

HB0383



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB0383

by Rep. David Harris - Carol Sente

SYNOPSIS AS INTRODUCED:

35 ILCS 5/1501

from Ch. 120, par. 15-1501

805 ILCS 180/50-10

Amends the Illinois Income Tax Act. In provisions providing that a unitary business group does not include members whose business activity outside the United States is 80% or more of that member's total business activity, provides that the phrase "United States" means only the 50 states, the District of Columbia, and any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources, but does not include any territory or possession of the United States (currently, for those purposes, "United States" means only the 50 states and the District of Columbia, but does not include any territory or possession of the United States or any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources). Amends the Limited Liability Company Act. Reduces the fees for filing articles of organization, applications for admission, and restated articles of organization to \$125 for a series LLC (currently, \$750) and \$75 for all other LLCs (currently, \$500).

LRB100 05881 HLH 15907 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 1501 as follows:

6 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)
7 Sec. 1501. Definitions.

8 (a) In general. When used in this Act, where not otherwise
9 distinctly expressed or manifestly incompatible with the
10 intent thereof:

11 (1) Business income. The term "business income" means
12 all income that may be treated as apportionable business
13 income under the Constitution of the United States.
14 Business income is net of the deductions allocable thereto.
15 Such term does not include compensation or the deductions
16 allocable thereto. For each taxable year beginning on or
17 after January 1, 2003, a taxpayer may elect to treat all
18 income other than compensation as business income. This
19 election shall be made in accordance with rules adopted by
20 the Department and, once made, shall be irrevocable.

21 (1.5) Captive real estate investment trust:

22 (A) The term "captive real estate investment
23 trust" means a corporation, trust, or association:

1 (i) that is considered a real estate
2 investment trust for the taxable year under
3 Section 856 of the Internal Revenue Code;

4 (ii) the certificates of beneficial interest
5 or shares of which are not regularly traded on an
6 established securities market; and

7 (iii) of which more than 50% of the voting
8 power or value of the beneficial interest or
9 shares, at any time during the last half of the
10 taxable year, is owned or controlled, directly,
11 indirectly, or constructively, by a single
12 corporation.

13 (B) The term "captive real estate investment
14 trust" does not include:

15 (i) a real estate investment trust of which
16 more than 50% of the voting power or value of the
17 beneficial interest or shares is owned or
18 controlled, directly, indirectly, or
19 constructively, by:

20 (a) a real estate investment trust, other
21 than a captive real estate investment trust;

22 (b) a person who is exempt from taxation
23 under Section 501 of the Internal Revenue Code,
24 and who is not required to treat income
25 received from the real estate investment trust
26 as unrelated business taxable income under

1 Section 512 of the Internal Revenue Code;

2 (c) a listed Australian property trust, if
3 no more than 50% of the voting power or value
4 of the beneficial interest or shares of that
5 trust, at any time during the last half of the
6 taxable year, is owned or controlled, directly
7 or indirectly, by a single person;

8 (d) an entity organized as a trust,
9 provided a listed Australian property trust
10 described in subparagraph (c) owns or
11 controls, directly or indirectly, or
12 constructively, 75% or more of the voting power
13 or value of the beneficial interests or shares
14 of such entity; or

15 (e) an entity that is organized outside of
16 the laws of the United States and that
17 satisfies all of the following criteria:

18 (1) at least 75% of the entity's total
19 asset value at the close of its taxable
20 year is represented by real estate assets
21 (as defined in Section 856(c)(5)(B) of the
22 Internal Revenue Code, thereby including
23 shares or certificates of beneficial
24 interest in any real estate investment
25 trust), cash and cash equivalents, and
26 U.S. Government securities;

1 (2) the entity is not subject to tax on
2 amounts that are distributed to its
3 beneficial owners or is exempt from
4 entity-level taxation;

5 (3) the entity distributes at least
6 85% of its taxable income (as computed in
7 the jurisdiction in which it is organized)
8 to the holders of its shares or
9 certificates of beneficial interest on an
10 annual basis;

11 (4) either (i) the shares or
12 beneficial interests of the entity are
13 regularly traded on an established
14 securities market or (ii) not more than 10%
15 of the voting power or value in the entity
16 is held, directly, indirectly, or
17 constructively, by a single entity or
18 individual; and

19 (5) the entity is organized in a
20 country that has entered into a tax treaty
21 with the United States; or

22 (ii) during its first taxable year for which it
23 elects to be treated as a real estate investment
24 trust under Section 856(c)(1) of the Internal
25 Revenue Code, a real estate investment trust the
26 certificates of beneficial interest or shares of

1 which are not regularly traded on an established
2 securities market, but only if the certificates of
3 beneficial interest or shares of the real estate
4 investment trust are regularly traded on an
5 established securities market prior to the earlier
6 of the due date (including extensions) for filing
7 its return under this Act for that first taxable
8 year or the date it actually files that return.

9 (C) For the purposes of this subsection (1.5), the
10 constructive ownership rules prescribed under Section
11 318(a) of the Internal Revenue Code, as modified by
12 Section 856(d)(5) of the Internal Revenue Code, apply
13 in determining the ownership of stock, assets, or net
14 profits of any person.

15 (D) For the purposes of this item (1.5), for
16 taxable years ending on or after August 16, 2007, the
17 voting power or value of the beneficial interest or
18 shares of a real estate investment trust does not
19 include any voting power or value of beneficial
20 interest or shares in a real estate investment trust
21 held directly or indirectly in a segregated asset
22 account by a life insurance company (as described in
23 Section 817 of the Internal Revenue Code) to the extent
24 such voting power or value is for the benefit of
25 entities or persons who are either immune from taxation
26 or exempt from taxation under subtitle A of the

1 Internal Revenue Code.

2 (2) Commercial domicile. The term "commercial
3 domicile" means the principal place from which the trade or
4 business of the taxpayer is directed or managed.

5 (3) Compensation. The term "compensation" means wages,
6 salaries, commissions and any other form of remuneration
7 paid to employees for personal services.

8 (4) Corporation. The term "corporation" includes
9 associations, joint-stock companies, insurance companies
10 and cooperatives. Any entity, including a limited
11 liability company formed under the Illinois Limited
12 Liability Company Act, shall be treated as a corporation if
13 it is so classified for federal income tax purposes.

14 (5) Department. The term "Department" means the
15 Department of Revenue of this State.

16 (6) Director. The term "Director" means the Director of
17 Revenue of this State.

18 (7) Fiduciary. The term "fiduciary" means a guardian,
19 trustee, executor, administrator, receiver, or any person
20 acting in any fiduciary capacity for any person.

21 (8) Financial organization.

22 (A) The term "financial organization" means any
23 bank, bank holding company, trust company, savings
24 bank, industrial bank, land bank, safe deposit
25 company, private banker, savings and loan association,
26 building and loan association, credit union, currency

1 exchange, cooperative bank, small loan company, sales
2 finance company, investment company, or any person
3 which is owned by a bank or bank holding company. For
4 the purpose of this Section a "person" will include
5 only those persons which a bank holding company may
6 acquire and hold an interest in, directly or
7 indirectly, under the provisions of the Bank Holding
8 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
9 where interests in any person must be disposed of
10 within certain required time limits under the Bank
11 Holding Company Act of 1956.

12 (B) For purposes of subparagraph (A) of this
13 paragraph, the term "bank" includes (i) any entity that
14 is regulated by the Comptroller of the Currency under
15 the National Bank Act, or by the Federal Reserve Board,
16 or by the Federal Deposit Insurance Corporation and
17 (ii) any federally or State chartered bank operating as
18 a credit card bank.

19 (C) For purposes of subparagraph (A) of this
20 paragraph, the term "sales finance company" has the
21 meaning provided in the following item (i) or (ii):

22 (i) A person primarily engaged in one or more
23 of the following businesses: the business of
24 purchasing customer receivables, the business of
25 making loans upon the security of customer
26 receivables, the business of making loans for the

1 express purpose of funding purchases of tangible
2 personal property or services by the borrower, or
3 the business of finance leasing. For purposes of
4 this item (i), "customer receivable" means:

5 (a) a retail installment contract or
6 retail charge agreement within the meaning of
7 the Sales Finance Agency Act, the Retail
8 Installment Sales Act, or the Motor Vehicle
9 Retail Installment Sales Act;

10 (b) an installment, charge, credit, or
11 similar contract or agreement arising from the
12 sale of tangible personal property or services
13 in a transaction involving a deferred payment
14 price payable in one or more installments
15 subsequent to the sale; or

16 (c) the outstanding balance of a contract
17 or agreement described in provisions (a) or (b)
18 of this item (i).

19 A customer receivable need not provide for
20 payment of interest on deferred payments. A sales
21 finance company may purchase a customer receivable
22 from, or make a loan secured by a customer
23 receivable to, the seller in the original
24 transaction or to a person who purchased the
25 customer receivable directly or indirectly from
26 that seller.

1 (ii) A corporation meeting each of the
2 following criteria:

3 (a) the corporation must be a member of an
4 "affiliated group" within the meaning of
5 Section 1504(a) of the Internal Revenue Code,
6 determined without regard to Section 1504(b)
7 of the Internal Revenue Code;

8 (b) more than 50% of the gross income of
9 the corporation for the taxable year must be
10 interest income derived from qualifying loans.
11 A "qualifying loan" is a loan made to a member
12 of the corporation's affiliated group that
13 originates customer receivables (within the
14 meaning of item (i)) or to whom customer
15 receivables originated by a member of the
16 affiliated group have been transferred, to the
17 extent the average outstanding balance of
18 loans from that corporation to members of its
19 affiliated group during the taxable year do not
20 exceed the limitation amount for that
21 corporation. The "limitation amount" for a
22 corporation is the average outstanding
23 balances during the taxable year of customer
24 receivables (within the meaning of item (i))
25 originated by all members of the affiliated
26 group. If the average outstanding balances of

1 the loans made by a corporation to members of
2 its affiliated group exceed the limitation
3 amount, the interest income of that
4 corporation from qualifying loans shall be
5 equal to its interest income from loans to
6 members of its affiliated groups times a
7 fraction equal to the limitation amount
8 divided by the average outstanding balances of
9 the loans made by that corporation to members
10 of its affiliated group;

11 (c) the total of all shareholder's equity
12 (including, without limitation, paid-in
13 capital on common and preferred stock and
14 retained earnings) of the corporation plus the
15 total of all of its loans, advances, and other
16 obligations payable or owed to members of its
17 affiliated group may not exceed 20% of the
18 total assets of the corporation at any time
19 during the tax year; and

20 (d) more than 50% of all interest-bearing
21 obligations of the affiliated group payable to
22 persons outside the group determined in
23 accordance with generally accepted accounting
24 principles must be obligations of the
25 corporation.

26 This amendatory Act of the 91st General Assembly is

1 declaratory of existing law.

2 (D) Subparagraphs (B) and (C) of this paragraph are
3 declaratory of existing law and apply retroactively,
4 for all tax years beginning on or before December 31,
5 1996, to all original returns, to all amended returns
6 filed no later than 30 days after the effective date of
7 this amendatory Act of 1996, and to all notices issued
8 on or before the effective date of this amendatory Act
9 of 1996 under subsection (a) of Section 903, subsection
10 (a) of Section 904, subsection (e) of Section 909, or
11 Section 912. A taxpayer that is a "financial
12 organization" that engages in any transaction with an
13 affiliate shall be a "financial organization" for all
14 purposes of this Act.

15 (E) For all tax years beginning on or before
16 December 31, 1996, a taxpayer that falls within the
17 definition of a "financial organization" under
18 subparagraphs (B) or (C) of this paragraph, but who
19 does not fall within the definition of a "financial
20 organization" under the Proposed Regulations issued by
21 the Department of Revenue on July 19, 1996, may
22 irrevocably elect to apply the Proposed Regulations
23 for all of those years as though the Proposed
24 Regulations had been lawfully promulgated, adopted,
25 and in effect for all of those years. For purposes of
26 applying subparagraphs (B) or (C) of this paragraph to

1 all of those years, the election allowed by this
2 subparagraph applies only to the taxpayer making the
3 election and to those members of the taxpayer's unitary
4 business group who are ordinarily required to
5 apportion business income under the same subsection of
6 Section 304 of this Act as the taxpayer making the
7 election. No election allowed by this subparagraph
8 shall be made under a claim filed under subsection (d)
9 of Section 909 more than 30 days after the effective
10 date of this amendatory Act of 1996.

11 (F) Finance Leases. For purposes of this
12 subsection, a finance lease shall be treated as a loan
13 or other extension of credit, rather than as a lease,
14 regardless of how the transaction is characterized for
15 any other purpose, including the purposes of any
16 regulatory agency to which the lessor is subject. A
17 finance lease is any transaction in the form of a lease
18 in which the lessee is treated as the owner of the
19 leased asset entitled to any deduction for
20 depreciation allowed under Section 167 of the Internal
21 Revenue Code.

22 (9) Fiscal year. The term "fiscal year" means an
23 accounting period of 12 months ending on the last day of
24 any month other than December.

25 (9.5) Fixed place of business. The term "fixed place of
26 business" has the same meaning as that term is given in

1 Section 864 of the Internal Revenue Code and the related
2 Treasury regulations.

3 (10) Includes and including. The terms "includes" and
4 "including" when used in a definition contained in this Act
5 shall not be deemed to exclude other things otherwise
6 within the meaning of the term defined.

7 (11) Internal Revenue Code. The term "Internal Revenue
8 Code" means the United States Internal Revenue Code of 1954
9 or any successor law or laws relating to federal income
10 taxes in effect for the taxable year.

11 (11.5) Investment partnership.

12 (A) The term "investment partnership" means any
13 entity that is treated as a partnership for federal
14 income tax purposes that meets the following
15 requirements:

16 (i) no less than 90% of the partnership's cost
17 of its total assets consists of qualifying
18 investment securities, deposits at banks or other
19 financial institutions, and office space and
20 equipment reasonably necessary to carry on its
21 activities as an investment partnership;

22 (ii) no less than 90% of its gross income
23 consists of interest, dividends, and gains from
24 the sale or exchange of qualifying investment
25 securities; and

26 (iii) the partnership is not a dealer in

1 qualifying investment securities.

2 (B) For purposes of this paragraph (11.5), the term
3 "qualifying investment securities" includes all of the
4 following:

5 (i) common stock, including preferred or debt
6 securities convertible into common stock, and
7 preferred stock;

8 (ii) bonds, debentures, and other debt
9 securities;

10 (iii) foreign and domestic currency deposits
11 secured by federal, state, or local governmental
12 agencies;

13 (iv) mortgage or asset-backed securities
14 secured by federal, state, or local governmental
15 agencies;

16 (v) repurchase agreements and loan
17 participations;

18 (vi) foreign currency exchange contracts and
19 forward and futures contracts on foreign
20 currencies;

21 (vii) stock and bond index securities and
22 futures contracts and other similar financial
23 securities and futures contracts on those
24 securities;

25 (viii) options for the purchase or sale of any
26 of the securities, currencies, contracts, or

1 financial instruments described in items (i) to
2 (vii), inclusive;

3 (ix) regulated futures contracts;

4 (x) commodities (not described in Section
5 1221(a)(1) of the Internal Revenue Code) or
6 futures, forwards, and options with respect to
7 such commodities, provided, however, that any item
8 of a physical commodity to which title is actually
9 acquired in the partnership's capacity as a dealer
10 in such commodity shall not be a qualifying
11 investment security;

12 (xi) derivatives; and

13 (xii) a partnership interest in another
14 partnership that is an investment partnership.

15 (12) Mathematical error. The term "mathematical error"
16 includes the following types of errors, omissions, or
17 defects in a return filed by a taxpayer which prevents
18 acceptance of the return as filed for processing:

19 (A) arithmetic errors or incorrect computations on
20 the return or supporting schedules;

21 (B) entries on the wrong lines;

22 (C) omission of required supporting forms or
23 schedules or the omission of the information in whole
24 or in part called for thereon; and

25 (D) an attempt to claim, exclude, deduct, or
26 improperly report, in a manner directly contrary to the

1 provisions of the Act and regulations thereunder any
2 item of income, exemption, deduction, or credit.

3 (13) Nonbusiness income. The term "nonbusiness income"
4 means all income other than business income or
5 compensation.

6 (14) Nonresident. The term "nonresident" means a
7 person who is not a resident.

8 (15) Paid, incurred and accrued. The terms "paid",
9 "incurred" and "accrued" shall be construed according to
10 the method of accounting upon the basis of which the
11 person's base income is computed under this Act.

12 (16) Partnership and partner. The term "partnership"
13 includes a syndicate, group, pool, joint venture or other
14 unincorporated organization, through or by means of which
15 any business, financial operation, or venture is carried
16 on, and which is not, within the meaning of this Act, a
17 trust or estate or a corporation; and the term "partner"
18 includes a member in such syndicate, group, pool, joint
19 venture or organization.

20 The term "partnership" includes any entity, including
21 a limited liability company formed under the Illinois
22 Limited Liability Company Act, classified as a partnership
23 for federal income tax purposes.

24 The term "partnership" does not include a syndicate,
25 group, pool, joint venture, or other unincorporated
26 organization established for the sole purpose of playing

1 the Illinois State Lottery.

2 (17) Part-year resident. The term "part-year resident"
3 means an individual who became a resident during the
4 taxable year or ceased to be a resident during the taxable
5 year. Under Section 1501(a)(20)(A)(i) residence commences
6 with presence in this State for other than a temporary or
7 transitory purpose and ceases with absence from this State
8 for other than a temporary or transitory purpose. Under
9 Section 1501(a)(20)(A)(ii) residence commences with the
10 establishment of domicile in this State and ceases with the
11 establishment of domicile in another State.

12 (18) Person. The term "person" shall be construed to
13 mean and include an individual, a trust, estate,
14 partnership, association, firm, company, corporation,
15 limited liability company, or fiduciary. For purposes of
16 Section 1301 and 1302 of this Act, a "person" means (i) an
17 individual, (ii) a corporation, (iii) an officer, agent, or
18 employee of a corporation, (iv) a member, agent or employee
19 of a partnership, or (v) a member, manager, employee,
20 officer, director, or agent of a limited liability company
21 who in such capacity commits an offense specified in
22 Section 1301 and 1302.

23 (18A) Records. The term "records" includes all data
24 maintained by the taxpayer, whether on paper, microfilm,
25 microfiche, or any type of machine-sensible data
26 compilation.

1 (19) Regulations. The term "regulations" includes
2 rules promulgated and forms prescribed by the Department.

3 (20) Resident. The term "resident" means:

4 (A) an individual (i) who is in this State for
5 other than a temporary or transitory purpose during the
6 taxable year; or (ii) who is domiciled in this State
7 but is absent from the State for a temporary or
8 transitory purpose during the taxable year;

9 (B) The estate of a decedent who at his or her
10 death was domiciled in this State;

11 (C) A trust created by a will of a decedent who at
12 his death was domiciled in this State; and

13 (D) An irrevocable trust, the grantor of which was
14 domiciled in this State at the time such trust became
15 irrevocable. For purpose of this subparagraph, a trust
16 shall be considered irrevocable to the extent that the
17 grantor is not treated as the owner thereof under
18 Sections 671 through 678 of the Internal Revenue Code.

19 (21) Sales. The term "sales" means all gross receipts
20 of the taxpayer not allocated under Sections 301, 302 and
21 303.

22 (22) State. The term "state" when applied to a
23 jurisdiction other than this State means any state of the
24 United States, the District of Columbia, the Commonwealth
25 of Puerto Rico, any Territory or Possession of the United
26 States, and any foreign country, or any political

1 subdivision of any of the foregoing. For purposes of the
2 foreign tax credit under Section 601, the term "state"
3 means any state of the United States, the District of
4 Columbia, the Commonwealth of Puerto Rico, and any
5 territory or possession of the United States, or any
6 political subdivision of any of the foregoing, effective
7 for tax years ending on or after December 31, 1989.

8 (23) Taxable year. The term "taxable year" means the
9 calendar year, or the fiscal year ending during such
10 calendar year, upon the basis of which the base income is
11 computed under this Act. "Taxable year" means, in the case
12 of a return made for a fractional part of a year under the
13 provisions of this Act, the period for which such return is
14 made.

15 (24) Taxpayer. The term "taxpayer" means any person
16 subject to the tax imposed by this Act.

17 (25) International banking facility. The term
18 international banking facility shall have the same meaning
19 as is set forth in the Illinois Banking Act or as is set
20 forth in the laws of the United States or regulations of
21 the Board of Governors of the Federal Reserve System.

22 (26) Income Tax Return Preparer.

23 (A) The term "income tax return preparer" means any
24 person who prepares for compensation, or who employs
25 one or more persons to prepare for compensation, any
26 return of tax imposed by this Act or any claim for

1 refund of tax imposed by this Act. The preparation of a
2 substantial portion of a return or claim for refund
3 shall be treated as the preparation of that return or
4 claim for refund.

5 (B) A person is not an income tax return preparer
6 if all he or she does is

7 (i) furnish typing, reproducing, or other
8 mechanical assistance;

9 (ii) prepare returns or claims for refunds for
10 the employer by whom he or she is regularly and
11 continuously employed;

12 (iii) prepare as a fiduciary returns or claims
13 for refunds for any person; or

14 (iv) prepare claims for refunds for a taxpayer
15 in response to any notice of deficiency issued to
16 that taxpayer or in response to any waiver of
17 restriction after the commencement of an audit of
18 that taxpayer or of another taxpayer if a
19 determination in the audit of the other taxpayer
20 directly or indirectly affects the tax liability
21 of the taxpayer whose claims he or she is
22 preparing.

23 (27) Unitary business group.

24 (A) The term "unitary business group" means a group
25 of persons related through common ownership whose
26 business activities are integrated with, dependent

1 upon and contribute to each other. The group will not
2 include those members whose business activity outside
3 the United States is 80% or more of any such member's
4 total business activity; for purposes of this
5 paragraph and clause (a)(3)(B)(ii) of Section 304,
6 business activity within the United States shall be
7 measured by means of the factors ordinarily applicable
8 under subsections (a), (b), (c), (d), or (h) of Section
9 304 except that, in the case of members ordinarily
10 required to apportion business income by means of the 3
11 factor formula of property, payroll and sales
12 specified in subsection (a) of Section 304, including
13 the formula as weighted in subsection (h) of Section
14 304, such members shall not use the sales factor in the
15 computation and the results of the property and payroll
16 factor computations of subsection (a) of Section 304
17 shall be divided by 2 (by one if either the property or
18 payroll factor has a denominator of zero). The
19 computation required by the preceding sentence shall,
20 in each case, involve the division of the member's
21 property, payroll, or revenue miles in the United
22 States, insurance premiums on property or risk in the
23 United States, or financial organization business
24 income from sources within the United States, as the
25 case may be, by the respective worldwide figures for
26 such items. Common ownership in the case of

1 corporations is the direct or indirect control or
2 ownership of more than 50% of the outstanding voting
3 stock of the persons carrying on unitary business
4 activity. Unitary business activity can ordinarily be
5 illustrated where the activities of the members are:
6 (1) in the same general line (such as manufacturing,
7 wholesaling, retailing of tangible personal property,
8 insurance, transportation or finance); or (2) are
9 steps in a vertically structured enterprise or process
10 (such as the steps involved in the production of
11 natural resources, which might include exploration,
12 mining, refining, and marketing); and, in either
13 instance, the members are functionally integrated
14 through the exercise of strong centralized management
15 (where, for example, authority over such matters as
16 purchasing, financing, tax compliance, product line,
17 personnel, marketing and capital investment is not
18 left to each member).

19 (B) In no event, shall any unitary business group
20 include members which are ordinarily required to
21 apportion business income under different subsections
22 of Section 304 except that for tax years ending on or
23 after December 31, 1987 this prohibition shall not
24 apply to a holding company that would otherwise be a
25 member of a unitary business group with taxpayers that
26 apportion business income under any of subsections

1 (b), (c), (c-1), or (d) of Section 304. If a unitary
2 business group would, but for the preceding sentence,
3 include members that are ordinarily required to
4 apportion business income under different subsections
5 of Section 304, then for each subsection of Section 304
6 for which there are two or more members, there shall be
7 a separate unitary business group composed of such
8 members. For purposes of the preceding two sentences, a
9 member is "ordinarily required to apportion business
10 income" under a particular subsection of Section 304 if
11 it would be required to use the apportionment method
12 prescribed by such subsection except for the fact that
13 it derives business income solely from Illinois. As
14 used in this paragraph, for taxable years ending before
15 December 31, 2017, the phrase "United States" means
16 only the 50 states and the District of Columbia, but
17 does not include any territory or possession of the
18 United States or any area over which the United States
19 has asserted jurisdiction or claimed exclusive rights
20 with respect to the exploration for or exploitation of
21 natural resources. For taxable years ending on or after
22 December 31, 2017, the phrase "United States", as used
23 in this paragraph, means only the 50 states, the
24 District of Columbia, and any area over which the
25 United States has asserted jurisdiction or claimed
26 exclusive rights with respect to the exploration for or

1 exploitation of natural resources, but does not
2 include any territory or possession of the United
3 States.

4 (C) Holding companies.

5 (i) For purposes of this subparagraph, a
6 "holding company" is a corporation (other than a
7 corporation that is a financial organization under
8 paragraph (8) of this subsection (a) of Section
9 1501 because it is a bank holding company under the
10 provisions of the Bank Holding Company Act of 1956
11 (12 U.S.C. 1841, et seq.) or because it is owned by
12 a bank or a bank holding company) that owns a
13 controlling interest in one or more other
14 taxpayers ("controlled taxpayers"); that, during
15 the period that includes the taxable year and the 2
16 immediately preceding taxable years or, if the
17 corporation was formed during the current or
18 immediately preceding taxable year, the taxable
19 years in which the corporation has been in
20 existence, derived substantially all its gross
21 income from dividends, interest, rents, royalties,
22 fees or other charges received from controlled
23 taxpayers for the provision of services, and gains
24 on the sale or other disposition of interests in
25 controlled taxpayers or in property leased or
26 licensed to controlled taxpayers or used by the

1 taxpayer in providing services to controlled
2 taxpayers; and that incurs no substantial expenses
3 other than expenses (including interest and other
4 costs of borrowing) incurred in connection with
5 the acquisition and holding of interests in
6 controlled taxpayers and in the provision of
7 services to controlled taxpayers or in the leasing
8 or licensing of property to controlled taxpayers.

9 (ii) The income of a holding company which is a
10 member of more than one unitary business group
11 shall be included in each unitary business group of
12 which it is a member on a pro rata basis, by
13 including in each unitary business group that
14 portion of the base income of the holding company
15 that bears the same proportion to the total base
16 income of the holding company as the gross receipts
17 of the unitary business group bears to the combined
18 gross receipts of all unitary business groups (in
19 both cases without regard to the holding company)
20 or on any other reasonable basis, consistently
21 applied.

22 (iii) A holding company shall apportion its
23 business income under the subsection of Section
24 304 used by the other members of its unitary
25 business group. The apportionment factors of a
26 holding company which would be a member of more

1 than one unitary business group shall be included
2 with the apportionment factors of each unitary
3 business group of which it is a member on a pro
4 rata basis using the same method used in clause
5 (ii).

6 (iv) The provisions of this subparagraph (C)
7 are intended to clarify existing law.

8 (D) If including the base income and factors of a
9 holding company in more than one unitary business group
10 under subparagraph (C) does not fairly reflect the
11 degree of integration between the holding company and
12 one or more of the unitary business groups, the
13 dependence of the holding company and one or more of
14 the unitary business groups upon each other, or the
15 contributions between the holding company and one or
16 more of the unitary business groups, the holding
17 company may petition the Director, under the
18 procedures provided under Section 304(f), for
19 permission to include all base income and factors of
20 the holding company only with members of a unitary
21 business group apportioning their business income
22 under one subsection of subsections (a), (b), (c), or
23 (d) of Section 304. If the petition is granted, the
24 holding company shall be included in a unitary business
25 group only with persons apportioning their business
26 income under the selected subsection of Section 304

1 until the Director grants a petition of the holding
2 company either to be included in more than one unitary
3 business group under subparagraph (C) or to include its
4 base income and factors only with members of a unitary
5 business group apportioning their business income
6 under a different subsection of Section 304.

7 (E) If the unitary business group members'
8 accounting periods differ, the common parent's
9 accounting period or, if there is no common parent, the
10 accounting period of the member that is expected to
11 have, on a recurring basis, the greatest Illinois
12 income tax liability must be used to determine whether
13 to use the apportionment method provided in subsection
14 (a) or subsection (h) of Section 304. The prohibition
15 against membership in a unitary business group for
16 taxpayers ordinarily required to apportion income
17 under different subsections of Section 304 does not
18 apply to taxpayers required to apportion income under
19 subsection (a) and subsection (h) of Section 304. The
20 provisions of this amendatory Act of 1998 apply to tax
21 years ending on or after December 31, 1998.

22 (28) Subchapter S corporation. The term "Subchapter S
23 corporation" means a corporation for which there is in
24 effect an election under Section 1362 of the Internal
25 Revenue Code, or for which there is a federal election to
26 opt out of the provisions of the Subchapter S Revision Act

1 of 1982 and have applied instead the prior federal
2 Subchapter S rules as in effect on July 1, 1982.

3 (30) Foreign person. The term "foreign person" means
4 any person who is a nonresident alien individual and any
5 nonindividual entity, regardless of where created or
6 organized, whose business activity outside the United
7 States is 80% or more of the entity's total business
8 activity.

9 (b) Other definitions.

10 (1) Words denoting number, gender, and so forth, when
11 used in this Act, where not otherwise distinctly expressed
12 or manifestly incompatible with the intent thereof:

13 (A) Words importing the singular include and apply
14 to several persons, parties or things;

15 (B) Words importing the plural include the
16 singular; and

17 (C) Words importing the masculine gender include
18 the feminine as well.

19 (2) "Company" or "association" as including successors
20 and assigns. The word "company" or "association", when used
21 in reference to a corporation, shall be deemed to embrace
22 the words "successors and assigns of such company or
23 association", and in like manner as if these last-named
24 words, or words of similar import, were expressed.

25 (3) Other terms. Any term used in any Section of this

1 Act with respect to the application of, or in connection
2 with, the provisions of any other Section of this Act shall
3 have the same meaning as in such other Section.

4 (Source: P.A. 99-213, eff. 7-31-15.)

5 Section 10. The Limited Liability Company Act is amended by
6 changing Section 50-10 as follows:

7 (805 ILCS 180/50-10)

8 (Text of Section before amendment by P.A. 99-637)

9 Sec. 50-10. Fees.

10 (a) The Secretary of State shall charge and collect in
11 accordance with the provisions of this Act and rules
12 promulgated under its authority all of the following:

13 (1) Fees for filing documents.

14 (2) Miscellaneous charges.

15 (3) Fees for the sale of lists of filings and for
16 copies of any documents.

17 (b) The Secretary of State shall charge and collect for all
18 of the following:

19 (1) Filing articles of organization (domestic),
20 application for admission (foreign), and restated articles
21 of organization (domestic), \$75 ~~\$500~~. Notwithstanding the
22 foregoing, the fee for filing articles of organization
23 (domestic), application for admission (foreign), and
24 restated articles of organization (domestic) in connection

1 with a limited liability company with ability to establish
2 series pursuant to Section 37-40 of this Act is \$125 ~~\$750~~.

3 (2) Filing articles of amendment or an amended
4 application for admission, \$150.

5 (3) Filing articles of dissolution or application for
6 withdrawal, \$100.

7 (4) Filing an application to reserve a name, \$300.

8 (5) Filing a notice of cancellation of a reserved name,
9 \$100.

10 (6) Filing a notice of a transfer of a reserved name,
11 \$100.

12 (7) Registration of a name, \$300.

13 (8) Renewal of registration of a name, \$100.

14 (9) Filing an application for use of an assumed name
15 under Section 1-20 of this Act, \$150 for each year or part
16 thereof ending in 0 or 5, \$120 for each year or part
17 thereof ending in 1 or 6, \$90 for each year or part thereof
18 ending in 2 or 7, \$60 for each year or part thereof ending
19 in 3 or 8, \$30 for each year or part thereof ending in 4 or
20 9, and a renewal for each assumed name, \$150.

21 (10) Filing an application for change or cancellation
22 of an assumed name, \$100.

23 (11) Filing an annual report of a limited liability
24 company or foreign limited liability company, \$250, if
25 filed as required by this Act, plus a penalty if
26 delinquent. Notwithstanding the foregoing, the fee for

1 filing an annual report of a limited liability company or
2 foreign limited liability company with ability to
3 establish series is \$250 plus \$50 for each series for which
4 a certificate of designation has been filed pursuant to
5 Section 37-40 of this Act and active on the last day of the
6 third month preceding the company's anniversary month,
7 plus a penalty if delinquent.

8 (12) Filing an application for reinstatement of a
9 limited liability company or foreign limited liability
10 company \$500.

11 (13) Filing Articles of Merger, \$100 plus \$50 for each
12 party to the merger in excess of the first 2 parties.

13 (14) Filing an Agreement of Conversion or Statement of
14 Conversion, \$100.

15 (15) Filing a statement of change of address of
16 registered office or change of registered agent, or both,
17 or filing a statement of correction, \$25.

18 (16) Filing a petition for refund, \$15.

19 (17) Filing any other document, \$100.

20 (18) Filing a certificate of designation of a limited
21 liability company with the ability to establish series
22 pursuant to Section 37-40 of this Act, \$50.

23 (c) The Secretary of State shall charge and collect all of
24 the following:

25 (1) For furnishing a copy or certified copy of any
26 document, instrument, or paper relating to a limited

1 liability company or foreign limited liability company, or
2 for a certificate, \$25.

3 (2) For the transfer of information by computer process
4 media to any purchaser, fees established by rule.

5 (Source: P.A. 97-839, eff. 7-20-12.)

6 (Text of Section after amendment by P.A. 99-637)

7 Sec. 50-10. Fees.

8 (a) The Secretary of State shall charge and collect in
9 accordance with the provisions of this Act and rules
10 promulgated under its authority all of the following:

11 (1) Fees for filing documents.

12 (2) Miscellaneous charges.

13 (3) Fees for the sale of lists of filings and for
14 copies of any documents.

15 (b) The Secretary of State shall charge and collect for all
16 of the following:

17 (1) Filing articles of organization (domestic),
18 application for admission (foreign), and restated articles
19 of organization (domestic), \$75 ~~\$500~~. Notwithstanding the
20 foregoing, the fee for filing articles of organization
21 (domestic), application for admission (foreign), and
22 restated articles of organization (domestic) in connection
23 with a limited liability company with a series or the
24 ability to establish a series pursuant to Section 37-40 of
25 this Act is \$125 ~~\$750~~.

- 1 (2) Filing amendments (domestic or foreign), \$150.
- 2 (3) Filing a statement of termination or application
3 for withdrawal, \$25.
- 4 (4) Filing an application to reserve a name, \$300.
- 5 (5) Filing a notice of cancellation of a reserved name,
6 \$100.
- 7 (6) Filing a notice of a transfer of a reserved name,
8 \$100.
- 9 (7) Registration of a name, \$300.
- 10 (8) Renewal of registration of a name, \$100.
- 11 (9) Filing an application for use of an assumed name
12 under Section 1-20 of this Act, \$150 for each year or part
13 thereof ending in 0 or 5, \$120 for each year or part
14 thereof ending in 1 or 6, \$90 for each year or part thereof
15 ending in 2 or 7, \$60 for each year or part thereof ending
16 in 3 or 8, \$30 for each year or part thereof ending in 4 or
17 9, and a renewal for each assumed name, \$150.
- 18 (10) Filing an application for change or cancellation
19 of an assumed name, \$100.
- 20 (11) Filing an annual report of a limited liability
21 company or foreign limited liability company, \$250, if
22 filed as required by this Act, plus a penalty if
23 delinquent. Notwithstanding the foregoing, the fee for
24 filing an annual report of a limited liability company or
25 foreign limited liability company is \$250 plus \$50 for each
26 series for which a certificate of designation has been

1 filed pursuant to Section 37-40 of this Act and is in
2 effect on the last day of the third month preceding the
3 company's anniversary month, plus a penalty if delinquent.

4 (12) Filing an application for reinstatement of a
5 limited liability company or foreign limited liability
6 company \$500.

7 (13) Filing articles of merger, \$100 plus \$50 for each
8 party to the merger in excess of the first 2 parties.

9 (14) Filing articles of conversion, \$100.

10 (15) Filing a statement of change of address of
11 registered office or change of registered agent, or both,
12 or filing a statement of correction, \$25.

13 (16) Filing a petition for refund, \$15.

14 (17) Filing a certificate of designation of a limited
15 liability company with a series pursuant to Section 37-40
16 of this Act, \$50.

17 (18) Filing articles of domestication, \$100.

18 (19) Filing, amending, or cancelling a statement of
19 authority, \$50.

20 (20) Filing, amending, or cancelling a statement of
21 denial, \$10.

22 (21) Filing any other document, \$100.

23 (c) The Secretary of State shall charge and collect all of
24 the following:

25 (1) For furnishing a copy or certified copy of any
26 document, instrument, or paper relating to a limited

1 liability company or foreign limited liability company, or
2 for a certificate, \$25.

3 (2) For the transfer of information by computer process
4 media to any purchaser, fees established by rule.

5 (Source: P.A. 99-637, eff. 7-1-17.)

6 Section 95. No acceleration or delay. Where this Act makes
7 changes in a statute that is represented in this Act by text
8 that is not yet or no longer in effect (for example, a Section
9 represented by multiple versions), the use of that text does
10 not accelerate or delay the taking effect of (i) the changes
11 made by this Act or (ii) provisions derived from any other
12 Public Act.