



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

**HB5844**

Introduced 11/10/2020, by Rep. Allen Skillicorn

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/201  
35 ILCS 5/208

from Ch. 120, par. 2-208

Amends the Illinois Income Tax Act. Provides that the education expense credit shall be \$2,500 for tax years ending on or after December 31, 2020. Provides that, if the school district in which the principal residence of the taxpayer is located has implemented attendance restrictions as a result of the COVID-19 pandemic during any part of the taxable year, then, for that taxable year only, the tax credit for residential real property taxes shall be equal to 25% of real property taxes paid by the taxpayer during the taxable year on the principal residence of the taxpayer. Effective immediately.

LRB101 22177 HLH 73205 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Sections 201 and 208 as follows:

6 (35 ILCS 5/201)

7 (Text of Section before amendment by P.A. 101-8)

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 July 1, 2017, an amount equal to 3.75%  
6 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 July 1, 2017, and  
9 ending after June 30, 2017, an amount equal to the sum of  
10 (i) 3.75% of the taxpayer's net income for the period prior  
11 to July 1, 2017, as calculated under Section 202.5, and  
12 (ii) 4.95% of the taxpayer's net income for the period  
13 after June 30, 2017, as calculated under Section 202.5.

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

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

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

1 as calculated under Section 202.3.

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

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

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

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

24 (12) In the case of a corporation, for taxable years  
25 beginning on or after January 1, 2015, and ending prior to  
26 July 1, 2017, an amount equal to 5.25% of the taxpayer's

1 net income for the taxable year.

2 (13) In the case of a corporation, for taxable years  
3 beginning prior to July 1, 2017, and ending after June 30,  
4 2017, an amount equal to the sum of (i) 5.25% of the  
5 taxpayer's net income for the period prior to July 1, 2017,  
6 as calculated under Section 202.5, and (ii) 7% of the  
7 taxpayer's net income for the period after June 30, 2017,  
8 as calculated under Section 202.5.

9 (14) In the case of a corporation, for taxable years  
10 beginning on or after July 1, 2017, an amount equal to 7%  
11 of the taxpayer's net income for the taxable year.

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

14 (b-5) Surcharge; sale or exchange of assets, properties,  
15 and intangibles of organization gaming licensees. For each of  
16 taxable years 2019 through 2027, a surcharge is imposed on all  
17 taxpayers on income arising from the sale or exchange of  
18 capital assets, depreciable business property, real property  
19 used in the trade or business, and Section 197 intangibles (i)  
20 of an organization licensee under the Illinois Horse Racing Act  
21 of 1975 and (ii) of an organization gaming licensee under the  
22 Illinois Gambling Act. The amount of the surcharge is equal to  
23 the amount of federal income tax liability for the taxable year  
24 attributable to those sales and exchanges. The surcharge  
25 imposed shall not apply if:

26 (1) the organization gaming license, organization

1 license, or racetrack property is transferred as a result  
2 of any of the following:

3 (A) bankruptcy, a receivership, or a debt  
4 adjustment initiated by or against the initial  
5 licensee or the substantial owners of the initial  
6 licensee;

7 (B) cancellation, revocation, or termination of  
8 any such license by the Illinois Gaming Board or the  
9 Illinois Racing Board;

10 (C) a determination by the Illinois Gaming Board  
11 that transfer of the license is in the best interests  
12 of Illinois gaming;

13 (D) the death of an owner of the equity interest in  
14 a licensee;

15 (E) the acquisition of a controlling interest in  
16 the stock or substantially all of the assets of a  
17 publicly traded company;

18 (F) a transfer by a parent company to a wholly  
19 owned subsidiary; or

20 (G) the transfer or sale to or by one person to  
21 another person where both persons were initial owners  
22 of the license when the license was issued; or

23 (2) the controlling interest in the organization  
24 gaming license, organization license, or racetrack  
25 property is transferred in a transaction to lineal  
26 descendants in which no gain or loss is recognized or as a

1 result of a transaction in accordance with Section 351 of  
2 the Internal Revenue Code in which no gain or loss is  
3 recognized; or

4 (3) live horse racing was not conducted in 2010 at a  
5 racetrack located within 3 miles of the Mississippi River  
6 under a license issued pursuant to the Illinois Horse  
7 Racing Act of 1975.

8 The transfer of an organization gaming license,  
9 organization license, or racetrack property by a person other  
10 than the initial licensee to receive the organization gaming  
11 license is not subject to a surcharge. The Department shall  
12 adopt rules necessary to implement and administer this  
13 subsection.

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



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

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

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

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

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

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

22 equals 1.25% for taxable years ending prior to December 31,  
23 2003, or 1.75% for taxable years ending on or after  
24 December 31, 2003, of the net taxable premiums written for  
25 the taxable year, as described by subsection (1) of Section  
26 409 of the Illinois Insurance Code. This paragraph will in

1 no event increase the rates imposed under subsections (b)  
2 and (d).

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

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

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

15 (1) A taxpayer shall be allowed a credit equal to .5%  
16 of the basis of qualified property placed in service during  
17 the taxable year, provided such property is placed in  
18 service on or after July 1, 1984. There shall be allowed an  
19 additional credit equal to .5% of the basis of qualified  
20 property placed in service during the taxable year,  
21 provided such property is placed in service on or after  
22 July 1, 1986, and the taxpayer's base employment within  
23 Illinois has increased by 1% or more over the preceding  
24 year as determined by the taxpayer's employment records  
25 filed with the Illinois Department of Employment Security.  
26 Taxpayers who are new to Illinois shall be deemed to have

1 met the 1% growth in base employment for the first year in  
2 which they file employment records with the Illinois  
3 Department of Employment Security. The provisions added to  
4 this Section by Public Act 85-1200 (and restored by Public  
5 Act 87-895) shall be construed as declaratory of existing  
6 law and not as a new enactment. If, in any year, the  
7 increase in base employment within Illinois over the  
8 preceding year is less than 1%, the additional credit shall  
9 be limited to that percentage times a fraction, the  
10 numerator of which is .5% and the denominator of which is  
11 1%, but shall not exceed .5%. The investment credit shall  
12 not be allowed to the extent that it would reduce a  
13 taxpayer's liability in any tax year below zero, nor may  
14 any credit for qualified property be allowed for any year  
15 other than the year in which the property was placed in  
16 service in Illinois. For tax years ending on or after  
17 December 31, 1987, and on or before December 31, 1988, the  
18 credit shall be allowed for the tax year in which the  
19 property is placed in service, or, if the amount of the  
20 credit exceeds the tax liability for that year, whether it  
21 exceeds the original liability or the liability as later  
22 amended, such excess may be carried forward and applied to  
23 the tax liability of the 5 taxable years following the  
24 excess credit years if the taxpayer (i) makes investments  
25 which cause the creation of a minimum of 2,000 full-time  
26 equivalent jobs in Illinois, (ii) is located in an

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

21 (2) The term "qualified property" means property  
22 which:

23 (A) is tangible, whether new or used, including  
24 buildings and structural components of buildings and  
25 signs that are real property, but not including land or  
26 improvements to real property that are not a structural

1 component of a building such as landscaping, sewer  
2 lines, local access roads, fencing, parking lots, and  
3 other appurtenances;

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

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

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

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

21 (3) For purposes of this subsection (e),  
22 "manufacturing" means the material staging and production  
23 of tangible personal property by procedures commonly  
24 regarded as manufacturing, processing, fabrication, or  
25 assembling which changes some existing material into new  
26 shapes, new qualities, or new combinations. For purposes of

1           this subsection (e) the term "mining" shall have the same  
2           meaning as the term "mining" in Section 613(c) of the  
3           Internal Revenue Code. For purposes of this subsection (e),  
4           the term "retailing" means the sale of tangible personal  
5           property for use or consumption and not for resale, or  
6           services rendered in conjunction with the sale of tangible  
7           personal property for use or consumption and not for  
8           resale. For purposes of this subsection (e), "tangible  
9           personal property" has the same meaning as when that term  
10          is used in the Retailers' Occupation Tax Act, and, for  
11          taxable years ending after December 31, 2008, does not  
12          include the generation, transmission, or distribution of  
13          electricity.

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

17           (5) If the basis of the property for federal income tax  
18          depreciation purposes is increased after it has been placed  
19          in service in Illinois 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           (6) The term "placed in service" shall have the same  
23          meaning as under Section 46 of the Internal Revenue Code.

24           (7) 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 Illinois within 48  
2 months after being placed in service, the Personal Property  
3 Tax Replacement Income Tax for such taxable year shall be  
4 increased. Such increase shall be determined by (i)  
5 recomputing the investment credit which would have been  
6 allowed for the year in which credit for such property was  
7 originally allowed by eliminating such property from such  
8 computation and, (ii) subtracting such recomputed credit  
9 from the amount of credit previously allowed. For the  
10 purposes of this paragraph (7), a reduction of the basis of  
11 qualified property resulting from a redetermination of the  
12 purchase price shall be deemed a disposition of qualified  
13 property to the extent of such reduction.

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

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



1 partnership in accordance with the rules set forth in  
2 Section 704(b) of the Internal Revenue Code, and the rules  
3 promulgated under that Section, and the allocated amount of  
4 the credits shall be allowed to the partners for that  
5 taxable year. The partnership shall make this election on  
6 its Personal Property Tax Replacement Income Tax return for  
7 that taxable year. The election to pass through the credits  
8 shall be irrevocable.

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

23 (f) Investment credit; Enterprise Zone; River Edge  
24 Redevelopment Zone.

25 (1) A taxpayer shall be allowed a credit against the  
26 tax imposed by subsections (a) and (b) of this Section for

1 investment in qualified property which is placed in service  
2 in an Enterprise Zone created pursuant to the Illinois  
3 Enterprise Zone Act or, for property placed in service on  
4 or after July 1, 2006, a River Edge Redevelopment Zone  
5 established pursuant to the River Edge Redevelopment Zone  
6 Act. For partners, shareholders of Subchapter S  
7 corporations, and owners of limited liability companies,  
8 if the liability company is treated as a partnership for  
9 purposes of federal and State income taxation, there shall  
10 be allowed a credit under this subsection (f) to be  
11 determined in accordance with the determination of income  
12 and distributive share of income under Sections 702 and 704  
13 and Subchapter S of the Internal Revenue Code. The credit  
14 shall be .5% of the basis for such property. The credit  
15 shall be available only in the taxable year in which the  
16 property is placed in service in the Enterprise Zone or  
17 River Edge Redevelopment Zone and shall not be allowed to  
18 the extent that it would reduce a taxpayer's liability for  
19 the tax imposed by subsections (a) and (b) of this Section  
20 to below zero. For tax years ending on or after December  
21 31, 1985, the credit shall be allowed for the tax year in  
22 which the property is placed in service, or, if the amount  
23 of the credit exceeds the tax liability for that year,  
24 whether it exceeds the original liability or the liability  
25 as later amended, such excess may be carried forward and  
26 applied to the tax liability of the 5 taxable years

1 following the excess credit year. The credit shall be  
2 applied to the earliest year for which there is a  
3 liability. If there is credit from more than one tax year  
4 that is available to offset a liability, the credit  
5 accruing first in time shall be applied first.

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

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

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

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

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

18 (E) has not been previously used in Illinois in  
19 such a manner and by such a person as would qualify for  
20 the credit provided by this subsection (f) or  
21 subsection (e).

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

25 (4) If the basis of the property for federal income tax  
26 depreciation purposes is increased after it has been placed

1 in service in the Enterprise Zone or River Edge  
2 Redevelopment Zone by the taxpayer, the amount of such  
3 increase shall be deemed property placed in service on the  
4 date of such increase in basis.

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

7 (6) If during any taxable year, any property ceases to  
8 be qualified property in the hands of the taxpayer within  
9 48 months after being placed in service, or the situs of  
10 any qualified property is moved outside the Enterprise Zone  
11 or River Edge Redevelopment Zone within 48 months after  
12 being placed in service, the tax imposed under subsections  
13 (a) and (b) of this Section 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 (6), 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 (7) There shall be allowed an additional credit equal  
25 to 0.5% of the basis of qualified property placed in  
26 service during the taxable year in a River Edge

1       Redevelopment Zone, provided such property is placed in  
2       service on or after July 1, 2006, and the taxpayer's base  
3       employment within Illinois has increased by 1% or more over  
4       the preceding year as determined by the taxpayer's  
5       employment records filed with the Illinois Department of  
6       Employment Security. Taxpayers who are new to Illinois  
7       shall be deemed to have met the 1% growth in base  
8       employment for the first year in which they file employment  
9       records with the Illinois Department of Employment  
10      Security. If, in any year, the increase in base employment  
11      within Illinois over the preceding year is less than 1%,  
12      the additional credit shall be limited to that percentage  
13      times a fraction, the numerator of which is 0.5% and the  
14      denominator of which is 1%, but shall not exceed 0.5%.

15           (8) For taxable years beginning on or after January 1,  
16      2021, there shall be allowed an Enterprise Zone  
17      construction jobs credit against the taxes imposed under  
18      subsections (a) and (b) of this Section as provided in  
19      Section 13 of the Illinois Enterprise Zone Act.

20           The credit or credits may not reduce the taxpayer's  
21      liability to less than zero. If the amount of the credit or  
22      credits exceeds the taxpayer's liability, the excess may be  
23      carried forward and applied against the taxpayer's  
24      liability in succeeding calendar years in the same manner  
25      provided under paragraph (4) of Section 211 of this Act.  
26      The credit or credits shall be applied to the earliest year

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

5 For partners, shareholders of Subchapter S  
6 corporations, and owners of limited liability companies,  
7 if the liability company is treated as a partnership for  
8 the purposes of federal and State income taxation, there  
9 shall be allowed a credit under this Section to be  
10 determined in accordance with the determination of income  
11 and distributive share of income under Sections 702 and 704  
12 and Subchapter S of the Internal Revenue Code.

13 The total aggregate amount of credits awarded under the  
14 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
15 ~~amendatory Act of the 101st General Assembly~~) shall not  
16 exceed \$20,000,000 in any State fiscal year.

17 This paragraph (8) is exempt from the provisions of  
18 Section 250.

19 (g) (Blank).

20 (h) Investment credit; High Impact Business.

21 (1) Subject to subsections (b) and (b-5) of Section 5.5  
22 of the Illinois Enterprise Zone Act, a taxpayer shall be  
23 allowed a credit against the tax imposed by subsections (a)  
24 and (b) of this Section for investment in qualified  
25 property which is placed in service by a Department of  
26 Commerce and Economic Opportunity designated High Impact

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

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

8 Changes made in this subdivision (h) (1) by Public Act  
9 88-670 restore changes made by Public Act 85-1182 and  
10 reflect existing law.

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

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

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 (h);

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

21 (D) is not eligible for the Enterprise Zone  
22 Investment Credit provided by subsection (f) of this  
23 Section.

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



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

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

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

1           (7) Beginning with tax years ending after December 31,  
2           1996, if a taxpayer qualifies for the credit under this  
3           subsection (h) and thereby is granted a tax abatement and  
4           the taxpayer relocates its entire facility in violation of  
5           the explicit terms and length of the contract under Section  
6           18-183 of the Property Tax Code, the tax imposed under  
7           subsections (a) and (b) of this Section shall be increased  
8           for the taxable year in which the taxpayer relocated its  
9           facility by an amount equal to the amount of credit  
10          received by the taxpayer under this subsection (h).

11          (h-5) High Impact Business construction ~~constructions~~ jobs  
12          credit. For taxable years beginning on or after January 1,  
13          2021, there shall also be allowed a High Impact Business  
14          construction jobs credit against the tax imposed under  
15          subsections (a) and (b) of this Section as provided in  
16          subsections (i) and (j) of Section 5.5 of the Illinois  
17          Enterprise Zone Act.

18          The credit or credits may not reduce the taxpayer's  
19          liability to less than zero. If the amount of the credit or  
20          credits exceeds the taxpayer's liability, the excess may be  
21          carried forward and applied against the taxpayer's liability in  
22          succeeding calendar years in the manner provided under  
23          paragraph (4) of Section 211 of this Act. The credit or credits  
24          shall be applied to the earliest year for which there is a tax  
25          liability. If there are credits from more than one taxable year  
26          that are available to offset a liability, the earlier credit

1 shall be applied first.

2 For partners, shareholders of Subchapter S corporations,  
3 and owners of limited liability companies, if the liability  
4 company is treated as a partnership for the purposes of federal  
5 and State income taxation, there shall be allowed a credit  
6 under this Section 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 The total aggregate amount of credits awarded under the  
11 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
12 ~~amendatory Act of the 101st General Assembly~~) shall not exceed  
13 \$20,000,000 in any State fiscal year.

14 This subsection (h-5) is exempt from the provisions of  
15 Section 250.

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

26 Any credit earned on or after December 31, 1986 under this

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

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

24 (j) Training expense credit. Beginning with tax years  
25 ending on or after December 31, 1986 and prior to December 31,  
26 2003, a taxpayer shall be allowed a credit against the tax

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

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

1 (k) Research and development credit. For tax years ending  
2 after July 1, 1990 and prior to December 31, 2003, and  
3 beginning again for tax years ending on or after December 31,  
4 2004, and ending prior to January 1, 2027, a taxpayer shall be  
5 allowed a credit against the tax imposed by subsections (a) and  
6 (b) of this Section for increasing research activities in this  
7 State. The credit allowed against the tax imposed by  
8 subsections (a) and (b) shall be equal to 6 1/2% of the  
9 qualifying expenditures for increasing research activities in  
10 this State. For partners, shareholders of subchapter S  
11 corporations, and owners of limited liability companies, if the  
12 liability company is treated as a partnership for purposes of  
13 federal and State income taxation, there shall be allowed a  
14 credit under this subsection to be determined in accordance  
15 with the determination of income and distributive share of  
16 income under Sections 702 and 704 and subchapter S of the  
17 Internal Revenue Code.

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

1 of the qualifying expenditures for each year in the base  
2 period, and "base period" means the 3 taxable years immediately  
3 preceding the taxable year for which the determination is being  
4 made.

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

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

25 No inference shall be drawn from Public Act 91-644 ~~this~~  
26 ~~amendatory Act of the 91st General Assembly~~ in construing this

1 Section for taxable years beginning before January 1, 1999.

2 It is the intent of the General Assembly that the research  
3 and development credit under this subsection (k) shall apply  
4 continuously for all tax years ending on or after December 31,  
5 2004 and ending prior to January 1, 2027, including, but not  
6 limited to, the period beginning on January 1, 2016 and ending  
7 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~  
8 ~~amendatory Act of the 100th General Assembly~~. All actions taken  
9 in reliance on the continuation of the credit under this  
10 subsection (k) by any taxpayer are hereby validated.

11 (l) Environmental Remediation Tax Credit.

12 (i) For tax years ending after December 31, 1997 and on  
13 or before December 31, 2001, a taxpayer shall be allowed a  
14 credit against the tax imposed by subsections (a) and (b)  
15 of this Section for certain amounts paid for unreimbursed  
16 eligible remediation costs, as specified in this  
17 subsection. For purposes of this Section, "unreimbursed  
18 eligible remediation costs" means costs approved by the  
19 Illinois Environmental Protection Agency ("Agency") under  
20 Section 58.14 of the Environmental Protection Act that were  
21 paid in performing environmental remediation at a site for  
22 which a No Further Remediation Letter was issued by the  
23 Agency and recorded under Section 58.10 of the  
24 Environmental Protection Act. The credit must be claimed  
25 for the taxable year in which Agency approval of the  
26 eligible remediation costs is granted. The credit is not



1 available to any taxpayer if the taxpayer or any related  
2 party caused or contributed to, in any material respect, a  
3 release of regulated substances on, in, or under the site  
4 that was identified and addressed by the remedial action  
5 pursuant to the Site Remediation Program of the  
6 Environmental Protection Act. After the Pollution Control  
7 Board rules are adopted pursuant to the Illinois  
8 Administrative Procedure Act for the administration and  
9 enforcement of Section 58.9 of the Environmental  
10 Protection Act, determinations as to credit availability  
11 for purposes of this Section shall be made consistent with  
12 those rules. For purposes of this Section, "taxpayer"  
13 includes a person whose tax attributes the taxpayer has  
14 succeeded to under Section 381 of the Internal Revenue Code  
15 and "related party" includes the persons disallowed a  
16 deduction for losses by paragraphs (b), (c), and (f)(1) of  
17 Section 267 of the Internal Revenue Code by virtue of being  
18 a related taxpayer, as well as any of its partners. The  
19 credit allowed against the tax imposed by subsections (a)  
20 and (b) shall be equal to 25% of the unreimbursed eligible  
21 remediation costs in excess of \$100,000 per site, except  
22 that the \$100,000 threshold shall not apply to any site  
23 contained in an enterprise zone as determined by the  
24 Department of Commerce and Community Affairs (now  
25 Department of Commerce and Economic Opportunity). The  
26 total credit allowed shall not exceed \$40,000 per year with

1 a maximum total of \$150,000 per site. For partners and  
2 shareholders of subchapter S corporations, there shall be  
3 allowed a credit under this subsection to be determined in  
4 accordance with the determination of income and  
5 distributive share of income under Sections 702 and 704 and  
6 subchapter S of the Internal Revenue Code.

7 (ii) A credit allowed under this subsection that is  
8 unused in the year the credit is earned may be carried  
9 forward to each of the 5 taxable years following the year  
10 for which the credit is first earned until it is used. The  
11 term "unused credit" does not include any amounts of  
12 unreimbursed eligible remediation costs in excess of the  
13 maximum credit per site authorized under paragraph (i).  
14 This credit shall be applied first to the earliest year for  
15 which there is a liability. If there is a credit under this  
16 subsection from more than one tax year that is available to  
17 offset a liability, the earliest credit arising under this  
18 subsection shall be applied first. A credit allowed under  
19 this subsection may be sold to a buyer as part of a sale of  
20 all or part of the remediation site for which the credit  
21 was granted. The purchaser of a remediation site and the  
22 tax credit shall succeed to the unused credit and remaining  
23 carry-forward period of the seller. To perfect the  
24 transfer, the assignor shall record the transfer in the  
25 chain of title for the site and provide written notice to  
26 the Director of the Illinois Department of Revenue of the

1 assignor's intent to sell the remediation site and the  
2 amount of the tax credit to be transferred as a portion of  
3 the sale. In no event may a credit be transferred to any  
4 taxpayer if the taxpayer or a related party would not be  
5 eligible under the provisions of subsection (i).

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

9 (m) Education expense credit. Beginning with tax years  
10 ending after December 31, 1999, a taxpayer who is the custodian  
11 of one or more qualifying pupils shall be allowed a credit  
12 against the tax imposed by subsections (a) and (b) of this  
13 Section for qualified education expenses incurred on behalf of  
14 the qualifying pupils. The credit shall be equal to 25% of  
15 qualified education expenses, but in no event may the total  
16 credit under this subsection claimed by a family that is the  
17 custodian of qualifying pupils exceed (i) \$500 for tax years  
18 ending prior to December 31, 2017, ~~and~~ (ii) \$750 for tax years  
19 ending on or after December 31, 2017 and ending prior to  
20 December 31, 2020, and (iii) \$2,500 for tax years ending on or  
21 after December 31, 2020. In no event shall a credit under this  
22 subsection reduce the taxpayer's liability under this Act to  
23 less than zero. Notwithstanding any other provision of law, for  
24 taxable years beginning on or after January 1, 2017, no  
25 taxpayer may claim a credit under this subsection (m) if the  
26 taxpayer's adjusted gross income for the taxable year exceeds

1 (i) \$500,000, in the case of spouses filing a joint federal tax  
2 return or (ii) \$250,000, in the case of all other taxpayers.  
3 This subsection is exempt from the provisions of Section 250 of  
4 this Act.

5 For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

12 (o) For each of taxable years during the Compassionate Use  
13 of Medical Cannabis Program, a surcharge is imposed on all  
14 taxpayers on income arising from the sale or exchange of  
15 capital assets, depreciable business property, real property  
16 used in the trade or business, and Section 197 intangibles of  
17 an organization registrant under the Compassionate Use of  
18 Medical Cannabis Program Act. The amount of the surcharge is  
19 equal to the amount of federal income tax liability for the  
20 taxable year attributable to those sales and exchanges. The  
21 surcharge imposed does not apply if:

22 (1) the medical cannabis cultivation center  
23 registration, medical cannabis dispensary registration, or  
24 the property of a registration is transferred as a result  
25 of any of the following:

26 (A) bankruptcy, a receivership, or a debt

1 adjustment initiated by or against the initial  
2 registration or the substantial owners of the initial  
3 registration;

4 (B) cancellation, revocation, or termination of  
5 any registration by the Illinois Department of Public  
6 Health;

7 (C) a determination by the Illinois Department of  
8 Public Health that transfer of the registration is in  
9 the best interests of Illinois qualifying patients as  
10 defined by the Compassionate Use of Medical Cannabis  
11 Program Act;

12 (D) the death of an owner of the equity interest in  
13 a registrant;

14 (E) the acquisition of a controlling interest in  
15 the stock or substantially all of the assets of a  
16 publicly traded company;

17 (F) a transfer by a parent company to a wholly  
18 owned subsidiary; or

19 (G) the transfer or sale to or by one person to  
20 another person where both persons were initial owners  
21 of the registration when the registration was issued;  
22 or

23 (2) the cannabis cultivation center registration,  
24 medical cannabis dispensary registration, or the  
25 controlling interest in a registrant's property is  
26 transferred in a transaction to lineal descendants in which



1 no gain or loss is recognized or as a result of a  
2 transaction in accordance with Section 351 of the Internal  
3 Revenue Code in which no gain or loss is recognized.  
4 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,  
5 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;  
6 revised 9-17-19.)

7 (Text of Section after amendment by P.A. 101-8)  
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  
24 taxable years beginning prior to July 1, 1989 and ending  
25 after June 30, 1989, an amount equal to the sum of (i) 2

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

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

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

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

20          (5.1) In the case of an individual, trust, or estate,  
21          for taxable years beginning prior to January 1, 2015, and  
22          ending after December 31, 2014, an amount equal to the sum  
23          of (i) 5% of the taxpayer's net income for the period prior  
24          to January 1, 2015, as calculated under Section 202.5, and  
25          (ii) 3.75% of the taxpayer's net income for the period  
26          after December 31, 2014, as calculated under Section 202.5.

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

5           (5.3) In the case of an individual, trust, or estate,  
6           for taxable years beginning prior to July 1, 2017, and  
7           ending after June 30, 2017, an amount equal to the sum of  
8           (i) 3.75% of the taxpayer's net income for the period prior  
9           to July 1, 2017, as calculated under Section 202.5, and  
10          (ii) 4.95% of the taxpayer's net income for the period  
11          after June 30, 2017, as calculated under Section 202.5.

12          (5.4) In the case of an individual, trust, or estate,  
13          for taxable years beginning on or after July 1, 2017 and  
14          beginning prior to January 1, 2021, an amount equal to  
15          4.95% of the taxpayer's net income for the taxable year.

16          (5.5) In the case of an individual, trust, or estate,  
17          for taxable years beginning on or after January 1, 2021, an  
18          amount calculated under the rate structure set forth in  
19          Section 201.1.

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

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

1 as calculated under Section 202.3, and (ii) 4.8% of the  
2 taxpayer's net income for the period after June 30, 1989,  
3 as calculated under Section 202.3.

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

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

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

19 (11) In the case of a corporation, for taxable years  
20 beginning prior to January 1, 2015, and ending after  
21 December 31, 2014, an amount equal to the sum of (i) 7% of  
22 the taxpayer's net income for the period prior to January  
23 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
24 of the taxpayer's net income for the period after December  
25 31, 2014, as calculated under Section 202.5.

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

1 beginning on or after January 1, 2015, and ending prior to  
2 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
3 net income for the taxable year.

4 (13) In the case of a corporation, for taxable years  
5 beginning prior to July 1, 2017, and ending after June 30,  
6 2017, an amount equal to the sum of (i) 5.25% of the  
7 taxpayer's net income for the period prior to July 1, 2017,  
8 as calculated under Section 202.5, and (ii) 7% of the  
9 taxpayer's net income for the period after June 30, 2017,  
10 as calculated under Section 202.5.

11 (14) In the case of a corporation, for taxable years  
12 beginning on or after July 1, 2017 and beginning prior to  
13 January 1, 2021, an amount equal to 7% of the taxpayer's  
14 net income for the taxable year.

15 (15) In the case of a corporation, for taxable years  
16 beginning on or after January 1, 2021, an amount equal to  
17 7.99% of the taxpayer's net income for the taxable year.

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

20 (b-5) Surcharge; sale or exchange of assets, properties,  
21 and intangibles of organization gaming licensees. For each of  
22 taxable years 2019 through 2027, a surcharge is imposed on all  
23 taxpayers on income arising from the sale or exchange of  
24 capital assets, depreciable business property, real property  
25 used in the trade or business, and Section 197 intangibles (i)  
26 of an organization licensee under the Illinois Horse Racing Act

1 of 1975 and (ii) of an organization gaming licensee under the  
2 Illinois Gambling Act. The amount of the surcharge is equal to  
3 the amount of federal income tax liability for the taxable year  
4 attributable to those sales and exchanges. The surcharge  
5 imposed shall not apply if:

6 (1) the organization gaming license, organization  
7 license, or racetrack property is transferred as a result  
8 of any of the following:

9 (A) bankruptcy, a receivership, or a debt  
10 adjustment initiated by or against the initial  
11 licensee or the substantial owners of the initial  
12 licensee;

13 (B) cancellation, revocation, or termination of  
14 any such license by the Illinois Gaming Board or the  
15 Illinois Racing Board;

16 (C) a determination by the Illinois Gaming Board  
17 that transfer of the license is in the best interests  
18 of Illinois gaming;

19 (D) the death of an owner of the equity interest in  
20 a licensee;

21 (E) the acquisition of a controlling interest in  
22 the stock or substantially all of the assets of a  
23 publicly traded company;

24 (F) a transfer by a parent company to a wholly  
25 owned subsidiary; or

26 (G) the transfer or sale to or by one person to

1 another person where both persons were initial owners  
2 of the license when the license was issued; or

3 (2) the controlling interest in the organization  
4 gaming license, organization license, or racetrack  
5 property is transferred in a transaction to lineal  
6 descendants in which no gain or loss is recognized or as a  
7 result of a transaction in accordance with Section 351 of  
8 the Internal Revenue Code in which no gain or loss is  
9 recognized; or

10 (3) live horse racing was not conducted in 2010 at a  
11 racetrack located within 3 miles of the Mississippi River  
12 under a license issued pursuant to the Illinois Horse  
13 Racing Act of 1975.

14 The transfer of an organization gaming license,  
15 organization license, or racetrack property by a person other  
16 than the initial licensee to receive the organization gaming  
17 license is not subject to a surcharge. The Department shall  
18 adopt rules necessary to implement and administer this  
19 subsection.

20 (c) Personal Property Tax Replacement Income Tax.  
21 Beginning on July 1, 1979 and thereafter, in addition to such  
22 income tax, there is also hereby imposed the Personal Property  
23 Tax Replacement Income Tax measured by net income on every  
24 corporation (including Subchapter S corporations), partnership  
25 and trust, for each taxable year ending after June 30, 1979.  
26 Such taxes are imposed on the privilege of earning or receiving

1 income in or as a resident of this State. The Personal Property  
2 Tax Replacement Income Tax shall be in addition to the income  
3 tax imposed by subsections (a) and (b) of this Section and in  
4 addition to all other occupation or privilege taxes imposed by  
5 this State or by any municipal corporation or political  
6 subdivision thereof.

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

19 (d-1) Rate reduction for certain foreign insurers. In the  
20 case of a foreign insurer, as defined by Section 35A-5 of the  
21 Illinois Insurance Code, whose state or country of domicile  
22 imposes on insurers domiciled in Illinois a retaliatory tax  
23 (excluding any insurer whose premiums from reinsurance assumed  
24 are 50% or more of its total insurance premiums as determined  
25 under paragraph (2) of subsection (b) of Section 304, except  
26 that for purposes of this determination premiums from



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

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

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

23 (B) the privilege tax imposed by Section 409 of the  
24 Illinois Insurance Code, the fire insurance company  
25 tax imposed by Section 12 of the Fire Investigation  
26 Act, and the fire department taxes imposed under

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

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

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

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

21           (1) A taxpayer shall be allowed a credit equal to .5%  
22 of the basis of qualified property placed in service during  
23 the taxable year, provided such property is placed in  
24 service on or after July 1, 1984. There shall be allowed an  
25 additional credit equal to .5% of the basis of qualified  
26 property placed in service during the taxable year,

1 provided such property is placed in service on or after  
2 July 1, 1986, and the taxpayer's base employment within  
3 Illinois has increased by 1% or more over the preceding  
4 year as determined by the taxpayer's employment records  
5 filed with the Illinois Department of Employment Security.  
6 Taxpayers who are new to Illinois shall be deemed to have  
7 met the 1% growth in base employment for the first year in  
8 which they file employment records with the Illinois  
9 Department of Employment Security. The provisions added to  
10 this Section by Public Act 85-1200 (and restored by Public  
11 Act 87-895) shall be construed as declaratory of existing  
12 law and not as a new enactment. If, in any year, the  
13 increase in base employment within Illinois over the  
14 preceding year is less than 1%, the additional credit shall  
15 be limited to that percentage times a fraction, the  
16 numerator of which is .5% and the denominator of which is  
17 1%, but shall not exceed .5%. The investment credit shall  
18 not be allowed to the extent that it would reduce a  
19 taxpayer's liability in any tax year below zero, nor may  
20 any credit for qualified property be allowed for any year  
21 other than the year in which the property was placed in  
22 service in Illinois. For tax years ending on or after  
23 December 31, 1987, and on or before December 31, 1988, the  
24 credit shall be allowed for the tax year in which the  
25 property is placed in service, or, if the amount of the  
26 credit exceeds the tax liability for that year, whether it

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

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

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

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                   (e);

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

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

23                   (E) has not previously been used in Illinois in  
24                   such a manner and by such a person as would qualify for  
25                   the credit provided by this subsection (e) or  
26                   subsection (f).

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

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

23           (5) If the basis of the property for federal income tax  
24 depreciation purposes is increased after it has been placed  
25 in service in Illinois by the taxpayer, the amount of such  
26 increase shall be deemed property placed in service on the

1 date of such increase in basis.

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

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

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

25 (9) Each taxable year ending before December 31, 2000,  
26 a partnership may elect to pass through to its partners the

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

15 For taxable years ending on or after December 31, 2000,  
16 a partner that qualifies its partnership for a subtraction  
17 under subparagraph (I) of paragraph (2) of subsection (d)  
18 of Section 203 or a shareholder that qualifies a Subchapter  
19 S corporation for a subtraction under subparagraph (S) of  
20 paragraph (2) of subsection (b) of Section 203 shall be  
21 allowed a credit under this subsection (e) equal to its  
22 share of the credit earned under this subsection (e) during  
23 the taxable year by the partnership or Subchapter S  
24 corporation, determined in accordance with the  
25 determination of income and distributive share of income  
26 under Sections 702 and 704 and Subchapter S of the Internal



1 Revenue Code. This paragraph is exempt from the provisions  
2 of Section 250.

3 (f) Investment credit; Enterprise Zone; River Edge  
4 Redevelopment Zone.

5 (1) A taxpayer shall be allowed a credit against the  
6 tax imposed by subsections (a) and (b) of this Section for  
7 investment in qualified property which is placed in service  
8 in an Enterprise Zone created pursuant to the Illinois  
9 Enterprise Zone Act or, for property placed in service on  
10 or after July 1, 2006, a River Edge Redevelopment Zone  
11 established pursuant to the River Edge Redevelopment Zone  
12 Act. For partners, shareholders of Subchapter S  
13 corporations, and owners of limited liability companies,  
14 if the liability company is treated as a partnership for  
15 purposes of federal and State income taxation, there shall  
16 be allowed a credit under this subsection (f) to be  
17 determined in accordance with the determination of income  
18 and distributive share of income under Sections 702 and 704  
19 and Subchapter S of the Internal Revenue Code. The credit  
20 shall be .5% of the basis for such property. The credit  
21 shall be available only in the taxable year in which the  
22 property is placed in service in the Enterprise Zone or  
23 River Edge Redevelopment Zone and shall not be allowed to  
24 the extent that it would reduce a taxpayer's liability for  
25 the tax imposed by subsections (a) and (b) of this Section  
26 to below zero. For tax years ending on or after December

1           31, 1985, the credit shall be allowed for the tax year in  
2           which the property is placed in service, or, if the amount  
3           of the credit exceeds the tax liability for that year,  
4           whether it exceeds the original liability or the liability  
5           as later amended, such excess may be carried forward and  
6           applied to the tax liability of the 5 taxable years  
7           following the excess credit year. The credit shall be  
8           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, the credit  
11          accruing first in time shall be applied first.

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

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

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

20                   (C) is acquired by purchase as defined in Section  
21                   179(d) of the Internal Revenue Code;

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

24                   (E) has not been previously used in Illinois in  
25                   such a manner and by such a person as would qualify for  
26                   the credit provided by this subsection (f) or

1 subsection (e).

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

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

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

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

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

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

21 (8) For taxable years beginning on or after January 1,  
22 2021, there shall be allowed an Enterprise Zone  
23 construction jobs credit against the taxes imposed under  
24 subsections (a) and (b) of this Section as provided in  
25 Section 13 of the Illinois Enterprise Zone Act.

26 The credit or credits may not reduce the taxpayer's

1 liability to less than zero. If the amount of the credit or  
2 credits exceeds the taxpayer's liability, the excess may be  
3 carried forward and applied against the taxpayer's  
4 liability in succeeding calendar years in the same manner  
5 provided under paragraph (4) of Section 211 of this Act.  
6 The credit or credits shall be applied to the earliest year  
7 for which there is a tax liability. If there are credits  
8 from more than one taxable year that are available to  
9 offset a liability, the earlier credit shall be applied  
10 first.

11 For partners, shareholders of Subchapter S  
12 corporations, and owners of limited liability companies,  
13 if the liability company is treated as a partnership for  
14 the purposes of federal and State income taxation, there  
15 shall be allowed a credit under this Section to be  
16 determined in accordance with the determination of income  
17 and distributive share of income under Sections 702 and 704  
18 and Subchapter S of the Internal Revenue Code.

19 The total aggregate amount of credits awarded under the  
20 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
21 ~~amendatory Act of the 101st General Assembly~~) shall not  
22 exceed \$20,000,000 in any State fiscal year.

23 This paragraph (8) is exempt from the provisions of  
24 Section 250.

25 (g) (Blank).

26 (h) Investment credit; High Impact Business.

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

1 taxpayer's liability for the tax imposed by subsections (a)  
2 and (b) of this Section to below zero. For tax years ending  
3 on or after December 31, 1987, the credit shall be allowed  
4 for the tax year in which the property is placed in  
5 service, or, if the amount of the credit exceeds the tax  
6 liability for that year, whether it exceeds the original  
7 liability or the liability as later amended, such excess  
8 may be carried forward and applied to the tax liability of  
9 the 5 taxable years following the excess credit year. The  
10 credit shall be applied to the earliest year for which  
11 there is a liability. If there is credit from more than one  
12 tax year that is available to offset a liability, the  
13 credit accruing first in time shall be applied first.

14 Changes made in this subdivision (h) (1) by Public Act  
15 88-670 restore changes made by Public Act 85-1182 and  
16 reflect existing law.

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

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

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

25 (C) is acquired by purchase as defined in Section  
26 179(d) of the Internal Revenue Code; and

1           (D) is not eligible for the Enterprise Zone  
2           Investment Credit provided by subsection (f) of this  
3           Section.

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

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

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

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



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

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

17 (h-5) High Impact Business construction ~~constructions~~ jobs  
18 credit. For taxable years beginning on or after January 1,  
19 2021, there shall also be allowed a High Impact Business  
20 construction jobs credit against the tax imposed under  
21 subsections (a) and (b) of this Section as provided in  
22 subsections (i) and (j) of Section 5.5 of the Illinois  
23 Enterprise Zone Act.

24 The credit or credits may not reduce the taxpayer's  
25 liability to less than zero. If the amount of the credit or  
26 credits exceeds the taxpayer's liability, the excess may be

1 carried forward and applied against the taxpayer's liability in  
2 succeeding calendar years in the manner provided under  
3 paragraph (4) of Section 211 of this Act. The credit or credits  
4 shall be applied to the earliest year for which there is a tax  
5 liability. If there are credits from more than one taxable year  
6 that are available to offset a liability, the earlier credit  
7 shall be applied first.

8 For partners, shareholders of Subchapter S corporations,  
9 and owners of limited liability companies, if the liability  
10 company is treated as a partnership for the purposes of federal  
11 and State income taxation, there shall be allowed a credit  
12 under this Section to be determined in accordance with the  
13 determination of income and distributive share of income under  
14 Sections 702 and 704 and Subchapter S of the Internal Revenue  
15 Code.

16 The total aggregate amount of credits awarded under the  
17 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
18 ~~amendatory Act of the 101st General Assembly~~) shall not exceed  
19 \$20,000,000 in any State fiscal year.

20 This subsection (h-5) is exempt from the provisions of  
21 Section 250.

22 (i) Credit for Personal Property Tax Replacement Income  
23 Tax. For tax years ending prior to December 31, 2003, a credit  
24 shall be allowed against the tax imposed by subsections (a) and  
25 (b) of this Section for the tax imposed by subsections (c) and  
26 (d) of this Section. This credit shall be computed by

1 multiplying the tax imposed by subsections (c) and (d) of this  
2 Section by a fraction, the numerator of which is base income  
3 allocable to Illinois and the denominator of which is Illinois  
4 base income, and further multiplying the product by the tax  
5 rate imposed by subsections (a) and (b) of this Section.

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

20 If, during any taxable year ending on or after December 31,  
21 1986, the tax imposed by subsections (c) and (d) of this  
22 Section for which a taxpayer has claimed a credit under this  
23 subsection (i) is reduced, the amount of credit for such tax  
24 shall also be reduced. Such reduction shall be determined by  
25 recomputing the credit to take into account the reduced tax  
26 imposed by subsections (c) and (d). If any portion of the

1 reduced amount of credit has been carried to a different  
2 taxable year, an amended return shall be filed for such taxable  
3 year to reduce the amount of credit claimed.

4 (j) Training expense credit. Beginning with tax years  
5 ending on or after December 31, 1986 and prior to December 31,  
6 2003, a taxpayer shall be allowed a credit against the tax  
7 imposed by subsections (a) and (b) under this Section for all  
8 amounts paid or accrued, on behalf of all persons employed by  
9 the taxpayer in Illinois or Illinois residents employed outside  
10 of Illinois by a taxpayer, for educational or vocational  
11 training in semi-technical or technical fields or semi-skilled  
12 or skilled fields, which were deducted from gross income in the  
13 computation of taxable income. The credit against the tax  
14 imposed by subsections (a) and (b) shall be 1.6% of such  
15 training expenses. For partners, shareholders of subchapter S  
16 corporations, and owners of limited liability companies, if the  
17 liability company is treated as a partnership for purposes of  
18 federal and State income taxation, there shall be allowed a  
19 credit under this subsection (j) to be determined in accordance  
20 with the determination of income and distributive share of  
21 income under Sections 702 and 704 and subchapter S of the  
22 Internal Revenue Code.

23 Any credit allowed under this subsection which is unused in  
24 the year the credit is earned may be carried forward to each of  
25 the 5 taxable years following the year for which the credit is  
26 first computed until it is used. This credit shall be applied

1 first to the earliest year for which there is a liability. If  
2 there is a credit under this subsection from more than one tax  
3 year that is available to offset a liability, the earliest  
4 credit arising under this subsection shall be applied first. No  
5 carryforward credit may be claimed in any tax year ending on or  
6 after December 31, 2003.

7 (k) Research and development credit. For tax years ending  
8 after July 1, 1990 and prior to December 31, 2003, and  
9 beginning again for tax years ending on or after December 31,  
10 2004, and ending prior to January 1, 2027, a taxpayer shall be  
11 allowed a credit against the tax imposed by subsections (a) and  
12 (b) of this Section for increasing research activities in this  
13 State. The credit allowed against the tax imposed by  
14 subsections (a) and (b) shall be equal to 6 1/2% of the  
15 qualifying expenditures for increasing research activities in  
16 this State. For partners, shareholders of subchapter S  
17 corporations, and owners of limited liability companies, if the  
18 liability company is treated as a partnership for purposes of  
19 federal and State income taxation, there shall be allowed a  
20 credit under this subsection to be determined in accordance  
21 with the determination of income and distributive share of  
22 income under Sections 702 and 704 and subchapter S of the  
23 Internal Revenue Code.

24 For purposes of this subsection, "qualifying expenditures"  
25 means the qualifying expenditures as defined for the federal  
26 credit for increasing research activities which would be

1 allowable under Section 41 of the Internal Revenue Code and  
2 which are conducted in this State, "qualifying expenditures for  
3 increasing research activities in this State" means the excess  
4 of qualifying expenditures for the taxable year in which  
5 incurred over qualifying expenditures for the base period,  
6 "qualifying expenditures for the base period" means the average  
7 of the qualifying expenditures for each year in the base  
8 period, and "base period" means the 3 taxable years immediately  
9 preceding the taxable year for which the determination is being  
10 made.

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

19 If an unused credit is carried forward to a given year from  
20 2 or more earlier years, that credit arising in the earliest  
21 year will be applied first against the tax liability for the  
22 given year. If a tax liability for the given year still  
23 remains, the credit from the next earliest year will then be  
24 applied, and so on, until all credits have been used or no tax  
25 liability for the given year remains. Any remaining unused  
26 credit or credits then will be carried forward to the next

1 following year in which a tax liability is incurred, except  
2 that no credit can be carried forward to a year which is more  
3 than 5 years after the year in which the expense for which the  
4 credit is given was incurred.

5 No inference shall be drawn from Public Act 91-644 ~~this~~  
6 ~~amendatory Act of the 91st General Assembly~~ in construing this  
7 Section for taxable years beginning before January 1, 1999.

8 It is the intent of the General Assembly that the research  
9 and development credit under this subsection (k) shall apply  
10 continuously for all tax years ending on or after December 31,  
11 2004 and ending prior to January 1, 2027, including, but not  
12 limited to, the period beginning on January 1, 2016 and ending  
13 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~  
14 ~~amendatory Act of the 100th General Assembly~~. All actions taken  
15 in reliance on the continuation of the credit under this  
16 subsection (k) by any taxpayer are hereby validated.

17 (l) Environmental Remediation Tax Credit.

18 (i) For tax years ending after December 31, 1997 and on  
19 or before December 31, 2001, a taxpayer shall be allowed a  
20 credit against the tax imposed by subsections (a) and (b)  
21 of this Section for certain amounts paid for unreimbursed  
22 eligible remediation costs, as specified in this  
23 subsection. For purposes of this Section, "unreimbursed  
24 eligible remediation costs" means costs approved by the  
25 Illinois Environmental Protection Agency ("Agency") under  
26 Section 58.14 of the Environmental Protection Act that were

1       paid in performing environmental remediation at a site for  
2       which a No Further Remediation Letter was issued by the  
3       Agency and recorded under Section 58.10 of the  
4       Environmental Protection Act. The credit must be claimed  
5       for the taxable year in which Agency approval of the  
6       eligible remediation costs is granted. The credit is not  
7       available to any taxpayer if the taxpayer or any related  
8       party caused or contributed to, in any material respect, a  
9       release of regulated substances on, in, or under the site  
10      that was identified and addressed by the remedial action  
11      pursuant to the Site Remediation Program of the  
12      Environmental Protection Act. After the Pollution Control  
13      Board rules are adopted pursuant to the Illinois  
14      Administrative Procedure Act for the administration and  
15      enforcement of Section 58.9 of the Environmental  
16      Protection Act, determinations as to credit availability  
17      for purposes of this Section shall be made consistent with  
18      those rules. For purposes of this Section, "taxpayer"  
19      includes a person whose tax attributes the taxpayer has  
20      succeeded to under Section 381 of the Internal Revenue Code  
21      and "related party" includes the persons disallowed a  
22      deduction for losses by paragraphs (b), (c), and (f)(1) of  
23      Section 267 of the Internal Revenue Code by virtue of being  
24      a related taxpayer, as well as any of its partners. The  
25      credit allowed against the tax imposed by subsections (a)  
26      and (b) shall be equal to 25% of the unreimbursed eligible



1 remediation costs in excess of \$100,000 per site, except  
2 that the \$100,000 threshold shall not apply to any site  
3 contained in an enterprise zone as determined by the  
4 Department of Commerce and Community Affairs (now  
5 Department of Commerce and Economic Opportunity). The  
6 total credit allowed shall not exceed \$40,000 per year with  
7 a maximum total of \$150,000 per site. For partners and  
8 shareholders of subchapter S corporations, there shall be  
9 allowed a credit under this subsection to be determined in  
10 accordance with the determination of income and  
11 distributive share of income under Sections 702 and 704 and  
12 subchapter S of the Internal Revenue Code.

13 (ii) A credit allowed under this subsection that is  
14 unused in the year the credit is earned may be carried  
15 forward to each of the 5 taxable years following the year  
16 for which the credit is first earned until it is used. The  
17 term "unused credit" does not include any amounts of  
18 unreimbursed eligible remediation costs in excess of the  
19 maximum credit per site authorized under paragraph (i).  
20 This credit shall be applied first to the earliest year for  
21 which there is a liability. If there is a credit under this  
22 subsection from more than one tax year that is available to  
23 offset a liability, the earliest credit arising under this  
24 subsection shall be applied first. A credit allowed under  
25 this subsection may be sold to a buyer as part of a sale of  
26 all or part of the remediation site for which the credit

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

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

15 (m) Education expense credit. Beginning with tax years  
16 ending after December 31, 1999, a taxpayer who is the custodian  
17 of one or more qualifying pupils shall be allowed a credit  
18 against the tax imposed by subsections (a) and (b) of this  
19 Section for qualified education expenses incurred on behalf of  
20 the qualifying pupils. The credit shall be equal to 25% of  
21 qualified education expenses, but in no event may the total  
22 credit under this subsection claimed by a family that is the  
23 custodian of qualifying pupils exceed (i) \$500 for tax years  
24 ending prior to December 31, 2017, ~~and~~ (ii) \$750 for tax years  
25 ending on or after December 31, 2017 and ending prior to  
26 December 31, 2020, and (iii) \$2,500 for tax years ending on or

1 after December 31, 2020. In no event shall a credit under this  
2 subsection reduce the taxpayer's liability under this Act to  
3 less than zero. Notwithstanding any other provision of law, for  
4 taxable years beginning on or after January 1, 2017, no  
5 taxpayer may claim a credit under this subsection (m) if the  
6 taxpayer's adjusted gross income for the taxable year exceeds  
7 (i) \$500,000, in the case of spouses filing a joint federal tax  
8 return or (ii) \$250,000, in the case of all other taxpayers.  
9 This subsection is exempt from the provisions of Section 250 of  
10 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 (o) For each of taxable years during the Compassionate Use  
19 of Medical Cannabis Program, a surcharge is imposed on all  
20 taxpayers on income arising from the sale or exchange of  
21 capital assets, depreciable business property, real property  
22 used in the trade or business, and Section 197 intangibles of  
23 an organization registrant under the Compassionate Use of  
24 Medical Cannabis Program Act. The amount of the surcharge is  
25 equal to the amount of federal income tax liability for the  
26 taxable year attributable to those sales and exchanges. The

1 surcharge imposed does not apply if:

2 (1) the medical cannabis cultivation center  
3 registration, medical cannabis dispensary registration, or  
4 the property of a registration is transferred as a result  
5 of any of the following:

6 (A) bankruptcy, a receivership, or a debt  
7 adjustment initiated by or against the initial  
8 registration or the substantial owners of the initial  
9 registration;

10 (B) cancellation, revocation, or termination of  
11 any registration by the Illinois Department of Public  
12 Health;

13 (C) a determination by the Illinois Department of  
14 Public Health that transfer of the registration is in  
15 the best interests of Illinois qualifying patients as  
16 defined by the Compassionate Use of Medical Cannabis  
17 Program Act;

18 (D) the death of an owner of the equity interest in  
19 a registrant;

20 (E) the acquisition of a controlling interest in  
21 the stock or substantially all of the assets of a  
22 publicly traded company;

23 (F) a transfer by a parent company to a wholly  
24 owned subsidiary; or

25 (G) the transfer or sale to or by one person to  
26 another person where both persons were initial owners

1 of the registration when the registration was issued;

2 or

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

10 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for  
11 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
12 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 9-17-19.)

13 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

14 (Text of Section before amendment by P.A. 101-8)

15 Sec. 208. Tax credit for residential real property taxes.  
16 Except as otherwise provided in this Section, beginning  
17 Beginning with tax years ending on or after December 31, 1991,  
18 every individual taxpayer shall be entitled to a tax credit  
19 equal to 5% of real property taxes paid by such taxpayer during  
20 the taxable year on the principal residence of the taxpayer.  
21 Notwithstanding any other provision of law, for taxable years  
22 ending on or after December 31, 2020, if the school district in  
23 which the principal residence of the taxpayer is located has  
24 implemented attendance restrictions as a result of the COVID-19  
25 pandemic during any part of the taxable year, then, for that



1 taxable year only, the tax credit under this Section shall be  
2 equal to 25% of real property taxes paid by such taxpayer  
3 during the taxable year on the principal residence of the  
4 taxpayer. In the case of multi-unit or multi-use structures and  
5 farm dwellings, the taxes on the taxpayer's principal residence  
6 shall be that portion of the total taxes which is attributable  
7 to such principal residence. Notwithstanding any other  
8 provision of law, for taxable years beginning on or after  
9 January 1, 2017, no taxpayer may claim a credit under this  
10 Section if the taxpayer's adjusted gross income for the taxable  
11 year exceeds (i) \$500,000, in the case of spouses filing a  
12 joint federal tax return, or (ii) \$250,000, in the case of all  
13 other taxpayers.

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

15 (Text of Section after amendment by P.A. 101-8)

16 Sec. 208. Tax credit for residential real property taxes.  
17 Except as otherwise provided in this Section, for ~~For~~ tax years  
18 ending on or after December 31, 1991 and ending prior to  
19 December 31, 2021, every individual taxpayer shall be entitled  
20 to a tax credit equal to 5% of real property taxes paid by such  
21 taxpayer during the taxable year on the principal residence of  
22 the taxpayer. Except as otherwise provided in this Section, for  
23 ~~For~~ tax years ending on or after December 31, 2021, every  
24 individual taxpayer shall be entitled to a tax credit equal to  
25 6% of real property taxes paid by such taxpayer during the

1 taxable year on the principal residence of the taxpayer.  
2 Notwithstanding any other provision of law, for taxable years  
3 ending on or after December 31, 2020, if the school district in  
4 which the principal residence of the taxpayer is located has  
5 implemented attendance restrictions as a result of the COVID-19  
6 pandemic during any part of the taxable year, then, for that  
7 taxable year only, the tax credit under this Section shall be  
8 equal to 25% of real property taxes paid by such taxpayer  
9 during the taxable year on the principal residence of the  
10 taxpayer. In the case of multi-unit or multi-use structures and  
11 farm dwellings, the taxes on the taxpayer's principal residence  
12 shall be that portion of the total taxes which is attributable  
13 to such principal residence. Notwithstanding any other  
14 provision of law, for taxable years beginning on or after  
15 January 1, 2017, no taxpayer may claim a credit under this  
16 Section if the taxpayer's adjusted gross income for the taxable  
17 year exceeds (i) \$500,000, in the case of spouses filing a  
18 joint federal tax return, or (ii) \$250,000, in the case of all  
19 other taxpayers. This Section is exempt from the provisions of  
20 Section 250.

21 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for  
22 effective date.)

23 Section 95. No acceleration or delay. Where this Act makes  
24 changes in a statute that is represented in this Act by text  
25 that is not yet or no longer in effect (for example, a Section

1 represented by multiple versions), the use of that text does  
2 not accelerate or delay the taking effect of (i) the changes  
3 made by this Act or (ii) provisions derived from any other  
4 Public Act.

5 Section 99. Effective date. This Act takes effect upon  
6 becoming law.