



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3476

Introduced 2/22/2021, by Rep. Delia C. Ramirez

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

Amends the Illinois Income Tax Code. Provides, for tax years ending on or after December 31, 2021, a surcharge is imposed on an Illinois resident's low-taxed investment income. Defines "low-taxed investment income". Provides how the surcharge is calculated. Exempts from the surcharge: (i) resident married individuals filing joint returns, if Illinois taxable income is not more than \$250,000; (ii) a resident head of household, if Illinois taxable income is not more than \$200,000; and (iii) resident unmarried individuals, resident married individuals filing separate returns, and resident estates and trusts, if Illinois taxable income is not more than \$150,000. Effective immediately.

LRB102 14996 HLH 20351 b

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 5/201)

7 (Text of Section without the changes made by P.A. 101-8,
8 which did not take effect (see Section 99 of P.A. 101-8))

9 Sec. 201. Tax imposed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (b-5) Surcharge; sale or exchange of assets, properties,
17 and intangibles of organization gaming licensees. For each of
18 taxable years 2019 through 2027, a surcharge is imposed on all
19 taxpayers on income arising from the sale or exchange of
20 capital assets, depreciable business property, real property
21 used in the trade or business, and Section 197 intangibles (i)
22 of an organization licensee under the Illinois Horse Racing
23 Act of 1975 and (ii) of an organization gaming licensee under
24 the Illinois Gambling Act. The amount of the surcharge is
25 equal to the amount of federal income tax liability for the
26 taxable year attributable to those sales and exchanges. The

1 surcharge imposed shall not apply if:

2 (1) the organization gaming license, organization
3 license, or racetrack property is transferred as a result
4 of any of the following:

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

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

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

15 (D) the death of an owner of the equity interest in
16 a licensee;

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

20 (F) a transfer by a parent company to a wholly
21 owned subsidiary; or

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

25 (2) the controlling interest in the organization
26 gaming license, organization license, or racetrack

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

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

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

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

1 privilege taxes imposed by this State or by any municipal
2 corporation or political subdivision thereof.

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

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

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

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

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

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

25 equals 1.25% for taxable years ending prior to December
26 31, 2003, or 1.75% for taxable years ending on or after

1 December 31, 2003, of the net taxable premiums written for
2 the taxable year, as described by subsection (1) of
3 Section 409 of the Illinois Insurance Code. This paragraph
4 will in no event increase the rates imposed under
5 subsections (b) and (d).

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

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

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

18 (1) A taxpayer shall be allowed a credit equal to .5%
19 of the basis of qualified property placed in service
20 during the taxable year, provided such property is placed
21 in service on or after July 1, 1984. There shall be allowed
22 an additional credit equal to .5% of the basis of
23 qualified property placed in service during the taxable
24 year, provided such property is placed in service on or
25 after July 1, 1986, and the taxpayer's base employment
26 within Illinois has increased by 1% or more over the

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

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

24 (2) The term "qualified property" means property
25 which:

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings and
2 signs that are real property, but not including land
3 or improvements to real property that are not a
4 structural component of a building such as
5 landscaping, sewer lines, local access roads, fencing,
6 parking lots, and other appurtenances;

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

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

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

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

24 (3) For purposes of this subsection (e),
25 "manufacturing" means the material staging and production
26 of tangible personal property by procedures commonly

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

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

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

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

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

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

23 (9) Each taxable year ending before December 31, 2000,
24 a partnership may elect to pass through to its partners
25 the credits to which the partnership is entitled under
26 this subsection (e) for the taxable year. A partner may

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

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

1 (f) Investment credit; Enterprise Zone; River Edge
2 Redevelopment Zone.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (g) (Blank).

1 (h) Investment credit; High Impact Business.

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

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

16 Changes made in this subdivision (h) (1) by Public Act
17 88-670 restore changes made by Public Act 85-1182 and
18 reflect existing law.

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

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

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

26 (h);

1 (C) is acquired by purchase as defined in Section
2 179(d) of the Internal Revenue Code; and

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (i) Credit for Personal Property Tax Replacement Income
25 Tax. For tax years ending prior to December 31, 2003, a credit
26 shall be allowed against the tax imposed by subsections (a)

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

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

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

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

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

25 Any credit allowed under this subsection which is unused
26 in the year the credit is earned may be carried forward to each

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

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

26 For purposes of this subsection, "qualifying expenditures"

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

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

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

1 liability for the given year remains. Any remaining unused
2 credit or credits then will be carried forward to the next
3 following year in which a tax liability is incurred, except
4 that no credit can be carried forward to a year which is more
5 than 5 years after the year in which the expense for which the
6 credit is given was incurred.

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

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

19 (l) Environmental Remediation Tax Credit.

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

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

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

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

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

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

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

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

12 For purposes of this subsection:

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

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

24 "School" means any public or nonpublic elementary or
25 secondary school in Illinois that is in compliance with Title
26 VI of the Civil Rights Act of 1964 and attendance at which

1 satisfies the requirements of Section 26-1 of the School Code,
2 except that nothing shall be construed to require a child to
3 attend any particular public or nonpublic school to qualify
4 for the credit under this Section.

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

8 (n) River Edge Redevelopment Zone site remediation tax
9 credit.

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

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

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

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

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

19 (o) For each of taxable years during the Compassionate Use
20 of Medical Cannabis Program, a surcharge is imposed on all
21 taxpayers on income arising from the sale or exchange of
22 capital assets, depreciable business property, real property
23 used in the trade or business, and Section 197 intangibles of
24 an organization registrant under the Compassionate Use of
25 Medical Cannabis Program Act. The amount of the surcharge is
26 equal to the amount of federal income tax liability for the

1 taxable year attributable to those sales and exchanges. The
2 surcharge imposed does not apply if:

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

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

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

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

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

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

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

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

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

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

11 (p) Surcharge on low-taxed investment income. For tax
12 years ending on or after December 31, 2021, a surcharge is
13 imposed on an Illinois resident's low-taxed investment income
14 as follows:

15 (1) As used in this subsection, "low-taxed investment
16 income" means the amount of an individual's Illinois
17 adjusted gross income attributable to long-term capital
18 gain, dividends, or any other type of income taxed under
19 the preferential rates of Section 1(h) of the Internal
20 Revenue Code.

21 (2) The surcharge imposed under this subsection shall
22 be equal to (i) the difference between (A) the applicable
23 federal income tax rate that would be imposed on an
24 individual's low-taxed investment income if it were
25 subject to the federal income tax rates imposed on
26 ordinary income under Section 1 of the Internal Revenue

1 Code and (B) the applicable federal income tax rate
2 imposed at the preferential rates under Section 1(h) of
3 the Internal Revenue Code, multiplied by (ii) the amount
4 of an individual's low-taxed investment income.

5 (3) The surcharge under paragraph (2) shall be
6 multiplied by a phase-in fraction to determine the amount
7 due under this subsection. The phase-in fraction is
8 computed as follows: the numerator is the lesser of (i)
9 the taxpayer's income in excess of the taxpayer's Illinois
10 adjusted gross income for the taxable year over the
11 applicable amount defined in paragraph (4) of this
12 subsection or (ii) \$50,000, and the denominator is
13 \$50,000.

14 (4) This subsection does not apply to the following
15 persons:

16 (i) Resident married individuals filing joint
17 returns, if Illinois taxable income is not more than
18 \$250,000.

19 (ii) A resident head of household, if Illinois
20 taxable income is not more than \$200,000.

21 (iii) Resident unmarried individuals, resident
22 married individuals filing separate returns, and
23 resident estates and trusts, if Illinois taxable
24 income is not more than \$150,000.

25
26 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,

1 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;
2 revised 11-18-20.)

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

5 Sec. 201. Tax imposed.

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

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

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

20 (2) In the case of an individual, trust or estate, for
21 taxable years beginning prior to July 1, 1989 and ending
22 after June 30, 1989, an amount equal to the sum of (i) 2
23 1/2% of the taxpayer's net income for the period prior to
24 July 1, 1989, as calculated under Section 202.3, and (ii)
25 3% of the taxpayer's net income for the period after June

1 30, 1989, as calculated under Section 202.3.

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

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

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

17 (5.1) In the case of an individual, trust, or estate,
18 for taxable years beginning prior to January 1, 2015, and
19 ending after December 31, 2014, an amount equal to the sum
20 of (i) 5% of the taxpayer's net income for the period prior
21 to January 1, 2015, as calculated under Section 202.5, and
22 (ii) 3.75% of the taxpayer's net income for the period
23 after December 31, 2014, as calculated under Section
24 202.5.

25 (5.2) In the case of an individual, trust, or estate,
26 for taxable years beginning on or after January 1, 2015,

1 and ending prior to July 1, 2017, an amount equal to 3.75%
2 of the taxpayer's net income for the taxable year.

3 (5.3) In the case of an individual, trust, or estate,
4 for taxable years beginning prior to July 1, 2017, and
5 ending after June 30, 2017, an amount equal to the sum of
6 (i) 3.75% of the taxpayer's net income for the period
7 prior to July 1, 2017, as calculated under Section 202.5,
8 and (ii) 4.95% of the taxpayer's net income for the period
9 after June 30, 2017, as calculated under Section 202.5.

10 (5.4) In the case of an individual, trust, or estate,
11 for taxable years beginning on or after July 1, 2017 ~~and~~
12 ~~beginning prior to January 1, 2021~~, an amount equal to
13 4.95% of the taxpayer's net income for the taxable year.

14 ~~(5.5) In the case of an individual, trust, or estate,~~
15 ~~for taxable years beginning on or after January 1, 2021,~~
16 ~~an amount calculated under the rate structure set forth in~~
17 ~~Section 201.1.~~

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

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

1 1989, as calculated under Section 202.3.

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

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

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

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

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

1 net income for the taxable year.

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

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

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

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

18 (b-5) Surcharge; sale or exchange of assets, properties,
19 and intangibles of organization gaming licensees. For each of
20 taxable years 2019 through 2027, a surcharge is imposed on all
21 taxpayers on income arising from the sale or exchange of
22 capital assets, depreciable business property, real property
23 used in the trade or business, and Section 197 intangibles (i)
24 of an organization licensee under the Illinois Horse Racing
25 Act of 1975 and (ii) of an organization gaming licensee under
26 the Illinois Gambling Act. The amount of the surcharge is

1 equal to the amount of federal income tax liability for the
2 taxable year attributable to those sales and exchanges. The
3 surcharge imposed shall not apply if:

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

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

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

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

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

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

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

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

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

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

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

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

1 addition to the income tax imposed by subsections (a) and (b)
2 of this Section and in addition to all other occupation or
3 privilege taxes imposed by this State or by any municipal
4 corporation or political subdivision thereof.

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

17 (d-1) Rate reduction for certain foreign insurers. In the
18 case of a foreign insurer, as defined by Section 35A-5 of the
19 Illinois Insurance Code, whose state or country of domicile
20 imposes on insurers domiciled in Illinois a retaliatory tax
21 (excluding any insurer whose premiums from reinsurance assumed
22 are 50% or more of its total insurance premiums as determined
23 under paragraph (2) of subsection (b) of Section 304, except
24 that for purposes of this determination premiums from
25 reinsurance do not include premiums from inter-affiliate
26 reinsurance arrangements), beginning with taxable years ending

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

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

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

21 (B) the privilege tax imposed by Section 409 of
22 the Illinois Insurance Code, the fire insurance
23 company tax imposed by Section 12 of the Fire
24 Investigation Act, and the fire department taxes
25 imposed under Section 11-10-1 of the Illinois
26 Municipal Code,

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

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

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

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

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

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

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

26 (2) The term "qualified property" means property

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

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

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

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

3 (7) If during any taxable year, any property ceases to
4 be qualified property in the hands of the taxpayer within
5 48 months after being placed in service, or the situs of
6 any qualified property is moved outside Illinois within 48
7 months after being placed in service, the Personal
8 Property Tax Replacement Income Tax for such taxable year
9 shall be increased. Such increase shall be determined by

10 (i) recomputing the investment credit which would have
11 been allowed for the year in which credit for such
12 property was originally allowed by eliminating such
13 property from such computation and, (ii) subtracting such
14 recomputed credit from the amount of credit previously
15 allowed. For the purposes of this paragraph (7), a
16 reduction of the basis of qualified property resulting
17 from a redetermination of the purchase price shall be
18 deemed a disposition of qualified property to the extent
19 of such reduction.

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

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

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

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

1 and Subchapter S of the Internal Revenue Code. This
2 paragraph is exempt from the provisions of Section 250.

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

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

1 tax years ending on or after December 31, 1985, the credit
2 shall be allowed for the tax year in which the property is
3 placed in service, or, if the amount of the credit exceeds
4 the tax liability for that year, whether it exceeds the
5 original liability or the liability as later amended, such
6 excess may be carried forward and applied to the tax
7 liability of the 5 taxable years following the excess
8 credit year. The credit shall be applied to the earliest
9 year for which there is a liability. If there is credit
10 from more than one tax year that is available to offset a
11 liability, the credit accruing first in time shall be
12 applied first.

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

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

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

21 (C) is acquired by purchase as defined in Section
22 179(d) of the Internal Revenue Code;

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

25 (E) has not been previously used in Illinois in
26 such a manner and by such a person as would qualify for

1 the credit provided by this subsection (f) or
2 subsection (e).

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

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

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

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

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

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

24 (8) For taxable years beginning on or after January 1,
25 2021, there shall be allowed an Enterprise Zone
26 construction jobs credit against the taxes imposed under

1 subsections (a) and (b) of this Section as provided in
2 Section 13 of the Illinois Enterprise Zone Act.

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

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

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

26 This paragraph (8) is exempt from the provisions of

1 Section 250.

2 (g) (Blank).

3 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Enterprise Zone Act.

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

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

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

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

26 (i) Credit for Personal Property Tax Replacement Income

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

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

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

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

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

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

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

1 Internal Revenue Code.

2 For purposes of this subsection, "qualifying expenditures"
3 means the qualifying expenditures as defined for the federal
4 credit for increasing research activities which would be
5 allowable under Section 41 of the Internal Revenue Code and
6 which are conducted in this State, "qualifying expenditures
7 for increasing research activities in this State" means the
8 excess of qualifying expenditures for the taxable year in
9 which incurred over qualifying expenditures for the base
10 period, "qualifying expenditures for the base period" means
11 the average of the qualifying expenditures for each year in
12 the base period, and "base period" means the 3 taxable years
13 immediately preceding the taxable year for which the
14 determination is being made.

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

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

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

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

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

21 (l) Environmental Remediation Tax Credit.

22 (i) For tax years ending after December 31, 1997 and
23 on or before December 31, 2001, a taxpayer shall be
24 allowed a credit against the tax imposed by subsections
25 (a) and (b) of this Section for certain amounts paid for
26 unreimbursed eligible remediation costs, as specified in

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

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

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

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

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

20 (m) Education expense credit. Beginning with tax years
21 ending after December 31, 1999, a taxpayer who is the
22 custodian of one or more qualifying pupils shall be allowed a
23 credit against the tax imposed by subsections (a) and (b) of
24 this Section for qualified education expenses incurred on
25 behalf of the qualifying pupils. The credit shall be equal to
26 25% of qualified education expenses, but in no event may the

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

14 For purposes of this subsection:

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

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

26 "School" means any public or nonpublic elementary or

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

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

10 (n) River Edge Redevelopment Zone site remediation tax
11 credit.

12 (i) For tax years ending on or after December 31,
13 2006, a taxpayer shall be allowed a credit against the tax
14 imposed by subsections (a) and (b) of this Section for
15 certain amounts paid for unreimbursed eligible remediation
16 costs, as specified in this subsection. For purposes of
17 this Section, "unreimbursed eligible remediation costs"
18 means costs approved by the Illinois Environmental
19 Protection Agency ("Agency") under Section 58.14a of the
20 Environmental Protection Act that were paid in performing
21 environmental remediation at a site within a River Edge
22 Redevelopment Zone for which a No Further Remediation
23 Letter was issued by the Agency and recorded under Section
24 58.10 of the Environmental Protection Act. The credit must
25 be claimed for the taxable year in which Agency approval
26 of the eligible remediation costs is granted. The credit

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

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

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

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

21 (o) For each of taxable years during the Compassionate Use
22 of Medical Cannabis Program, a surcharge is imposed on all
23 taxpayers on income arising from the sale or exchange of
24 capital assets, depreciable business property, real property
25 used in the trade or business, and Section 197 intangibles of
26 an organization registrant under the Compassionate Use of

1 Medical Cannabis Program Act. The amount of the surcharge is
2 equal to the amount of federal income tax liability for the
3 taxable year attributable to those sales and exchanges. The
4 surcharge imposed does not apply if:

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

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

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

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

21 (D) the death of an owner of the equity interest in
22 a registrant;

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

26 (F) a transfer by a parent company to a wholly

1 owned subsidiary; or

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

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

13 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for
14 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
15 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.