



Sen. Daniel Biss

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10000SB1719sam002

LRB100 09524 AXK 26883 a

1 AMENDMENT TO SENATE BILL 1719

2 AMENDMENT NO. _____. Amend Senate Bill 1719, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Income Tax Act is amended by
6 changing Section 205 as follows:

7 (35 ILCS 5/205) (from Ch. 120, par. 2-205)

8 Sec. 205. Exempt organizations.

9 (a) Charitable, etc. organizations. The base income of an
10 organization which is exempt from the federal income tax by
11 reason of the Internal Revenue Code shall not be determined
12 under section 203 of this Act, but shall be its unrelated
13 business taxable income as determined under section 512 of the
14 Internal Revenue Code, without any deduction for the tax
15 imposed by this Act. The standard exemption provided by section
16 204 of this Act shall not be allowed in determining the net

1 income of an organization to which this subsection applies.

2 (b) Partnerships. A partnership as such shall not be
3 subject to the tax imposed by subsection 201 (a) and (b) of
4 this Act, but shall be subject to the replacement tax imposed
5 by subsection 201 (c) and (d) of this Act and shall compute its
6 base income as described in subsection (d) of Section 203 of
7 this Act. For taxable years ending on or after December 31,
8 2004, an investment partnership, as defined in Section
9 1501(a)(11.5) of this Act, shall not be subject to the tax
10 imposed by subsections (c) and (d) of Section 201 of this Act.
11 A partnership shall file such returns and other information at
12 such time and in such manner as may be required under Article 5
13 of this Act. The partners in a partnership shall be liable for
14 the replacement tax imposed by subsection 201 (c) and (d) of
15 this Act on such partnership, to the extent such tax is not
16 paid by the partnership, as provided under the laws of Illinois
17 governing the liability of partners for the obligations of a
18 partnership. Persons carrying on business as partners shall be
19 liable for the tax imposed by subsection 201 (a) and (b) of
20 this Act only in their separate or individual capacities.

21 (c) Subchapter S corporations. A Subchapter S corporation
22 shall not be subject to the tax imposed by subsection 201 (a)
23 and (b) of this Act but shall be subject to the replacement tax
24 imposed by subsection 201 (c) and (d) of this Act and shall
25 file such returns and other information at such time and in
26 such manner as may be required under Article 5 of this Act.

1 (c-5) Surcharge. Notwithstanding any provision of law to
2 the contrary and in addition to any other tax imposed under
3 this Act, beginning July 1, 2017, a privilege tax is imposed on
4 partnerships, including investment partnerships, and S
5 corporations engaged in the business of conducting investment
6 management services at the rate of 20% of the fees calculated
7 by reference to the performance of the investment portfolio
8 funds and not from the investment itself. The privilege tax
9 shall not be imposed on fees calculated by reference to the
10 total assets under management of the business engaged in
11 investment management services. Persons carrying on business
12 as partners conducting investment management services shall be
13 liable for the tax imposed by subsections 201 (a) and (b) of
14 this Act in their separate or individual capacities in
15 accordance with subsection 205 (b) of this Act.

16 For the purposes of this subsection (c-5), "Investment
17 Management Services" means a business which is held by any
18 person if such person provides, directly or indirectly, in the
19 active conduct of a trade or business, a substantial quantity
20 of any of the following services to the business:

21 (1) advising the business (partnership, S corporation
22 or any business entity) as to the advisability of investing
23 in, purchasing, or selling any specified asset;

24 (2) managing, acquiring, or disposing of any specified
25 asset;

26 (3) arranging financing with respect to acquiring

1 specified assets; or

2 (4) any activity in support of any service described in
3 items (1) through (3) of this paragraph.

4 For the purposes of this definition, the term specified
5 asset means securities (as defined in section 475(c)(2) of the
6 Internal Revenue Code) real estate held for rental or
7 investment, interest in partnerships, commodities (as defined
8 in section 475(E)(2) of the Internal Revenue Code) or options
9 or derivative contracts to any of these.

10 A partner or shareholder will not be deemed to hold an
11 investment management services interest if at least 80% of the
12 average fair market value of the specified assets of business
13 during the taxable year consists of real estate.

14 (d) Combat zone, terrorist attack, and certain other
15 deaths. An individual relieved from the federal income tax for
16 any taxable year by reason of section 692 of the Internal
17 Revenue Code shall not be subject to the tax imposed by this
18 Act for such taxable year.

19 (e) Certain trusts. A common trust fund described in
20 Section 584 of the Internal Revenue Code, and any other trust
21 to the extent that the grantor is treated as the owner thereof
22 under sections 671 through 678 of the Internal Revenue Code
23 shall not be subject to the tax imposed by this Act.

24 (f) Certain business activities. A person not otherwise
25 subject to the tax imposed by this Act shall not become subject
26 to the tax imposed by this Act by reason of:

1 (1) that person's ownership of tangible personal
2 property located at the premises of a printer in this State
3 with which the person has contracted for printing, or

4 (2) activities of the person's employees or agents
5 located solely at the premises of a printer and related to
6 quality control, distribution, or printing services
7 performed by a printer in the State with which the person
8 has contracted for printing.

9 (g) A nonprofit risk organization that holds a certificate
10 of authority under Article VIID of the Illinois Insurance Code
11 is exempt from the tax imposed under this Act with respect to
12 its activities or operations in furtherance of the powers
13 conferred upon it under that Article VIID of the Illinois
14 Insurance Code.

15 (Source: P.A. 97-507, eff. 8-23-11.)".