

SB3460



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB3460

Introduced 2/7/2012, by Sen. Carole Pankau

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

from Ch. 120, par. 2-201

Amends the Illinois Income Tax Act. Provides that the personal property replacement income tax shall not be imposed for the taxable year in which the taxpayer first begins doing business in Illinois or for the 2 immediately succeeding taxable years. Provides that, for subsequent taxable years, the tax shall be increased by 0.5% per year until such time as the tax is imposed at the rates set forth in the Act. Effective immediately.

LRB097 19870 HLH 65153 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 Section 201 as follows:

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

7 (Text of Section before amendment by P.A. 97-636)

8 Sec. 201. Tax Imposed.

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

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

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

23 (2) In the case of an individual, trust or estate, for

1 taxable years beginning prior to July 1, 1989 and ending
2 after June 30, 1989, an amount equal to the sum of (i) 2
3 1/2% of the taxpayer's net income for the period prior to
4 July 1, 1989, as calculated under Section 202.3, and (ii)
5 3% of the taxpayer's net income for the period after June
6 30, 1989, as calculated under Section 202.3.

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

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

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

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

1 (ii) 3.75% of the taxpayer's net income for the period
2 after December 31, 2014, as calculated under Section 202.5.

3 (5.2) In the case of an individual, trust, or estate,
4 for taxable years beginning on or after January 1, 2015,
5 and ending prior to January 1, 2025, an amount equal to
6 3.75% of the taxpayer's net income for the taxable year.

7 (5.3) In the case of an individual, trust, or estate,
8 for taxable years beginning prior to January 1, 2025, and
9 ending after December 31, 2024, an amount equal to the sum
10 of (i) 3.75% of the taxpayer's net income for the period
11 prior to January 1, 2025, as calculated under Section
12 202.5, and (ii) 3.25% of the taxpayer's net income for the
13 period after December 31, 2024, as calculated under Section
14 202.5.

15 (5.4) In the case of an individual, trust, or estate,
16 for taxable years beginning on or after January 1, 2025, an
17 amount equal to 3.25% of the taxpayer's net income for the
18 taxable year.

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

22 (7) In the case of a corporation, for taxable years
23 beginning prior to July 1, 1989 and ending after June 30,
24 1989, an amount equal to the sum of (i) 4% of the
25 taxpayer's net income for the period prior to July 1, 1989,
26 as calculated under Section 202.3, and (ii) 4.8% of the

1 taxpayer's net income for the period after June 30, 1989,
2 as calculated under Section 202.3.

3 (8) In the case of a corporation, for taxable years
4 beginning after June 30, 1989, and ending prior to January
5 1, 2011, an amount equal to 4.8% of the taxpayer's net
6 income for the taxable year.

7 (9) In the case of a corporation, for taxable years
8 beginning prior to January 1, 2011, and ending after
9 December 31, 2010, an amount equal to the sum of (i) 4.8%
10 of the taxpayer's net income for the period prior to
11 January 1, 2011, as calculated under Section 202.5, and
12 (ii) 7% of the taxpayer's net income for the period after
13 December 31, 2010, as calculated under Section 202.5.

14 (10) In the case of a corporation, for taxable years
15 beginning on or after January 1, 2011, and ending prior to
16 January 1, 2015, an amount equal to 7% of the taxpayer's
17 net income for the taxable year.

18 (11) In the case of a corporation, for taxable years
19 beginning prior to January 1, 2015, and ending after
20 December 31, 2014, an amount equal to the sum of (i) 7% of
21 the taxpayer's net income for the period prior to January
22 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
23 of the taxpayer's net income for the period after December
24 31, 2014, as calculated under Section 202.5.

25 (12) In the case of a corporation, for taxable years
26 beginning on or after January 1, 2015, and ending prior to

1 January 1, 2025, an amount equal to 5.25% of the taxpayer's
2 net income for the taxable year.

3 (13) In the case of a corporation, for taxable years
4 beginning prior to January 1, 2025, and ending after
5 December 31, 2024, an amount equal to the sum of (i) 5.25%
6 of the taxpayer's net income for the period prior to
7 January 1, 2025, as calculated under Section 202.5, and
8 (ii) 4.8% of the taxpayer's net income for the period after
9 December 31, 2024, as calculated under Section 202.5.

10 (14) In the case of a corporation, for taxable years
11 beginning on or after January 1, 2025, an amount equal to
12 4.8% of the taxpayer's net income for the taxable year.

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

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

1 subdivision thereof.

2 (d) Additional Personal Property Tax Replacement Income
3 Tax Rates. The personal property tax replacement income tax
4 imposed by this subsection and subsection (c) of this Section
5 in the case of a corporation, other than a Subchapter S
6 corporation and except as adjusted by subsection (d-1), shall
7 be an additional amount equal to 2.85% of such taxpayer's net
8 income for the taxable year, except that beginning on January
9 1, 1981, and thereafter, the rate of 2.85% specified in this
10 subsection shall be reduced to 2.5%, and in the case of a
11 partnership, trust or a Subchapter S corporation shall be an
12 additional amount equal to 1.5% of such taxpayer's net income
13 for the taxable year.

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

1 under this Act, net of all credits allowed under this Act,
2 shall equal (i) the total amount of tax that would be imposed
3 on the foreign insurer's net income allocable to Illinois for
4 the taxable year by such foreign insurer's state or country of
5 domicile if that net income were subject to all income taxes
6 and taxes measured by net income imposed by such foreign
7 insurer's state or country of domicile, net of all credits
8 allowed or (ii) a rate of zero if no such tax is imposed on such
9 income by the foreign insurer's state of domicile. For the
10 purposes of this subsection (d-1), an inter-affiliate includes
11 a mutual insurer under common management.

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

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

18 (B) the privilege tax imposed by Section 409 of the
19 Illinois Insurance Code, the fire insurance company
20 tax imposed by Section 12 of the Fire Investigation
21 Act, and the fire department taxes imposed under
22 Section 11-10-1 of the Illinois Municipal Code,

23 equals 1.25% for taxable years ending prior to December 31,
24 2003, or 1.75% for taxable years ending on or after
25 December 31, 2003, of the net taxable premiums written for
26 the taxable year, as described by subsection (1) of Section

1 409 of the Illinois Insurance Code. This paragraph will in
2 no event increase the rates imposed under subsections (b)
3 and (d).

4 (2) Any reduction in the rates of tax imposed by this
5 subsection shall be applied first against the rates imposed
6 by subsection (b) and only after the tax imposed by
7 subsection (a) net of all credits allowed under this
8 Section other than the credit allowed under subsection (i)
9 has been reduced to zero, against the rates imposed by
10 subsection (d).

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

13 (d-2) Rate reduction for new business. For taxable years
14 ending on or after December 31, 2012, no tax shall be imposed
15 under subsections (c) or (d) for the taxable year in which the
16 taxpayer first begins doing business in Illinois or for the 2
17 immediately succeeding taxable years. Thereafter, the tax
18 shall be increased by 0.5% per year until such time as the tax
19 is imposed at the rates set forth in subsections (c) and (d),
20 as modified by subsection (d-1), if applicable. This subsection
21 (d-2) is exempt from the provisions of Section 250.

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

25 (1) A taxpayer shall be allowed a credit equal to .5%
26 of the basis of qualified property placed in service during

1 the taxable year, provided such property is placed in
2 service on or after July 1, 1984. There shall be allowed an
3 additional credit equal to .5% of the basis of qualified
4 property placed in service during the taxable year,
5 provided such property is placed in service on or after
6 July 1, 1986, and the taxpayer's base employment within
7 Illinois has increased by 1% or more over the preceding
8 year as determined by the taxpayer's employment records
9 filed with the Illinois Department of Employment Security.
10 Taxpayers who are new to Illinois shall be deemed to have
11 met the 1% growth in base employment for the first year in
12 which they file employment records with the Illinois
13 Department of Employment Security. The provisions added to
14 this Section by Public Act 85-1200 (and restored by Public
15 Act 87-895) shall be construed as declaratory of existing
16 law and not as a new enactment. If, in any year, the
17 increase in base employment within Illinois over the
18 preceding year is less than 1%, the additional credit shall
19 be limited to that percentage times a fraction, the
20 numerator of which is .5% and the denominator of which is
21 1%, but shall not exceed .5%. The investment credit shall
22 not be allowed to the extent that it would reduce a
23 taxpayer's liability in any tax year below zero, nor may
24 any credit for qualified property be allowed for any year
25 other than the year in which the property was placed in
26 service in Illinois. For tax years ending on or after

1 December 31, 1987, and on or before December 31, 1988, the
2 credit shall be allowed for the tax year in which the
3 property is placed in service, or, if the amount of the
4 credit exceeds the tax liability for that year, whether it
5 exceeds the original liability or the liability as later
6 amended, such excess may be carried forward and applied to
7 the tax liability of the 5 taxable years following the
8 excess credit years if the taxpayer (i) makes investments
9 which cause the creation of a minimum of 2,000 full-time
10 equivalent jobs in Illinois, (ii) is located in an
11 enterprise zone established pursuant to the Illinois
12 Enterprise Zone Act and (iii) is certified by the
13 Department of Commerce and Community Affairs (now
14 Department of Commerce and Economic Opportunity) as
15 complying with the requirements specified in clause (i) and
16 (ii) by July 1, 1986. The Department of Commerce and
17 Community Affairs (now Department of Commerce and Economic
18 Opportunity) shall notify the Department of Revenue of all
19 such certifications immediately. For tax years ending
20 after December 31, 1988, the credit shall be allowed for
21 the tax year in which the property is placed in service,
22 or, if the amount of the credit exceeds the tax liability
23 for that year, whether it exceeds the original liability or
24 the liability as later amended, such excess may be carried
25 forward and applied to the tax liability of the 5 taxable
26 years following the excess credit years. The credit shall

1 be applied to the earliest year for which there is a
2 liability. If there is credit from more than one tax year
3 that is available to offset a liability, earlier credit
4 shall be applied first.

5 (2) The term "qualified property" means property
6 which:

7 (A) is tangible, whether new or used, including
8 buildings and structural components of buildings and
9 signs that are real property, but not including land or
10 improvements to real property that are not a structural
11 component of a building such as landscaping, sewer
12 lines, local access roads, fencing, parking lots, and
13 other appurtenances;

14 (B) is depreciable pursuant to Section 167 of the
15 Internal Revenue Code, except that "3-year property"
16 as defined in Section 168(c)(2)(A) of that Code is not
17 eligible for the credit provided by this subsection
18 (e);

19 (C) is acquired by purchase as defined in Section
20 179(d) of the Internal Revenue Code;

21 (D) is used in Illinois by a taxpayer who is
22 primarily engaged in manufacturing, or in mining coal
23 or fluorite, or in retailing, or was placed in service
24 on or after July 1, 2006 in a River Edge Redevelopment
25 Zone established pursuant to the River Edge
26 Redevelopment Zone Act; and

1 (E) has not previously been used in Illinois in
2 such a manner and by such a person as would qualify for
3 the credit provided by this subsection (e) or
4 subsection (f).

5 (3) For purposes of this subsection (e),
6 "manufacturing" means the material staging and production
7 of tangible personal property by procedures commonly
8 regarded as manufacturing, processing, fabrication, or
9 assembling which changes some existing material into new
10 shapes, new qualities, or new combinations. For purposes of
11 this subsection (e) the term "mining" shall have the same
12 meaning as the term "mining" in Section 613(c) of the
13 Internal Revenue Code. For purposes of this subsection (e),
14 the term "retailing" means the sale of tangible personal
15 property for use or consumption and not for resale, or
16 services rendered in conjunction with the sale of tangible
17 personal property for use or consumption and not for
18 resale. For purposes of this subsection (e), "tangible
19 personal property" has the same meaning as when that term
20 is used in the Retailers' Occupation Tax Act, and, for
21 taxable years ending after December 31, 2008, does not
22 include the generation, transmission, or distribution of
23 electricity.

24 (4) The basis of qualified property shall be the basis
25 used to compute the depreciation deduction for federal
26 income tax purposes.

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

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

8 (7) If during any taxable year, any property ceases to
9 be qualified property in the hands of the taxpayer within
10 48 months after being placed in service, or the situs of
11 any qualified property is moved outside Illinois within 48
12 months after being placed in service, the Personal Property
13 Tax Replacement Income Tax for such taxable year shall be
14 increased. Such increase shall be determined by (i)
15 recomputing the investment credit which would have been
16 allowed for the year in which credit for such property was
17 originally allowed by eliminating such property from such
18 computation and, (ii) subtracting such recomputed credit
19 from the amount of credit previously allowed. For the
20 purposes of this paragraph (7), a reduction of the basis of
21 qualified property resulting from a redetermination of the
22 purchase price shall be deemed a disposition of qualified
23 property to the extent of such reduction.

24 (8) Unless the investment credit is extended by law,
25 the basis of qualified property shall not include costs
26 incurred after December 31, 2013, except for costs incurred

1 pursuant to a binding contract entered into on or before
2 December 31, 2013.

3 (9) Each taxable year ending before December 31, 2000,
4 a partnership may elect to pass through to its partners the
5 credits to which the partnership is entitled under this
6 subsection (e) for the taxable year. A partner may use the
7 credit allocated to him or her under this paragraph only
8 against the tax imposed in subsections (c) and (d) of this
9 Section. If the partnership makes that election, those
10 credits shall be allocated among the partners in the
11 partnership in accordance with the rules set forth in
12 Section 704(b) of the Internal Revenue Code, and the rules
13 promulgated under that Section, and the allocated amount of
14 the credits shall be allowed to the partners for that
15 taxable year. The partnership shall make this election on
16 its Personal Property Tax Replacement Income Tax return for
17 that taxable year. The election to pass through the credits
18 shall be irrevocable.

19 For taxable years ending on or after December 31, 2000,
20 a partner that qualifies its partnership for a subtraction
21 under subparagraph (I) of paragraph (2) of subsection (d)
22 of Section 203 or a shareholder that qualifies a Subchapter
23 S corporation for a subtraction under subparagraph (S) of
24 paragraph (2) of subsection (b) of Section 203 shall be
25 allowed a credit under this subsection (e) equal to its
26 share of the credit earned under this subsection (e) during

1 the taxable year by the partnership or Subchapter S
2 corporation, determined in accordance with the
3 determination of income and distributive share of income
4 under Sections 702 and 704 and Subchapter S of the Internal
5 Revenue Code. This paragraph is exempt from the provisions
6 of Section 250.

7 (f) Investment credit; Enterprise Zone; River Edge
8 Redevelopment Zone.

9 (1) A taxpayer shall be allowed a credit against the
10 tax imposed by subsections (a) and (b) of this Section for
11 investment in qualified property which is placed in service
12 in an Enterprise Zone created pursuant to the Illinois
13 Enterprise Zone Act or, for property placed in service on
14 or after July 1, 2006, a River Edge Redevelopment Zone
15 established pursuant to the River Edge Redevelopment Zone
16 Act. For partners, shareholders of Subchapter S
17 corporations, and owners of limited liability companies,
18 if the liability company is treated as a partnership for
19 purposes of federal and State income taxation, there shall
20 be allowed a credit under this subsection (f) to be
21 determined in accordance with the determination of income
22 and distributive share of income under Sections 702 and 704
23 and Subchapter S of the Internal Revenue Code. The credit
24 shall be .5% of the basis for such property. The credit
25 shall be available only in the taxable year in which the
26 property is placed in service in the Enterprise Zone or

1 River Edge Redevelopment Zone and shall not be allowed to
2 the extent that it would reduce a taxpayer's liability for
3 the tax imposed by subsections (a) and (b) of this Section
4 to below zero. For tax years ending on or after December
5 31, 1985, the credit shall be allowed for the tax year in
6 which the property is placed in service, or, if the amount
7 of the credit exceeds the tax liability for that year,
8 whether it exceeds the original liability or the liability
9 as later amended, such excess may be carried forward and
10 applied to the tax liability of the 5 taxable years
11 following the excess credit year. The credit shall be
12 applied to the earliest year for which there is a
13 liability. If there is credit from more than one tax year
14 that is available to offset a liability, the credit
15 accruing first in time shall be applied first.

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

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

19 (B) is depreciable pursuant to Section 167 of the
20 Internal Revenue Code, except that "3-year property"
21 as defined in Section 168(c)(2)(A) of that Code is not
22 eligible for the credit provided by this subsection
23 (f);

24 (C) is acquired by purchase as defined in Section
25 179(d) of the Internal Revenue Code;

26 (D) is used in the Enterprise Zone or River Edge

1 Redevelopment Zone by the taxpayer; and

2 (E) has not been previously used in Illinois in
3 such a manner and by such a person as would qualify for
4 the credit provided by this subsection (f) or
5 subsection (e).

6 (3) The basis of qualified property shall be the basis
7 used to compute the depreciation deduction for federal
8 income tax purposes.

9 (4) If the basis of the property for federal income tax
10 depreciation purposes is increased after it has been placed
11 in service in the Enterprise Zone or River Edge
12 Redevelopment Zone by the taxpayer, the amount of such
13 increase shall be deemed property placed in service on the
14 date of such increase in basis.

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

17 (6) If during any taxable year, any property ceases to
18 be qualified property in the hands of the taxpayer within
19 48 months after being placed in service, or the situs of
20 any qualified property is moved outside the Enterprise Zone
21 or River Edge Redevelopment Zone within 48 months after
22 being placed in service, the tax imposed under subsections
23 (a) and (b) of this Section for such taxable year shall be
24 increased. Such increase shall be determined by (i)
25 recomputing the investment credit which would have been
26 allowed for the year in which credit for such property was

1 originally allowed by eliminating such property from such
2 computation, and (ii) subtracting such recomputed credit
3 from the amount of credit previously allowed. For the
4 purposes of this paragraph (6), a reduction of the basis of
5 qualified property resulting from a redetermination of the
6 purchase price shall be deemed a disposition of qualified
7 property to the extent of such reduction.

8 (7) There shall be allowed an additional credit equal
9 to 0.5% of the basis of qualified property placed in
10 service during the taxable year in a River Edge
11 Redevelopment Zone, provided such property is placed in
12 service on or after July 1, 2006, and the taxpayer's base
13 employment within Illinois has increased by 1% or more over
14 the preceding year as determined by the taxpayer's
15 employment records filed with the Illinois Department of
16 Employment Security. Taxpayers who are new to Illinois
17 shall be deemed to have met the 1% growth in base
18 employment for the first year in which they file employment
19 records with the Illinois Department of Employment
20 Security. If, in any year, the increase in base employment
21 within Illinois over the preceding year is less than 1%,
22 the additional credit shall be limited to that percentage
23 times a fraction, the numerator of which is 0.5% and the
24 denominator of which is 1%, but shall not exceed 0.5%.

25 (g) Jobs Tax Credit; Enterprise Zone, River Edge
26 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

1 (1) A taxpayer conducting a trade or business in an
2 enterprise zone or a High Impact Business designated by the
3 Department of Commerce and Economic Opportunity or for
4 taxable years ending on or after December 31, 2006, in a
5 River Edge Redevelopment Zone conducting a trade or
6 business in a federally designated Foreign Trade Zone or
7 Sub-Zone shall be allowed a credit against the tax imposed
8 by subsections (a) and (b) of this Section in the amount of
9 \$500 per eligible employee hired to work in the zone during
10 the taxable year.

11 (2) To qualify for the credit:

12 (A) the taxpayer must hire 5 or more eligible
13 employees to work in an enterprise zone, River Edge
14 Redevelopment Zone, or federally designated Foreign
15 Trade Zone or Sub-Zone during the taxable year;

16 (B) the taxpayer's total employment within the
17 enterprise zone, River Edge Redevelopment Zone, or
18 federally designated Foreign Trade Zone or Sub-Zone
19 must increase by 5 or more full-time employees beyond
20 the total employed in that zone at the end of the
21 previous tax year for which a jobs tax credit under
22 this Section was taken, or beyond the total employed by
23 the taxpayer as of December 31, 1985, whichever is
24 later; and

25 (C) the eligible employees must be employed 180
26 consecutive days in order to be deemed hired for

1 purposes of this subsection.

2 (3) An "eligible employee" means an employee who is:

3 (A) Certified by the Department of Commerce and
4 Economic Opportunity as "eligible for services"
5 pursuant to regulations promulgated in accordance with
6 Title II of the Job Training Partnership Act, Training
7 Services for the Disadvantaged or Title III of the Job
8 Training Partnership Act, Employment and Training
9 Assistance for Dislocated Workers Program.

10 (B) Hired after the enterprise zone, River Edge
11 Redevelopment Zone, or federally designated Foreign
12 Trade Zone or Sub-Zone was designated or the trade or
13 business was located in that zone, whichever is later.

14 (C) Employed in the enterprise zone, River Edge
15 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
16 An employee is employed in an enterprise zone or
17 federally designated Foreign Trade Zone or Sub-Zone if
18 his services are rendered there or it is the base of
19 operations for the services performed.

20 (D) A full-time employee working 30 or more hours
21 per week.

22 (4) For tax years ending on or after December 31, 1985
23 and prior to December 31, 1988, the credit shall be allowed
24 for the tax year in which the eligible employees are hired.
25 For tax years ending on or after December 31, 1988, the
26 credit shall be allowed for the tax year immediately

1 following the tax year in which the eligible employees are
2 hired. If the amount of the credit exceeds the tax
3 liability for that year, whether it exceeds the original
4 liability or the liability as later amended, such excess
5 may be carried forward and applied to the tax liability of
6 the 5 taxable years following the excess credit year. The
7 credit shall be applied to the earliest year for which
8 there is a liability. If there is credit from more than one
9 tax year that is available to offset a liability, earlier
10 credit shall be applied first.

11 (5) The Department of Revenue shall promulgate such
12 rules and regulations as may be deemed necessary to carry
13 out the purposes of this subsection (g).

14 (6) The credit shall be available for eligible
15 employees hired on or after January 1, 1986.

16 (h) Investment credit; High Impact Business.

17 (1) Subject to subsections (b) and (b-5) of Section 5.5
18 of the Illinois Enterprise Zone Act, a taxpayer shall be
19 allowed a credit against the tax imposed by subsections (a)
20 and (b) of this Section for investment in qualified
21 property which is placed in service by a Department of
22 Commerce and Economic Opportunity designated High Impact
23 Business. The credit shall be .5% of the basis for such
24 property. The credit shall not be available (i) until the
25 minimum investments in qualified property set forth in
26 subdivision (a)(3)(A) of Section 5.5 of the Illinois

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

1 there is a liability. If there is credit from more than one
2 tax year that is available to offset a liability, the
3 credit accruing first in time shall be applied first.

4 Changes made in this subdivision (h) (1) by Public Act
5 88-670 restore changes made by Public Act 85-1182 and
6 reflect existing law.

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

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

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

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code; and

17 (D) is not eligible for the Enterprise Zone
18 Investment Credit provided by subsection (f) of this
19 Section.

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

23 (4) If the basis of the property for federal income tax
24 depreciation purposes is increased after it has been placed
25 in service in a federally designated Foreign Trade Zone or
26 Sub-Zone located in Illinois by the taxpayer, the amount of

1 such increase shall be deemed property placed in service on
2 the date of such increase in basis.

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

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

23 (7) Beginning with tax years ending after December 31,
24 1996, if a taxpayer qualifies for the credit under this
25 subsection (h) and thereby is granted a tax abatement and
26 the taxpayer relocates its entire facility in violation of

1 the explicit terms and length of the contract under Section
2 18-183 of the Property Tax Code, the tax imposed under
3 subsections (a) and (b) of this Section shall be increased
4 for the taxable year in which the taxpayer relocated its
5 facility by an amount equal to the amount of credit
6 received by the taxpayer under this subsection (h).

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

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

1 liability. If there is a credit under this subsection from more
2 than one tax year that is available to offset a liability the
3 earliest credit arising under this subsection shall be applied
4 first.

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

15 (j) Training expense credit. Beginning with tax years
16 ending on or after December 31, 1986 and prior to December 31,
17 2003, a taxpayer shall be allowed a credit against the tax
18 imposed by subsections (a) and (b) under this Section for all
19 amounts paid or accrued, on behalf of all persons employed by
20 the taxpayer in Illinois or Illinois residents employed outside
21 of Illinois by a taxpayer, for educational or vocational
22 training in semi-technical or technical fields or semi-skilled
23 or skilled fields, which were deducted from gross income in the
24 computation of taxable income. The credit against the tax
25 imposed by subsections (a) and (b) shall be 1.6% of such
26 training expenses. For partners, shareholders of subchapter S

1 corporations, and owners of limited liability companies, if the
2 liability company is treated as a partnership for purposes of
3 federal and State income taxation, there shall be allowed a
4 credit under this subsection (j) to be determined in accordance
5 with the determination of income and distributive share of
6 income under Sections 702 and 704 and subchapter S of the
7 Internal Revenue Code.

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

18 (k) Research and development credit.

19 For tax years ending after July 1, 1990 and prior to
20 December 31, 2003, and beginning again for tax years ending on
21 or after December 31, 2004, and ending prior to January 1,
22 2011, a taxpayer shall be allowed a credit against the tax
23 imposed by subsections (a) and (b) of this Section for
24 increasing research activities in this State. The credit
25 allowed against the tax imposed by subsections (a) and (b)
26 shall be equal to 6 1/2% of the qualifying expenditures for

1 increasing research activities in this State. For partners,
2 shareholders of subchapter S corporations, and owners of
3 limited liability companies, if the liability company is
4 treated as a partnership for purposes of federal and State
5 income taxation, there shall be allowed a credit under this
6 subsection to be determined in accordance with the
7 determination of income and distributive share of income under
8 Sections 702 and 704 and subchapter S of the Internal Revenue
9 Code.

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

23 Any credit in excess of the tax liability for the taxable
24 year may be carried forward. A taxpayer may elect to have the
25 unused credit shown on its final completed return carried over
26 as a credit against the tax liability for the following 5

1 taxable years or until it has been fully used, whichever occurs
2 first; provided that no credit earned in a tax year ending
3 prior to December 31, 2003 may be carried forward to any year
4 ending on or after December 31, 2003, and no credit may be
5 carried forward to any taxable year ending on or after January
6 1, 2011.

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

19 No inference shall be drawn from this amendatory Act of the
20 91st General Assembly in construing this Section for taxable
21 years beginning before January 1, 1999.

22 (1) Environmental Remediation Tax Credit.

23 (i) For tax years ending after December 31, 1997 and on
24 or before December 31, 2001, a taxpayer shall be allowed a
25 credit against the tax imposed by subsections (a) and (b)
26 of this Section for certain amounts paid for unreimbursed

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

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

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

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

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

20 (m) Education expense credit. Beginning with tax years
21 ending after December 31, 1999, a taxpayer who is the custodian
22 of one or more qualifying pupils shall be allowed a credit
23 against the tax imposed by subsections (a) and (b) of this
24 Section for qualified education expenses incurred on behalf of
25 the qualifying pupils. The credit shall be equal to 25% of
26 qualified education expenses, but in no event may the total

1 credit under this subsection claimed by a family that is the
2 custodian of qualifying pupils exceed \$500. In no event shall a
3 credit under this subsection reduce the taxpayer's liability
4 under this Act to less than zero. This subsection is exempt
5 from the provisions of Section 250 of this Act.

6 For purposes of this subsection:

7 "Qualifying pupils" means individuals who (i) are
8 residents of the State of Illinois, (ii) are under the age of
9 21 at the close of the school year for which a credit is
10 sought, and (iii) during the school year for which a credit is
11 sought were full-time pupils enrolled in a kindergarten through
12 twelfth grade education program at any school, as defined in
13 this subsection.

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

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

25 "Custodian" means, with respect to qualifying pupils, an
26 Illinois resident who is a parent, the parents, a legal

1 guardian, or the legal guardians of the qualifying pupils.

2 (n) River Edge Redevelopment Zone site remediation tax
3 credit.

4 (i) For tax years ending on or after December 31, 2006,
5 a taxpayer shall be allowed a credit against the tax
6 imposed by subsections (a) and (b) of this Section for
7 certain amounts paid for unreimbursed eligible remediation
8 costs, as specified in this subsection. For purposes of
9 this Section, "unreimbursed eligible remediation costs"
10 means costs approved by the Illinois Environmental
11 Protection Agency ("Agency") under Section 58.14a of the
12 Environmental Protection Act that were paid in performing
13 environmental remediation at a site within a River Edge
14 Redevelopment Zone for which a No Further Remediation
15 Letter was issued by the Agency and recorded under Section
16 58.10 of the Environmental Protection Act. The credit must
17 be claimed for the taxable year in which Agency approval of
18 the eligible remediation costs is granted. The credit is
19 not available to any taxpayer if the taxpayer or any
20 related party caused or contributed to, in any material
21 respect, a release of regulated substances on, in, or under
22 the site that was identified and addressed by the remedial
23 action pursuant to the Site Remediation Program of the
24 Environmental Protection Act. Determinations as to credit
25 availability for purposes of this Section shall be made
26 consistent with rules adopted by the Pollution Control

1 Board pursuant to the Illinois Administrative Procedure
2 Act for the administration and enforcement of Section 58.9
3 of the Environmental Protection Act. For purposes of this
4 Section, "taxpayer" includes a person whose tax attributes
5 the taxpayer has succeeded to under Section 381 of the
6 Internal Revenue Code and "related party" includes the
7 persons disallowed a deduction for losses by paragraphs
8 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
9 Code by virtue of being a related taxpayer, as well as any
10 of its partners. The credit allowed against the tax imposed
11 by subsections (a) and (b) shall be equal to 25% of the
12 unreimbursed eligible remediation costs in excess of
13 \$100,000 per site.

14 (ii) A credit allowed under this subsection that is
15 unused in the year the credit is earned may be carried
16 forward to each of the 5 taxable years following the year
17 for which the credit is first earned until it is used. This
18 credit shall be applied first to the earliest year for
19 which there is a liability. If there is a credit under this
20 subsection from more than one tax year that is available to
21 offset a liability, the earliest credit arising under this
22 subsection shall be applied first. A credit allowed under
23 this subsection may be sold to a buyer as part of a sale of
24 all or part of the remediation site for which the credit
25 was granted. The purchaser of a remediation site and the
26 tax credit shall succeed to the unused credit and remaining

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

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

13 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
14 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
15 1-13-11; 97-2, eff. 5-6-11.)

16 (Text of Section after amendment by P.A. 97-636)

17 Sec. 201. Tax Imposed.

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

25 (b) Rates. The tax imposed by subsection (a) of this

1 Section shall be determined as follows, except as adjusted by
2 subsection (d-1):

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

7 (2) In the case of an individual, trust or estate, for
8 taxable years beginning prior to July 1, 1989 and ending
9 after June 30, 1989, an amount equal to the sum of (i) 2
10 1/2% of the taxpayer's net income for the period prior to
11 July 1, 1989, as calculated under Section 202.3, and (ii)
12 3% of the taxpayer's net income for the period after June
13 30, 1989, as calculated under Section 202.3.

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

18 (4) In the case of an individual, trust, or estate, for
19 taxable years beginning prior to January 1, 2011, and
20 ending after December 31, 2010, an amount equal to the sum
21 of (i) 3% of the taxpayer's net income for the period prior
22 to January 1, 2011, as calculated under Section 202.5, and
23 (ii) 5% of the taxpayer's net income for the period after
24 December 31, 2010, as calculated under Section 202.5.

25 (5) In the case of an individual, trust, or estate, for
26 taxable years beginning on or after January 1, 2011, and

1 ending prior to January 1, 2015, an amount equal to 5% of
2 the taxpayer's net income for the taxable year.

3 (5.1) In the case of an individual, trust, or estate,
4 for taxable years beginning prior to January 1, 2015, and
5 ending after December 31, 2014, an amount equal to the sum
6 of (i) 5% of the taxpayer's net income for the period prior
7 to January 1, 2015, as calculated under Section 202.5, and
8 (ii) 3.75% of the taxpayer's net income for the period
9 after December 31, 2014, as calculated under Section 202.5.

10 (5.2) In the case of an individual, trust, or estate,
11 for taxable years beginning on or after January 1, 2015,
12 and ending prior to January 1, 2025, an amount equal to
13 3.75% of the taxpayer's net income for the taxable year.

14 (5.3) In the case of an individual, trust, or estate,
15 for taxable years beginning prior to January 1, 2025, and
16 ending after December 31, 2024, an amount equal to the sum
17 of (i) 3.75% of the taxpayer's net income for the period
18 prior to January 1, 2025, as calculated under Section
19 202.5, and (ii) 3.25% of the taxpayer's net income for the
20 period after December 31, 2024, as calculated under Section
21 202.5.

22 (5.4) In the case of an individual, trust, or estate,
23 for taxable years beginning on or after January 1, 2025, an
24 amount equal to 3.25% of the taxpayer's net income for the
25 taxable year.

26 (6) In the case of a corporation, for taxable years

1 ending prior to July 1, 1989, an amount equal to 4% of the
2 taxpayer's net income for the taxable year.

3 (7) In the case of a corporation, for taxable years
4 beginning prior to July 1, 1989 and ending after June 30,
5 1989, an amount equal to the sum of (i) 4% of the
6 taxpayer's net income for the period prior to July 1, 1989,
7 as calculated under Section 202.3, and (ii) 4.8% of the
8 taxpayer's net income for the period after June 30, 1989,
9 as calculated under Section 202.3.

10 (8) In the case of a corporation, for taxable years
11 beginning after June 30, 1989, and ending prior to January
12 1, 2011, an amount equal to 4.8% of the taxpayer's net
13 income for the taxable year.

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

21 (10) In the case of a corporation, for taxable years
22 beginning on or after January 1, 2011, and ending prior to
23 January 1, 2015, an amount equal to 7% of the taxpayer's
24 net income for the taxable year.

25 (11) In the case of a corporation, for taxable years
26 beginning prior to January 1, 2015, and ending after

1 December 31, 2014, an amount equal to the sum of (i) 7% of
2 the taxpayer's net income for the period prior to January
3 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
4 of the taxpayer's net income for the period after December
5 31, 2014, as calculated under Section 202.5.

6 (12) In the case of a corporation, for taxable years
7 beginning on or after January 1, 2015, and ending prior to
8 January 1, 2025, an amount equal to 5.25% of the taxpayer's
9 net income for the taxable year.

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

17 (14) In the case of a corporation, for taxable years
18 beginning on or after January 1, 2025, an amount equal to
19 4.8% of the taxpayer's net income for the taxable year.

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

22 (c) Personal Property Tax Replacement Income Tax.
23 Beginning on July 1, 1979 and thereafter, in addition to such
24 income tax, there is also hereby imposed the Personal Property
25 Tax Replacement Income Tax measured by net income on every
26 corporation (including Subchapter S corporations), partnership

1 and trust, for each taxable year ending after June 30, 1979.
2 Such taxes are imposed on the privilege of earning or receiving
3 income in or as a resident of this State. The Personal Property
4 Tax Replacement Income Tax shall be in addition to the income
5 tax imposed by subsections (a) and (b) of this Section and in
6 addition to all other occupation or privilege taxes imposed by
7 this State or by any municipal corporation or political
8 subdivision thereof.

9 (d) Additional Personal Property Tax Replacement Income
10 Tax Rates. The personal property tax replacement income tax
11 imposed by this subsection and subsection (c) of this Section
12 in the case of a corporation, other than a Subchapter S
13 corporation and except as adjusted by subsection (d-1), shall
14 be an additional amount equal to 2.85% of such taxpayer's net
15 income for the taxable year, except that beginning on January
16 1, 1981, and thereafter, the rate of 2.85% specified in this
17 subsection shall be reduced to 2.5%, and in the case of a
18 partnership, trust or a Subchapter S corporation shall be an
19 additional amount equal to 1.5% of such taxpayer's net income
20 for the taxable year.

21 (d-1) Rate reduction for certain foreign insurers. In the
22 case of a foreign insurer, as defined by Section 35A-5 of the
23 Illinois Insurance Code, whose state or country of domicile
24 imposes on insurers domiciled in Illinois a retaliatory tax
25 (excluding any insurer whose premiums from reinsurance assumed
26 are 50% or more of its total insurance premiums as determined

1 under paragraph (2) of subsection (b) of Section 304, except
2 that for purposes of this determination premiums from
3 reinsurance do not include premiums from inter-affiliate
4 reinsurance arrangements), beginning with taxable years ending
5 on or after December 31, 1999, the sum of the rates of tax
6 imposed by subsections (b) and (d) shall be reduced (but not
7 increased) to the rate at which the total amount of tax imposed
8 under this Act, net of all credits allowed under this Act,
9 shall equal (i) the total amount of tax that would be imposed
10 on the foreign insurer's net income allocable to Illinois for
11 the taxable year by such foreign insurer's state or country of
12 domicile if that net income were subject to all income taxes
13 and taxes measured by net income imposed by such foreign
14 insurer's state or country of domicile, net of all credits
15 allowed or (ii) a rate of zero if no such tax is imposed on such
16 income by the foreign insurer's state of domicile. For the
17 purposes of this subsection (d-1), an inter-affiliate includes
18 a mutual insurer under common management.

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

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

25 (B) the privilege tax imposed by Section 409 of the
26 Illinois Insurance Code, the fire insurance company

1 tax imposed by Section 12 of the Fire Investigation
2 Act, and the fire department taxes imposed under
3 Section 11-10-1 of the Illinois Municipal Code,
4 equals 1.25% for taxable years ending prior to December 31,
5 2003, or 1.75% for taxable years ending on or after
6 December 31, 2003, of the net taxable premiums written for
7 the taxable year, as described by subsection (1) of Section
8 409 of the Illinois Insurance Code. This paragraph will in
9 no event increase the rates imposed under subsections (b)
10 and (d).

11 (2) Any reduction in the rates of tax imposed by this
12 subsection shall be applied first against the rates imposed
13 by subsection (b) and only after the tax imposed by
14 subsection (a) net of all credits allowed under this
15 Section other than the credit allowed under subsection (i)
16 has been reduced to zero, against the rates imposed by
17 subsection (d).

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

20 (d-2) Rate reduction for new business. For taxable years
21 ending on or after December 31, 2012, no tax shall be imposed
22 under subsections (c) or (d) for the taxable year in which the
23 taxpayer first begins doing business in Illinois or for the 2
24 immediately succeeding taxable years. Thereafter, the tax
25 shall be increased by 0.5% per year until such time as the tax
26 is imposed at the rates set forth in subsections (c) and (d),

1 as modified by subsection (d-1), if applicable. This subsection
2 (d-1) is exempt from the provisions of Section 250.

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

6 (1) A taxpayer shall be allowed a credit equal to .5%
7 of the basis of qualified property placed in service during
8 the taxable year, provided such property is placed in
9 service on or after July 1, 1984. There shall be allowed an
10 additional credit equal to .5% of the basis of qualified
11 property placed in service during the taxable year,
12 provided such property is placed in service on or after
13 July 1, 1986, and the taxpayer's base employment within
14 Illinois has increased by 1% or more over the preceding
15 year as determined by the taxpayer's employment records
16 filed with the Illinois Department of Employment Security.
17 Taxpayers who are new to Illinois shall be deemed to have
18 met the 1% growth in base employment for the first year in
19 which they file employment records with the Illinois
20 Department of Employment Security. The provisions added to
21 this Section by Public Act 85-1200 (and restored by Public
22 Act 87-895) shall be construed as declaratory of existing
23 law and not as a new enactment. If, in any year, the
24 increase in base employment within Illinois over the
25 preceding year is less than 1%, the additional credit shall
26 be limited to that percentage times a fraction, the

1 numerator of which is .5% and the denominator of which is
2 1%, but shall not exceed .5%. The investment credit shall
3 not be allowed to the extent that it would reduce a
4 taxpayer's liability in any tax year below zero, nor may
5 any credit for qualified property be allowed for any year
6 other than the year in which the property was placed in
7 service in Illinois. For tax years ending on or after
8 December 31, 1987, and on or before December 31, 1988, the
9 credit shall be allowed for the tax year in which the
10 property is placed in service, or, if the amount of the
11 credit exceeds the tax liability for that year, whether it
12 exceeds the original liability or the liability as later
13 amended, such excess may be carried forward and applied to
14 the tax liability of the 5 taxable years following the
15 excess credit years if the taxpayer (i) makes investments
16 which cause the creation of a minimum of 2,000 full-time
17 equivalent jobs in Illinois, (ii) is located in an
18 enterprise zone established pursuant to the Illinois
19 Enterprise Zone Act and (iii) is certified by the
20 Department of Commerce and Community Affairs (now
21 Department of Commerce and Economic Opportunity) as
22 complying with the requirements specified in clause (i) and
23 (ii) by July 1, 1986. The Department of Commerce and
24 Community Affairs (now Department of Commerce and Economic
25 Opportunity) shall notify the Department of Revenue of all
26 such certifications immediately. For tax years ending

1 after December 31, 1988, the credit shall be allowed for
2 the tax year in which the property is placed in service,
3 or, if the amount of the credit exceeds the tax liability
4 for that year, whether it exceeds the original liability or
5 the liability as later amended, such excess may be carried
6 forward and applied to the tax liability of the 5 taxable
7 years following the excess credit years. The credit shall
8 be applied to the earliest year for which there is a
9 liability. If there is credit from more than one tax year
10 that is available to offset a liability, earlier credit
11 shall be applied first.

12 (2) The term "qualified property" means property
13 which:

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

21 (B) is depreciable pursuant to Section 167 of the
22 Internal Revenue Code, except that "3-year property"
23 as defined in Section 168(c)(2)(A) of that Code is not
24 eligible for the credit provided by this subsection
25 (e);

26 (C) is acquired by purchase as defined in Section

1 179(d) of the Internal Revenue Code;

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

8 (E) has not previously been used in Illinois in
9 such a manner and by such a person as would qualify for
10 the credit provided by this subsection (e) or
11 subsection (f).

12 (3) For purposes of this subsection (e),
13 "manufacturing" means the material staging and production
14 of tangible personal property by procedures commonly
15 regarded as manufacturing, processing, fabrication, or
16 assembling which changes some existing material into new
17 shapes, new qualities, or new combinations. For purposes of
18 this subsection (e) the term "mining" shall have the same
19 meaning as the term "mining" in Section 613(c) of the
20 Internal Revenue Code. For purposes of this subsection (e),
21 the term "retailing" means the sale of tangible personal
22 property for use or consumption and not for resale, or
23 services rendered in conjunction with the sale of tangible
24 personal property for use or consumption and not for
25 resale. For purposes of this subsection (e), "tangible
26 personal property" has the same meaning as when that term

1 is used in the Retailers' Occupation Tax Act, and, for
2 taxable years ending after December 31, 2008, does not
3 include the generation, transmission, or distribution of
4 electricity.

5 (4) The basis of qualified property shall be the basis
6 used to compute the depreciation deduction for federal
7 income tax purposes.

8 (5) If the basis of the property for federal income tax
9 depreciation purposes is increased after it has been placed
10 in service in Illinois by the taxpayer, the amount of such
11 increase shall be deemed property placed in service on the
12 date of such increase in basis.

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

15 (7) If during any taxable year, any property ceases to
16 be qualified property in the hands of the taxpayer within
17 48 months after being placed in service, or the situs of
18 any qualified property is moved outside Illinois within 48
19 months after being placed in service, the Personal Property
20 Tax Replacement Income Tax for such taxable year shall be
21 increased. Such increase shall be determined by (i)
22 recomputing the investment credit which would have been
23 allowed for the year in which credit for such property was
24 originally allowed by eliminating such property from such
25 computation and, (ii) subtracting such recomputed credit
26 from the amount of credit previously allowed. For the

1 purposes of this paragraph (7), a reduction of the basis of
2 qualified property resulting from a redetermination of the
3 purchase price shall be deemed a disposition of qualified
4 property to the extent of such reduction.

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

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

26 For taxable years ending on or after December 31, 2000,

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

14 (f) Investment credit; Enterprise Zone; River Edge
15 Redevelopment Zone.

16 (1) A taxpayer shall be allowed a credit against the
17 tax imposed by subsections (a) and (b) of this Section for
18 investment in qualified property which is placed in service
19 in an Enterprise Zone created pursuant to the Illinois
20 Enterprise Zone Act or, for property placed in service on
21 or after July 1, 2006, a River Edge Redevelopment Zone
22 established pursuant to the River Edge Redevelopment Zone
23 Act. For partners, shareholders of Subchapter S
24 corporations, and owners of limited liability companies,
25 if the liability company is treated as a partnership for
26 purposes of federal and State income taxation, there shall

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

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

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

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 (f);

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

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

9 (E) has not been previously used in Illinois in
10 such a manner and by such a person as would qualify for
11 the credit provided by this subsection (f) or
12 subsection (e).

13 (3) The basis of qualified property shall be the basis
14 used to compute the depreciation deduction for federal
15 income tax purposes.

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

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

24 (6) If during any taxable year, any property ceases to
25 be qualified property in the hands of the taxpayer within
26 48 months after being placed in service, or the situs of

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

15 (7) There shall be allowed an additional credit equal
16 to 0.5% of the basis of qualified property placed in
17 service during the taxable year in a River Edge
18 Redevelopment Zone, provided such property is placed in
19 service on or after July 1, 2006, and the taxpayer's base
20 employment within Illinois has increased by 1% or more over
21 the preceding year as determined by the taxpayer's
22 employment records filed with the Illinois Department of
23 Employment Security. Taxpayers who are new to Illinois
24 shall be deemed to have met the 1% growth in base
25 employment for the first year in which they file employment
26 records with the Illinois Department of Employment

1 Security. If, in any year, the increase in base employment
2 within Illinois over the preceding year is less than 1%,
3 the additional credit shall be limited to that percentage
4 times a fraction, the numerator of which is 0.5% and the
5 denominator of which is 1%, but shall not exceed 0.5%.

6 (g) Jobs Tax Credit; Enterprise Zone, River Edge
7 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

8 (1) A taxpayer conducting a trade or business in an
9 enterprise zone or a High Impact Business designated by the
10 Department of Commerce and Economic Opportunity or for
11 taxable years ending on or after December 31, 2006, in a
12 River Edge Redevelopment Zone conducting a trade or
13 business in a federally designated Foreign Trade Zone or
14 Sub-Zone shall be allowed a credit against the tax imposed
15 by subsections (a) and (b) of this Section in the amount of
16 \$500 per eligible employee hired to work in the zone during
17 the taxable year.

18 (2) To qualify for the credit:

19 (A) the taxpayer must hire 5 or more eligible
20 employees to work in an enterprise zone, River Edge
21 Redevelopment Zone, or federally designated Foreign
22 Trade Zone or Sub-Zone during the taxable year;

23 (B) the taxpayer's total employment within the
24 enterprise zone, River Edge Redevelopment Zone, or
25 federally designated Foreign Trade Zone or Sub-Zone
26 must increase by 5 or more full-time employees beyond

1 the total employed in that zone at the end of the
2 previous tax year for which a jobs tax credit under
3 this Section was taken, or beyond the total employed by
4 the taxpayer as of December 31, 1985, whichever is
5 later; and

6 (C) the eligible employees must be employed 180
7 consecutive days in order to be deemed hired for
8 purposes of this subsection.

9 (3) An "eligible employee" means an employee who is:

10 (A) Certified by the Department of Commerce and
11 Economic Opportunity as "eligible for services"
12 pursuant to regulations promulgated in accordance with
13 Title II of the Job Training Partnership Act, Training
14 Services for the Disadvantaged or Title III of the Job
15 Training Partnership Act, Employment and Training
16 Assistance for Dislocated Workers Program.

17 (B) Hired after the enterprise zone, River Edge
18 Redevelopment Zone, or federally designated Foreign
19 Trade Zone or Sub-Zone was designated or the trade or
20 business was located in that zone, whichever is later.

21 (C) Employed in the enterprise zone, River Edge
22 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
23 An employee is employed in an enterprise zone or
24 federally designated Foreign Trade Zone or Sub-Zone if
25 his services are rendered there or it is the base of
26 operations for the services performed.

1 (D) A full-time employee working 30 or more hours
2 per week.

3 (4) For tax years ending on or after December 31, 1985
4 and prior to December 31, 1988, the credit shall be allowed
5 for the tax year in which the eligible employees are hired.
6 For tax years ending on or after December 31, 1988, the
7 credit shall be allowed for the tax year immediately
8 following the tax year in which the eligible employees are
9 hired. If the amount of the credit exceeds the tax
10 liability for that year, whether it exceeds the original
11 liability or the liability as later amended, such excess
12 may be carried forward and applied to the tax liability of
13 the 5 taxable years following the excess credit year. The
14 credit shall be applied to the earliest year for which
15 there is a liability. If there is credit from more than one
16 tax year that is available to offset a liability, earlier
17 credit shall be applied first.

18 (5) The Department of Revenue shall promulgate such
19 rules and regulations as may be deemed necessary to carry
20 out the purposes of this subsection (g).

21 (6) The credit shall be available for eligible
22 employees hired on or after January 1, 1986.

23 (h) Investment credit; High Impact Business.

24 (1) Subject to subsections (b) and (b-5) of Section 5.5
25 of the Illinois Enterprise Zone Act, a taxpayer shall be
26 allowed a credit against the tax imposed by subsections (a)

1 and (b) of this Section for investment in qualified
2 property which is placed in service by a Department of
3 Commerce and Economic Opportunity designated High Impact
4 Business. The credit shall be .5% of the basis for such
5 property. The credit shall not be available (i) until the
6 minimum investments in qualified property set forth in
7 subdivision (a)(3)(A) of Section 5.5 of the Illinois
8 Enterprise Zone Act have been satisfied or (ii) until the
9 time authorized in subsection (b-5) of the Illinois
10 Enterprise Zone Act for entities designated as High Impact
11 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
12 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
13 Act, and shall not be allowed to the extent that it would
14 reduce a taxpayer's liability for the tax imposed by
15 subsections (a) and (b) of this Section to below zero. The
16 credit applicable to such investments shall be taken in the
17 taxable year in which such investments have been completed.
18 The credit for additional investments beyond the minimum
19 investment by a designated high impact business authorized
20 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
21 Enterprise Zone Act shall be available only in the taxable
22 year in which the property is placed in service and shall
23 not be allowed to the extent that it would reduce a
24 taxpayer's liability for the tax imposed by subsections (a)
25 and (b) of this Section to below zero. For tax years ending
26 on or after December 31, 1987, the credit shall be allowed

1 for the tax year in which the property is placed in
2 service, or, if the amount of the credit exceeds the tax
3 liability for that year, whether it exceeds the original
4 liability or the liability as later amended, such excess
5 may be carried forward and applied to the tax liability of
6 the 5 taxable years following the excess credit year. The
7 credit shall be applied to the earliest year for which
8 there is a liability. If there is credit from more than one
9 tax year that is available to offset a liability, the
10 credit accruing first in time shall be applied first.

11 Changes made in this subdivision (h) (1) by Public Act
12 88-670 restore changes made by Public Act 85-1182 and
13 reflect existing law.

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

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

17 (B) is depreciable pursuant to Section 167 of the
18 Internal Revenue Code, except that "3-year property"
19 as defined in Section 168(c) (2) (A) of that Code is not
20 eligible for the credit provided by this subsection
21 (h);

22 (C) is acquired by purchase as defined in Section
23 179(d) of the Internal Revenue Code; and

24 (D) is not eligible for the Enterprise Zone
25 Investment Credit provided by subsection (f) of this
26 Section.

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

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

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

12 (6) If during any taxable year ending on or before
13 December 31, 1996, any property ceases to be qualified
14 property in the hands of the taxpayer within 48 months
15 after being placed in service, or the situs of any
16 qualified property is moved outside Illinois within 48
17 months after being placed in service, the tax imposed under
18 subsections (a) and (b) of this Section for such taxable
19 year shall be increased. Such increase shall be determined
20 by (i) recomputing the investment credit which would have
21 been allowed for the year in which credit for such property
22 was originally allowed by eliminating such property from
23 such computation, and (ii) subtracting such recomputed
24 credit from the amount of credit previously allowed. For
25 the purposes of this paragraph (6), a reduction of the
26 basis of qualified property resulting from a

1 redetermination of the purchase price shall be deemed a
2 disposition of qualified property to the extent of such
3 reduction.

4 (7) Beginning with tax years ending after December 31,
5 1996, if a taxpayer qualifies for the credit under this
6 subsection (h) and thereby is granted a tax abatement and
7 the taxpayer relocates its entire facility in violation of
8 the explicit terms and length of the contract under Section
9 18-183 of the Property Tax Code, the tax imposed under
10 subsections (a) and (b) of this Section shall be increased
11 for the taxable year in which the taxpayer relocated its
12 facility by an amount equal to the amount of credit
13 received by the taxpayer under this subsection (h).

14 (i) Credit for Personal Property Tax Replacement Income
15 Tax. For tax years ending prior to December 31, 2003, a credit
16 shall be allowed against the tax imposed by subsections (a) and
17 (b) of this Section for the tax imposed by subsections (c) and
18 (d) of this Section. This credit shall be computed by
19 multiplying the tax imposed by subsections (c) and (d) of this
20 Section by a fraction, the numerator of which is base income
21 allocable to Illinois and the denominator of which is Illinois
22 base income, and further multiplying the product by the tax
23 rate imposed by subsections (a) and (b) of this Section.

24 Any credit earned on or after December 31, 1986 under this
25 subsection which is unused in the year the credit is computed
26 because it exceeds the tax liability imposed by subsections (a)

1 and (b) for that year (whether it exceeds the original
2 liability or the liability as later amended) may be carried
3 forward and applied to the tax liability imposed by subsections
4 (a) and (b) of the 5 taxable years following the excess credit
5 year, provided that no credit may be carried forward to any
6 year ending on or after December 31, 2003. This credit shall be
7 applied first to the earliest year for which there is a
8 liability. If there is a credit under this subsection from more
9 than one tax year that is available to offset a liability the
10 earliest credit arising under this subsection shall be applied
11 first.

12 If, during any taxable year ending on or after December 31,
13 1986, the tax imposed by subsections (c) and (d) of this
14 Section for which a taxpayer has claimed a credit under this
15 subsection (i) is reduced, the amount of credit for such tax
16 shall also be reduced. Such reduction shall be determined by
17 recomputing the credit to take into account the reduced tax
18 imposed by subsections (c) and (d). If any portion of the
19 reduced amount of credit has been carried to a different
20 taxable year, an amended return shall be filed for such taxable
21 year to reduce the amount of credit claimed.

22 (j) Training expense credit. Beginning with tax years
23 ending on or after December 31, 1986 and prior to December 31,
24 2003, a taxpayer shall be allowed a credit against the tax
25 imposed by subsections (a) and (b) under this Section for all
26 amounts paid or accrued, on behalf of all persons employed by

1 the taxpayer in Illinois or Illinois residents employed outside
2 of Illinois by a taxpayer, for educational or vocational
3 training in semi-technical or technical fields or semi-skilled
4 or skilled fields, which were deducted from gross income in the
5 computation of taxable income. The credit against the tax
6 imposed by subsections (a) and (b) shall be 1.6% of such
7 training expenses. For partners, shareholders of subchapter S
8 corporations, and owners of limited liability companies, if the
9 liability company is treated as a partnership for purposes of
10 federal and State income taxation, there shall be allowed a
11 credit under this subsection (j) to be determined in accordance
12 with the determination of income and distributive share of
13 income under Sections 702 and 704 and subchapter S of the
14 Internal Revenue Code.

15 Any credit allowed under this subsection which is unused in
16 the year the credit is earned may be carried forward to each of
17 the 5 taxable years following the year for which the credit is
18 first computed until it is used. This credit shall be applied
19 first to the earliest year for which there is a liability. If
20 there is a credit under this subsection from more than one tax
21 year that is available to offset a liability the earliest
22 credit arising under this subsection shall be applied first. No
23 carryforward credit may be claimed in any tax year ending on or
24 after December 31, 2003.

25 (k) Research and development credit.

26 For tax years ending after July 1, 1990 and prior to

1 December 31, 2003, and beginning again for tax years ending on
2 or after December 31, 2004, and ending prior to January 1,
3 2016, a taxpayer shall be allowed a credit against the tax
4 imposed by subsections (a) and (b) of this Section for
5 increasing research activities in this State. The credit
6 allowed against the tax imposed by subsections (a) and (b)
7 shall be equal to 6 1/2% of the qualifying expenditures for
8 increasing research activities in this State. For partners,
9 shareholders of subchapter S corporations, and owners of
10 limited liability companies, if the liability company is
11 treated as a partnership for purposes of federal and State
12 income taxation, there shall be allowed a credit under this
13 subsection to be determined in accordance with the
14 determination of income and distributive share of income under
15 Sections 702 and 704 and subchapter S of the Internal Revenue
16 Code.

17 For purposes of this subsection, "qualifying expenditures"
18 means the qualifying expenditures as defined for the federal
19 credit for increasing research activities which would be
20 allowable under Section 41 of the Internal Revenue Code and
21 which are conducted in this State, "qualifying expenditures for
22 increasing research activities in this State" means the excess
23 of qualifying expenditures for the taxable year in which
24 incurred over qualifying expenditures for the base period,
25 "qualifying expenditures for the base period" means the average
26 of the qualifying expenditures for each year in the base

1 period, and "base period" means the 3 taxable years immediately
2 preceding the taxable year for which the determination is being
3 made.

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

12 If an unused credit is carried forward to a given year from
13 2 or more earlier years, that credit arising in the earliest
14 year will be applied first against the tax liability for the
15 given year. If a tax liability for the given year still
16 remains, the credit from the next earliest year will then be
17 applied, and so on, until all credits have been used or no tax
18 liability for the given year remains. Any remaining unused
19 credit or credits then will be carried forward to the next
20 following year in which a tax liability is incurred, except
21 that no credit can be carried forward to a year which is more
22 than 5 years after the year in which the expense for which the
23 credit is given was incurred.

24 No inference shall be drawn from this amendatory Act of the
25 91st General Assembly in construing this Section for taxable
26 years beginning before January 1, 1999.

1 (1) Environmental Remediation Tax Credit.

2 (i) For tax years ending after December 31, 1997 and on
3 or before December 31, 2001, a taxpayer shall be allowed a
4 credit against the tax imposed by subsections (a) and (b)
5 of this Section for certain amounts paid for unreimbursed
6 eligible remediation costs, as specified in this
7 subsection. For purposes of this Section, "unreimbursed
8 eligible remediation costs" means costs approved by the
9 Illinois Environmental Protection Agency ("Agency") under
10 Section 58.14 of the Environmental Protection Act that were
11 paid in performing environmental remediation at a site for
12 which a No Further Remediation Letter was issued by the
13 Agency and recorded under Section 58.10 of the
14 Environmental Protection Act. The credit must be claimed
15 for the taxable year in which Agency approval of the
16 eligible remediation costs is granted. The credit is not
17 available to any taxpayer if the taxpayer or any related
18 party caused or contributed to, in any material respect, a
19 release of regulated substances on, in, or under the site
20 that was identified and addressed by the remedial action
21 pursuant to the Site Remediation Program of the
22 Environmental Protection Act. After the Pollution Control
23 Board rules are adopted pursuant to the Illinois
24 Administrative Procedure Act for the administration and
25 enforcement of Section 58.9 of the Environmental
26 Protection Act, determinations as to credit availability

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

23 (ii) A credit allowed under this subsection that is
24 unused in the year the credit is earned may be carried
25 forward to each of the 5 taxable years following the year
26 for which the credit is first earned until it is used. The

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

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

25 (m) Education expense credit. Beginning with tax years
26 ending after December 31, 1999, a taxpayer who is the custodian

1 of one or more qualifying pupils shall be allowed a credit
2 against the tax imposed by subsections (a) and (b) of this
3 Section for qualified education expenses incurred on behalf of
4 the qualifying pupils. The credit shall be equal to 25% of
5 qualified education expenses, but in no event may the total
6 credit under this subsection claimed by a family that is the
7 custodian of qualifying pupils exceed \$500. In no event shall a
8 credit under this subsection reduce the taxpayer's liability
9 under this Act to less than zero. This subsection is exempt
10 from the provisions of Section 250 of this Act.

11 For purposes of this subsection:

12 "Qualifying pupils" means individuals who (i) are
13 residents of the State of Illinois, (ii) are under the age of
14 21 at the close of the school year for which a credit is
15 sought, and (iii) during the school year for which a credit is
16 sought were full-time pupils enrolled in a kindergarten through
17 twelfth grade education program at any school, as defined in
18 this subsection.

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

23 "School" means any public or nonpublic elementary or
24 secondary school in Illinois that is in compliance with Title
25 VI of the Civil Rights Act of 1964 and attendance at which
26 satisfies the requirements of Section 26-1 of the School Code,

1 except that nothing shall be construed to require a child to
2 attend any particular public or nonpublic school to qualify for
3 the credit under this Section.

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

7 (n) River Edge Redevelopment Zone site remediation tax
8 credit.

9 (i) For tax years ending on or after December 31, 2006,
10 a taxpayer shall be allowed a credit against the tax
11 imposed by subsections (a) and (b) of this Section for
12 certain amounts paid for unreimbursed eligible remediation
13 costs, as specified in this subsection. For purposes of
14 this Section, "unreimbursed eligible remediation costs"
15 means costs approved by the Illinois Environmental
16 Protection Agency ("Agency") under Section 58.14a of the
17 Environmental Protection Act that were paid in performing
18 environmental remediation at a site within a River Edge
19 Redevelopment Zone for which a No Further Remediation
20 Letter was issued by the Agency and recorded under Section
21 58.10 of the Environmental Protection Act. The credit must
22 be claimed for the taxable year in which Agency approval of
23 the eligible remediation costs is granted. The credit is
24 not available to any taxpayer if the taxpayer or any
25 related party caused or contributed to, in any material
26 respect, a release of regulated substances on, in, or under

1 the site that was identified and addressed by the remedial
2 action pursuant to the Site Remediation Program of the
3 Environmental Protection Act. Determinations as to credit
4 availability for purposes of this Section shall be made
5 consistent with rules adopted by the Pollution Control
6 Board pursuant to the Illinois Administrative Procedure
7 Act for the administration and enforcement of Section 58.9
8 of the Environmental Protection Act. For purposes of this
9 Section, "taxpayer" includes a person whose tax attributes
10 the taxpayer has succeeded to under Section 381 of the
11 Internal Revenue Code and "related party" includes the
12 persons disallowed a deduction for losses by paragraphs
13 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
14 Code by virtue of being a related taxpayer, as well as any
15 of its partners. The credit allowed against the tax imposed
16 by subsections (a) and (b) shall be equal to 25% of the
17 unreimbursed eligible remediation costs in excess of
18 \$100,000 per site.

19 (ii) A credit allowed under this subsection that is
20 unused in the year the credit is earned may be carried
21 forward to each of the 5 taxable years following the year
22 for which the credit is first earned until it is used. This
23 credit shall be applied first to the earliest year for
24 which there is a liability. If there is a credit under this
25 subsection from more than one tax year that is available to
26 offset a liability, the earliest credit arising under this

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

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

18 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
19 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
20 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12.)

21 Section 95. No acceleration or delay. Where this Act makes
22 changes in a statute that is represented in this Act by text
23 that is not yet or no longer in effect (for example, a Section
24 represented by multiple versions), the use of that text does
25 not accelerate or delay the taking effect of (i) the changes

1 made by this Act or (ii) provisions derived from any other
2 Public Act.

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.