

# SB3165



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB3165

Introduced 2/11/2020, by Sen. Donald P. DeWitte

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

Amends the Illinois Income Tax Act. Increases the research and development credit by providing that the increase in research and development activities shall be based on an increase over 50% of the average of the qualifying expenditures for each year in the base period (instead of 100% of the average of the qualifying expenditures for each year in the base period). Provides that the research and development credit applies on a permanent basis. Effective immediately.

LRB101 17188 HLH 66590 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 5/201)

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 the following terms have  
19 the following meanings. "Qualifying ~~,"~~ ~~"qualifying~~  
20 expenditures" means the qualifying expenditures as defined for  
21 the federal credit for increasing research activities which  
22 would be allowable under Section 41 of the Internal Revenue  
23 Code and which are conducted in this State. "Qualifying ~~,"~~  
24 ~~"qualifying~~ expenditures for increasing research activities in  
25 this State" means the excess of qualifying expenditures for the  
26 taxable year in which incurred over qualifying expenditures for

1 the base period. "Qualifying ~~,"~~"qualifying expenditures for the  
2 base period" means: (1) for taxable years ending prior to  
3 December 31, 2020, the average of the qualifying expenditures  
4 for each year in the base period; and (2) for taxable years  
5 ending on or after December 31, 2020, 50% of the average of the  
6 qualifying expenditures for each year in the base period. "Base  
7 ~~,"~~ ~~and~~ "base period" means the 3 taxable years immediately  
8 preceding the taxable year for which the determination is being  
9 made.

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

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

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

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

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

16 This subsection (k) is exempt from the provisions of  
17 Section 250.

18 (l) Environmental Remediation Tax Credit.

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



1 Section 58.14 of the Environmental Protection Act that were  
2 paid in performing environmental remediation at a site for  
3 which a No Further Remediation Letter was issued by the  
4 Agency and recorded under Section 58.10 of the  
5 Environmental Protection Act. The credit must be claimed  
6 for the taxable year in which Agency approval of the  
7 eligible remediation costs is granted. The credit is not  
8 available to any taxpayer if the taxpayer or any related  
9 party caused or contributed to, in any material respect, a  
10 release of regulated substances on, in, or under the site  
11 that was identified and addressed by the remedial action  
12 pursuant to the Site Remediation Program of the  
13 Environmental Protection Act. After the Pollution Control  
14 Board rules are adopted pursuant to the Illinois  
15 Administrative Procedure Act for the administration and  
16 enforcement of Section 58.9 of the Environmental  
17 Protection Act, determinations as to credit availability  
18 for purposes of this Section shall be made consistent with  
19 those rules. For purposes of this Section, "taxpayer"  
20 includes a person whose tax attributes the taxpayer has  
21 succeeded to under Section 381 of the Internal Revenue Code  
22 and "related party" includes the persons disallowed a  
23 deduction for losses by paragraphs (b), (c), and (f)(1) of  
24 Section 267 of the Internal Revenue Code by virtue of being  
25 a related taxpayer, as well as any of its partners. The  
26 credit allowed against the tax imposed by subsections (a)

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

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

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

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

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

1 credit under this subsection reduce the taxpayer's liability  
2 under this Act to less than zero. Notwithstanding any other  
3 provision of law, for taxable years beginning on or after  
4 January 1, 2017, no taxpayer may claim a credit under this  
5 subsection (m) if the taxpayer's adjusted gross income for the  
6 taxable year exceeds (i) \$500,000, in the case of spouses  
7 filing a joint federal tax return or (ii) \$250,000, in the case  
8 of all other taxpayers. This subsection is exempt from the  
9 provisions of Section 250 of this Act.

10 For purposes of this subsection:

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

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

22 "School" means any public or nonpublic elementary or  
23 secondary school in Illinois that is in compliance with Title  
24 VI of the Civil Rights Act of 1964 and attendance at which  
25 satisfies the requirements of Section 26-1 of the School Code,  
26 except that nothing shall be construed to require a child to

1 attend any particular public or nonpublic school to qualify for  
2 the credit under this Section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24          (G)     the transfer or sale to or by one person to  
25    another person where both persons were initial owners  
26    of the registration when the registration was issued;



1 or

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

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

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

13 Sec. 201. Tax imposed.

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

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

24 (1) In the case of an individual, trust or estate, for  
25 taxable years ending prior to July 1, 1989, an amount equal

1 to 2 1/2% of the taxpayer's net income for the taxable  
2 year.

3 (2) In the case of an individual, trust or estate, for  
4 taxable years beginning prior to July 1, 1989 and ending  
5 after June 30, 1989, an amount equal to the sum of (i) 2  
6 1/2% of the taxpayer's net income for the period prior to  
7 July 1, 1989, as calculated under Section 202.3, and (ii)  
8 3% of the taxpayer's net income for the period after June  
9 30, 1989, as calculated under Section 202.3.

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

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

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

25 (5.1) In the case of an individual, trust, or estate,  
26 for taxable years beginning prior to January 1, 2015, and

1 ending after December 31, 2014, an amount equal to the sum  
2 of (i) 5% of the taxpayer's net income for the period prior  
3 to January 1, 2015, as calculated under Section 202.5, and  
4 (ii) 3.75% of the taxpayer's net income for the period  
5 after December 31, 2014, as calculated under Section 202.5.

6 (5.2) In the case of an individual, trust, or estate,  
7 for taxable years beginning on or after January 1, 2015,  
8 and ending prior to July 1, 2017, an amount equal to 3.75%  
9 of the taxpayer's net income for the taxable year.

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

17 (5.4) In the case of an individual, trust, or estate,  
18 for taxable years beginning on or after July 1, 2017 and  
19 beginning prior to January 1, 2021, an amount equal to  
20 4.95% of the taxpayer's net income for the taxable year.

21 (5.5) In the case of an individual, trust, or estate,  
22 for taxable years beginning on or after January 1, 2021, an  
23 amount calculated under the rate structure set forth in  
24 Section 201.1.

25 (6) In the case of a corporation, for taxable years  
26 ending prior to July 1, 1989, an amount equal to 4% of the

1 taxpayer's net income for the taxable year.

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

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

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

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

24 (11) In the case of a corporation, for taxable years  
25 beginning prior to January 1, 2015, and ending after  
26 December 31, 2014, an amount equal to the sum of (i) 7% of

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

5 (12) In the case of a corporation, for taxable years  
6 beginning on or after January 1, 2015, and ending prior to  
7 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
8 net income for the taxable year.

9 (13) In the case of a corporation, for taxable years  
10 beginning prior to July 1, 2017, and ending after June 30,  
11 2017, an amount equal to the sum of (i) 5.25% of the  
12 taxpayer's net income for the period prior to July 1, 2017,  
13 as calculated under Section 202.5, and (ii) 7% of the  
14 taxpayer's net income for the period after June 30, 2017,  
15 as calculated under Section 202.5.

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

20 (15) In the case of a corporation, for taxable years  
21 beginning on or after January 1, 2021, an amount equal to  
22 7.99% of the taxpayer's net income for the taxable year.

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

25 (b-5) Surcharge; sale or exchange of assets, properties,  
26 and intangibles of organization gaming licensees. For each of

1 taxable years 2019 through 2027, a surcharge is imposed on all  
2 taxpayers on income arising from the sale or exchange of  
3 capital assets, depreciable business property, real property  
4 used in the trade or business, and Section 197 intangibles (i)  
5 of an organization licensee under the Illinois Horse Racing Act  
6 of 1975 and (ii) of an organization gaming licensee under the  
7 Illinois Gambling Act. The amount of the surcharge is equal to  
8 the amount of federal income tax liability for the taxable year  
9 attributable to those sales and exchanges. The surcharge  
10 imposed shall not apply if:

11 (1) the organization gaming license, organization  
12 license, or racetrack property is transferred as a result  
13 of any of the following:

14 (A) bankruptcy, a receivership, or a debt  
15 adjustment initiated by or against the initial  
16 licensee or the substantial owners of the initial  
17 licensee;

18 (B) cancellation, revocation, or termination of  
19 any such license by the Illinois Gaming Board or the  
20 Illinois Racing Board;

21 (C) a determination by the Illinois Gaming Board  
22 that transfer of the license is in the best interests  
23 of Illinois gaming;

24 (D) the death of an owner of the equity interest in  
25 a licensee;

26 (E) the acquisition of a controlling interest in

1 the stock or substantially all of the assets of a  
2 publicly traded company;

3 (F) a transfer by a parent company to a wholly  
4 owned subsidiary; or

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

8 (2) the controlling interest in the organization  
9 gaming license, organization license, or racetrack  
10 property is transferred in a transaction to lineal  
11 descendants in which no gain or loss is recognized or as a  
12 result of a transaction in accordance with Section 351 of  
13 the Internal Revenue Code in which no gain or loss is  
14 recognized; or

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

19 The transfer of an organization gaming license,  
20 organization license, or racetrack property by a person other  
21 than the initial licensee to receive the organization gaming  
22 license is not subject to a surcharge. The Department shall  
23 adopt rules necessary to implement and administer this  
24 subsection.

25 (c) Personal Property Tax Replacement Income Tax.  
26 Beginning on July 1, 1979 and thereafter, in addition to such

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

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

24 (d-1) Rate reduction for certain foreign insurers. In the  
25 case of a foreign insurer, as defined by Section 35A-5 of the  
26 Illinois Insurance Code, whose state or country of domicile



1 imposes on insurers domiciled in Illinois a retaliatory tax  
2 (excluding any insurer whose premiums from reinsurance assumed  
3 are 50% or more of its total insurance premiums as determined  
4 under paragraph (2) of subsection (b) of Section 304, except  
5 that for purposes of this determination premiums from  
6 reinsurance do not include premiums from inter-affiliate  
7 reinsurance arrangements), beginning with taxable years ending  
8 on or after December 31, 1999, the sum of the rates of tax  
9 imposed by subsections (b) and (d) shall be reduced (but not  
10 increased) to the rate at which the total amount of tax imposed  
11 under this Act, net of all credits allowed under this Act,  
12 shall equal (i) the total amount of tax that would be imposed  
13 on the foreign insurer's net income allocable to Illinois for  
14 the taxable year by such foreign insurer's state or country of  
15 domicile if that net income were subject to all income taxes  
16 and taxes measured by net income imposed by such foreign  
17 insurer's state or country of domicile, net of all credits  
18 allowed or (ii) a rate of zero if no such tax is imposed on such  
19 income by the foreign insurer's state of domicile. For the  
20 purposes of this subsection (d-1), an inter-affiliate includes  
21 a mutual insurer under common management.

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

25 (A) the total amount of tax imposed on such foreign  
26 insurer under this Act for a taxable year, net of all

1 credits allowed under this Act, plus

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

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

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

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

26 (1) A taxpayer shall be allowed a credit equal to .5%

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

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

1 years following the excess credit years. The credit shall  
2 be 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, earlier credit  
5 shall be applied first.

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

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

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 (e);

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

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

1           Redevelopment Zone Act; and

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

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

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

1 income tax purposes.

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

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

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

25 (8) Unless the investment credit is extended by law,  
26 the basis of qualified property shall not include costs

1 incurred after December 31, 2018, except for costs incurred  
2 pursuant to a binding contract entered into on or before  
3 December 31, 2018.

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

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



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

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

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

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

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 (f);

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

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

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

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

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

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

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

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

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

26 (8) For taxable years beginning on or after January 1,

1           2021, there shall be allowed an Enterprise Zone  
2 construction jobs credit against the taxes imposed under  
3 subsections (a) and (b) of this Section as provided in  
4 Section 13 of the Illinois Enterprise Zone Act.

5           The credit or credits may not reduce the taxpayer's  
6 liability to less than zero. If the amount of the credit or  
7 credits exceeds the taxpayer's liability, the excess may be  
8 carried forward and applied against the taxpayer's  
9 liability in succeeding calendar years in the same manner  
10 provided under paragraph (4) of Section 211 of this Act.  
11 The credit or credits shall be applied to the earliest year  
12 for which there is a tax liability. If there are credits  
13 from more than one taxable year that are available to  
14 offset a liability, the earlier credit shall be applied  
15 first.

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

24           The total aggregate amount of credits awarded under the  
25 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
26 ~~amendatory Act of the 101st General Assembly~~) shall not

1 exceed \$20,000,000 in any State fiscal year.

2 This paragraph (8) is exempt from the provisions of  
3 Section 250.

4 (g) (Blank).

5 (h) Investment credit; High Impact Business.

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

1 investment by a designated high impact business authorized  
2 under subdivision (a) (3) (A) of Section 5.5 of the Illinois  
3 Enterprise Zone Act shall be available only in the taxable  
4 year in which the property is placed in service and shall  
5 not be allowed to the extent that it would reduce a  
6 taxpayer's liability for the tax imposed by subsections (a)  
7 and (b) of this Section to below zero. For tax years ending  
8 on or after December 31, 1987, the credit shall be allowed  
9 for the tax year in which the property is placed in  
10 service, or, if the amount of the credit exceeds the tax  
11 liability for that year, whether it exceeds the original  
12 liability or the liability as later amended, such excess  
13 may be carried forward and applied to the tax liability of  
14 the 5 taxable years following the excess credit year. The  
15 credit shall be applied to the earliest year for which  
16 there is a liability. If there is credit from more than one  
17 tax year that is available to offset a liability, the  
18 credit accruing first in time shall be applied first.

19 Changes made in this subdivision (h) (1) by Public Act  
20 88-670 restore changes made by Public Act 85-1182 and  
21 reflect existing law.

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

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

25 (B) is depreciable pursuant to Section 167 of the  
26 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not  
2 eligible for the credit provided by this subsection  
3 (h);

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

6 (D) is not eligible for the Enterprise Zone  
7 Investment Credit provided by subsection (f) of this  
8 Section.

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

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

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

20 (6) If during any taxable year ending on or before  
21 December 31, 1996, any property ceases to be qualified  
22 property in the hands of the taxpayer within 48 months  
23 after being placed in service, or the situs of any  
24 qualified property is moved outside Illinois within 48  
25 months after being placed in service, the tax imposed under  
26 subsections (a) and (b) of this Section for such taxable



1 year shall be increased. Such increase shall be determined  
2 by (i) recomputing the investment credit which would have  
3 been allowed for the year in which credit for such property  
4 was originally allowed by eliminating such property from  
5 such computation, and (ii) subtracting such recomputed  
6 credit from the amount of credit previously allowed. For  
7 the purposes of this paragraph (6), a reduction of the  
8 basis of qualified property resulting from a  
9 redetermination of the purchase price shall be deemed a  
10 disposition of qualified property to the extent of such  
11 reduction.

12 (7) Beginning with tax years ending after December 31,  
13 1996, if a taxpayer qualifies for the credit under this  
14 subsection (h) and thereby is granted a tax abatement and  
15 the taxpayer relocates its entire facility in violation of  
16 the explicit terms and length of the contract under Section  
17 18-183 of the Property Tax Code, the tax imposed under  
18 subsections (a) and (b) of this Section shall be increased  
19 for the taxable year in which the taxpayer relocated its  
20 facility by an amount equal to the amount of credit  
21 received by the taxpayer under this subsection (h).

22 (h-5) High Impact Business construction ~~constructions~~ jobs  
23 credit. For taxable years beginning on or after January 1,  
24 2021, there shall also be allowed a High Impact Business  
25 construction jobs credit against the tax imposed under  
26 subsections (a) and (b) of this Section as provided in

1 subsections (i) and (j) of Section 5.5 of the Illinois  
2 Enterprise Zone Act.

3 The credit or credits may not reduce the taxpayer's  
4 liability to less than zero. If the amount of the credit or  
5 credits exceeds the taxpayer's liability, the excess may be  
6 carried forward and applied against the taxpayer's liability in  
7 succeeding calendar years in the manner provided under  
8 paragraph (4) of Section 211 of this Act. The credit or credits  
9 shall be applied to the earliest year for which there is a tax  
10 liability. If there are credits from more than one taxable year  
11 that are available to offset a liability, the earlier credit  
12 shall be applied first.

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

21 The total aggregate amount of credits awarded under the  
22 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
23 ~~amendatory Act of the 101st General Assembly~~) shall not exceed  
24 \$20,000,000 in any State fiscal year.

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

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

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

25           If, during any taxable year ending on or after December 31,  
26 1986, the tax imposed by subsections (c) and (d) of this

1 Section for which a taxpayer has claimed a credit under this  
2 subsection (i) is reduced, the amount of credit for such tax  
3 shall also be reduced. Such reduction shall be determined by  
4 recomputing the credit to take into account the reduced tax  
5 imposed by subsections (c) and (d). If any portion of the  
6 reduced amount of credit has been carried to a different  
7 taxable year, an amended return shall be filed for such taxable  
8 year to reduce the amount of credit claimed.

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

1 Internal Revenue Code.

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

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

1 income under Sections 702 and 704 and subchapter S of the  
2 Internal Revenue Code.

3 For purposes of this subsection the following terms have  
4 the following meanings. "Qualifying ~~"qualifying~~  
5 expenditures" means the qualifying expenditures as defined for  
6 the federal credit for increasing research activities which  
7 would be allowable under Section 41 of the Internal Revenue  
8 Code and which are conducted in this State. "Qualifying ~~"~~  
9 ~~qualifying~~ expenditures for increasing research activities in  
10 this State" means the excess of qualifying expenditures for the  
11 taxable year in which incurred over qualifying expenditures for  
12 the base period. "Qualifying ~~"qualifying~~ expenditures for the  
13 base period" means: (1) for taxable years ending prior to  
14 December 31, 2020, the average of the qualifying expenditures  
15 for each year in the base period; and (2) for taxable years  
16 ending on or after December 31, 2020, 50% of the average of the  
17 qualifying expenditures for each year in the base period. "Base  
18 ~~"~~ and "~~base~~ period" means the 3 taxable years immediately  
19 preceding the taxable year for which the determination is being  
20 made.

21 Any credit in excess of the tax liability for the taxable  
22 year may be carried forward. A taxpayer may elect to have the  
23 unused credit shown on its final completed return carried over  
24 as a credit against the tax liability for the following 5  
25 taxable years or until it has been fully used, whichever occurs  
26 first; provided that no credit earned in a tax year ending

1 prior to December 31, 2003 may be carried forward to any year  
2 ending on or after December 31, 2003.

3 If an unused credit is carried forward to a given year from  
4 2 or more earlier years, that credit arising in the earliest  
5 year will be applied first against the tax liability for the  
6 given year. If a tax liability for the given year still  
7 remains, the credit from the next earliest year will then be  
8 applied, and so on, until all credits have been used or no tax  
9 liability for the given year remains. Any remaining unused  
10 credit or credits then will be carried forward to the next  
11 following year in which a tax liability is incurred, except  
12 that no credit can be carried forward to a year which is more  
13 than 5 years after the year in which the expense for which the  
14 credit is given was incurred.

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

18 It is the intent of the General Assembly that the research  
19 and development credit under this subsection (k) shall apply  
20 continuously for all tax years ending on or after December 31,  
21 2004 and ending prior to January 1, 2027, including, but not  
22 limited to, the period beginning on January 1, 2016 and ending  
23 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~  
24 ~~amendatory Act of the 100th General Assembly~~. All actions taken  
25 in reliance on the continuation of the credit under this  
26 subsection (k) by any taxpayer are hereby validated.

1       This subsection (k) is exempt from the provisions of  
2       Section 250.

3           (1) Environmental Remediation Tax Credit.

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



1 enforcement of Section 58.9 of the Environmental  
2 Protection Act, determinations as to credit availability  
3 for purposes of this Section shall be made consistent with  
4 those rules. For purposes of this Section, "taxpayer"  
5 includes a person whose tax attributes the taxpayer has  
6 succeeded to under Section 381 of the Internal Revenue Code  
7 and "related party" includes the persons disallowed a  
8 deduction for losses by paragraphs (b), (c), and (f) (1) of  
9 Section 267 of the Internal Revenue Code by virtue of being  
10 a related taxpayer, as well as any of its partners. The  
11 credit allowed against the tax imposed by subsections (a)  
12 and (b) shall be equal to 25% of the unreimbursed eligible  
13 remediation costs in excess of \$100,000 per site, except  
14 that the \$100,000 threshold shall not apply to any site  
15 contained in an enterprise zone as determined by the  
16 Department of Commerce and Community Affairs (now  
17 Department of Commerce and Economic Opportunity). The  
18 total credit allowed shall not exceed \$40,000 per year with  
19 a maximum total of \$150,000 per site. For partners and  
20 shareholders of subchapter S corporations, there shall be  
21 allowed a credit under this subsection to be determined in  
22 accordance with the determination of income and  
23 distributive share of income under Sections 702 and 704 and  
24 subchapter S of the Internal Revenue Code.

25 (ii) A credit allowed under this subsection that is  
26 unused in the year the credit is earned may be carried

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

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

1 (m) Education expense credit. Beginning with tax years  
2 ending after December 31, 1999, a taxpayer who is the custodian  
3 of one or more qualifying pupils shall be allowed a credit  
4 against the tax imposed by subsections (a) and (b) of this  
5 Section for qualified education expenses incurred on behalf of  
6 the qualifying pupils. The credit shall be equal to 25% of  
7 qualified education expenses, but in no event may the total  
8 credit under this subsection claimed by a family that is the  
9 custodian of qualifying pupils exceed (i) \$500 for tax years  
10 ending prior to December 31, 2017, and (ii) \$750 for tax years  
11 ending on or after December 31, 2017. In no event shall a  
12 credit under this subsection reduce the taxpayer's liability  
13 under this Act to less than zero. 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 subsection (m) if the taxpayer's adjusted gross income for the  
17 taxable year exceeds (i) \$500,000, in the case of spouses  
18 filing a joint federal tax return or (ii) \$250,000, in the case  
19 of all other taxpayers. This subsection is exempt from the  
20 provisions of Section 250 of this Act.

21 For purposes of this subsection:

22 "Qualifying pupils" means individuals who (i) are  
23 residents of the State of Illinois, (ii) are under the age of  
24 21 at the close of the school year for which a credit is  
25 sought, and (iii) during the school year for which a credit is  
26 sought were full-time pupils enrolled in a kindergarten through

1 twelfth grade education program at any school, as defined in  
2 this subsection.

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

7 "School" means any public or nonpublic elementary or  
8 secondary school in Illinois that is in compliance with Title  
9 VI of the Civil Rights Act of 1964 and attendance at which  
10 satisfies the requirements of Section 26-1 of the School Code,  
11 except that nothing shall be construed to require a child to  
12 attend any particular public or nonpublic school to qualify for  
13 the credit under this Section.

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

17 (n) River Edge Redevelopment Zone site remediation tax  
18 credit.

19 (i) For tax years ending on or after December 31, 2006,  
20 a taxpayer shall be allowed a credit against the tax  
21 imposed by subsections (a) and (b) of this Section for  
22 certain amounts paid for unreimbursed eligible remediation  
23 costs, as specified in this subsection. For purposes of  
24 this Section, "unreimbursed eligible remediation costs"  
25 means costs approved by the Illinois Environmental  
26 Protection Agency ("Agency") under Section 58.14a of the

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

1 unreimbursed eligible remediation costs in excess of  
2 \$100,000 per site.

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

25 (iii) For purposes of this Section, the term "site"  
26 shall have the same meaning as under Section 58.2 of the

1 Environmental Protection Act.

2 (o) For each of taxable years during the Compassionate Use  
3 of Medical Cannabis Program, a surcharge is imposed on all  
4 taxpayers on income arising from the sale or exchange of  
5 capital assets, depreciable business property, real property  
6 used in the trade or business, and Section 197 intangibles of  
7 an organization registrant under the Compassionate Use of  
8 Medical Cannabis Program Act. The amount of the surcharge is  
9 equal to the amount of federal income tax liability for the  
10 taxable year attributable to those sales and exchanges. The  
11 surcharge imposed does not apply if:

12 (1) the medical cannabis cultivation center  
13 registration, medical cannabis dispensary registration, or  
14 the property of a registration is transferred as a result  
15 of any of the following:

16 (A) bankruptcy, a receivership, or a debt  
17 adjustment initiated by or against the initial  
18 registration or the substantial owners of the initial  
19 registration;

20 (B) cancellation, revocation, or termination of  
21 any registration by the Illinois Department of Public  
22 Health;

23 (C) a determination by the Illinois Department of  
24 Public Health that transfer of the registration is in  
25 the best interests of Illinois qualifying patients as  
26 defined by the Compassionate Use of Medical Cannabis

1 Program Act;

2 (D) the death of an owner of the equity interest in  
3 a registrant;

4 (E) the acquisition of a controlling interest in  
5 the stock or substantially all of the assets of a  
6 publicly traded company;

7 (F) a transfer by a parent company to a wholly  
8 owned subsidiary; or

9 (G) the transfer or sale to or by one person to  
10 another person where both persons were initial owners  
11 of the registration when the registration was issued;  
12 or

13 (2) the cannabis cultivation center registration,  
14 medical cannabis dispensary registration, or the  
15 controlling interest in a registrant's property is  
16 transferred in a transaction to lineal descendants in which  
17 no gain or loss is recognized or as a result of a  
18 transaction in accordance with Section 351 of the Internal  
19 Revenue Code in which no gain or loss is recognized.

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

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.