



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB3108

Introduced 2/19/2021, by Rep. Marcus C. Evans, Jr.

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/203	from Ch. 120, par. 2-203
70 ILCS 200/245-12	
70 ILCS 750/25	
70 ILCS 1605/30	
70 ILCS 3610/5.01	from Ch. 111 2/3, par. 355.01
70 ILCS 3720/4	from Ch. 111 2/3, par. 254
410 ILCS 705/20-50	
410 ILCS 705/60-10	
410 ILCS 705/65-10	

Amends the Illinois Income Tax Act. Creates a deduction in an amount equal to the deductions and credits that were disallowed under Section 280E of the Internal Revenue Code for the taxable year. Amends the Civic Center Code, the Flood Prevention District Act, the Metro-East Park and Recreation District Act, the Local Mass Transit District Act, and the Water Commission Act of 1985 to provide that those special districts may not levy a tax upon the cultivation and processing of adult use cannabis. Effective immediately.

LRB102 15082 HLH 20437 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 203 as follows:

6 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

9 (1) In general. In the case of an individual, base  
10 income means an amount equal to the taxpayer's adjusted  
11 gross income for the taxable year as modified by paragraph  
12 (2).

13 (2) Modifications. The adjusted gross income referred  
14 to in paragraph (1) shall be modified by adding thereto  
15 the sum of the following amounts:

16 (A) An amount equal to all amounts paid or accrued  
17 to the taxpayer as interest or dividends during the  
18 taxable year to the extent excluded from gross income  
19 in the computation of adjusted gross income, except  
20 stock dividends of qualified public utilities  
21 described in Section 305(e) of the Internal Revenue  
22 Code;

23 (B) An amount equal to the amount of tax imposed by

1           this Act to the extent deducted from gross income in  
2           the computation of adjusted gross income for the  
3           taxable year;

4           (C) An amount equal to the amount received during  
5           the taxable year as a recovery or refund of real  
6           property taxes paid with respect to the taxpayer's  
7           principal residence under the Revenue Act of 1939 and  
8           for which a deduction was previously taken under  
9           subparagraph (L) of this paragraph (2) prior to July  
10          1, 1991, the retrospective application date of Article  
11          4 of Public Act 87-17. In the case of multi-unit or  
12          multi-use structures and farm dwellings, the taxes on  
13          the taxpayer's principal residence shall be that  
14          portion of the total taxes for the entire property  
15          which is attributable to such principal residence;

16          (D) An amount equal to the amount of the capital  
17          gain deduction allowable under the Internal Revenue  
18          Code, to the extent deducted from gross income in the  
19          computation of adjusted gross income;

20          (D-5) An amount, to the extent not included in  
21          adjusted gross income, equal to the amount of money  
22          withdrawn by the taxpayer in the taxable year from a  
23          medical care savings account and the interest earned  
24          on the account in the taxable year of a withdrawal  
25          pursuant to subsection (b) of Section 20 of the  
26          Medical Care Savings Account Act or subsection (b) of

1 Section 20 of the Medical Care Savings Account Act of  
2 2000;

3 (D-10) For taxable years ending after December 31,  
4 1997, an amount equal to any eligible remediation  
5 costs that the individual deducted in computing  
6 adjusted gross income and for which the individual  
7 claims a credit under subsection (l) of Section 201;

8 (D-15) For taxable years 2001 and thereafter, an  
9 amount equal to the bonus depreciation deduction taken  
10 on the taxpayer's federal income tax return for the  
11 taxable year under subsection (k) of Section 168 of  
12 the Internal Revenue Code;

13 (D-16) If the taxpayer sells, transfers, abandons,  
14 or otherwise disposes of property for which the  
15 taxpayer was required in any taxable year to make an  
16 addition modification under subparagraph (D-15), then  
17 an amount equal to the aggregate amount of the  
18 deductions taken in all taxable years under  
19 subparagraph (Z) with respect to that property.

20 If the taxpayer continues to own property through  
21 the last day of the last tax year for which the  
22 taxpayer may claim a depreciation deduction for  
23 federal income tax purposes and for which the taxpayer  
24 was allowed in any taxable year to make a subtraction  
25 modification under subparagraph (Z), then an amount  
26 equal to that subtraction modification.

1           The taxpayer is required to make the addition  
2           modification under this subparagraph only once with  
3           respect to any one piece of property;

4           (D-17) An amount equal to the amount otherwise  
5           allowed as a deduction in computing base income for  
6           interest paid, accrued, or incurred, directly or  
7           indirectly, (i) for taxable years ending on or after  
8           December 31, 2004, to a foreign person who would be a  
9           member of the same unitary business group but for the  
10          fact that foreign person's business activity outside  
11          the United States is 80% or more of the foreign  
12          person's total business activity and (ii) for taxable  
13          years ending on or after December 31, 2008, to a person  
14          who would be a member of the same unitary business  
15          group but for the fact that the person is prohibited  
16          under Section 1501(a)(27) from being included in the  
17          unitary business group because he or she is ordinarily  
18          required to apportion business income under different  
19          subsections of Section 304. The addition modification  
20          required by this subparagraph shall be reduced to the  
21          extent that dividends were included in base income of  
22          the unitary group for the same taxable year and  
23          received by the taxpayer or by a member of the  
24          taxpayer's unitary business group (including amounts  
25          included in gross income under Sections 951 through  
26          964 of the Internal Revenue Code and amounts included

1 in gross income under Section 78 of the Internal  
2 Revenue Code) with respect to the stock of the same  
3 person to whom the interest was paid, accrued, or  
4 incurred.

5 This paragraph shall not apply to the following:

6 (i) an item of interest paid, accrued, or  
7 incurred, directly or indirectly, to a person who  
8 is subject in a foreign country or state, other  
9 than a state which requires mandatory unitary  
10 reporting, to a tax on or measured by net income  
11 with respect to such interest; or

12 (ii) an item of interest paid, accrued, or  
13 incurred, directly or indirectly, to a person if  
14 the taxpayer can establish, based on a  
15 preponderance of the evidence, both of the  
16 following:

17 (a) the person, during the same taxable  
18 year, paid, accrued, or incurred, the interest  
19 to a person that is not a related member, and

20 (b) the transaction giving rise to the  
21 interest expense between the taxpayer and the  
22 person did not have as a principal purpose the  
23 avoidance of Illinois income tax, and is paid  
24 pursuant to a contract or agreement that  
25 reflects an arm's-length interest rate and  
26 terms; or

1           (iii) the taxpayer can establish, based on  
2 clear and convincing evidence, that the interest  
3 paid, accrued, or incurred relates to a contract  
4 or agreement entered into at arm's-length rates  
5 and terms and the principal purpose for the  
6 payment is not federal or Illinois tax avoidance;  
7 or

8           (iv) an item of interest paid, accrued, or  
9 incurred, directly or indirectly, to a person if  
10 the taxpayer establishes by clear and convincing  
11 evidence that the adjustments are unreasonable; or  
12 if the taxpayer and the Director agree in writing  
13 to the application or use of an alternative method  
14 of apportionment under Section 304(f).

15           Nothing in this subsection shall preclude the  
16 Director from making any other adjustment  
17 otherwise allowed under Section 404 of this Act  
18 for any tax year beginning after the effective  
19 date of this amendment provided such adjustment is  
20 made pursuant to regulation adopted by the  
21 Department and such regulations provide methods  
22 and standards by which the Department will utilize  
23 its authority under Section 404 of this Act;

24           (D-18) An amount equal to the amount of intangible  
25 expenses and costs otherwise allowed as a deduction in  
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable  
2 years ending on or after December 31, 2004, to a  
3 foreign person who would be a member of the same  
4 unitary business group but for the fact that the  
5 foreign person's business activity outside the United  
6 States is 80% or more of that person's total business  
7 activity and (ii) for taxable years ending on or after  
8 December 31, 2008, to a person who would be a member of  
9 the same unitary business group but for the fact that  
10 the person is prohibited under Section 1501(a)(27)  
11 from being included in the unitary business group  
12 because he or she is ordinarily required to apportion  
13 business income under different subsections of Section  
14 304. The addition modification required by this  
15 subparagraph shall be reduced to the extent that  
16 dividends were included in base income of the unitary  
17 group for the same taxable year and received by the  
18 taxpayer or by a member of the taxpayer's unitary  
19 business group (including amounts included in gross  
20 income under Sections 951 through 964 of the Internal  
21 Revenue Code and amounts included in gross income  
22 under Section 78 of the Internal Revenue Code) with  
23 respect to the stock of the same person to whom the  
24 intangible expenses and costs were directly or  
25 indirectly paid, incurred, or accrued. The preceding  
26 sentence does not apply to the extent that the same



1 dividends caused a reduction to the addition  
2 modification required under Section 203(a)(2)(D-17) of  
3 this Act. As used in this subparagraph, the term  
4 "intangible expenses and costs" includes (1) expenses,  
5 losses, and costs for, or related to, the direct or  
6 indirect acquisition, use, maintenance or management,  
7 ownership, sale, exchange, or any other disposition of  
8 intangible property; (2) losses incurred, directly or  
9 indirectly, from factoring transactions or discounting  
10 transactions; (3) royalty, patent, technical, and  
11 copyright fees; (4) licensing fees; and (5) other  
12 similar expenses and costs. For purposes of this  
13 subparagraph, "intangible property" includes patents,  
14 patent applications, trade names, trademarks, service  
15 marks, copyrights, mask works, trade secrets, and  
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

18 (i) any item of intangible expenses or costs  
19 paid, accrued, or incurred, directly or  
20 indirectly, from a transaction with a person who  
21 is subject in a foreign country or state, other  
22 than a state which requires mandatory unitary  
23 reporting, to a tax on or measured by net income  
24 with respect to such item; or

25 (ii) any item of intangible expense or cost  
26 paid, accrued, or incurred, directly or

1 indirectly, if the taxpayer can establish, based  
2 on a preponderance of the evidence, both of the  
3 following:

4 (a) the person during the same taxable  
5 year paid, accrued, or incurred, the  
6 intangible expense or cost to a person that is  
7 not a related member, and

8 (b) the transaction giving rise to the  
9 intangible expense or cost between the  
10 taxpayer and the person did not have as a  
11 principal purpose the avoidance of Illinois  
12 income tax, and is paid pursuant to a contract  
13 or agreement that reflects arm's-length terms;  
14 or

15 (iii) any item of intangible expense or cost  
16 paid, accrued, or incurred, directly or  
17 indirectly, from a transaction with a person if  
18 the taxpayer establishes by clear and convincing  
19 evidence, that the adjustments are unreasonable;  
20 or if the taxpayer and the Director agree in  
21 writing to the application or use of an  
22 alternative method of apportionment under Section  
23 304(f);

24 Nothing in this subsection shall preclude the  
25 Director from making any other adjustment  
26 otherwise allowed under Section 404 of this Act

1           for any tax year beginning after the effective  
2           date of this amendment provided such adjustment is  
3           made pursuant to regulation adopted by the  
4           Department and such regulations provide methods  
5           and standards by which the Department will utilize  
6           its authority under Section 404 of this Act;

7           (D-19) For taxable years ending on or after  
8           December 31, 2008, an amount equal to the amount of  
9           insurance premium expenses and costs otherwise allowed  
10          as a deduction in computing base income, and that were  
11          paid, accrued, or incurred, directly or indirectly, to  
12          a person who would be a member of the same unitary  
13          business group but for the fact that the person is  
14          prohibited under Section 1501(a)(27) from being  
15          included in the unitary business group because he or  
16          she is ordinarily required to apportion business  
17          income under different subsections of Section 304. The  
18          addition modification required by this subparagraph  
19          shall be reduced to the extent that dividends were  
20          included in base income of the unitary group for the  
21          same taxable year and received by the taxpayer or by a  
22          member of the taxpayer's unitary business group  
23          (including amounts included in gross income under  
24          Sections 951 through 964 of the Internal Revenue Code  
25          and amounts included in gross income under Section 78  
26          of the Internal Revenue Code) with respect to the

1 stock of the same person to whom the premiums and costs  
2 were directly or indirectly paid, incurred, or  
3 accrued. The preceding sentence does not apply to the  
4 extent that the same dividends caused a reduction to  
5 the addition modification required under Section  
6 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
7 Act.

8 (D-20) For taxable years beginning on or after  
9 January 1, 2002 and ending on or before December 31,  
10 2006, in the case of a distribution from a qualified  
11 tuition program under Section 529 of the Internal  
12 Revenue Code, other than (i) a distribution from a  
13 College Savings Pool created under Section 16.5 of the  
14 State Treasurer Act or (ii) a distribution from the  
15 Illinois Prepaid Tuition Trust Fund, an amount equal  
16 to the amount excluded from gross income under Section  
17 529(c)(3)(B). For taxable years beginning on or after  
18 January 1, 2007, in the case of a distribution from a  
19 qualified tuition program under Section 529 of the  
20 Internal Revenue Code, other than (i) a distribution  
21 from a College Savings Pool created under Section 16.5  
22 of the State Treasurer Act, (ii) a distribution from  
23 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
24 distribution from a qualified tuition program under  
25 Section 529 of the Internal Revenue Code that (I)  
26 adopts and determines that its offering materials

1           comply with the College Savings Plans Network's  
2           disclosure principles and (II) has made reasonable  
3           efforts to inform in-state residents of the existence  
4           of in-state qualified tuition programs by informing  
5           Illinois residents directly and, where applicable, to  
6           inform financial intermediaries distributing the  
7           program to inform in-state residents of the existence  
8           of in-state qualified tuition programs at least  
9           annually, an amount equal to the amount excluded from  
10          gross income under Section 529(c)(3)(B).

11           For the purposes of this subparagraph (D-20), a  
12          qualified tuition program has made reasonable efforts  
13          if it makes disclosures (which may use the term  
14          "in-state program" or "in-state plan" and need not  
15          specifically refer to Illinois or its qualified  
16          programs by name) (i) directly to prospective  
17          participants in its offering materials or makes a  
18          public disclosure, such as a website posting; and (ii)  
19          where applicable, to intermediaries selling the  
20          out-of-state program in the same manner that the  
21          out-of-state program distributes its offering  
22          materials;

23           (D-20.5) For taxable years beginning on or after  
24          January 1, 2018, in the case of a distribution from a  
25          qualified ABLE program under Section 529A of the  
26          Internal Revenue Code, other than a distribution from

1 a qualified ABLE program created under Section 16.6 of  
2 the State Treasurer Act, an amount equal to the amount  
3 excluded from gross income under Section 529A(c) (1) (B)  
4 of the Internal Revenue Code;

5 (D-21) For taxable years beginning on or after  
6 January 1, 2007, in the case of transfer of moneys from  
7 a qualified tuition program under Section 529 of the  
8 Internal Revenue Code that is administered by the  
9 State to an out-of-state program, an amount equal to  
10 the amount of moneys previously deducted from base  
11 income under subsection (a) (2) (Y) of this Section;

12 (D-21.5) For taxable years beginning on or after  
13 January 1, 2018, in the case of the transfer of moneys  
14 from a qualified tuition program under Section 529 or  
15 a qualified ABLE program under Section 529A of the  
16 Internal Revenue Code that is administered by this  
17 State to an ABLE account established under an  
18 out-of-state ABLE account program, an amount equal to  
19 the contribution component of the transferred amount  
20 that was previously deducted from base income under  
21 subsection (a) (2) (Y) or subsection (a) (2) (HH) of this  
22 Section;

23 (D-22) For taxable years beginning on or after  
24 January 1, 2009, and prior to January 1, 2018, in the  
25 case of a nonqualified withdrawal or refund of moneys  
26 from a qualified tuition program under Section 529 of

1 the Internal Revenue Code administered by the State  
2 that is not used for qualified expenses at an eligible  
3 education institution, an amount equal to the  
4 contribution component of the nonqualified withdrawal  
5 or refund that was previously deducted from base  
6 income under subsection (a)(2)(y) of this Section,  
7 provided that the withdrawal or refund did not result  
8 from the beneficiary's death or disability. For  
9 taxable years beginning on or after January 1, 2018:  
10 (1) in the case of a nonqualified withdrawal or  
11 refund, as defined under Section 16.5 of the State  
12 Treasurer Act, of moneys from a qualified tuition  
13 program under Section 529 of the Internal Revenue Code  
14 administered by the State, an amount equal to the  
15 contribution component of the nonqualified withdrawal  
16 or refund that was previously deducted from base  
17 income under subsection (a)(2)(Y) of this Section, and  
18 (2) in the case of a nonqualified withdrawal or refund  
19 from a qualified ABLE program under Section 529A of  
20 the Internal Revenue Code administered by the State  
21 that is not used for qualified disability expenses, an  
22 amount equal to the contribution component of the  
23 nonqualified withdrawal or refund that was previously  
24 deducted from base income under subsection (a)(2)(HH)  
25 of this Section;

26 (D-23) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,  
2 determined without regard to Section 218(c) of this  
3 Act;

4 (D-24) For taxable years ending on or after  
5 December 31, 2017, an amount equal to the deduction  
6 allowed under Section 199 of the Internal Revenue Code  
7 for the taxable year;

8 and by deducting from the total so obtained the sum of the  
9 following amounts:

10 (E) For taxable years ending before December 31,  
11 2001, any amount included in such total in respect of  
12 any compensation (including but not limited to any  
13 compensation paid or accrued to a serviceman while a  
14 prisoner of war or missing in action) paid to a  
15 resident by reason of being on active duty in the Armed  
16 Forces of the United States and in respect of any  
17 compensation paid or accrued to a resident who as a  
18 governmental employee was a prisoner of war or missing  
19 in action, and in respect of any compensation paid to a  
20 resident in 1971 or thereafter for annual training  
21 performed pursuant to Sections 502 and 503, Title 32,  
22 United States Code as a member of the Illinois  
23 National Guard or, beginning with taxable years ending  
24 on or after December 31, 2007, the National Guard of  
25 any other state. For taxable years ending on or after  
26 December 31, 2001, any amount included in such total



1 in respect of any compensation (including but not  
2 limited to any compensation paid or accrued to a  
3 serviceman while a prisoner of war or missing in  
4 action) paid to a resident by reason of being a member  
5 of any component of the Armed Forces of the United  
6 States and in respect of any compensation paid or  
7 accrued to a resident who as a governmental employee  
8 was a prisoner of war or missing in action, and in  
9 respect of any compensation paid to a resident in 2001  
10 or thereafter by reason of being a member of the  
11 Illinois National Guard or, beginning with taxable  
12 years ending on or after December 31, 2007, the  
13 National Guard of any other state. The provisions of  
14 this subparagraph (E) are exempt from the provisions  
15 of Section 250;

16 (F) An amount equal to all amounts included in  
17 such total pursuant to the provisions of Sections  
18 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
19 408 of the Internal Revenue Code, or included in such  
20 total as distributions under the provisions of any  
21 retirement or disability plan for employees of any  
22 governmental agency or unit, or retirement payments to  
23 retired partners, which payments are excluded in  
24 computing net earnings from self employment by Section  
25 1402 of the Internal Revenue Code and regulations  
26 adopted pursuant thereto;

1 (G) The valuation limitation amount;

2 (H) An amount equal to the amount of any tax  
3 imposed by this Act which was refunded to the taxpayer  
4 and included in such total for the taxable year;

5 (I) An amount equal to all amounts included in  
6 such total pursuant to the provisions of Section 111  
7 of the Internal Revenue Code as a recovery of items  
8 previously deducted from adjusted gross income in the  
9 computation of taxable income;

10 (J) An amount equal to those dividends included in  
11 such total which were paid by a corporation which  
12 conducts business operations in a River Edge  
13 Redevelopment Zone or zones created under the River  
14 Edge Redevelopment Zone Act, and conducts  
15 substantially all of its operations in a River Edge  
16 Redevelopment Zone or zones. This subparagraph (J) is  
17 exempt from the provisions of Section 250;

18 (K) An amount equal to those dividends included in  
19 such total that were paid by a corporation that  
20 conducts business operations in a federally designated  
21 Foreign Trade Zone or Sub-Zone and that is designated  
22 a High Impact Business located in Illinois; provided  
23 that dividends eligible for the deduction provided in  
24 subparagraph (J) of paragraph (2) of this subsection  
25 shall not be eligible for the deduction provided under  
26 this subparagraph (K);

1           (L) For taxable years ending after December 31,  
2 1983, an amount equal to all social security benefits  
3 and railroad retirement benefits included in such  
4 total pursuant to Sections 72(r) and 86 of the  
5 Internal Revenue Code;

6           (M) With the exception of any amounts subtracted  
7 under subparagraph (N), an amount equal to the sum of  
8 all amounts disallowed as deductions by (i) Sections  
9 171(a)(2),~~7~~ and 265(a)(2) of the Internal Revenue Code,  
10 and all amounts of expenses allocable to interest and  
11 disallowed as deductions by Section 265(a)(1) of the  
12 Internal Revenue Code; and (ii) for taxable years  
13 ending on or after August 13, 1999, Sections  
14 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
15 Internal Revenue Code, plus, for taxable years ending  
16 on or after December 31, 2011, Section 45G(e)(3) of  
17 the Internal Revenue Code and, for taxable years  
18 ending on or after December 31, 2008, any amount  
19 included in gross income under Section 87 of the  
20 Internal Revenue Code; the provisions of this  
21 subparagraph are exempt from the provisions of Section  
22 250;

23           (N) An amount equal to all amounts included in  
24 such total which are exempt from taxation by this  
25 State either by reason of its statutes or Constitution  
26 or by reason of the Constitution, treaties or statutes

1 of the United States; provided that, in the case of any  
2 statute of this State that exempts income derived from  
3 bonds or other obligations from the tax imposed under  
4 this Act, the amount exempted shall be the interest  
5 net of bond premium amortization;

6 (O) An amount equal to any contribution made to a  
7 job training project established pursuant to the Tax  
8 Increment Allocation Redevelopment Act;

9 (P) An amount equal to the amount of the deduction  
10 used to compute the federal income tax credit for  
11 restoration of substantial amounts held under claim of  
12 right for the taxable year pursuant to Section 1341 of  
13 the Internal Revenue Code or of any itemized deduction  
14 taken from adjusted gross income in the computation of  
15 taxable income for restoration of substantial amounts  
16 held under claim of right for the taxable year;

17 (Q) An amount equal to any amounts included in  
18 such total, received by the taxpayer as an  
19 acceleration in the payment of life, endowment or  
20 annuity benefits in advance of the time they would  
21 otherwise be payable as an indemnity for a terminal  
22 illness;

23 (R) An amount equal to the amount of any federal or  
24 State bonus paid to veterans of the Persian Gulf War;

25 (S) An amount, to the extent included in adjusted  
26 gross income, equal to the amount of a contribution

1 made in the taxable year on behalf of the taxpayer to a  
2 medical care savings account established under the  
3 Medical Care Savings Account Act or the Medical Care  
4 Savings Account Act of 2000 to the extent the  
5 contribution is accepted by the account administrator  
6 as provided in that Act;

7 (T) An amount, to the extent included in adjusted  
8 gross income, equal to the amount of interest earned  
9 in the taxable year on a medical care savings account  
10 established under the Medical Care Savings Account Act  
11 or the Medical Care Savings Account Act of 2000 on  
12 behalf of the taxpayer, other than interest added  
13 pursuant to item (D-5) of this paragraph (2);

14 (U) For one taxable year beginning on or after  
15 January 1, 1994, an amount equal to the total amount of  
16 tax imposed and paid under subsections (a) and (b) of  
17 Section 201 of this Act on grant amounts received by  
18 the taxpayer under the Nursing Home Grant Assistance  
19 Act during the taxpayer's taxable years 1992 and 1993;

20 (V) Beginning with tax years ending on or after  
21 December 31, 1995 and ending with tax years ending on  
22 or before December 31, 2004, an amount equal to the  
23 amount paid by a taxpayer who is a self-employed  
24 taxpayer, a partner of a partnership, or a shareholder  
25 in a Subchapter S corporation for health insurance or  
26 long-term care insurance for that taxpayer or that

1 taxpayer's spouse or dependents, to the extent that  
2 the amount paid for that health insurance or long-term  
3 care insurance may be deducted under Section 213 of  
4 the Internal Revenue Code, has not been deducted on  
5 the federal income tax return of the taxpayer, and  
6 does not exceed the taxable income attributable to  
7 that taxpayer's income, self-employment income, or  
8 Subchapter S corporation income; except that no  
9 deduction shall be allowed under this item (V) if the  
10 taxpayer is eligible to participate in any health  
11 insurance or long-term care insurance plan of an  
12 employer of the taxpayer or the taxpayer's spouse. The  
13 amount of the health insurance and long-term care  
14 insurance subtracted under this item (V) shall be  
15 determined by multiplying total health insurance and  
16 long-term care insurance premiums paid by the taxpayer  
17 times a number that represents the fractional  
18 percentage of eligible medical expenses under Section  
19 213 of the Internal Revenue Code of 1986 not actually  
20 deducted on the taxpayer's federal income tax return;

21 (W) For taxable years beginning on or after  
22 January 1, 1998, all amounts included in the  
23 taxpayer's federal gross income in the taxable year  
24 from amounts converted from a regular IRA to a Roth  
25 IRA. This paragraph is exempt from the provisions of  
26 Section 250;

1 (X) For taxable year 1999 and thereafter, an  
2 amount equal to the amount of any (i) distributions,  
3 to the extent includible in gross income for federal  
4 income tax purposes, made to the taxpayer because of  
5 his or her status as a victim of persecution for racial  
6 or religious reasons by Nazi Germany or any other Axis  
7 regime or as an heir of the victim and (ii) items of  
8 income, to the extent includible in gross income for  
9 federal income tax purposes, attributable to, derived  
10 from or in any way related to assets stolen from,  
11 hidden from, or otherwise lost to a victim of  
12 persecution for racial or religious reasons by Nazi  
13 Germany or any other Axis regime immediately prior to,  
14 during, and immediately after World War II, including,  
15 but not limited to, interest on the proceeds  
16 receivable as insurance under policies issued to a  
17 victim of persecution for racial or religious reasons  
18 by Nazi Germany or any other Axis regime by European  
19 insurance companies immediately prior to and during  
20 World War II; provided, however, this subtraction from  
21 federal adjusted gross income does not apply to assets  
22 acquired with such assets or with the proceeds from  
23 the sale of such assets; provided, further, this  
24 paragraph shall only apply to a taxpayer who was the  
25 first recipient of such assets after their recovery  
26 and who is a victim of persecution for racial or

1 religious reasons by Nazi Germany or any other Axis  
2 regime or as an heir of the victim. The amount of and  
3 the eligibility for any public assistance, benefit, or  
4 similar entitlement is not affected by the inclusion  
5 of items (i) and (ii) of this paragraph in gross income  
6 for federal income tax purposes. This paragraph is  
7 exempt from the provisions of Section 250;

8 (Y) For taxable years beginning on or after  
9 January 1, 2002 and ending on or before December 31,  
10 2004, moneys contributed in the taxable year to a  
11 College Savings Pool account under Section 16.5 of the  
12 State Treasurer Act, except that amounts excluded from  
13 gross income under Section 529(c)(3)(C)(i) of the  
14 Internal Revenue Code shall not be considered moneys  
15 contributed under this subparagraph (Y). For taxable  
16 years beginning on or after January 1, 2005, a maximum  
17 of \$10,000 contributed in the taxable year to (i) a  
18 College Savings Pool account under Section 16.5 of the  
19 State Treasurer Act or (ii) the Illinois Prepaid  
20 Tuition Trust Fund, except that amounts excluded from  
21 gross income under Section 529(c)(3)(C)(i) of the  
22 Internal Revenue Code shall not be considered moneys  
23 contributed under this subparagraph (Y). For purposes  
24 of this subparagraph, contributions made by an  
25 employer on behalf of an employee, or matching  
26 contributions made by an employee, shall be treated as



1 made by the employee. This subparagraph (Y) is exempt  
2 from the provisions of Section 250;

3 (Z) For taxable years 2001 and thereafter, for the  
4 taxable year in which the bonus depreciation deduction  
5 is taken on the taxpayer's federal income tax return  
6 under subsection (k) of Section 168 of the Internal  
7 Revenue Code and for each applicable taxable year  
8 thereafter, an amount equal to "x", where:

9 (1) "y" equals the amount of the depreciation  
10 deduction taken for the taxable year on the  
11 taxpayer's federal income tax return on property  
12 for which the bonus depreciation deduction was  
13 taken in any year under subsection (k) of Section  
14 168 of the Internal Revenue Code, but not  
15 including the bonus depreciation deduction;

16 (2) for taxable years ending on or before  
17 December 31, 2005, "x" equals "y" multiplied by 30  
18 and then divided by 70 (or "y" multiplied by  
19 0.429); and

20 (3) for taxable years ending after December  
21 31, 2005:

22 (i) for property on which a bonus  
23 depreciation deduction of 30% of the adjusted  
24 basis was taken, "x" equals "y" multiplied by  
25 30 and then divided by 70 (or "y" multiplied  
26 by 0.429); and

1                   (ii) for property on which a bonus  
2                   depreciation deduction of 50% of the adjusted  
3                   basis was taken, "x" equals "y" multiplied by  
4                   1.0.

5                   The aggregate amount deducted under this  
6                   subparagraph in all taxable years for any one piece of  
7                   property may not exceed the amount of the bonus  
8                   depreciation deduction taken on that property on the  
9                   taxpayer's federal income tax return under subsection  
10                  (k) of Section 168 of the Internal Revenue Code. This  
11                  subparagraph (Z) is exempt from the provisions of  
12                  Section 250;

13                  (AA) If the taxpayer sells, transfers, abandons,  
14                  or otherwise disposes of property for which the  
15                  taxpayer was required in any taxable year to make an  
16                  addition modification under subparagraph (D-15), then  
17                  an amount equal to that addition modification.

18                  If the taxpayer continues to own property through  
19                  the last day of the last tax year for which the  
20                  taxpayer may claim a depreciation deduction for  
21                  federal income tax purposes and for which the taxpayer  
22                  was required in any taxable year to make an addition  
23                  modification under subparagraph (D-15), then an amount  
24                  equal to that addition modification.

25                  The taxpayer is allowed to take the deduction  
26                  under this subparagraph only once with respect to any

1 one piece of property.

2 This subparagraph (AA) is exempt from the  
3 provisions of Section 250;

4 (BB) Any amount included in adjusted gross income,  
5 other than salary, received by a driver in a  
6 ridesharing arrangement using a motor vehicle;

7 (CC) The amount of (i) any interest income (net of  
8 the deductions allocable thereto) taken into account  
9 for the taxable year with respect to a transaction  
10 with a taxpayer that is required to make an addition  
11 modification with respect to such transaction under  
12 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
13 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
14 the amount of that addition modification, and (ii) any  
15 income from intangible property (net of the deductions  
16 allocable thereto) taken into account for the taxable  
17 year with respect to a transaction with a taxpayer  
18 that is required to make an addition modification with  
19 respect to such transaction under Section  
20 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
21 203(d)(2)(D-8), but not to exceed the amount of that  
22 addition modification. This subparagraph (CC) is  
23 exempt from the provisions of Section 250;

24 (DD) An amount equal to the interest income taken  
25 into account for the taxable year (net of the  
26 deductions allocable thereto) with respect to

1 transactions with (i) a foreign person who would be a  
2 member of the taxpayer's unitary business group but  
3 for the fact that the foreign person's business  
4 activity outside the United States is 80% or more of  
5 that person's total business activity and (ii) for  
6 taxable years ending on or after December 31, 2008, to  
7 a person who would be a member of the same unitary  
8 business group but for the fact that the person is  
9 prohibited under Section 1501(a)(27) from being  
10 included in the unitary business group because he or  
11 she is ordinarily required to apportion business  
12 income under different subsections of Section 304, but  
13 not to exceed the addition modification required to be  
14 made for the same taxable year under Section  
15 203(a)(2)(D-17) for interest paid, accrued, or  
16 incurred, directly or indirectly, to the same person.  
17 This subparagraph (DD) is exempt from the provisions  
18 of Section 250;

19 (EE) An amount equal to the income from intangible  
20 property taken into account for the taxable year (net  
21 of the deductions allocable thereto) with respect to  
22 transactions with (i) a foreign person who would be a  
23 member of the taxpayer's unitary business group but  
24 for the fact that the foreign person's business  
25 activity outside the United States is 80% or more of  
26 that person's total business activity and (ii) for

1 taxable years ending on or after December 31, 2008, to  
2 a person who would be a member of the same unitary  
3 business group but for the fact that the person is  
4 prohibited under Section 1501(a)(27) from being  
5 included in the unitary business group because he or  
6 she is ordinarily required to apportion business  
7 income under different subsections of Section 304, but  
8 not to exceed the addition modification required to be  
9 made for the same taxable year under Section  
10 203(a)(2)(D-18) for intangible expenses and costs  
11 paid, accrued, or incurred, directly or indirectly, to  
12 the same foreign person. This subparagraph (EE) is  
13 exempt from the provisions of Section 250;

14 (FF) An amount equal to any amount awarded to the  
15 taxpayer during the taxable year by the Court of  
16 Claims under subsection (c) of Section 8 of the Court  
17 of Claims Act for time unjustly served in a State  
18 prison. This subparagraph (FF) is exempt from the  
19 provisions of Section 250;

20 (GG) For taxable years ending on or after December  
21 31, 2011, in the case of a taxpayer who was required to  
22 add back any insurance premiums under Section  
23 203(a)(2)(D-19), such taxpayer may elect to subtract  
24 that part of a reimbursement received from the  
25 insurance company equal to the amount of the expense  
26 or loss (including expenses incurred by the insurance

1 company) that would have been taken into account as a  
2 deduction for federal income tax purposes if the  
3 expense or loss had been uninsured. If a taxpayer  
4 makes the election provided for by this subparagraph  
5 (GG), the insurer to which the premiums were paid must  
6 add back to income the amount subtracted by the  
7 taxpayer pursuant to this subparagraph (GG). This  
8 subparagraph (GG) is exempt from the provisions of  
9 Section 250; ~~and~~

10 (HH) For taxable years beginning on or after  
11 January 1, 2018 and prior to January 1, 2023, a maximum  
12 of \$10,000 contributed in the taxable year to a  
13 qualified ABLE account under Section 16.6 of the State  
14 Treasurer Act, except that amounts excluded from gross  
15 income under Section 529(c)(3)(C)(i) or Section  
16 529A(c)(1)(C) of the Internal Revenue Code shall not  
17 be considered moneys contributed under this  
18 subparagraph (HH). For purposes of this subparagraph  
19 (HH), contributions made by an employer on behalf of  
20 an employee, or matching contributions made by an  
21 employee, shall be treated as made by the employee;  
22 and -

23 (II) For taxable years beginning on or after  
24 January 1, 2022, for any cannabis establishment  
25 operating in this State and licensed under the  
26 Cannabis Regulation and Tax Act or any cannabis

1           cultivation center or medical cannabis dispensing  
2           organization operating in this State and licensed  
3           under the Compassionate Use of Cannabis Program Act,  
4           an amount equal to the deductions and credits that  
5           were disallowed under Section 280E of the Internal  
6           Revenue Code for the taxable year and that would not be  
7           added back under this subsection. The provisions of  
8           this subparagraph (II) are exempt from the provisions  
9           of Section 250.

10           (b) Corporations.

11           (1) In general. In the case of a corporation, base  
12           income means an amount equal to the taxpayer's taxable  
13           income for the taxable year as modified by paragraph (2).

14           (2) Modifications. The taxable income referred to in  
15           paragraph (1) shall be modified by adding thereto the sum  
16           of the following amounts:

17           (A) An amount equal to all amounts paid or accrued  
18           to the taxpayer as interest and all distributions  
19           received from regulated investment companies during  
20           the taxable year to the extent excluded from gross  
21           income in the computation of taxable income;

22           (B) An amount equal to the amount of tax imposed by  
23           this Act to the extent deducted from gross income in  
24           the computation of taxable income for the taxable  
25           year;

1           (C) In the case of a regulated investment company,  
2           an amount equal to the excess of (i) the net long-term  
3           capital gain for the taxable year, over (ii) the  
4           amount of the capital gain dividends designated as  
5           such in accordance with Section 852(b)(3)(C) of the  
6           Internal Revenue Code and any amount designated under  
7           Section 852(b)(3)(D) of the Internal Revenue Code,  
8           attributable to the taxable year (this amendatory Act  
9           of 1995 (Public Act 89-89) is declarative of existing  
10          law and is not a new enactment);

11          (D) The amount of any net operating loss deduction  
12          taken in arriving at taxable income, other than a net  
13          operating loss carried forward from a taxable year  
14          ending prior to December 31, 1986;

15          (E) For taxable years in which a net operating  
16          loss carryback or carryforward from a taxable year  
17          ending prior to December 31, 1986 is an element of  
18          taxable income under paragraph (1) of subsection (e)  
19          or subparagraph (E) of paragraph (2) of subsection  
20          (e), the amount by which addition modifications other  
21          than those provided by this subparagraph (E) exceeded  
22          subtraction modifications in such earlier taxable  
23          year, with the following limitations applied in the  
24          order that they are listed:

25                 (i) the addition modification relating to the  
26                 net operating loss carried back or forward to the



1 taxable year from any taxable year ending prior to  
2 December 31, 1986 shall be reduced by the amount  
3 of addition modification under this subparagraph  
4 (E) which related to that net operating loss and  
5 which was taken into account in calculating the  
6 base income of an earlier taxable year, and

7 (ii) the addition modification relating to the  
8 net operating loss carried back or forward to the  
9 taxable year from any taxable year ending prior to  
10 December 31, 1986 shall not exceed the amount of  
11 such carryback or carryforward;

12 For taxable years in which there is a net  
13 operating loss carryback or carryforward from more  
14 than one other taxable year ending prior to December  
15 31, 1986, the addition modification provided in this  
16 subparagraph (E) shall be the sum of the amounts  
17 computed independently under the preceding provisions  
18 of this subparagraph (E) for each such taxable year;

19 (E-5) For taxable years ending after December 31,  
20 1997, an amount equal to any eligible remediation  
21 costs that the corporation deducted in computing  
22 adjusted gross income and for which the corporation  
23 claims a credit under subsection (1) of Section 201;

24 (E-10) For taxable years 2001 and thereafter, an  
25 amount equal to the bonus depreciation deduction taken  
26 on the taxpayer's federal income tax return for the

1 taxable year under subsection (k) of Section 168 of  
2 the Internal Revenue Code;

3 (E-11) If the taxpayer sells, transfers, abandons,  
4 or otherwise disposes of property for which the  
5 taxpayer was required in any taxable year to make an  
6 addition modification under subparagraph (E-10), then  
7 an amount equal to the aggregate amount of the  
8 deductions taken in all taxable years under  
9 subparagraph (T) with respect to that property.

10 If the taxpayer continues to own property through  
11 the last day of the last tax year for which the  
12 taxpayer may claim a depreciation deduction for  
13 federal income tax purposes and for which the taxpayer  
14 was allowed in any taxable year to make a subtraction  
15 modification under subparagraph (T), then an amount  
16 equal to that subtraction modification.

17 The taxpayer is required to make the addition  
18 modification under this subparagraph only once with  
19 respect to any one piece of property;

20 (E-12) An amount equal to the amount otherwise  
21 allowed as a deduction in computing base income for  
22 interest paid, accrued, or incurred, directly or  
23 indirectly, (i) for taxable years ending on or after  
24 December 31, 2004, to a foreign person who would be a  
25 member of the same unitary business group but for the  
26 fact the foreign person's business activity outside

1 the United States is 80% or more of the foreign  
2 person's total business activity and (ii) for taxable  
3 years ending on or after December 31, 2008, to a person  
4 who would be a member of the same unitary business  
5 group but for the fact that the person is prohibited  
6 under Section 1501(a)(27) from being included in the  
7 unitary business group because he or she is ordinarily  
8 required to apportion business income under different  
9 subsections of Section 304. The addition modification  
10 required by this subparagraph shall be reduced to the  
11 extent that dividends were included in base income of  
12 the unitary group for the same taxable year and  
13 received by the taxpayer or by a member of the  
14 taxpayer's unitary business group (including amounts  
15 included in gross income pursuant to Sections 951  
16 through 964 of the Internal Revenue Code and amounts  
17 included in gross income under Section 78 of the  
18 Internal Revenue Code) with respect to the stock of  
19 the same person to whom the interest was paid,  
20 accrued, or incurred.

21 This paragraph shall not apply to the following:

22 (i) an item of interest paid, accrued, or  
23 incurred, directly or indirectly, to a person who  
24 is subject in a foreign country or state, other  
25 than a state which requires mandatory unitary  
26 reporting, to a tax on or measured by net income

1 with respect to such interest; or

2 (ii) an item of interest paid, accrued, or  
3 incurred, directly or indirectly, to a person if  
4 the taxpayer can establish, based on a  
5 preponderance of the evidence, both of the  
6 following:

7 (a) the person, during the same taxable  
8 year, paid, accrued, or incurred, the interest  
9 to a person that is not a related member, and

10 (b) the transaction giving rise to the  
11 interest expense between the taxpayer and the  
12 person did not have as a principal purpose the  
13 avoidance of Illinois income tax, and is paid  
14 pursuant to a contract or agreement that  
15 reflects an arm's-length interest rate and  
16 terms; or

17 (iii) the taxpayer can establish, based on  
18 clear and convincing evidence, that the interest  
19 paid, accrued, or incurred relates to a contract  
20 or agreement entered into at arm's-length rates  
21 and terms and the principal purpose for the  
22 payment is not federal or Illinois tax avoidance;  
23 or

24 (iv) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a person if  
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or  
2 if the taxpayer and the Director agree in writing  
3 to the application or use of an alternative method  
4 of apportionment under Section 304(f).

5 Nothing in this subsection shall preclude the  
6 Director from making any other adjustment  
7 otherwise allowed under Section 404 of this Act  
8 for any tax year beginning after the effective  
9 date of this amendment provided such adjustment is  
10 made pursuant to regulation adopted by the  
11 Department and such regulations provide methods  
12 and standards by which the Department will utilize  
13 its authority under Section 404 of this Act;

14 (E-13) An amount equal to the amount of intangible  
15 expenses and costs otherwise allowed as a deduction in  
16 computing base income, and that were paid, accrued, or  
17 incurred, directly or indirectly, (i) for taxable  
18 years ending on or after December 31, 2004, to a  
19 foreign person who would be a member of the same  
20 unitary business group but for the fact that the  
21 foreign person's business activity outside the United  
22 States is 80% or more of that person's total business  
23 activity and (ii) for taxable years ending on or after  
24 December 31, 2008, to a person who would be a member of  
25 the same unitary business group but for the fact that  
26 the person is prohibited under Section 1501(a)(27)

1 from being included in the unitary business group  
2 because he or she is ordinarily required to apportion  
3 business income under different subsections of Section  
4 304. The addition modification required by this  
5 subparagraph shall be reduced to the extent that  
6 dividends were included in base income of the unitary  
7 group for the same taxable year and received by the  
8 taxpayer or by a member of the taxpayer's unitary  
9 business group (including amounts included in gross  
10 income pursuant to Sections 951 through 964 of the  
11 Internal Revenue Code and amounts included in gross  
12 income under Section 78 of the Internal Revenue Code)  
13 with respect to the stock of the same person to whom  
14 the intangible expenses and costs were directly or  
15 indirectly paid, incurred, or accrued. The preceding  
16 sentence shall not apply to the extent that the same  
17 dividends caused a reduction to the addition  
18 modification required under Section 203(b)(2)(E-12) of  
19 this Act. As used in this subparagraph, the term  
20 "intangible expenses and costs" includes (1) expenses,  
21 losses, and costs for, or related to, the direct or  
22 indirect acquisition, use, maintenance or management,  
23 ownership, sale, exchange, or any other disposition of  
24 intangible property; (2) losses incurred, directly or  
25 indirectly, from factoring transactions or discounting  
26 transactions; (3) royalty, patent, technical, and

1 copyright fees; (4) licensing fees; and (5) other  
2 similar expenses and costs. For purposes of this  
3 subparagraph, "intangible property" includes patents,  
4 patent applications, trade names, trademarks, service  
5 marks, copyrights, mask works, trade secrets, and  
6 similar types of intangible assets.

7 This paragraph shall not apply to the following:

8 (i) any item of intangible expenses or costs  
9 paid, accrued, or incurred, directly or  
10 indirectly, from a transaction with a person who  
11 is subject in a foreign country or state, other  
12 than a state which requires mandatory unitary  
13 reporting, to a tax on or measured by net income  
14 with respect to such item; or

15 (ii) any item of intangible expense or cost  
16 paid, accrued, or incurred, directly or  
17 indirectly, if the taxpayer can establish, based  
18 on a preponderance of the evidence, both of the  
19 following:

20 (a) the person during the same taxable  
21 year paid, accrued, or incurred, the  
22 intangible expense or cost to a person that is  
23 not a related member, and

24 (b) the transaction giving rise to the  
25 intangible expense or cost between the  
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois  
2 income tax, and is paid pursuant to a contract  
3 or agreement that reflects arm's-length terms;  
4 or

5 (iii) any item of intangible expense or cost  
6 paid, accrued, or incurred, directly or  
7 indirectly, from a transaction with a person if  
8 the taxpayer establishes by clear and convincing  
9 evidence, that the adjustments are unreasonable;  
10 or if the taxpayer and the Director agree in  
11 writing to the application or use of an  
12 alternative method of apportionment under Section  
13 304(f);

14 Nothing in this subsection shall preclude the  
15 Director from making any other adjustment  
16 otherwise allowed under Section 404 of this Act  
17 for any tax year beginning after the effective  
18 date of this amendment provided such adjustment is  
19 made pursuant to regulation adopted by the  
20 Department and such regulations provide methods  
21 and standards by which the Department will utilize  
22 its authority under Section 404 of this Act;

23 (E-14) For taxable years ending on or after  
24 December 31, 2008, an amount equal to the amount of  
25 insurance premium expenses and costs otherwise allowed  
26 as a deduction in computing base income, and that were



1           paid, accrued, or incurred, directly or indirectly, to  
2           a person who would be a member of the same unitary  
3           business group but for the fact that the person is  
4           prohibited under Section 1501(a)(27) from being  
5           included in the unitary business group because he or  
6           she is ordinarily required to apportion business  
7           income under different subsections of Section 304. The  
8           addition modification required by this subparagraph  
9           shall be reduced to the extent that dividends were  
10          included in base income of the unitary group for the  
11          same taxable year and received by the taxpayer or by a  
12          member of the taxpayer's unitary business group  
13          (including amounts included in gross income under  
14          Sections 951 through 964 of the Internal Revenue Code  
15          and amounts included in gross income under Section 78  
16          of the Internal Revenue Code) with respect to the  
17          stock of the same person to whom the premiums and costs  
18          were directly or indirectly paid, incurred, or  
19          accrued. The preceding sentence does not apply to the  
20          extent that the same dividends caused a reduction to  
21          the addition modification required under Section  
22          203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this  
23          Act;

24                 (E-15) For taxable years beginning after December  
25          31, 2008, any deduction for dividends paid by a  
26          captive real estate investment trust that is allowed

1 to a real estate investment trust under Section  
2 857(b)(2)(B) of the Internal Revenue Code for  
3 dividends paid;

4 (E-16) An amount equal to the credit allowable to  
5 the taxpayer under Section 218(a) of this Act,  
6 determined without regard to Section 218(c) of this  
7 Act;

8 (E-17) For taxable years ending on or after  
9 December 31, 2017, an amount equal to the deduction  
10 allowed under Section 199 of the Internal Revenue Code  
11 for the taxable year;

12 (E-18) for taxable years beginning after December  
13 31, 2018, an amount equal to the deduction allowed  
14 under Section 250(a)(1)(A) of the Internal Revenue  
15 Code for the taxable year.

16 and by deducting from the total so obtained the sum of the  
17 following amounts:

18 (F) An amount equal to the amount of any tax  
19 imposed by this Act which was refunded to the taxpayer  
20 and included in such total for the taxable year;

21 (G) An amount equal to any amount included in such  
22 total under Section 78 of the Internal Revenue Code;

23 (H) In the case of a regulated investment company,  
24 an amount equal to the amount of exempt interest  
25 dividends as defined in subsection (b)(5) of Section  
26 852 of the Internal Revenue Code, paid to shareholders

1 for the taxable year;

2 (I) With the exception of any amounts subtracted  
3 under subparagraph (J), an amount equal to the sum of  
4 all amounts disallowed as deductions by (i) Sections  
5 171(a)(2) ~~7~~ and 265(a)(2) and amounts disallowed as  
6 interest expense by Section 291(a)(3) of the Internal  
7 Revenue Code, and all amounts of expenses allocable to  
8 interest and disallowed as deductions by Section  
9 265(a)(1) of the Internal Revenue Code; and (ii) for  
10 taxable years ending on or after August 13, 1999,  
11 Sections 171(a)(2), 265, 280C, 291(a)(3), and  
12 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
13 for tax years ending on or after December 31, 2011,  
14 amounts disallowed as deductions by Section 45G(e)(3)  
15 of the Internal Revenue Code and, for taxable years  
16 ending on or after December 31, 2008, any amount  
17 included in gross income under Section 87 of the  
18 Internal Revenue Code and the policyholders' share of  
19 tax-exempt interest of a life insurance company under  
20 Section 807(a)(2)(B) of the Internal Revenue Code (in  
21 the case of a life insurance company with gross income  
22 from a decrease in reserves for the tax year) or  
23 Section 807(b)(1)(B) of the Internal Revenue Code (in  
24 the case of a life insurance company allowed a  
25 deduction for an increase in reserves for the tax  
26 year); the provisions of this subparagraph are exempt

1 from the provisions of Section 250;

2 (J) An amount equal to all amounts included in  
3 such total which are exempt from taxation by this  
4 State either by reason of its statutes or Constitution  
5 or by reason of the Constitution, treaties or statutes  
6 of the United States; provided that, in the case of any  
7 statute of this State that exempts income derived from  
8 bonds or other obligations from the tax imposed under  
9 this Act, the amount exempted shall be the interest  
10 net of bond premium amortization;

11 (K) An amount equal to those dividends included in  
12 such total which were paid by a corporation which  
13 conducts business operations in a River Edge  
14 Redevelopment Zone or zones created under the River  
15 Edge Redevelopment Zone Act and conducts substantially  
16 all of its operations in a River Edge Redevelopment  
17 Zone or zones. This subparagraph (K) is exempt from  
18 the provisions of Section 250;

19 (L) An amount equal to those dividends included in  
20 such total that were paid by a corporation that  
21 conducts business operations in a federally designated  
22 Foreign Trade Zone or Sub-Zone and that is designated  
23 a High Impact Business located in Illinois; provided  
24 that dividends eligible for the deduction provided in  
25 subparagraph (K) of paragraph 2 of this subsection  
26 shall not be eligible for the deduction provided under

1           this subparagraph (L);

2           (M) For any taxpayer that is a financial  
3 organization within the meaning of Section 304(c) of  
4 this Act, an amount included in such total as interest  
5 income from a loan or loans made by such taxpayer to a  
6 borrower, to the extent that such a loan is secured by  
7 property which is eligible for the River Edge  
8 Redevelopment Zone Investment Credit. To determine the  
9 portion of a loan or loans that is secured by property  
10 eligible for a Section 201(f) investment credit to the  
11 borrower, the entire principal amount of the loan or  
12 loans between the taxpayer and the borrower should be  
13 divided into the basis of the Section 201(f)  
14 investment credit property which secures the loan or  
15 loans, using for this purpose the original basis of  
16 such property on the date that it was placed in service  
17 in the River Edge Redevelopment Zone. The subtraction  
18 modification available to the taxpayer in any year  
19 under this subsection shall be that portion of the  
20 total interest paid by the borrower with respect to  
21 such loan attributable to the eligible property as  
22 calculated under the previous sentence. This  
23 subparagraph (M) is exempt from the provisions of  
24 Section 250;

25           (M-1) For any taxpayer that is a financial  
26 organization within the meaning of Section 304(c) of

1           this Act, an amount included in such total as interest  
2           income from a loan or loans made by such taxpayer to a  
3           borrower, to the extent that such a loan is secured by  
4           property which is eligible for the High Impact  
5           Business Investment Credit. To determine the portion  
6           of a loan or loans that is secured by property eligible  
7           for a Section 201(h) investment credit to the  
8           borrower, the entire principal amount of the loan or  
9           loans between the taxpayer and the borrower should be  
10          divided into the basis of the Section 201(h)  
11          investment credit property which secures the loan or  
12          loans, using for this purpose the original basis of  
13          such property on the date that it was placed in service  
14          in a federally designated Foreign Trade Zone or  
15          Sub-Zone located in Illinois. No taxpayer that is  
16          eligible for the deduction provided in subparagraph  
17          (M) of paragraph (2) of this subsection shall be  
18          eligible for the deduction provided under this  
19          subparagraph (M-1). The subtraction modification  
20          available to taxpayers in any year under this  
21          subsection shall be that portion of the total interest  
22          paid by the borrower with respect to such loan  
23          attributable to the eligible property as calculated  
24          under the previous sentence;

25                 (N) Two times any contribution made during the  
26          taxable year to a designated zone organization to the

1 extent that the contribution (i) qualifies as a  
2 charitable contribution under subsection (c) of  
3 Section 170 of the Internal Revenue Code and (ii)  
4 must, by its terms, be used for a project approved by  
5 the Department of Commerce and Economic Opportunity  
6 under Section 11 of the Illinois Enterprise Zone Act  
7 or under Section 10-10 of the River Edge Redevelopment  
8 Zone Act. This subparagraph (N) is exempt from the  
9 provisions of Section 250;

10 (O) An amount equal to: (i) 85% for taxable years  
11 ending on or before December 31, 1992, or, a  
12 percentage equal to the percentage allowable under  
13 Section 243(a)(1) of the Internal Revenue Code of 1986  
14 for taxable years ending after December 31, 1992, of  
15 the amount by which dividends included in taxable  
16 income and received from a corporation that is not  
17 created or organized under the laws of the United  
18 States or any state or political subdivision thereof,  
19 including, for taxable years ending on or after  
20 December 31, 1988, dividends received or deemed  
21 received or paid or deemed paid under Sections 951  
22 through 965 of the Internal Revenue Code, exceed the  
23 amount of the modification provided under subparagraph  
24 (G) of paragraph (2) of this subsection (b) which is  
25 related to such dividends, and including, for taxable  
26 years ending on or after December 31, 2008, dividends

1 received from a captive real estate investment trust;  
2 plus (ii) 100% of the amount by which dividends,  
3 included in taxable income and received, including,  
4 for taxable years ending on or after December 31,  
5 1988, dividends received or deemed received or paid or  
6 deemed paid under Sections 951 through 964 of the  
7 Internal Revenue Code and including, for taxable years  
8 ending on or after December 31, 2008, dividends  
9 received from a captive real estate investment trust,  
10 from any such corporation specified in clause (i) that  
11 would but for the provisions of Section 1504(b)(3) of  
12 the Internal Revenue Code be treated as a member of the  
13 affiliated group which includes the dividend  
14 recipient, exceed the amount of the modification  
15 provided under subparagraph (G) of paragraph (2) of  
16 this subsection (b) which is related to such  
17 dividends. This subparagraph (O) is exempt from the  
18 provisions of Section 250 of this Act;

19 (P) An amount equal to any contribution made to a  
20 job training project established pursuant to the Tax  
21 Increment Allocation Redevelopment Act;

22 (Q) An amount equal to the amount of the deduction  
23 used to compute the federal income tax credit for  
24 restoration of substantial amounts held under claim of  
25 right for the taxable year pursuant to Section 1341 of  
26 the Internal Revenue Code;



1           (R) On and after July 20, 1999, in the case of an  
2 attorney-in-fact with respect to whom an interinsurer  
3 or a reciprocal insurer has made the election under  
4 Section 835 of the Internal Revenue Code, 26 U.S.C.  
5 835, an amount equal to the excess, if any, of the  
6 amounts paid or incurred by that interinsurer or  
7 reciprocal insurer in the taxable year to the  
8 attorney-in-fact over the deduction allowed to that  
9 interinsurer or reciprocal insurer with respect to the  
10 attorney-in-fact under Section 835(b) of the Internal  
11 Revenue Code for the taxable year; the provisions of  
12 this subparagraph are exempt from the provisions of  
13 Section 250;

14           (S) For taxable years ending on or after December  
15 31, 1997, in the case of a Subchapter S corporation, an  
16 amount equal to all amounts of income allocable to a  
17 shareholder subject to the Personal Property Tax  
18 Replacement Income Tax imposed by subsections (c) and  
19 (d) of Section 201 of this Act, including amounts  
20 allocable to organizations exempt from federal income  
21 tax by reason of Section 501(a) of the Internal  
22 Revenue Code. This subparagraph (S) is exempt from the  
23 provisions of Section 250;

24           (T) For taxable years 2001 and thereafter, for the  
25 taxable year in which the bonus depreciation deduction  
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) of Section 168 of the Internal  
2 Revenue Code and for each applicable taxable year  
3 thereafter, an amount equal to "x", where:

4 (1) "y" equals the amount of the depreciation  
5 deduction taken for the taxable year on the  
6 taxpayer's federal income tax return on property  
7 for which the bonus depreciation deduction was  
8 taken in any year under subsection (k) of Section  
9 168 of the Internal Revenue Code, but not  
10 including the bonus depreciation deduction;

11 (2) for taxable years ending on or before  
12 December 31, 2005, "x" equals "y" multiplied by 30  
13 and then divided by 70 (or "y" multiplied by  
14 0.429); and

15 (3) for taxable years ending after December  
16 31, 2005:

17 (i) for property on which a bonus  
18 depreciation deduction of 30% of the adjusted  
19 basis was taken, "x" equals "y" multiplied by  
20 30 and then divided by 70 (or "y" multiplied  
21 by 0.429); and

22 (ii) for property on which a bonus  
23 depreciation deduction of 50% of the adjusted  
24 basis was taken, "x" equals "y" multiplied by  
25 1.0.

26 The aggregate amount deducted under this

1           subparagraph in all taxable years for any one piece of  
2           property may not exceed the amount of the bonus  
3           depreciation deduction taken on that property on the  
4           taxpayer's federal income tax return under subsection  
5           (k) of Section 168 of the Internal Revenue Code. This  
6           subparagraph (T) is exempt from the provisions of  
7           Section 250;

8           (U) If the taxpayer sells, transfers, abandons, or  
9           otherwise disposes of property for which the taxpayer  
10          was required in any taxable year to make an addition  
11          modification under subparagraph (E-10), then an amount  
12          equal to that addition modification.

13          If the taxpayer continues to own property through  
14          the last day of the last tax year for which the  
15          taxpayer may claim a depreciation deduction for  
16          federal income tax purposes and for which the taxpayer  
17          was required in any taxable year to make an addition  
18          modification under subparagraph (E-10), then an amount  
19          equal to that addition modification.

20          The taxpayer is allowed to take the deduction  
21          under this subparagraph only once with respect to any  
22          one piece of property.

23          This subparagraph (U) is exempt from the  
24          provisions of Section 250;

25          (V) The amount of: (i) any interest income (net of  
26          the deductions allocable thereto) taken into account

1 for the taxable year with respect to a transaction  
2 with a taxpayer that is required to make an addition  
3 modification with respect to such transaction under  
4 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
5 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
6 the amount of such addition modification, (ii) any  
7 income from intangible property (net of the deductions  
8 allocable thereto) taken into account for the taxable  
9 year with respect to a transaction with a taxpayer  
10 that is required to make an addition modification with  
11 respect to such transaction under Section  
12 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
13 203(d)(2)(D-8), but not to exceed the amount of such  
14 addition modification, and (iii) any insurance premium  
15 income (net of deductions allocable thereto) taken  
16 into account for the taxable year with respect to a  
17 transaction with a taxpayer that is required to make  
18 an addition modification with respect to such  
19 transaction under Section 203(a)(2)(D-19), Section  
20 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section  
21 203(d)(2)(D-9), but not to exceed the amount of that  
22 addition modification. This subparagraph (V) is exempt  
23 from the provisions of Section 250;

24 (W) An amount equal to the interest income taken  
25 into account for the taxable year (net of the  
26 deductions allocable thereto) with respect to

1 transactions with (i) a foreign person who would be a  
2 member of the taxpayer's unitary business group but  
3 for the fact that the foreign person's business  
4 activity outside the United States is 80% or more of  
5 that person's total business activity and (ii) for  
6 taxable years ending on or after December 31, 2008, to  
7 a person who would be a member of the same unitary  
8 business group but for the fact that the person is  
9 prohibited under Section 1501(a)(27) from being  
10 included in the unitary business group because he or  
11 she is ordinarily required to apportion business  
12 income under different subsections of Section 304, but  
13 not to exceed the addition modification required to be  
14 made for the same taxable year under Section  
15 203(b)(2)(E-12) for interest paid, accrued, or  
16 incurred, directly or indirectly, to the same person.  
17 This subparagraph (W) is exempt from the provisions of  
18 Section 250;

19 (X) An amount equal to the income from intangible  
20 property taken into account for the taxable year (net  
21 of the deductions allocable thereto) with respect to  
22 transactions with (i) a foreign person who would be a  
23 member of the taxpayer's unitary business group but  
24 for the fact that the foreign person's business  
25 activity outside the United States is 80% or more of  
26 that person's total business activity and (ii) for

1 taxable years ending on or after December 31, 2008, to  
2 a person who would be a member of the same unitary  
3 business group but for the fact that the person is  
4 prohibited under Section 1501(a)(27) from being  
5 included in the unitary business group because he or  
6 she is ordinarily required to apportion business  
7 income under different subsections of Section 304, but  
8 not to exceed the addition modification required to be  
9 made for the same taxable year under Section  
10 203(b)(2)(E-13) for intangible expenses and costs  
11 paid, accrued, or incurred, directly or indirectly, to  
12 the same foreign person. This subparagraph (X) is  
13 exempt from the provisions of Section 250;

14 (Y) For taxable years ending on or after December  
15 31, 2011, in the case of a taxpayer who was required to  
16 add back any insurance premiums under Section  
17 203(b)(2)(E-14), such taxpayer may elect to subtract  
18 that part of a reimbursement received from the  
19 insurance company equal to the amount of the expense  
20 or loss (including expenses incurred by the insurance  
21 company) that would have been taken into account as a  
22 deduction for federal income tax purposes if the  
23 expense or loss had been uninsured. If a taxpayer  
24 makes the election provided for by this subparagraph  
25 (Y), the insurer to which the premiums were paid must  
26 add back to income the amount subtracted by the

1 taxpayer pursuant to this subparagraph (Y). This  
2 subparagraph (Y) is exempt from the provisions of  
3 Section 250; ~~and~~

4 (Z) The difference between the nondeductible  
5 controlled foreign corporation dividends under Section  
6 965(e)(3) of the Internal Revenue Code over the  
7 taxable income of the taxpayer, computed without  
8 regard to Section 965(e)(2)(A) of the Internal Revenue  
9 Code, and without regard to any net operating loss  
10 deduction. This subparagraph (Z) is exempt from the  
11 provisions of Section 250; and ~~—~~

12 (AA) For taxable years beginning on or after  
13 January 1, 2022, for any cannabis establishment  
14 operating in this State and licensed under the  
15 Cannabis Regulation and Tax Act or any cannabis  
16 cultivation center or medical cannabis dispensing  
17 organization operating in this State and licensed  
18 under the Compassionate Use of Cannabis Program Act,  
19 an amount equal to the deductions and credits that  
20 were disallowed under Section 280E of the Internal  
21 Revenue Code for the taxable year and that would not be  
22 added back under this subsection. The provisions of  
23 this subparagraph (AA) are exempt from the provisions  
24 of Section 250.

25 (3) Special rule. For purposes of paragraph (2)(A),  
26 "gross income" in the case of a life insurance company,

1 for tax years ending on and after December 31, 1994, and  
2 prior to December 31, 2011, shall mean the gross  
3 investment income for the taxable year and, for tax years  
4 ending on or after December 31, 2011, shall mean all  
5 amounts included in life insurance gross income under  
6 Section 803(a) (3) of the Internal Revenue Code.

7 (c) Trusts and estates.

8 (1) In general. In the case of a trust or estate, base  
9 income means an amount equal to the taxpayer's taxable  
10 income for the taxable year as modified by paragraph (2).

11 (2) Modifications. Subject to the provisions of  
12 paragraph (3), the taxable income referred to in paragraph  
13 (1) shall be modified by adding thereto the sum of the  
14 following amounts:

15 (A) An amount equal to all amounts paid or accrued  
16 to the taxpayer as interest or dividends during the  
17 taxable year to the extent excluded from gross income  
18 in the computation of taxable income;

19 (B) In the case of (i) an estate, \$600; (ii) a  
20 trust which, under its governing instrument, is  
21 required to distribute all of its income currently,  
22 \$300; and (iii) any other trust, \$100, but in each such  
23 case, only to the extent such amount was deducted in  
24 the computation of taxable income;

25 (C) An amount equal to the amount of tax imposed by



1           this Act to the extent deducted from gross income in  
2           the computation of taxable income for the taxable  
3           year;

4           (D) The amount of any net operating loss deduction  
5           taken in arriving at taxable income, other than a net  
6           operating loss carried forward from a taxable year  
7           ending prior to December 31, 1986;

8           (E) For taxable years in which a net operating  
9           loss carryback or carryforward from a taxable year  
10          ending prior to December 31, 1986 is an element of  
11          taxable income under paragraph (1) of subsection (e)  
12          or subparagraph (E) of paragraph (2) of subsection  
13          (e), the amount by which addition modifications other  
14          than those provided by this subparagraph (E) exceeded  
15          subtraction modifications in such taxable year, with  
16          the following limitations applied in the order that  
17          they are listed:

18                 (i) the addition modification relating to the  
19                 net operating loss carried back or forward to the  
20                 taxable year from any taxable year ending prior to  
21                 December 31, 1986 shall be reduced by the amount  
22                 of addition modification under this subparagraph  
23                 (E) which related to that net operating loss and  
24                 which was taken into account in calculating the  
25                 base income of an earlier taxable year, and

26                 (ii) the addition modification relating to the

1 net operating loss carried back or forward to the  
2 taxable year from any taxable year ending prior to  
3 December 31, 1986 shall not exceed the amount of  
4 such carryback or carryforward;

5 For taxable years in which there is a net  
6 operating loss carryback or carryforward from more  
7 than one other taxable year ending prior to December  
8 31, 1986, the addition modification provided in this  
9 subparagraph (E) shall be the sum of the amounts  
10 computed independently under the preceding provisions  
11 of this subparagraph (E) for each such taxable year;

12 (F) For taxable years ending on or after January  
13 1, 1989, an amount equal to the tax deducted pursuant  
14 to Section 164 of the Internal Revenue Code if the  
15 trust or estate is claiming the same tax for purposes  
16 of the Illinois foreign tax credit under Section 601  
17 of this Act;

18 (G) An amount equal to the amount of the capital  
19 gain deduction allowable under the Internal Revenue  
20 Code, to the extent deducted from gross income in the  
21 computation of taxable income;

22 (G-5) For taxable years ending after December 31,  
23 1997, an amount equal to any eligible remediation  
24 costs that the trust or estate deducted in computing  
25 adjusted gross income and for which the trust or  
26 estate claims a credit under subsection (1) of Section

1           201;

2           (G-10) For taxable years 2001 and thereafter, an  
3           amount equal to the bonus depreciation deduction taken  
4           on the taxpayer's federal income tax return for the  
5           taxable year under subsection (k) of Section 168 of  
6           the Internal Revenue Code; and

7           (G-11) If the taxpayer sells, transfers, abandons,  
8           or otherwise disposes of property for which the  
9           taxpayer was required in any taxable year to make an  
10          addition modification under subparagraph (G-10), then  
11          an amount equal to the aggregate amount of the  
12          deductions taken in all taxable years under  
13          subparagraph (R) with respect to that property.

14          If the taxpayer continues to own property through  
15          the last day of the last tax year for which the  
16          taxpayer may claim a depreciation deduction for  
17          federal income tax purposes and for which the taxpayer  
18          was allowed in any taxable year to make a subtraction  
19          modification under subparagraph (R), then an amount  
20          equal to that subtraction modification.

21          The taxpayer is required to make the addition  
22          modification under this subparagraph only once with  
23          respect to any one piece of property;

24          (G-12) An amount equal to the amount otherwise  
25          allowed as a deduction in computing base income for  
26          interest paid, accrued, or incurred, directly or

1 indirectly, (i) for taxable years ending on or after  
2 December 31, 2004, to a foreign person who would be a  
3 member of the same unitary business group but for the  
4 fact that the foreign person's business activity  
5 outside the United States is 80% or more of the foreign  
6 person's total business activity and (ii) for taxable  
7 years ending on or after December 31, 2008, to a person  
8 who would be a member of the same unitary business  
9 group but for the fact that the person is prohibited  
10 under Section 1501(a)(27) from being included in the  
11 unitary business group because he or she is ordinarily  
12 required to apportion business income under different  
13 subsections of Section 304. The addition modification  
14 required by this subparagraph shall be reduced to the  
15 extent that dividends were included in base income of  
16 the unitary group for the same taxable year and  
17 received by the taxpayer or by a member of the  
18 taxpayer's unitary business group (including amounts  
19 included in gross income pursuant to Sections 951  
20 through 964 of the Internal Revenue Code and amounts  
21 included in gross income under Section 78 of the  
22 Internal Revenue Code) with respect to the stock of  
23 the same person to whom the interest was paid,  
24 accrued, or incurred.

25 This paragraph shall not apply to the following:

26 (i) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person who  
2 is subject in a foreign country or state, other  
3 than a state which requires mandatory unitary  
4 reporting, to a tax on or measured by net income  
5 with respect to such interest; or

6 (ii) an item of interest paid, accrued, or  
7 incurred, directly or indirectly, to a person if  
8 the taxpayer can establish, based on a  
9 preponderance of the evidence, both of the  
10 following:

11 (a) the person, during the same taxable  
12 year, paid, accrued, or incurred, the interest  
13 to a person that is not a related member, and

14 (b) the transaction giving rise to the  
15 interest expense between the taxpayer and the  
16 person did not have as a principal purpose the  
17 avoidance of Illinois income tax, and is paid  
18 pursuant to a contract or agreement that  
19 reflects an arm's-length interest rate and  
20 terms; or

21 (iii) the taxpayer can establish, based on  
22 clear and convincing evidence, that the interest  
23 paid, accrued, or incurred relates to a contract  
24 or agreement entered into at arm's-length rates  
25 and terms and the principal purpose for the  
26 payment is not federal or Illinois tax avoidance;

1 or

2 (iv) an item of interest paid, accrued, or  
3 incurred, directly or indirectly, to a person if  
4 the taxpayer establishes by clear and convincing  
5 evidence that the adjustments are unreasonable; or  
6 if the taxpayer and the Director agree in writing  
7 to the application or use of an alternative method  
8 of apportionment under Section 304(f).

9 Nothing in this subsection shall preclude the  
10 Director from making any other adjustment  
11 otherwise allowed under Section 404 of this Act  
12 for any tax year beginning after the effective  
13 date of this amendment provided such adjustment is  
14 made pursuant to regulation adopted by the  
15 Department and such regulations provide methods  
16 and standards by which the Department will utilize  
17 its authority under Section 404 of this Act;

18 (G-13) An amount equal to the amount of intangible  
19 expenses and costs otherwise allowed as a deduction in  
20 computing base income, and that were paid, accrued, or  
21 incurred, directly or indirectly, (i) for taxable  
22 years ending on or after December 31, 2004, to a  
23 foreign person who would be a member of the same  
24 unitary business group but for the fact that the  
25 foreign person's business activity outside the United  
26 States is 80% or more of that person's total business

1 activity and (ii) for taxable years ending on or after  
2 December 31, 2008, to a person who would be a member of  
3 the same unitary business group but for the fact that  
4 the person is prohibited under Section 1501(a)(27)  
5 from being included in the unitary business group  
6 because he or she is ordinarily required to apportion  
7 business income under different subsections of Section  
8 304. The addition modification required by this  
9 subparagraph shall be reduced to the extent that  
10 dividends were included in base income of the unitary  
11 group for the same taxable year and received by the  
12 taxpayer or by a member of the taxpayer's unitary  
13 business group (including amounts included in gross  
14 income pursuant to Sections 951 through 964 of the  
15 Internal Revenue Code and amounts included in gross  
16 income under Section 78 of the Internal Revenue Code)  
17 with respect to the stock of the same person to whom  
18 the intangible expenses and costs were directly or  
19 indirectly paid, incurred, or accrued. The preceding  
20 sentence shall not apply to the extent that the same  
21 dividends caused a reduction to the addition  
22 modification required under Section 203(c)(2)(G-12) of  
23 this Act. As used in this subparagraph, the term  
24 "intangible expenses and costs" includes: (1)  
25 expenses, losses, and costs for or related to the  
26 direct or indirect acquisition, use, maintenance or

1 management, ownership, sale, exchange, or any other  
2 disposition of intangible property; (2) losses  
3 incurred, directly or indirectly, from factoring  
4 transactions or discounting transactions; (3) royalty,  
5 patent, technical, and copyright fees; (4) licensing  
6 fees; and (5) other similar expenses and costs. For  
7 purposes of this subparagraph, "intangible property"  
8 includes patents, patent applications, trade names,  
9 trademarks, service marks, copyrights, mask works,  
10 trade secrets, and similar types of intangible assets.

11 This paragraph shall not apply to the following:

12 (i) any item of intangible expenses or costs  
13 paid, accrued, or incurred, directly or  
14 indirectly, from a transaction with a person who  
15 is subject in a foreign country or state, other  
16 than a state which requires mandatory unitary  
17 reporting, to a tax on or measured by net income  
18 with respect to such item; or

19 (ii) any item of intangible expense or cost  
20 paid, accrued, or incurred, directly or  
21 indirectly, if the taxpayer can establish, based  
22 on a preponderance of the evidence, both of the  
23 following:

24 (a) the person during the same taxable  
25 year paid, accrued, or incurred, the  
26 intangible expense or cost to a person that is



1 not a related member, and

2 (b) the transaction giving rise to the  
3 intangible expense or cost between the  
4 taxpayer and the person did not have as a  
5 principal purpose the avoidance of Illinois  
6 income tax, and is paid pursuant to a contract  
7 or agreement that reflects arm's-length terms;  
8 or

9 (iii) any item of intangible expense or cost  
10 paid, accrued, or incurred, directly or  
11 indirectly, from a transaction with a person if  
12 the taxpayer establishes by clear and convincing  
13 evidence, that the adjustments are unreasonable;  
14 or if the taxpayer and the Director agree in  
15 writing to the application or use of an  
16 alternative method of apportionment under Section  
17 304(f);

18 Nothing in this subsection shall preclude the  
19 Director from making any other adjustment  
20 otherwise allowed under Section 404 of this Act  
21 for any tax year beginning after the effective  
22 date of this amendment provided such adjustment is  
23 made pursuant to regulation adopted by the  
24 Department and such regulations provide methods  
25 and standards by which the Department will utilize  
26 its authority under Section 404 of this Act;

1 (G-14) For taxable years ending on or after  
2 December 31, 2008, an amount equal to the amount of  
3 insurance premium expenses and costs otherwise allowed  
4 as a deduction in computing base income, and that were  
5 paid, accrued, or incurred, directly or indirectly, to  
6 a person who would be a member of the same unitary  
7 business group but for the fact that the person is  
8 prohibited under Section 1501(a)(27) from being  
9 included in the unitary business group because he or  
10 she is ordinarily required to apportion business  
11 income under different subsections of Section 304. The  
12 addition modification required by this subparagraph  
13 shall be reduced to the extent that dividends were  
14 included in base income of the unitary group for the  
15 same taxable year and received by the taxpayer or by a  
16 member of the taxpayer's unitary business group  
17 (including amounts included in gross income under  
18 Sections 951 through 964 of the Internal Revenue Code  
19 and amounts included in gross income under Section 78  
20 of the Internal Revenue Code) with respect to the  
21 stock of the same person to whom the premiums and costs  
22 were directly or indirectly paid, incurred, or  
23 accrued. The preceding sentence does not apply to the  
24 extent that the same dividends caused a reduction to  
25 the addition modification required under Section  
26 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this

1 Act;

2 (G-15) An amount equal to the credit allowable to  
3 the taxpayer under Section 218(a) of this Act,  
4 determined without regard to Section 218(c) of this  
5 Act;

6 (G-16) For taxable years ending on or after  
7 December 31, 2017, an amount equal to the deduction  
8 allowed under Section 199 of the Internal Revenue Code  
9 for the taxable year;

10 and by deducting from the total so obtained the sum of the  
11 following amounts:

12 (H) An amount equal to all amounts included in  
13 such total pursuant to the provisions of Sections  
14 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408  
15 of the Internal Revenue Code or included in such total  
16 as distributions under the provisions of any  
17 retirement or disability plan for employees of any  
18 governmental agency or unit, or retirement payments to  
19 retired partners, which payments are excluded in  
20 computing net earnings from self employment by Section  
21 1402 of the Internal Revenue Code and regulations  
22 adopted pursuant thereto;

23 (I) The valuation limitation amount;

24 (J) An amount equal to the amount of any tax  
25 imposed by this Act which was refunded to the taxpayer  
26 and included in such total for the taxable year;

1           (K) An amount equal to all amounts included in  
2 taxable income as modified by subparagraphs (A), (B),  
3 (C), (D), (E), (F) and (G) which are exempt from  
4 taxation by this State either by reason of its  
5 statutes or Constitution or by reason of the  
6 Constitution, treaties or statutes of the United  
7 States; provided that, in the case of any statute of  
8 this State that exempts income derived from bonds or  
9 other obligations from the tax imposed under this Act,  
10 the amount exempted shall be the interest net of bond  
11 premium amortization;

12           (L) With the exception of any amounts subtracted  
13 under subparagraph (K), an amount equal to the sum of  
14 all amounts disallowed as deductions by (i) Sections  
15 171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
16 and all amounts of expenses allocable to interest and  
17 disallowed as deductions by Section 265(a)(1) of the  
18 Internal Revenue Code; and (ii) for taxable years  
19 ending on or after August 13, 1999, Sections  
20 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
21 Internal Revenue Code, plus, (iii) for taxable years  
22 ending on or after December 31, 2011, Section  
23 45G(e)(3) of the Internal Revenue Code and, for  
24 taxable years ending on or after December 31, 2008,  
25 any amount included in gross income under Section 87  
26 of the Internal Revenue Code; the provisions of this

1           subparagraph are exempt from the provisions of Section  
2           250;

3           (M) An amount equal to those dividends included in  
4           such total which were paid by a corporation which  
5           conducts business operations in a River Edge  
6           Redevelopment Zone or zones created under the River  
7           Edge Redevelopment Zone Act and conducts substantially  
8           all of its operations in a River Edge Redevelopment  
9           Zone or zones. This subparagraph (M) is exempt from  
10          the provisions of Section 250;

11          (N) An amount equal to any contribution made to a  
12          job training project established pursuant to the Tax  
13          Increment Allocation Redevelopment Act;

14          (O) An amount equal to those dividends included in  
15          such total that were paid by a corporation that  
16          conducts business operations in a federally designated  
17          Foreign Trade Zone or Sub-Zone and that is designated  
18          a High Impact Business located in Illinois; provided  
19          that dividends eligible for the deduction provided in  
20          subparagraph (M) of paragraph (2) of this subsection  
21          shall not be eligible for the deduction provided under  
22          this subparagraph (O);

23          (P) An amount equal to the amount of the deduction  
24          used to compute the federal income tax credit for  
25          restoration of substantial amounts held under claim of  
26          right for the taxable year pursuant to Section 1341 of

1 the Internal Revenue Code;

2 (Q) For taxable year 1999 and thereafter, an  
3 amount equal to the amount of any (i) distributions,  
4 to the extent includible in gross income for federal  
5 income tax purposes, made to the taxpayer because of  
6 his or her status as a victim of persecution for racial  
7 or religious reasons by Nazi Germany or any other Axis  
8 regime or as an heir of the victim and (ii) items of  
9 income, to the extent includible in gross income for  
10 federal income tax purposes, attributable to, derived  
11 from or in any way related to assets stolen from,  
12 hidden from, or otherwise lost to a victim of  
13 persecution for racial or religious reasons by Nazi  
14 Germany or any other Axis regime immediately prior to,  
15 during, and immediately after World War II, including,  
16 but not limited to, interest on the proceeds  
17 receivable as insurance under policies issued to a  
18 victim of persecution for racial or religious reasons  
19 by Nazi Germany or any other Axis regime by European  
20 insurance companies immediately prior to and during  
21 World War II; provided, however, this subtraction from  
22 federal adjusted gross income does not apply to assets  
23 acquired with such assets or with the proceeds from  
24 the sale of such assets; provided, further, this  
25 paragraph shall only apply to a taxpayer who was the  
26 first recipient of such assets after their recovery

1 and who is a victim of persecution for racial or  
2 religious reasons by Nazi Germany or any other Axis  
3 regime or as an heir of the victim. The amount of and  
4 the eligibility for any public assistance, benefit, or  
5 similar entitlement is not affected by the inclusion  
6 of items (i) and (ii) of this paragraph in gross income  
7 for federal income tax purposes. This paragraph is  
8 exempt from the provisions of Section 250;

9 (R) For taxable years 2001 and thereafter, for the  
10 taxable year in which the bonus depreciation deduction  
11 is taken on the taxpayer's federal income tax return  
12 under subsection (k) of Section 168 of the Internal  
13 Revenue Code and for each applicable taxable year  
14 thereafter, an amount equal to "x", where:

15 (1) "y" equals the amount of the depreciation  
16 deduction taken for the taxable year on the  
17 taxpayer's federal income tax return on property  
18 for which the bonus depreciation deduction was  
19 taken in any year under subsection (k) of Section  
20 168 of the Internal Revenue Code, but not  
21 including the bonus depreciation deduction;

22 (2) for taxable years ending on or before  
23 December 31, 2005, "x" equals "y" multiplied by 30  
24 and then divided by 70 (or "y" multiplied by  
25 0.429); and

26 (3) for taxable years ending after December

1           31, 2005:

2                   (i) for property on which a bonus  
3                   depreciation deduction of 30% of the adjusted  
4                   basis was taken, "x" equals "y" multiplied by  
5                   30 and then divided by 70 (or "y" multiplied  
6                   by 0.429); and

7                   (ii) for property on which a bonus  
8                   depreciation deduction of 50% of the adjusted  
9                   basis was taken, "x" equals "y" multiplied by  
10                  1.0.

11           The aggregate amount deducted under this  
12           subparagraph in all taxable years for any one piece of  
13           property may not exceed the amount of the bonus  
14           depreciation deduction taken on that property on the  
15           taxpayer's federal income tax return under subsection  
16           (k) of Section 168 of the Internal Revenue Code. This  
17           subparagraph (R) is exempt from the provisions of  
18           Section 250;

19                   (S) If the taxpayer sells, transfers, abandons, or  
20                   otherwise disposes of property for which the taxpayer  
21                   was required in any taxable year to make an addition  
22                   modification under subparagraph (G-10), then an amount  
23                   equal to that addition modification.

24           If the taxpayer continues to own property through  
25           the last day of the last tax year for which the  
26           taxpayer may claim a depreciation deduction for



1 federal income tax purposes and for which the taxpayer  
2 was required in any taxable year to make an addition  
3 modification under subparagraph (G-10), then an amount  
4 equal to that addition modification.

5 The taxpayer is allowed to take the deduction  
6 under this subparagraph only once with respect to any  
7 one piece of property.

8 This subparagraph (S) is exempt from the  
9 provisions of Section 250;

10 (T) The amount of (i) any interest income (net of  
11 the deductions allocable thereto) taken into account  
12 for the taxable year with respect to a transaction  
13 with a taxpayer that is required to make an addition  
14 modification with respect to such transaction under  
15 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
16 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
17 the amount of such addition modification and (ii) any  
18 income from intangible property (net of the deductions  
19 allocable thereto) taken into account for the taxable  
20 year with respect to a transaction with a taxpayer  
21 that is required to make an addition modification with  
22 respect to such transaction under Section  
23 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
24 203(d)(2)(D-8), but not to exceed the amount of such  
25 addition modification. This subparagraph (T) is exempt  
26 from the provisions of Section 250;

1 (U) An amount equal to the interest income taken  
2 into account for the taxable year (net of the  
3 deductions allocable thereto) with respect to  
4 transactions with (i) a foreign person who would be a  
5 member of the taxpayer's unitary business group but  
6 for the fact the foreign person's business activity  
7 outside the United States is 80% or more of that  
8 person's total business activity and (ii) for taxable  
9 years ending on or after December 31, 2008, to a person  
10 who would be a member of the same unitary business  
11 group but for the fact that the person is prohibited  
12 under Section 1501(a) (27) from being included in the  
13 unitary business group because he or she is ordinarily  
14 required to apportion business income under different  
15 subsections of Section 304, but not to exceed the  
16 addition modification required to be made for the same  
17 taxable year under Section 203(c) (2) (G-12) for  
18 interest paid, accrued, or incurred, directly or  
19 indirectly, to the same person. This subparagraph (U)  
20 is exempt from the provisions of Section 250;

21 (V) An amount equal to the income from intangible  
22 property taken into account for the taxable year (net  
23 of the deductions allocable thereto) with respect to  
24 transactions with (i) a foreign person who would be a  
25 member of the taxpayer's unitary business group but  
26 for the fact that the foreign person's business

1 activity outside the United States is 80% or more of  
2 that person's total business activity and (ii) for  
3 taxable years ending on or after December 31, 2008, to  
4 a person who would be a member of the same unitary  
5 business group but for the fact that the person is  
6 prohibited under Section 1501(a)(27) from being  
7 included in the unitary business group because he or  
8 she is ordinarily required to apportion business  
9 income under different subsections of Section 304, but  
10 not to exceed the addition modification required to be  
11 made for the same taxable year under Section  
12 203(c)(2)(G-13) for intangible expenses and costs  
13 paid, accrued, or incurred, directly or indirectly, to  
14 the same foreign person. This subparagraph (V) is  
15 exempt from the provisions of Section 250;

16 (W) in the case of an estate, an amount equal to  
17 all amounts included in such total pursuant to the  
18 provisions of Section 111 of the Internal Revenue Code  
19 as a recovery of items previously deducted by the  
20 decedent from adjusted gross income in the computation  
21 of taxable income. This subparagraph (W) is exempt  
22 from Section 250;

23 (X) an amount equal to the refund included in such  
24 total of any tax deducted for federal income tax  
25 purposes, to the extent that deduction was added back  
26 under subparagraph (F). This subparagraph (X) is

1 exempt from the provisions of Section 250;

2 (Y) For taxable years ending on or after December  
3 31, 2011, in the case of a taxpayer who was required to  
4 add back any insurance premiums under Section  
5 203(c)(2)(G-14), such taxpayer may elect to subtract  
6 that part of a reimbursement received from the  
7 insurance company equal to the amount of the expense  
8 or loss (including expenses incurred by the insurance  
9 company) that would have been taken into account as a  
10 deduction for federal income tax purposes if the  
11 expense or loss had been uninsured. If a taxpayer  
12 makes the election provided for by this subparagraph  
13 (Y), the insurer to which the premiums were paid must  
14 add back to income the amount subtracted by the  
15 taxpayer pursuant to this subparagraph (Y). This  
16 subparagraph (Y) is exempt from the provisions of  
17 Section 250; ~~and~~

18 (Z) For taxable years beginning after December 31,  
19 2018 and before January 1, 2026, the amount of excess  
20 business loss of the taxpayer disallowed as a  
21 deduction by Section 461(l)(1)(B) of the Internal  
22 Revenue Code; and -

23 (AA) For taxable years beginning on or after  
24 January 1, 2022, for any cannabis establishment  
25 operating in this State and licensed under the  
26 Cannabis Regulation and Tax Act or any cannabis

1           cultivation center or medical cannabis dispensing  
2           organization operating in this State and licensed  
3           under the Compassionate Use of Cannabis Program Act,  
4           an amount equal to the deductions and credits that  
5           were disallowed under Section 280E of the Internal  
6           Revenue Code for the taxable year and that would not be  
7           added back under this subsection. The provisions of  
8           this subparagraph (AA) are exempt from the provisions  
9           of Section 250.

10           (3) Limitation. The amount of any modification  
11 otherwise required under this subsection shall, under  
12 regulations prescribed by the Department, be adjusted by  
13 any amounts included therein which were properly paid,  
14 credited, or required to be distributed, or permanently  
15 set aside for charitable purposes pursuant to Internal  
16 Revenue Code Section 642(c) during the taxable year.

17           (d) Partnerships.

18           (1) In general. In the case of a partnership, base  
19 income means an amount equal to the taxpayer's taxable  
20 income for the taxable year as modified by paragraph (2).

21           (2) Modifications. The taxable income referred to in  
22 paragraph (1) shall be modified by adding thereto the sum  
23 of the following amounts:

24           (A) An amount equal to all amounts paid or accrued  
25 to the taxpayer as interest or dividends during the

1 taxable year to the extent excluded from gross income  
2 in the computation of taxable income;

3 (B) An amount equal to the amount of tax imposed by  
4 this Act to the extent deducted from gross income for  
5 the taxable year;

6 (C) The amount of deductions allowed to the  
7 partnership pursuant to Section 707 (c) of the  
8 Internal Revenue Code in calculating its taxable  
9 income;

10 (D) An amount equal to the amount of the capital  
11 gain deduction allowable under the Internal Revenue  
12 Code, to the extent deducted from gross income in the  
13 computation of taxable income;

14 (D-5) For taxable years 2001 and thereafter, an  
15 amount equal to the bonus depreciation deduction taken  
16 on the taxpayer's federal income tax return for the  
17 taxable year under subsection (k) of Section 168 of  
18 the Internal Revenue Code;

19 (D-6) If the taxpayer sells, transfers, abandons,  
20 or otherwise disposes of property for which the  
21 taxpayer was required in any taxable year to make an  
22 addition modification under subparagraph (D-5), then  
23 an amount equal to the aggregate amount of the  
24 deductions taken in all taxable years under  
25 subparagraph (O) with respect to that property.

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which the  
2 taxpayer may claim a depreciation deduction for  
3 federal income tax purposes and for which the taxpayer  
4 was allowed in any taxable year to make a subtraction  
5 modification under subparagraph (O), then an amount  
6 equal to that subtraction modification.

7 The taxpayer is required to make the addition  
8 modification under this subparagraph only once with  
9 respect to any one piece of property;

10 (D-7) An amount equal to the amount otherwise  
11 allowed as a deduction in computing base income for  
12 interest paid, accrued, or incurred, directly or  
13 indirectly, (i) for taxable years ending on or after  
14 December 31, 2004, to a foreign person who would be a  
15 member of the same unitary business group but for the  
16 fact the foreign person's business activity outside  
17 the United States is 80% or more of the foreign  
18 person's total business activity and (ii) for taxable  
19 years ending on or after December 31, 2008, to a person  
20 who would be a member of the same unitary business  
21 group but for the fact that the person is prohibited  
22 under Section 1501(a)(27) from being included in the  
23 unitary business group because he or she is ordinarily  
24 required to apportion business income under different  
25 subsections of Section 304. The addition modification  
26 required by this subparagraph shall be reduced to the

1 extent that dividends were included in base income of  
2 the unitary group for the same taxable year and  
3 received by the taxpayer or by a member of the  
4 taxpayer's unitary business group (including amounts  
5 included in gross income pursuant to Sections 951  
6 through 964 of the Internal Revenue Code and amounts  
7 included in gross income under Section 78 of the  
8 Internal Revenue Code) with respect to the stock of  
9 the same person to whom the interest was paid,  
10 accrued, or incurred.

11 This paragraph shall not apply to the following:

12 (i) an item of interest paid, accrued, or  
13 incurred, directly or indirectly, to a person who  
14 is subject in a foreign country or state, other  
15 than a state which requires mandatory unitary  
16 reporting, to a tax on or measured by net income  
17 with respect to such interest; or

18 (ii) an item of interest paid, accrued, or  
19 incurred, directly or indirectly, to a person if  
20 the taxpayer can establish, based on a  
21 preponderance of the evidence, both of the  
22 following:

23 (a) the person, during the same taxable  
24 year, paid, accrued, or incurred, the interest  
25 to a person that is not a related member, and

26 (b) the transaction giving rise to the



1 interest expense between the taxpayer and the  
2 person did not have as a principal purpose the  
3 avoidance of Illinois income tax, and is paid  
4 pursuant to a contract or agreement that  
5 reflects an arm's-length interest rate and  
6 terms; or

7 (iii) the taxpayer can establish, based on  
8 clear and convincing evidence, that the interest  
9 paid, accrued, or incurred relates to a contract  
10 or agreement entered into at arm's-length rates  
11 and terms and the principal purpose for the  
12 payment is not federal or Illinois tax avoidance;  
13 or

14 (iv) an item of interest paid, accrued, or  
15 incurred, directly or indirectly, to a person if  
16 the taxpayer establishes by clear and convincing  
17 evidence that the adjustments are unreasonable; or  
18 if the taxpayer and the Director agree in writing  
19 to the application or use of an alternative method  
20 of apportionment under Section 304(f).

21 Nothing in this subsection shall preclude the  
22 Director from making any other adjustment  
23 otherwise allowed under Section 404 of this Act  
24 for any tax year beginning after the effective  
25 date of this amendment provided such adjustment is  
26 made pursuant to regulation adopted by the

1 Department and such regulations provide methods  
2 and standards by which the Department will utilize  
3 its authority under Section 404 of this Act; and

4 (D-8) An amount equal to the amount of intangible  
5 expenses and costs otherwise allowed as a deduction in  
6 computing base income, and that were paid, accrued, or  
7 incurred, directly or indirectly, (i) for taxable  
8 years ending on or after December 31, 2004, to a  
9 foreign person who would be a member of the same  
10 unitary business group but for the fact that the  
11 foreign person's business activity outside the United  
12 States is 80% or more of that person's total business  
13 activity and (ii) for taxable years ending on or after  
14 December 31, 2008, to a person who would be a member of  
15 the same unitary business group but for the fact that  
16 the person is prohibited under Section 1501(a)(27)  
17 from being included in the unitary business group  
18 because he or she is ordinarily required to apportion  
19 business income under different subsections of Section  
20 304. The addition modification required by this  
21 subparagraph shall be reduced to the extent that  
22 dividends were included in base income of the unitary  
23 group for the same taxable year and received by the  
24 taxpayer or by a member of the taxpayer's unitary  
25 business group (including amounts included in gross  
26 income pursuant to Sections 951 through 964 of the

1 Internal Revenue Code and amounts included in gross  
2 income under Section 78 of the Internal Revenue Code)  
3 with respect to the stock of the same person to whom  
4 the intangible expenses and costs were directly or  
5 indirectly paid, incurred or accrued. The preceding  
6 sentence shall not apply to the extent that the same  
7 dividends caused a reduction to the addition  
8 modification required under Section 203(d)(2)(D-7) of  
9 this Act. As used in this subparagraph, the term  
10 "intangible expenses and costs" includes (1) expenses,  
11 losses, and costs for, or related to, the direct or  
12 indirect acquisition, use, maintenance or management,  
13 ownership, sale, exchange, or any other disposition of  
14 intangible property; (2) losses incurred, directly or  
15 indirectly, from factoring transactions or discounting  
16 transactions; (3) royalty, patent, technical, and  
17 copyright fees; (4) licensing fees; and (5) other  
18 similar expenses and costs. For purposes of this  
19 subparagraph, "intangible property" includes patents,  
20 patent applications, trade names, trademarks, service  
21 marks, copyrights, mask works, trade secrets, and  
22 similar types of intangible assets;

23 This paragraph shall not apply to the following:

24 (i) any item of intangible expenses or costs  
25 paid, accrued, or incurred, directly or  
26 indirectly, from a transaction with a person who

1 is subject in a foreign country or state, other  
2 than a state which requires mandatory unitary  
3 reporting, to a tax on or measured by net income  
4 with respect to such item; or

5 (ii) any item of intangible expense or cost  
6 paid, accrued, or incurred, directly or  
7 indirectly, if the taxpayer can establish, based  
8 on a preponderance of the evidence, both of the  
9 following:

10 (a) the person during the same taxable  
11 year paid, accrued, or incurred, the  
12 intangible expense or cost to a person that is  
13 not a related member, and

14 (b) the transaction giving rise to the  
15 intangible expense or cost between the  
16 taxpayer and the person did not have as a  
17 principal purpose the avoidance of Illinois  
18 income tax, and is paid pursuant to a contract  
19 or agreement that reflects arm's-length terms;

20 or

21 (iii) any item of intangible expense or cost  
22 paid, accrued, or incurred, directly or  
23 indirectly, from a transaction with a person if  
24 the taxpayer establishes by clear and convincing  
25 evidence, that the adjustments are unreasonable;  
26 or if the taxpayer and the Director agree in

1 writing to the application or use of an  
2 alternative method of apportionment under Section  
3 304(f);

4 Nothing in this subsection shall preclude the  
5 Director from making any other adjustment  
6 otherwise allowed under Section 404 of this Act  
7 for any tax year beginning after the effective  
8 date of this amendment provided such adjustment is  
9 made pursuant to regulation adopted by the  
10 Department and such regulations provide methods  
11 and standards by which the Department will utilize  
12 its authority under Section 404 of this Act;

13 (D-9) For taxable years ending on or after  
14 December 31, 2008, an amount equal to the amount of  
15 insurance premium expenses and costs otherwise allowed  
16 as a deduction in computing base income, and that were  
17 paid, accrued, or incurred, directly or indirectly, to  
18 a person who would be a member of the same unitary  
19 business group but for the fact that the person is  
20 prohibited under Section 1501(a)(27) from being  
21 included in the unitary business group because he or  
22 she is ordinarily required to apportion business  
23 income under different subsections of Section 304. The  
24 addition modification required by this subparagraph  
25 shall be reduced to the extent that dividends were  
26 included in base income of the unitary group for the

1 same taxable year and received by the taxpayer or by a  
2 member of the taxpayer's unitary business group  
3 (including amounts included in gross income under  
4 Sections 951 through 964 of the Internal Revenue Code  
5 and amounts included in gross income under Section 78  
6 of the Internal Revenue Code) with respect to the  
7 stock of the same person to whom the premiums and costs  
8 were directly or indirectly paid, incurred, or  
9 accrued. The preceding sentence does not apply to the  
10 extent that the same dividends caused a reduction to  
11 the addition modification required under Section  
12 203(d) (2) (D-7) or Section 203(d) (2) (D-8) of this Act;

13 (D-10) An amount equal to the credit allowable to  
14 the taxpayer under Section 218(a) of this Act,  
15 determined without regard to Section 218(c) of this  
16 Act;

17 (D-11) For taxable years ending on or after  
18 December 31, 2017, an amount equal to the deduction  
19 allowed under Section 199 of the Internal Revenue Code  
20 for the taxable year;

21 and by deducting from the total so obtained the following  
22 amounts:

23 (E) The valuation limitation amount;

24 (F) An amount equal to the amount of any tax  
25 imposed by this Act which was refunded to the taxpayer  
26 and included in such total for the taxable year;

1 (G) An amount equal to all amounts included in  
2 taxable income as modified by subparagraphs (A), (B),  
3 (C) and (D) which are exempt from taxation by this  
4 State either by reason of its statutes or Constitution  
5 or by reason of the Constitution, treaties or statutes  
6 of the United States; provided that, in the case of any  
7 statute of this State that exempts income derived from  
8 bonds or other obligations from the tax imposed under  
9 this Act, the amount exempted shall be the interest  
10 net of bond premium amortization;

11 (H) Any income of the partnership which  
12 constitutes personal service income as defined in  
13 Section 1348(b)(1) of the Internal Revenue Code (as in  
14 effect December 31, 1981) or a reasonable allowance  
15 for compensation paid or accrued for services rendered  
16 by partners to the partnership, whichever is greater;  
17 this subparagraph (H) is exempt from the provisions of  
18 Section 250;

19 (I) An amount equal to all amounts of income  
20 distributable to an entity subject to the Personal  
21 Property Tax Replacement Income Tax imposed by  
22 subsections (c) and (d) of Section 201 of this Act  
23 including amounts distributable to organizations  
24 exempt from federal income tax by reason of Section  
25 501(a) of the Internal Revenue Code; this subparagraph  
26 (I) is exempt from the provisions of Section 250;

1           (J) With the exception of any amounts subtracted  
2 under subparagraph (G), an amount equal to the sum of  
3 all amounts disallowed as deductions by (i) Sections  
4 171(a)(2),~~7~~ and 265(a)(2) of the Internal Revenue Code,  
5 and all amounts of expenses allocable to interest and  
6 disallowed as deductions by Section 265(a)(1) of the  
7 Internal Revenue Code; and (ii) for taxable years  
8 ending on or after August 13, 1999, Sections  
9 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
10 Internal Revenue Code, plus, (iii) for taxable years  
11 ending on or after December 31, 2011, Section  
12 45G(e)(3) of the Internal Revenue Code and, for  
13 taxable years ending on or after December 31, 2008,  
14 any amount included in gross income under Section 87  
15 of the Internal Revenue Code; the provisions of this  
16 subparagraph are exempt from the provisions of Section  
17 250;

18           (K) An amount equal to those dividends included in  
19 such total which were paid by a corporation which  
20 conducts business operations in a River Edge  
21 Redevelopment Zone or zones created under the River  
22 Edge Redevelopment Zone Act and conducts substantially  
23 all of its operations from a River Edge Redevelopment  
24 Zone or zones. This subparagraph (K) is exempt from  
25 the provisions of Section 250;

26           (L) An amount equal to any contribution made to a



1 job training project established pursuant to the Real  
2 Property Tax Increment Allocation Redevelopment Act;

3 (M) An amount equal to those dividends included in  
4 such total that were paid by a corporation that  
5 conducts business operations in a federally designated  
6 Foreign Trade Zone or Sub-Zone and that is designated  
7 a High Impact Business located in Illinois; provided  
8 that dividends eligible for the deduction provided in  
9 subparagraph (K) of paragraph (2) of this subsection  
10 shall not be eligible for the deduction provided under  
11 this subparagraph (M);

12 (N) An amount equal to the amount of the deduction  
13 used to compute the federal income tax credit for  
14 restoration of substantial amounts held under claim of  
15 right for the taxable year pursuant to Section 1341 of  
16 the Internal Revenue Code;

17 (O) For taxable years 2001 and thereafter, for the  
18 taxable year in which the bonus depreciation deduction  
19 is taken on the taxpayer's federal income tax return  
20 under subsection (k) of Section 168 of the Internal  
21 Revenue Code and for each applicable taxable year  
22 thereafter, an amount equal to "x", where:

23 (1) "y" equals the amount of the depreciation  
24 deduction taken for the taxable year on the  
25 taxpayer's federal income tax return on property  
26 for which the bonus depreciation deduction was

1 taken in any year under subsection (k) of Section  
2 168 of the Internal Revenue Code, but not  
3 including the bonus depreciation deduction;

4 (2) for taxable years ending on or before  
5 December 31, 2005, "x" equals "y" multiplied by 30  
6 and then divided by 70 (or "y" multiplied by  
7 0.429); and

8 (3) for taxable years ending after December  
9 31, 2005:

10 (i) for property on which a bonus  
11 depreciation deduction of 30% of the adjusted  
12 basis was taken, "x" equals "y" multiplied by  
13 30 and then divided by 70 (or "y" multiplied  
14 by 0.429); and

15 (ii) for property on which a bonus  
16 depreciation deduction of 50% of the adjusted  
17 basis was taken, "x" equals "y" multiplied by  
18 1.0.

19 The aggregate amount deducted under this  
20 subparagraph in all taxable years for any one piece of  
21 property may not exceed the amount of the bonus  
22 depreciation deduction taken on that property on the  
23 taxpayer's federal income tax return under subsection  
24 (k) of Section 168 of the Internal Revenue Code. This  
25 subparagraph (O) is exempt from the provisions of  
26 Section 250;

1           (P) If the taxpayer sells, transfers, abandons, or  
2 otherwise disposes of property for which the taxpayer  
3 was required in any taxable year to make an addition  
4 modification under subparagraph (D-5), then an amount  
5 equal to that addition modification.

6           If the taxpayer continues to own property through  
7 the last day of the last tax year for which the  
8 taxpayer may claim a depreciation deduction for  
9 federal income tax purposes and for which the taxpayer  
10 was required in any taxable year to make an addition  
11 modification under subparagraph (D-5), then an amount  
12 equal to that addition modification.

13           The taxpayer is allowed to take the deduction  
14 under this subparagraph only once with respect to any  
15 one piece of property.

16           This subparagraph (P) is exempt from the  
17 provisions of Section 250;

18           (Q) The amount of (i) any interest income (net of  
19 the deductions allocable thereto) taken into account  
20 for the taxable year with respect to a transaction  
21 with a taxpayer that is required to make an addition  
22 modification with respect to such transaction under  
23 Section           203(a)(2)(D-17),           203(b)(2)(E-12),  
24 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
25 the amount of such addition modification and (ii) any  
26 income from intangible property (net of the deductions

1 allocable thereto) taken into account for the taxable  
2 year with respect to a transaction with a taxpayer  
3 that is required to make an addition modification with  
4 respect to such transaction under Section  
5 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
6 203(d)(2)(D-8), but not to exceed the amount of such  
7 addition modification. This subparagraph (Q) is exempt  
8 from Section 250;

9 (R) An amount equal to the interest income taken  
10 into account for the taxable year (net of the  
11 deductions allocable thereto) with respect to  
12 transactions with (i) a foreign person who would be a  
13 member of the taxpayer's unitary business group but  
14 for the fact that the foreign person's business  
15 activity outside the United States is 80% or more of  
16 that person's total business activity and (ii) for  
17 taxable years ending on or after December 31, 2008, to  
18 a person who would be a member of the same unitary  
19 business group but for the fact that the person is  
20 prohibited under Section 1501(a)(27) from being  
21 included in the unitary business group because he or  
22 she is ordinarily required to apportion business  
23 income under different subsections of Section 304, but  
24 not to exceed the addition modification required to be  
25 made for the same taxable year under Section  
26 203(d)(2)(D-7) for interest paid, accrued, or

1 incurred, directly or indirectly, to the same person.

2 This subparagraph (R) is exempt from Section 250;

3 (S) An amount equal to the income from intangible  
4 property taken into account for the taxable year (net  
5 of the deductions allocable thereto) with respect to  
6 transactions with (i) a foreign person who would be a  
7 member of the taxpayer's unitary business group but  
8 for the fact that the foreign person's business  
9 activity outside the United States is 80% or more of  
10 that person's total business activity and (ii) for  
11 taxable years ending on or after December 31, 2008, to  
12 a person who would be a member of the same unitary  
13 business group but for the fact that the person is  
14 prohibited under Section 1501(a)(27) from being  
15 included in the unitary business group because he or  
16 she is ordinarily required to apportion business  
17 income under different subsections of Section 304, but  
18 not to exceed the addition modification required to be  
19 made for the same taxable year under Section  
20 203(d)(2)(D-8) for intangible expenses and costs paid,  
21 accrued, or incurred, directly or indirectly, to the  
22 same person. This subparagraph (S) is exempt from  
23 Section 250; ~~and~~

24 (T) For taxable years ending on or after December  
25 31, 2011, in the case of a taxpayer who was required to  
26 add back any insurance premiums under Section

1 203(d)(2)(D-9), such taxpayer may elect to subtract  
2 that part of a reimbursement received from the  
3 insurance company equal to the amount of the expense  
4 or loss (including expenses incurred by the insurance  
5 company) that would have been taken into account as a  
6 deduction for federal income tax purposes if the  
7 expense or loss had been uninsured. If a taxpayer  
8 makes the election provided for by this subparagraph  
9 (T), the insurer to which the premiums were paid must  
10 add back to income the amount subtracted by the  
11 taxpayer pursuant to this subparagraph (T). This  
12 subparagraph (T) is exempt from the provisions of  
13 Section 250; and -

14 (AA) For taxable years beginning on or after  
15 January 1, 2022, for any cannabis establishment  
16 operating in this State and licensed under the  
17 Cannabis Regulation and Tax Act or any cannabis  
18 cultivation center or medical cannabis dispensing  
19 organization operating in this State and licensed  
20 under the Compassionate Use of Cannabis Program Act,  
21 an amount equal to the deductions and credits that  
22 were disallowed under Section 280E of the Internal  
23 Revenue Code for the taxable year and that would not be  
24 added back under this subsection. The provisions of  
25 this subparagraph (U) are exempt from the provisions  
26 of Section 250.

1 (e) Gross income; adjusted gross income; taxable income.

2 (1) In general. Subject to the provisions of paragraph  
3 (2) and subsection (b) (3), for purposes of this Section  
4 and Section 803(e), a taxpayer's gross income, adjusted  
5 gross income, or taxable income for the taxable year shall  
6 mean the amount of gross income, adjusted gross income or  
7 taxable income properly reportable for federal income tax  
8 purposes for the taxable year under the provisions of the  
9 Internal Revenue Code. Taxable income may be less than  
10 zero. However, for taxable years ending on or after  
11 December 31, 1986, net operating loss carryforwards from  
12 taxable years ending prior to December 31, 1986, may not  
13 exceed the sum of federal taxable income for the taxable  
14 year before net operating loss deduction, plus the excess  
15 of addition modifications over subtraction modifications  
16 for the taxable year. For taxable years ending prior to  
17 December 31, 1986, taxable income may never be an amount  
18 in excess of the net operating loss for the taxable year as  
19 defined in subsections (c) and (d) of Section 172 of the  
20 Internal Revenue Code, provided that when taxable income  
21 of a corporation (other than a Subchapter S corporation),  
22 trust, or estate is less than zero and addition  
23 modifications, other than those provided by subparagraph  
24 (E) of paragraph (2) of subsection (b) for corporations or  
25 subparagraph (E) of paragraph (2) of subsection (c) for

1 trusts and estates, exceed subtraction modifications, an  
2 addition modification must be made under those  
3 subparagraphs for any other taxable year to which the  
4 taxable income less than zero (net operating loss) is  
5 applied under Section 172 of the Internal Revenue Code or  
6 under subparagraph (E) of paragraph (2) of this subsection  
7 (e) applied in conjunction with Section 172 of the  
8 Internal Revenue Code.

9 (2) Special rule. For purposes of paragraph (1) of  
10 this subsection, the taxable income properly reportable  
11 for federal income tax purposes shall mean:

12 (A) Certain life insurance companies. In the case  
13 of a life insurance company subject to the tax imposed  
14 by Section 801 of the Internal Revenue Code, life  
15 insurance company taxable income, plus the amount of  
16 distribution from pre-1984 policyholder surplus  
17 accounts as calculated under Section 815a of the  
18 Internal Revenue Code;

19 (B) Certain other insurance companies. In the case  
20 of mutual insurance companies subject to the tax  
21 imposed by Section 831 of the Internal Revenue Code,  
22 insurance company taxable income;

23 (C) Regulated investment companies. In the case of  
24 a regulated investment company subject to the tax  
25 imposed by Section 852 of the Internal Revenue Code,  
26 investment company taxable income;



1           (D) Real estate investment trusts. In the case of  
2 a real estate investment trust subject to the tax  
3 imposed by Section 857 of the Internal Revenue Code,  
4 real estate investment trust taxable income;

5           (E) Consolidated corporations. In the case of a  
6 corporation which is a member of an affiliated group  
7 of corporations filing a consolidated income tax  
8 return for the taxable year for federal income tax  
9 purposes, taxable income determined as if such  
10 corporation had filed a separate return for federal  
11 income tax purposes for the taxable year and each  
12 preceding taxable year for which it was a member of an  
13 affiliated group. For purposes of this subparagraph,  
14 the taxpayer's separate taxable income shall be  
15 determined as if the election provided by Section  
16 243(b)(2) of the Internal Revenue Code had been in  
17 effect for all such years;

18           (F) Cooperatives. In the case of a cooperative  
19 corporation or association, the taxable income of such  
20 organization determined in accordance with the  
21 provisions of Section 1381 through 1388 of the  
22 Internal Revenue Code, but without regard to the  
23 prohibition against offsetting losses from patronage  
24 activities against income from nonpatronage  
25 activities; except that a cooperative corporation or  
26 association may make an election to follow its federal

1 income tax treatment of patronage losses and  
2 nonpatronage losses. In the event such election is  
3 made, such losses shall be computed and carried over  
4 in a manner consistent with subsection (a) of Section  
5 207 of this Act and apportioned by the apportionment  
6 factor reported by the cooperative on its Illinois  
7 income tax return filed for the taxable year in which  
8 the losses are incurred. The election shall be  
9 effective for all taxable years with original returns  
10 due on or after the date of the election. In addition,  
11 the cooperative may file an amended return or returns,  
12 as allowed under this Act, to provide that the  
13 election shall be effective for losses incurred or  
14 carried forward for taxable years occurring prior to  
15 the date of the election. Once made, the election may  
16 only be revoked upon approval of the Director. The  
17 Department shall adopt rules setting forth  
18 requirements for documenting the elections and any  
19 resulting Illinois net loss and the standards to be  
20 used by the Director in evaluating requests to revoke  
21 elections. Public Act 96-932 is declaratory of  
22 existing law;

23 (G) Subchapter S corporations. In the case of: (i)  
24 a Subchapter S corporation for which there is in  
25 effect an election for the taxable year under Section  
26 1362 of the Internal Revenue Code, the taxable income

1 of such corporation determined in accordance with  
2 Section 1363(b) of the Internal Revenue Code, except  
3 that taxable income shall take into account those  
4 items which are required by Section 1363(b)(1) of the  
5 Internal Revenue Code to be separately stated; and  
6 (ii) a Subchapter S corporation for which there is in  
7 effect a federal election to opt out of the provisions  
8 of the Subchapter S Revision Act of 1982 and have  
9 applied instead the prior federal Subchapter S rules  
10 as in effect on July 1, 1982, the taxable income of  
11 such corporation determined in accordance with the  
12 federal Subchapter S rules as in effect on July 1,  
13 1982; and

14 (H) Partnerships. In the case of a partnership,  
15 taxable income determined in accordance with Section  
16 703 of the Internal Revenue Code, except that taxable  
17 income shall take into account those items which are  
18 required by Section 703(a)(1) to be separately stated  
19 but which would be taken into account by an individual  
20 in calculating his taxable income.

21 (3) Recapture of business expenses on disposition of  
22 asset or business. Notwithstanding any other law to the  
23 contrary, if in prior years income from an asset or  
24 business has been classified as business income and in a  
25 later year is demonstrated to be non-business income, then  
26 all expenses, without limitation, deducted in such later

1 year and in the 2 immediately preceding taxable years  
2 related to that asset or business that generated the  
3 non-business income shall be added back and recaptured as  
4 business income in the year of the disposition of the  
5 asset or business. Such amount shall be apportioned to  
6 Illinois using the greater of the apportionment fraction  
7 computed for the business under Section 304 of this Act  
8 for the taxable year or the average of the apportionment  
9 fractions computed for the business under Section 304 of  
10 this Act for the taxable year and for the 2 immediately  
11 preceding taxable years.

12 (f) Valuation limitation amount.

13 (1) In general. The valuation limitation amount  
14 referred to in subsections (a)(2)(G), (c)(2)(I) and  
15 (d)(2)(E) is an amount equal to:

16 (A) The sum of the pre-August 1, 1969 appreciation  
17 amounts (to the extent consisting of gain reportable  
18 under the provisions of Section 1245 or 1250 of the  
19 Internal Revenue Code) for all property in respect of  
20 which such gain was reported for the taxable year;  
21 plus

22 (B) The lesser of (i) the sum of the pre-August 1,  
23 1969 appreciation amounts (to the extent consisting of  
24 capital gain) for all property in respect of which  
25 such gain was reported for federal income tax purposes

1 for the taxable year, or (ii) the net capital gain for  
2 the taxable year, reduced in either case by any amount  
3 of such gain included in the amount determined under  
4 subsection (a) (2) (F) or (c) (2) (H).

5 (2) Pre-August 1, 1969 appreciation amount.

6 (A) If the fair market value of property referred  
7 to in paragraph (1) was readily ascertainable on  
8 August 1, 1969, the pre-August 1, 1969 appreciation  
9 amount for such property is the lesser of (i) the  
10 excess of such fair market value over the taxpayer's  
11 basis (for determining gain) for such property on that  
12 date (determined under the Internal Revenue Code as in  
13 effect on that date), or (ii) the total gain realized  
14 and reportable for federal income tax purposes in  
15 respect of the sale, exchange or other disposition of  
16 such property.

17 (B) If the fair market value of property referred  
18 to in paragraph (1) was not readily ascertainable on  
19 August 1, 1969, the pre-August 1, 1969 appreciation  
20 amount for such property is that amount which bears  
21 the same ratio to the total gain reported in respect of  
22 the property for federal income tax purposes for the  
23 taxable year, as the number of full calendar months in  
24 that part of the taxpayer's holding period for the  
25 property ending July 31, 1969 bears to the number of  
26 full calendar months in the taxpayer's entire holding

1 period for the property.

2 (C) The Department shall prescribe such  
3 regulations as may be necessary to carry out the  
4 purposes of this paragraph.

5 (g) Double deductions. Unless specifically provided  
6 otherwise, nothing in this Section shall permit the same item  
7 to be deducted more than once.

8 (h) Legislative intention. Except as expressly provided by  
9 this Section there shall be no modifications or limitations on  
10 the amounts of income, gain, loss or deduction taken into  
11 account in determining gross income, adjusted gross income or  
12 taxable income for federal income tax purposes for the taxable  
13 year, or in the amount of such items entering into the  
14 computation of base income and net income under this Act for  
15 such taxable year, whether in respect of property values as of  
16 August 1, 1969 or otherwise.

17 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;  
18 101-9, eff. 6-5-19; 101-81, eff. 7-12-19; revised 9-20-19.)

19 Section 10. The Civic Center Code is amended by changing  
20 Section 245-12 as follows:

21 (70 ILCS 200/245-12)

22 Sec. 245-12. Use and occupation taxes.

1           (a) The Authority may adopt a resolution that authorizes a  
2 referendum on the question of whether the Authority shall be  
3 authorized to impose a retailers' occupation tax, a service  
4 occupation tax, and a use tax in one-quarter percent  
5 increments at a rate not to exceed 1%. The Authority shall  
6 certify the question to the proper election authorities who  
7 shall submit the question to the voters of the metropolitan  
8 area at the next regularly scheduled election in accordance  
9 with the general election law. The question shall be in  
10 substantially the following form:

11           "Shall the Salem Civic Center Authority be authorized to  
12 impose a retailers' occupation tax, a service occupation  
13 tax, and a use tax at the rate of (rate) for the sole  
14 purpose of obtaining funds for the support, construction,  
15 maintenance, or financing of a facility of the Authority?"

16           Votes shall be recorded as "yes" or "no".

17           If a majority of all votes cast on the proposition are in  
18 favor of the proposition, the Authority is authorized to  
19 impose the tax.

20           (b) The Authority shall impose the retailers' occupation  
21 tax upon all persons engaged in the business of selling  
22 tangible personal property at retail in the metropolitan area,  
23 at the rate approved by referendum, on the gross receipts from  
24 the sales made in the course of such business within the  
25 metropolitan area. Beginning December 1, 2019 and through  
26 December 31, 2020, this tax is not imposed on sales of aviation

1 fuel unless the tax revenue is expended for airport-related  
2 purposes. If the Authority does not have an airport-related  
3 purpose to which it dedicates aviation fuel tax revenue, then  
4 aviation fuel is excluded from the tax. The Authority must  
5 comply with the certification requirements for airport-related  
6 purposes under Section 2-22 of the Retailers' Occupation Tax  
7 Act. For purposes of this Section, "airport-related purposes"  
8 has the meaning ascribed in Section 6z-20.2 of the State  
9 Finance Act. Beginning January 1, 2021, this tax is not  
10 imposed on sales of aviation fuel for so long as the revenue  
11 use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
12 binding on the Authority.

13 The tax imposed under this Section and all civil penalties  
14 that may be assessed as an incident thereof shall be collected  
15 and enforced by the Department of Revenue. The Department has  
16 full power to administer and enforce this Section; to collect  
17 all taxes and penalties so collected in the manner provided in  
18 this Section; and to determine all rights to credit memoranda  
19 arising on account of the erroneous payment of tax or penalty  
20 hereunder. In the administration of, and compliance with, this  
21 Section, the Department and persons who are subject to this  
22 Section shall (i) have the same rights, remedies, privileges,  
23 immunities, powers and duties, (ii) be subject to the same  
24 conditions, restrictions, limitations, penalties, exclusions,  
25 exemptions, and definitions of terms, and (iii) employ the  
26 same modes of procedure as are prescribed in Sections 1, 1a,



1 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 1k, 1m, 1n, 2, 2-5, 2-5.5, 2-10  
2 (in respect to all provisions therein other than the State  
3 rate of tax), 2-12, 2-15 through 2-70, 2a, 2b, 2c, 3 (except as  
4 to the disposition of taxes and penalties collected and  
5 provisions related to quarter monthly payments, and except  
6 that the retailer's discount is not allowed for taxes paid on  
7 aviation fuel that are subject to the revenue use requirements  
8 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5, 5a, 5b, 5c,  
9 5d, 5e, 5f, 5g, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11,  
10 11a, 12, and 13 of the Retailers' Occupation Tax Act and  
11 Section 3-7 of the Uniform Penalty and Interest Act, as fully  
12 as if those provisions were set forth in this subsection.

13 Persons subject to any tax imposed under this subsection  
14 may reimburse themselves for their seller's tax liability by  
15 separately stating the tax as an additional charge, which  
16 charge may be stated in combination, in a single amount, with  
17 State taxes that sellers are required to collect, in  
18 accordance with such bracket schedules as the Department may  
19 prescribe.

20 Whenever the Department determines that a refund should be  
21 made under this subsection to a claimant instead of issuing a  
22 credit memorandum, the Department shall notify the State  
23 Comptroller, who shall cause the warrant to be drawn for the  
24 amount specified, and to the person named, in the notification  
25 from the Department. The refund shall be paid by the State  
26 Treasurer out of the tax fund referenced under paragraph (g)

1 of this Section or the Local Government Aviation Trust Fund,  
2 as appropriate.

3 If a tax is imposed under this subsection (b), a tax shall  
4 also be imposed at the same rate under subsections (c) and (d)  
5 of this Section.

6 For the purpose of determining whether a tax authorized  
7 under this Section is applicable, a retail sale, by a producer  
8 of coal or other mineral mined in Illinois, is a sale at retail  
9 at the place where the coal or other mineral mined in Illinois  
10 is extracted from the earth. This paragraph does not apply to  
11 coal or other mineral when it is delivered or shipped by the  
12 seller to the purchaser at a point outside Illinois so that the  
13 sale is exempt under the Federal Constitution as a sale in  
14 interstate or foreign commerce.

15 Nothing in this Section shall be construed to authorize  
16 the Authority to impose a tax upon the privilege of engaging in  
17 any business which under the Constitution of the United States  
18 may not be made the subject of taxation by this State.

19 (c) If a tax has been imposed under subsection (b), a  
20 service occupation tax shall also be imposed at the same rate  
21 upon all persons engaged, in the metropolitan area, in the  
22 business of making sales of service, who, as an incident to  
23 making those sales of service, transfer tangible personal  
24 property within the metropolitan area as an incident to a sale  
25 of service. The tax imposed under this subsection and all  
26 civil penalties that may be assessed as an incident thereof

1 shall be collected and enforced by the Department of Revenue.

2 Beginning December 1, 2019 and through December 31, 2020,  
3 this tax is not imposed on sales of aviation fuel unless the  
4 tax revenue is expended for airport-related purposes. If the  
5 Authority does not have an airport-related purpose to which it  
6 dedicates aviation fuel tax revenue, then aviation fuel is  
7 excluded from the tax. The Authority must comply with the  
8 certification requirements for airport-related purposes under  
9 Section 2-22 of the Retailers' Occupation Tax Act. Beginning  
10 January 1, 2021, this tax is not imposed on sales of aviation  
11 fuel for so long as the revenue use requirements of 49 U.S.C.  
12 47107(b) and 49 U.S.C. 47133 are binding on the Authority.

13 The Department has full power to administer and enforce  
14 this paragraph; to collect all taxes and penalties due  
15 hereunder; to dispose of taxes and penalties so collected in  
16 the manner hereinafter provided; and to determine all rights  
17 to credit memoranda arising on account of the erroneous  
18 payment of tax or penalty hereunder. In the administration of,  
19 and compliance with this paragraph, the Department and persons  
20 who are subject to this paragraph shall (i) have the same  
21 rights, remedies, privileges, immunities, powers, and duties,  
22 (ii) be subject to the same conditions, restrictions,  
23 limitations, penalties, exclusions, exemptions, and  
24 definitions of terms, and (iii) employ the same modes of  
25 procedure as are prescribed in Sections 2 (except that the  
26 reference to State in the definition of supplier maintaining a

1 place of business in this State shall mean the metropolitan  
2 area), 2a, 2b, 3 through 3-55 (in respect to all provisions  
3 therein other than the State rate of tax), 4 (except that the  
4 reference to the State shall be to the Authority), 5, 7, 8  
5 (except that the jurisdiction to which the tax shall be a debt  
6 to the extent indicated in that Section 8 shall be the  
7 Authority), 9 (except as to the disposition of taxes and  
8 penalties collected, and except that the returned merchandise  
9 credit for this tax may not be taken against any State tax, and  
10 except that the retailer's discount is not allowed for taxes  
11 paid on aviation fuel that are subject to the revenue use  
12 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 11,  
13 12 (except the reference therein to Section 2b of the  
14 Retailers' Occupation Tax Act), 13 (except that any reference  
15 to the State shall mean the Authority), 15, 16, 17, 18, 19 and  
16 20 of the Service Occupation Tax Act and Section 3-7 of the  
17 Uniform Penalty and Interest Act, as fully as if those  
18 provisions were set forth herein.

19 Persons subject to any tax imposed under the authority  
20 granted in this subsection may reimburse themselves for their  
21 serviceman's tax liability by separately stating the tax as an  
22 additional charge, which charge may be stated in combination,  
23 in a single amount, with State tax that servicemen are  
24 authorized to collect under the Service Use Tax Act, in  
25 accordance with such bracket schedules as the Department may  
26 prescribe.

1           Whenever the Department determines that a refund should be  
2 made under this subsection to a claimant instead of issuing a  
3 credit memorandum, the Department shall notify the State  
4 Comptroller, who shall cause the warrant to be drawn for the  
5 amount specified, and to the person named, in the notification  
6 from the Department. The refund shall be paid by the State  
7 Treasurer out of the tax fund referenced under paragraph (g)  
8 of this Section or the Local Government Aviation Trust Fund,  
9 as appropriate.

10           Nothing in this paragraph shall be construed to authorize  
11 the Authority to impose a tax upon the privilege of engaging in  
12 any business which under the Constitution of the United States  
13 may not be made the subject of taxation by the State.

14           (d) If a tax has been imposed under subsection (b), a use  
15 tax shall also be imposed at the same rate upon the privilege  
16 of using, in the metropolitan area, any item of tangible  
17 personal property that is purchased outside the metropolitan  
18 area at retail from a retailer, and that is titled or  
19 registered at a location within the metropolitan area with an  
20 agency of this State's government. "Selling price" is defined  
21 as in the Use Tax Act. The tax shall be collected from persons  
22 whose Illinois address for titling or registration purposes is  
23 given as being in the metropolitan area. The tax shall be  
24 collected by the Department of Revenue for the Authority. The  
25 tax must be paid to the State, or an exemption determination  
26 must be obtained from the Department of Revenue, before the

1 title or certificate of registration for the property may be  
2 issued. The tax or proof of exemption may be transmitted to the  
3 Department by way of the State agency with which, or the State  
4 officer with whom, the tangible personal property must be  
5 titled or registered if the Department and the State agency or  
6 State officer determine that this procedure will expedite the  
7 processing of applications for title or registration.

8 The Department has full power to administer and enforce  
9 this paragraph; to collect all taxes, penalties and interest  
10 due hereunder; to dispose of taxes, penalties and interest so  
11 collected in the manner hereinafter provided; and to determine  
12 all rights to credit memoranda or refunds arising on account  
13 of the erroneous payment of tax, penalty or interest  
14 hereunder. In the administration of, and compliance with, this  
15 subsection, the Department and persons who are subject to this  
16 paragraph shall (i) have the same rights, remedies,  
17 privileges, immunities, powers, and duties, (ii) be subject to  
18 the same conditions, restrictions, limitations, penalties,  
19 exclusions, exemptions, and definitions of terms, and (iii)  
20 employ the same modes of procedure as are prescribed in  
21 Sections 2 (except the definition of "retailer maintaining a  
22 place of business in this State"), 3, 3-5, 3-10, 3-45, 3-55,  
23 3-65, 3-70, 3-85, 3a, 4, 6, 7, 8 (except that the jurisdiction  
24 to which the tax shall be a debt to the extent indicated in  
25 that Section 8 shall be the Authority), 9 (except provisions  
26 relating to quarter monthly payments), 10, 11, 12, 12a, 12b,

1 13, 14, 15, 19, 20, 21, and 22 of the Use Tax Act and Section  
2 3-7 of the Uniform Penalty and Interest Act, that are not  
3 inconsistent with this paragraph, as fully as if those  
4 provisions were set forth herein.

5 Whenever the Department determines that a refund should be  
6 made under this subsection to a claimant instead of issuing a  
7 credit memorandum, the Department shall notify the State  
8 Comptroller, who shall cause the order to be drawn for the  
9 amount specified, and to the person named, in the notification  
10 from the Department. The refund shall be paid by the State  
11 Treasurer out of the tax fund referenced under paragraph (g)  
12 of this Section.

13 (e) A certificate of registration issued by the State  
14 Department of Revenue to a retailer under the Retailers'  
15 Occupation Tax Act or under the Service Occupation Tax Act  
16 shall permit the registrant to engage in a business that is  
17 taxed under the tax imposed under paragraphs (b), (c), or (d)  
18 of this Section and no additional registration shall be  
19 required. A certificate issued under the Use Tax Act or the  
20 Service Use Tax Act shall be applicable with regard to any tax  
21 imposed under paragraph (c) of this Section.

22 (f) The results of any election authorizing a proposition  
23 to impose a tax under this Section or effecting a change in the  
24 rate of tax shall be certified by the proper election  
25 authorities and filed with the Illinois Department on or  
26 before the first day of April. In addition, an ordinance

1 imposing, discontinuing, or effecting a change in the rate of  
2 tax under this Section shall be adopted and a certified copy  
3 thereof filed with the Department on or before the first day of  
4 April. After proper receipt of such certifications, the  
5 Department shall proceed to administer and enforce this  
6 Section as of the first day of July next following such  
7 adoption and filing.

8 (g) Except as otherwise provided, the Department of  
9 Revenue shall, upon collecting any taxes and penalties as  
10 provided in this Section, pay the taxes and penalties over to  
11 the State Treasurer as trustee for the Authority. The taxes  
12 and penalties shall be held in a trust fund outside the State  
13 Treasury. Taxes and penalties collected on aviation fuel sold  
14 on or after December 1, 2019 and through December 31, 2020,  
15 shall be immediately paid over by the Department to the State  
16 Treasurer, ex officio, as trustee, for deposit into the Local  
17 Government Aviation Trust Fund. The Department shall only pay  
18 moneys into the Local Government Aviation Trust Fund under  
19 this Section for so long as the revenue use requirements of 49  
20 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
21 District. On or before the 25th day of each calendar month, the  
22 Department of Revenue shall prepare and certify to the  
23 Comptroller of the State of Illinois the amount to be paid to  
24 the Authority, which shall be the balance in the fund, less any  
25 amount determined by the Department to be necessary for the  
26 payment of refunds and not including taxes and penalties



1 collected on aviation fuel sold on or after December 1, 2019.  
2 Within 10 days after receipt by the Comptroller of the  
3 certification of the amount to be paid to the Authority, the  
4 Comptroller shall cause an order to be drawn for payment for  
5 the amount in accordance with the directions contained in the  
6 certification. Amounts received from the tax imposed under  
7 this Section shall be used only for the support, construction,  
8 maintenance, or financing of a facility of the Authority.

9 (h) When certifying the amount of a monthly disbursement  
10 to the Authority under this Section, the Department shall  
11 increase or decrease the amounts by an amount necessary to  
12 offset any miscalculation of previous disbursements. The  
13 offset amount shall be the amount erroneously disbursed within  
14 the previous 6 months from the time a miscalculation is  
15 discovered.

16 (h-1) Notwithstanding any other provision of law, no tax  
17 may be imposed under this Section on the sale or use of  
18 cannabis, as defined in Section 1-10 of the Cannabis  
19 Regulation and Tax Act.

20 (i) This Section may be cited as the Salem Civic Center Use  
21 and Occupation Tax Law.

22 (Source: P.A. 101-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

23 Section 15. The Flood Prevention District Act is amended  
24 by changing Section 25 as follows:

1 (70 ILCS 750/25)

2 Sec. 25. Flood prevention retailers' and service  
3 occupation taxes.

4 (a) If the Board of Commissioners of a flood prevention  
5 district determines that an emergency situation exists  
6 regarding levee repair or flood prevention, and upon an  
7 ordinance confirming the determination adopted by the  
8 affirmative vote of a majority of the members of the county  
9 board of the county in which the district is situated, the  
10 county may impose a flood prevention retailers' occupation tax  
11 upon all persons engaged in the business of selling tangible  
12 personal property at retail within the territory of the  
13 district to provide revenue to pay the costs of providing  
14 emergency levee repair and flood prevention and to secure the  
15 payment of bonds, notes, and other evidences of indebtedness  
16 issued under this Act for a period not to exceed 25 years or as  
17 required to repay the bonds, notes, and other evidences of  
18 indebtedness issued under this Act. The tax rate shall be  
19 0.25% of the gross receipts from all taxable sales made in the  
20 course of that business. Beginning December 1, 2019 and  
21 through December 31, 2020, this tax is not imposed on sales of  
22 aviation fuel unless the tax revenue is expended for  
23 airport-related purposes. If the District does not have an  
24 airport-related purpose to which it dedicates aviation fuel  
25 tax revenue, then aviation fuel is excluded from the tax. The  
26 County must comply with the certification requirements for

1 airport-related purposes under Section 2-22 of the Retailers'  
2 Occupation Tax Act. The tax imposed under this Section and all  
3 civil penalties that may be assessed as an incident thereof  
4 shall be collected and enforced by the State Department of  
5 Revenue. The Department shall have full power to administer  
6 and enforce this Section; to collect all taxes and penalties  
7 so collected in the manner hereinafter provided; and to  
8 determine all rights to credit memoranda arising on account of  
9 the erroneous payment of tax or penalty hereunder.

10 For purposes of this Act, "airport-related purposes" has  
11 the meaning ascribed in Section 6z-20.2 of the State Finance  
12 Act. Beginning January 1, 2021, this tax is not imposed on  
13 sales of aviation fuel for so long as the revenue use  
14 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
15 binding on the District.

16 In the administration of and compliance with this  
17 subsection, the Department and persons who are subject to this  
18 subsection (i) have the same rights, remedies, privileges,  
19 immunities, powers, and duties, (ii) are subject to the same  
20 conditions, restrictions, limitations, penalties, and  
21 definitions of terms, and (iii) shall employ the same modes of  
22 procedure as are set forth in Sections 1 through 1o, 2 through  
23 2-70 (in respect to all provisions contained in those Sections  
24 other than the State rate of tax), 2a through 2h, 3 (except as  
25 to the disposition of taxes and penalties collected, and  
26 except that the retailer's discount is not allowed for taxes

1 paid on aviation fuel that are subject to the revenue use  
2 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5,  
3 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5l, 6, 6a, 6b, 6c, 6d, 7,  
4 8, 9, 10, 11, 11a, 12, and 13 of the Retailers' Occupation Tax  
5 Act and all provisions of the Uniform Penalty and Interest Act  
6 as if those provisions were set forth in this subsection.

7 Persons subject to any tax imposed under this Section may  
8 reimburse themselves for their seller's tax liability  
9 hereunder by separately stating the tax as an additional  
10 charge, which charge may be stated in combination in a single  
11 amount with State taxes that sellers are required to collect  
12 under the Use Tax Act, under any bracket schedules the  
13 Department may prescribe.

14 If a tax is imposed under this subsection (a), a tax shall  
15 also be imposed under subsection (b) of this Section.

16 (b) If a tax has been imposed under subsection (a), a flood  
17 prevention service occupation tax shall also be imposed upon  
18 all persons engaged within the territory of the district in  
19 the business of making sales of service, who, as an incident to  
20 making the sales of service, transfer tangible personal  
21 property, either in the form of tangible personal property or  
22 in the form of real estate as an incident to a sale of service  
23 to provide revenue to pay the costs of providing emergency  
24 levee repair and flood prevention and to secure the payment of  
25 bonds, notes, and other evidences of indebtedness issued under  
26 this Act for a period not to exceed 25 years or as required to

1 repay the bonds, notes, and other evidences of indebtedness.  
2 The tax rate shall be 0.25% of the selling price of all  
3 tangible personal property transferred. Beginning December 1,  
4 2019 and through December 31, 2020, this tax is not imposed on  
5 sales of aviation fuel unless the tax revenue is expended for  
6 airport-related purposes. If the District does not have an  
7 airport-related purpose to which it dedicates aviation fuel  
8 tax revenue, then aviation fuel is excluded from the tax. The  
9 County must comply with the certification requirements for  
10 airport-related purposes under Section 2-22 of the Retailers'  
11 Occupation Tax Act. For purposes of this Act, "airport-related  
12 purposes" has the meaning ascribed in Section 6z-20.2 of the  
13 State Finance Act. Beginning January 1, 2021, this tax is not  
14 imposed on sales of aviation fuel for so long as the revenue  
15 use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
16 binding on the District.

17 The tax imposed under this subsection and all civil  
18 penalties that may be assessed as an incident thereof shall be  
19 collected and enforced by the State Department of Revenue. The  
20 Department shall have full power to administer and enforce  
21 this subsection; to collect all taxes and penalties due  
22 hereunder; to dispose of taxes and penalties collected in the  
23 manner hereinafter provided; and to determine all rights to  
24 credit memoranda arising on account of the erroneous payment  
25 of tax or penalty hereunder.

26 In the administration of and compliance with this

1 subsection, the Department and persons who are subject to this  
2 subsection shall (i) have the same rights, remedies,  
3 privileges, immunities, powers, and duties, (ii) be subject to  
4 the same conditions, restrictions, limitations, penalties, and  
5 definitions of terms, and (iii) employ the same modes of  
6 procedure as are set forth in Sections 2 (except that the  
7 reference to State in the definition of supplier maintaining a  
8 place of business in this State means the district), 2a  
9 through 2d, 3 through 3-50 (in respect to all provisions  
10 contained in those Sections other than the State rate of tax),  
11 4 (except that the reference to the State shall be to the  
12 district), 5, 7, 8 (except that the jurisdiction to which the  
13 tax is a debt to the extent indicated in that Section 8 is the  
14 district), 9 (except as to the disposition of taxes and  
15 penalties collected, and except that the retailer's discount  
16 is not allowed for taxes paid on aviation fuel that are subject  
17 to the revenue use requirements of 49 U.S.C. 47107(b) and 49  
18 U.S.C. 47133), 10, 11, 12 (except the reference therein to  
19 Section 2b of the Retailers' Occupation Tax Act), 13 (except  
20 that any reference to the State means the district), Section  
21 15, 16, 17, 18, 19, and 20 of the Service Occupation Tax Act  
22 and all provisions of the Uniform Penalty and Interest Act, as  
23 fully as if those provisions were set forth herein.

24 Persons subject to any tax imposed under the authority  
25 granted in this subsection may reimburse themselves for their  
26 serviceman's tax liability hereunder by separately stating the

1 tax as an additional charge, that charge may be stated in  
2 combination in a single amount with State tax that servicemen  
3 are authorized to collect under the Service Use Tax Act, under  
4 any bracket schedules the Department may prescribe.

5 (c) The taxes imposed in subsections (a) and (b) may not be  
6 imposed on personal property titled or registered with an  
7 agency of the State or on personal property taxed at the 1%  
8 rate under the Retailers' Occupation Tax Act and the Service  
9 Occupation Tax Act.

10 (d) Nothing in this Section shall be construed to  
11 authorize the district to impose a tax upon the privilege of  
12 engaging in any business that under the Constitution of the  
13 United States may not be made the subject of taxation by the  
14 State.

15 (e) The certificate of registration that is issued by the  
16 Department to a retailer under the Retailers' Occupation Tax  
17 Act or a serviceman under the Service Occupation Tax Act  
18 permits the retailer or serviceman to engage in a business  
19 that is taxable without registering separately with the  
20 Department under an ordinance or resolution under this  
21 Section.

22 (f) Except as otherwise provided, the Department shall  
23 immediately pay over to the State Treasurer, ex officio, as  
24 trustee, all taxes and penalties collected under this Section  
25 to be deposited into the Flood Prevention Occupation Tax Fund,  
26 which shall be an unappropriated trust fund held outside the

1 State treasury. Taxes and penalties collected on aviation fuel  
2 sold on or after December 1, 2019 and through December 31,  
3 2020, shall be immediately paid over by the Department to the  
4 State Treasurer, ex officio, as trustee, for deposit into the  
5 Local Government Aviation Trust Fund. The Department shall  
6 only pay moneys into the Local Government Aviation Trust Fund  
7 under this Act for so long as the revenue use requirements of  
8 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
9 District.

10 On or before the 25th day of each calendar month, the  
11 Department shall prepare and certify to the Comptroller the  
12 disbursement of stated sums of money to the counties from  
13 which retailers or servicemen have paid taxes or penalties to  
14 the Department during the second preceding calendar month. The  
15 amount to be paid to each county is equal to the amount (not  
16 including credit memoranda and not including taxes and  
17 penalties collected on aviation fuel sold on or after December  
18 1, 2019 and through December 31, 2020) collected from the  
19 county under this Section during the second preceding calendar  
20 month by the Department, (i) less 2% of that amount (except the  
21 amount collected on aviation fuel sold on or after December 1,  
22 2019 and through December 31, 2020), which shall be deposited  
23 into the Tax Compliance and Administration Fund and shall be  
24 used by the Department in administering and enforcing the  
25 provisions of this Section on behalf of the county, (ii) plus  
26 an amount that the Department determines is necessary to



1 offset any amounts that were erroneously paid to a different  
2 taxing body; (iii) less an amount equal to the amount of  
3 refunds made during the second preceding calendar month by the  
4 Department on behalf of the county; and (iv) less any amount  
5 that the Department determines is necessary to offset any  
6 amounts that were payable to a different taxing body but were  
7 erroneously paid to the county. When certifying the amount of  
8 a monthly disbursement to a county under this Section, the  
9 Department shall increase or decrease the amounts by an amount  
10 necessary to offset any miscalculation of previous  
11 disbursements within the previous 6 months from the time a  
12 miscalculation is discovered.

13 Within 10 days after receipt by the Comptroller from the  
14 Department of the disbursement certification to the counties  
15 provided for in this Section, the Comptroller shall cause the  
16 orders to be drawn for the respective amounts in accordance  
17 with directions contained in the certification.

18 If the Department determines that a refund should be made  
19 under this Section to a claimant instead of issuing a credit  
20 memorandum, then the Department shall notify the Comptroller,  
21 who shall cause the order to be drawn for the amount specified  
22 and to the person named in the notification from the  
23 Department. The refund shall be paid by the Treasurer out of  
24 the Flood Prevention Occupation Tax Fund or the Local  
25 Government Aviation Trust Fund, as appropriate.

26 (g) If a county imposes a tax under this Section, then the

1 county board shall, by ordinance, discontinue the tax upon the  
2 payment of all indebtedness of the flood prevention district.  
3 The tax shall not be discontinued until all indebtedness of  
4 the District has been paid.

5 (h) Any ordinance imposing the tax under this Section, or  
6 any ordinance that discontinues the tax, must be certified by  
7 the county clerk and filed with the Illinois Department of  
8 Revenue either (i) on or before the first day of April,  
9 whereupon the Department shall proceed to administer and  
10 enforce the tax or change in the rate as of the first day of  
11 July next following the filing; or (ii) on or before the first  
12 day of October, whereupon the Department shall proceed to  
13 administer and enforce the tax or change in the rate as of the  
14 first day of January next following the filing.

15 (j) County Flood Prevention Occupation Tax Fund. All  
16 proceeds received by a county from a tax distribution under  
17 this Section must be maintained in a special fund known as the  
18 [name of county] flood prevention occupation tax fund. The  
19 county shall, at the direction of the flood prevention  
20 district, use moneys in the fund to pay the costs of providing  
21 emergency levee repair and flood prevention and to pay bonds,  
22 notes, and other evidences of indebtedness issued under this  
23 Act.

24 (j-5) Notwithstanding any other provision of law, no tax  
25 may be imposed under this Section on the sale or use of  
26 cannabis, as defined in Section 1-10 of the Cannabis

1 Regulation and Tax Act.

2 (k) This Section may be cited as the Flood Prevention  
3 Occupation Tax Law.

4 (Source: P.A. 100-1171, eff. 1-4-19; 101-10, eff. 6-5-19;  
5 101-604, eff. 12-13-19.)

6 Section 20. The Metro-East Park and Recreation District  
7 Act is amended by changing Section 30 as follows:

8 (70 ILCS 1605/30)

9 Sec. 30. Taxes.

10 (a) The board shall impose a tax upon all persons engaged  
11 in the business of selling tangible personal property, other  
12 than personal property titled or registered with an agency of  
13 this State's government, at retail in the District on the  
14 gross receipts from the sales made in the course of business.  
15 This tax shall be imposed only at the rate of one-tenth of one  
16 per cent.

17 This additional tax may not be imposed on tangible  
18 personal property taxed at the 1% rate under the Retailers'  
19 Occupation Tax Act. Beginning December 1, 2019 and through  
20 December 31, 2020, this tax is not imposed on sales of aviation  
21 fuel unless the tax revenue is expended for airport-related  
22 purposes. If the District does not have an airport-related  
23 purpose to which it dedicates aviation fuel tax revenue, then  
24 aviation fuel shall be excluded from tax. The board must

1 comply with the certification requirements for airport-related  
2 purposes under Section 2-22 of the Retailers' Occupation Tax  
3 Act. For purposes of this Act, "airport-related purposes" has  
4 the meaning ascribed in Section 6z-20.2 of the State Finance  
5 Act. Beginning January 1, 2021, this tax is not imposed on  
6 sales of aviation fuel for so long as the revenue use  
7 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
8 binding on the District. The tax imposed by the Board under  
9 this Section and all civil penalties that may be assessed as an  
10 incident of the tax shall be collected and enforced by the  
11 Department of Revenue. The certificate of registration that is  
12 issued by the Department to a retailer under the Retailers'  
13 Occupation Tax Act shall permit the retailer to engage in a  
14 business that is taxable without registering separately with  
15 the Department under an ordinance or resolution under this  
16 Section. The Department has full power to administer and  
17 enforce this Section, to collect all taxes and penalties due  
18 under this Section, to dispose of taxes and penalties so  
19 collected in the manner provided in this Section, and to  
20 determine all rights to credit memoranda arising on account of  
21 the erroneous payment of a tax or penalty under this Section.  
22 In the administration of and compliance with this Section, the  
23 Department and persons who are subject to this Section shall  
24 (i) have the same rights, remedies, privileges, immunities,  
25 powers, and duties, (ii) be subject to the same conditions,  
26 restrictions, limitations, penalties, and definitions of

1 terms, and (iii) employ the same modes of procedure as are  
2 prescribed in Sections 1, 1a, 1a-1, 1d, 1e, 1f, 1i, 1j, 1k, 1m,  
3 1n, 2, 2-5, 2-5.5, 2-10 (in respect to all provisions  
4 contained in those Sections other than the State rate of tax),  
5 2-12, 2-15 through 2-70, 2a, 2b, 2c, 3 (except provisions  
6 relating to transaction returns and quarter monthly payments,  
7 and except that the retailer's discount is not allowed for  
8 taxes paid on aviation fuel that are subject to the revenue use  
9 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5,  
10 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c,  
11 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of the Retailers'  
12 Occupation Tax Act and the Uniform Penalty and Interest Act as  
13 if those provisions were set forth in this Section.

14 Persons subject to any tax imposed under the authority  
15 granted in this Section may reimburse themselves for their  
16 sellers' tax liability by separately stating the tax as an  
17 additional charge, which charge may be stated in combination,  
18 in a single amount, with State tax which sellers are required  
19 to collect under the Use Tax Act, pursuant to such bracketed  
20 schedules as the Department may prescribe.

21 Whenever the Department determines that a refund should be  
22 made under this Section to a claimant instead of issuing a  
23 credit memorandum, the Department shall notify the State  
24 Comptroller, who shall cause the order to be drawn for the  
25 amount specified and to the person named in the notification  
26 from the Department. The refund shall be paid by the State

1 Treasurer out of the State Metro-East Park and Recreation  
2 District Fund or the Local Government Aviation Trust Fund, as  
3 appropriate.

4 (b) If a tax has been imposed under subsection (a), a  
5 service occupation tax shall also be imposed at the same rate  
6 upon all persons engaged, in the District, in the business of  
7 making sales of service, who, as an incident to making those  
8 sales of service, transfer tangible personal property within  
9 the District as an incident to a sale of service. This tax may  
10 not be imposed on tangible personal property taxed at the 1%  
11 rate under the Service Occupation Tax Act. Beginning December  
12 1, 2019 and through December 31, 2020, this tax may not be  
13 imposed on sales of aviation fuel unless the tax revenue is  
14 expended for airport-related purposes. If the District does  
15 not have an airport-related purpose to which it dedicates  
16 aviation fuel tax revenue, then aviation fuel shall be  
17 excluded from tax. The board must comply with the  
18 certification requirements for airport-related purposes under  
19 Section 2-22 of the Retailers' Occupation Tax Act. For  
20 purposes of this Act, "airport-related purposes" has the  
21 meaning ascribed in Section 6z-20.2 of the State Finance Act.  
22 Beginning January 1, 2021, this tax is not imposed on sales of  
23 aviation fuel for so long as the revenue use requirements of 49  
24 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
25 District. The tax imposed under this subsection and all civil  
26 penalties that may be assessed as an incident thereof shall be

1 collected and enforced by the Department of Revenue. The  
2 Department has full power to administer and enforce this  
3 subsection; to collect all taxes and penalties due hereunder;  
4 to dispose of taxes and penalties so collected in the manner  
5 hereinafter provided; and to determine all rights to credit  
6 memoranda arising on account of the erroneous payment of tax  
7 or penalty hereunder. In the administration of, and compliance  
8 with this subsection, the Department and persons who are  
9 subject to this paragraph shall (i) have the same rights,  
10 remedies, privileges, immunities, powers, and duties, (ii) be  
11 subject to the same conditions, restrictions, limitations,  
12 penalties, exclusions, exemptions, and definitions of terms,  
13 and (iii) employ the same modes of procedure as are prescribed  
14 in Sections 2 (except that the reference to State in the  
15 definition of supplier maintaining a place of business in this  
16 State shall mean the District), 2a, 2b, 2c, 3 through 3-50 (in  
17 respect to all provisions therein other than the State rate of  
18 tax), 4 (except that the reference to the State shall be to the  
19 District), 5, 7, 8 (except that the jurisdiction to which the  
20 tax shall be a debt to the extent indicated in that Section 8  
21 shall be the District), 9 (except as to the disposition of  
22 taxes and penalties collected, and except that the retailer's  
23 discount is not allowed for taxes paid on aviation fuel that  
24 are subject to the revenue use requirements of 49 U.S.C.  
25 47107(b) and 49 U.S.C. 47133), 10, 11, 12 (except the  
26 reference therein to Section 2b of the Retailers' Occupation

1 Tax Act), 13 (except that any reference to the State shall mean  
2 the District), Sections 15, 16, 17, 18, 19 and 20 of the  
3 Service Occupation Tax Act and the Uniform Penalty and  
4 Interest Act, as fully as if those provisions were set forth  
5 herein.

6 Persons subject to any tax imposed under the authority  
7 granted in this subsection may reimburse themselves for their  
8 serviceman's tax liability by separately stating the tax as an  
9 additional charge, which charge may be stated in combination,  
10 in a single amount, with State tax that servicemen are  
11 authorized to collect under the Service Use Tax Act, in  
12 accordance with such bracket schedules as the Department may  
13 prescribe.

14 Whenever the Department determines that a refund should be  
15 made under this subsection to a claimant instead of issuing a  
16 credit memorandum, the Department shall notify the State  
17 Comptroller, who shall cause the warrant to be drawn for the  
18 amount specified, and to the person named, in the notification  
19 from the Department. The refund shall be paid by the State  
20 Treasurer out of the State Metro-East Park and Recreation  
21 District Fund or the Local Government Aviation Trust Fund, as  
22 appropriate.

23 Nothing in this subsection shall be construed to authorize  
24 the board to impose a tax upon the privilege of engaging in any  
25 business which under the Constitution of the United States may  
26 not be made the subject of taxation by the State.



1 (c) Except as otherwise provided in this paragraph, the  
2 Department shall immediately pay over to the State Treasurer,  
3 ex officio, as trustee, all taxes and penalties collected  
4 under this Section to be deposited into the State Metro-East  
5 Park and Recreation District Fund, which shall be an  
6 unappropriated trust fund held outside of the State treasury.  
7 Taxes and penalties collected on aviation fuel sold on or  
8 after December 1, 2019 and through December 31, 2020, shall be  
9 immediately paid over by the Department to the State  
10 Treasurer, ex officio, as trustee, for deposit into the Local  
11 Government Aviation Trust Fund. The Department shall only pay  
12 moneys into the Local Government Aviation Trust Fund under  
13 this Act for so long as the revenue use requirements of 49  
14 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
15 District.

16 As soon as possible after the first day of each month,  
17 beginning January 1, 2011, upon certification of the  
18 Department of Revenue, the Comptroller shall order  
19 transferred, and the Treasurer shall transfer, to the STAR  
20 Bonds Revenue Fund the local sales tax increment, as defined  
21 in the Innovation Development and Economy Act, collected under  
22 this Section during the second preceding calendar month for  
23 sales within a STAR bond district. The Department shall make  
24 this certification only if the Metro East Park and Recreation  
25 District imposes a tax on real property as provided in the  
26 definition of "local sales taxes" under the Innovation

1 Development and Economy Act.

2 After the monthly transfer to the STAR Bonds Revenue Fund,  
3 on or before the 25th day of each calendar month, the  
4 Department shall prepare and certify to the Comptroller the  
5 disbursement of stated sums of money pursuant to Section 35 of  
6 this Act to the District from which retailers have paid taxes  
7 or penalties to the Department during the second preceding  
8 calendar month. The amount to be paid to the District shall be  
9 the amount (not including credit memoranda and not including  
10 taxes and penalties collected on aviation fuel sold on or  
11 after December 1, 2019 and through December 31, 2020)  
12 collected under this Section during the second preceding  
13 calendar month by the Department plus an amount the Department  
14 determines is necessary to offset any amounts that were  
15 erroneously paid to a different taxing body, and not including  
16 (i) an amount equal to the amount of refunds made during the  
17 second preceding calendar month by the Department on behalf of  
18 the District, (ii) any amount that the Department determines  
19 is necessary to offset any amounts that were payable to a  
20 different taxing body but were erroneously paid to the  
21 District, (iii) any amounts that are transferred to the STAR  
22 Bonds Revenue Fund, and (iv) 1.5% of the remainder, which the  
23 Department shall transfer into the Tax Compliance and  
24 Administration Fund. The Department, at the time of each  
25 monthly disbursement to the District, shall prepare and  
26 certify to the State Comptroller the amount to be transferred

1 into the Tax Compliance and Administration Fund under this  
2 subsection. Within 10 days after receipt by the Comptroller of  
3 the disbursement certification to the District and the Tax  
4 Compliance and Administration Fund provided for in this  
5 Section to be given to the Comptroller by the Department, the  
6 Comptroller shall cause the orders to be drawn for the  
7 respective amounts in accordance with directions contained in  
8 the certification.

9 (d) For the purpose of determining whether a tax  
10 authorized under this Section is applicable, a retail sale by  
11 a producer of coal or another mineral mined in Illinois is a  
12 sale at retail at the place where the coal or other mineral  
13 mined in Illinois is extracted from the earth. This paragraph  
14 does not apply to coal or another mineral when it is delivered  
15 or shipped by the seller to the purchaser at a point outside  
16 Illinois so that the sale is exempt under the United States  
17 Constitution as a sale in interstate or foreign commerce.

18 (e) Nothing in this Section shall be construed to  
19 authorize the board to impose a tax upon the privilege of  
20 engaging in any business that under the Constitution of the  
21 United States may not be made the subject of taxation by this  
22 State.

23 (f) An ordinance imposing a tax under this Section or an  
24 ordinance extending the imposition of a tax to an additional  
25 county or counties shall be certified by the board and filed  
26 with the Department of Revenue either (i) on or before the

1 first day of April, whereupon the Department shall proceed to  
2 administer and enforce the tax as of the first day of July next  
3 following the filing; or (ii) on or before the first day of  
4 October, whereupon the Department shall proceed to administer  
5 and enforce the tax as of the first day of January next  
6 following the filing.

7 (g) When certifying the amount of a monthly disbursement  
8 to the District under this Section, the Department shall  
9 increase or decrease the amounts by an amount necessary to  
10 offset any misallocation of previous disbursements. The offset  
11 amount shall be the amount erroneously disbursed within the  
12 previous 6 months from the time a misallocation is discovered.

13 (h) Notwithstanding any other provision of law, no tax may  
14 be imposed under this Section on the sale or use of cannabis,  
15 as defined in Section 1-10 of the Cannabis Regulation and Tax  
16 Act.

17 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
18 100-1171, eff. 1-4-19; 101-10, eff. 6-5-19; 101-81, eff.  
19 7-12-19; 101-604, eff. 12-13-19.)

20 Section 25. The Local Mass Transit District Act is amended  
21 by changing Section 5.01 as follows:

22 (70 ILCS 3610/5.01) (from Ch. 111 2/3, par. 355.01)

23 Sec. 5.01. Metro East Mass Transit District; use and  
24 occupation taxes.

1           (a) The Board of Trustees of any Metro East Mass Transit  
2 District may, by ordinance adopted with the concurrence of  
3 two-thirds of the then trustees, impose throughout the  
4 District any or all of the taxes and fees provided in this  
5 Section. Except as otherwise provided, all taxes and fees  
6 imposed under this Section shall be used only for public mass  
7 transportation systems, and the amount used to provide mass  
8 transit service to unserved areas of the District shall be in  
9 the same proportion to the total proceeds as the number of  
10 persons residing in the unserved areas is to the total  
11 population of the District. Except as otherwise provided in  
12 this Act, taxes imposed under this Section and civil penalties  
13 imposed incident thereto shall be collected and enforced by  
14 the State Department of Revenue. The Department shall have the  
15 power to administer and enforce the taxes and to determine all  
16 rights for refunds for erroneous payments of the taxes.

17           (b) The Board may impose a Metro East Mass Transit  
18 District Retailers' Occupation Tax upon all persons engaged in  
19 the business of selling tangible personal property at retail  
20 in the district at a rate of 1/4 of 1%, or as authorized under  
21 subsection (d-5) of this Section, of the gross receipts from  
22 the sales made in the course of such business within the  
23 district, except that the rate of tax imposed under this  
24 Section on sales of aviation fuel on or after December 1, 2019  
25 shall be 0.25% in Madison County unless the Metro-East Mass  
26 Transit District in Madison County has an "airport-related

1 purpose" and any additional amount authorized under subsection  
2 (d-5) is expended for airport-related purposes. If there is no  
3 airport-related purpose to which aviation fuel tax revenue is  
4 dedicated, then aviation fuel is excluded from any additional  
5 amount authorized under subsection (d-5). The rate in St.  
6 Clair County shall be 0.25% unless the Metro-East Mass Transit  
7 District in St. Clair County has an "airport-related purpose"  
8 and the additional 0.50% of the 0.75% tax on aviation fuel  
9 imposed in that County is expended for airport-related  
10 purposes. If there is no airport-related purpose to which  
11 aviation fuel tax revenue is dedicated, then aviation fuel is  
12 excluded from the additional 0.50% of the 0.75% tax.

13 The Board must comply with the certification requirements  
14 for airport-related purposes under Section 2-22 of the  
15 Retailers' Occupation Tax Act. For purposes of this Section,  
16 "airport-related purposes" has the meaning ascribed in Section  
17 6z-20.2 of the State Finance Act. This exclusion for aviation  
18 fuel only applies for so long as the revenue use requirements  
19 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
20 District.

21 The tax imposed under this Section and all civil penalties  
22 that may be assessed as an incident thereof shall be collected  
23 and enforced by the State Department of Revenue. The  
24 Department shall have full power to administer and enforce  
25 this Section; to collect all taxes and penalties so collected  
26 in the manner hereinafter provided; and to determine all

1 rights to credit memoranda arising on account of the erroneous  
2 payment of tax or penalty hereunder. In the administration of,  
3 and compliance with, this Section, the Department and persons  
4 who are subject to this Section shall have the same rights,  
5 remedies, privileges, immunities, powers and duties, and be  
6 subject to the same conditions, restrictions, limitations,  
7 penalties, exclusions, exemptions and definitions of terms and  
8 employ the same modes of procedure, as are prescribed in  
9 Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2 through 2-65  
10 (in respect to all provisions therein other than the State  
11 rate of tax), 2c, 3 (except as to the disposition of taxes and  
12 penalties collected, and except that the retailer's discount  
13 is not allowed for taxes paid on aviation fuel that are subject  
14 to the revenue use requirements of 49 U.S.C. 47107(b) and 49  
15 U.S.C. 47133), 4, 5, 5a, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k,  
16 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 12, 13, and 14 of the  
17 Retailers' Occupation Tax Act and Section 3-7 of the Uniform  
18 Penalty and Interest Act, as fully as if those provisions were  
19 set forth herein.

20 Persons subject to any tax imposed under the Section may  
21 reimburse themselves for their seller's tax liability  
22 hereunder by separately stating the tax as an additional  
23 charge, which charge may be stated in combination, in a single  
24 amount, with State taxes that sellers are required to collect  
25 under the Use Tax Act, in accordance with such bracket  
26 schedules as the Department may prescribe.

1           Whenever the Department determines that a refund should be  
2 made under this Section to a claimant instead of issuing a  
3 credit memorandum, the Department shall notify the State  
4 Comptroller, who shall cause the warrant to be drawn for the  
5 amount specified, and to the person named, in the notification  
6 from the Department. The refund shall be paid by the State  
7 Treasurer out of the Metro East Mass Transit District tax fund  
8 established under paragraph (h) of this Section or the Local  
9 Government Aviation Trust Fund, as appropriate.

10          If a tax is imposed under this subsection (b), a tax shall  
11 also be imposed under subsections (c) and (d) of this Section.

12          For the purpose of determining whether a tax authorized  
13 under this Section is applicable, a retail sale, by a producer  
14 of coal or other mineral mined in Illinois, is a sale at retail  
15 at the place where the coal or other mineral mined in Illinois  
16 is extracted from the earth. This paragraph does not apply to  
17 coal or other mineral when it is delivered or shipped by the  
18 seller to the purchaser at a point outside Illinois so that the  
19 sale is exempt under the Federal Constitution as a sale in  
20 interstate or foreign commerce.

21          No tax shall be imposed or collected under this subsection  
22 on the sale of a motor vehicle in this State to a resident of  
23 another state if that motor vehicle will not be titled in this  
24 State.

25          Nothing in this Section shall be construed to authorize  
26 the Metro East Mass Transit District to impose a tax upon the



1 privilege of engaging in any business which under the  
2 Constitution of the United States may not be made the subject  
3 of taxation by this State.

4 (c) If a tax has been imposed under subsection (b), a Metro  
5 East Mass Transit District Service Occupation Tax shall also  
6 be imposed upon all persons engaged, in the district, in the  
7 business of making sales of service, who, as an incident to  
8 making those sales of service, transfer tangible personal  
9 property within the District, either in the form of tangible  
10 personal property or in the form of real estate as an incident  
11 to a sale of service. The tax rate shall be 1/4%, or as  
12 authorized under subsection (d-5) of this Section, of the  
13 selling price of tangible personal property so transferred  
14 within the district, except that the rate of tax imposed in  
15 these Counties under this Section on sales of aviation fuel on  
16 or after December 1, 2019 shall be 0.25% in Madison County  
17 unless the Metro-East Mass Transit District in Madison County  
18 has an "airport-related purpose" and any additional amount  
19 authorized under subsection (d-5) is expended for  
20 airport-related purposes. If there is no airport-related  
21 purpose to which aviation fuel tax revenue is dedicated, then  
22 aviation fuel is excluded from any additional amount  
23 authorized under subsection (d-5). The rate in St. Clair  
24 County shall be 0.25% unless the Metro-East Mass Transit  
25 District in St. Clair County has an "airport-related purpose"  
26 and the additional 0.50% of the 0.75% tax on aviation fuel is

1 expended for airport-related purposes. If there is no  
2 airport-related purpose to which aviation fuel tax revenue is  
3 dedicated, then aviation fuel is excluded from the additional  
4 0.50% of the 0.75% tax.

5 The Board must comply with the certification requirements  
6 for airport-related purposes under Section 2-22 of the  
7 Retailers' Occupation Tax Act. For purposes of this Section,  
8 "airport-related purposes" has the meaning ascribed in Section  
9 6z-20.2 of the State Finance Act. This exclusion for aviation  
10 fuel only applies for so long as the revenue use requirements  
11 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
12 District.

13 The tax imposed under this paragraph and all civil  
14 penalties that may be assessed as an incident thereof shall be  
15 collected and enforced by the State Department of Revenue. The  
16 Department shall have full power to administer and enforce  
17 this paragraph; to collect all taxes and penalties due  
18 hereunder; to dispose of taxes and penalties so collected in  
19 the manner hereinafter provided; and to determine all rights  
20 to credit memoranda arising on account of the erroneous  
21 payment of tax or penalty hereunder. In the administration of,  
22 and compliance with this paragraph, the Department and persons  
23 who are subject to this paragraph shall have the same rights,  
24 remedies, privileges, immunities, powers and duties, and be  
25 subject to the same conditions, restrictions, limitations,  
26 penalties, exclusions, exemptions and definitions of terms and

1 employ the same modes of procedure as are prescribed in  
2 Sections 1a-1, 2 (except that the reference to State in the  
3 definition of supplier maintaining a place of business in this  
4 State shall mean the Authority), 2a, 3 through 3-50 (in  
5 respect to all provisions therein other than the State rate of  
6 tax), 4 (except that the reference to the State shall be to the  
7 Authority), 5, 7, 8 (except that the jurisdiction to which the  
8 tax shall be a debt to the extent indicated in that Section 8  
9 shall be the District), 9 (except as to the disposition of  
10 taxes and penalties collected, and except that the returned  
11 merchandise credit for this tax may not be taken against any  
12 State tax, and except that the retailer's discount is not  
13 allowed for taxes paid on aviation fuel that are subject to the  
14 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
15 47133), 10, 11, 12 (except the reference therein to Section 2b  
16 of the Retailers' Occupation Tax Act), 13 (except that any  
17 reference to the State shall mean the District), the first  
18 paragraph of Section 15, 16, 17, 18, 19 and 20 of the Service  
19 Occupation Tax Act and Section 3-7 of the Uniform Penalty and  
20 Interest Act, as fully as if those provisions were set forth  
21 herein.

22 Persons subject to any tax imposed under the authority  
23 granted in this paragraph may reimburse themselves for their  
24 serviceman's tax liability hereunder by separately stating the  
25 tax as an additional charge, which charge may be stated in  
26 combination, in a single amount, with State tax that

1 servicemen are authorized to collect under the Service Use Tax  
2 Act, in accordance with such bracket schedules as the  
3 Department may prescribe.

4 Whenever the Department determines that a refund should be  
5 made under this paragraph to a claimant instead of issuing a  
6 credit memorandum, the Department shall notify the State  
7 Comptroller, who shall cause the warrant to be drawn for the  
8 amount specified, and to the person named, in the notification  
9 from the Department. The refund shall be paid by the State  
10 Treasurer out of the Metro East Mass Transit District tax fund  
11 established under paragraph (h) of this Section or the Local  
12 Government Aviation Trust Fund, as appropriate.

13 Nothing in this paragraph shall be construed to authorize  
14 the District to impose a tax upon the privilege of engaging in  
15 any business which under the Constitution of the United States  
16 may not be made the subject of taxation by the State.

17 (d) If a tax has been imposed under subsection (b), a Metro  
18 East Mass Transit District Use Tax shall also be imposed upon  
19 the privilege of using, in the district, any item of tangible  
20 personal property that is purchased outside the district at  
21 retail from a retailer, and that is titled or registered with  
22 an agency of this State's government, at a rate of 1/4%, or as  
23 authorized under subsection (d-5) of this Section, of the  
24 selling price of the tangible personal property within the  
25 District, as "selling price" is defined in the Use Tax Act. The  
26 tax shall be collected from persons whose Illinois address for

1 titling or registration purposes is given as being in the  
2 District. The tax shall be collected by the Department of  
3 Revenue for the Metro East Mass Transit District. The tax must  
4 be paid to the State, or an exemption determination must be  
5 obtained from the Department of Revenue, before the title or  
6 certificate of registration for the property may be issued.  
7 The tax or proof of exemption may be transmitted to the  
8 Department by way of the State agency with which, or the State  
9 officer with whom, the tangible personal property must be  
10 titled or registered if the Department and the State agency or  
11 State officer determine that this procedure will expedite the  
12 processing of applications for title or registration.

13 The Department shall have full power to administer and  
14 enforce this paragraph; to collect all taxes, penalties and  
15 interest due hereunder; to dispose of taxes, penalties and  
16 interest so collected in the manner hereinafter provided; and  
17 to determine all rights to credit memoranda or refunds arising  
18 on account of the erroneous payment of tax, penalty or  
19 interest hereunder. In the administration of, and compliance  
20 with, this paragraph, the Department and persons who are  
21 subject to this paragraph shall have the same rights,  
22 remedies, privileges, immunities, powers and duties, and be  
23 subject to the same conditions, restrictions, limitations,  
24 penalties, exclusions, exemptions and definitions of terms and  
25 employ the same modes of procedure, as are prescribed in  
26 Sections 2 (except the definition of "retailer maintaining a

1 place of business in this State"), 3 through 3-80 (except  
2 provisions pertaining to the State rate of tax, and except  
3 provisions concerning collection or refunding of the tax by  
4 retailers), 4, 11, 12, 12a, 14, 15, 19 (except the portions  
5 pertaining to claims by retailers and except the last  
6 paragraph concerning refunds), 20, 21 and 22 of the Use Tax Act  
7 and Section 3-7 of the Uniform Penalty and Interest Act, that  
8 are not inconsistent with this paragraph, as fully as if those  
9 provisions were set forth herein.

10 Whenever the Department determines that a refund should be  
11 made under this paragraph to a claimant instead of issuing a  
12 credit memorandum, the Department shall notify the State  
13 Comptroller, who shall cause the order to be drawn for the  
14 amount specified, and to the person named, in the notification  
15 from the Department. The refund shall be paid by the State  
16 Treasurer out of the Metro East Mass Transit District tax fund  
17 established under paragraph (h) of this Section.

18 (d-5) (A) The county board of any county participating in  
19 the Metro East Mass Transit District may authorize, by  
20 ordinance, a referendum on the question of whether the tax  
21 rates for the Metro East Mass Transit District Retailers'  
22 Occupation Tax, the Metro East Mass Transit District Service  
23 Occupation Tax, and the Metro East Mass Transit District Use  
24 Tax for the District should be increased from 0.25% to 0.75%.  
25 Upon adopting the ordinance, the county board shall certify  
26 the proposition to the proper election officials who shall

1 submit the proposition to the voters of the District at the  
2 next election, in accordance with the general election law.

3 The proposition shall be in substantially the following  
4 form:

5 Shall the tax rates for the Metro East Mass Transit  
6 District Retailers' Occupation Tax, the Metro East Mass  
7 Transit District Service Occupation Tax, and the Metro  
8 East Mass Transit District Use Tax be increased from 0.25%  
9 to 0.75%?

10 (B) Two thousand five hundred electors of any Metro East  
11 Mass Transit District may petition the Chief Judge of the  
12 Circuit Court, or any judge of that Circuit designated by the  
13 Chief Judge, in which that District is located to cause to be  
14 submitted to a vote of the electors the question whether the  
15 tax rates for the Metro East Mass Transit District Retailers'  
16 Occupation Tax, the Metro East Mass Transit District Service  
17 Occupation Tax, and the Metro East Mass Transit District Use  
18 Tax for the District should be increased from 0.25% to 0.75%.

19 Upon submission of such petition the court shall set a  
20 date not less than 10 nor more than 30 days thereafter for a  
21 hearing on the sufficiency thereof. Notice of the filing of  
22 such petition and of such date shall be given in writing to the  
23 District and the County Clerk at least 7 days before the date  
24 of such hearing.

25 If such petition is found sufficient, the court shall  
26 enter an order to submit that proposition at the next

1 election, in accordance with general election law.

2 The form of the petition shall be in substantially the  
3 following form: To the Circuit Court of the County of (name of  
4 county):

5 We, the undersigned electors of the (name of transit  
6 district), respectfully petition your honor to submit to a  
7 vote of the electors of (name of transit district) the  
8 following proposition:

9 Shall the tax rates for the Metro East Mass Transit  
10 District Retailers' Occupation Tax, the Metro East Mass  
11 Transit District Service Occupation Tax, and the Metro  
12 East Mass Transit District Use Tax be increased from 0.25%  
13 to 0.75%?

14 Name Address, with Street and Number.

15 .....

16 .....

17 (C) The votes shall be recorded as "YES" or "NO". If a  
18 majority of all votes cast on the proposition are for the  
19 increase in the tax rates, the Metro East Mass Transit  
20 District shall begin imposing the increased rates in the  
21 District, and the Department of Revenue shall begin collecting  
22 the increased amounts, as provided under this Section. An  
23 ordinance imposing or discontinuing a tax hereunder or  
24 effecting a change in the rate thereof shall be adopted and a  
25 certified copy thereof filed with the Department on or before  
26 the first day of October, whereupon the Department shall



1 proceed to administer and enforce this Section as of the first  
2 day of January next following the adoption and filing, or on or  
3 before the first day of April, whereupon the Department shall  
4 proceed to administer and enforce this Section as of the first  
5 day of July next following the adoption and filing.

6 (D) If the voters have approved a referendum under this  
7 subsection, before November 1, 1994, to increase the tax rate  
8 under this subsection, the Metro East Mass Transit District  
9 Board of Trustees may adopt by a majority vote an ordinance at  
10 any time before January 1, 1995 that excludes from the rate  
11 increase tangible personal property that is titled or  
12 registered with an agency of this State's government. The  
13 ordinance excluding titled or registered tangible personal  
14 property from the rate increase must be filed with the  
15 Department at least 15 days before its effective date. At any  
16 time after adopting an ordinance excluding from the rate  
17 increase tangible personal property that is titled or  
18 registered with an agency of this State's government, the  
19 Metro East Mass Transit District Board of Trustees may adopt  
20 an ordinance applying the rate increase to that tangible  
21 personal property. The ordinance shall be adopted, and a  
22 certified copy of that ordinance shall be filed with the  
23 Department, on or before October 1, whereupon the Department  
24 shall proceed to administer and enforce the rate increase  
25 against tangible personal property titled or registered with  
26 an agency of this State's government as of the following

1 January 1. After December 31, 1995, any reimposed rate  
2 increase in effect under this subsection shall no longer apply  
3 to tangible personal property titled or registered with an  
4 agency of this State's government. Beginning January 1, 1996,  
5 the Board of Trustees of any Metro East Mass Transit District  
6 may never reimpose a previously excluded tax rate increase on  
7 tangible personal property titled or registered with an agency  
8 of this State's government. After July 1, 2004, if the voters  
9 have approved a referendum under this subsection to increase  
10 the tax rate under this subsection, the Metro East Mass  
11 Transit District Board of Trustees may adopt by a majority  
12 vote an ordinance that excludes from the rate increase  
13 tangible personal property that is titled or registered with  
14 an agency of this State's government. The ordinance excluding  
15 titled or registered tangible personal property from the rate  
16 increase shall be adopted, and a certified copy of that  
17 ordinance shall be filed with the Department on or before  
18 October 1, whereupon the Department shall administer and  
19 enforce this exclusion from the rate increase as of the  
20 following January 1, or on or before April 1, whereupon the  
21 Department shall administer and enforce this exclusion from  
22 the rate increase as of the following July 1. The Board of  
23 Trustees of any Metro East Mass Transit District may never  
24 reimpose a previously excluded tax rate increase on tangible  
25 personal property titled or registered with an agency of this  
26 State's government.

1 (d-6) If the Board of Trustees of any Metro East Mass  
2 Transit District has imposed a rate increase under subsection  
3 (d-5) and filed an ordinance with the Department of Revenue  
4 excluding titled property from the higher rate, then that  
5 Board may, by ordinance adopted with the concurrence of  
6 two-thirds of the then trustees, impose throughout the  
7 District a fee. The fee on the excluded property shall not  
8 exceed \$20 per retail transaction or an amount equal to the  
9 amount of tax excluded, whichever is less, on tangible  
10 personal property that is titled or registered with an agency  
11 of this State's government. Beginning July 1, 2004, the fee  
12 shall apply only to titled property that is subject to either  
13 the Metro East Mass Transit District Retailers' Occupation Tax  
14 or the Metro East Mass Transit District Service Occupation  
15 Tax. No fee shall be imposed or collected under this  
16 subsection on the sale of a motor vehicle in this State to a  
17 resident of another state if that motor vehicle will not be  
18 titled in this State.

19 (d-7) Until June 30, 2004, if a fee has been imposed under  
20 subsection (d-6), a fee shall also be imposed upon the  
21 privilege of using, in the district, any item of tangible  
22 personal property that is titled or registered with any agency  
23 of this State's government, in an amount equal to the amount of  
24 the fee imposed under subsection (d-6).

25 (d-7.1) Beginning July 1, 2004, any fee imposed by the  
26 Board of Trustees of any Metro East Mass Transit District

1 under subsection (d-6) and all civil penalties that may be  
2 assessed as an incident of the fees shall be collected and  
3 enforced by the State Department of Revenue. Reference to  
4 "taxes" in this Section shall be construed to apply to the  
5 administration, payment, and remittance of all fees under this  
6 Section. For purposes of any fee imposed under subsection  
7 (d-6), 4% of the fee, penalty, and interest received by the  
8 Department in the first 12 months that the fee is collected and  
9 enforced by the Department and 2% of the fee, penalty, and  
10 interest following the first 12 months (except the amount  
11 collected on aviation fuel sold on or after December 1, 2019)  
12 shall be deposited into the Tax Compliance and Administration  
13 Fund and shall be used by the Department, subject to  
14 appropriation, to cover the costs of the Department. No  
15 retailers' discount shall apply to any fee imposed under  
16 subsection (d-6).

17 (d-8) No item of titled property shall be subject to both  
18 the higher rate approved by referendum, as authorized under  
19 subsection (d-5), and any fee imposed under subsection (d-6)  
20 or (d-7).

21 (d-9) (Blank).

22 (d-10) (Blank).

23 (e) A certificate of registration issued by the State  
24 Department of Revenue to a retailer under the Retailers'  
25 Occupation Tax Act or under the Service Occupation Tax Act  
26 shall permit the registrant to engage in a business that is

1 taxed under the tax imposed under paragraphs (b), (c) or (d) of  
2 this Section and no additional registration shall be required  
3 under the tax. A certificate issued under the Use Tax Act or  
4 the Service Use Tax Act shall be applicable with regard to any  
5 tax imposed under paragraph (c) of this Section.

6 (f) (Blank).

7 (g) Any ordinance imposing or discontinuing any tax under  
8 this Section shall be adopted and a certified copy thereof  
9 filed with the Department on or before June 1, whereupon the  
10 Department of Revenue shall proceed to administer and enforce  
11 this Section on behalf of the Metro East Mass Transit District  
12 as of September 1 next following such adoption and filing.  
13 Beginning January 1, 1992, an ordinance or resolution imposing  
14 or discontinuing the tax hereunder shall be adopted and a  
15 certified copy thereof filed with the Department on or before  
16 the first day of July, whereupon the Department shall proceed  
17 to administer and enforce this Section as of the first day of  
18 October next following such adoption and filing. Beginning  
19 January 1, 1993, except as provided in subsection (d-5) of  
20 this Section, an ordinance or resolution imposing or  
21 discontinuing the tax hereunder shall be adopted and a  
22 certified copy thereof filed with the Department on or before  
23 the first day of October, whereupon the Department shall  
24 proceed to administer and enforce this Section as of the first  
25 day of January next following such adoption and filing, or,  
26 beginning January 1, 2004, on or before the first day of April,

1 whereupon the Department shall proceed to administer and  
2 enforce this Section as of the first day of July next following  
3 the adoption and filing.

4 (h) Except as provided in subsection (d-7.1), the State  
5 Department of Revenue shall, upon collecting any taxes as  
6 provided in this Section, pay the taxes over to the State  
7 Treasurer as trustee for the District. The taxes shall be held  
8 in a trust fund outside the State Treasury. If an  
9 airport-related purpose has been certified, taxes and  
10 penalties collected in St. Clair County on aviation fuel sold  
11 on or after December 1, 2019 from the 0.50% of the 0.75% rate  
12 shall be immediately paid over by the Department to the State  
13 Treasurer, ex officio, as trustee, for deposit into the Local  
14 Government Aviation Trust Fund. The Department shall only pay  
15 moneys into the Local Government Aviation Trust Fund under  
16 this Act for so long as the revenue use requirements of 49  
17 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the  
18 District.

19 As soon as possible after the first day of each month,  
20 beginning January 1, 2011, upon certification of the  
21 Department of Revenue, the Comptroller shall order  
22 transferred, and the Treasurer shall transfer, to the STAR  
23 Bonds Revenue Fund the local sales tax increment, as defined  
24 in the Innovation Development and Economy Act, collected under  
25 this Section during the second preceding calendar month for  
26 sales within a STAR bond district. The Department shall make

1 this certification only if the local mass transit district  
2 imposes a tax on real property as provided in the definition of  
3 "local sales taxes" under the Innovation Development and  
4 Economy Act.

5 After the monthly transfer to the STAR Bonds Revenue Fund,  
6 on or before the 25th day of each calendar month, the State  
7 Department of Revenue shall prepare and certify to the  
8 Comptroller of the State of Illinois the amount to be paid to  
9 the District, which shall be the amount (not including credit  
10 memoranda and not including taxes and penalties collected on  
11 aviation fuel sold on or after December 1, 2019 that are  
12 deposited into the Local Government Aviation Trust Fund)  
13 collected under this Section during the second preceding  
14 calendar month by the Department plus an amount the Department  
15 determines is necessary to offset any amounts that were  
16 erroneously paid to a different taxing body, and not including  
17 any amount equal to the amount of refunds made during the  
18 second preceding calendar month by the Department on behalf of  
19 the District, and not including any amount that the Department  
20 determines is necessary to offset any amounts that were  
21 payable to a different taxing body but were erroneously paid  
22 to the District, and less any amounts that are transferred to  
23 the STAR Bonds Revenue Fund, less 1.5% of the remainder, which  
24 the Department shall transfer into the Tax Compliance and  
25 Administration Fund. The Department, at the time of each  
26 monthly disbursement to the District, shall prepare and

1 certify to the State Comptroller the amount to be transferred  
2 into the Tax Compliance and Administration Fund under this  
3 subsection. Within 10 days after receipt by the Comptroller of  
4 the certification of the amount to be paid to the District and  
5 the Tax Compliance and Administration Fund, the Comptroller  
6 shall cause an order to be drawn for payment for the amount in  
7 accordance with the direction in the certification.

8 (i) Notwithstanding any other provision of law, no tax may  
9 be imposed under this Section on the sale or use of cannabis,  
10 as defined in Section 1-10 of the Cannabis Regulation and Tax  
11 Act.

12 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
13 101-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

14 Section 30. The Water Commission Act of 1985 is amended by  
15 changing Section 4 as follows:

16 (70 ILCS 3720/4) (from Ch. 111 2/3, par. 254)

17 Sec. 4. Taxes.

18 (a) The board of commissioners of any county water  
19 commission may, by ordinance, impose throughout the territory  
20 of the commission any or all of the taxes provided in this  
21 Section for its corporate purposes. However, no county water  
22 commission may impose any such tax unless the commission  
23 certifies the proposition of imposing the tax to the proper  
24 election officials, who shall submit the proposition to the



1 voters residing in the territory at an election in accordance  
 2 with the general election law, and the proposition has been  
 3 approved by a majority of those voting on the proposition.

4 The proposition shall be in the form provided in Section 5  
 5 or shall be substantially in the following form:

6 -----

7	Shall the (insert corporate	
8	name of county water commission)	YES
9	impose (state type of tax or	-----
10	taxes to be imposed) at the	NO
11	rate of 1/4%?	

12 -----

13 Taxes imposed under this Section and civil penalties  
 14 imposed incident thereto shall be collected and enforced by  
 15 the State Department of Revenue. The Department shall have the  
 16 power to administer and enforce the taxes and to determine all  
 17 rights for refunds for erroneous payments of the taxes.

18 (b) The board of commissioners may impose a County Water  
 19 Commission Retailers' Occupation Tax upon all persons engaged  
 20 in the business of selling tangible personal property at  
 21 retail in the territory of the commission at a rate of 1/4% of  
 22 the gross receipts from the sales made in the course of such  
 23 business within the territory. Beginning January 1, 2021, this  
 24 tax is not imposed on sales of aviation fuel for so long as the  
 25 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
 26 47133 are binding on the District.

1           The tax imposed under this paragraph and all civil  
2 penalties that may be assessed as an incident thereof shall be  
3 collected and enforced by the State Department of Revenue. The  
4 Department shall have full power to administer and enforce  
5 this paragraph; to collect all taxes and penalties due  
6 hereunder; to dispose of taxes and penalties so collected in  
7 the manner hereinafter provided; and to determine all rights  
8 to credit memoranda arising on account of the erroneous  
9 payment of tax or penalty hereunder. In the administration of,  
10 and compliance with, this paragraph, the Department and  
11 persons who are subject to this paragraph shall have the same  
12 rights, remedies, privileges, immunities, powers and duties,  
13 and be subject to the same conditions, restrictions,  
14 limitations, penalties, exclusions, exemptions and definitions  
15 of terms, and employ the same modes of procedure, as are  
16 prescribed in Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2  
17 through 2-65 (in respect to all provisions therein other than  
18 the State rate of tax except that tangible personal property  
19 taxed at the 1% rate under the Retailers' Occupation Tax Act  
20 shall not be subject to tax hereunder), 2c, 3 (except as to the  
21 disposition of taxes and penalties collected, and except that  
22 the retailer's discount is not allowed for taxes paid on  
23 aviation fuel sold on or after December 1, 2019 and through  
24 December 31, 2020), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i,  
25 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 12, and 13 of  
26 the Retailers' Occupation Tax Act and Section 3-7 of the

1 Uniform Penalty and Interest Act, as fully as if those  
2 provisions were set forth herein.

3 Persons subject to any tax imposed under the authority  
4 granted in this paragraph may reimburse themselves for their  
5 seller's tax liability hereunder by separately stating the tax  
6 as an additional charge, which charge may be stated in  
7 combination, in a single amount, with State taxes that sellers  
8 are required to collect under the Use Tax Act and under  
9 subsection (e) of Section 4.03 of the Regional Transportation  
10 Authority Act, in accordance with such bracket schedules as  
11 the Department may prescribe.

12 Whenever the Department determines that a refund should be  
13 made under this paragraph to a claimant instead of issuing a  
14 credit memorandum, the Department shall notify the State  
15 Comptroller, who shall cause the warrant to be drawn for the  
16 amount specified, and to the person named, in the notification  
17 from the Department. The refund shall be paid by the State  
18 Treasurer out of a county water commission tax fund  
19 established under subsection (g) of this Section.

20 For the purpose of determining whether a tax authorized  
21 under this paragraph is applicable, a retail sale by a  
22 producer of coal or other mineral mined in Illinois is a sale  
23 at retail at the place where the coal or other mineral mined in  
24 Illinois is extracted from the earth. This paragraph does not  
25 apply to coal or other mineral when it is delivered or shipped  
26 by the seller to the purchaser at a point outside Illinois so

1 that the sale is exempt under the Federal Constitution as a  
2 sale in interstate or foreign commerce.

3 If a tax is imposed under this subsection (b), a tax shall  
4 also be imposed under subsections (c) and (d) of this Section.

5 No tax shall be imposed or collected under this subsection  
6 on the sale of a motor vehicle in this State to a resident of  
7 another state if that motor vehicle will not be titled in this  
8 State.

9 Nothing in this paragraph shall be construed to authorize  
10 a county water commission to impose a tax upon the privilege of  
11 engaging in any business which under the Constitution of the  
12 United States may not be made the subject of taxation by this  
13 State.

14 (c) If a tax has been imposed under subsection (b), a  
15 County Water Commission Service Occupation Tax shall also be  
16 imposed upon all persons engaged, in the territory of the  
17 commission, in the business of making sales of service, who,  
18 as an incident to making the sales of service, transfer  
19 tangible personal property within the territory. The tax rate  
20 shall be 1/4% of the selling price of tangible personal  
21 property so transferred within the territory. Beginning  
22 January 1, 2021, this tax is not imposed on sales of aviation  
23 fuel for so long as the revenue use requirements of 49 U.S.C.  
24 47107(b) and 49 U.S.C. 47133 are binding on the District.

25 The tax imposed under this paragraph and all civil  
26 penalties that may be assessed as an incident thereof shall be

1 collected and enforced by the State Department of Revenue. The  
2 Department shall have full power to administer and enforce  
3 this paragraph; to collect all taxes and penalties due  
4 hereunder; to dispose of taxes and penalties so collected in  
5 the manner hereinafter provided; and to determine all rights  
6 to credit memoranda arising on account of the erroneous  
7 payment of tax or penalty hereunder. In the administration of,  
8 and compliance with, this paragraph, the Department and  
9 persons who are subject to this paragraph shall have the same  
10 rights, remedies, privileges, immunities, powers and duties,  
11 and be subject to the same conditions, restrictions,  
12 limitations, penalties, exclusions, exemptions and definitions  
13 of terms, and employ the same modes of procedure, as are  
14 prescribed in Sections 1a-1, 2 (except that the reference to  
15 State in the definition of supplier maintaining a place of  
16 business in this State shall mean the territory of the  
17 commission), 2a, 3 through 3-50 (in respect to all provisions  
18 therein other than the State rate of tax except that tangible  
19 personal property taxed at the 1% rate under the Service  
20 Occupation Tax Act shall not be subject to tax hereunder), 4  
21 (except that the reference to the State shall be to the  
22 territory of the commission), 5, 7, 8 (except that the  
23 jurisdiction to which the tax shall be a debt to the extent  
24 indicated in that Section 8 shall be the commission), 9  
25 (except as to the disposition of taxes and penalties collected  
26 and except that the returned merchandise credit for this tax

1 may not be taken against any State tax, and except that the  
2 retailer's discount is not allowed for taxes paid on aviation  
3 fuel sold on or after December 1, 2019 and through December 31,  
4 2020), 10, 11, 12 (except the reference therein to Section 2b  
5 of the Retailers' Occupation Tax Act), 13 (except that any  
6 reference to the State shall mean the territory of the  
7 commission), the first paragraph of Section 15, 15.5, 16, 17,  
8 18, 19, and 20 of the Service Occupation Tax Act as fully as if  
9 those provisions were set forth herein.

10 Persons subject to any tax imposed under the authority  
11 granted in this paragraph may reimburse themselves for their  
12 serviceman's tax liability hereunder by separately stating the  
13 tax as an additional charge, which charge may be stated in  
14 combination, in a single amount, with State tax that  
15 servicemen are authorized to collect under the Service Use Tax  
16 Act, and any tax for which servicemen may be liable under  
17 subsection (f) of Section 4.03 of the Regional Transportation  
18 Authority Act, in accordance with such bracket schedules as  
19 the Department may prescribe.

20 Whenever the Department determines that a refund should be  
21 made under this paragraph to a claimant instead of issuing a  
22 credit memorandum, the Department shall notify the State  
23 Comptroller, who shall cause the warrant to be drawn for the  
24 amount specified, and to the person named, in the notification  
25 from the Department. The refund shall be paid by the State  
26 Treasurer out of a county water commission tax fund

1 established under subsection (g) of this Section.

2 Nothing in this paragraph shall be construed to authorize  
3 a county water commission to impose a tax upon the privilege of  
4 engaging in any business which under the Constitution of the  
5 United States may not be made the subject of taxation by the  
6 State.

7 (d) If a tax has been imposed under subsection (b), a tax  
8 shall also be imposed upon the privilege of using, in the  
9 territory of the commission, any item of tangible personal  
10 property that is purchased outside the territory at retail  
11 from a retailer, and that is titled or registered with an  
12 agency of this State's government, at a rate of 1/4% of the  
13 selling price of the tangible personal property within the  
14 territory, as "selling price" is defined in the Use Tax Act.  
15 The tax shall be collected from persons whose Illinois address  
16 for titling or registration purposes is given as being in the  
17 territory. The tax shall be collected by the Department of  
18 Revenue for a county water commission. The tax must be paid to  
19 the State, or an exemption determination must be obtained from  
20 the Department of Revenue, before the title or certificate of  
21 registration for the property may be issued. The tax or proof  
22 of exemption may be transmitted to the Department by way of the  
23 State agency with which, or the State officer with whom, the  
24 tangible personal property must be titled or registered if the  
25 Department and the State agency or State officer determine  
26 that this procedure will expedite the processing of

1 applications for title or registration.

2 The Department shall have full power to administer and  
3 enforce this paragraph; to collect all taxes, penalties, and  
4 interest due hereunder; to dispose of taxes, penalties, and  
5 interest so collected in the manner hereinafter provided; and  
6 to determine all rights to credit memoranda or refunds arising  
7 on account of the erroneous payment of tax, penalty, or  
8 interest hereunder. In the administration of and compliance  
9 with this paragraph, the Department and persons who are  
10 subject to this paragraph shall have the same rights,  
11 remedies, privileges, immunities, powers, and duties, and be  
12 subject to the same conditions, restrictions, limitations,  
13 penalties, exclusions, exemptions, and definitions of terms  
14 and employ the same modes of procedure, as are prescribed in  
15 Sections 2 (except the definition of "retailer maintaining a  
16 place of business in this State"), 3 through 3-80 (except  
17 provisions pertaining to the State rate of tax, and except  
18 provisions concerning collection or refunding of the tax by  
19 retailers), 4, 11, 12, 12a, 14, 15, 19 (except the portions  
20 pertaining to claims by retailers and except the last  
21 paragraph concerning refunds), 20, 21, and 22 of the Use Tax  
22 Act and Section 3-7 of the Uniform Penalty and Interest Act  
23 that are not inconsistent with this paragraph, as fully as if  
24 those provisions were set forth herein.

25 Whenever the Department determines that a refund should be  
26 made under this paragraph to a claimant instead of issuing a



1 credit memorandum, the Department shall notify the State  
2 Comptroller, who shall cause the order to be drawn for the  
3 amount specified, and to the person named, in the notification  
4 from the Department. The refund shall be paid by the State  
5 Treasurer out of a county water commission tax fund  
6 established under subsection (g) of this Section.

7 (e) A certificate of registration issued by the State  
8 Department of Revenue to a retailer under the Retailers'  
9 Occupation Tax Act or under the Service Occupation Tax Act  
10 shall permit the registrant to engage in a business that is  
11 taxed under the tax imposed under subsection (b), (c), or (d)  
12 of this Section and no additional registration shall be  
13 required under the tax. A certificate issued under the Use Tax  
14 Act or the Service Use Tax Act shall be applicable with regard  
15 to any tax imposed under subsection (c) of this Section.

16 (f) Any ordinance imposing or discontinuing any tax under  
17 this Section shall be adopted and a certified copy thereof  
18 filed with the Department on or before June 1, whereupon the  
19 Department of Revenue shall proceed to administer and enforce  
20 this Section on behalf of the county water commission as of  
21 September 1 next following the adoption and filing. Beginning  
22 January 1, 1992, an ordinance or resolution imposing or  
23 discontinuing the tax hereunder shall be adopted and a  
24 certified copy thereof filed with the Department on or before  
25 the first day of July, whereupon the Department shall proceed  
26 to administer and enforce this Section as of the first day of

1 October next following such adoption and filing. Beginning  
2 January 1, 1993, an ordinance or resolution imposing or  
3 discontinuing the tax hereunder shall be adopted and a  
4 certified copy thereof filed with the Department on or before  
5 the first day of October, whereupon the Department shall  
6 proceed to administer and enforce this Section as of the first  
7 day of January next following such adoption and filing.

8 (g) The State Department of Revenue shall, upon collecting  
9 any taxes as provided in this Section, pay the taxes over to  
10 the State Treasurer as trustee for the commission. The taxes  
11 shall be held in a trust fund outside the State Treasury.

12 As soon as possible after the first day of each month,  
13 beginning January 1, 2011, upon certification of the  
14 Department of Revenue, the Comptroller shall order  
15 transferred, and the Treasurer shall transfer, to the STAR  
16 Bonds Revenue Fund the local sales tax increment, as defined  
17 in the Innovation Development and Economy Act, collected under  
18 this Section during the second preceding calendar month for  
19 sales within a STAR bond district.

20 After the monthly transfer to the STAR Bonds Revenue Fund,  
21 on or before the 25th day of each calendar month, the State  
22 Department of Revenue shall prepare and certify to the  
23 Comptroller of the State of Illinois the amount to be paid to  
24 the commission, which shall be the amount (not including  
25 credit memoranda) collected under this Section during the  
26 second preceding calendar month by the Department plus an

1 amount the Department determines is necessary to offset any  
2 amounts that were erroneously paid to a different taxing body,  
3 and not including any amount equal to the amount of refunds  
4 made during the second preceding calendar month by the  
5 Department on behalf of the commission, and not including any  
6 amount that the Department determines is necessary to offset  
7 any amounts that were payable to a different taxing body but  
8 were erroneously paid to the commission, and less any amounts  
9 that are transferred to the STAR Bonds Revenue Fund, less 1.5%  
10 of the remainder, which shall be transferred into the Tax  
11 Compliance and Administration Fund. The Department, at the  
12 time of each monthly disbursement to the commission, shall  
13 prepare and certify to the State Comptroller the amount to be  
14 transferred into the Tax Compliance and Administration Fund  
15 under this subsection. Within 10 days after receipt by the  
16 Comptroller of the certification of the amount to be paid to  
17 the commission and the Tax Compliance and Administration Fund,  
18 the Comptroller shall cause an order to be drawn for the  
19 payment for the amount in accordance with the direction in the  
20 certification.

21 (h) Beginning June 1, 2016, any tax imposed pursuant to  
22 this Section may no longer be imposed or collected, unless a  
23 continuation of the tax is approved by the voters at a  
24 referendum as set forth in this Section.

25 (i) Notwithstanding any other provision of law, no tax may  
26 be imposed under this Section on the sale or use of cannabis,

1 as defined in Section 1-10 of the Cannabis Regulation and Tax  
2 Act.

3 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
4 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; 101-10, eff.  
5 6-5-19; 101-81, eff. 7-12-19; 101-604, eff. 12-13-19.)

6 Section 35. The Cannabis Regulation and Tax Act is amended  
7 by changing Sections 20-50, 60-10, and 65-10 as follows:

8 (410 ILCS 705/20-50)

9 Sec. 20-50. Cultivator taxes; returns.

10 (a) A tax is imposed upon the privilege of cultivating and  
11 processing adult use cannabis at the rate of 7% of the gross  
12 receipts from the sale of cannabis by a cultivator to a  
13 dispensing organization. The sale of any adult use product  
14 that contains any amount of cannabis or any derivative thereof  
15 is subject to the tax under this Section on the full selling  
16 price of the product. The proceeds from this tax shall be  
17 deposited into the Cannabis Regulation Fund. This tax shall be  
18 paid by the cultivator who makes the first sale and is not the  
19 responsibility of a dispensing organization, qualifying  
20 patient, or purchaser.

21 (b) In the administration of and compliance with this  
22 Section, the Department of Revenue and persons who are subject  
23 to this Section: (i) have the same rights, remedies,  
24 privileges, immunities, powers, and duties, (ii) are subject

1 to the same conditions, restrictions, limitations, penalties,  
2 and definitions of terms, and (iii) shall employ the same  
3 modes of procedure as are set forth in the Cannabis  
4 Cultivation Privilege Tax Law and the Uniform Penalty and  
5 Interest Act as if those provisions were set forth in this  
6 Section.

7 (c) The tax imposed under this Act shall be in addition to  
8 all other occupation or privilege taxes imposed by the State  
9 of Illinois or by any municipal corporation or political  
10 subdivision thereof.

11 (d) Notwithstanding any other provision of law, no tax may  
12 be imposed under this Section on the sale or use of cannabis,  
13 as defined in Section 1-10 of the Cannabis Regulation and Tax  
14 Act.

15 (Source: P.A. 101-27, eff. 6-25-19.)

16 (410 ILCS 705/60-10)

17 Sec. 60-10. Tax imposed.

18 (a) Beginning September 1, 2019, a tax is imposed upon the  
19 privilege of cultivating cannabis at the rate of 7% of the  
20 gross receipts from the first sale of cannabis by a  
21 cultivator. The sale of any product that contains any amount  
22 of cannabis or any derivative thereof is subject to the tax  
23 under this Section on the full selling price of the product.  
24 The Department may determine the selling price of the cannabis  
25 when the seller and purchaser are affiliated persons, when the

1 sale and purchase of cannabis is not an arm's length  
2 transaction, or when cannabis is transferred by a craft grower  
3 to the craft grower's dispensing organization or infuser or  
4 processing organization and a value is not established for the  
5 cannabis. The value determined by the Department shall be  
6 commensurate with the actual price received for products of  
7 like quality, character, and use in the area. If there are no  
8 sales of cannabis of like quality, character, and use in the  
9 same area, then the Department shall establish a reasonable  
10 value based on sales of products of like quality, character,  
11 and use in other areas of the State, taking into consideration  
12 any other relevant factors.

13 (b) The Cannabis Cultivation Privilege Tax imposed under  
14 this Article is solely the responsibility of the cultivator  
15 who makes the first sale and is not the responsibility of a  
16 subsequent purchaser, a dispensing organization, or an  
17 infuser. Persons subject to the tax imposed under this Article  
18 may, however, reimburse themselves for their tax liability  
19 hereunder by separately stating reimbursement for their tax  
20 liability as an additional charge.

21 (c) The tax imposed under this Article shall be in  
22 addition to all other occupation, privilege, or excise taxes  
23 imposed by the State of Illinois or by any unit of local  
24 government.

25 (d) Notwithstanding any other provision of law, no special  
26 district may levy a tax upon the cultivation and processing of

1 adult use cannabis.

2 (Source: P.A. 101-27, eff. 6-25-19.)

3 (410 ILCS 705/65-10)

4 Sec. 65-10. Tax imposed.

5 (a) Beginning January 1, 2020, a tax is imposed upon  
6 purchasers for the privilege of using cannabis at the  
7 following rates:

8 (1) Any cannabis, other than a cannabis-infused  
9 product, with an adjusted delta-9-tetrahydrocannabinol  
10 level at or below 35% shall be taxed at a rate of 10% of  
11 the purchase price;

12 (2) Any cannabis, other than a cannabis-infused  
13 product, with an adjusted delta-9-tetrahydrocannabinol  
14 level above 35% shall be taxed at a rate of 25% of the  
15 purchase price; and

16 (3) A cannabis-infused product shall be taxed at a  
17 rate of 20% of the purchase price.

18 (b) The purchase of any product that contains any amount  
19 of cannabis or any derivative thereof is subject to the tax  
20 under subsection (a) of this Section on the full purchase  
21 price of the product.

22 (c) The tax imposed under this Section is not imposed on  
23 cannabis that is subject to tax under the Compassionate Use of  
24 Medical Cannabis Program Act. The tax imposed by this Section  
25 is not imposed with respect to any transaction in interstate

1 commerce, to the extent the transaction may not, under the  
2 Constitution and statutes of the United States, be made the  
3 subject of taxation by this State.

4 (d) The tax imposed under this Article shall be in  
5 addition to all other occupation, privilege, or excise taxes  
6 imposed by the State of Illinois or by any municipal  
7 corporation or political subdivision thereof.

8 (e) The tax imposed under this Article shall not be  
9 imposed on any purchase by a purchaser if the cannabis  
10 retailer is prohibited by federal or State Constitution,  
11 treaty, convention, statute, or court decision from collecting  
12 the tax from the purchaser.

13 (f) Notwithstanding any other provision of law, no special  
14 district may levy a tax upon purchasers for the use of  
15 cannabis.

16 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)