

1 AN ACT concerning long term health care.

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

4 Section 1. Short title. This Act may be cited as the
5 Elder Care Savings Fund Act.

6 Section 5. Declaration of purpose. It is declared (i)
7 that for the benefit of the people of the State of Illinois,
8 the conduct and increase of their commerce, the protection
9 and enhancement of their welfare, the development of
10 continued prosperity, and the improvement of their health and
11 living conditions, it is essential that this and future
12 generations be given the fullest opportunity to provide for
13 their long term health care needs and (ii) that to achieve
14 these ends it is of the utmost importance that Illinois
15 residents be provided with investment alternatives to enhance
16 their financial access to long term health care. It is the
17 intent of this Act to create a savings fund that will provide
18 residents of the State of Illinois with an investment option
19 that will earn the highest available rate of return while
20 managing risk and maintaining liquidity.

21 Section 10. Definitions. In this Act:

22 (a) "Assisted living establishment" or "establishment"
23 means a home, building, residence, or any other place where
24 sleeping accommodations are provided for at least 3 unrelated
25 adults, at least 80% of whom are 55 years of age or older,
26 and where the following are provided consistent with the
27 purposes of this Act:

28 (1) Services consistent with a social model that is
29 based on the premise that the resident's unit in assisted
30 living and shared housing is his or her own home.

1 (2) Community-based residential care for persons
2 who need assistance with activities of daily living,
3 including personal, supportive, and intermittent
4 health-related services available 24 hours per day, if
5 needed, to meet the scheduled and unscheduled needs of a
6 resident.

7 (3) Counseling for health, social services, and
8 nutrition by licensed personnel or case coordination
9 units under the Department on Aging and the area agencies
10 on aging.

11 (4) Mandatory services, whether provided directly
12 by the establishment or by another entity arranged for by
13 the establishment, with the consent of the resident or
14 resident's representative.

15 (5) A physical environment that is a homelike
16 setting that includes the following and other elements as
17 established by the Department on Aging in conjunction
18 with the Assisted Living and Shared Housing Advisory
19 Board: individual living units, each of which shall
20 accommodate small kitchen appliances and contain private
21 bathing, washing, and toilet facilities, or private
22 washing and toilet facilities with a common bathing room
23 readily accessible to each resident. Units shall be
24 maintained for single occupancy except in cases in which
25 2 residents choose to share a unit. Sufficient common
26 space shall exist to permit individual and group
27 activities.

28 "Assisted living establishment" or "establishment" does
29 not mean any of the following:

30 (A) A home, institution, or similar place operated
31 by the federal government or the State of Illinois.

32 (B) A long-term care facility licensed under the
33 Nursing Home Care Act. However, a long term care facility
34 may convert distinct parts of the facility to assisted

1 living. If the long-term care facility elects to do so,
2 the facility shall retain the Certificate of Need for its
3 nursing beds that were converted.

4 (C) A hospital, sanitarium, or other institution,
5 the principal activity or business of which is the
6 diagnosis, care, and treatment of human illness and that
7 is required to be licensed under the Hospital Licensing
8 Act.

9 (D) A facility for child care as defined in the
10 Child Care Act of 1969.

11 (E) A community living facility as defined in the
12 Community Living Facilities Licensing Act.

13 (F) A nursing home or sanitarium operated solely by
14 and for persons who rely exclusively upon treatment by
15 spiritual means through prayer in accordance with the
16 creed or tenants of a well-recognized church or religious
17 denomination.

18 (G) A facility licensed by the Department of Human
19 Services as a community-integrated living arrangement as
20 defined in the Community-Integrated Living Arrangements
21 Licensure and Certification Act.

22 (H) A supportive residence licensed under the
23 Supportive Residences Licensing Act.

24 (I) A life care facility as defined in the Life
25 Care Facilities Act; a life care facility may apply under
26 this Act to convert sections of the community to assisted
27 living.

28 (J) A free-standing hospice facility.

29 (K) A shared housing establishment.

30 (L) A supportive living facility as described in
31 Section 5-5.01a of the Illinois Public Aid Code.

32 (b) "Authority" means the Elder Care Trust Authority.

33 (c) "Elder Care Savings Fund" means the fund that is
34 created and administered by the State Treasurer to supplement

1 and enhance the investment opportunities otherwise available
2 to Illinois residents seeking to save money to pay the costs
3 of long term health care.

4 Section 15. Establishment and administration of the
5 Elder Care Savings Fund.

6 (a) In order to provide investors with investment
7 alternatives to enhance their financial access to long-term
8 health care, and in furtherance of the public policy of this
9 Act, the State Treasurer may establish and administer an
10 Elder Care Savings Fund.

11 (b) The Treasurer, in administering the Elder Care
12 Savings Fund, may receive moneys from Illinois residents into
13 the fund and invest moneys within the fund on their behalf.
14 The Treasurer may invest the funds constituting the Elder
15 Care Savings Fund in the same manner and in the same types of
16 investments and subject to the same limitations provided for
17 the investment of funds in the State Treasury. The Treasurer
18 shall develop, publish, and implement an investment policy
19 covering the management of funds in the Elder Care Savings
20 Fund. The policy shall be published at least once each year
21 in at least one newspaper of general circulation in both
22 Springfield and Chicago, and each year as part of the audit
23 of the Elder Care Savings Fund by the Auditor General, which
24 shall be distributed to all participants in the fund. The
25 Treasurer shall notify all participants in writing, and the
26 Treasurer shall publish in a newspaper of general circulation
27 in both Chicago and Springfield, any changes to the
28 previously published investment policy at least 30 calendar
29 days before implementing the policy. Any investment policy
30 adopted by the Treasurer shall be reviewed, and updated if
31 necessary, within 90 days following the installation of a new
32 Treasurer.

33 (c) A portion of the administrative expenses of the

1 Elder Care Savings Fund shall be paid from the earnings of
2 the fund. No more than 0.5% of the assets of the fund shall
3 be used to pay administrative expenses. The Treasurer shall
4 seek an appropriation for any administrative expenses that
5 are not paid from the earnings of the fund. As soon as the
6 Elder Care Savings Fund reaches an asset level that equals or
7 exceeds \$200,000,000, the administration expenses of the
8 Elder Care Savings Fund shall be paid solely from its
9 earnings. Interest earnings in excess of administrative
10 expenses shall be credited or paid monthly to the several
11 participants in the fund in a manner that equitably reflects
12 the differing amounts of their respective investments in the
13 fund and the differing periods of time for which the amounts
14 were in the custody of the fund.

15 (d) The Treasurer shall promulgate rules and regulations
16 as he or she deems necessary for the efficient administration
17 of the Elder Care Savings Fund, including specification of
18 minimum and maximum amounts that may be deposited, minimum
19 and maximum periods of time for which deposits may be
20 retained in the fund, and conditions under which penalties
21 will be assessed for refunds of earnings that are not used
22 for long-term health care expenses defined in Section 10 of
23 this Act.

24 (e) Upon creating an Elder Care Savings Fund the State
25 Treasurer shall give bond with 2 or more sufficient sureties,
26 payable to and for the benefit of the participants in the
27 Elder Care Savings Fund, in the penal sum of \$500,000,
28 conditioned upon the faithful discharge of his or her duties
29 in relation to the fund.

30 Section 20. Exemption from taxation. As provided in
31 this Act, the investment in the Elder Care Savings Fund is in
32 all respects for the benefit of the People of the State of
33 Illinois, the conduct and increase of their commerce, the

1 protection and enhancement of their welfare, the development
2 of continued prosperity, and the improvement of their health
3 and living conditions is for public purposes. In
4 consideration of those facts, income derived from investments
5 in the Elder Care Savings Fund and financial incentives
6 received under the grant program described in Section 25 of
7 this Act shall be free from all taxation by the State or its
8 political subdivisions, except for estate, transfer, and
9 inheritance taxes.

10 Section 25. Grant program.

11 (a) The Governor and the Director of the Bureau of the
12 Budget shall provide for a grant program of additional
13 financial incentives to be provided to participants in the
14 Elder Care Savings Program to encourage the use of the fund
15 and the income derived from the fund for one or more of the
16 following purposes:

17 (1) Care in a facility licensed under the Nursing
18 Home Care Act.

19 (2) Home health nursing services or home health
20 aide services provided by a home health agency licensed
21 under the Home Health Agency Licensing Act.

22 (3) Respite care as defined in the Respite Program
23 Act.

24 (4) Custodial care services.

25 (5) Care in a hospice licensed under the Hospice
26 Program Licensing Act.

27 (6) Long-term health care services for the aged,
28 the disabled, or persons diagnosed as infected with HIV
29 or having AIDS or a related condition. These services
30 include, without limitation, chore-housekeeping services,
31 a personal care attendant, adult day care, assistive
32 equipment, home renovation, home-delivered meals, and
33 emergency response systems. As used in this paragraph,

1 "AIDS" means acquired immunodeficiency syndrome; "HIV"
2 means the Human Immunodeficiency Virus or any other
3 identified causative agent of AIDS.

4 (7) Care in an assisted living establishment.

5 (b) The grant program of financial incentives shall be
6 administered by the State Treasurer pursuant to
7 administrative rules adopted by the Treasurer. The financial
8 incentives shall be in forms determined by the Governor and
9 the Director of the Bureau of the Budget and may include,
10 among others, supplemental payments to the participants in
11 the Elder Care Savings Fund to be applied to costs of care or
12 services specified in items (1) through (6) of subsection
13 (a). The Treasurer may establish, by rule, administrative
14 procedures and eligibility criteria for the grant program;
15 those rules must be consistent with the purposes of this Act.
16 The Treasurer may require participants in the Elder Care
17 Savings Fund, providers of long-term health care services,
18 and other necessary parties to assist in the determination of
19 eligibility for financial incentives under the grant program.

20 (c) All grants shall be subject to the annual
21 appropriation of moneys for that purpose by the General
22 Assembly. Financial incentives shall be provided only if, in
23 the sole judgment of the Director of the Bureau of the
24 Budget, the total incentives offered in a given year will not
25 exceed the balance of the Elder Care Savings Fund on the day
26 the incentives are offered by more than 0.5%.

27 Section 30. Education program. The State Treasurer, in
28 cooperation with the Department on Aging and area agencies on
29 aging, shall develop and implement an education program and
30 marketing strategies designed to inform residents of this
31 State about the options available for financing long-term
32 health care and the need to accumulate the financial
33 resources necessary to pay for that care. The Treasurer

1 shall report to the General Assembly on the program developed
2 and its operation before May 1, 2004. The Treasurer shall
3 adopt rules with respect to his or her powers and duties
4 under this Act.

5 Section 35. Elder Care Trust Authority.

6 (a) The Elder Care Trust Authority is created. The
7 Authority shall consist of 11 members, 7 of whom shall be
8 appointed as follows: the Speaker and Minority Leader of the
9 House of Representatives and the President and Minority
10 Leader of the Senate shall each appoint one member, and the
11 Governor shall appoint 3 members. The State Treasurer, the
12 Director of the Bureau of the Budget, the Director of Public
13 Health, and the Director of the Illinois Economic and Fiscal
14 Commission, or their respective designees, shall each be a
15 member ex officio. The Governor and legislative leaders
16 shall give consideration to selecting members that include
17 representatives from the following categories: (i) a
18 director, officer, or employee of an entity that provides
19 long-term health care services; (ii) a person having a
20 favorable reputation for skill, knowledge, and experience in
21 the field of portfolio management; and (iii) a person
22 experienced in and having a favorable reputation for skill,
23 knowledge, and experience in the long-term health care
24 savings field.

25 The State Treasurer or the Treasurer's designee shall
26 serve as the chairperson of the Authority.

27 The appointed members of the Authority first appointed
28 shall serve for terms expiring on June 30 in 2004, 2005,
29 2006, 2007, 2008, 2009, and 2010 respectively, or until their
30 respective successors have been appointed and have qualified.
31 The initial term of each of those members shall be determined
32 by lot. Upon the expiration of the term of any member, the
33 member's successor shall be appointed for a term of 6 years

1 and until his or her successor has been appointed and has
2 qualified.

3 Any vacancy shall be filled in the manner of the original
4 appointment for the remainder of the unexpired term.

5 Any member of the Authority may be removed by the
6 appointing authority for misfeasance, malfeasance, or wilful
7 neglect of duty or other cause after notice and a public
8 hearing, unless that notice and hearing are expressly waived
9 by the member in writing.

10 Members shall be compensated from moneys appropriated to
11 the State Treasurer for their reasonable expenses actually
12 incurred in performing their duties.

13 Staff assistance shall be provided to the Authority by
14 the State Treasurer.

15 The Authority shall meet at least once each year.

16 (b) The Authority has the following responsibilities:

17 (1) To make recommendations to the Elder Care
18 Savings Fund staff regarding the marketing of the Elder
19 Care Savings Fund to ensure the use of the fund by
20 participants throughout the State for long term health
21 care purposes.

22 (2) To advise the Elder Care Savings Fund staff on
23 an effective advertising campaign to inform the general
24 public about Elder Care Savings Fund and its
25 availability.

26 (3) To advise the Elder Care Savings Fund staff
27 regarding the investment portfolio of the Elder Care
28 Savings Fund.

29 (4) After the creation of the Elder Care Savings
30 Fund, to assess the effectiveness of the program and
31 recommend constructive changes to the Bureau of the
32 Budget.

33 (5) To make recommendations to the General Assembly
34 regarding statutory changes that the Authority deems

1 necessary or desirable.

2 Section 90. The Illinois Income Tax Act is amended by
3 changing Section 203 as follows:

4 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

5 Sec. 203. Base income defined.

6 (a) Individuals.

7 (1) In general. In the case of an individual, base
8 income means an amount equal to the taxpayer's adjusted
9 gross income for the taxable year as modified by
10 paragraph (2).

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

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

21 (B) An amount equal to the amount of tax
22 imposed by this Act to the extent deducted from
23 gross income in the computation of adjusted gross
24 income for the taxable year;

25 (C) An amount equal to the amount received
26 during the taxable year as a recovery or refund of
27 real property taxes paid with respect to the
28 taxpayer's principal residence under the Revenue Act
29 of 1939 and for which a deduction was previously
30 taken under subparagraph (L) of this paragraph (2)
31 prior to July 1, 1991, the retrospective application
32 date of Article 4 of Public Act 87-17. In the case

1 of multi-unit or multi-use structures and farm
2 dwellings, the taxes on the taxpayer's principal
3 residence shall be that portion of the total taxes
4 for the entire property which is attributable to
5 such principal residence;

6 (D) An amount equal to the amount of the
7 capital gain deduction allowable under the Internal
8 Revenue Code, to the extent deducted from gross
9 income in the computation of adjusted gross income;

10 (D-5) An amount, to the extent not included in
11 adjusted gross income, equal to the amount of money
12 withdrawn by the taxpayer in the taxable year from a
13 medical care savings account and the interest earned
14 on the account in the taxable year of a withdrawal
15 pursuant to subsection (b) of Section 20 of the
16 Medical Care Savings Account Act or subsection (b)
17 of Section 20 of the Medical Care Savings Account
18 Act of 2000;

19 (D-7) An amount, to the extent not included in
20 adjusted gross income, equal to the amount of money
21 withdrawn by the taxpayer in the taxable year from
22 an account in the Elder Care Savings Fund and the
23 interest earned on that account in the taxable year
24 of such a withdrawal;

25 (D-10) For taxable years ending after December
26 31, 1997, an amount equal to any eligible
27 remediation costs that the individual deducted in
28 computing adjusted gross income and for which the
29 individual claims a credit under subsection (1) of
30 Section 201;

31 (D-15) For taxable years 2001 and thereafter,
32 an amount equal to the bonus depreciation deduction
33 (30% of the adjusted basis of the qualified
34 property) taken on the taxpayer's federal income tax

1 return for the taxable year under subsection (k) of
2 Section 168 of the Internal Revenue Code; and

3 (D-16) If the taxpayer reports a capital gain
4 or loss on the taxpayer's federal income tax return
5 for the taxable year based on a sale or transfer of
6 property for which the taxpayer was required in any
7 taxable year to make an addition modification under
8 subparagraph (D-15), then an amount equal to the
9 aggregate amount of the deductions taken in all
10 taxable years under subparagraph (Z) with respect to
11 that property.†

12 The taxpayer is required to make the addition
13 modification under this subparagraph only once with
14 respect to any one piece of property;‡ and

15 (D-20) ~~(D-15)~~ For taxable years beginning on
16 or after January 1, 2002, in the case of a
17 distribution from a qualified tuition program under
18 Section 529 of the Internal Revenue Code, other than
19 (i) a distribution from a College Savings Pool
20 created under Section 16.5 of the State Treasurer
21 Act or (ii) a distribution from the Illinois Prepaid
22 Tuition Trust Fund, an amount equal to the amount
23 excluded from gross income under Section
24 529(c)(3)(B);

25 and by deducting from the total so obtained the sum of
26 the following amounts:

27 (E) For taxable years ending before December
28 31, 2001, any amount included in such total in
29 respect of any compensation (including but not
30 limited to any compensation paid or accrued to a
31 serviceman while a prisoner of war or missing in
32 action) paid to a resident by reason of being on
33 active duty in the Armed Forces of the United States
34 and in respect of any compensation paid or accrued

1 to a resident who as a governmental employee was a
2 prisoner of war or missing in action, and in respect
3 of any compensation paid to a resident in 1971 or
4 thereafter for annual training performed pursuant to
5 Sections 502 and 503, Title 32, United States Code
6 as a member of the Illinois National Guard. For
7 taxable years ending on or after December 31, 2001,
8 any amount included in such total in respect of any
9 compensation (including but not limited to any
10 compensation paid or accrued to a serviceman while a
11 prisoner of war or missing in action) paid to a
12 resident by reason of being a member of any
13 component of the Armed Forces of the United States
14 and in respect of any compensation paid or accrued
15 to a resident who as a governmental employee was a
16 prisoner of war or missing in action, and in respect
17 of any compensation paid to a resident in 2001 or
18 thereafter by reason of being a member of the
19 Illinois National Guard. The provisions of this
20 amendatory Act of the 92nd General Assembly are
21 exempt from the provisions of Section 250;

22 (F) An amount equal to all amounts included in
23 such total pursuant to the provisions of Sections
24 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
25 408 of the Internal Revenue Code, or included in
26 such total as distributions under the provisions of
27 any retirement or disability plan for employees of
28 any governmental agency or unit, or retirement
29 payments to retired partners, which payments are
30 excluded in computing net earnings from self
31 employment by Section 1402 of the Internal Revenue
32 Code and regulations adopted pursuant thereto;

33 (G) The valuation limitation amount;

34 (H) An amount equal to the amount of any tax

1 imposed by this Act which was refunded to the
2 taxpayer and included in such total for the taxable
3 year;

4 (I) An amount equal to all amounts included in
5 such total pursuant to the provisions of Section 111
6 of the Internal Revenue Code as a recovery of items
7 previously deducted from adjusted gross income in
8 the computation of taxable income;

9 (J) An amount equal to those dividends
10 included in such total which were paid by a
11 corporation which conducts business operations in an
12 Enterprise Zone or zones created under the Illinois
13 Enterprise Zone Act, and conducts substantially all
14 of its operations in an Enterprise Zone or zones;

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

25 (L) For taxable years ending after December
26 31, 1983, an amount equal to all social security
27 benefits and railroad retirement benefits included
28 in such total pursuant to Sections 72(r) and 86 of
29 the Internal Revenue Code;

30 (M) With the exception of any amounts
31 subtracted under subparagraph (N), an amount equal
32 to the sum of all amounts disallowed as deductions
33 by (i) Sections 171(a) (2), and 265(2) of the
34 Internal Revenue Code of 1954, as now or hereafter

1 amended, and all amounts of expenses allocable to
2 interest and disallowed as deductions by Section
3 265(1) of the Internal Revenue Code of 1954, as now
4 or hereafter amended; and (ii) for taxable years
5 ending on or after August 13, 1999, Sections
6 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
7 Internal Revenue Code; the provisions of this
8 subparagraph are exempt from the provisions of
9 Section 250;

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

20 (O) An amount equal to any contribution made
21 to a job training project established pursuant to
22 the Tax Increment Allocation Redevelopment Act;

23 (P) An amount equal to the amount of the
24 deduction used to compute the federal income tax
25 credit for restoration of substantial amounts held
26 under claim of right for the taxable year pursuant
27 to Section 1341 of the Internal Revenue Code of
28 1986;

29 (Q) An amount equal to any amounts included in
30 such total, received by the taxpayer as an
31 acceleration in the payment of life, endowment or
32 annuity benefits in advance of the time they would
33 otherwise be payable as an indemnity for a terminal
34 illness;

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

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

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

20 (T-5) An amount, to the extent included in
21 adjusted gross income, equal to the amount of
22 interest earned in the taxable year on an account in
23 the Elder Care Savings Fund established under the
24 Elder Care Savings Fund Act, other than interest
25 added pursuant to item (D-7) of this paragraph (2);

26 (U) For one taxable year beginning on or after
27 January 1, 1994, an amount equal to the total amount
28 of tax imposed and paid under subsections (a) and
29 (b) of Section 201 of this Act on grant amounts
30 received by the taxpayer under the Nursing Home
31 Grant Assistance Act during the taxpayer's taxable
32 years 1992 and 1993;

33 (V) Beginning with tax years ending on or
34 after December 31, 1995 and ending with tax years

1 ending on or before December 31, 2004, an amount
2 equal to the amount paid by a taxpayer who is a
3 self-employed taxpayer, a partner of a partnership,
4 or a shareholder in a Subchapter S corporation for
5 health insurance or long-term care insurance for
6 that taxpayer or that taxpayer's spouse or
7 dependents, to the extent that the amount paid for
8 that health insurance or long-term care insurance
9 may be deducted under Section 213 of the Internal
10 Revenue Code of 1986, has not been deducted on the
11 federal income tax return of the taxpayer, and does
12 not exceed the taxable income attributable to that
13 taxpayer's income, self-employment income, or
14 Subchapter S corporation income; except that no
15 deduction shall be allowed under this item (V) if
16 the taxpayer is eligible to participate in any
17 health insurance or long-term care insurance plan of
18 an employer of the taxpayer or the taxpayer's
19 spouse. The amount of the health insurance and
20 long-term care insurance subtracted under this item
21 (V) shall be determined by multiplying total health
22 insurance and long-term care insurance premiums paid
23 by the taxpayer times a number that represents the
24 fractional percentage of eligible medical expenses
25 under Section 213 of the Internal Revenue Code of
26 1986 not actually deducted on the taxpayer's federal
27 income tax return;

28 (W) For taxable years beginning on or after
29 January 1, 1998, all amounts included in the
30 taxpayer's federal gross income in the taxable year
31 from amounts converted from a regular IRA to a Roth
32 IRA. This paragraph is exempt from the provisions of
33 Section 250;

34 (X) For taxable year 1999 and thereafter, an

1 amount equal to the amount of any (i) distributions,
2 to the extent includible in gross income for federal
3 income tax purposes, made to the taxpayer because of
4 his or her status as a victim of persecution for
5 racial or religious reasons by Nazi Germany or any
6 other Axis regime or as an heir of the victim and
7 (ii) items of income, to the extent includible in
8 gross income for federal income tax purposes,
9 attributable to, derived from or in any way related
10 to assets stolen from, hidden from, or otherwise
11 lost to a victim of persecution for racial or
12 religious reasons by Nazi Germany or any other Axis
13 regime immediately prior to, during, and immediately
14 after World War II, including, but not limited to,
15 interest on the proceeds receivable as insurance
16 under policies issued to a victim of persecution for
17 racial or religious reasons by Nazi Germany or any
18 other Axis regime by European insurance companies
19 immediately prior to and during World War II;
20 provided, however, this subtraction from federal
21 adjusted gross income does not apply to assets
22 acquired with such assets or with the proceeds from
23 the sale of such assets; provided, further, this
24 paragraph shall only apply to a taxpayer who was the
25 first recipient of such assets after their recovery
26 and who is a victim of persecution for racial or
27 religious reasons by Nazi Germany or any other Axis
28 regime or as an heir of the victim. The amount of
29 and the eligibility for any public assistance,
30 benefit, or similar entitlement is not affected by
31 the inclusion of items (i) and (ii) of this
32 paragraph in gross income for federal income tax
33 purposes. This paragraph is exempt from the
34 provisions of Section 250;

1 (Y) For taxable years beginning on or after
2 January 1, 2002, moneys contributed in the taxable
3 year to a College Savings Pool account under Section
4 16.5 of the State Treasurer Act, except that amounts
5 excluded from gross income under Section
6 529(c)(3)(C)(i) of the Internal Revenue Code shall
7 not be considered moneys contributed under this
8 subparagraph (Y). This subparagraph (Y) is exempt
9 from the provisions of Section 250;

10 (Z) For taxable years 2001 and thereafter, for
11 the taxable year in which the bonus depreciation
12 deduction (30% of the adjusted basis of the
13 qualified property) is taken on the taxpayer's
14 federal income tax return under subsection (k) of
15 Section 168 of the Internal Revenue Code and for
16 each applicable taxable year thereafter, an amount
17 equal to "x", where:

18 (1) "y" equals the amount of the
19 depreciation deduction taken for the taxable
20 year on the taxpayer's federal income tax
21 return on property for which the bonus
22 depreciation deduction (30% of the adjusted
23 basis of the qualified property) was taken in
24 any year under subsection (k) of Section 168 of
25 the Internal Revenue Code, but not including
26 the bonus depreciation deduction; and

27 (2) "x" equals "y" multiplied by 30 and
28 then divided by 70 (or "y" multiplied by
29 0.429).

30 The aggregate amount deducted under this
31 subparagraph in all taxable years for any one piece
32 of property may not exceed the amount of the bonus
33 depreciation deduction (30% of the adjusted basis of
34 the qualified property) taken on that property on

1 the taxpayer's federal income tax return under
2 subsection (k) of Section 168 of the Internal
3 Revenue Code; and

4 (AA) If the taxpayer reports a capital gain or
5 loss on the taxpayer's federal income tax return for
6 the taxable year based on a sale or transfer of
7 property for which the taxpayer was required in any
8 taxable year to make an addition modification under
9 subparagraph (D-15), then an amount equal to that
10 addition modification.

11 The taxpayer is allowed to take the deduction
12 under this subparagraph only once with respect to
13 any one piece of property; and

14 (BB) ~~(Z)~~ Any amount included in adjusted gross
15 income, other than salary, received by a driver in a
16 ridesharing arrangement using a motor vehicle.

17 (b) Corporations.

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

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

24 (A) An amount equal to all amounts paid or
25 accrued to the taxpayer as interest and all
26 distributions received from regulated investment
27 companies during the taxable year to the extent
28 excluded from gross income in the computation of
29 taxable income;

30 (B) An amount equal to the amount of tax
31 imposed by this Act to the extent deducted from
32 gross income in the computation of taxable income
33 for the taxable year;

34 (C) In the case of a regulated investment

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

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

15 (E) For taxable years in which a net operating
16 loss carryback or carryforward from a taxable year
17 ending prior to December 31, 1986 is an element of
18 taxable income under paragraph (1) of subsection (e)
19 or subparagraph (E) of paragraph (2) of subsection
20 (e), the amount by which addition modifications
21 other than those provided by this subparagraph (E)
22 exceeded subtraction modifications in such earlier
23 taxable year, with the following limitations applied
24 in the order that they are listed:

25 (i) the addition modification relating to
26 the net operating loss carried back or forward
27 to the taxable year from any taxable year
28 ending prior to December 31, 1986 shall be
29 reduced by the amount of addition modification
30 under this subparagraph (E) which related to
31 that net operating loss and which was taken
32 into account in calculating the base income of
33 an earlier taxable year, and

34 (ii) the addition modification relating

1 to the net operating loss carried back or
2 forward to the taxable year from any taxable
3 year ending prior to December 31, 1986 shall
4 not exceed the amount of such carryback or
5 carryforward;

6 For taxable years in which there is a net
7 operating loss carryback or carryforward from more
8 than one other taxable year ending prior to December
9 31, 1986, the addition modification provided in this
10 subparagraph (E) shall be the sum of the amounts
11 computed independently under the preceding
12 provisions of this subparagraph (E) for each such
13 taxable year;

14 (E-5) For taxable years ending after December
15 31, 1997, an amount equal to any eligible
16 remediation costs that the corporation deducted in
17 computing adjusted gross income and for which the
18 corporation claims a credit under subsection (l) of
19 Section 201;

20 (E-10) For taxable years 2001 and thereafter,
21 an amount equal to the bonus depreciation deduction
22 (30% of the adjusted basis of the qualified
23 property) taken on the taxpayer's federal income tax
24 return for the taxable year under subsection (k) of
25 Section 168 of the Internal Revenue Code; and

26 (E-11) If the taxpayer reports a capital gain
27 or loss on the taxpayer's federal income tax return
28 for the taxable year based on a sale or transfer of
29 property for which the taxpayer was required in any
30 taxable year to make an addition modification under
31 subparagraph (E-10), then an amount equal to the
32 aggregate amount of the deductions taken in all
33 taxable years under subparagraph (T) with respect to
34 that property.†

1 The taxpayer is required to make the addition
2 modification under this subparagraph only once with
3 respect to any one piece of property;

4 and by deducting from the total so obtained the sum of
5 the following amounts:

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

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

13 (H) In the case of a regulated investment
14 company, an amount equal to the amount of exempt
15 interest dividends as defined in subsection (b) (5)
16 of Section 852 of the Internal Revenue Code, paid to
17 shareholders for the taxable year;

18 (I) With the exception of any amounts
19 subtracted under subparagraph (J), an amount equal
20 to the sum of all amounts disallowed as deductions
21 by (i) Sections 171(a) (2), and 265(a)(2) and
22 amounts disallowed as interest expense by Section
23 291(a)(3) of the Internal Revenue Code, as now or
24 hereafter amended, and all amounts of expenses
25 allocable to interest and disallowed as deductions
26 by Section 265(a)(1) of the Internal Revenue Code,
27 as now or hereafter amended; and (ii) for taxable
28 years ending on or after August 13, 1999, Sections
29 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)
30 of the Internal Revenue Code; the provisions of this
31 subparagraph are exempt from the provisions of
32 Section 250;

33 (J) An amount equal to all amounts included in
34 such total which are exempt from taxation by this

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

9 (K) An amount equal to those dividends
10 included in such total which were paid by a
11 corporation which conducts business operations in an
12 Enterprise Zone or zones created under the Illinois
13 Enterprise Zone Act and conducts substantially all
14 of its operations in an Enterprise Zone or zones;

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

25 (M) For any taxpayer that is a financial
26 organization within the meaning of Section 304(c) of
27 this Act, an amount included in such total as
28 interest income from a loan or loans made by such
29 taxpayer to a borrower, to the extent that such a
30 loan is secured by property which is eligible for
31 the Enterprise Zone Investment Credit. To determine
32 the portion of a loan or loans that is secured by
33 property eligible for a Section 201(f) investment
34 credit to the borrower, the entire principal amount

1 of the loan or loans between the taxpayer and the
2 borrower should be divided into the basis of the
3 Section 201(f) investment credit property which
4 secures the loan or loans, using for this purpose
5 the original basis of such property on the date that
6 it was placed in service in the Enterprise Zone.
7 The subtraction modification available to taxpayer
8 in any year under this subsection shall be that
9 portion of the total interest paid by the borrower
10 with respect to such loan attributable to the
11 eligible property as calculated under the previous
12 sentence;

13 (M-1) For any taxpayer that is a financial
14 organization within the meaning of Section 304(c) of
15 this Act, an amount included in such total as
16 interest income from a loan or loans made by such
17 taxpayer to a borrower, to the extent that such a
18 loan is secured by property which is eligible for
19 the High Impact Business Investment Credit. To
20 determine the portion of a loan or loans that is
21 secured by property eligible for a Section 201(h)
22 investment credit to the borrower, the entire
23 principal amount of the loan or loans between the
24 taxpayer and the borrower should be divided into the
25 basis of the Section 201(h) investment credit
26 property which secures the loan or loans, using for
27 this purpose the original basis of such property on
28 the date that it was placed in service in a
29 federally designated Foreign Trade Zone or Sub-Zone
30 located in Illinois. No taxpayer that is eligible
31 for the deduction provided in subparagraph (M) of
32 paragraph (2) of this subsection shall be eligible
33 for the deduction provided under this subparagraph
34 (M-1). The subtraction modification available to

1 taxpayers in any year under this subsection shall be
2 that portion of the total interest paid by the
3 borrower with respect to such loan attributable to
4 the eligible property as calculated under the
5 previous sentence;

6 (N) Two times any contribution made during the
7 taxable year to a designated zone organization to
8 the extent that the contribution (i) qualifies as a
9 charitable contribution under subsection (c) of
10 Section 170 of the Internal Revenue Code and (ii)
11 must, by its terms, be used for a project approved
12 by the Department of Commerce and Community Affairs
13 under Section 11 of the Illinois Enterprise Zone
14 Act;

15 (O) An amount equal to: (i) 85% for taxable
16 years ending on or before December 31, 1992, or, a
17 percentage equal to the percentage allowable under
18 Section 243(a)(1) of the Internal Revenue Code of
19 1986 for taxable years ending after December 31,
20 1992, of the amount by which dividends included in
21 taxable income and received from a corporation that
22 is not created or organized under the laws of the
23 United States or any state or political subdivision
24 thereof, including, for taxable years ending on or
25 after December 31, 1988, dividends received or
26 deemed received or paid or deemed paid under
27 Sections 951 through 964 of the Internal Revenue
28 Code, exceed the amount of the modification provided
29 under subparagraph (G) of paragraph (2) of this
30 subsection (b) which is related to such dividends;
31 plus (ii) 100% of the amount by which dividends,
32 included in taxable income and received, including,
33 for taxable years ending on or after December 31,
34 1988, dividends received or deemed received or paid

1 or deemed paid under Sections 951 through 964 of the
2 Internal Revenue Code, from any such corporation
3 specified in clause (i) that would but for the
4 provisions of Section 1504 (b) (3) of the Internal
5 Revenue Code be treated as a member of the
6 affiliated group which includes the dividend
7 recipient, exceed the amount of the modification
8 provided under subparagraph (G) of paragraph (2) of
9 this subsection (b) which is related to such
10 dividends;

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

14 (Q) An amount equal to the amount of the
15 deduction used to compute the federal income tax
16 credit for restoration of substantial amounts held
17 under claim of right for the taxable year pursuant
18 to Section 1341 of the Internal Revenue Code of
19 1986;

20 (R) In the case of an attorney-in-fact with
21 respect to whom an interinsurer or a reciprocal
22 insurer has made the election under Section 835 of
23 the Internal Revenue Code, 26 U.S.C. 835, an amount
24 equal to the excess, if any, of the amounts paid or
25 incurred by that interinsurer or reciprocal insurer
26 in the taxable year to the attorney-in-fact over the
27 deduction allowed to that interinsurer or reciprocal
28 insurer with respect to the attorney-in-fact under
29 Section 835(b) of the Internal Revenue Code for the
30 taxable year;

31 (S) For taxable years ending on or after
32 December 31, 1997, in the case of a Subchapter S
33 corporation, an amount equal to all amounts of
34 income allocable to a shareholder subject to the

1 Personal Property Tax Replacement Income Tax imposed
2 by subsections (c) and (d) of Section 201 of this
3 Act, including amounts allocable to organizations
4 exempt from federal income tax by reason of Section
5 501(a) of the Internal Revenue Code. This
6 subparagraph (S) is exempt from the provisions of
7 Section 250;

8 (T) For taxable years 2001 and thereafter, for
9 the taxable year in which the bonus depreciation
10 deduction (30% of the adjusted basis of the
11 qualified property) is taken on the taxpayer's
12 federal income tax return under subsection (k) of
13 Section 168 of the Internal Revenue Code and for
14 each applicable taxable year thereafter, an amount
15 equal to "x", where:

16 (1) "y" equals the amount of the
17 depreciation deduction taken for the taxable
18 year on the taxpayer's federal income tax
19 return on property for which the bonus
20 depreciation deduction (30% of the adjusted
21 basis of the qualified property) was taken in
22 any year under subsection (k) of Section 168 of
23 the Internal Revenue Code, but not including
24 the bonus depreciation deduction; and

25 (2) "x" equals "y" multiplied by 30 and
26 then divided by 70 (or "y" multiplied by
27 0.429).

28 The aggregate amount deducted under this
29 subparagraph in all taxable years for any one piece
30 of property may not exceed the amount of the bonus
31 depreciation deduction (30% of the adjusted basis of
32 the qualified property) taken on that property on
33 the taxpayer's federal income tax return under
34 subsection (k) of Section 168 of the Internal

1 Revenue Code; and

2 (U) If the taxpayer reports a capital gain or
3 loss on the taxpayer's federal income tax return for
4 the taxable year based on a sale or transfer of
5 property for which the taxpayer was required in any
6 taxable year to make an addition modification under
7 subparagraph (E-10), then an amount equal to that
8 addition modification.

9 The taxpayer is allowed to take the deduction
10 under this subparagraph only once with respect to
11 any one piece of property.

12 (3) Special rule. For purposes of paragraph (2)
13 (A), "gross income" in the case of a life insurance
14 company, for tax years ending on and after December 31,
15 1994, shall mean the gross investment income for the
16 taxable year.

17 (c) Trusts and estates.

18 (1) In general. In the case of a trust or estate,
19 base income means an amount equal to the taxpayer's
20 taxable income for the taxable year as modified by
21 paragraph (2).

22 (2) Modifications. Subject to the provisions of
23 paragraph (3), the taxable income referred to in
24 paragraph (1) shall be modified by adding thereto the sum
25 of the following amounts:

26 (A) An amount equal to all amounts paid or
27 accrued to the taxpayer as interest or dividends
28 during the taxable year to the extent excluded from
29 gross income in the computation of taxable income;

30 (B) In the case of (i) an estate, \$600; (ii) a
31 trust which, under its governing instrument, is
32 required to distribute all of its income currently,
33 \$300; and (iii) any other trust, \$100, but in each
34 such case, only to the extent such amount was

1 deducted in the computation of taxable income;

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

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

10 (E) For taxable years in which a net operating
11 loss carryback or carryforward from a taxable year
12 ending prior to December 31, 1986 is an element of
13 taxable income under paragraph (1) of subsection (e)
14 or subparagraph (E) of paragraph (2) of subsection
15 (e), the amount by which addition modifications
16 other than those provided by this subparagraph (E)
17 exceeded subtraction modifications in such taxable
18 year, with the following limitations applied in the
19 order that they are listed:

20 (i) the addition modification relating to
21 the net operating loss carried back or forward
22 to the taxable year from any taxable year
23 ending prior to December 31, 1986 shall be
24 reduced by the amount of addition modification
25 under this subparagraph (E) which related to
26 that net operating loss and which was taken
27 into account in calculating the base income of
28 an earlier taxable year, and

29 (ii) the addition modification relating
30 to the net operating loss carried back or
31 forward to the taxable year from any taxable
32 year ending prior to December 31, 1986 shall
33 not exceed the amount of such carryback or
34 carryforward;

1 For taxable years in which there is a net
2 operating loss carryback or carryforward from more
3 than one other taxable year ending prior to December
4 31, 1986, the addition modification provided in this
5 subparagraph (E) shall be the sum of the amounts
6 computed independently under the preceding
7 provisions of this subparagraph (E) for each such
8 taxable year;

9 (F) For taxable years ending on or after
10 January 1, 1989, an amount equal to the tax deducted
11 pursuant to Section 164 of the Internal Revenue Code
12 if the trust or estate is claiming the same tax for
13 purposes of the Illinois foreign tax credit under
14 Section 601 of this Act;

15 (G) An amount equal to the amount of the
16 capital gain deduction allowable under the Internal
17 Revenue Code, to the extent deducted from gross
18 income in the computation of taxable income;

19 (G-5) For taxable years ending after December
20 31, 1997, an amount equal to any eligible
21 remediation costs that the trust or estate deducted
22 in computing adjusted gross income and for which the
23 trust or estate claims a credit under subsection (l)
24 of Section 201;

25 (G-10) For taxable years 2001 and thereafter,
26 an amount equal to the bonus depreciation deduction
27 (30% of the adjusted basis of the qualified
28 property) taken on the taxpayer's federal income tax
29 return for the taxable year under subsection (k) of
30 Section 168 of the Internal Revenue Code; and

31 (G-11) If the taxpayer reports a capital gain
32 or loss on the taxpayer's federal income tax return
33 for the taxable year based on a sale or transfer of
34 property for which the taxpayer was required in any

1 taxable year to make an addition modification under
2 subparagraph (G-10), then an amount equal to the
3 aggregate amount of the deductions taken in all
4 taxable years under subparagraph (R) with respect to
5 that property.†

6 The taxpayer is required to make the addition
7 modification under this subparagraph only once with
8 respect to any one piece of property;

9 and by deducting from the total so obtained the sum of
10 the following amounts:

11 (H) An amount equal to all amounts included in
12 such total pursuant to the provisions of Sections
13 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and
14 408 of the Internal Revenue Code or included in such
15 total as distributions under the provisions of any
16 retirement or disability plan for employees of any
17 governmental agency or unit, or retirement payments
18 to retired partners, which payments are excluded in
19 computing net earnings from self employment by
20 Section 1402 of the Internal Revenue Code and
21 regulations adopted pursuant thereto;

22 (I) The valuation limitation amount;

23 (J) An amount equal to the amount of any tax
24 imposed by this Act which was refunded to the
25 taxpayer and included in such total for the taxable
26 year;

27 (K) An amount equal to all amounts included in
28 taxable income as modified by subparagraphs (A),
29 (B), (C), (D), (E), (F) and (G) which are exempt
30 from taxation by this State either by reason of its
31 statutes or Constitution or by reason of the
32 Constitution, treaties or statutes of the United
33 States; provided that, in the case of any statute of
34 this State that exempts income derived from bonds or

1 other obligations from the tax imposed under this
2 Act, the amount exempted shall be the interest net
3 of bond premium amortization;

4 (L) With the exception of any amounts
5 subtracted under subparagraph (K), an amount equal
6 to the sum of all amounts disallowed as deductions
7 by (i) Sections 171(a) (2) and 265(a)(2) of the
8 Internal Revenue Code, as now or hereafter amended,
9 and all amounts of expenses allocable to interest
10 and disallowed as deductions by Section 265(1) of
11 the Internal Revenue Code of 1954, as now or
12 hereafter amended; and (ii) for taxable years ending
13 on or after August 13, 1999, Sections 171(a)(2),
14 265, 280C, and 832(b)(5)(B)(i) of the Internal
15 Revenue Code; the provisions of this subparagraph
16 are exempt from the provisions of Section 250;

17 (M) An amount equal to those dividends
18 included in such total which were paid by a
19 corporation which conducts business operations in an
20 Enterprise Zone or zones created under the Illinois
21 Enterprise Zone Act and conducts substantially all
22 of its operations in an Enterprise Zone or Zones;

23 (N) An amount equal to any contribution made
24 to a job training project established pursuant to
25 the Tax Increment Allocation Redevelopment Act;

26 (O) An amount equal to those dividends
27 included in such total that were paid by a
28 corporation that conducts business operations in a
29 federally designated Foreign Trade Zone or Sub-Zone
30 and that is designated a High Impact Business
31 located in Illinois; provided that dividends
32 eligible for the deduction provided in subparagraph
33 (M) of paragraph (2) of this subsection shall not be
34 eligible for the deduction provided under this

1 subparagraph (O);

2 (P) An amount equal to the amount of the
3 deduction used to compute the federal income tax
4 credit for restoration of substantial amounts held
5 under claim of right for the taxable year pursuant
6 to Section 1341 of the Internal Revenue Code of
7 1986;

8 (Q) For taxable year 1999 and thereafter, an
9 amount equal to the amount of any (i) distributions,
10 to the extent includible in gross income for federal
11 income tax purposes, made to the taxpayer because of
12 his or her status as a victim of persecution for
13 racial or religious reasons by Nazi Germany or any
14 other Axis regime or as an heir of the victim and
15 (ii) items of income, to the extent includible in
16 gross income for federal income tax purposes,
17 attributable to, derived from or in any way related
18 to assets stolen from, hidden from, or otherwise
19 lost to a victim of persecution for racial or
20 religious reasons by Nazi Germany or any other Axis
21 regime immediately prior to, during, and immediately
22 after World War II, including, but not limited to,
23 interest on the proceeds receivable as insurance
24 under policies issued to a victim of persecution for
25 racial or religious reasons by Nazi Germany or any
26 other Axis regime by European insurance companies
27 immediately prior to and during World War II;
28 provided, however, this subtraction from federal
29 adjusted gross income does not apply to assets
30 acquired with such assets or with the proceeds from
31 the sale of such assets; provided, further, this
32 paragraph shall only apply to a taxpayer who was the
33 first recipient of such assets after their recovery
34 and who is a victim of persecution for racial or

1 religious reasons by Nazi Germany or any other Axis
2 regime or as an heir of the victim. The amount of
3 and the eligibility for any public assistance,
4 benefit, or similar entitlement is not affected by
5 the inclusion of items (i) and (ii) of this
6 paragraph in gross income for federal income tax
7 purposes. This paragraph is exempt from the
8 provisions of Section 250;

9 (R) For taxable years 2001 and thereafter, for
10 the taxable year in which the bonus depreciation
11 deduction (30% of the adjusted basis of the
12 qualified property) is taken on the taxpayer's
13 federal income tax return under subsection (k) of
14 Section 168 of the Internal Revenue Code and for
15 each applicable taxable year thereafter, an amount
16 equal to "x", where:

17 (1) "y" equals the amount of the
18 depreciation deduction taken for the taxable
19 year on the taxpayer's federal income tax
20 return on property for which the bonus
21 depreciation deduction (30% of the adjusted
22 basis of the qualified property) was taken in
23 any year under subsection (k) of Section 168 of
24 the Internal Revenue Code, but not including
25 the bonus depreciation deduction; and

26 (2) "x" equals "y" multiplied by 30 and
27 then divided by 70 (or "y" multiplied by
28 0.429).

29 The aggregate amount deducted under this
30 subparagraph in all taxable years for any one piece
31 of property may not exceed the amount of the bonus
32 depreciation deduction (30% of the adjusted basis of
33 the qualified property) taken on that property on
34 the taxpayer's federal income tax return under

1 subsection (k) of Section 168 of the Internal
2 Revenue Code; and

3 (S) If the taxpayer reports a capital gain or
4 loss on the taxpayer's federal income tax return for
5 the taxable year based on a sale or transfer of
6 property for which the taxpayer was required in any
7 taxable year to make an addition modification under
8 subparagraph (G-10), then an amount equal to that
9 addition modification.

10 The taxpayer is allowed to take the deduction
11 under this subparagraph only once with respect to
12 any one piece of property.

13 (3) Limitation. The amount of any modification
14 otherwise required under this subsection shall, under
15 regulations prescribed by the Department, be adjusted by
16 any amounts included therein which were properly paid,
17 credited, or required to be distributed, or permanently
18 set aside for charitable purposes pursuant to Internal
19 Revenue Code Section 642(c) during the taxable year.

20 (d) Partnerships.

21 (1) In general. In the case of a partnership, base
22 income means an amount equal to the taxpayer's taxable
23 income for the taxable year as modified by paragraph (2).

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

27 (A) An amount equal to all amounts paid or
28 accrued to the taxpayer as interest or dividends
29 during the taxable year to the extent excluded from
30 gross income in the computation of taxable income;

31 (B) An amount equal to the amount of tax
32 imposed by this Act to the extent deducted from
33 gross income for the taxable year;

34 (C) The amount of deductions allowed to the

1 partnership pursuant to Section 707 (c) of the
2 Internal Revenue Code in calculating its taxable
3 income;

4 (D) An amount equal to the amount of the
5 capital gain deduction allowable under the Internal
6 Revenue Code, to the extent deducted from gross
7 income in the computation of taxable income;

8 (D-5) For taxable years 2001 and thereafter,
9 an amount equal to the bonus depreciation deduction
10 (30% of the adjusted basis of the qualified
11 property) taken on the taxpayer's federal income tax
12 return for the taxable year under subsection (k) of
13 Section 168 of the Internal Revenue Code; and

14 (D-6) If the taxpayer reports a capital gain
15 or loss on the taxpayer's federal income tax return
16 for the taxable year based on a sale or transfer of
17 property for which the taxpayer was required in any
18 taxable year to make an addition modification under
19 subparagraph (D-5), then an amount equal to the
20 aggregate amount of the deductions taken in all
21 taxable years under subparagraph (D) with respect to
22 that property.

23 The taxpayer is required to make the addition
24 modification under this subparagraph only once with
25 respect to any one piece of property;

26 and by deducting from the total so obtained the following
27 amounts:

28 (E) The valuation limitation amount;

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

33 (G) An amount equal to all amounts included in
34 taxable income as modified by subparagraphs (A),

1 (B), (C) and (D) which are exempt from taxation by
2 this State either by reason of its statutes or
3 Constitution or by reason of the Constitution,
4 treaties or statutes of the United States; provided
5 that, in the case of any statute of this State that
6 exempts income derived from bonds or other
7 obligations from the tax imposed under this Act, the
8 amount exempted shall be the interest net of bond
9 premium amortization;

10 (H) Any income of the partnership which
11 constitutes personal service income as defined in
12 Section 1348 (b) (1) of the Internal Revenue Code
13 (as in effect December 31, 1981) or a reasonable
14 allowance for compensation paid or accrued for
15 services rendered by partners to the partnership,
16 whichever is greater;

17 (I) An amount equal to all amounts of income
18 distributable to an entity subject to the Personal
19 Property Tax Replacement Income Tax imposed by
20 subsections (c) and (d) of Section 201 of this Act
21 including amounts distributable to organizations
22 exempt from federal income tax by reason of Section
23 501(a) of the Internal Revenue Code;

24 (J) With the exception of any amounts
25 subtracted under subparagraph (G), an amount equal
26 to the sum of all amounts disallowed as deductions
27 by (i) Sections 171(a) (2), and 265(2) of the
28 Internal Revenue Code of 1954, as now or hereafter
29 amended, and all amounts of expenses allocable to
30 interest and disallowed as deductions by Section
31 265(1) of the Internal Revenue Code, as now or
32 hereafter amended; and (ii) for taxable years ending
33 on or after August 13, 1999, Sections 171(a)(2),
34 265, 280C, and 832(b)(5)(B)(i) of the Internal

1 Revenue Code; the provisions of this subparagraph
2 are exempt from the provisions of Section 250;

3 (K) An amount equal to those dividends
4 included in such total which were paid by a
5 corporation which conducts business operations in an
6 Enterprise Zone or zones created under the Illinois
7 Enterprise Zone Act, enacted by the 82nd General
8 Assembly, and conducts substantially all of its
9 operations in an Enterprise Zone or Zones;

10 (L) An amount equal to any contribution made
11 to a job training project established pursuant to
12 the Real Property Tax Increment Allocation
13 Redevelopment Act;

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

24 (N) An amount equal to the amount of the
25 deduction used to compute the federal income tax
26 credit for restoration of substantial amounts held
27 under claim of right for the taxable year pursuant
28 to Section 1341 of the Internal Revenue Code of
29 1986;

30 (O) For taxable years 2001 and thereafter, for
31 the taxable year in which the bonus depreciation
32 deduction (30% of the adjusted basis of the
33 qualified property) is taken on the taxpayer's
34 federal income tax return under subsection (k) of

1 Section 168 of the Internal Revenue Code and for
2 each applicable taxable year thereafter, an amount
3 equal to "x", where:

4 (1) "y" equals the amount of the
5 depreciation deduction taken for the taxable
6 year on the taxpayer's federal income tax
7 return on property for which the bonus
8 depreciation deduction (30% of the adjusted
9 basis of the qualified property) was taken in
10 any year under subsection (k) of Section 168 of
11 the Internal Revenue Code, but not including
12 the bonus depreciation deduction; and

13 (2) "x" equals "y" multiplied by 30 and
14 then divided by 70 (or "y" multiplied by
15 0.429).

16 The aggregate amount deducted under this
17 subparagraph in all taxable years for any one piece
18 of property may not exceed the amount of the bonus
19 depreciation deduction (30% of the adjusted basis of
20 the qualified property) taken on that property on
21 the taxpayer's federal income tax return under
22 subsection (k) of Section 168 of the Internal
23 Revenue Code; and

24 (P) If the taxpayer reports a capital gain or
25 loss on the taxpayer's federal income tax return for
26 the taxable year based on a sale or transfer of
27 property for which the taxpayer was required in any
28 taxable year to make an addition modification under
29 subparagraph (D-5), then an amount equal to that
30 addition modification.

31 The taxpayer is allowed to take the deduction
32 under this subparagraph only once with respect to
33 any one piece of property.

34 (e) Gross income; adjusted gross income; taxable income.

1 (1) In general. Subject to the provisions of
2 paragraph (2) and subsection (b) (3), for purposes of
3 this Section and Section 803(e), a taxpayer's gross
4 income, adjusted gross income, or taxable income for the
5 taxable year shall mean the amount of gross income,
6 adjusted gross income or taxable income properly
7 reportable for federal income tax purposes for the
8 taxable year under the provisions of the Internal Revenue
9 Code. Taxable income may be less than zero. However, for
10 taxable years ending on or after December 31, 1986, net
11 operating loss carryforwards from taxable years ending
12 prior to December 31, 1986, may not exceed the sum of
13 federal taxable income for the taxable year before net
14 operating loss deduction, plus the excess of addition
15 modifications over subtraction modifications for the
16 taxable year. For taxable years ending prior to December
17 31, 1986, taxable income may never be an amount in excess
18 of the net operating loss for the taxable year as defined
19 in subsections (c) and (d) of Section 172 of the Internal
20 Revenue Code, provided that when taxable income of a
21 corporation (other than a Subchapter S corporation),
22 trust, or estate is less than zero and addition
23 modifications, other than those provided by subparagraph
24 (E) of paragraph (2) of subsection (b) for corporations
25 or subparagraph (E) of paragraph (2) of subsection (c)
26 for trusts and estates, exceed subtraction modifications,
27 an addition modification must be made under those
28 subparagraphs for any other taxable year to which the
29 taxable income less than zero (net operating loss) is
30 applied under Section 172 of the Internal Revenue Code or
31 under subparagraph (E) of paragraph (2) of this
32 subsection (e) applied in conjunction with Section 172 of
33 the Internal Revenue Code.

34 (2) Special rule. For purposes of paragraph (1) of

1 this subsection, the taxable income properly reportable
2 for federal income tax purposes shall mean:

3 (A) Certain life insurance companies. In the
4 case of a life insurance company subject to the tax
5 imposed by Section 801 of the Internal Revenue Code,
6 life insurance company taxable income, plus the
7 amount of distribution from pre-1984 policyholder
8 surplus accounts as calculated under Section 815a of
9 the Internal Revenue Code;

10 (B) Certain other insurance companies. In the
11 case of mutual insurance companies subject to the
12 tax imposed by Section 831 of the Internal Revenue
13 Code, insurance company taxable income;

14 (C) Regulated investment companies. In the
15 case of a regulated investment company subject to
16 the tax imposed by Section 852 of the Internal
17 Revenue Code, investment company taxable income;

18 (D) Real estate investment trusts. In the
19 case of a real estate investment trust subject to
20 the tax imposed by Section 857 of the Internal
21 Revenue Code, real estate investment trust taxable
22 income;

23 (E) Consolidated corporations. In the case of
24 a corporation which is a member of an affiliated
25 group of corporations filing a consolidated income
26 tax return for the taxable year for federal income
27 tax purposes, taxable income determined as if such
28 corporation had filed a separate return for federal
29 income tax purposes for the taxable year and each
30 preceding taxable year for which it was a member of
31 an affiliated group. For purposes of this
32 subparagraph, the taxpayer's separate taxable income
33 shall be determined as if the election provided by
34 Section 243(b) (2) of the Internal Revenue Code had

1 been in effect for all such years;

2 (F) Cooperatives. In the case of a
3 cooperative corporation or association, the taxable
4 income of such organization determined in accordance
5 with the provisions of Section 1381 through 1388 of
6 the Internal Revenue Code;

7 (G) Subchapter S corporations. In the case
8 of: (i) a Subchapter S corporation for which there
9 is in effect an election for the taxable year under
10 Section 1362 of the Internal Revenue Code, the
11 taxable income of such corporation determined in
12 accordance with Section 1363(b) of the Internal
13 Revenue Code, except that taxable income shall take
14 into account those items which are required by
15 Section 1363(b)(1) of the Internal Revenue Code to
16 be separately stated; and (ii) a Subchapter S
17 corporation for which there is in effect a federal
18 election to opt out of the provisions of the
19 Subchapter S Revision Act of 1982 and have applied
20 instead the prior federal Subchapter S rules as in
21 effect on July 1, 1982, the taxable income of such
22 corporation determined in accordance with the
23 federal Subchapter S rules as in effect on July 1,
24 1982; and

25 (H) Partnerships. In the case of a
26 partnership, taxable income determined in accordance
27 with Section 703 of the Internal Revenue Code,
28 except that taxable income shall take into account
29 those items which are required by Section 703(a)(1)
30 to be separately stated but which would be taken
31 into account by an individual in calculating his
32 taxable income.

33 (f) Valuation limitation amount.

34 (1) In general. The valuation limitation amount

1 referred to in subsections (a) (2) (G), (c) (2) (I) and
2 (d)(2) (E) is an amount equal to:

3 (A) The sum of the pre-August 1, 1969
4 appreciation amounts (to the extent consisting of
5 gain reportable under the provisions of Section 1245
6 or 1250 of the Internal Revenue Code) for all
7 property in respect of which such gain was reported
8 for the taxable year; plus

9 (B) The lesser of (i) the sum of the
10 pre-August 1, 1969 appreciation amounts (to the
11 extent consisting of capital gain) for all property
12 in respect of which such gain was reported for
13 federal income tax purposes for the taxable year, or
14 (ii) the net capital gain for the taxable year,
15 reduced in either case by any amount of such gain
16 included in the amount determined under subsection
17 (a) (2) (F) or (c) (2) (H).

18 (2) Pre-August 1, 1969 appreciation amount.

19 (A) If the fair market value of property
20 referred to in paragraph (1) was readily
21 ascertainable on August 1, 1969, the pre-August 1,
22 1969 appreciation amount for such property is the
23 lesser of (i) the excess of such fair market value
24 over the taxpayer's basis (for determining gain) for
25 such property on that date (determined under the
26 Internal Revenue Code as in effect on that date), or
27 (ii) the total gain realized and reportable for
28 federal income tax purposes in respect of the sale,
29 exchange or other disposition of such property.

30 (B) If the fair market value of property
31 referred to in paragraph (1) was not readily
32 ascertainable on August 1, 1969, the pre-August 1,
33 1969 appreciation amount for such property is that
34 amount which bears the same ratio to the total gain

1 reported in respect of the property for federal
2 income tax purposes for the taxable year, as the
3 number of full calendar months in that part of the
4 taxpayer's holding period for the property ending
5 July 31, 1969 bears to the number of full calendar
6 months in the taxpayer's entire holding period for
7 the property.

8 (C) The Department shall prescribe such
9 regulations as may be necessary to carry out the
10 purposes of this paragraph.

11 (g) Double deductions. Unless specifically provided
12 otherwise, nothing in this Section shall permit the same item
13 to be deducted more than once.

14 (h) Legislative intention. Except as expressly provided
15 by this Section there shall be no modifications or
16 limitations on the amounts of income, gain, loss or deduction
17 taken into account in determining gross income, adjusted
18 gross income or taxable income for federal income tax
19 purposes for the taxable year, or in the amount of such items
20 entering into the computation of base income and net income
21 under this Act for such taxable year, whether in respect of
22 property values as of August 1, 1969 or otherwise.

23 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
24 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
25 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
26 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
27 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
28 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

29 Section 99. Effective date. This Act takes effect upon
30 becoming law.