

HB2889



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2889

Introduced 2/19/2021, by Rep. Adam Niemerg

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

Amends the Illinois Income Tax Act. Reduces the rate of tax on individuals, trusts, and estates from 4.95% to 3.75%. Effective immediately.

LRB102 11374 HLH 16707 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 without the changes made by P.A. 101-8,
8 which did not take effect (see Section 99 of P.A. 101-8))

9 Sec. 201. Tax imposed.

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

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

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

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

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

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

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

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

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

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
13 prior to July 1, 2017, as calculated under Section 202.5,
14 and (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 ending prior to January 1, 2021, an amount equal to 4.95%
19 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 prior to January 1, 2021, and
22 ending after December 31, 2020, an amount equal to the sum
23 of (i) 4.95% of the taxpayer's net income for the period
24 prior to January 1, 2021, as calculated under Section
25 202.5, and (ii) 3.75% of the taxpayer's net income for the
26 period after December 31, 2020, as calculated under

1 Section 202.5.

2 (5.6) In the case of an individual, trust, or estate,
3 for taxable years beginning on or after January 1, 2021,
4 an amount equal to 3.75% of the taxpayer's net income for
5 the taxable year.

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

9 (7) In the case of a corporation, for taxable years
10 beginning prior to July 1, 1989 and ending after June 30,
11 1989, an amount equal to the sum of (i) 4% of the
12 taxpayer's net income for the period prior to July 1,
13 1989, as calculated under Section 202.3, and (ii) 4.8% of
14 the taxpayer's net income for the period after June 30,
15 1989, as calculated under Section 202.3.

16 (8) In the case of a corporation, for taxable years
17 beginning after June 30, 1989, and ending prior to January
18 1, 2011, an amount equal to 4.8% of the taxpayer's net
19 income for the taxable year.

20 (9) In the case of a corporation, for taxable years
21 beginning prior to January 1, 2011, and ending after
22 December 31, 2010, an amount equal to the sum of (i) 4.8%
23 of the taxpayer's net income for the period prior to
24 January 1, 2011, as calculated under Section 202.5, and
25 (ii) 7% of the taxpayer's net income for the period after
26 December 31, 2010, as calculated under Section 202.5.

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

5 (11) In the case of a corporation, for taxable years
6 beginning prior to January 1, 2015, and ending after
7 December 31, 2014, an amount equal to the sum of (i) 7% of
8 the taxpayer's net income for the period prior to January
9 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
10 of the taxpayer's net income for the period after December
11 31, 2014, as calculated under Section 202.5.

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

16 (13) In the case of a corporation, for taxable years
17 beginning prior to July 1, 2017, and ending after June 30,
18 2017, an amount equal to the sum of (i) 5.25% of the
19 taxpayer's net income for the period prior to July 1,
20 2017, as calculated under Section 202.5, and (ii) 7% of
21 the taxpayer's net income for the period after June 30,
22 2017, as calculated under Section 202.5.

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

26 The rates under this subsection (b) are subject to the

1 provisions of Section 201.5.

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

14 (1) the organization gaming license, organization
15 license, or racetrack property is transferred as a result
16 of any of the following:

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

21 (B) cancellation, revocation, or termination of
22 any such license by the Illinois Gaming Board or the
23 Illinois Racing Board;

24 (C) a determination by the Illinois Gaming Board
25 that transfer of the license is in the best interests
26 of Illinois gaming;

1 (D) the death of an owner of the equity interest in
2 a licensee;

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

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

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

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

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

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

1 subsection.

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

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

1 (d-1) Rate reduction for certain foreign insurers. In the
2 case of a foreign insurer, as defined by Section 35A-5 of the
3 Illinois Insurance Code, whose state or country of domicile
4 imposes on insurers domiciled in Illinois a retaliatory tax
5 (excluding any insurer whose premiums from reinsurance assumed
6 are 50% or more of its total insurance premiums as determined
7 under paragraph (2) of subsection (b) of Section 304, except
8 that for purposes of this determination premiums from
9 reinsurance do not include premiums from inter-affiliate
10 reinsurance arrangements), beginning with taxable years ending
11 on or after December 31, 1999, the sum of the rates of tax
12 imposed by subsections (b) and (d) shall be reduced (but not
13 increased) to the rate at which the total amount of tax imposed
14 under this Act, net of all credits allowed under this Act,
15 shall equal (i) the total amount of tax that would be imposed
16 on the foreign insurer's net income allocable to Illinois for
17 the taxable year by such foreign insurer's state or country of
18 domicile if that net income were subject to all income taxes
19 and taxes measured by net income imposed by such foreign
20 insurer's state or country of domicile, net of all credits
21 allowed or (ii) a rate of zero if no such tax is imposed on
22 such income by the foreign insurer's state of domicile. For
23 the purposes of this subsection (d-1), an inter-affiliate
24 includes a mutual insurer under common management.

25 (1) For the purposes of subsection (d-1), in no event
26 shall the sum of the rates of tax imposed by subsections

1 (b) and (d) be reduced below the rate at which the sum of:

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

5 (B) the privilege tax imposed by Section 409 of
6 the Illinois Insurance Code, the fire insurance
7 company tax imposed by Section 12 of the Fire
8 Investigation Act, and the fire department taxes
9 imposed under Section 11-10-1 of the Illinois
10 Municipal Code,

11 equals 1.25% for taxable years ending prior to December
12 31, 2003, or 1.75% for taxable years ending on or after
13 December 31, 2003, of the net taxable premiums written for
14 the taxable year, as described by subsection (1) of
15 Section 409 of the Illinois Insurance Code. This paragraph
16 will in no event increase the rates imposed under
17 subsections (b) and (d).

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

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

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

4 (1) A taxpayer shall be allowed a credit equal to .5%
5 of the basis of qualified property placed in service
6 during the taxable year, provided such property is placed
7 in service on or after July 1, 1984. There shall be allowed
8 an additional credit equal to .5% of the basis of
9 qualified property placed in service during the taxable
10 year, provided such property is placed in service on or
11 after July 1, 1986, and the taxpayer's base employment
12 within Illinois has increased by 1% or more over the
13 preceding year as determined by the taxpayer's employment
14 records filed with the Illinois Department of Employment
15 Security. Taxpayers who are new to Illinois shall be
16 deemed to have met the 1% growth in base employment for the
17 first year in which they file employment records with the
18 Illinois Department of Employment Security. The provisions
19 added to this Section by Public Act 85-1200 (and restored
20 by Public Act 87-895) shall be construed as declaratory of
21 existing law and not as a new enactment. If, in any year,
22 the increase in base employment within Illinois over the
23 preceding year is less than 1%, the additional credit
24 shall be limited to that percentage times a fraction, the
25 numerator of which is .5% and the denominator of which is
26 1%, but shall not exceed .5%. The investment credit shall

1 not be allowed to the extent that it would reduce a
2 taxpayer's liability in any tax year below zero, nor may
3 any credit for qualified property be allowed for any year
4 other than the year in which the property was placed in
5 service in Illinois. For tax years ending on or after
6 December 31, 1987, and on or before December 31, 1988, the
7 credit shall be allowed for the tax year in which the
8 property is placed in service, or, if the amount of the
9 credit exceeds the tax liability for that year, whether it
10 exceeds the original liability or the liability as later
11 amended, such excess may be carried forward and applied to
12 the tax liability of the 5 taxable years following the
13 excess credit years if the taxpayer (i) makes investments
14 which cause the creation of a minimum of 2,000 full-time
15 equivalent jobs in Illinois, (ii) is located in an
16 enterprise zone established pursuant to the Illinois
17 Enterprise Zone Act and (iii) is certified by the
18 Department of Commerce and Community Affairs (now
19 Department of Commerce and Economic Opportunity) as
20 complying with the requirements specified in clause (i)
21 and (ii) by July 1, 1986. The Department of Commerce and
22 Community Affairs (now Department of Commerce and Economic
23 Opportunity) shall notify the Department of Revenue of all
24 such certifications immediately. For tax years ending
25 after December 31, 1988, the credit shall be allowed for
26 the tax year in which the property is placed in service,

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

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

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

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 (e);

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

26 (D) is used in Illinois by a taxpayer who is

1 primarily engaged in manufacturing, or in mining coal
2 or fluorite, or in retailing, or was placed in service
3 on or after July 1, 2006 in a River Edge Redevelopment
4 Zone established pursuant to the River Edge
5 Redevelopment Zone Act; and

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

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

1 does not include the generation, transmission, or
2 distribution of electricity.

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

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

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

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

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

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

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

25 For taxable years ending on or after December 31,
26 2000, a partner that qualifies its partnership for a

1 subtraction under subparagraph (I) of paragraph (2) of
2 subsection (d) of Section 203 or a shareholder that
3 qualifies a Subchapter S corporation for a subtraction
4 under subparagraph (S) of paragraph (2) of subsection (b)
5 of Section 203 shall be allowed a credit under this
6 subsection (e) equal to its share of the credit earned
7 under this subsection (e) during the taxable year by the
8 partnership or Subchapter S corporation, determined in
9 accordance with the determination of income and
10 distributive share of income under Sections 702 and 704
11 and Subchapter S of the Internal Revenue Code. This
12 paragraph is exempt from the provisions of Section 250.

13 (f) Investment credit; Enterprise Zone; River Edge
14 Redevelopment Zone.

15 (1) A taxpayer shall be allowed a credit against the
16 tax imposed by subsections (a) and (b) of this Section for
17 investment in qualified property which is placed in
18 service in an Enterprise Zone created pursuant to the
19 Illinois Enterprise Zone Act or, for property placed in
20 service on or after July 1, 2006, a River Edge
21 Redevelopment Zone established pursuant to the River Edge
22 Redevelopment Zone Act. For partners, shareholders of
23 Subchapter S corporations, and owners of limited liability
24 companies, if the liability company is treated as a
25 partnership for purposes of federal and State income
26 taxation, there shall be allowed a credit under this

1 subsection (f) to be determined in accordance with the
2 determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the
4 Internal Revenue Code. The credit shall be .5% of the
5 basis for such property. The credit shall be available
6 only in the taxable year in which the property is placed in
7 service in the Enterprise Zone or River Edge Redevelopment
8 Zone and shall not be allowed to the extent that it would
9 reduce a taxpayer's liability for the tax imposed by
10 subsections (a) and (b) of this Section to below zero. For
11 tax years ending on or after December 31, 1985, the credit
12 shall be allowed for the tax year in which the property is
13 placed in service, or, if the amount of the credit exceeds
14 the tax liability for that year, whether it exceeds the
15 original liability or the liability as later amended, such
16 excess may be carried forward and applied to the tax
17 liability of the 5 taxable years following the excess
18 credit year. The credit shall be applied to the earliest
19 year for which there is a liability. If there is credit
20 from more than one tax year that is available to offset a
21 liability, the credit accruing first in time shall be
22 applied first.

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

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

26 (B) is depreciable pursuant to Section 167 of the

1 Internal Revenue Code, except that "3-year property"
2 as defined in Section 168(c)(2)(A) of that Code is not
3 eligible for the credit provided by this subsection
4 (f);

5 (C) is acquired by purchase as defined in Section
6 179(d) of the Internal Revenue Code;

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

9 (E) has not been previously used in Illinois in
10 such a manner and by such a person as would qualify for
11 the credit provided by this subsection (f) or
12 subsection (e).

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

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

24 (6) 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 the Enterprise
2 Zone or River Edge Redevelopment Zone within 48 months
3 after being placed in service, the tax imposed under
4 subsections (a) and (b) of this Section for such taxable
5 year shall be increased. Such increase shall be determined
6 by (i) recomputing the investment credit which would have
7 been allowed for the year in which credit for such
8 property was originally allowed by eliminating such
9 property from such computation, and (ii) subtracting such
10 recomputed credit from the amount of credit previously
11 allowed. For the purposes of this paragraph (6), a
12 reduction of the basis of qualified property resulting
13 from a redetermination of the purchase price shall be
14 deemed a disposition of qualified property to the extent
15 of such reduction.

16 (7) There shall be allowed an additional credit equal
17 to 0.5% of the basis of qualified property placed in
18 service during the taxable year in a River Edge
19 Redevelopment Zone, provided such property is placed in
20 service on or after July 1, 2006, and the taxpayer's base
21 employment within Illinois has increased by 1% or more
22 over the preceding year as determined by the taxpayer's
23 employment records filed with the Illinois Department of
24 Employment Security. Taxpayers who are new to Illinois
25 shall be deemed to have met the 1% growth in base
26 employment for the first year in which they file

1 employment records with the Illinois Department of
2 Employment Security. If, in any year, the increase in base
3 employment within Illinois over the preceding year is less
4 than 1%, the additional credit shall be limited to that
5 percentage times a fraction, the numerator of which is
6 0.5% and the denominator of which is 1%, but shall not
7 exceed 0.5%.

8 (8) For taxable years beginning on or after January 1,
9 2021, there shall be allowed an Enterprise Zone
10 construction jobs credit against the taxes imposed under
11 subsections (a) and (b) of this Section as provided in
12 Section 13 of the Illinois Enterprise Zone Act.

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

24 For partners, shareholders of Subchapter S
25 corporations, and owners of limited liability companies,
26 if the liability company is treated as a partnership for

1 the purposes of federal and State income taxation, there
2 shall be allowed a credit under this Section to be
3 determined in accordance with the determination of income
4 and distributive share of income under Sections 702 and
5 704 and Subchapter S of the Internal Revenue Code.

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

10 This paragraph (8) is exempt from the provisions of
11 Section 250.

12 (g) (Blank).

13 (h) Investment credit; High Impact Business.

14 (1) Subject to subsections (b) and (b-5) of Section
15 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
16 be allowed a credit against the tax imposed by subsections
17 (a) and (b) of this Section for investment in qualified
18 property which is placed in service by a Department of
19 Commerce and Economic Opportunity designated High Impact
20 Business. The credit shall be .5% of the basis for such
21 property. The credit shall not be available (i) until the
22 minimum investments in qualified property set forth in
23 subdivision (a)(3)(A) of Section 5.5 of the Illinois
24 Enterprise Zone Act have been satisfied or (ii) until the
25 time authorized in subsection (b-5) of the Illinois
26 Enterprise Zone Act for entities designated as High Impact

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

1 applied first.

2 Changes made in this subdivision (h) (1) by Public Act
3 88-670 restore changes made by Public Act 85-1182 and
4 reflect existing law.

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

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

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

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

15 (D) is not eligible for the Enterprise Zone
16 Investment Credit provided by subsection (f) of this
17 Section.

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

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

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

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

21 (7) Beginning with tax years ending after December 31,
22 1996, if a taxpayer qualifies for the credit under this
23 subsection (h) and thereby is granted a tax abatement and
24 the taxpayer relocates its entire facility in violation of
25 the explicit terms and length of the contract under
26 Section 18-183 of the Property Tax Code, the tax imposed

1 under subsections (a) and (b) of this Section shall be
2 increased for the taxable year in which the taxpayer
3 relocated its facility by an amount equal to the amount of
4 credit received by the taxpayer under this subsection (h).

5 (h-5) High Impact Business construction ~~constructions~~ jobs
6 credit. For taxable years beginning on or after January 1,
7 2021, there shall also be allowed a High Impact Business
8 construction jobs credit against the tax imposed under
9 subsections (a) and (b) of this Section as provided in
10 subsections (i) and (j) of Section 5.5 of the Illinois
11 Enterprise Zone Act.

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

22 For partners, shareholders of Subchapter S corporations,
23 and owners of limited liability companies, if the liability
24 company is treated as a partnership for the purposes of
25 federal and State income taxation, there shall be allowed a
26 credit under this Section to be determined in accordance with

1 the determination of income and distributive share of income
2 under Sections 702 and 704 and Subchapter S of the Internal
3 Revenue Code.

4 The total aggregate amount of credits awarded under the
5 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
6 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
7 \$20,000,000 in any State fiscal year.

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

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

20 Any credit earned on or after December 31, 1986 under this
21 subsection which is unused in the year the credit is computed
22 because it exceeds the tax liability imposed by subsections
23 (a) and (b) for that year (whether it exceeds the original
24 liability or the liability as later amended) may be carried
25 forward and applied to the tax liability imposed by
26 subsections (a) and (b) of the 5 taxable years following the

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

8 If, during any taxable year ending on or after December
9 31, 1986, the tax imposed by subsections (c) and (d) of this
10 Section for which a taxpayer has claimed a credit under this
11 subsection (i) is reduced, the amount of credit for such tax
12 shall also be reduced. Such reduction shall be determined by
13 recomputing the credit to take into account the reduced tax
14 imposed by subsections (c) and (d). If any portion of the
15 reduced amount of credit has been carried to a different
16 taxable year, an amended return shall be filed for such
17 taxable year to reduce the amount of credit claimed.

18 (j) Training expense credit. Beginning with tax years
19 ending on or after December 31, 1986 and prior to December 31,
20 2003, a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) under this Section for all
22 amounts paid or accrued, on behalf of all persons employed by
23 the taxpayer in Illinois or Illinois residents employed
24 outside of Illinois by a taxpayer, for educational or
25 vocational training in semi-technical or technical fields or
26 semi-skilled or skilled fields, which were deducted from gross

1 income in the computation of taxable income. The credit
2 against the tax imposed by subsections (a) and (b) shall be
3 1.6% of such training expenses. For partners, shareholders of
4 subchapter S corporations, and owners of limited liability
5 companies, if the liability company is treated as a
6 partnership for purposes of federal and State income taxation,
7 there shall be allowed a credit under this subsection (j) to be
8 determined in accordance with the determination of income and
9 distributive share of income under Sections 702 and 704 and
10 subchapter S of the Internal Revenue Code.

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

21 (k) Research and development credit. For tax years ending
22 after July 1, 1990 and prior to December 31, 2003, and
23 beginning again for tax years ending on or after December 31,
24 2004, and ending prior to January 1, 2027, a taxpayer shall be
25 allowed a credit against the tax imposed by subsections (a)
26 and (b) of this Section for increasing research activities in

1 this State. The credit allowed against the tax imposed by
2 subsections (a) and (b) shall be equal to 6 1/2% of the
3 qualifying expenditures for increasing research activities in
4 this State. For partners, shareholders of subchapter S
5 corporations, and owners of limited liability companies, if
6 the liability company is treated as a partnership for purposes
7 of federal and State income taxation, there shall be allowed a
8 credit under this subsection to be determined in accordance
9 with the determination of income and distributive share of
10 income under Sections 702 and 704 and subchapter S of the
11 Internal Revenue Code.

12 For purposes of this subsection, "qualifying expenditures"
13 means the qualifying expenditures as defined for the federal
14 credit for increasing research activities which would be
15 allowable under Section 41 of the Internal Revenue Code and
16 which are conducted in this State, "qualifying expenditures
17 for increasing research activities in this State" means the
18 excess of qualifying expenditures for the taxable year in
19 which incurred over qualifying expenditures for the base
20 period, "qualifying expenditures for the base period" means
21 the average of the qualifying expenditures for each year in
22 the base period, and "base period" means the 3 taxable years
23 immediately preceding the taxable year for which the
24 determination is being made.

25 Any credit in excess of the tax liability for the taxable
26 year may be carried forward. A taxpayer may elect to have the

1 unused credit shown on its final completed return carried over
2 as a credit against the tax liability for the following 5
3 taxable years or until it has been fully used, whichever
4 occurs first; provided that no credit earned in a tax year
5 ending prior to December 31, 2003 may be carried forward to any
6 year ending on or after December 31, 2003.

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

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

22 It is the intent of the General Assembly that the research
23 and development credit under this subsection (k) shall apply
24 continuously for all tax years ending on or after December 31,
25 2004 and ending prior to January 1, 2027, including, but not
26 limited to, the period beginning on January 1, 2016 and ending

1 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
2 ~~amendatory Act of the 100th General Assembly~~. All actions
3 taken in reliance on the continuation of the credit under this
4 subsection (k) by any taxpayer are hereby validated.

5 (l) Environmental Remediation Tax Credit.

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

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

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

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

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

24 For purposes of this subsection:

25 "Qualifying pupils" means individuals who (i) are
26 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten
4 through twelfth grade education program at any school, as
5 defined in this subsection.

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

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

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

20 (n) River Edge Redevelopment Zone site remediation tax
21 credit.

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

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

1 of the Internal Revenue Code by virtue of being a related
2 taxpayer, as well as any of its partners. The credit
3 allowed against the tax imposed by subsections (a) and (b)
4 shall be equal to 25% of the unreimbursed eligible
5 remediation costs in excess of \$100,000 per site.

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

1 eligible under the provisions of subsection (i).

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

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

15 (1) the medical cannabis cultivation center
16 registration, medical cannabis dispensary registration, or
17 the property of a registration is transferred as a result
18 of any of the following:

19 (A) bankruptcy, a receivership, or a debt
20 adjustment initiated by or against the initial
21 registration or the substantial owners of the initial
22 registration;

23 (B) cancellation, revocation, or termination of
24 any registration by the Illinois Department of Public
25 Health;

26 (C) a determination by the Illinois Department of

1 Public Health that transfer of the registration is in
2 the best interests of Illinois qualifying patients as
3 defined by the Compassionate Use of Medical Cannabis
4 Program Act;

5 (D) the death of an owner of the equity interest in
6 a registrant;

7 (E) the acquisition of a controlling interest in
8 the stock or substantially all of the assets of a
9 publicly traded company;

10 (F) a transfer by a parent company to a wholly
11 owned subsidiary; or

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

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

23 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,
24 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;
25 revised 11-18-20.)

1 (Text of Section with the changes made by P.A. 101-8,
2 which did not take effect (see Section 99 of P.A. 101-8))

3 Sec. 201. Tax imposed.

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

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

14 (1) In the case of an individual, trust or estate, for
15 taxable years ending prior to July 1, 1989, an amount
16 equal to 2 1/2% of the taxpayer's net income for the
17 taxable year.

18 (2) In the case of an individual, trust or estate, for
19 taxable years beginning prior to July 1, 1989 and ending
20 after June 30, 1989, an amount equal to the sum of (i) 2
21 1/2% of the taxpayer's net income for the period prior to
22 July 1, 1989, as calculated under Section 202.3, and (ii)
23 3% of the taxpayer's net income for the period after June
24 30, 1989, as calculated under Section 202.3.

25 (3) In the case of an individual, trust or estate, for
26 taxable years beginning after June 30, 1989, and ending

1 prior to January 1, 2011, an amount equal to 3% of the
2 taxpayer's net income for the taxable year.

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

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

14 (5.1) In the case of an individual, trust, or estate,
15 for taxable years beginning prior to January 1, 2015, and
16 ending after December 31, 2014, an amount equal to the sum
17 of (i) 5% of the taxpayer's net income for the period prior
18 to January 1, 2015, as calculated under Section 202.5, and
19 (ii) 3.75% of the taxpayer's net income for the period
20 after December 31, 2014, as calculated under Section
21 202.5.

22 (5.2) In the case of an individual, trust, or estate,
23 for taxable years beginning on or after January 1, 2015,
24 and ending prior to July 1, 2017, an amount equal to 3.75%
25 of the taxpayer's net income for the taxable year.

26 (5.3) In the case of an individual, trust, or estate,

1 for taxable years beginning prior to July 1, 2017, and
2 ending after June 30, 2017, an amount equal to the sum of
3 (i) 3.75% of the taxpayer's net income for the period
4 prior to July 1, 2017, as calculated under Section 202.5,
5 and (ii) 4.95% of the taxpayer's net income for the period
6 after June 30, 2017, as calculated under Section 202.5.

7 (5.4) In the case of an individual, trust, or estate,
8 for taxable years beginning on or after July 1, 2017 and
9 ending prior to January 1, 2021 ~~and beginning prior to~~
10 ~~January 1, 2021~~, an amount equal to 4.95% of the
11 taxpayer's net income for the taxable year.

12 (5.5) In the case of an individual, trust, or estate,
13 for taxable years beginning prior to January 1, 2021, and
14 ending after December 31, 2020, an amount equal to the sum
15 of (i) 4.95% of the taxpayer's net income for the period
16 prior to January 1, 2021, as calculated under Section
17 202.5, and (ii) 3.75% of the taxpayer's net income for the
18 period after December 31, 2020, as calculated under
19 Section 202.5.

20 (5.6) In the case of an individual, trust, or estate,
21 for taxable years beginning on or after January 1, 2021,
22 an amount equal to 3.75% of the taxpayer's net income for
23 the taxable year.

24 ~~(5.5) In the case of an individual, trust, or estate,~~
25 ~~for taxable years beginning on or after January 1, 2021,~~
26 ~~an amount calculated under the rate structure set forth in~~

1 ~~Section 201.1.~~

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

5 (7) In the case of a corporation, for taxable years
6 beginning prior to July 1, 1989 and ending after June 30,
7 1989, an amount equal to the sum of (i) 4% of the
8 taxpayer's net income for the period prior to July 1,
9 1989, as calculated under Section 202.3, and (ii) 4.8% of
10 the taxpayer's net income for the period after June 30,
11 1989, as calculated under Section 202.3.

12 (8) In the case of a corporation, for taxable years
13 beginning after June 30, 1989, and ending prior to January
14 1, 2011, an amount equal to 4.8% of the taxpayer's net
15 income for the taxable year.

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

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

1 (11) In the case of a corporation, for taxable years
2 beginning prior to January 1, 2015, and ending after
3 December 31, 2014, an amount equal to the sum of (i) 7% of
4 the taxpayer's net income for the period prior to January
5 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
6 of the taxpayer's net income for the period after December
7 31, 2014, as calculated under Section 202.5.

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

12 (13) In the case of a corporation, for taxable years
13 beginning prior to July 1, 2017, and ending after June 30,
14 2017, an amount equal to the sum of (i) 5.25% of the
15 taxpayer's net income for the period prior to July 1,
16 2017, as calculated under Section 202.5, and (ii) 7% of
17 the taxpayer's net income for the period after June 30,
18 2017, as calculated under Section 202.5.

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

23 ~~(15) In the case of a corporation, for taxable years~~
24 ~~beginning on or after January 1, 2021, an amount equal to~~
25 ~~7.99% of the taxpayer's net income for the taxable year.~~

26 The rates under this subsection (b) are subject to the

1 provisions of Section 201.5.

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

14 (1) the organization gaming license, organization
15 license, or racetrack property is transferred as a result
16 of any of the following:

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

21 (B) cancellation, revocation, or termination of
22 any such license by the Illinois Gaming Board or the
23 Illinois Racing Board;

24 (C) a determination by the Illinois Gaming Board
25 that transfer of the license is in the best interests
26 of Illinois gaming;

1 (D) the death of an owner of the equity interest in
2 a licensee;

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

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

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

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

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

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

1 subsection.

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

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

1 (d-1) Rate reduction for certain foreign insurers. In the
2 case of a foreign insurer, as defined by Section 35A-5 of the
3 Illinois Insurance Code, whose state or country of domicile
4 imposes on insurers domiciled in Illinois a retaliatory tax
5 (excluding any insurer whose premiums from reinsurance assumed
6 are 50% or more of its total insurance premiums as determined
7 under paragraph (2) of subsection (b) of Section 304, except
8 that for purposes of this determination premiums from
9 reinsurance do not include premiums from inter-affiliate
10 reinsurance arrangements), beginning with taxable years ending
11 on or after December 31, 1999, the sum of the rates of tax
12 imposed by subsections (b) and (d) shall be reduced (but not
13 increased) to the rate at which the total amount of tax imposed
14 under this Act, net of all credits allowed under this Act,
15 shall equal (i) the total amount of tax that would be imposed
16 on the foreign insurer's net income allocable to Illinois for
17 the taxable year by such foreign insurer's state or country of
18 domicile if that net income were subject to all income taxes
19 and taxes measured by net income imposed by such foreign
20 insurer's state or country of domicile, net of all credits
21 allowed or (ii) a rate of zero if no such tax is imposed on
22 such income by the foreign insurer's state of domicile. For
23 the purposes of this subsection (d-1), an inter-affiliate
24 includes a mutual insurer under common management.

25 (1) For the purposes of subsection (d-1), in no event
26 shall the sum of the rates of tax imposed by subsections

1 (b) and (d) be reduced below the rate at which the sum of:

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

5 (B) the privilege tax imposed by Section 409 of
6 the Illinois Insurance Code, the fire insurance
7 company tax imposed by Section 12 of the Fire
8 Investigation Act, and the fire department taxes
9 imposed under Section 11-10-1 of the Illinois
10 Municipal Code,

11 equals 1.25% for taxable years ending prior to December
12 31, 2003, or 1.75% for taxable years ending on or after
13 December 31, 2003, of the net taxable premiums written for
14 the taxable year, as described by subsection (1) of
15 Section 409 of the Illinois Insurance Code. This paragraph
16 will in no event increase the rates imposed under
17 subsections (b) and (d).

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

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

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

4 (1) A taxpayer shall be allowed a credit equal to .5%
5 of the basis of qualified property placed in service
6 during the taxable year, provided such property is placed
7 in service on or after July 1, 1984. There shall be allowed
8 an additional credit equal to .5% of the basis of
9 qualified property placed in service during the taxable
10 year, provided such property is placed in service on or
11 after July 1, 1986, and the taxpayer's base employment
12 within Illinois has increased by 1% or more over the
13 preceding year as determined by the taxpayer's employment
14 records filed with the Illinois Department of Employment
15 Security. Taxpayers who are new to Illinois shall be
16 deemed to have met the 1% growth in base employment for the
17 first year in which they file employment records with the
18 Illinois Department of Employment Security. The provisions
19 added to this Section by Public Act 85-1200 (and restored
20 by Public Act 87-895) shall be construed as declaratory of
21 existing law and not as a new enactment. If, in any year,
22 the increase in base employment within Illinois over the
23 preceding year is less than 1%, the additional credit
24 shall be limited to that percentage times a fraction, the
25 numerator of which is .5% and the denominator of which is
26 1%, but shall not exceed .5%. The investment credit shall

1 not be allowed to the extent that it would reduce a
2 taxpayer's liability in any tax year below zero, nor may
3 any credit for qualified property be allowed for any year
4 other than the year in which the property was placed in
5 service in Illinois. For tax years ending on or after
6 December 31, 1987, and on or before December 31, 1988, the
7 credit shall be allowed for the tax year in which the
8 property is placed in service, or, if the amount of the
9 credit exceeds the tax liability for that year, whether it
10 exceeds the original liability or the liability as later
11 amended, such excess may be carried forward and applied to
12 the tax liability of the 5 taxable years following the
13 excess credit years if the taxpayer (i) makes investments
14 which cause the creation of a minimum of 2,000 full-time
15 equivalent jobs in Illinois, (ii) is located in an
16 enterprise zone established pursuant to the Illinois
17 Enterprise Zone Act and (iii) is certified by the
18 Department of Commerce and Community Affairs (now
19 Department of Commerce and Economic Opportunity) as
20 complying with the requirements specified in clause (i)
21 and (ii) by July 1, 1986. The Department of Commerce and
22 Community Affairs (now Department of Commerce and Economic
23 Opportunity) shall notify the Department of Revenue of all
24 such certifications immediately. For tax years ending
25 after December 31, 1988, the credit shall be allowed for
26 the tax year in which the property is placed in service,

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

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

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

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 (e);

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

26 (D) is used in Illinois by a taxpayer who is

1 primarily engaged in manufacturing, or in mining coal
2 or fluorite, or in retailing, or was placed in service
3 on or after July 1, 2006 in a River Edge Redevelopment
4 Zone established pursuant to the River Edge
5 Redevelopment Zone Act; and

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

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

1 does not include the generation, transmission, or
2 distribution of electricity.

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

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

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

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

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

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

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

25 For taxable years ending on or after December 31,
26 2000, a partner that qualifies its partnership for a

1 subtraction under subparagraph (I) of paragraph (2) of
2 subsection (d) of Section 203 or a shareholder that
3 qualifies a Subchapter S corporation for a subtraction
4 under subparagraph (S) of paragraph (2) of subsection (b)
5 of Section 203 shall be allowed a credit under this
6 subsection (e) equal to its share of the credit earned
7 under this subsection (e) during the taxable year by the
8 partnership or Subchapter S corporation, determined in
9 accordance with the determination of income and
10 distributive share of income under Sections 702 and 704
11 and Subchapter S of the Internal Revenue Code. This
12 paragraph is exempt from the provisions of Section 250.

13 (f) Investment credit; Enterprise Zone; River Edge
14 Redevelopment Zone.

15 (1) A taxpayer shall be allowed a credit against the
16 tax imposed by subsections (a) and (b) of this Section for
17 investment in qualified property which is placed in
18 service in an Enterprise Zone created pursuant to the
19 Illinois Enterprise Zone Act or, for property placed in
20 service on or after July 1, 2006, a River Edge
21 Redevelopment Zone established pursuant to the River Edge
22 Redevelopment Zone Act. For partners, shareholders of
23 Subchapter S corporations, and owners of limited liability
24 companies, if the liability company is treated as a
25 partnership for purposes of federal and State income
26 taxation, there shall be allowed a credit under this

1 subsection (f) to be determined in accordance with the
2 determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the
4 Internal Revenue Code. The credit shall be .5% of the
5 basis for such property. The credit shall be available
6 only in the taxable year in which the property is placed in
7 service in the Enterprise Zone or River Edge Redevelopment
8 Zone and shall not be allowed to the extent that it would
9 reduce a taxpayer's liability for the tax imposed by
10 subsections (a) and (b) of this Section to below zero. For
11 tax years ending on or after December 31, 1985, the credit
12 shall be allowed for the tax year in which the property is
13 placed in service, or, if the amount of the credit exceeds
14 the tax liability for that year, whether it exceeds the
15 original liability or the liability as later amended, such
16 excess may be carried forward and applied to the tax
17 liability of the 5 taxable years following the excess
18 credit year. The credit shall be applied to the earliest
19 year for which there is a liability. If there is credit
20 from more than one tax year that is available to offset a
21 liability, the credit accruing first in time shall be
22 applied first.

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

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

26 (B) is depreciable pursuant to Section 167 of the

1 Internal Revenue Code, except that "3-year property"
2 as defined in Section 168(c)(2)(A) of that Code is not
3 eligible for the credit provided by this subsection
4 (f);

5 (C) is acquired by purchase as defined in Section
6 179(d) of the Internal Revenue Code;

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

9 (E) has not been previously used in Illinois in
10 such a manner and by such a person as would qualify for
11 the credit provided by this subsection (f) or
12 subsection (e).

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

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

24 (6) 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 the Enterprise
2 Zone or River Edge Redevelopment Zone within 48 months
3 after being placed in service, the tax imposed under
4 subsections (a) and (b) of this Section for such taxable
5 year shall be increased. Such increase shall be determined
6 by (i) recomputing the investment credit which would have
7 been allowed for the year in which credit for such
8 property was originally allowed by eliminating such
9 property from such computation, and (ii) subtracting such
10 recomputed credit from the amount of credit previously
11 allowed. For the purposes of this paragraph (6), a
12 reduction of the basis of qualified property resulting
13 from a redetermination of the purchase price shall be
14 deemed a disposition of qualified property to the extent
15 of such reduction.

16 (7) There shall be allowed an additional credit equal
17 to 0.5% of the basis of qualified property placed in
18 service during the taxable year in a River Edge
19 Redevelopment Zone, provided such property is placed in
20 service on or after July 1, 2006, and the taxpayer's base
21 employment within Illinois has increased by 1% or more
22 over the preceding year as determined by the taxpayer's
23 employment records filed with the Illinois Department of
24 Employment Security. Taxpayers who are new to Illinois
25 shall be deemed to have met the 1% growth in base
26 employment for the first year in which they file

1 employment records with the Illinois Department of
2 Employment Security. If, in any year, the increase in base
3 employment within Illinois over the preceding year is less
4 than 1%, the additional credit shall be limited to that
5 percentage times a fraction, the numerator of which is
6 0.5% and the denominator of which is 1%, but shall not
7 exceed 0.5%.

8 (8) For taxable years beginning on or after January 1,
9 2021, there shall be allowed an Enterprise Zone
10 construction jobs credit against the taxes imposed under
11 subsections (a) and (b) of this Section as provided in
12 Section 13 of the Illinois Enterprise Zone Act.

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

24 For partners, shareholders of Subchapter S
25 corporations, and owners of limited liability companies,
26 if the liability company is treated as a partnership for

1 the purposes of federal and State income taxation, there
2 shall be allowed a credit under this Section to be
3 determined in accordance with the determination of income
4 and distributive share of income under Sections 702 and
5 704 and Subchapter S of the Internal Revenue Code.

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

10 This paragraph (8) is exempt from the provisions of
11 Section 250.

12 (g) (Blank).

13 (h) Investment credit; High Impact Business.

14 (1) Subject to subsections (b) and (b-5) of Section
15 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall
16 be allowed a credit against the tax imposed by subsections
17 (a) and (b) of this Section for investment in qualified
18 property which is placed in service by a Department of
19 Commerce and Economic Opportunity designated High Impact
20 Business. The credit shall be .5% of the basis for such
21 property. The credit shall not be available (i) until the
22 minimum investments in qualified property set forth in
23 subdivision (a)(3)(A) of Section 5.5 of the Illinois
24 Enterprise Zone Act have been satisfied or (ii) until the
25 time authorized in subsection (b-5) of the Illinois
26 Enterprise Zone Act for entities designated as High Impact

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

1 applied first.

2 Changes made in this subdivision (h) (1) by Public Act
3 88-670 restore changes made by Public Act 85-1182 and
4 reflect existing law.

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

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

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

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

15 (D) is not eligible for the Enterprise Zone
16 Investment Credit provided by subsection (f) of this
17 Section.

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

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

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

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

21 (7) Beginning with tax years ending after December 31,
22 1996, if a taxpayer qualifies for the credit under this
23 subsection (h) and thereby is granted a tax abatement and
24 the taxpayer relocates its entire facility in violation of
25 the explicit terms and length of the contract under
26 Section 18-183 of the Property Tax Code, the tax imposed

1 under subsections (a) and (b) of this Section shall be
2 increased for the taxable year in which the taxpayer
3 relocated its facility by an amount equal to the amount of
4 credit received by the taxpayer under this subsection (h).

5 (h-5) High Impact Business construction ~~constructions~~ jobs
6 credit. For taxable years beginning on or after January 1,
7 2021, there shall also be allowed a High Impact Business
8 construction jobs credit against the tax imposed under
9 subsections (a) and (b) of this Section as provided in
10 subsections (i) and (j) of Section 5.5 of the Illinois
11 Enterprise Zone Act.

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

22 For partners, shareholders of Subchapter S corporations,
23 and owners of limited liability companies, if the liability
24 company is treated as a partnership for the purposes of
25 federal and State income taxation, there shall be allowed a
26 credit under this Section to be determined in accordance with

1 the determination of income and distributive share of income
2 under Sections 702 and 704 and Subchapter S of the Internal
3 Revenue Code.

4 The total aggregate amount of credits awarded under the
5 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
6 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
7 \$20,000,000 in any State fiscal year.

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

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

20 Any credit earned on or after December 31, 1986 under this
21 subsection which is unused in the year the credit is computed
22 because it exceeds the tax liability imposed by subsections
23 (a) and (b) for that year (whether it exceeds the original
24 liability or the liability as later amended) may be carried
25 forward and applied to the tax liability imposed by
26 subsections (a) and (b) of the 5 taxable years following the

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

8 If, during any taxable year ending on or after December
9 31, 1986, the tax imposed by subsections (c) and (d) of this
10 Section for which a taxpayer has claimed a credit under this
11 subsection (i) is reduced, the amount of credit for such tax
12 shall also be reduced. Such reduction shall be determined by
13 recomputing the credit to take into account the reduced tax
14 imposed by subsections (c) and (d). If any portion of the
15 reduced amount of credit has been carried to a different
16 taxable year, an amended return shall be filed for such
17 taxable year to reduce the amount of credit claimed.

18 (j) Training expense credit. Beginning with tax years
19 ending on or after December 31, 1986 and prior to December 31,
20 2003, a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) under this Section for all
22 amounts paid or accrued, on behalf of all persons employed by
23 the taxpayer in Illinois or Illinois residents employed
24 outside of Illinois by a taxpayer, for educational or
25 vocational training in semi-technical or technical fields or
26 semi-skilled or skilled fields, which were deducted from gross

1 income in the computation of taxable income. The credit
2 against the tax imposed by subsections (a) and (b) shall be
3 1.6% of such training expenses. For partners, shareholders of
4 subchapter S corporations, and owners of limited liability
5 companies, if the liability company is treated as a
6 partnership for purposes of federal and State income taxation,
7 there shall be allowed a credit under this subsection (j) to be
8 determined in accordance with the determination of income and
9 distributive share of income under Sections 702 and 704 and
10 subchapter S of the Internal Revenue Code.

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

21 (k) Research and development credit. For tax years ending
22 after July 1, 1990 and prior to December 31, 2003, and
23 beginning again for tax years ending on or after December 31,
24 2004, and ending prior to January 1, 2027, a taxpayer shall be
25 allowed a credit against the tax imposed by subsections (a)
26 and (b) of this Section for increasing research activities in

1 this State. The credit allowed against the tax imposed by
2 subsections (a) and (b) shall be equal to 6 1/2% of the
3 qualifying expenditures for increasing research activities in
4 this State. For partners, shareholders of subchapter S
5 corporations, and owners of limited liability companies, if
6 the liability company is treated as a partnership for purposes
7 of federal and State income taxation, there shall be allowed a
8 credit under this subsection to be determined in accordance
9 with the determination of income and distributive share of
10 income under Sections 702 and 704 and subchapter S of the
11 Internal Revenue Code.

12 For purposes of this subsection, "qualifying expenditures"
13 means the qualifying expenditures as defined for the federal
14 credit for increasing research activities which would be
15 allowable under Section 41 of the Internal Revenue Code and
16 which are conducted in this State, "qualifying expenditures
17 for increasing research activities in this State" means the
18 excess of qualifying expenditures for the taxable year in
19 which incurred over qualifying expenditures for the base
20 period, "qualifying expenditures for the base period" means
21 the average of the qualifying expenditures for each year in
22 the base period, and "base period" means the 3 taxable years
23 immediately preceding the taxable year for which the
24 determination is being made.

25 Any credit in excess of the tax liability for the taxable
26 year may be carried forward. A taxpayer may elect to have the

1 unused credit shown on its final completed return carried over
2 as a credit against the tax liability for the following 5
3 taxable years or until it has been fully used, whichever
4 occurs first; provided that no credit earned in a tax year
5 ending prior to December 31, 2003 may be carried forward to any
6 year ending on or after December 31, 2003.

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

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

22 It is the intent of the General Assembly that the research
23 and development credit under this subsection (k) shall apply
24 continuously for all tax years ending on or after December 31,
25 2004 and ending prior to January 1, 2027, including, but not
26 limited to, the period beginning on January 1, 2016 and ending

1 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
2 ~~amendatory Act of the 100th General Assembly~~. All actions
3 taken in reliance on the continuation of the credit under this
4 subsection (k) by any taxpayer are hereby validated.

5 (l) Environmental Remediation Tax Credit.

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

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

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

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

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

24 For purposes of this subsection:

25 "Qualifying pupils" means individuals who (i) are
26 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten
4 through twelfth grade education program at any school, as
5 defined in this subsection.

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

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

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

20 (n) River Edge Redevelopment Zone site remediation tax
21 credit.

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

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

1 of the Internal Revenue Code by virtue of being a related
2 taxpayer, as well as any of its partners. The credit
3 allowed against the tax imposed by subsections (a) and (b)
4 shall be equal to 25% of the unreimbursed eligible
5 remediation costs in excess of \$100,000 per site.

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

1 eligible under the provisions of subsection (i).

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

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

15 (1) the medical cannabis cultivation center
16 registration, medical cannabis dispensary registration, or
17 the property of a registration is transferred as a result
18 of any of the following:

19 (A) bankruptcy, a receivership, or a debt
20 adjustment initiated by or against the initial
21 registration or the substantial owners of the initial
22 registration;

23 (B) cancellation, revocation, or termination of
24 any registration by the Illinois Department of Public
25 Health;

26 (C) a determination by the Illinois Department of

1 Public Health that transfer of the registration is in
2 the best interests of Illinois qualifying patients as
3 defined by the Compassionate Use of Medical Cannabis
4 Program Act;

5 (D) the death of an owner of the equity interest in
6 a registrant;

7 (E) the acquisition of a controlling interest in
8 the stock or substantially all of the assets of a
9 publicly traded company;

10 (F) a transfer by a parent company to a wholly
11 owned subsidiary; or

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

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

23 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for
24 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
25 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

26 Section 99. Effective date. This Act takes effect upon

1 becoming law.