from the General
20 Revenue Fund to the Local Government Distributive Fund an
21 amount equal to 1/11 of the net revenue realized from the tax
22 imposed by subsections (a) and (b) of Section 201 of this Act
23 during the preceding month. Beginning July 1, 1995 and
24 continuing through January 31, 2011, and beginning again on
25 February 1, 2019, the Treasurer shall transfer each month from
26 the General Revenue Fund to the Local Government Distributive

1 Fund an amount equal to the net of (i) 1/10 of the net revenue
2 realized from the tax imposed by subsections (a) and (b) of
3 Section 201 of the Illinois Income Tax Act during the preceding
4 month (ii) minus, beginning July 1, 2003 and ending June 30,
5 2004, \$6,666,666, and beginning July 1, 2004, zero. Beginning
6 February 1, 2011, and continuing through January 31, 2015, the
7 Treasurer shall transfer each month from the General Revenue
8 Fund to the Local Government Distributive Fund an amount equal
9 to the sum of (i) 6% (10% of the ratio of the 3% individual
10 income tax rate prior to 2011 to the 5% individual income tax
11 rate after 2010) of the net revenue realized from the tax
12 imposed by subsections (a) and (b) of Section 201 of this Act
13 upon individuals, trusts, and estates during the preceding
14 month and (ii) 6.86% (10% of the ratio of the 4.8% corporate
15 income tax rate prior to 2011 to the 7% corporate income tax
16 rate after 2010) of the net revenue realized from the tax
17 imposed by subsections (a) and (b) of Section 201 of this Act
18 upon corporations during the preceding month. Beginning
19 February 1, 2015 and continuing through July 31, 2017, the
20 Treasurer shall transfer each month from the General Revenue
21 Fund to the Local Government Distributive Fund an amount equal
22 to the sum of (i) 8% (10% of the ratio of the 3% individual
23 income tax rate prior to 2011 to the 3.75% individual income
24 tax rate after 2014) of the net revenue realized from the tax
25 imposed by subsections (a) and (b) of Section 201 of this Act
26 upon individuals, trusts, and estates during the preceding

1 month and (ii) 9.14% (10% of the ratio of the 4.8% corporate
2 income tax rate prior to 2011 to the 5.25% corporate income tax
3 rate after 2014) of the net revenue realized from the tax
4 imposed by subsections (a) and (b) of Section 201 of this Act
5 upon corporations during the preceding month. Beginning August
6 1, 2017 and continuing through January 31, 2019, the Treasurer
7 shall transfer each month from the General Revenue Fund to the
8 Local Government Distributive Fund an amount equal to the sum
9 of (i) 6.06% (10% of the ratio of the 3% individual income tax
10 rate prior to 2011 to the 4.95% individual income tax rate
11 after July 1, 2017) of the net revenue realized from the tax
12 imposed by subsections (a) and (b) of Section 201 of this Act
13 upon individuals, trusts, and estates during the preceding
14 month and (ii) 6.85% (10% of the ratio of the 4.8% corporate
15 income tax rate prior to 2011 to the 7% corporate income tax
16 rate after July 1, 2017) of the net revenue realized from the
17 tax imposed by subsections (a) and (b) of Section 201 of this
18 Act upon corporations during the preceding month. Net revenue
19 realized for a month shall be defined as the revenue from the
20 tax imposed by subsections (a) and (b) of Section 201 of this
21 Act which is deposited in the General Revenue Fund, the
22 Education Assistance Fund, the Income Tax Surcharge Local
23 Government Distributive Fund, the Fund for the Advancement of
24 Education, and the Commitment to Human Services Fund during the
25 month minus the amount paid out of the General Revenue Fund in
26 State warrants during that same month as refunds to taxpayers

1 for overpayment of liability under the tax imposed by
2 subsections (a) and (b) of Section 201 of this Act.

3 Notwithstanding any provision of law to the contrary,
4 beginning on July 6, 2017 (the effective date of Public Act
5 100-23), those amounts required under this subsection (b) to be
6 transferred by the Treasurer into the Local Government
7 Distributive Fund from the General Revenue Fund shall be
8 directly deposited into the Local Government Distributive Fund
9 as the revenue is realized from the tax imposed by subsections
10 (a) and (b) of Section 201 of this Act.

11 For State fiscal year 2018 only, notwithstanding any
12 provision of law to the contrary, the total amount of revenue
13 and deposits under this Section attributable to revenues
14 realized during State fiscal year 2018 shall be reduced by 10%.

15 For State fiscal year 2019 only, notwithstanding any
16 provision of law to the contrary, the total amount of revenue
17 and deposits under this Section attributable to revenues
18 realized during State fiscal year 2019 shall be reduced by 5%.

19 (c) Deposits Into Income Tax Refund Fund.

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

1 1989. Beginning with State fiscal year 1990 and for each
2 fiscal year thereafter, the percentage deposited into the
3 Income Tax Refund Fund during a fiscal year shall be the
4 Annual Percentage. For fiscal years 1999 through 2001, the
5 Annual Percentage shall be 7.1%. For fiscal year 2003, the
6 Annual Percentage shall be 8%. For fiscal year 2004, the
7 Annual Percentage shall be 11.7%. Upon the effective date
8 of Public Act 93-839 (July 30, 2004), the Annual Percentage
9 shall be 10% for fiscal year 2005. For fiscal year 2006,
10 the Annual Percentage shall be 9.75%. For fiscal year 2007,
11 the Annual Percentage shall be 9.75%. For fiscal year 2008,
12 the Annual Percentage shall be 7.75%. For fiscal year 2009,
13 the Annual Percentage shall be 9.75%. For fiscal year 2010,
14 the Annual Percentage shall be 9.75%. For fiscal year 2011,
15 the Annual Percentage shall be 8.75%. For fiscal year 2012,
16 the Annual Percentage shall be 8.75%. For fiscal year 2013,
17 the Annual Percentage shall be 9.75%. For fiscal year 2014,
18 the Annual Percentage shall be 9.5%. For fiscal year 2015,
19 the Annual Percentage shall be 10%. For fiscal year 2018,
20 the Annual Percentage shall be 9.8%. For fiscal year 2019,
21 the Annual Percentage shall be 9.7%. For all other fiscal
22 years, the Annual Percentage shall be calculated as a
23 fraction, the numerator of which shall be the amount of
24 refunds approved for payment by the Department during the
25 preceding fiscal year as a result of overpayment of tax
26 liability under subsections (a) and (b) (1), (2), and (3) of

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

14 (2) Beginning on January 1, 1989 and thereafter, the
15 Department shall deposit a percentage of the amounts
16 collected pursuant to subsections (a) and (b) (6), (7), and
17 (8), (c) and (d) of Section 201 of this Act into a fund in
18 the State treasury known as the Income Tax Refund Fund. The
19 Department shall deposit 18% of such amounts during the
20 period beginning January 1, 1989 and ending on June 30,
21 1989. Beginning with State fiscal year 1990 and for each
22 fiscal year thereafter, the percentage deposited into the
23 Income Tax Refund Fund during a fiscal year shall be the
24 Annual Percentage. For fiscal years 1999, 2000, and 2001,
25 the Annual Percentage shall be 19%. For fiscal year 2003,
26 the Annual Percentage shall be 27%. For fiscal year 2004,

1 the Annual Percentage shall be 32%. Upon the effective date
2 of Public Act 93-839 (July 30, 2004), the Annual Percentage
3 shall be 24% for fiscal year 2005. For fiscal year 2006,
4 the Annual Percentage shall be 20%. For fiscal year 2007,
5 the Annual Percentage shall be 17.5%. For fiscal year 2008,
6 the Annual Percentage shall be 15.5%. For fiscal year 2009,
7 the Annual Percentage shall be 17.5%. For fiscal year 2010,
8 the Annual Percentage shall be 17.5%. For fiscal year 2011,
9 the Annual Percentage shall be 17.5%. For fiscal year 2012,
10 the Annual Percentage shall be 17.5%. For fiscal year 2013,
11 the Annual Percentage shall be 14%. For fiscal year 2014,
12 the Annual Percentage shall be 13.4%. For fiscal year 2015,
13 the Annual Percentage shall be 14%. For fiscal year 2018,
14 the Annual Percentage shall be 17.5%. For fiscal year 2019,
15 the Annual Percentage shall be 15.5%. For all other fiscal
16 years, the Annual Percentage shall be calculated as a
17 fraction, the numerator of which shall be the amount of
18 refunds approved for payment by the Department during the
19 preceding fiscal year as a result of overpayment of tax
20 liability under subsections (a) and (b) (6), (7), and (8),
21 (c) and (d) of Section 201 of this Act plus the amount of
22 such refunds remaining approved but unpaid at the end of
23 the preceding fiscal year, and the denominator of which
24 shall be the amounts which will be collected pursuant to
25 subsections (a) and (b) (6), (7), and (8), (c) and (d) of
26 Section 201 of this Act during the preceding fiscal year;

1 except that in State fiscal year 2002, the Annual
2 Percentage shall in no event exceed 23%. The Director of
3 Revenue shall certify the Annual Percentage to the
4 Comptroller on the last business day of the fiscal year
5 immediately preceding the fiscal year for which it is to be
6 effective.

7 (3) The Comptroller shall order transferred and the
8 Treasurer shall transfer from the Tobacco Settlement
9 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
10 in January, 2001, (ii) \$35,000,000 in January, 2002, and
11 (iii) \$35,000,000 in January, 2003.

12 (d) Expenditures from Income Tax Refund Fund.

13 (1) Beginning January 1, 1989, money in the Income Tax
14 Refund Fund shall be expended exclusively for the purpose
15 of paying refunds resulting from overpayment of tax
16 liability under Section 201 of this Act and for making
17 transfers pursuant to this subsection (d).

18 (2) The Director shall order payment of refunds
19 resulting from overpayment of tax liability under Section
20 201 of this Act from the Income Tax Refund Fund only to the
21 extent that amounts collected pursuant to Section 201 of
22 this Act and transfers pursuant to this subsection (d) and
23 item (3) of subsection (c) have been deposited and retained
24 in the Fund.

25 (3) As soon as possible after the end of each fiscal
26 year, the Director shall order transferred and the State

1 Treasurer and State Comptroller shall transfer from the
2 Income Tax Refund Fund to the Personal Property Tax
3 Replacement Fund an amount, certified by the Director to
4 the Comptroller, equal to the excess of the amount
5 collected pursuant to subsections (c) and (d) of Section
6 201 of this Act deposited into the Income Tax Refund Fund
7 during the fiscal year over the amount of refunds resulting
8 from overpayment of tax liability under subsections (c) and
9 (d) of Section 201 of this Act paid from the Income Tax
10 Refund Fund during the fiscal year.

11 (4) As soon as possible after the end of each fiscal
12 year, the Director shall order transferred and the State
13 Treasurer and State Comptroller shall transfer from the
14 Personal Property Tax Replacement Fund to the Income Tax
15 Refund Fund an amount, certified by the Director to the
16 Comptroller, equal to the excess of the amount of refunds
17 resulting from overpayment of tax liability under
18 subsections (c) and (d) of Section 201 of this Act paid
19 from the Income Tax Refund Fund during the fiscal year over
20 the amount collected pursuant to subsections (c) and (d) of
21 Section 201 of this Act deposited into the Income Tax
22 Refund Fund during the fiscal year.

23 (4.5) As soon as possible after the end of fiscal year
24 1999 and of each fiscal year thereafter, the Director shall
25 order transferred and the State Treasurer and State
26 Comptroller shall transfer from the Income Tax Refund Fund

1 to the General Revenue Fund any surplus remaining in the
2 Income Tax Refund Fund as of the end of such fiscal year;
3 excluding for fiscal years 2000, 2001, and 2002 amounts
4 attributable to transfers under item (3) of subsection (c)
5 less refunds resulting from the earned income tax credit.

6 (5) This Act shall constitute an irrevocable and
7 continuing appropriation from the Income Tax Refund Fund
8 for the purpose of paying refunds upon the order of the
9 Director in accordance with the provisions of this Section.

10 (e) Deposits into the Education Assistance Fund and the
11 Income Tax Surcharge Local Government Distributive Fund. On
12 July 1, 1991, and thereafter, of the amounts collected pursuant
13 to subsections (a) and (b) of Section 201 of this Act, minus
14 deposits into the Income Tax Refund Fund, the Department shall
15 deposit 7.3% into the Education Assistance Fund in the State
16 Treasury. Beginning July 1, 1991, and continuing through
17 January 31, 1993, of the amounts collected pursuant to
18 subsections (a) and (b) of Section 201 of the Illinois Income
19 Tax Act, minus deposits into the Income Tax Refund Fund, the
20 Department shall deposit 3.0% into the Income Tax Surcharge
21 Local Government Distributive Fund in the State Treasury.
22 Beginning February 1, 1993 and continuing through June 30,
23 1993, of the amounts collected pursuant to subsections (a) and
24 (b) of Section 201 of the Illinois Income Tax Act, minus
25 deposits into the Income Tax Refund Fund, the Department shall
26 deposit 4.4% into the Income Tax Surcharge Local Government

1 Distributive Fund in the State Treasury. Beginning July 1,
2 1993, and continuing through June 30, 1994, of the amounts
3 collected under subsections (a) and (b) of Section 201 of this
4 Act, minus deposits into the Income Tax Refund Fund, the
5 Department shall deposit 1.475% into the Income Tax Surcharge
6 Local Government Distributive Fund in the State Treasury.

7 (f) Deposits into the Fund for the Advancement of
8 Education. Beginning February 1, 2015 and until February 1,
9 2019, the Department shall deposit 1/30 ~~the following portions~~
10 of the revenue realized from the tax imposed upon individuals,
11 trusts, and estates by subsections (a) and (b) of Section 201
12 of this Act during the preceding month, minus deposits into the
13 Income Tax Refund Fund, into the Fund for the Advancement of
14 Education. ÷

15 ~~(1) beginning February 1, 2015, and prior to February~~
16 ~~1, 2025, 1/30; and~~

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

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

22 (g) Deposits into the Commitment to Human Services Fund.
23 Beginning February 1, 2015, the Department shall deposit the
24 following portions of the revenue realized from the tax imposed
25 upon individuals, trusts, and estates by subsections (a) and
26 (b) of Section 201 of this Act during the preceding month,

1 minus deposits into the Income Tax Refund Fund, into the
2 Commitment to Human Services Fund:

3 (1) beginning February 1, 2015, and prior to February
4 1, 2025, 1/30; and

5 (2) beginning February 1, 2025, 1/26.

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

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

22 (Source: P.A. 99-78, eff. 7-20-15; 100-22, eff. 7-6-17; 100-23,
23 eff. 7-6-17; 100-587, eff. 6-4-18; 100-621, eff. 7-20-18;
24 100-863, eff. 8-14-18; revised 10-12-18.)

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.