

# SB2560



## 102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2560

Introduced 2/26/2021, by Sen. Melinda Bush

### SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

Amends the Illinois Income Tax Act. Provides that the research and development credit applies on a permanent basis. Provides that the credit may be carried forward for a period of 20 taxable years (currently, 5 taxable years). Makes changes concerning the calculation of the credit. Effective immediately.

LRB102 17265 HLH 22737 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 5/201)

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

9 Sec. 201. Tax imposed.

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

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

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

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

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

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

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

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

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

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

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

16 (5.4) In the case of an individual, trust, or estate,  
17 for taxable years beginning on or after July 1, 2017, 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 for tax years ending prior to December 31, 2021, the average of  
10 the qualifying expenditures for each year in the base period;  
11 and (2) for tax years ending on or after December 31, 2021, 50%  
12 of the average of the qualifying expenditures for each year in  
13 the base period. "Base, and "base period" means the 3 taxable  
14 years immediately preceding the taxable year for which the  
15 determination is being made.

16 Any credit in excess of the tax liability for the taxable  
17 year may be carried forward. A taxpayer may elect to have the  
18 unused credit shown on its final completed return carried over  
19 as a credit against the tax liability for the carry forward  
20 period following 5 taxable years or until it has been fully  
21 used, whichever occurs first; provided that no credit earned  
22 in a tax year ending prior to December 31, 2003 may be carried  
23 forward to any year ending on or after December 31, 2003. For  
24 purposes of this subsection, "carry forward period" means (i)  
25 for credits earned prior to the effective date of this  
26 amendatory Act of the 102nd General Assembly, the following 5

1 taxable years or until the credit has been fully used,  
2 whichever occurs first, and (ii) for credits earned on or  
3 after the effective date of this amendatory Act of the 102nd  
4 General Assembly, the following 20 taxable years or until the  
5 credit has been fully used, whichever occurs first.

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

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

21 It is the intent of the General Assembly that the research  
22 and development credit under this subsection (k) shall apply  
23 continuously for all tax years ending on or after December 31,  
24 2004 and ending prior to January 1, 2027, including, but not  
25 limited to, the period beginning on January 1, 2016 and ending  
26 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~



1 ~~amendatory Act of the 100th General Assembly.~~ All actions  
2 taken in reliance on the continuation of the credit under this  
3 subsection (k) by any taxpayer are hereby validated.

4 This subsection is exempt from the provisions of Section  
5 250 of this Act.

6 (l) Environmental Remediation Tax Credit.

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

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

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

1 of subsection (i).

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

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

25 For purposes of this subsection:

26 "Qualifying pupils" means individuals who (i) are

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

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

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

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

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

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

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

1 losses by paragraphs (b), (c), and (f)(1) of Section 267  
2 of the Internal Revenue Code by virtue of being a related  
3 taxpayer, as well as any of its partners. The credit  
4 allowed against the tax imposed by subsections (a) and (b)  
5 shall be equal to 25% of the unreimbursed eligible  
6 remediation costs in excess of \$100,000 per site.

7 (ii) A credit allowed under this subsection that is  
8 unused in the year the credit is earned may be carried  
9 forward to each of the 5 taxable years following the year  
10 for which the credit is first earned until it is used. This  
11 credit shall be applied first to the earliest year for  
12 which there is a liability. If there is a credit under this  
13 subsection from more than one tax year that is available  
14 to offset a liability, the earliest credit arising under  
15 this subsection shall be applied first. A credit allowed  
16 under this subsection may be sold to a buyer as part of a  
17 sale of all or part of the remediation site for which the  
18 credit was granted. The purchaser of a remediation site  
19 and the tax credit shall succeed to the unused credit and  
20 remaining carry-forward period of the seller. To perfect  
21 the transfer, the assignor shall record the transfer in  
22 the chain of title for the site and provide written notice  
23 to the Director of the Illinois Department of Revenue of  
24 the assignor's intent to sell the remediation site and the  
25 amount of the tax credit to be transferred as a portion of  
26 the sale. In no event may a credit be transferred to any

1 taxpayer if the taxpayer or a related party would not be  
2 eligible under the provisions of subsection (i).

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

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

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

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

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



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

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

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

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

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

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

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

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

3 Sec. 201. Tax imposed.

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

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

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

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

25 (3) In the case of an individual, trust or estate, for

1 taxable years beginning after June 30, 1989, and ending  
2 prior to January 1, 2011, an amount equal to 3% of the  
3 taxpayer's net income for the taxable year.

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

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

15 (5.1) In the case of an individual, trust, or estate,  
16 for taxable years beginning prior to January 1, 2015, and  
17 ending after December 31, 2014, an amount equal to the sum  
18 of (i) 5% of the taxpayer's net income for the period prior  
19 to January 1, 2015, as calculated under Section 202.5, and  
20 (ii) 3.75% of the taxpayer's net income for the period  
21 after December 31, 2014, as calculated under Section  
22 202.5.

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

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

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

12          ~~(5.5) In the case of an individual, trust, or estate,~~  
13          ~~for taxable years beginning on or after January 1, 2021,~~  
14          ~~an amount calculated under the rate structure set forth in~~  
15          ~~Section 201.1.~~

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

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

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

1 beginning after June 30, 1989, and ending prior to January  
2 1, 2011, an amount equal to 4.8% of the taxpayer's net  
3 income for the taxable year.

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

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

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

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

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

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

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

11 ~~(15) In the case of a corporation, for taxable years~~  
12 ~~beginning on or after January 1, 2021, an amount equal to~~  
13 ~~7.99% 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 for tax years ending prior to December 31, 2021, the average of  
10 the qualifying expenditures for each year in the base period ;  
11 and (2) for tax years ending on or after December 31, 2021, 50%  
12 of the average of the qualifying expenditures for each year in  
13 the base period. "Base, and "base period" means the 3 taxable  
14 years immediately preceding the taxable year for which the  
15 determination is being made.

16 Any credit in excess of the tax liability for the taxable  
17 year may be carried forward. A taxpayer may elect to have the  
18 unused credit shown on its final completed return carried over  
19 as a credit against the tax liability for the carry forward  
20 period following 5 taxable years or until it has been fully  
21 used, whichever occurs first; provided that no credit earned  
22 in a tax year ending prior to December 31, 2003 may be carried  
23 forward to any year ending on or after December 31, 2003. For  
24 purposes of this subsection, "carry forward period" means (i)  
25 for credits earned prior to the effective date of this  
26 amendatory Act of the 102nd General Assembly, the following 5

1 taxable years or until the credit has been fully used,  
2 whichever occurs first, and (ii) for credits earned on or  
3 after the effective date of this amendatory Act of the 102nd  
4 General Assembly, the following 20 taxable years or until the  
5 credit has been fully used, whichever occurs first.

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

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

21 It is the intent of the General Assembly that the research  
22 and development credit under this subsection (k) shall apply  
23 continuously for all tax years ending on or after December 31,  
24 2004 and ending prior to January 1, 2027, including, but not  
25 limited to, the period beginning on January 1, 2016 and ending  
26 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~



1 ~~amendatory Act of the 100th General Assembly.~~ All actions  
2 taken in reliance on the continuation of the credit under this  
3 subsection (k) by any taxpayer are hereby validated.

4 This subsection is exempt from the provisions of Section  
5 250 of this Act.

6 (l) Environmental Remediation Tax Credit.

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

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

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

1 of subsection (i).

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

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

25 For purposes of this subsection:

26 "Qualifying pupils" means individuals who (i) are

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

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

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

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

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

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

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

1 losses by paragraphs (b), (c), and (f)(1) of Section 267  
2 of the Internal Revenue Code by virtue of being a related  
3 taxpayer, as well as any of its partners. The credit  
4 allowed against the tax imposed by subsections (a) and (b)  
5 shall be equal to 25% of the unreimbursed eligible  
6 remediation costs in excess of \$100,000 per site.

7 (ii) A credit allowed under this subsection that is  
8 unused in the year the credit is earned may be carried  
9 forward to each of the 5 taxable years following the year  
10 for which the credit is first earned until it is used. This  
11 credit shall be applied first to the earliest year for  
12 which there is a liability. If there is a credit under this  
13 subsection from more than one tax year that is available  
14 to offset a liability, the earliest credit arising under  
15 this subsection shall be applied first. A credit allowed  
16 under this subsection may be sold to a buyer as part of a  
17 sale of all or part of the remediation site for which the  
18 credit was granted. The purchaser of a remediation site  
19 and the tax credit shall succeed to the unused credit and  
20 remaining carry-forward period of the seller. To perfect  
21 the transfer, the assignor shall record the transfer in  
22 the chain of title for the site and provide written notice  
23 to the Director of the Illinois Department of Revenue of  
24 the assignor's intent to sell the remediation site and the  
25 amount of the tax credit to be transferred as a portion of  
26 the sale. In no event may a credit be transferred to any

1 taxpayer if the taxpayer or a related party would not be  
2 eligible under the provisions of subsection (i).

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

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

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

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

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



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

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

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

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

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

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

24 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for  
25 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
26 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.