

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 1. Short title. This Act may be cited as the
5 Manufacturing Illinois Chips for Real Opportunity (MICRO) Act.

6 Section 5. Purpose. It is the intent of the General
7 Assembly that Illinois should lead the nation in production of
8 semiconductors and microchips as they become even more
9 prevalent in everyday life. The General Assembly finds that,
10 through investments in semiconductors and microchips, Illinois
11 will be on the forefront of reshoring semiconductor and
12 microchip production that fuels modern technologies that are
13 essential to the operation of computers, phones, vehicles and
14 any electric product that have become essential to modern
15 life. This Act will create good paying jobs, and generate
16 long-term economic investment in the Illinois business
17 economy, in addition to ensuring a vital product is made in the
18 United States. Illinois must aggressively adopt new business
19 development investment tools so that Illinois can compete with
20 domestic and foreign competitors for semiconductor and chip
21 manufacturing.

22 Section 10. Definitions. As used in this Act:

1 "Agreement" means the agreement between a taxpayer and the
2 Department under the provisions of this Act.

3 "Applicant" means a taxpayer that: (i) operates a business
4 in Illinois as a semiconductor manufacturer, a microchip
5 manufacturer, or a manufacturer of semiconductor or microchip
6 component parts; or (ii) is planning to locate a business
7 within the State of Illinois as a semiconductor manufacturer,
8 a microchip manufacturer, or a manufacturer of semiconductor
9 or microchip component parts. "Applicant" does not include a
10 taxpayer who closes or substantially reduces by more than 50%
11 operations at one location in the State and relocates
12 substantially the same operation to another location in the
13 State. This does not prohibit a Taxpayer from expanding its
14 operations at another location in the State. This also does
15 not prohibit a Taxpayer from moving its operations from one
16 location in the State to another location in the State for the
17 purpose of expanding the operation, provided that the
18 Department determines that expansion cannot reasonably be
19 accommodated within the municipality or county in which the
20 business is located, or, in the case of a business located in
21 an incorporated area of the county, within the county in which
22 the business is located, after conferring with the chief
23 elected official of the municipality or county and taking into
24 consideration any evidence offered by the municipality or
25 county regarding the ability to accommodate expansion within
26 the municipality or county.

1 "Capital improvements" means the purchase, renovation,
2 rehabilitation, or construction of permanent tangible land,
3 buildings, structures, equipment, and furnishings in an
4 approved project sited in Illinois and expenditures for goods
5 or services that are normally capitalized, including
6 organizational costs and research and development costs
7 incurred in Illinois. For land, buildings, structures, and
8 equipment that are leased, the lease must equal or exceed the
9 term of the agreement, and the cost of the property shall be
10 determined from the present value, using the corporate
11 interest rate prevailing at the time of the application, of
12 the lease payments.

13 "Credit" or "MICRO credit" means a credit agreed to
14 between the Department and applicant under this Act.

15 "Department" means the Department of Commerce and Economic
16 Opportunity.

17 "Director" means the Director of Commerce and Economic
18 Opportunity.

19 "Energy Transition Area" means a county with less than
20 100,000 people or a municipality that contains one or more of
21 the following:

- 22 (1) a fossil fuel plant that was retired from service
23 or has significant reduced service within 6 years before
24 the time of the application or will be retired or have
25 service significantly reduced within 6 years following the
26 time of the application; or

1 (2) a coal mine that was closed or had operations
2 significantly reduced within 6 years before the time of
3 the application or is anticipated to be closed or have
4 operations significantly reduced within 6 years following
5 the time of the application.

6 "Full-time employee" means an individual who is employed
7 for consideration for at least 35 hours each week or who
8 renders any other standard of service generally accepted by
9 industry custom or practice as full-time employment. An
10 individual for whom a W-2 is issued by a Professional Employer
11 Organization (PEO) is a full-time employee if employed in the
12 service of the applicant for consideration for at least 35
13 hours each week.

14 "Incremental income tax" means the total amount withheld
15 during the taxable year from the compensation of new employees
16 and, if applicable, retained employees under Article 7 of the
17 Illinois Income Tax Act arising from employment at a project
18 that is the subject of an agreement.

19 "Institution of higher education" or "institution" means
20 any accredited public or private university, college,
21 community college, business, technical, or vocational school,
22 or other accredited educational institution offering degrees
23 and instruction beyond the secondary school level.

24 "MICRO construction jobs credit" means a credit agreed to
25 between the Department and the applicant under this Act that
26 is based on the incremental income tax attributable to

1 construction wages paid in connection with construction of the
2 project facilities.

3 "MICRO credit" means a credit agreed to between the
4 Department and the applicant under this Act that is based on
5 the incremental income tax attributable to new employees and,
6 if applicable, retained employees, and on training costs for
7 such employees at the applicant's project.

8 "Microchip" means a wafer of semiconducting material that
9 is less than 15 millimeters long and less than 5 millimeters
10 wide and is used to make an integrated circuit.

11 "Microchip manufacturer" means a new or existing
12 manufacturer that is focused on reequipping, expanding, or
13 establishing a manufacturing facility in Illinois that
14 produces microchips or key components that directly support
15 the functions of microchips.

16 "Minority person" means a minority person as defined in
17 the Business Enterprise for Minorities, Women, and Persons
18 with Disabilities Act.

19 "New employee" means a newly-hired full-time employee
20 employed to work at the project site and whose work is directly
21 related to the project.

22 "Noncompliance date" means, in the case of a taxpayer that
23 is not complying with the requirements of the agreement or the
24 provisions of this Act, the day following the last date upon
25 which the taxpayer was in compliance with the requirements of
26 the agreement and the provisions of this Act, as determined by

1 the Director.

2 "Pass-through entity" means an entity that is exempt from
3 the tax under subsection (b) or (c) of Section 205 of the
4 Illinois Income Tax Act.

5 "Placed in service" means the state or condition of
6 readiness, availability for a specifically assigned function,
7 and the facility is constructed and ready to conduct its
8 facility operations to manufacture goods.

9 "Professional employer organization" (PEO) means an
10 employee leasing company, as defined in Section 206.1 of the
11 Illinois Unemployment Insurance Act.

12 "Program" means the Manufacturing Illinois Chips for Real
13 Opportunity (MICRO) program established in this Act.

14 "Project" means a for-profit economic development activity
15 for the manufacture of semiconductors and microchips.

16 "Related member" means a person that, with respect to the
17 taxpayer during any portion of the taxable year, is any one of
18 the following:

19 (1) An individual stockholder, if the stockholder and
20 the members of the stockholder's family (as defined in
21 Section 318 of the Internal Revenue Code) own directly,
22 indirectly, beneficially, or constructively, in the
23 aggregate, at least 50% of the value of the taxpayer's
24 outstanding stock.

25 (2) A partnership, estate, trust and any partner or
26 beneficiary, if the partnership, estate, or trust, and its

1 partners or beneficiaries own directly, indirectly,
2 beneficially, or constructively, in the aggregate, at
3 least 50% of the profits, capital, stock, or value of the
4 taxpayer.

5 (3) A corporation, and any party related to the
6 corporation in a manner that would require an attribution
7 of stock from the corporation under the attribution rules
8 of Section 318 of the Internal Revenue Code, if the
9 Taxpayer owns directly, indirectly, beneficially, or
10 constructively at least 50% of the value of the
11 corporation's outstanding stock.

12 (4) A corporation and any party related to that
13 corporation in a manner that would require an attribution
14 of stock from the corporation to the party or from the
15 party to the corporation under the attribution rules of
16 Section 318 of the Internal Revenue Code, if the
17 corporation and all such related parties own in the
18 aggregate at least 50% of the profits, capital, stock, or
19 value of the taxpayer.

20 (5) A person to or from whom there is an attribution of
21 stock ownership in accordance with Section 1563(e) of the
22 Internal Revenue Code, except, for purposes of determining
23 whether a person is a related member under this paragraph,
24 20% shall be substituted for 5% wherever 5% appears in
25 Section 1563(e) of the Internal Revenue Code.

26 "Retained employee" means a full-time employee employed by

1 the taxpayer prior to the term of the Agreement who continues
2 to be employed during the term of the agreement whose job
3 duties are directly and substantially related to the project.
4 For purposes of this definition, "directly and substantially
5 related to the project" means at least two-thirds of the
6 employee's job duties must be directly related to the project
7 and the employee must devote at least two-thirds of his or her
8 time to the project. The term "retained employee" does not
9 include any individual who has a direct or an indirect
10 ownership interest of at least 5% in the profits, equity,
11 capital, or value of the taxpayer or a child, grandchild,
12 parent, or spouse, other than a spouse who is legally
13 separated from the individual, of any individual who has a
14 direct or indirect ownership of at least 5% in the profits,
15 equity, capital, or value of the taxpayer.

16 "Semiconductor" means any class of crystalline solids
17 intermediate in electrical conductivity between a conductor
18 and an insulator.

19 "Semiconductor manufacturer" means a new or existing
20 manufacturer that is focused on reequipping, expanding, or
21 establishing a manufacturing facility in Illinois that
22 produces semiconductors or key components that directly
23 support the functions of semiconductors.

24 "Statewide baseline" means the total number of full-time
25 employees of the applicant and any related member employed by
26 such entities at the time of application for incentives under

1 this Act.

2 "Taxpayer" means an individual, corporation, partnership,
3 or other entity that has a legal obligation to pay Illinois
4 income taxes and file an Illinois income tax return.

5 "Training costs" means costs incurred to upgrade the
6 technological skills of full-time employees in Illinois and
7 includes: curriculum development; training materials
8 (including scrap product costs); trainee domestic travel
9 expenses; instructor costs (including wages, fringe benefits,
10 tuition and domestic travel expenses); rent, purchase or lease
11 of training equipment; and other usual and customary training
12 costs. "Training costs" do not include costs associated with
13 travel outside the United States (unless the Taxpayer receives
14 prior written approval for the travel by the Director based on
15 a showing of substantial need or other proof the training is
16 not reasonably available within the United States), wages and
17 fringe benefits of employees during periods of training, or
18 administrative cost related to Full-Time Employees of the
19 Taxpayer.

20 "Underserved area" means any geographic areas as defined
21 in Section 5-5 of the Economic Development for a Growing
22 Economy Tax Credit Act.

23 Section 15. Powers of the Department. The Department, in
24 addition to those powers granted under the Civil
25 Administrative Code of Illinois, is granted and shall have all

1 the powers necessary or convenient to administer the program
2 under this Act and to carry out and effectuate the purposes and
3 provisions of this Act, including, but not limited to, the
4 power and authority to:

5 (1) adopt rules deemed necessary and appropriate for
6 the administration of the program, the designation of
7 projects, and the awarding of credits;

8 (2) establish forms for applications, notifications,
9 contracts, or any other agreements and accept applications
10 at any time during the year;

11 (3) assist taxpayers pursuant to the provisions of
12 this Act and cooperate with taxpayers that are parties to
13 agreements under this Act to promote, foster, and support
14 economic development, capital investment, and job creation
15 or retention within the State;

16 (4) enter into agreements and memoranda of
17 understanding for participation of, and engage in
18 cooperation with, agencies of the federal government,
19 units of local government, universities, research
20 foundations or institutions, regional economic development
21 corporations, or other organizations to implement the
22 requirements and purposes of this Act;

23 (5) gather information and conduct inquiries, in the
24 manner and by the methods it deems desirable, including
25 without limitation, gathering information with respect to
26 applicants for the purpose of making any designations or

1 certifications necessary or desirable or to gather
2 information to assist the Department with any
3 recommendation or guidance in the furtherance of the
4 purposes of this Act;

5 (6) establish, negotiate and effectuate agreements and
6 any term, agreement, or other document with any person,
7 necessary or appropriate to accomplish the purposes of
8 this Act; and to consent, subject to the provisions of any
9 agreement with another party, to the modification or
10 restructuring of any agreement to which the Department is
11 a party;

12 (7) fix, determine, charge, and collect any premiums,
13 fees, charges, costs, and expenses from applicants,
14 including, without limitation, any application fees,
15 commitment fees, program fees, financing charges, or
16 publication fees as deemed appropriate to pay expenses
17 necessary or incident to the administration, staffing, or
18 operation in connection with the Department's activities
19 under this Act, or for preparation, implementation, and
20 enforcement of the terms of the agreement, or for
21 consultation, advisory and legal fees, and other costs;
22 however, all fees and expenses incident thereto shall be
23 the responsibility of the applicant;

24 (8) provide for sufficient personnel to permit
25 administration, staffing, operation, and related support
26 required to adequately discharge its duties and

1 responsibilities described in this Act from funds made
2 available through charges to applicants or from funds as
3 may be appropriated by the General Assembly for the
4 administration of this Act;

5 (9) require applicants, upon written request, to issue
6 any necessary authorization to the appropriate federal,
7 State, or local authority for the release of information
8 concerning a project being considered under the provisions
9 of this Act, with the information requested to include,
10 but not be limited to, financial reports, returns, or
11 records relating to the taxpayer or its project;

12 (10) require that a taxpayer shall at all times keep
13 proper books of record and account in accordance with
14 generally accepted accounting principles consistently
15 applied, with the books, records, or papers related to the
16 agreement in the custody or control of the taxpayer open
17 for reasonable Department inspection and audits, and
18 including, without limitation, the making of copies of the
19 books, records, or papers, and the inspection or appraisal
20 of any of the taxpayer or project assets;

21 (11) take whatever actions are necessary or
22 appropriate to protect the State's interest in the event
23 of bankruptcy, default, foreclosure, or noncompliance with
24 the terms and conditions of financial assistance or
25 participation required under this Act, including the power
26 to sell, dispose, lease, or rent, upon terms and

1 conditions determined by the Director to be appropriate,
2 real or personal property that the Department may receive
3 as a result of these actions.

4 Section 20. Manufacturing Illinois Chips for Real
5 Opportunity (MICRO) Program; project applications.

6 (a) The Manufacturing Illinois Chips for Real Opportunity
7 (MICRO) Program is hereby established and shall be
8 administered by the Department. The Program will provide
9 financial incentives to eligible semiconductor manufacturers
10 and microchip manufacturers.

11 (b) Any taxpayer planning a project to be located in
12 Illinois may request consideration for designation of its
13 project as a MICRO project, by formal written letter of
14 request or by formal application to the Department, in which
15 the applicant states its intent to make at least a specified
16 level of investment and intends to hire a specified number of
17 full-time employees at a designated location in Illinois. As
18 circumstances require, the Department shall require a formal
19 application from an applicant and a formal letter of request
20 for assistance.

21 (c) In order to qualify for credits under the program, an
22 Applicant must:

23 (1) for a semiconductor manufacturer or microchip
24 manufacturer:

25 (A) make an investment of at least \$1,500,000,000

1 in capital improvements at the project site;

2 (B) to be placed in service within the State
3 within a 60-month period after approval of the
4 application; and

5 (C) create at least 500 new full-time employee
6 jobs; or

7 (2) for a semiconductor or microchip component parts
8 manufacturer:

9 (A) make an investment of at least \$300,000,000 in
10 capital improvements at the project site;

11 (B) manufacture one or more parts that are
12 primarily used for the manufacture of semiconductors
13 or microchips;

14 (C) to be placed in service within the State
15 within a 60-month period after approval of the
16 application; and

17 (D) create at least 150 new full-time employee
18 jobs; or

19 (3) for a semiconductor manufacturer or microchip
20 manufacturer or a semiconductor or microchip component
21 parts manufacturer that does not qualify under paragraph
22 (2) above:

23 (A) make an investment of at least \$20,000,000 in
24 capital improvements at the project site;

25 (B) to be placed in service within the State
26 within a 48-month period after approval of the

1 application; and

2 (C) create at least 50 new full-time employee
3 jobs; or

4 (4) for a semiconductor manufacturer or microchip
5 manufacturer or a semiconductor or microchip component
6 parts manufacturer with existing operations in Illinois
7 that intends to convert or expand, in whole or in part, the
8 existing facility from traditional manufacturing to
9 semiconductor manufacturing or microchip manufacturing or
10 semiconductor or microchip component parts manufacturing:

11 (A) make an investment of at least \$100,000,000 in
12 capital improvements at the project site;

13 (B) to be placed in service within the State
14 within a 60-month period after approval of the
15 application; and

16 (C) create the lesser of 75 new full-time employee
17 jobs or new full-time employee jobs equivalent to 10%
18 of the Statewide baseline applicable to the taxpayer
19 and any related member at the time of application.

20 (d) For any applicant creating the full-time employee jobs
21 noted in subsection (c), those jobs must have a total
22 compensation equal to or greater than 120% of the average wage
23 paid to full-time employees in the county where the project is
24 located, as determined by the U.S. Bureau of Labor Statistics.

25 (e) Each applicant must outline its hiring plan and
26 commitment to recruit and hire full-time employee positions at

1 the project site. The hiring plan may include a partnership
2 with an institution of higher education to provide
3 internships, including, but not limited to, internships
4 supported by the Clean Jobs Workforce Network Program, or
5 full-time permanent employment for students at the project
6 site. Additionally, the applicant may create or utilize
7 participants from apprenticeship programs that are approved by
8 and registered with the United States Department of Labor's
9 Bureau of Apprenticeship and Training. The Applicant may apply
10 for apprenticeship education expense credits in accordance
11 with the provisions set forth in 14 Ill. Admin. Code 522. Each
12 applicant is required to report annually, on or before April
13 15, on the diversity of its workforce in accordance with
14 Section 50 of this Act. For existing facilities of applicants
15 under paragraph (3) of subsection (b) above, if the taxpayer
16 expects a reduction in force due to its transition to
17 manufacturing semiconductors, microchips, or semiconductor or
18 microchip component parts, the plan submitted under this
19 Section must outline the taxpayer's plan to assist with
20 retraining its workforce aligned with the taxpayer's adoption
21 of new technologies and anticipated efforts to retrain
22 employees through employment opportunities within the
23 taxpayer's workforce.

24 (f) A taxpayer may not enter into more than one agreement
25 under this Act with respect to a single address or location for
26 the same period of time. Also, a taxpayer may not enter into an

1 agreement under this Act with respect to a single address or
2 location for the same period of time for which the taxpayer
3 currently holds an active agreement under the Economic
4 Development for a Growing Economy Tax Credit Act. This
5 provision does not preclude the applicant from entering into
6 an additional agreement after the expiration or voluntary
7 termination of an earlier agreement under this Act or under
8 the Economic Development for a Growing Economy Tax Credit Act
9 to the extent that the taxpayer's application otherwise
10 satisfies the terms and conditions of this Act and is approved
11 by the Department. An applicant with an existing agreement
12 under the Economic Development for a Growing Economy Tax
13 Credit Act may submit an application for an agreement under
14 this Act after it terminates any existing agreement under the
15 Economic Development for a Growing Economy Tax Credit Act with
16 respect to the same address or location.

17 Section 25. Review of application. The Department shall
18 determine which projects will benefit the State. In making its
19 recommendation that an applicant's application for credit
20 should or should not be accepted, which shall occur within a
21 reasonable time frame as determined by the nature of the
22 application, the Department shall determine that all the
23 following conditions exist:

- 24 (1) the applicant intends to make the required
25 investment in the State and intends to hire the required

1 number of full-time employees;

2 (2) the applicant's project is economically sound,
3 will benefit the people of the State by increasing
4 opportunities for employment, and will strengthen the
5 economy of the State;

6 (3) awarding the credit will result in an overall
7 positive fiscal impact to the State, as certified by the
8 Department using the best available data; and

9 (4) the credit is not prohibited under this Act.

10 Section 30. Tax credit awards.

11 (a) Subject to the conditions set forth in this Act, a
12 taxpayer is entitled to a credit against the tax imposed
13 pursuant to subsections (a) and (b) of Section 201 of the
14 Illinois Income Tax Act for a taxable year beginning on or
15 after January 1, 2025 if the taxpayer is awarded a credit by
16 the Department in accordance with an agreement under this Act.
17 The Department has authority to award credits under this Act
18 on and after January 1, 2023.

19 (b) A taxpayer may receive a tax credit against the tax
20 imposed under subsections (a) and (b) of Section 201 of the
21 Illinois Income Tax Act, not to exceed the sum of (i) 75% of
22 the incremental income tax attributable to new employees at
23 the applicant's project and (ii) 10% of the training costs of
24 the new employees. If the project is located in an underserved
25 area or an energy transition area, then the amount of the

1 credit may not exceed the sum of (i) 100% of the incremental
2 income tax attributable to new employees at the applicant's
3 project; and (ii) 10% of the training costs of the new
4 employees. The percentage of training costs includable in the
5 calculation may be increased by an additional 15% for training
6 costs associated with new employees that are recent (2 years
7 or less) graduates, certificate holders, or credential
8 recipients from an institution of higher education in
9 Illinois, or, if the training is provided by an institution of
10 higher education in Illinois, the Clean Jobs Workforce Network
11 Program, or an apprenticeship and training program located in
12 Illinois and approved by and registered with the United States
13 Department of Labor's Bureau of Apprenticeship and Training.
14 An applicant is also eligible for a training credit that shall
15 not exceed 10% of the training costs of retained employees for
16 the purpose of upskilling to meet the operational needs of the
17 applicant or the project. The percentage of training costs
18 includable in the calculation shall not exceed a total of 25%.
19 If an applicant agrees to hire the required number of new
20 employees, then the maximum amount of the credit for that
21 applicant may be increased by an amount not to exceed 25% of
22 the incremental income tax attributable to retained employees
23 at the applicant's project; provided that, in order to receive
24 the increase for retained employees, the applicant must, if
25 applicable, meet or exceed the statewide baseline. If the
26 Project is in an underserved area or an energy transition

1 area, the maximum amount of the credit attributable to
2 retained employees for the applicant may be increased to an
3 amount not to exceed 50% of the incremental income tax
4 attributable to retained employees at the applicant's project;
5 provided that, in order to receive the increase for retained
6 employees, the applicant must meet or exceed the statewide
7 baseline. Credits awarded may include credit earned for
8 incremental income tax withheld and training costs incurred by
9 the taxpayer beginning on or after January 1, 2023. Credits so
10 earned and certified by the Department may be applied against
11 the tax imposed by subsections (a) and (b) of Section 201 of
12 the Illinois Income Tax Act for taxable years beginning on or
13 after January 1, 2025.

14 (c) MICRO Construction Jobs Credit. For construction wages
15 associated with a project that qualified for a credit under
16 subsection (b), the taxpayer may receive a tax credit against
17 the tax imposed under subsections (a) and (b) of Section 201 of
18 the Illinois Income Tax Act in an amount equal to 50% of the
19 incremental income tax attributable to construction wages paid
20 in connection with construction of the project facilities, as
21 a jobs credit for workers hired to construct the project.

22 The MICRO Construction Jobs Credit may not exceed 75% of
23 the amount of the incremental income tax attributable to
24 construction wages paid in connection with construction of the
25 project facilities if the project is in an underserved area or
26 an energy transition area.

1 (d) The Department shall certify to the Department of
2 Revenue: (1) the identity of Taxpayers that are eligible for
3 the MICRO Credit and MICRO Construction Jobs Credit; (2) the
4 amount of the MICRO Credits and MICRO Construction Jobs
5 Credits awarded in each calendar year; and (3) the amount of
6 the MICRO Credit and MICRO Construction Jobs Credit claimed in
7 each calendar year. MICRO Credits awarded may include credit
8 earned for Incremental Income Tax withheld and Training Costs
9 incurred by the Taxpayer beginning on or after January 1,
10 2023. Credits so earned and certified by the Department may be
11 applied against the tax imposed by Section 201(a) and (b) of
12 the Illinois Income Tax Act for taxable years beginning on or
13 after January 1, 2025.

14 (e) Applicants seeking certification for a tax credits
15 related to the construction of the project facilities in the
16 State shall require the contractor to enter into a project
17 labor agreement that conforms with the Project Labor
18 Agreements Act.

19 (f) Any applicant issued a certificate for a tax credit or
20 tax exemption under this Act must annually report to the
21 Department the total project tax benefits received. Reports
22 are due no later than May 31 of each year and shall cover the
23 previous calendar year. The first report is for the 2023
24 calendar year and is due no later than May 31, 2023.

25 (g) Nothing in this Act shall prohibit an award of credit
26 to an applicant that uses a PEO if all other award criteria are

1 satisfied.

2 (h) With respect to any portion of a Credit that is based
3 on the incremental income tax attributable to new employees or
4 retained employees, in lieu of the Credit allowed under this
5 Act against the taxes imposed pursuant to subsections (a) and
6 (b) of Section 201 of the Illinois Income Tax Act, a taxpayer
7 that otherwise meets the criteria set forth in this Section,
8 the taxpayer may elect to claim the credit, on or after January
9 1, 2025, against its obligation to pay over withholding under
10 Section 704A of the Illinois Income Tax Act. The election
11 shall be made in the manner prescribed by the Department of
12 Revenue and once made shall be irrevocable.

13 Section 35. Relocation of jobs in Illinois. A taxpayer is
14 not entitled to claim a credit provided by this Act with
15 respect to any jobs that the Taxpayer relocates from one site
16 in Illinois to another site in Illinois. Any full-time
17 employee relocated to Illinois in connection with a qualifying
18 project is deemed to be a new employee for purposes of this
19 Act. Determinations under this Section shall be made by the
20 Department.

21 Section 40. Amount and duration of the credits; limitation
22 to amount of costs of specified items. The Department shall
23 determine the amount and duration of the credit awarded under
24 this Act, subject to the limitations set forth in this Act. For

1 a project that qualified under paragraph (1), (2), or (4) of
2 subsection (c) of Section 20, the duration of the credit may
3 not exceed 15 taxable years. For project that qualified under
4 paragraph (3) of subsection (c) of Section 20, the duration of
5 the credit may not exceed 10 taxable years. The credit may be
6 stated as a percentage of the incremental income tax and
7 training costs attributable to the applicant's project and may
8 include a fixed dollar limitation.

9 Nothing in this Section shall prevent the Department, in
10 consultation with the Department of Revenue, from adopting
11 rules to extend the sunset of any earned, existing, and unused
12 tax credit or credits a taxpayer may be in possession of.

13 Section 45. Contents of agreements with applicants.

14 (a) The Department shall enter into an agreement with an
15 applicant that is awarded a credit under this Act. The
16 agreement shall include all of the following:

17 (1) A detailed description of the project that is the
18 subject of the agreement, including the location and
19 amount of the investment and jobs created or retained.

20 (2) The duration of the credit, the first taxable year
21 for which the credit may be awarded, and the first taxable
22 year in which the credit may be used by the taxpayer.

23 (3) The credit amount that will be allowed for each
24 taxable year.

25 (4) For a project qualified under paragraphs (1), (2),

1 or (4) of subsection (c) of Section 20, a requirement that
2 the taxpayer shall maintain operations at the project
3 location a minimum number of years not to exceed 15. For
4 project qualified under paragraph (3) of subsection (c) of
5 Section 20, a requirement that the taxpayer shall maintain
6 operations at the project location a minimum number of
7 years not to exceed 10.

8 (5) A specific method for determining the number of
9 new employees and, if applicable, retained employees,
10 employed during a taxable year.

11 (6) A requirement that the taxpayer shall annually
12 report to the Department the number of new employees, the
13 incremental income tax withheld in connection with the new
14 employees, and any other information the Department deems
15 necessary and appropriate to perform its duties under this
16 Act.

17 (7) A requirement that the Director is authorized to
18 verify with the appropriate State agencies the amounts
19 reported under paragraph (6), and after doing so shall
20 issue a certificate to the taxpayer stating that the
21 amounts have been verified.

22 (8) A requirement that the taxpayer shall provide
23 written notification to the Director not more than 30 days
24 after the taxpayer makes or receives a proposal that would
25 transfer the taxpayer's State tax liability obligations to
26 a successor taxpayer.

1 (9) A detailed description of the number of new
2 employees to be hired, and the occupation and payroll of
3 full-time jobs to be created or retained because of the
4 project.

5 (10) The minimum investment the taxpayer will make in
6 capital improvements, the time period for placing the
7 property in service, and the designated location in
8 Illinois for the investment.

9 (11) A requirement that the taxpayer shall provide
10 written notification to the Director and the Director's
11 designee not more than 30 days after the taxpayer
12 determines that the minimum job creation or retention,
13 employment payroll, or investment no longer is or will be
14 achieved or maintained as set forth in the terms and
15 conditions of the agreement. Additionally, the
16 notification should outline to the Department the number
17 of layoffs, date of the layoffs, and detail taxpayer's
18 efforts to provide career and training counseling for the
19 impacted workers with industry-related certifications and
20 trainings.

21 (12) A provision that, if the total number of new
22 employees falls below a specified level, the allowance of
23 credit shall be suspended until the number of new
24 employees equals or exceeds the agreement amount.

25 (13) If applicable, a provision that specifies the
26 statewide baseline at the time of application for retained

1 employees. Additionally, the agreement must have a
2 provision addressing if the total number retained
3 employees falls below the statewide baseline, the
4 allowance of the credit shall be suspended until the
5 number of retained employees equals or exceeds the
6 agreement amount.

7 (14) A detailed description of the items for which the
8 costs incurred by the Taxpayer will be included in the
9 limitation on the Credit.

10 (15) A provision stating that if the taxpayer fails to
11 meet either the investment or job creation and retention
12 requirements specified in the agreement during the entire
13 5-year period beginning on the first day of the first
14 taxable year in which the agreement is executed and ending
15 on the last day of the fifth taxable year after the
16 agreement is executed, then the agreement is automatically
17 terminated on the last day of the fifth taxable year after
18 the agreement is executed, and the taxpayer is not
19 entitled to the award of any credits for any of that 5-year
20 period.

21 (16) A provision stating that if the taxpayer ceases
22 principal operations with the intent to permanently shut
23 down the project in the State during the term of the
24 Agreement, then the entire credit amount awarded to the
25 taxpayer prior to the date the taxpayer ceases principal
26 operations shall be returned to the Department and shall

1 be reallocated to the local workforce investment area in
2 which the project was located.

3 (17) A provision stating that the Taxpayer must
4 provide the reports outlined in Sections 50 and 55 on or
5 before April 15 each year.

6 (18) A provision requiring the taxpayer to report
7 annually its contractual obligations or otherwise with a
8 recycling facility for its operations.

9 (19) Any other performance conditions or contract
10 provisions the Department determines are necessary or
11 appropriate.

12 (20) Each taxpayer under paragraph (1) of subsection
13 (c) of Section 20 above shall maintain labor neutrality
14 toward any union organizing campaign for any employees of
15 the taxpayer assigned to work on the premises of the
16 project. This paragraph shall not apply to a manufacturer
17 who is subject to collective bargaining agreement entered
18 into prior to the taxpayer filing an application pursuant
19 to this Act.

20 (b) The Department shall post on its website the terms of
21 each agreement entered into under this Act. Such information
22 shall be posted within 10 days after entering into the
23 agreement and must include the following:

- 24 (1) the name of the taxpayer;
25 (2) the location of the project;
26 (3) the estimated value of the credit;

1 (4) the number of new employee jobs and, if
2 applicable, number of retained employee jobs at the
3 project; and

4 (5) whether or not the project is in an underserved
5 area or energy transition area.

6 Section 50. Diversity report on the taxpayer's workforce,
7 board of directors, and vendors.

8 (a) Each taxpayer with a workforce of 100 or more
9 employees and with an agreement for a credit under this Act
10 shall, starting on April 15, 2026, and every year thereafter
11 prior to April 15, for which the Taxpayer has an Agreement
12 under this Act, submit to the Department an annual report
13 detailing the diversity of the taxpayer's own workforce,
14 including full-time and part-time employees, contractors, and
15 board of directors' membership. Any taxpayer seeking to claim
16 a credit under this Act that fails to timely submit the
17 required report shall not receive a credit for that taxable
18 year unless and until such report is finalized and submitted
19 to the Department. The report should also address the
20 Taxpayer's best efforts to meet or exceed the recruitment and
21 hiring plan outlined in the application referenced in Section
22 20. Those reports shall be submitted in the form and manner
23 required by the Department.

24 (b) Vendor diversity and annual report. Each taxpayer with
25 a workforce of 100 or more full-time employees shall, starting

1 on April 15, 2025 and every year thereafter for which the
2 taxpayer has an Agreement under this Act, report on the
3 diversity of the vendors that it utilizes, for publication on
4 the Department's website, and include the following
5 information:

6 (1) a point of contact for potential vendors to
7 register with the taxpayer's project;

8 (2) certifications that the taxpayer accepts or
9 recognizes for minority and women-owned businesses as
10 entities;

11 (3) the taxpayer's goals to contract with diverse
12 vendors, if any, for the next fiscal year for the entire
13 budget of the taxpayer's project;

14 (4) for the last fiscal year, the actual contractual
15 spending for the entire budget of the project and the
16 actual spending for minority-owned businesses and
17 women-owned businesses, expressed as a percentage of the
18 total budget for actual spending for the project;

19 (5) a narrative explaining the results of the report
20 and the taxpayer's plan to address the voluntary goals for
21 the next fiscal year; and

22 (6) a copy of the taxpayer's submission of vendor
23 diversity information to the federal government, including
24 but not limited to vendor diversity goals and actual
25 contractual spending for minority-and women-owned
26 businesses, if the Taxpayer is a federal contractor and is

1 required by the federal government to submit such
2 information.

3 Section 55. Sexual harassment policy report. Each taxpayer
4 claiming a credit under this Act shall, prior to April 15 of
5 each taxable year for which the taxpayer claims a credit under
6 this Act, submit to the Department a report detailing that
7 taxpayer's sexual harassment policy, which contains, at a
8 minimum, the following information: (i) the illegality of
9 sexual harassment; (ii) the definition of sexual harassment
10 under State law; (iii) a description of sexual harassment,
11 utilizing examples; (iv) the vendor's internal complaint
12 process, including penalties; (v) the legal recourse and
13 investigative and complaint processes available through the
14 Department; (vi) directions on how to contact the Department;
15 and (vii) protection against retaliation as provided by
16 Section 6-101 of the Illinois Human Rights Act. A copy of the
17 policy shall be provided to the Department upon request. The
18 reports required under this Section shall be submitted in a
19 form and manner determined by the Department.

20 Section 60. Certificate of verification; submission to the
21 Department of Revenue.

22 (a) A taxpayer claiming a credit under this Act shall
23 submit to the Department of Revenue a copy of the Director's
24 certificate of verification under this Act for the taxable

1 year. However, failure to submit a copy of the certificate
2 with the taxpayer's tax return shall not invalidate a claim
3 for a credit.

4 (b) For a taxpayer to be eligible for a certificate of
5 verification, the taxpayer shall provide proof as required by
6 the Department, prior to the end of each calendar year,
7 including, but not limited to, attestation by the taxpayer
8 that:

9 (1) The project has achieved the level of new employee
10 jobs specified in the agreement.

11 (2) The project has achieved the level of annual
12 payroll in Illinois specified in its agreement.

13 (3) The project has achieved the level of capital
14 improvements in Illinois specified in its agreement.

15 Section 65. Certified payroll.

16 (a) Each contractor and subcontractor that is engaged in
17 construction work on project facilities for a taxpayer who
18 seeks to apply for a MICRO Construction Jobs Credit shall:

19 (1) make and keep, for a period of 5 years from the
20 date of the last payment made on a contract or subcontract
21 for construction of facilities for a project pursuant to
22 an agreement, records of all laborers and other workers
23 employed by the contractor or subcontractor on the
24 project; the records shall include:

25 (A) the worker's name;

- 1 (B) the worker's address;
- 2 (C) the worker's telephone number, if available;
- 3 (D) the worker's social security number;
- 4 (E) the worker's classification or
- 5 classifications;
- 6 (F) the worker's gross and net wages paid in each
- 7 pay period;
- 8 (G) the worker's number of hours worked in each
- 9 day;
- 10 (H) the worker's starting and ending times of work
- 11 each day;
- 12 (I) the worker's hourly wage rate; and
- 13 (J) the worker's hourly overtime wage rate; and
- 14 (2) no later than the 15th day of each calendar month,
- 15 provide a certified payroll for the immediately preceding
- 16 month to the taxpayer in charge of the project; within 5
- 17 business days after receiving the certified payroll, the
- 18 Taxpayer shall file the certified payroll with the
- 19 Department of Labor and the Department; a certified
- 20 payroll must be filed for only those calendar months
- 21 during which construction on the project facilities has
- 22 occurred; the certified payroll shall consist of a
- 23 complete copy of the records identified in paragraph (1),
- 24 but may exclude the starting and ending times of work each
- 25 day; the certified payroll shall be accompanied by a
- 26 statement signed by the contractor or subcontractor or an

1 officer, employee, or agent of the contractor or
2 subcontractor which avers that:

3 (A) he or she has examined the certified payroll
4 records required to be submitted by the Act and such
5 records are true and accurate; and

6 (B) the contractor or subcontractor is aware that
7 filing a certified payroll that he or she knows to be
8 false is a Class A misdemeanor.

9 A general contractor is not prohibited from relying on a
10 certified payroll of a lower-tier subcontractor, provided the
11 general contractor does not knowingly rely upon a
12 subcontractor's false certification.

13 (b) Any contractor or subcontractor subject to this
14 Section, and any officer, employee, or agent of such
15 contractor or subcontractor whose duty as an officer,
16 employee, or agent it is to file a certified payroll under this
17 Section, who willfully fails to file such a certified payroll,
18 on or before the date such certified payroll is required to be
19 filed and any person who willfully files a false certified
20 payroll as to any material fact is in violation of this Act and
21 guilty of a Class A misdemeanor and may be enforced by the
22 Illinois Department of Labor or the Department. The Attorney
23 General shall represented the Illinois Department of Labor or
24 the Department in the proceeding.

25 (c) The taxpayer in charge of the project shall keep the
26 records submitted in accordance with this Section for a period

1 of 5 years from the date of the last payment for work on a
2 contract or subcontract for the project.

3 (d) The records submitted in accordance with this Section
4 shall be considered public records, except an employee's
5 address, telephone number, and social security number, which
6 shall be redacted. The records shall be made publicly
7 available in accordance with the Freedom of Information Act.
8 The contractor or subcontractor shall submit reports to the
9 Department of Labor electronically that meet the requirements
10 of this subsection and shall share the information with the
11 Department to comply with the awarding of the MICRO
12 Construction Jobs Credit. A contractor, subcontractor, or
13 public body may retain records required under this Section in
14 paper or electronic format.

15 (e) Upon 7 business days' notice, the contractor and each
16 subcontractor shall make available for inspection and copying
17 at a location within this State during reasonable hours, the
18 records identified in paragraph (1) of this subsection to the
19 Taxpayer in charge of the Project, its officers and agents,
20 the Director of the Department of Labor and his/her deputies
21 and agents, and to federal, State, or local law enforcement
22 agencies and prosecutors.

23 Section 70. Noncompliance; notice; assessment. If the
24 Director determines that a taxpayer who has received a credit
25 under this Act is not complying with the requirements of the

1 agreement or all of the provisions of this Act, the Director
2 shall provide notice to the taxpayer of the alleged
3 noncompliance and allow the taxpayer a hearing under the
4 provisions of the Illinois Administrative Procedure Act. If,
5 after such notice and any hearing, the Director determines
6 that a noncompliance exists, the Director shall issue to the
7 Department of Revenue notice to that effect, stating the
8 noncompliance date. If, during the term of an agreement, the
9 taxpayer ceases operations at a project location that is the
10 subject of that agreement with the intent to terminate
11 operations in the State, the Department and the Department of
12 Revenue shall recapture from the taxpayer the entire credit
13 amount awarded under that agreement prior to the date the
14 taxpayer ceases operations. The Department shall, subject to
15 appropriation, reallocate the recaptured amounts within 6
16 months to the local workforce investment area in which the
17 project was located for purposes of workforce development,
18 expanded opportunities for unemployed persons, and expanded
19 opportunities for women and minority persons in the workforce.
20 The taxpayer will be ineligible for future funding under other
21 State tax credit or exemption programs for a 36-month period.
22 Noncompliance of the agreement with result in a default of
23 other agreements for State tax credits and exemption programs
24 for the project.

25 Section 75. Annual report.

1 (a) On or before July 1 each year, the Department shall
2 submit a report on the tax credit program under this Act to the
3 Governor and the General Assembly. The report shall include
4 information on the number of agreements that were entered into
5 under this Act during the preceding calendar year, a
6 description of the project that is the subject of each
7 agreement, an update on the status of projects under
8 agreements entered into before the preceding calendar year,
9 and the sum of the credits awarded under this Act. A copy of
10 the report shall be delivered to the Governor and to each
11 member of the General Assembly.

12 (b) The report must include, for each agreement:

13 (1) the original estimates of the value of the credit
14 and the number of new employee jobs to be created and, if
15 applicable, the number of retained employee jobs;

16 (2) any relevant modifications to existing agreements;

17 (3) a statement of the progress made by each taxpayer
18 in meeting the terms of the original agreement;

19 (4) a statement of wages paid to new employees and, if
20 applicable, retained employees in the State; and

21 (5) a copy of the original agreement or link to the
22 agreement on the Department's website.

23 Section 80. Evaluation of tax credit program. The
24 Department shall evaluate the tax credit program every three
25 years and issue a report. The evaluation shall include an

1 assessment of the effectiveness of the program in creating new
2 jobs in Illinois and of the revenue impact of the program and
3 may include a review of the practices and experiences of other
4 states with similar programs. The Director shall submit a
5 report on the evaluation to the Governor and the General
6 Assembly three years after the Effective Date of the Act and
7 every three years thereafter.

8 Section 85. Sunset of new agreements. The Department shall
9 not enter into any new Agreements under the provisions of this
10 Act after December 31, 2028.

11 Section 95. Utility tax exemptions for MICRO projects. The
12 Department may certify a taxpayer with a credit for a project
13 that meets the qualifications under Section paragraphs (1),
14 (2), and (4) of subsection (c) of Section 20, subject to an
15 agreement under this Act, for an exemption from the tax
16 imposed at the project site by Section 2-4 of the Electricity
17 Excise Tax Law. To receive such certification, the taxpayer
18 must be registered to self-assess that tax. The taxpayer is
19 also exempt from any additional charges added to the
20 taxpayer's utility bills at the project site as a pass-on of
21 State utility taxes under Section 9-222 of the Public
22 Utilities Act. The taxpayer must meet any other the criteria
23 for certification set by the Department.

24 The Department shall determine the period during which the

1 exemption from the Electricity Excise Tax Law and the charges
2 imposed under Section 9-222 of the Public Utilities Act are in
3 effect, which shall not exceed 10 years from the date of the
4 taxpayer's initial receipt of certification from the
5 Department under this Section.

6 The Department is authorized to adopt rules to carry out
7 the provisions of this Section, including procedures to apply
8 for the exemptions; to define the amounts and types of
9 eligible investments that an applicant must make in order to
10 receive electricity excise tax exemptions or exemptions from
11 the additional charges imposed under Section 9-222 and the
12 Public Utilities Act; to approve such electricity excise tax
13 exemptions for applicants whose investments are not yet placed
14 in service; and to require that an applicant granted an
15 electricity excise tax exemption or an exemption from
16 additional charges under Section 9-222 of the Public Utilities
17 Act repay the exempted amount if the Applicant fails to comply
18 with the terms and conditions of the agreement.

19 Upon certification by the Department under this Section,
20 the Department shall notify the Department of Revenue of the
21 certification. The Department of Revenue shall notify the
22 public utilities of the exempt status of any taxpayer
23 certified for exemption under this Act from the electricity
24 excise tax or pass-on charges. The exemption status shall take
25 effect within 3 months after certification of the taxpayer and
26 notice to the Department of Revenue by the Department.

1 Section 100. Investment tax credits for MICRO projects.
2 Subject to the conditions set forth in this Act, a Taxpayer is
3 entitled to an investment tax credit toward taxes imposed
4 pursuant to subsections (a) and (b) of Section 201 of the
5 Illinois Income Tax Act for a taxable year in which the
6 Taxpayer, in accordance with an Agreement under this Act for
7 that taxable year, invests in qualified property which is
8 placed in service at the site of a project. The Department has
9 authority to certify the amount of such investment tax credits
10 to the Department of Revenue. The credit shall be 0.5% of the
11 basis for such property and shall be determined in accordance
12 with Section 239 of the Illinois Income Tax Act. The credit
13 shall be available only in the taxable year in which the
14 property is placed in service and shall not be allowed to the
15 extent that it would reduce a taxpayer's liability for the tax
16 imposed by subsections (a) and (b) of Section 201 of the
17 Illinois Income Tax Act to below zero. Unused credit may be
18 carried forward in accordance with Section 239 of the Illinois
19 Income Tax Act for use in future taxable years. Any taxpayer
20 qualifying for the Investment Tax Credit shall not be eligible
21 for either the investment tax credits in Section 201(e), (f),
22 or (h) of the Illinois Income Tax Act.

23 Section 105. Building materials exemptions for project
24 sites.

1 (a) The Department may certify a Taxpayer with a project
2 that meets the qualifications under paragraphs (1), (2), or
3 (4) of subsection (c) of Section 20, subject to an agreement
4 under this Act, for an exemption from any State or local use
5 tax or retailers' occupation tax on building materials for the
6 construction of its project facilities. The taxpayer must meet
7 any criteria for certification set by the Department under
8 this Act.

9 The Department shall determine the period during which the
10 exemption from State and local use tax and retailers'
11 occupation tax are in effect, but in no event shall exceed 5
12 years in accordance with Section 5m of the Retailers'
13 Occupation Tax Act.

14 The Department is authorized to promulgate rules and
15 regulations to carry out the provisions of this Section,
16 including procedures to apply for the exemption; to define the
17 amounts and types of eligible investments that an applicant
18 must make in order to receive tax exemption; to approve such
19 tax exemption for an applicant whose investments are not yet
20 placed in service; and to require that an applicant granted
21 exemption repay the exempted amount if the applicant fails to
22 comply with the terms and conditions of the agreement with the
23 Department.

24 Upon certification by the Department under this Section,
25 the Department shall notify the Department of Revenue of the
26 certification. The exemption status shall take effect within 3

1 months after certification of the taxpayer and notice to the
2 Department of Revenue by the Department.

3 Section 905. The Illinois Income Tax Act is amended by
4 changing Section 704A and by adding Sections 238 and 239 as
5 follows:

6 (35 ILCS 5/238 new)

7 Sec. 238. MICRO credits.

8 (a) For tax years beginning on or after January 1, 2025, a
9 taxpayer who has entered into an agreement under the
10 Manufacturing Illinois Chips for Real Opportunity (MICRO) Act
11 is entitled to a credit against the taxes imposed under
12 subsections (a) and (b) of Section 201 of this Act in an amount
13 to be determined in the Agreement. The taxpayer may elect to
14 claim the credit, on or after January 1, 2026, against its
15 obligation to pay over withholding under Section 704A of this
16 Act as provided in this Section. If the taxpayer is a
17 partnership or Subchapter S corporation, the credit shall be
18 allowed to the partners or shareholders in accordance with the
19 determination of income and distributive share of income under
20 Sections 702 and 704 and subchapter S of the Internal Revenue
21 Code. The Department, in cooperation with the Department of
22 Commerce and Economic Opportunity, shall adopt rules to
23 enforce and administer the provisions of this Section. This
24 Section is exempt from the provisions of Section 250 of this

1 Act.

2 (b) The credit is subject to the conditions set forth in
3 the agreement and the following limitations:

4 (1) The tax credit may be in the form of either or both
5 the MICRO Illinois Credit or the MICRO Construction Jobs
6 Credit and shall not exceed the percentage of incremental
7 income tax and percentage of training costs permitted in
8 that Act and in the agreement with respect to the project.

9 (2) The amount of the credit allowed during a tax year
10 plus the sum of all amounts allowed in prior tax years
11 shall not exceed the maximum amount of credit established
12 in the agreement.

13 (3) The amount of the credit shall be determined on an
14 annual basis. Except as applied in a carryover year
15 pursuant to paragraph (4), the credit may not be applied
16 against any State income tax liability in more than 15
17 taxable years.

18 (4) The credit may not exceed the amount of taxes
19 imposed pursuant to subsections (a) and (b) of Section 201
20 of this Act. Any credit that is unused in the year the
21 credit is computed may be carried forward and applied to
22 the tax liability of the 5 taxable years following the
23 excess credit year. The credit shall be applied to the
24 earliest year for which there is a tax liability. If there
25 are credits from more than one tax year that are available
26 to offset a liability, the earlier credit shall be applied

1 first.

2 (5) No credit shall be allowed with respect to any
3 agreement for any taxable year ending after the
4 noncompliance date. Upon receiving notification by the
5 Department of Commerce and Economic Opportunity of the
6 noncompliance of a taxpayer with an agreement, the
7 Department shall notify the taxpayer that no credit is
8 allowed with respect to that agreement for any taxable
9 year ending after the noncompliance date, as stated in
10 such notification. If any credit has been allowed with
11 respect to an agreement for a taxable year ending after
12 the noncompliance date for that agreement, any refund paid
13 to the taxpayer for that taxable year shall, to the extent
14 of that credit allowed, be an erroneous refund within the
15 meaning of Section 912 of this Act.

16 If, during any taxable year, a taxpayer ceases
17 operations at a project location that is the subject of
18 that agreement with the intent to terminate operations in
19 the State, the tax imposed under subsections (a) and (b)
20 of Section 201 of this Act for such taxable year shall be
21 increased by the amount of any credit allowed under the
22 Agreement for that Project location prior to the date the
23 Taxpayer ceases operations.

24 (6) Instead of claiming the credit against the taxes
25 imposed under subsections (a) and (b) of Section 201 of
26 this Act, with respect to the portion of a MICRO Illinois

1 credit that is calculated based on the Incremental Income
2 Tax attributable to new employees and retained employees,
3 the taxpayer may elect, in accordance with the
4 Manufacturing Illinois Chips for Real Opportunity (MICRO)
5 Act, to claim the credit, on or after January 1, 2026,
6 against its obligation to pay over withholding under
7 Section 704A of the Illinois Income Tax Act. Any credit
8 for which a Taxpayer makes such an election shall not be
9 claimed against the taxes imposed under subsections (a)
10 and (b) of Section 201 of this Act.

11 (35 ILCS 5/239 new)

12 Sec. 239. MICRO Investment Tax credits.

13 (a) For tax years beginning on or after January 1, 2025, a
14 taxpayer shall be allowed a credit against the tax imposed by
15 subsections (a) and (b) of Section 201 for investment in
16 qualified property which is placed in service at the site of a
17 project that is subject to an agreement between the taxpayer
18 and the Department of Commerce and Economic Opportunity
19 pursuant to the Manufacturing Illinois Chips for Real
20 Opportunity (MICRO) Act. If the taxpayer is a partnership or a
21 Subchapter S corporation, the credit shall be allowed to the
22 partners or shareholders in accordance with the determination
23 of income and distributive share of income under Sections 702
24 and 704 and subchapter S of the Internal Revenue Code. The
25 credit shall be 0.5% of the basis for such property. The credit

1 shall be available only in the taxable year in which the
2 property is placed in service and shall not be allowed to the
3 extent that it would reduce a taxpayer's liability for the tax
4 imposed by subsections (a) and (b) of Section 201 to below
5 zero. The credit shall be allowed for the tax year in which the
6 property is placed in service, or, if the amount of the credit
7 exceeds the tax liability for that year, whether it exceeds
8 the original liability or the liability as later amended, such
9 excess may be carried forward and applied to the tax liability
10 of the 5 taxable years following the excess credit year. The
11 credit shall be applied to the earliest year for which there is
12 a liability. If there is credit from more than one tax year
13 that is available to offset a liability, the credit accruing
14 first in time shall be applied first.

15 (b) The term qualified property means property which:

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

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

22 (3) is acquired by purchase as defined in Section
23 179(d) of the Internal Revenue Code;

24 (4) is used at the site of the MICRO Illinois project
25 by the taxpayer; and

26 (5) has not been previously used in Illinois in such a

1 manner and by such a person as would qualify for the credit
2 provided by this Section.

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

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

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

13 (f) If during any taxable year, any property ceases to be
14 qualified property in the hands of the taxpayer within 48
15 months after being placed in service, or the situs of any
16 qualified property is moved from the project site within 48
17 months after being placed in service, the tax imposed under
18 subsections (a) and (b) of Section 201 for such taxable year
19 shall be increased. Such increase shall be determined by (i)
20 recomputing the investment credit which would have been
21 allowed for the year in which credit for such property was
22 originally allowed by eliminating such property from such
23 computation, and (ii) subtracting such recomputed credit from
24 the amount of credit previously allowed. For the purposes of
25 this subsection (f), a reduction of the basis of qualified
26 property resulting from a redetermination of the purchase

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

3 (35 ILCS 5/704A)

4 Sec. 704A. Employer's return and payment of tax withheld.

5 (a) In general, every employer who deducts and withholds
6 or is required to deduct and withhold tax under this Act on or
7 after January 1, 2008 shall make those payments and returns as
8 provided in this Section.

9 (b) Returns. Every employer shall, in the form and manner
10 required by the Department, make returns with respect to taxes
11 withheld or required to be withheld under this Article 7 for
12 each quarter beginning on or after January 1, 2008, on or
13 before the last day of the first month following the close of
14 that quarter.

15 (c) Payments. With respect to amounts withheld or required
16 to be withheld on or after January 1, 2008:

17 (1) Semi-weekly payments. For each calendar year, each
18 employer who withheld or was required to withhold more
19 than \$12,000 during the one-year period ending on June 30
20 of the immediately preceding calendar year, payment must
21 be made:

22 (A) on or before each Friday of the calendar year,
23 for taxes withheld or required to be withheld on the
24 immediately preceding Saturday, Sunday, Monday, or
25 Tuesday;

1 (B) on or before each Wednesday of the calendar
2 year, for taxes withheld or required to be withheld on
3 the immediately preceding Wednesday, Thursday, or
4 Friday.

5 Beginning with calendar year 2011, payments made under
6 this paragraph (1) of subsection (c) must be made by
7 electronic funds transfer.

8 (2) Semi-weekly payments. Any employer who withholds
9 or is required to withhold more than \$12,000 in any
10 quarter of a calendar year is required to make payments on
11 the dates set forth under item (1) of this subsection (c)
12 for each remaining quarter of that calendar year and for
13 the subsequent calendar year.

14 (3) Monthly payments. Each employer, other than an
15 employer described in items (1) or (2) of this subsection,
16 shall pay to the Department, on or before the 15th day of
17 each month the taxes withheld or required to be withheld
18 during the immediately preceding month.

19 (4) Payments with returns. Each employer shall pay to
20 the Department, on or before the due date for each return
21 required to be filed under this Section, any tax withheld
22 or required to be withheld during the period for which the
23 return is due and not previously paid to the Department.

24 (d) Regulatory authority. The Department may, by rule:

25 (1) Permit employers, in lieu of the requirements of
26 subsections (b) and (c), to file annual returns due on or

1 before January 31 of the year for taxes withheld or
2 required to be withheld during the previous calendar year
3 and, if the aggregate amounts required to be withheld by
4 the employer under this Article 7 (other than amounts
5 required to be withheld under Section 709.5) do not exceed
6 \$1,000 for the previous calendar year, to pay the taxes
7 required to be shown on each such return no later than the
8 due date for such return.

9 (2) Provide that any payment required to be made under
10 subsection (c)(1) or (c)(2) is deemed to be timely to the
11 extent paid by electronic funds transfer on or before the
12 due date for deposit of federal income taxes withheld
13 from, or federal employment taxes due with respect to, the
14 wages from which the Illinois taxes were withheld.

15 (3) Designate one or more depositories to which
16 payment of taxes required to be withheld under this
17 Article 7 must be paid by some or all employers.

18 (4) Increase the threshold dollar amounts at which
19 employers are required to make semi-weekly payments under
20 subsection (c)(1) or (c)(2).

21 (e) Annual return and payment. Every employer who deducts
22 and withholds or is required to deduct and withhold tax from a
23 person engaged in domestic service employment, as that term is
24 defined in Section 3510 of the Internal Revenue Code, may
25 comply with the requirements of this Section with respect to
26 such employees by filing an annual return and paying the taxes

1 required to be deducted and withheld on or before the 15th day
2 of the fourth month following the close of the employer's
3 taxable year. The Department may allow the employer's return
4 to be submitted with the employer's individual income tax
5 return or to be submitted with a return due from the employer
6 under Section 1400.2 of the Unemployment Insurance Act.

7 (f) Magnetic media and electronic filing. With respect to
8 taxes withheld in calendar years prior to 2017, any W-2 Form
9 that, under the Internal Revenue Code and regulations
10 promulgated thereunder, is required to be submitted to the
11 Internal Revenue Service on magnetic media or electronically
12 must also be submitted to the Department on magnetic media or
13 electronically for Illinois purposes, if required by the
14 Department.

15 With respect to taxes withheld in 2017 and subsequent
16 calendar years, the Department may, by rule, require that any
17 return (including any amended return) under this Section and
18 any W-2 Form that is required to be submitted to the Department
19 must be submitted on magnetic media or electronically.

20 The due date for submitting W-2 Forms shall be as
21 prescribed by the Department by rule.

22 (g) For amounts deducted or withheld after December 31,
23 2009, a taxpayer who makes an election under subsection (f) of
24 Section 5-15 of the Economic Development for a Growing Economy
25 Tax Credit Act for a taxable year shall be allowed a credit
26 against payments due under this Section for amounts withheld

1 during the first calendar year beginning after the end of that
2 taxable year equal to the amount of the credit for the
3 incremental income tax attributable to full-time employees of
4 the taxpayer awarded to the taxpayer by the Department of
5 Commerce and Economic Opportunity under the Economic
6 Development for a Growing Economy Tax Credit Act for the
7 taxable year and credits not previously claimed and allowed to
8 be carried forward under Section 211(4) of this Act as
9 provided in subsection (f) of Section 5-15 of the Economic
10 Development for a Growing Economy Tax Credit Act. The credit
11 or credits may not reduce the taxpayer's obligation for any
12 payment due under this Section to less than zero. If the amount
13 of the credit or credits exceeds the total payments due under
14 this Section with respect to amounts withheld during the
15 calendar year, the excess may be carried forward and applied
16 against the taxpayer's liability under this Section in the
17 succeeding calendar years as allowed to be carried forward
18 under paragraph (4) of Section 211 of this Act. The credit or
19 credits shall be applied to the earliest year for which there
20 is a tax liability. If there are credits from more than one
21 taxable year that are available to offset a liability, the
22 earlier credit shall be applied first. Each employer who
23 deducts and withholds or is required to deduct and withhold
24 tax under this Act and who retains income tax withholdings
25 under subsection (f) of Section 5-15 of the Economic
26 Development for a Growing Economy Tax Credit Act must make a

1 return with respect to such taxes and retained amounts in the
2 form and manner that the Department, by rule, requires and pay
3 to the Department or to a depository designated by the
4 Department those withheld taxes not retained by the taxpayer.
5 For purposes of this subsection (g), the term taxpayer shall
6 include taxpayer and members of the taxpayer's unitary
7 business group as defined under paragraph (27) of subsection
8 (a) of Section 1501 of this Act. This Section is exempt from
9 the provisions of Section 250 of this Act. No credit awarded
10 under the Economic Development for a Growing Economy Tax
11 Credit Act for agreements entered into on or after January 1,
12 2015 may be credited against payments due under this Section.

13 (g-1) For amounts deducted or withheld after December 31,
14 2024, a taxpayer who makes an election under the Reimagining
15 Electric Vehicles in Illinois Act shall be allowed a credit
16 against payments due under this Section for amounts withheld
17 during the first quarterly reporting period beginning after
18 the certificate is issued equal to the portion of the REV
19 Illinois Credit attributable to the incremental income tax
20 attributable to new employees and retained employees as
21 certified by the Department of Commerce and Economic
22 Opportunity pursuant to an agreement with the taxpayer under
23 the Reimagining Electric Vehicles in Illinois Act for the
24 taxable year. The credit or credits may not reduce the
25 taxpayer's obligation for any payment due under this Section
26 to less than zero. If the amount of the credit or credits

1 exceeds the total payments due under this Section with respect
2 to amounts withheld during the quarterly reporting period, the
3 excess may be carried forward and applied against the
4 taxpayer's liability under this Section in the succeeding
5 quarterly reporting period as allowed to be carried forward
6 under paragraph (4) of Section 211 of this Act. The credit or
7 credits shall be applied to the earliest quarterly reporting
8 period for which there is a tax liability. If there are credits
9 from more than one quarterly reporting period that are
10 available to offset a liability, the earlier credit shall be
11 applied first. Each employer who deducts and withholds or is
12 required to deduct and withhold tax under this Act and who
13 retains income tax withholdings this subsection must make a
14 return with respect to such taxes and retained amounts in the
15 form and manner that the Department, by rule, requires and pay
16 to the Department or to a depository designated by the
17 Department those withheld taxes not retained by the taxpayer.
18 For purposes of this subsection (g-1), the term taxpayer shall
19 include taxpayer and members of the taxpayer's unitary
20 business group as defined under paragraph (27) of subsection
21 (a) of Section 1501 of this Act. This Section is exempt from
22 the provisions of Section 250 of this Act.

23 (g-2) For amounts deducted or withheld after December 31,
24 2024, a taxpayer who makes an election under the Manufacturing
25 Illinois Chips for Real Opportunity (MICRO) Act shall be
26 allowed a credit against payments due under this Section for

1 amounts withheld during the first quarterly reporting period
2 beginning after the certificate is issued equal to the portion
3 of the MICRO Illinois Credit attributable to the incremental
4 income tax attributable to new employees and retained
5 employees as certified by the Department of Commerce and
6 Economic Opportunity pursuant to an agreement with the
7 taxpayer under the Manufacturing Illinois Chips for Real
8 Opportunity (MICRO) Act for the taxable year. The credit or
9 credits may not reduce the taxpayer's obligation for any
10 payment due under this Section to less than zero. If the amount
11 of the credit or credits exceeds the total payments due under
12 this Section with respect to amounts withheld during the
13 quarterly reporting period, the excess may be carried forward
14 and applied against the taxpayer's liability under this
15 Section in the succeeding quarterly reporting period as
16 allowed to be carried forward under paragraph (4) of Section
17 211 of this Act. The credit or credits shall be applied to the
18 earliest quarterly reporting period for which there is a tax
19 liability. If there are credits from more than one quarterly
20 reporting period that are available to offset a liability, the
21 earlier credit shall be applied first. Each employer who
22 deducts and withholds or is required to deduct and withhold
23 tax under this Act and who retains income tax withholdings
24 this subsection must make a return with respect to such taxes
25 and retained amounts in the form and manner that the
26 Department, by rule, requires and pay to the Department or to a

1 depository designated by the Department those withheld taxes
2 not retained by the taxpayer. For purposes of this subsection,
3 the term taxpayer shall include taxpayer and members of the
4 taxpayer's unitary business group as defined under paragraph
5 (27) of subsection (a) of Section 1501 of this Act. This
6 Section is exempt from the provisions of Section 250 of this
7 Act.

8 (h) An employer may claim a credit against payments due
9 under this Section for amounts withheld during the first
10 calendar year ending after the date on which a tax credit
11 certificate was issued under Section 35 of the Small Business
12 Job Creation Tax Credit Act. The credit shall be equal to the
13 amount shown on the certificate, but may not reduce the
14 taxpayer's obligation for any payment due under this Section
15 to less than zero. If the amount of the credit exceeds the
16 total payments due under this Section with respect to amounts
17 withheld during the calendar year, the excess may be carried
18 forward and applied against the taxpayer's liability under
19 this Section in the 5 succeeding calendar years. The credit
20 shall be applied to the earliest year for which there is a tax
21 liability. If there are credits from more than one calendar
22 year that are available to offset a liability, the earlier
23 credit shall be applied first. This Section is exempt from the
24 provisions of Section 250 of this Act.

25 (i) Each employer with 50 or fewer full-time equivalent
26 employees during the reporting period may claim a credit

1 against the payments due under this Section for each qualified
2 employee in an amount equal to the maximum credit allowable.
3 The credit may be taken against payments due for reporting
4 periods that begin on or after January 1, 2020, and end on or
5 before December 31, 2027. An employer may not claim a credit
6 for an employee who has worked fewer than 90 consecutive days
7 immediately preceding the reporting period; however, such
8 credits may accrue during that 90-day period and be claimed
9 against payments under this Section for future reporting
10 periods after the employee has worked for the employer at
11 least 90 consecutive days. In no event may the credit exceed
12 the employer's liability for the reporting period. Each
13 employer who deducts and withholds or is required to deduct
14 and withhold tax under this Act and who retains income tax
15 withholdings under this subsection must make a return with
16 respect to such taxes and retained amounts in the form and
17 manner that the Department, by rule, requires and pay to the
18 Department or to a depository designated by the Department
19 those withheld taxes not retained by the employer.

20 For each reporting period, the employer may not claim a
21 credit or credits for more employees than the number of
22 employees making less than the minimum or reduced wage for the
23 current calendar year during the last reporting period of the
24 preceding calendar year. Notwithstanding any other provision
25 of this subsection, an employer shall not be eligible for
26 credits for a reporting period unless the average wage paid by

1 the employer per employee for all employees making less than
2 \$55,000 during the reporting period is greater than the
3 average wage paid by the employer per employee for all
4 employees making less than \$55,000 during the same reporting
5 period of the prior calendar year.

6 For purposes of this subsection (i):

7 "Compensation paid in Illinois" has the meaning ascribed
8 to that term under Section 304(a)(2)(B) of this Act.

9 "Employer" and "employee" have the meaning ascribed to
10 those terms in the Minimum Wage Law, except that "employee"
11 also includes employees who work for an employer with fewer
12 than 4 employees. Employers that operate more than one
13 establishment pursuant to a franchise agreement or that
14 constitute members of a unitary business group shall aggregate
15 their employees for purposes of determining eligibility for
16 the credit.

17 "Full-time equivalent employees" means the ratio of the
18 number of paid hours during the reporting period and the
19 number of working hours in that period.

20 "Maximum credit" means the percentage listed below of the
21 difference between the amount of compensation paid in Illinois
22 to employees who are paid not more than the required minimum
23 wage reduced by the amount of compensation paid in Illinois to
24 employees who were paid less than the current required minimum
25 wage during the reporting period prior to each increase in the
26 required minimum wage on January 1. If an employer pays an

1 employee more than the required minimum wage and that employee
2 previously earned less than the required minimum wage, the
3 employer may include the portion that does not exceed the
4 required minimum wage as compensation paid in Illinois to
5 employees who are paid not more than the required minimum
6 wage.

7 (1) 25% for reporting periods beginning on or after
8 January 1, 2020 and ending on or before December 31, 2020;

9 (2) 21% for reporting periods beginning on or after
10 January 1, 2021 and ending on or before December 31, 2021;

11 (3) 17% for reporting periods beginning on or after
12 January 1, 2022 and ending on or before December 31, 2022;

13 (4) 13% for reporting periods beginning on or after
14 January 1, 2023 and ending on or before December 31, 2023;

15 (5) 9% for reporting periods beginning on or after
16 January 1, 2024 and ending on or before December 31, 2024;

17 (6) 5% for reporting periods beginning on or after
18 January 1, 2025 and ending on or before December 31, 2025.

19 The amount computed under this subsection may continue to
20 be claimed for reporting periods beginning on or after January
21 1, 2026 and:

22 (A) ending on or before December 31, 2026 for
23 employers with more than 5 employees; or

24 (B) ending on or before December 31, 2027 for
25 employers with no more than 5 employees.

26 "Qualified employee" means an employee who is paid not

1 more than the required minimum wage and has an average wage
2 paid per hour by the employer during the reporting period
3 equal to or greater than his or her average wage paid per hour
4 by the employer during each reporting period for the
5 immediately preceding 12 months. A new qualified employee is
6 deemed to have earned the required minimum wage in the
7 preceding reporting period.

8 "Reporting period" means the quarter for which a return is
9 required to be filed under subsection (b) of this Section.

10 (Source: P.A. 101-1, eff. 2-19-19; 102-669, eff. 11-16-21.)

11 Section 907. The Use Tax Act is amended by changing
12 Section 12 as follows:

13 (35 ILCS 105/12) (from Ch. 120, par. 439.12)

14 Sec. 12. Applicability of Retailers' Occupation Tax Act
15 and Uniform Penalty and Interest Act. All of the provisions of
16 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
17 2-54, 2a, 2b, 2c, 3, 4 (except that the time limitation
18 provisions shall run from the date when the tax is due rather
19 than from the date when gross receipts are received), 5
20 (except that the time limitation provisions on the issuance of
21 notices of tax liability shall run from the date when the tax
22 is due rather than from the date when gross receipts are
23 received and except that in the case of a failure to file a
24 return required by this Act, no notice of tax liability shall

1 be issued on and after each July 1 and January 1 covering tax
2 due with that return during any month or period more than 6
3 years before that July 1 or January 1, respectively), 5a, 5b,
4 5c, 5d, 5e, 5f, 5g, 5h, 5j, 5k, 5l, 5n, 7, 8, 9, 10, 11 and 12
5 of the Retailers' Occupation Tax Act and Section 3-7 of the
6 Uniform Penalty and Interest Act, which are not inconsistent
7 with this Act, shall apply, as far as practicable, to the
8 subject matter of this Act to the same extent as if such
9 provisions were included herein.

10 (Source: P.A. 98-1098, eff. 8-26-14.)

11 Section 908. The Service Use Tax Act is amended by
12 changing Section 12 as follows:

13 (35 ILCS 110/12) (from Ch. 120, par. 439.42)

14 Sec. 12. Applicability of Retailers' Occupation Tax Act
15 and Uniform Penalty and Interest Act. All of the provisions of
16 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
17 2-54, 2a, 2b, 2c, 3 (except as to the disposition by the
18 Department of the money collected under this Act), 4 (except
19 that the time limitation provisions shall run from the date
20 when gross receipts are received), 5 (except that the time
21 limitation provisions on the issuance of notices of tax
22 liability shall run from the date when the tax is due rather
23 than from the date when gross receipts are received and except
24 that in the case of a failure to file a return required by this

1 Act, no notice of tax liability shall be issued on and after
2 July 1 and January 1 covering tax due with that return during
3 any month or period more than 6 years before that July 1 or
4 January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k,
5 5l, 5n, 6d, 7, 8, 9, 10, 11 and 12 of the Retailers' Occupation
6 Tax Act which are not inconsistent with this Act, and Section
7 3-7 of the Uniform Penalty and Interest Act, shall apply, as
8 far as practicable, to the subject matter of this Act to the
9 same extent as if such provisions were included herein.

10 (Source: P.A. 98-1098, eff. 8-26-14; 99-217, eff. 7-31-15.)

11 Section 909. The Service Occupation Tax Act is amended by
12 changing Section 12 as follows:

13 (35 ILCS 115/12) (from Ch. 120, par. 439.112)

14 Sec. 12. All of the provisions of Sections 1d, 1e, 1f, 1i,
15 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12, 2-54, 2a, 2b, 2c, 3
16 (except as to the disposition by the Department of the tax
17 collected under this Act), 4 (except that the time limitation
18 provisions shall run from the date when the tax is due rather
19 than from the date when gross receipts are received), 5
20 (except that the time limitation provisions on the issuance of
21 notices of tax liability shall run from the date when the tax
22 is due rather than from the date when gross receipts are
23 received), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k, 5l, 5n, 6d, 7,
24 8, 9, 10, 11 and 12 of the "Retailers' Occupation Tax Act"

1 which are not inconsistent with this Act, and Section 3-7 of
2 the Uniform Penalty and Interest Act shall apply, as far as
3 practicable, to the subject matter of this Act to the same
4 extent as if such provisions were included herein.

5 (Source: P.A. 98-1098, eff. 8-26-14; 99-217, eff. 7-31-15.)

6 Section 910. The Retailers' Occupation Tax Act is amended
7 by adding Section 5n as follows:

8 (35 ILCS 120/5n new)

9 Sec. 5n. Building materials exemption; microchip and
10 semiconductor manufacturing. Each retailer who makes a sale of
11 building materials that will be incorporated into real estate
12 in a qualified facility for which a certificate of exemption
13 has been issued by the Department of Commerce and Economic
14 Opportunity under Section 105 of the Manufacturing Illinois
15 Chips for Real Opportunity (MICRO) Act, may deduct receipts
16 from such sales when calculating any State or local use and
17 occupation taxes. No retailer who is eligible for the
18 deduction or credit under Section 5k of this Act related to
19 enterprise zones or Section 5l of this Act related to High
20 Impact Businesses for a given sale shall be eligible for the
21 deduction or credit authorized under this Section for that
22 same sale.

23 In addition to any other requirements to document the
24 exemption allowed under this Section, the retailer must obtain

1 the purchaser's exemption certificate number issued by the
2 Department. A construction contractor or other entity shall
3 not make tax-free purchases unless it has an active exemption
4 certificate issued by the Department at the time of purchase.

5 Upon request from a person that has been certified by the
6 Department of Commerce and Economic Opportunity under the
7 Manufacturing Illinois Chips for Real Opportunity (MICRO) Act,
8 the Department shall issue a MICRO Illinois Building Materials
9 Exemption Certificate for each construction contractor or
10 other entity identified by the person so certified. The
11 Department shall make the MICRO Illinois Building Materials
12 Exemption Certificates available to each construction
13 contractor or other entity as well as the person certified
14 under the Manufacturing Illinois Chips for Real Opportunity
15 (MICRO) Act. The request for MICRO Illinois Building Materials
16 Exemption Certificates must include the following information:

17 (1) the name and address of the construction
18 contractor or other entity;

19 (2) the name and location or address of the building
20 project site;

21 (3) the estimated amount of the exemption for each
22 construction contractor or other entity for which a
23 request for an exemption certificate is made, based on a
24 stated estimated average tax rate and the percentage of
25 the contract that consists of materials;

26 (4) the period of time over which supplies for the

1 project are expected to be purchased; and

2 (5) other reasonable information as the Department may
3 require, including but not limited to FEIN numbers, to
4 determine if the contractor or other entity, or any
5 partner, or a corporate officer, and in the case of a
6 limited liability company, any manager or member, of the
7 construction contractor or other entity, is or has been
8 the owner, a partner, a corporate officer, and in the case
9 of a limited liability company, a manager or member, of a
10 person that is in default for moneys due to the Department
11 under this Act or any other tax or fee Act administered by
12 the Department.

13 The Department shall issue the exemption certificate
14 within 3 business days after receipt of request. This
15 requirement does not apply in circumstances where the
16 Department, for reasonable cause, is unable to issue the
17 exemption certificate within 3 business days. The Department
18 may refuse to issue an exemption certificate under this
19 Section if the owner, any partner, or a corporate officer, and
20 in the case of a limited liability company, any manager or
21 member, of the construction contractor or other entity is or
22 has been the owner, a partner, a corporate officer, and in the
23 case of a limited liability company, a manager or member, of a
24 person that is in default for moneys due to the Department
25 under this Act or any other tax or fee Act administered by the
26 Department.

1 The MICRO Illinois Building Materials Exemption
2 Certificate shall contain language stating that, if the
3 construction contractor or other entity who is issued the
4 exemption certificate makes a tax-exempt purchase, as
5 described in this Section, that is not eligible for exemption
6 under this Section or allows another person to make a
7 tax-exempt purchase, as described in this Section, that is not
8 eligible for exemption under this Section, then, in addition
9 to any tax or other penalty imposed, the construction
10 contractor or other entity is subject to a penalty equal to the
11 tax that would have been paid by the retailer under this Act as
12 well as any applicable local retailers' occupation tax on the
13 purchase that is not eligible for the exemption.

14 The Department, in its discretion, may require that the
15 request for a MICRO Illinois Exemption Certificate be
16 submitted electronically. The Department may, in its
17 discretion, issue the exemption certificates electronically.
18 The MICRO Illinois Building Materials Exemption Certificate
19 number shall be designed in such a way that the Department can
20 identify from the unique number on the exemption certificate
21 issued to a given construction contractor or other entity, the
22 name of the entity to whom the exemption certificate is
23 issued. The MICRO Illinois Building Materials Exemption
24 Certificate shall contain an expiration date, which shall be
25 no more than 5 years after the date of issuance. At the request
26 of the entity to whom the exemption certificate is issued, the

1 Department may renew an exemption certificate issued under
2 this Section. After the Department issues exemption
3 certificates under this Section, the certified entity may
4 notify the Department of additional construction contractors
5 or other entities eligible for an exemption certificate under
6 this Section. Upon such a notification and subject to the
7 other provisions of this Section, the Department shall issue
8 an exemption certificate to each additional qualified
9 construction contractor or other entity so identified. A
10 certified entity may notify the Department to rescind an
11 exemption certificate previously issued by the Department that
12 has not yet expired. Upon such a notification and subject to
13 the other provisions of this Section, the Department shall
14 rescind the exemption certificate.

15 If the Department of Revenue determines that a
16 construction contractor or other entity that was issued an
17 exemption certificate under this Section made a tax-exempt
18 purchase, as described in this Section, that was not eligible
19 for exemption under this Section or allowed another person to
20 make a tax-exempt purchase, as described in this Section, that
21 was not eligible for exemption under this Section, then, in
22 addition to any tax or other penalty imposed, the construction
23 contractor or other entity is subject to a penalty equal to the
24 tax that would have been paid by the retailer under this Act as
25 well as any applicable local retailers' occupation tax on the
26 purchase that was not eligible for the exemption.

1 This Section is exempt from the provisions of Section
2 2-70.

3 Section 915. The Property Tax Code is amended by adding
4 Section 18-184.20 as follows:

5 (35 ILCS 200/18-184.20 new)

6 Sec. 18-184.20. MICRO Illinois project facilities. Any
7 taxing district, upon a majority vote of its governing body,
8 may, after determination of the assessed value as set forth in
9 this Code, order the clerk of the appropriate municipality or
10 county to abate any portion of real property taxes otherwise
11 levied or extended by the taxing district on a MICRO Illinois
12 Project facility owned by a semiconductor manufacturer or
13 microchip manufacturer or a semiconductor or microchip
14 component parts manufacturer that is subject to an agreement
15 with the Department of Commerce and Economic Opportunity under
16 the Manufacturing Illinois Chips for Real Opportunity (MICRO)
17 Act, during the period of time such agreement is in effect as
18 specified by the Department of Commerce and Economic
19 Opportunity.

20 Section 920. The Telecommunications Excise Tax Act is
21 amended by changing Section 2 as follows:

22 (35 ILCS 630/2) (from Ch. 120, par. 2002)

1 Sec. 2. As used in this Article, unless the context
2 clearly requires otherwise:

3 (a) "Gross charge" means the amount paid for the act or
4 privilege of originating or receiving telecommunications in
5 this State and for all services and equipment provided in
6 connection therewith by a retailer, valued in money whether
7 paid in money or otherwise, including cash, credits, services
8 and property of every kind or nature, and shall be determined
9 without any deduction on account of the cost of such
10 telecommunications, the cost of materials used, labor or
11 service costs or any other expense whatsoever. In case credit
12 is extended, the amount thereof shall be included only as and
13 when paid. "Gross charges" for private line service shall
14 include charges imposed at each channel termination point
15 within this State, charges for the channel mileage between
16 each channel termination point within this State, and charges
17 for that portion of the interstate inter-office channel
18 provided within Illinois. Charges for that portion of the
19 interstate inter-office channel provided in Illinois shall be
20 determined by the retailer as follows: (i) for interstate
21 inter-office channels having 2 channel termination points,
22 only one of which is in Illinois, 50% of the total charge
23 imposed; or (ii) for interstate inter-office channels having
24 more than 2 channel termination points, one or more of which
25 are in Illinois, an amount equal to the total charge
26 multiplied by a fraction, the numerator of which is the number

1 of channel termination points within Illinois and the
2 denominator of which is the total number of channel
3 termination points. Prior to January 1, 2004, any method
4 consistent with this paragraph or other method that reasonably
5 apportions the total charges for interstate inter-office
6 channels among the states in which channel terminations points
7 are located shall be accepted as a reasonable method to
8 determine the charges for that portion of the interstate
9 inter-office channel provided within Illinois for that period.
10 However, "gross charges" shall not include any of the
11 following:

12 (1) Any amounts added to a purchaser's bill because of
13 a charge made pursuant to (i) the tax imposed by this
14 Article; (ii) charges added to customers' bills pursuant
15 to the provisions of Sections 9-221 or 9-222 of the Public
16 Utilities Act, as amended, or any similar charges added to
17 customers' bills by retailers who are not subject to rate
18 regulation by the Illinois Commerce Commission for the
19 purpose of recovering any of the tax liabilities or other
20 amounts specified in such provisions of such Act; (iii)
21 the tax imposed by Section 4251 of the Internal Revenue
22 Code; (iv) 911 surcharges; or (v) the tax imposed by the
23 Simplified Municipal Telecommunications Tax Act.

24 (2) Charges for a sent collect telecommunication
25 received outside of the State.

26 (3) Charges for leased time on equipment or charges

1 for the storage of data or information for subsequent
2 retrieval or the processing of data or information
3 intended to change its form or content. Such equipment
4 includes, but is not limited to, the use of calculators,
5 computers, data processing equipment, tabulating equipment
6 or accounting equipment and also includes the usage of
7 computers under a time-sharing agreement.

8 (4) Charges for customer equipment, including such
9 equipment that is leased or rented by the customer from
10 any source, wherein such charges are disaggregated and
11 separately identified from other charges.

12 (5) Charges to business enterprises certified under
13 Section 9-222.1 of the Public Utilities Act, as amended,
14 or to electric vehicle manufacturers, electric vehicle
15 component parts manufacturers, or electric vehicle power
16 supply manufacturers at REV Illinois Project sites for
17 which a certificate of exemption has been issued by the
18 Department of Commerce and Economic Opportunity under
19 Section 95 of the Reimagining Electric Vehicles in
20 Illinois Act, to the extent of such exemption and during
21 the period of time specified by the Department of Commerce
22 and Economic Opportunity.

23 (5.1) Charges to business enterprises certified under
24 the Manufacturing Illinois Chips for Real Opportunity
25 (MICRO) Act.

26 (6) Charges for telecommunications and all services

1 and equipment provided in connection therewith between a
2 parent corporation and its wholly owned subsidiaries or
3 between wholly owned subsidiaries when the tax imposed
4 under this Article has already been paid to a retailer and
5 only to the extent that the charges between the parent
6 corporation and wholly owned subsidiaries or between
7 wholly owned subsidiaries represent expense allocation
8 between the corporations and not the generation of profit
9 for the corporation rendering such service.

10 (7) Bad debts. Bad debt means any portion of a debt
11 that is related to a sale at retail for which gross charges
12 are not otherwise deductible or excludable that has become
13 worthless or uncollectable, as determined under applicable
14 federal income tax standards. If the portion of the debt
15 deemed to be bad is subsequently paid, the retailer shall
16 report and pay the tax on that portion during the
17 reporting period in which the payment is made.

18 (8) Charges paid by inserting coins in coin-operated
19 telecommunication devices.

20 (9) Amounts paid by telecommunications retailers under
21 the Telecommunications Municipal Infrastructure
22 Maintenance Fee Act.

23 (10) Charges for nontaxable services or
24 telecommunications if (i) those charges are aggregated
25 with other charges for telecommunications that are
26 taxable, (ii) those charges are not separately stated on

1 the customer bill or invoice, and (iii) the retailer can
2 reasonably identify the nontaxable charges on the
3 retailer's books and records kept in the regular course of
4 business. If the nontaxable charges cannot reasonably be
5 identified, the gross charge from the sale of both taxable
6 and nontaxable services or telecommunications billed on a
7 combined basis shall be attributed to the taxable services
8 or telecommunications. The burden of proving nontaxable
9 charges shall be on the retailer of the
10 telecommunications.

11 (b) "Amount paid" means the amount charged to the
12 taxpayer's service address in this State regardless of where
13 such amount is billed or paid.

14 (c) "Telecommunications", in addition to the meaning
15 ordinarily and popularly ascribed to it, includes, without
16 limitation, messages or information transmitted through use of
17 local, toll and wide area telephone service; private line
18 services; channel services; telegraph services;
19 teletypewriter; computer exchange services; cellular mobile
20 telecommunications service; specialized mobile radio;
21 stationary two way radio; paging service; or any other form of
22 mobile and portable one-way or two-way communications; or any
23 other transmission of messages or information by electronic or
24 similar means, between or among points by wire, cable,
25 fiber-optics, laser, microwave, radio, satellite or similar
26 facilities. As used in this Act, "private line" means a

1 dedicated non-traffic sensitive service for a single customer,
2 that entitles the customer to exclusive or priority use of a
3 communications channel or group of channels, from one or more
4 specified locations to one or more other specified locations.
5 The definition of "telecommunications" shall not include value
6 added services in which computer processing applications are
7 used to act on the form, content, code and protocol of the
8 information for purposes other than transmission.
9 "Telecommunications" shall not include purchases of
10 telecommunications by a telecommunications service provider
11 for use as a component part of the service provided by him to
12 the ultimate retail consumer who originates or terminates the
13 taxable end-to-end communications. Carrier access charges,
14 right of access charges, charges for use of inter-company
15 facilities, and all telecommunications resold in the
16 subsequent provision of, used as a component of, or integrated
17 into end-to-end telecommunications service shall be
18 non-taxable as sales for resale.

19 (d) "Interstate telecommunications" means all
20 telecommunications that either originate or terminate outside
21 this State.

22 (e) "Intrastate telecommunications" means all
23 telecommunications that originate and terminate within this
24 State.

25 (f) "Department" means the Department of Revenue of the
26 State of Illinois.

1 (g) "Director" means the Director of Revenue for the
2 Department of Revenue of the State of Illinois.

3 (h) "Taxpayer" means a person who individually or through
4 his agents, employees or permittees engages in the act or
5 privilege of originating or receiving telecommunications in
6 this State and who incurs a tax liability under this Article.

7 (i) "Person" means any natural individual, firm, trust,
8 estate, partnership, association, joint stock company, joint
9 venture, corporation, limited liability company, or a
10 receiver, trustee, guardian or other representative appointed
11 by order of any court, the Federal and State governments,
12 including State universities created by statute or any city,
13 town, county or other political subdivision of this State.

14 (j) "Purchase at retail" means the acquisition,
15 consumption or use of telecommunication through a sale at
16 retail.

17 (k) "Sale at retail" means the transmitting, supplying or
18 furnishing of telecommunications and all services and
19 equipment provided in connection therewith for a consideration
20 to persons other than the Federal and State governments, and
21 State universities created by statute and other than between a
22 parent corporation and its wholly owned subsidiaries or
23 between wholly owned subsidiaries for their use or consumption
24 and not for resale.

25 (l) "Retailer" means and includes every person engaged in
26 the business of making sales at retail as defined in this

1 Article. The Department may, in its discretion, upon
2 application, authorize the collection of the tax hereby
3 imposed by any retailer not maintaining a place of business
4 within this State, who, to the satisfaction of the Department,
5 furnishes adequate security to insure collection and payment
6 of the tax. Such retailer shall be issued, without charge, a
7 permit to collect such tax. When so authorized, it shall be the
8 duty of such retailer to collect the tax upon all of the gross
9 charges for telecommunications in this State in the same
10 manner and subject to the same requirements as a retailer
11 maintaining a place of business within this State. The permit
12 may be revoked by the Department at its discretion.

13 (m) "Retailer maintaining a place of business in this
14 State", or any like term, means and includes any retailer
15 having or maintaining within this State, directly or by a
16 subsidiary, an office, distribution facilities, transmission
17 facilities, sales office, warehouse or other place of
18 business, or any agent or other representative operating
19 within this State under the authority of the retailer or its
20 subsidiary, irrespective of whether such place of business or
21 agent or other representative is located here permanently or
22 temporarily, or whether such retailer or subsidiary is
23 licensed to do business in this State.

24 (n) "Service address" means the location of
25 telecommunications equipment from which the telecommunications
26 services are originated or at which telecommunications

1 services are received by a taxpayer. In the event this may not
2 be a defined location, as in the case of mobile phones, paging
3 systems, maritime systems, service address means the
4 customer's place of primary use as defined in the Mobile
5 Telecommunications Sourcing Conformity Act. For air-to-ground
6 systems and the like, service address shall mean the location
7 of a taxpayer's primary use of the telecommunications
8 equipment as defined by telephone number, authorization code,
9 or location in Illinois where bills are sent.

10 (o) "Prepaid telephone calling arrangements" mean the
11 right to exclusively purchase telephone or telecommunications
12 services that must be paid for in advance and enable the
13 origination of one or more intrastate, interstate, or
14 international telephone calls or other telecommunications
15 using an access number, an authorization code, or both,
16 whether manually or electronically dialed, for which payment
17 to a retailer must be made in advance, provided that, unless
18 recharged, no further service is provided once that prepaid
19 amount of service has been consumed. Prepaid telephone calling
20 arrangements include the recharge of a prepaid calling
21 arrangement. For purposes of this subsection, "recharge" means
22 the purchase of additional prepaid telephone or
23 telecommunications services whether or not the purchaser
24 acquires a different access number or authorization code.
25 "Prepaid telephone calling arrangement" does not include an
26 arrangement whereby a customer purchases a payment card and

1 pursuant to which the service provider reflects the amount of
2 such purchase as a credit on an invoice issued to that customer
3 under an existing subscription plan.

4 (Source: P.A. 102-669, eff. 11-16-21.)

5 Section 925. The Electricity Excise Tax Law is amended by
6 changing Section 2-4 as follows:

7 (35 ILCS 640/2-4)

8 Sec. 2-4. Tax imposed.

9 (a) Except as provided in subsection (b), a tax is imposed
10 on the privilege of using in this State electricity purchased
11 for use or consumption and not for resale, other than by
12 municipal corporations owning and operating a local
13 transportation system for public service, at the following
14 rates per kilowatt-hour delivered to the purchaser:

15 (i) For the first 2000 kilowatt-hours used or consumed
16 in a month: 0.330 cents per kilowatt-hour;

17 (ii) For the next 48,000 kilowatt-hours used or
18 consumed in a month: 0.319 cents per kilowatt-hour;

19 (iii) For the next 50,000 kilowatt-hours used or
20 consumed in a month: 0.303 cents per kilowatt-hour;

21 (iv) For the next 400,000 kilowatt-hours used or
22 consumed in a month: 0.297 cents per kilowatt-hour;

23 (v) For the next 500,000 kilowatt-hours used or
24 consumed in a month: 0.286 cents per kilowatt-hour;

1 (vi) For the next 2,000,000 kilowatt-hours used or
2 consumed in a month: 0.270 cents per kilowatt-hour;

3 (vii) For the next 2,000,000 kilowatt-hours used or
4 consumed in a month: 0.254 cents per kilowatt-hour;

5 (viii) For the next 5,000,000 kilowatt-hours used or
6 consumed in a month: 0.233 cents per kilowatt-hour;

7 (ix) For the next 10,000,000 kilowatt-hours used or
8 consumed in a month: 0.207 cents per kilowatt-hour;

9 (x) For all electricity in excess of 20,000,000
10 kilowatt-hours used or consumed in a month: 0.202 cents
11 per kilowatt-hour.

12 Provided, that in lieu of the foregoing rates, the tax is
13 imposed on a self-assessing purchaser at the rate of 5.1% of
14 the self-assessing purchaser's purchase price for all
15 electricity distributed, supplied, furnished, sold,
16 transmitted and delivered to the self-assessing purchaser in a
17 month.

18 (b) A tax is imposed on the privilege of using in this
19 State electricity purchased from a municipal system or
20 electric cooperative, as defined in Article XVII of the Public
21 Utilities Act, which has not made an election as permitted by
22 either Section 17-200 or Section 17-300 of such Act, at the
23 lesser of 0.32 cents per kilowatt hour of all electricity
24 distributed, supplied, furnished, sold, transmitted, and
25 delivered by such municipal system or electric cooperative to
26 the purchaser or 5% of each such purchaser's purchase price

1 for all electricity distributed, supplied, furnished, sold,
2 transmitted, and delivered by such municipal system or
3 electric cooperative to the purchaser, whichever is the lower
4 rate as applied to each purchaser in each billing period.

5 (c) The tax imposed by this Section 2-4 is not imposed with
6 respect to any use of electricity by business enterprises
7 certified under Section 9-222.1 or 9-222.1A of the Public
8 Utilities Act, as amended, to the extent of such exemption and
9 during the time specified by the Department of Commerce and
10 Economic Opportunity; or with respect to any transaction in
11 interstate commerce, or otherwise, to the extent to which such
12 transaction may not, under the Constitution and statutes of
13 the United States, be made the subject of taxation by this
14 State.

15 (d) The tax imposed by this Section 2-4 is not imposed with
16 respect to any use of electricity at a REV Illinois Project
17 site that has received a certification for tax exemption from
18 the Department of Commerce and Economic Opportunity pursuant
19 to Section 95 of the Reimagining Electric Vehicles in Illinois
20 Act, to the extent of such exemption, which shall be no more
21 than 10 years.

22 (e) The tax imposed by this Section 2-4 is not imposed with
23 respect to any use of electricity at a project site that has
24 received a certification for tax exemption from the Department
25 of Commerce and Economic Opportunity pursuant to the
26 Manufacturing Illinois Chips for Real Opportunity (MICRO) Act,

1 to the extent of such exemption, which shall be no more than 10
2 years.

3 (Source: P.A. 102-669, eff. 11-16-21.)

4 Section 930. The Public Utilities Act is amended by
5 changing Section 9-222 as follows:

6 (220 ILCS 5/9-222) (from Ch. 111 2/3, par. 9-222)

7 Sec. 9-222. Whenever a tax is imposed upon a public
8 utility engaged in the business of distributing, supplying,
9 furnishing, or selling gas for use or consumption pursuant to
10 Section 2 of the Gas Revenue Tax Act, or whenever a tax is
11 required to be collected by a delivering supplier pursuant to
12 Section 2-7 of the Electricity Excise Tax Act, or whenever a
13 tax is imposed upon a public utility pursuant to Section 2-202
14 of this Act, such utility may charge its customers, other than
15 customers who are high impact businesses under Section 5.5 of
16 the Illinois Enterprise Zone Act, electric vehicle
17 manufacturers, electric vehicle component parts manufacturers,
18 or electric vehicle power supply equipment manufacturers at
19 REV Illinois Project sites as certified under Section 95 of
20 the Reimagining Electric Vehicles in Illinois Act,
21 manufacturers under the Manufacturing Illinois Chips for Real
22 Opportunity (MICRO) Act, or certified business enterprises
23 under Section 9-222.1 of this Act, to the extent of such
24 exemption and during the period in which such exemption is in

1 effect, in addition to any rate authorized by this Act, an
2 additional charge equal to the total amount of such taxes. The
3 exemption of this Section relating to high impact businesses
4 shall be subject to the provisions of subsections (a), (b),
5 and (b-5) of Section 5.5 of the Illinois Enterprise Zone Act.
6 This requirement shall not apply to taxes on invested capital
7 imposed pursuant to the Messages Tax Act, the Gas Revenue Tax
8 Act and the Public Utilities Revenue Act. Such utility shall
9 file with the Commission a supplemental schedule which shall
10 specify such additional charge and which shall become
11 effective upon filing without further notice. Such additional
12 charge shall be shown separately on the utility bill to each
13 customer. The Commission shall have the power to investigate
14 whether or not such supplemental schedule correctly specifies
15 such additional charge, but shall have no power to suspend
16 such supplemental schedule. If the Commission finds, after a
17 hearing, that such supplemental schedule does not correctly
18 specify such additional charge, it shall by order require a
19 refund to the appropriate customers of the excess, if any,
20 with interest, in such manner as it shall deem just and
21 reasonable, and in and by such order shall require the utility
22 to file an amended supplemental schedule corresponding to the
23 finding and order of the Commission. Except with respect to
24 taxes imposed on invested capital, such tax liabilities shall
25 be recovered from customers solely by means of the additional
26 charges authorized by this Section.

1 (Source: P.A. 102-669, eff. 11-16-21.)

2 Section 999. Effective date. This Act takes effect upon
3 becoming law.