

SB3875



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3875

Introduced 2/14/2020, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

Amends the Illinois Income Tax Act. Provides that a taxpayer shall be allowed an income tax credit in an amount equal to 1.3% of the qualified research expenses made by the taxpayer in Illinois. Provides that the taxpayer is not required to have obtained a research and development credit with respect to his or her federal income taxes to qualify for the Illinois research and development credit.

LRB101 18631 HLH 68086 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, "qualifying expenditures"
19 means the qualifying expenditures as defined for the federal
20 credit for increasing research activities which would be
21 allowable under Section 41 of the Internal Revenue Code and
22 which are conducted in this State, "qualifying expenditures for
23 increasing research activities in this State" means the excess
24 of qualifying expenditures for the taxable year in which
25 incurred over qualifying expenditures for the base period,
26 "qualifying expenditures for the base period" means the average

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

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

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

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

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

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

11 A taxpayer is not required to have obtained a research and
12 development credit with respect to his or her federal income
13 taxes to qualify for a credit under this subsection.

14 (1) Environmental Remediation Tax Credit.

15 (i) For tax years ending after December 31, 1997 and on
16 or before December 31, 2001, a taxpayer shall be allowed a
17 credit against the tax imposed by subsections (a) and (b)
18 of this Section for certain amounts paid for unreimbursed
19 eligible remediation costs, as specified in this
20 subsection. For purposes of this Section, "unreimbursed
21 eligible remediation costs" means costs approved by the
22 Illinois Environmental Protection Agency ("Agency") under
23 Section 58.14 of the Environmental Protection Act that were
24 paid in performing environmental remediation at a site for
25 which a No Further Remediation Letter was issued by the
26 Agency and recorded under Section 58.10 of the

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

1 Department of Commerce and Community Affairs (now
2 Department of Commerce and Economic Opportunity). The
3 total credit allowed shall not exceed \$40,000 per year with
4 a maximum total of \$150,000 per site. For partners and
5 shareholders of subchapter S corporations, there shall be
6 allowed a credit under this subsection to be determined in
7 accordance with the determination of income and
8 distributive share of income under Sections 702 and 704 and
9 subchapter S of the Internal Revenue Code.

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

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

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

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

1 subsection (m) if the taxpayer's adjusted gross income for the
2 taxable year exceeds (i) \$500,000, in the case of spouses
3 filing a joint federal tax return or (ii) \$250,000, in the case
4 of all other taxpayers. This subsection is exempt from the
5 provisions of Section 250 of this Act.

6 For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (A) bankruptcy, a receivership, or a debt
2 adjustment initiated by or against the initial
3 registration or the substantial owners of the initial
4 registration;

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

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

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

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 registration when the registration was issued;
23 or

24 (2) the cannabis cultivation center registration,
25 medical cannabis dispensary registration, or the
26 controlling interest in a registrant's property is

1 transferred in a transaction to lineal descendants in which
2 no gain or loss is recognized or as a result of a
3 transaction in accordance with Section 351 of the Internal
4 Revenue Code in which no gain or loss is recognized.

5 (p) Illinois Innovation Credit.

6 (1) For tax years ending on or after December 31, 2020,
7 a taxpayer shall be allowed a credit against the tax
8 imposed by subsections (a) and (b) of this Section in an
9 amount equal to 1.3% of the qualified research expenses
10 made by the taxpayer in Illinois. In no event shall a
11 credit under this subsection reduce the taxpayer's
12 liability under this Act to less than zero. A taxpayer may
13 elect to have the unused credit shown on its final
14 completed return carried over as a credit against his or
15 her tax liability for the following 5 taxable years or
16 until the credit has been fully used, whichever occurs
17 first. This subsection (p) is exempt from the provisions of
18 Section 250 of this Act.

19 (2) As used in this subsection:

20 "Qualified research" means activities designed to
21 promote any or all of the following:

22 (A) new computer modeling technology;

23 (B) new 3D modeling or imaging technology;

24 (C) new public infrastructure materials; or

25 (D) new public infrastructure design.

26 "Qualified research expenses" means:

1 (A) any wages paid or incurred to an employee for
2 qualified services performed by such employee;

3 (B) any amount paid or incurred for supplies used
4 in the conduct of qualified research; and

5 (C) any amount paid or incurred by the taxpayer to
6 any person (other than an employee of the taxpayer) for
7 qualified research.

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

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

12 Sec. 201. Tax imposed.

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

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

23 (1) In the case of an individual, trust or estate, for
24 taxable years ending prior to July 1, 1989, an amount equal
25 to 2 1/2% of the taxpayer's net income for the taxable

1 year.

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

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

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

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

24 (5.1) In the case of an individual, trust, or estate,
25 for taxable years beginning prior to January 1, 2015, and
26 ending after December 31, 2014, an amount equal to the sum

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

5 (5.2) In the case of an individual, trust, or estate,
6 for taxable years beginning on or after January 1, 2015,
7 and ending prior to July 1, 2017, an amount equal to 3.75%
8 of the taxpayer's net income for the taxable year.

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

16 (5.4) In the case of an individual, trust, or estate,
17 for taxable years beginning on or after July 1, 2017 and
18 beginning prior to January 1, 2021, an amount equal to
19 4.95% of the taxpayer's net income for the taxable year.

20 (5.5) In the case of an individual, trust, or estate,
21 for taxable years beginning on or after January 1, 2021, an
22 amount calculated under the rate structure set forth in
23 Section 201.1.

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

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

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

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

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

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

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

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

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

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

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

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

24 (b-5) Surcharge; sale or exchange of assets, properties,
25 and intangibles of organization gaming licensees. For each of
26 taxable years 2019 through 2027, a surcharge is imposed on all

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

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

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

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

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

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

25 (E) the acquisition of a controlling interest in
26 the stock or substantially all of the assets of a

1 publicly traded company;

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

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

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

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

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

24 (c) Personal Property Tax Replacement Income Tax.
25 Beginning on July 1, 1979 and thereafter, in addition to such
26 income tax, there is also hereby imposed the Personal Property

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (8) Unless the investment credit is extended by law,
25 the basis of qualified property shall not include costs
26 incurred after December 31, 2018, except for costs incurred

1 pursuant to a binding contract entered into on or before
2 December 31, 2018.

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

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

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

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

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

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

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

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

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

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

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

1 Redevelopment Zone by the taxpayer; and

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

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

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

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

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

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

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

25 (8) For taxable years beginning on or after January 1,
26 2021, there shall be allowed an Enterprise Zone

1 construction jobs credit against the taxes imposed under
2 subsections (a) and (b) of this Section as provided in
3 Section 13 of the Illinois Enterprise Zone Act.

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

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

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

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

3 (g) (Blank).

4 (h) Investment credit; High Impact Business.

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

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

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

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

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

24 (B) is depreciable pursuant to Section 167 of the
25 Internal Revenue Code, except that "3-year property"
26 as defined in Section 168(c) (2) (A) of that Code is not

1 eligible for the credit provided by this subsection
2 (h);

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

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

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

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

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

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

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

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

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

1 Enterprise Zone Act.

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

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

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

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

26 (i) Credit for Personal Property Tax Replacement Income

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

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

24 If, during any taxable year ending on or after December 31,
25 1986, the tax imposed by subsections (c) and (d) of this
26 Section for which a taxpayer has claimed a credit under this

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

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

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

11 (k) Research and development credit. For tax years ending
12 after July 1, 1990 and prior to December 31, 2003, and
13 beginning again for tax years ending on or after December 31,
14 2004, and ending prior to January 1, 2027, a taxpayer shall be
15 allowed a credit against the tax imposed by subsections (a) and
16 (b) of this Section for increasing research activities in this
17 State. The credit allowed against the tax imposed by
18 subsections (a) and (b) shall be equal to 6 1/2% of the
19 qualifying expenditures for increasing research activities in
20 this State. 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 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 For purposes of this subsection, "qualifying expenditures"
3 means the qualifying expenditures as defined for the federal
4 credit for increasing research activities which would be
5 allowable under Section 41 of the Internal Revenue Code and
6 which are conducted in this State, "qualifying expenditures for
7 increasing research activities in this State" means the excess
8 of qualifying expenditures for the taxable year in which
9 incurred over qualifying expenditures for the base period,
10 "qualifying expenditures for the base period" means the average
11 of the qualifying expenditures for each year in the base
12 period, and "base period" means the 3 taxable years immediately
13 preceding the taxable year for which the determination is being
14 made.

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

23 If an unused credit is carried forward to a given year from
24 2 or more earlier years, that credit arising in the earliest
25 year will be applied first against the tax liability for the
26 given year. If a tax liability for the given year still

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

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

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

21 A taxpayer is not required to have obtained a research and
22 development credit with respect to his or her federal income
23 taxes to qualify for a credit under this subsection.

24 (1) Environmental Remediation Tax Credit.

25 (i) For tax years ending after December 31, 1997 and on
26 or before December 31, 2001, a taxpayer shall be allowed a

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

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

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

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

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

22 (m) Education expense credit. Beginning with tax years
23 ending after December 31, 1999, a taxpayer who is the custodian
24 of one or more qualifying pupils shall be allowed a credit
25 against the tax imposed by subsections (a) and (b) of this
26 Section for qualified education expenses incurred on behalf of

1 the qualifying pupils. The credit shall be equal to 25% of
2 qualified education expenses, but in no event may the total
3 credit under this subsection claimed by a family that is the
4 custodian of qualifying pupils exceed (i) \$500 for tax years
5 ending prior to December 31, 2017, and (ii) \$750 for tax years
6 ending on or after December 31, 2017. In no event shall a
7 credit under this subsection reduce the taxpayer's liability
8 under this Act to less than zero. Notwithstanding any other
9 provision of law, for taxable years beginning on or after
10 January 1, 2017, no taxpayer may claim a credit under this
11 subsection (m) if the taxpayer's adjusted gross income for the
12 taxable year exceeds (i) \$500,000, in the case of spouses
13 filing a joint federal tax return or (ii) \$250,000, in the case
14 of all other taxpayers. This subsection is exempt from the
15 provisions of Section 250 of this Act.

16 For purposes of this subsection:

17 "Qualifying pupils" means individuals who (i) are
18 residents of the State of Illinois, (ii) are under the age of
19 21 at the close of the school year for which a credit is
20 sought, and (iii) during the school year for which a credit is
21 sought were full-time pupils enrolled in a kindergarten through
22 twelfth grade education program at any school, as defined in
23 this subsection.

24 "Qualified education expense" means the amount incurred on
25 behalf of a qualifying pupil in excess of \$250 for tuition,
26 book fees, and lab fees at the school in which the pupil is

1 enrolled during the regular school year.

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

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

12 (n) River Edge Redevelopment Zone site remediation tax
13 credit.

14 (i) For tax years ending on or after December 31, 2006,
15 a taxpayer shall be allowed a credit against the tax
16 imposed by subsections (a) and (b) of this Section for
17 certain amounts paid for unreimbursed eligible remediation
18 costs, as specified in this subsection. For purposes of
19 this Section, "unreimbursed eligible remediation costs"
20 means costs approved by the Illinois Environmental
21 Protection Agency ("Agency") under Section 58.14a of the
22 Environmental Protection Act that were paid in performing
23 environmental remediation at a site within a River Edge
24 Redevelopment Zone for which a No Further Remediation
25 Letter was issued by the Agency and recorded under Section
26 58.10 of the Environmental Protection Act. The credit must

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

24 (ii) A credit allowed under this subsection that is
25 unused in the year the credit is earned may be carried
26 forward to each of the 5 taxable years following the year

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

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

23 (o) For each of taxable years during the Compassionate Use
24 of Medical Cannabis Program, a surcharge is imposed on all
25 taxpayers on income arising from the sale or exchange of
26 capital assets, depreciable business property, real property

1 used in the trade or business, and Section 197 intangibles of
2 an organization registrant under the Compassionate Use of
3 Medical Cannabis Program Act. The amount of the surcharge is
4 equal to the amount of federal income tax liability for the
5 taxable year attributable to those sales and exchanges. The
6 surcharge imposed does not apply if:

7 (1) the medical cannabis cultivation center
8 registration, medical cannabis dispensary registration, or
9 the property of a registration is transferred as a result
10 of any of the following:

11 (A) bankruptcy, a receivership, or a debt
12 adjustment initiated by or against the initial
13 registration or the substantial owners of the initial
14 registration;

15 (B) cancellation, revocation, or termination of
16 any registration by the Illinois Department of Public
17 Health;

18 (C) a determination by the Illinois Department of
19 Public Health that transfer of the registration is in
20 the best interests of Illinois qualifying patients as
21 defined by the Compassionate Use of Medical Cannabis
22 Program Act;

23 (D) the death of an owner of the equity interest in
24 a registrant;

25 (E) the acquisition of a controlling interest in
26 the stock or substantially all of the assets of a

1 publicly traded company;

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

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

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

15 (p) Illinois Innovation Credit.

16 (1) For tax years ending on or after December 31, 2020,
17 a taxpayer shall be allowed a credit against the tax
18 imposed by subsections (a) and (b) of this Section in an
19 amount equal to 1.3% of the qualified research expenses
20 made by the taxpayer in Illinois. In no event shall a
21 credit under this subsection reduce the taxpayer's
22 liability under this Act to less than zero. A taxpayer may
23 elect to have the unused credit shown on its final
24 completed return carried over as a credit against his or
25 her tax liability for the following 5 taxable years or
26 until the credit has been fully used, whichever occurs

1 first. This subsection (p) is exempt from the provisions of
2 Section 250 of this Act.

3 (2) As used in this subsection:

4 "Qualified research" means activities designed to
5 promote any or all of the following:

6 (A) new computer modeling technology;

7 (B) new 3D modeling or imaging technology;

8 (C) new public infrastructure materials; or

9 (D) new public infrastructure design.

10 "Qualified research expenses" means:

11 (A) any wages paid or incurred to an employee for
12 qualified services performed by such employee;

13 (B) any amount paid or incurred for supplies used
14 in the conduct of qualified research; and

15 (C) any amount paid or incurred by the taxpayer to
16 any person (other than an employee of the taxpayer) for
17 qualified research.

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

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

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