



## 103RD GENERAL ASSEMBLY

### State of Illinois

### 2023 and 2024

#### HB3914

Introduced 2/17/2023, by Rep. Justin Slaughter

#### SYNOPSIS AS INTRODUCED:

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

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

LRB103 27153 HLH 53522 b

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 203 as follows:

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

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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



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

17 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (D-25) In the case of a resident, an amount equal  
9 to the amount of tax for which a credit is allowed  
10 pursuant to Section 201(p)(7) of this Act;

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

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



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

19 (F) An amount equal to all amounts included in  
20 such total pursuant to the provisions of Sections  
21 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
22 408 of the Internal Revenue Code, or included in such  
23 total as distributions under the provisions of any  
24 retirement or disability plan for employees of any  
25 governmental agency or unit, or retirement payments to  
26 retired partners, which payments are excluded in

1 computing net earnings from self employment by Section  
2 1402 of the Internal Revenue Code and regulations  
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

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

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

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

21 (K) An amount equal to those dividends included in  
22 such total that were paid by a corporation that  
23 conducts business operations in a federally designated  
24 Foreign Trade Zone or Sub-Zone and that is designated  
25 a High Impact Business located in Illinois; provided  
26 that dividends eligible for the deduction provided in

1           subparagraph (J) of paragraph (2) of this subsection  
2           shall not be eligible for the deduction provided under  
3           this subparagraph (K);

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

9           (M) With the exception of any amounts subtracted  
10          under subparagraph (N), an amount equal to the sum of  
11          all amounts disallowed as deductions by (i) Sections  
12          171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
13          and all amounts of expenses allocable to interest and  
14          disallowed as deductions by Section 265(a)(1) of the  
15          Internal Revenue Code; and (ii) for taxable years  
16          ending on or after August 13, 1999, Sections  
17          171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
18          Internal Revenue Code, plus, for taxable years ending  
19          on or after December 31, 2011, Section 45G(e)(3) of  
20          the Internal Revenue Code and, for taxable years  
21          ending on or after December 31, 2008, any amount  
22          included in gross income under Section 87 of the  
23          Internal Revenue Code; the provisions of this  
24          subparagraph are exempt from the provisions of Section  
25          250;

26          (N) An amount equal to all amounts included in

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

9 (O) An amount equal to any contribution made to a  
10 job training project established pursuant to the Tax  
11 Increment Allocation Redevelopment Act;

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

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

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

2 (S) An amount, to the extent included in adjusted  
3 gross income, equal to the amount of a contribution  
4 made in the taxable year on behalf of the taxpayer to a  
5 medical care savings account established under the  
6 Medical Care Savings Account Act or the Medical Care  
7 Savings Account Act of 2000 to the extent the  
8 contribution is accepted by the account administrator  
9 as provided in that Act;

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

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

23 (V) Beginning with tax years ending on or after  
24 December 31, 1995 and ending with tax years ending on  
25 or before December 31, 2004, an amount equal to the  
26 amount paid by a taxpayer who is a self-employed

1 taxpayer, a partner of a partnership, or a shareholder  
2 in a Subchapter S corporation for health insurance or  
3 long-term care insurance for that taxpayer or that  
4 taxpayer's spouse or dependents, to the extent that  
5 the amount paid for that health insurance or long-term  
6 care insurance may be deducted under Section 213 of  
7 the Internal Revenue Code, has not been deducted on  
8 the federal income tax return of the taxpayer, and  
9 does not exceed the taxable income attributable to  
10 that taxpayer's income, self-employment income, or  
11 Subchapter S corporation income; except that no  
12 deduction shall be allowed under this item (V) if the  
13 taxpayer is eligible to participate in any health  
14 insurance or long-term care insurance plan of an  
15 employer of the taxpayer or the taxpayer's spouse. The  
16 amount of the health insurance and long-term care  
17 insurance subtracted under this item (V) shall be  
18 determined by multiplying total health insurance and  
19 long-term care insurance premiums paid by the taxpayer  
20 times a number that represents the fractional  
21 percentage of eligible medical expenses under Section  
22 213 of the Internal Revenue Code of 1986 not actually  
23 deducted on the taxpayer's federal income tax return;

24 (W) For taxable years beginning on or after  
25 January 1, 1998, all amounts included in the  
26 taxpayer's federal gross income in the taxable year

1 from amounts converted from a regular IRA to a Roth  
2 IRA. This paragraph is exempt from the provisions of  
3 Section 250;

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

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

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



1 of this subparagraph, contributions made by an  
2 employer on behalf of an employee, or matching  
3 contributions made by an employee, shall be treated as  
4 made by the employee. This subparagraph (Y) is exempt  
5 from the provisions of Section 250;

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

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

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

23 (3) for taxable years ending after December  
24 31, 2005:

25 (i) for property on which a bonus  
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by  
2 30 and then divided by 70 (or "y" multiplied  
3 by 0.429);

4 (ii) for property on which a bonus  
5 depreciation deduction of 50% of the adjusted  
6 basis was taken, "x" equals "y" multiplied by  
7 1.0;

8 (iii) for property on which a bonus  
9 depreciation deduction of 100% of the adjusted  
10 basis was taken in a taxable year ending on or  
11 after December 31, 2021, "x" equals the  
12 depreciation deduction that would be allowed  
13 on that property if the taxpayer had made the  
14 election under Section 168(k)(7) of the  
15 Internal Revenue Code to not claim bonus  
16 depreciation on that property; and

17 (iv) for property on which a bonus  
18 depreciation deduction of a percentage other  
19 than 30%, 50% or 100% of the adjusted basis  
20 was taken in a taxable year ending on or after  
21 December 31, 2021, "x" equals "y" multiplied  
22 by 100 times the percentage bonus depreciation  
23 on the property (that is,  $100(\text{bonus}\%)$ ) and  
24 then divided by 100 times 1 minus the  
25 percentage bonus depreciation on the property  
26 (that is,  $100(1-\text{bonus}\%)$ ).

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

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

14          If the taxpayer continues to own property through  
15          the last day of the last tax year for which a  
16          subtraction is allowed with respect to that property  
17          under subparagraph (Z) and for which the taxpayer was  
18          required in any taxable year to make an addition  
19          modification under subparagraph (D-15), then an amount  
20          equal to that addition modification.

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

24          This subparagraph (AA) is exempt from the  
25          provisions of Section 250;

26          (BB) Any amount included in adjusted gross income,

1 other than salary, received by a driver in a  
2 ridesharing arrangement using a motor vehicle;

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

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

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

15 (EE) An amount equal to the income from intangible  
16 property taken into account for the taxable year (net  
17 of the deductions allocable thereto) with respect to  
18 transactions with (i) a foreign person who would be a  
19 member of the taxpayer's unitary business group but  
20 for the fact that the foreign person's business  
21 activity outside the United States is 80% or more of  
22 that person's total business activity and (ii) for  
23 taxable years ending on or after December 31, 2008, to  
24 a person who would be a member of the same unitary  
25 business group but for the fact that the person is  
26 prohibited under Section 1501(a)(27) from being

1 included in the unitary business group because he or  
2 she is ordinarily required to apportion business  
3 income under different subsections of Section 304, but  
4 not to exceed the addition modification required to be  
5 made for the same taxable year under Section  
6 203(a)(2)(D-18) for intangible expenses and costs  
7 paid, accrued, or incurred, directly or indirectly, to  
8 the same foreign person. This subparagraph (EE) is  
9 exempt from the provisions of Section 250;

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

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

1 (GG), the insurer to which the premiums were paid must  
2 add back to income the amount subtracted by the  
3 taxpayer pursuant to this subparagraph (GG). This  
4 subparagraph (GG) is exempt from the provisions of  
5 Section 250;

6 (HH) For taxable years beginning on or after  
7 January 1, 2018 and prior to January 1, 2028, a maximum  
8 of \$10,000 contributed in the taxable year to a  
9 qualified ABLE account under Section 16.6 of the State  
10 Treasurer Act, except that amounts excluded from gross  
11 income under Section 529(c)(3)(C)(i) or Section  
12 529A(c)(1)(C) of the Internal Revenue Code shall not  
13 be considered moneys contributed under this  
14 subparagraph (HH). For purposes of this subparagraph  
15 (HH), contributions made by an employer on behalf of  
16 an employee, or matching contributions made by an  
17 employee, shall be treated as made by the employee;  
18 ~~and~~

19 (II) For taxable years that begin on or after  
20 January 1, 2021 and begin before January 1, 2026, the  
21 amount that is included in the taxpayer's federal  
22 adjusted gross income pursuant to Section 61 of the  
23 Internal Revenue Code as discharge of indebtedness  
24 attributable to student loan forgiveness and that is  
25 not excluded from the taxpayer's federal adjusted  
26 gross income pursuant to paragraph (5) of subsection

1 (f) of Section 108 of the Internal Revenue Code; and ~~—~~  
2 (JJ) For taxable years beginning on or after  
3 January 1, 2024, for any cannabis establishment  
4 operating in this State and licensed under the  
5 Cannabis Regulation and Tax Act or any cannabis  
6 cultivation center or medical cannabis dispensing  
7 organization operating in this State and licensed  
8 under the Compassionate Use of Cannabis Program Act,  
9 an amount equal to the deductions and credits that  
10 were disallowed under Section 280E of the Internal  
11 Revenue Code for the taxable year and that would not be  
12 added back under this subsection. The provisions of  
13 this subparagraph (JJ) are exempt from the provisions  
14 of Section 250.

15 (b) Corporations.

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

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

22 (A) An amount equal to all amounts paid or accrued  
23 to the taxpayer as interest and all distributions  
24 received from regulated investment companies during  
25 the taxable year to the extent excluded from gross



1 income in the computation of taxable income;

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

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

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

20 (E) For taxable years in which a net operating  
21 loss carryback or carryforward from a taxable year  
22 ending prior to December 31, 1986 is an element of  
23 taxable income under paragraph (1) of subsection (e)  
24 or subparagraph (E) of paragraph (2) of subsection  
25 (e), the amount by which addition modifications other  
26 than those provided by this subparagraph (E) exceeded

1 subtraction modifications in such earlier taxable  
2 year, with the following limitations applied in the  
3 order that they are listed:

4 (i) the addition modification relating to the  
5 net operating loss carried back or forward to the  
6 taxable year from any taxable year ending prior to  
7 December 31, 1986 shall be reduced by the amount  
8 of addition modification under this subparagraph  
9 (E) which related to that net operating loss and  
10 which was taken into account in calculating the  
11 base income of an earlier taxable year, and

12 (ii) the addition modification relating to the  
13 net operating loss carried back or forward to the  
14 taxable year from any taxable year ending prior to  
15 December 31, 1986 shall not exceed the amount of  
16 such carryback or carryforward;

17 For taxable years in which there is a net  
18 operating loss carryback or carryforward from more  
19 than one other taxable year ending prior to December  
20 31, 1986, the addition modification provided in this  
21 subparagraph (E) shall be the sum of the amounts  
22 computed independently under the preceding provisions  
23 of this subparagraph (E) for each such taxable year;

24 (E-5) For taxable years ending after December 31,  
25 1997, an amount equal to any eligible remediation  
26 costs that the corporation deducted in computing

1 adjusted gross income and for which the corporation  
2 claims a credit under subsection (l) of Section 201;

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

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

15 If the taxpayer continues to own property through  
16 the last day of the last tax year for which a  
17 subtraction is allowed with respect to that property  
18 under subparagraph (T) and for which the taxpayer was  
19 allowed in any taxable year to make a subtraction  
20 modification under subparagraph (T), then an amount  
21 equal to that subtraction modification.

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

25 (E-12) An amount equal to the amount otherwise  
26 allowed as a deduction in computing base income for

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

26 This paragraph shall not apply to the following:

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

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

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

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

22           (iii) the taxpayer can establish, based on  
23 clear and convincing evidence, that the interest  
24 paid, accrued, or incurred relates to a contract  
25 or agreement entered into at arm's-length rates  
26 and terms and the principal purpose for the

1 payment is not federal or Illinois tax avoidance;  
2 or

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

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

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

1 States is 80% or more of that person's total business  
2 activity and (ii) for taxable years ending on or after  
3 December 31, 2008, to a person who would be a member of  
4 the same unitary business group but for the fact that  
5 the person is prohibited under Section 1501(a)(27)  
6 from being included in the unitary business group  
7 because he or she is ordinarily required to apportion  
8 business income under different subsections of Section  
9 304. The addition modification required by this  
10 subparagraph shall be reduced to the extent that  
11 dividends were included in base income of the unitary  
12 group for the same taxable year and received by the  
13 taxpayer or by a member of the taxpayer's unitary  
14 business group (including amounts included in gross  
15 income pursuant to Sections 951 through 964 of the  
16 Internal Revenue Code and amounts included in gross  
17 income under Section 78 of the Internal Revenue Code)  
18 with respect to the stock of the same person to whom  
19 the intangible expenses and costs were directly or  
20 indirectly paid, incurred, or accrued. The preceding  
21 sentence shall not apply to the extent that the same  
22 dividends caused a reduction to the addition  
23 modification required under Section 203(b)(2)(E-12) of  
24 this Act. As used in this subparagraph, the term  
25 "intangible expenses and costs" includes (1) expenses,  
26 losses, and costs for, or related to, the direct or

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

12 This paragraph shall not apply to the following:

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

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

25 (a) the person during the same taxable  
26 year paid, accrued, or incurred, the



1 intangible expense or cost to a person that is  
2 not a related member, and

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

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

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

1           its authority under Section 404 of this Act;

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

1           203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this  
2           Act;

3           (E-15) For taxable years beginning after December  
4           31, 2008, any deduction for dividends paid by a  
5           captive real estate investment trust that is allowed  
6           to a real estate investment trust under Section  
7           857(b)(2)(B) of the Internal Revenue Code for  
8           dividends paid;

9           (E-16) An amount equal to the credit allowable to  
10          the taxpayer under Section 218(a) of this Act,  
11          determined without regard to Section 218(c) of this  
12          Act;

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

17          (E-18) for taxable years beginning after December  
18          31, 2018, an amount equal to the deduction allowed  
19          under Section 250(a)(1)(A) of the Internal Revenue  
20          Code for the taxable year;

21          (E-19) for taxable years ending on or after June  
22          30, 2021, an amount equal to the deduction allowed  
23          under Section 250(a)(1)(B)(i) of the Internal Revenue  
24          Code for the taxable year;

25          (E-20) for taxable years ending on or after June  
26          30, 2021, an amount equal to the deduction allowed

1 under Sections 243(e) and 245A(a) of the Internal  
2 Revenue Code for the taxable year.

3 and by deducting from the total so obtained the sum of the  
4 following amounts:

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

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

10 (H) In the case of a regulated investment company,  
11 an amount equal to the amount of exempt interest  
12 dividends as defined in subsection (b)(5) of Section  
13 852 of the Internal Revenue Code, paid to shareholders  
14 for the taxable year;

15 (I) With the exception of any amounts subtracted  
16 under subparagraph (J), an amount equal to the sum of  
17 all amounts disallowed as deductions by (i) Sections  
18 171(a)(2) and 265(a)(2) and amounts disallowed as  
19 interest expense by Section 291(a)(3) of the Internal  
20 Revenue Code, and all amounts of expenses allocable to  
21 interest and disallowed as deductions by Section  
22 265(a)(1) of the Internal Revenue Code; and (ii) for  
23 taxable years ending on or after August 13, 1999,  
24 Sections 171(a)(2), 265, 280C, 291(a)(3), and  
25 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
26 for tax years ending on or after December 31, 2011,

1 amounts disallowed as deductions by Section 45G(e) (3)  
2 of the Internal Revenue Code and, for taxable years  
3 ending on or after December 31, 2008, any amount  
4 included in gross income under Section 87 of the  
5 Internal Revenue Code and the policyholders' share of  
6 tax-exempt interest of a life insurance company under  
7 Section 807(a) (2) (B) of the Internal Revenue Code (in  
8 the case of a life insurance company with gross income  
9 from a decrease in reserves for the tax year) or  
10 Section 807(b) (1) (B) of the Internal Revenue Code (in  
11 the case of a life insurance company allowed a  
12 deduction for an increase in reserves for the tax  
13 year); the provisions of this subparagraph are exempt  
14 from the provisions of Section 250;

15 (J) An amount equal to all amounts included in  
16 such total which are exempt from taxation by this  
17 State either by reason of its statutes or Constitution  
18 or by reason of the Constitution, treaties or statutes  
19 of the United States; provided that, in the case of any  
20 statute of this State that exempts income derived from  
21 bonds or other obligations from the tax imposed under  
22 this Act, the amount exempted shall be the interest  
23 net of bond premium amortization;

24 (K) An amount equal to those dividends included in  
25 such total which were paid by a corporation which  
26 conducts business operations in a River Edge

1           Redevelopment Zone or zones created under the River  
2           Edge Redevelopment Zone Act and conducts substantially  
3           all of its operations in a River Edge Redevelopment  
4           Zone or zones. This subparagraph (K) is exempt from  
5           the provisions of Section 250;

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

15          (M) For any taxpayer that is a financial  
16          organization within the meaning of Section 304(c) of  
17          this Act, an amount included in such total as interest  
18          income from a loan or loans made by such taxpayer to a  
19          borrower, to the extent that such a loan is secured by  
20          property which is eligible for the River Edge  
21          Redevelopment Zone Investment Credit. To determine the  
22          portion of a loan or loans that is secured by property  
23          eligible for a Section 201(f) investment credit to the  
24          borrower, the entire principal amount of the loan or  
25          loans between the taxpayer and the borrower should be  
26          divided into the basis of the Section 201(f)

1 investment credit property which secures the loan or  
2 loans, using for this purpose the original basis of  
3 such property on the date that it was placed in service  
4 in the River Edge Redevelopment Zone. The subtraction  
5 modification available to the taxpayer in any year  
6 under this subsection shall be that portion of the  
7 total interest paid by the borrower with respect to  
8 such loan attributable to the eligible property as  
9 calculated under the previous sentence. This  
10 subparagraph (M) is exempt from the provisions of  
11 Section 250;

12 (M-1) For any taxpayer that is a financial  
13 organization within the meaning of Section 304(c) of  
14 this Act, an amount included in such total as interest  
15 income from a loan or loans made by such taxpayer to a  
16 borrower, to the extent that such a loan is secured by  
17 property which is eligible for the High Impact  
18 Business Investment Credit. To determine the portion  
19 of a loan or loans that is secured by property eligible  
20 for a Section 201(h) investment credit to the  
21 borrower, the entire principal amount of the loan or  
22 loans between the taxpayer and the borrower should be  
23 divided into the basis of the Section 201(h)  
24 investment credit property which secures the loan or  
25 loans, using for this purpose the original basis of  
26 such property on the date that it was placed in service

1 in a federally designated Foreign Trade Zone or  
2 Sub-Zone located in Illinois. No taxpayer that is  
3 eligible for the deduction provided in subparagraph  
4 (M) of paragraph (2) of this subsection shall be  
5 eligible for the deduction provided under this  
6 subparagraph (M-1). The subtraction modification  
7 available to taxpayers in any year under this  
8 subsection shall be that portion of the total interest  
9 paid by the borrower with respect to such loan  
10 attributable to the eligible property as calculated  
11 under the previous sentence;

12 (N) Two times any contribution made during the  
13 taxable year to a designated zone organization to the  
14 extent that the contribution (i) qualifies as a  
15 charitable contribution under subsection (c) of  
16 Section 170 of the Internal Revenue Code and (ii)  
17 must, by its terms, be used for a project approved by  
18 the Department of Commerce and Economic Opportunity  
19 under Section 11 of the Illinois Enterprise Zone Act  
20 or under Section 10-10 of the River Edge Redevelopment  
21 Zone Act. This subparagraph (N) is exempt from the  
22 provisions of Section 250;

23 (O) An amount equal to: (i) 85% for taxable years  
24 ending on or before December 31, 1992, or, a  
25 percentage equal to the percentage allowable under  
26 Section 243(a) (1) of the Internal Revenue Code of 1986



1 for taxable years ending after December 31, 1992, of  
2 the amount by which dividends included in taxable  
3 income and received from a corporation that is not  
4 created or organized under the laws of the United  
5 States or any state or political subdivision thereof,  
6 including, for taxable years ending on or after  
7 December 31, 1988, dividends received or deemed  
8 received or paid or deemed paid under Sections 951  
9 through 965 of the Internal Revenue Code, exceed the  
10 amount of the modification provided under subparagraph  
11 (G) of paragraph (2) of this subsection (b) which is  
12 related to such dividends, and including, for taxable  
13 years ending on or after December 31, 2008, dividends  
14 received from a captive real estate investment trust;  
15 plus (ii) 100% of the amount by which dividends,  
16 included in taxable income and received, including,  
17 for taxable years ending on or after December 31,  
18 1988, dividends received or deemed received or paid or  
19 deemed paid under Sections 951 through 964 of the  
20 Internal Revenue Code and including, for taxable years  
21 ending on or after December 31, 2008, dividends  
22 received from a captive real estate investment trust,  
23 from any such corporation specified in clause (i) that  
24 would but for the provisions of Section 1504(b)(3) of  
25 the Internal Revenue Code be treated as a member of the  
26 affiliated group which includes the dividend

1 recipient, exceed the amount of the modification  
2 provided under subparagraph (G) of paragraph (2) of  
3 this subsection (b) which is related to such  
4 dividends. For taxable years ending on or after June  
5 30, 2021, (i) for purposes of this subparagraph, the  
6 term "dividend" does not include any amount treated as  
7 a dividend under Section 1248 of the Internal Revenue  
8 Code, and (ii) this subparagraph shall not apply to  
9 dividends for which a deduction is allowed under  
10 Section 245(a) of the Internal Revenue Code. This  
11 subparagraph (O) is exempt from the provisions of  
12 Section 250 of this Act;

13 (P) An amount equal to any contribution made to a  
14 job training project established pursuant to the Tax  
15 Increment Allocation Redevelopment Act;

16 (Q) An amount equal to the amount of the deduction  
17 used to compute the federal income tax credit for  
18 restoration of substantial amounts held under claim of  
19 right for the taxable year pursuant to Section 1341 of  
20 the Internal Revenue Code;

21 (R) On and after July 20, 1999, in the case of an  
22 attorney-in-fact with respect to whom an interinsurer  
23 or a reciprocal insurer has made the election under  
24 Section 835 of the Internal Revenue Code, 26 U.S.C.  
25 835, an amount equal to the excess, if any, of the  
26 amounts paid or incurred by that interinsurer or

1 reciprocal insurer in the taxable year to the  
2 attorney-in-fact over the deduction allowed to that  
3 interinsurer or reciprocal insurer with respect to the  
4 attorney-in-fact under Section 835(b) of the Internal  
5 Revenue Code for the taxable year; the provisions of  
6 this subparagraph are exempt from the provisions of  
7 Section 250;

8 (S) For taxable years ending on or after December  
9 31, 1997, in the case of a Subchapter S corporation, an  
10 amount equal to all amounts of income allocable to a  
11 shareholder subject to the Personal Property Tax  
12 Replacement Income Tax imposed by subsections (c) and  
13 (d) of Section 201 of this Act, including amounts  
14 allocable to organizations exempt from federal income  
15 tax by reason of Section 501(a) of the Internal  
16 Revenue Code. This subparagraph (S) is exempt from the  
17 provisions of Section 250;

18 (T) For taxable years 2001 and thereafter, for the  
19 taxable year in which the bonus depreciation deduction  
20 is taken on the taxpayer's federal income tax return  
21 under subsection (k) of Section 168 of the Internal  
22 Revenue Code and for each applicable taxable year  
23 thereafter, an amount equal to "x", where:

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

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

5 (2) for taxable years ending on or before  
6 December 31, 2005, "x" equals "y" multiplied by 30  
7 and then divided by 70 (or "y" multiplied by  
8 0.429); and

9 (3) for taxable years ending after December  
10 31, 2005:

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

16 (ii) for property on which a bonus  
17 depreciation deduction of 50% of the adjusted  
18 basis was taken, "x" equals "y" multiplied by  
19 1.0;

20 (iii) for property on which a bonus  
21 depreciation deduction of 100% of the adjusted  
22 basis was taken in a taxable year ending on or  
23 after December 31, 2021, "x" equals the  
24 depreciation deduction that would be allowed  
25 on that property if the taxpayer had made the  
26 election under Section 168(k)(7) of the

1 Internal Revenue Code to not claim bonus  
2 depreciation on that property; and

3 (iv) for property on which a bonus  
4 depreciation deduction of a percentage other  
5 than 30%, 50% or 100% of the adjusted basis  
6 was taken in a taxable year ending on or after  
7 December 31, 2021, "x" equals "y" multiplied  
8 by 100 times the percentage bonus depreciation  
9 on the property (that is,  $100(\text{bonus}\%)$ ) and  
10 then divided by 100 times 1 minus the  
11 percentage bonus depreciation on the property  
12 (that is,  $100(1-\text{bonus}\%)$ ).

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

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

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which a  
2 subtraction is allowed with respect to that property  
3 under subparagraph (T) and for which the taxpayer was  
4 required in any taxable year to make an addition  
5 modification under subparagraph (E-10), then an amount  
6 equal to that addition modification.

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

10 This subparagraph (U) is exempt from the  
11 provisions of Section 250;

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

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

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

1 made for the same taxable year under Section  
2 203(b)(2)(E-12) for interest paid, accrued, or  
3 incurred, directly or indirectly, to the same person.  
4 This subparagraph (W) is exempt from the provisions of  
5 Section 250;

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



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

17 (Z) The difference between the nondeductible  
18 controlled foreign corporation dividends under Section  
19 965(e)(3) of the Internal Revenue Code over the  
20 taxable income of the taxpayer, computed without  
21 regard to Section 965(e)(2)(A) of the Internal Revenue  
22 Code, and without regard to any net operating loss  
23 deduction. This subparagraph (Z) is exempt from the  
24 provisions of Section 250; and ~~and~~

25 (AA) For taxable years beginning on or after  
26 January 1, 2024, for any cannabis establishment

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

12           (3) Special rule. For purposes of paragraph (2)(A),  
13           "gross income" in the case of a life insurance company,  
14           for tax years ending on and after December 31, 1994, and  
15           prior to December 31, 2011, shall mean the gross  
16           investment income for the taxable year and, for tax years  
17           ending on or after December 31, 2011, shall mean all  
18           amounts included in life insurance gross income under  
19           Section 803(a)(3) of the Internal Revenue Code.

20           (c) Trusts and estates.

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

24           (2) Modifications. Subject to the provisions of  
25           paragraph (3), the taxable income referred to in paragraph

1           (1) shall be modified by adding thereto the sum of the  
2 following amounts:

3                   (A) An amount equal to all amounts paid or accrued  
4 to the taxpayer as interest or dividends during the  
5 taxable year to the extent excluded from gross income  
6 in the computation of taxable income;

7                   (B) In the case of (i) an estate, \$600; (ii) a  
8 trust which, under its governing instrument, is  
9 required to distribute all of its income currently,  
10 \$300; and (iii) any other trust, \$100, but in each such  
11 case, only to the extent such amount was deducted in  
12 the computation of taxable income;

13                   (C) An amount equal to the amount of tax imposed by  
14 this Act to the extent deducted from gross income in  
15 the computation of taxable income for the taxable  
16 year;

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

21                   (E) For taxable years in which a net operating  
22 loss carryback or carryforward from a taxable year  
23 ending prior to December 31, 1986 is an element of  
24 taxable income under paragraph (1) of subsection (e)  
25 or subparagraph (E) of paragraph (2) of subsection  
26 (e), the amount by which addition modifications other

1 than those provided by this subparagraph (E) exceeded  
2 subtraction modifications in such taxable year, with  
3 the following limitations applied in the order that  
4 they are listed:

5 (i) the addition modification relating to the  
6 net operating loss carried back or forward to the  
7 taxable year from any taxable year ending prior to  
8 December 31, 1986 shall be reduced by the amount  
9 of addition modification under this subparagraph  
10 (E) which related to that net operating loss and  
11 which was taken into account in calculating the  
12 base income of an earlier taxable year, and

13 (ii) the addition modification relating to the  
14 net operating loss carried back or forward to the  
15 taxable year from any taxable year ending prior to  
16 December 31, 1986 shall not exceed the amount of  
17 such carryback or carryforward;

18 For taxable years in which there is a net  
19 operating loss carryback or carryforward from more  
20 than one other taxable year ending prior to December  
21 31, 1986, the addition modification provided in this  
22 subparagraph (E) shall be the sum of the amounts  
23 computed independently under the preceding provisions  
24 of this subparagraph (E) for each such taxable year;

25 (F) For taxable years ending on or after January  
26 1, 1989, an amount equal to the tax deducted pursuant

1 to Section 164 of the Internal Revenue Code if the  
2 trust or estate is claiming the same tax for purposes  
3 of the Illinois foreign tax credit under Section 601  
4 of this Act;

5 (G) An amount equal to the amount of the capital  
6 gain deduction allowable under the Internal Revenue  
7 Code, to the extent deducted from gross income in the  
8 computation of taxable income;

9 (G-5) For taxable years ending after December 31,  
10 1997, an amount equal to any eligible remediation  
11 costs that the trust or estate deducted in computing  
12 adjusted gross income and for which the trust or  
13 estate claims a credit under subsection (l) of Section  
14 201;

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

20 (G-11) If the taxpayer sells, transfers, abandons,  
21 or otherwise disposes of property for which the  
22 taxpayer was required in any taxable year to make an  
23 addition modification under subparagraph (G-10), then  
24 an amount equal to the aggregate amount of the  
25 deductions taken in all taxable years under  
26 subparagraph (R) with respect to that property.

1           If the taxpayer continues to own property through  
2           the last day of the last tax year for which a  
3           subtraction is allowed with respect to that property  
4           under subparagraph (R) and for which the taxpayer was  
5           allowed in any taxable year to make a subtraction  
6           modification under subparagraph (R), then an amount  
7           equal to that subtraction modification.

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

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

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

12 This paragraph shall not apply to the following:

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

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

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

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

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

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

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



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

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

1 income pursuant to Sections 951 through 964 of the  
2 Internal Revenue Code and amounts included in gross  
3 income under Section 78 of the Internal Revenue Code)  
4 with respect to the stock of the same person to whom  
5 the intangible expenses and costs were directly or  
6 indirectly paid, incurred, or accrued. The preceding  
7 sentence shall not apply to the extent that the same  
8 dividends caused a reduction to the addition  
9 modification required under Section 203(c)(2)(G-12) of  
10 this Act. As used in this subparagraph, the term  
11 "intangible expenses and costs" includes: (1)  
12 expenses, losses, and costs for or related to the  
13 direct or indirect acquisition, use, maintenance or  
14 management, ownership, sale, exchange, or any other  
15 disposition of intangible property; (2) losses  
16 incurred, directly or indirectly, from factoring  
17 transactions or discounting transactions; (3) royalty,  
18 patent, technical, and copyright fees; (4) licensing  
19 fees; and (5) other similar expenses and costs. For  
20 purposes of this subparagraph, "intangible property"  
21 includes patents, patent applications, trade names,  
22 trademarks, service marks, copyrights, mask works,  
23 trade secrets, and similar types of intangible assets.

24 This paragraph shall not apply to the following:

25 (i) any item of intangible expenses or costs  
26 paid, accrued, or incurred, directly or

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

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

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

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

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

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

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

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

1 included in base income of the unitary group for the  
2 same taxable year and received by the taxpayer or by a  
3 member of the taxpayer's unitary business group  
4 (including amounts included in gross income under  
5 Sections 951 through 964 of the Internal Revenue Code  
6 and amounts included in gross income under Section 78  
7 of the Internal Revenue Code) with respect to the  
8 stock of the same person to whom the premiums and costs  
9 were directly or indirectly paid, incurred, or  
10 accrued. The preceding sentence does not apply to the  
11 extent that the same dividends caused a reduction to  
12 the addition modification required under Section  
13 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this  
14 Act;

15 (G-15) An amount equal to the credit allowable to  
16 the taxpayer under Section 218(a) of this Act,  
17 determined without regard to Section 218(c) of this  
18 Act;

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

23 and by deducting from the total so obtained the sum of the  
24 following amounts:

25 (H) An amount equal to all amounts included in  
26 such total pursuant to the provisions of Sections

1 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408  
2 of the Internal Revenue Code or included in such total  
3 as distributions under the provisions of any  
4 retirement or disability plan for employees of any  
5 governmental agency or unit, or retirement payments to  
6 retired partners, which payments are excluded in  
7 computing net earnings from self employment by Section  
8 1402 of the Internal Revenue Code and regulations  
9 adopted pursuant thereto;

10 (I) The valuation limitation amount;

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

14 (K) An amount equal to all amounts included in  
15 taxable income as modified by subparagraphs (A), (B),  
16 (C), (D), (E), (F) and (G) which are exempt from  
17 taxation by this State either by reason of its  
18 statutes or Constitution or by reason of the  
19 Constitution, treaties or statutes of the United  
20 States; provided that, in the case of any statute of  
21 this State that exempts income derived from bonds or  
22 other obligations from the tax imposed under this Act,  
23 the amount exempted shall be the interest net of bond  
24 premium amortization;

25 (L) With the exception of any amounts subtracted  
26 under subparagraph (K), an amount equal to the sum of

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

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

24 (N) An amount equal to any contribution made to a  
25 job training project established pursuant to the Tax  
26 Increment Allocation Redevelopment Act;

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

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

15           (Q) For taxable year 1999 and thereafter, an  
16 amount equal to the amount of any (i) distributions,  
17 to the extent includible in gross income for federal  
18 income tax purposes, made to the taxpayer because of  
19 his or her status as a victim of persecution for racial  
20 or religious reasons by Nazi Germany or any other Axis  
21 regime or as an heir of the victim and (ii) items of  
22 income, to the extent includible in gross income for  
23 federal income tax purposes, attributable to, derived  
24 from or in any way related to assets stolen from,  
25 hidden from, or otherwise lost to a victim of  
26 persecution for racial or religious reasons by Nazi



1 Germany or any other Axis regime immediately prior to,  
2 during, and immediately after World War II, including,  
3 but not limited to, interest on the proceeds  
4 receivable as insurance under policies issued to a  
5 victim of persecution for racial or religious reasons  
6 by Nazi Germany or any other Axis regime by European  
7 insurance companies immediately prior to and during  
8 World War II; provided, however, this subtraction from  
9 federal adjusted gross income does not apply to assets  
10 acquired with such assets or with the proceeds from  
11 the sale of such assets; provided, further, this  
12 paragraph shall only apply to a taxpayer who was the  
13 first recipient of such assets after their recovery  
14 and who is a victim of persecution for racial or  
15 religious reasons by Nazi Germany or any other Axis  
16 regime or as an heir of the victim. The amount of and  
17 the eligibility for any public assistance, benefit, or  
18 similar entitlement is not affected by the inclusion  
19 of items (i) and (ii) of this paragraph in gross income  
20 for federal income tax purposes. This paragraph is  
21 exempt from the provisions of Section 250;

22 (R) For taxable years 2001 and thereafter, for the  
23 taxable year in which the bonus depreciation deduction  
24 is taken on the taxpayer's federal income tax return  
25 under subsection (k) of Section 168 of the Internal  
26 Revenue Code and for each applicable taxable year

1           thereafter, an amount equal to "x", where:

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

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

13                   (3) for taxable years ending after December  
14                   31, 2005:

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

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

24                           (iii) for property on which a bonus  
25                           depreciation deduction of 100% of the adjusted  
26                           basis was taken in a taxable year ending on or

1 after December 31, 2021, "x" equals the  
2 depreciation deduction that would be allowed  
3 on that property if the taxpayer had made the  
4 election under Section 168(k)(7) of the  
5 Internal Revenue Code to not claim bonus  
6 depreciation on that property; and

7 (iv) for property on which a bonus  
8 depreciation deduction of a percentage other  
9 than 30%, 50% or 100% of the adjusted basis  
10 was taken in a taxable year ending on or after  
11 December 31, 2021, "x" equals "y" multiplied  
12 by 100 times the percentage bonus depreciation  
13 on the property (that is,  $100(\text{bonus}\%)$ ) and  
14 then divided by 100 times 1 minus the  
15 percentage bonus depreciation on the property  
16 (that is,  $100(1-\text{bonus}\%)$ ).

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

25 (S) If the taxpayer sells, transfers, abandons, or  
26 otherwise disposes of property for which the taxpayer

1 was required in any taxable year to make an addition  
2 modification under subparagraph (G-10), then an amount  
3 equal to that addition modification.

4 If the taxpayer continues to own property through  
5 the last day of the last tax year for which a  
6 subtraction is allowed with respect to that property  
7 under subparagraph (R) and for which the taxpayer was  
8 required in any taxable year to make an addition  
9 modification under subparagraph (G-10), then an amount  
10 equal to that addition modification.

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

14 This subparagraph (S) is exempt from the  
15 provisions of Section 250;

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

1           that is required to make an addition modification with  
2           respect to such transaction under Section  
3           203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
4           203(d)(2)(D-8), but not to exceed the amount of such  
5           addition modification. This subparagraph (T) is exempt  
6           from the provisions of Section 250;

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

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

22           (W) in the case of an estate, an amount equal to  
23 all amounts included in such total pursuant to the  
24 provisions of Section 111 of the Internal Revenue Code  
25 as a recovery of items previously deducted by the  
26 decedent from adjusted gross income in the computation

1 of taxable income. This subparagraph (W) is exempt  
2 from Section 250;

3 (X) an amount equal to the refund included in such  
4 total of any tax deducted for federal income tax  
5 purposes, to the extent that deduction was added back  
6 under subparagraph (F). This subparagraph (X) is  
7 exempt from the provisions of Section 250;

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

24 (Z) For taxable years beginning after December 31,  
25 2018 and before January 1, 2026, the amount of excess  
26 business loss of the taxpayer disallowed as a

1 deduction by Section 461(1)(1)(B) of the Internal  
2 Revenue Code; and ~~and~~

3 (AA) For taxable years beginning on or after  
4 January 1, 2024, for any cannabis establishment  
5 operating in this State and licensed under the  
6 Cannabis Regulation and Tax Act or any cannabis  
7 cultivation center or medical cannabis dispensing  
8 organization operating in this State and licensed  
9 under the Compassionate Use of Cannabis Program Act,  
10 an amount equal to the deductions and credits that  
11 were disallowed under Section 280E of the Internal  
12 Revenue Code for the taxable year and that would not be  
13 added back under this subsection. The provisions of  
14 this subparagraph (AA) are exempt from the provisions  
15 of Section 250.

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

23 (d) Partnerships.

24 (1) In general. In the case of a partnership, base  
25 income means an amount equal to the taxpayer's taxable



1 income for the taxable year as modified by paragraph (2).

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

5 (A) An amount equal to all amounts paid or accrued  
6 to the taxpayer as interest or dividends during the  
7 taxable year to the extent excluded from gross income  
8 in the computation of taxable income;

9 (B) An amount equal to the amount of tax imposed by  
10 this Act to the extent deducted from gross income for  
11 the taxable year;

12 (C) The amount of deductions allowed to the  
13 partnership pursuant to Section 707 (c) of the  
14 Internal Revenue Code in calculating its taxable  
15 income;

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

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

25 (D-6) If the taxpayer sells, transfers, abandons,  
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an  
2 addition modification under subparagraph (D-5), then  
3 an amount equal to the aggregate amount of the  
4 deductions taken in all taxable years under  
5 subparagraph (O) with respect to that property.

6 If the taxpayer continues to own property through  
7 the last day of the last tax year for which a  
8 subtraction is allowed with respect to that property  
9 under subparagraph (O) and for which the taxpayer was  
10 allowed in any taxable year to make a subtraction  
11 modification under subparagraph (O), then an amount  
12 equal to that subtraction modification.

13 The taxpayer is required to make the addition  
14 modification under this subparagraph only once with  
15 respect to any one piece of property;

16 (D-7) An amount equal to the amount otherwise  
17 allowed as a deduction in computing base income for  
18 interest paid, accrued, or incurred, directly or  
19 indirectly, (i) for taxable years ending on or after  
20 December 31, 2004, to a foreign person who would be a  
21 member of the same unitary business group but for the  
22 fact the foreign person's business activity outside  
23 the United States is 80% or more of the foreign  
24 person's total business activity and (ii) for taxable  
25 years ending on or after December 31, 2008, to a person  
26 who would be a member of the same unitary business

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

17 This paragraph shall not apply to the following:

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

24 (ii) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a person if  
26 the taxpayer can establish, based on a

1           preponderance of the evidence, both of the  
2           following:

3                   (a) the person, during the same taxable  
4                   year, paid, accrued, or incurred, the interest  
5                   to a person that is not a related member, and

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

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

20                  (iv) an item of interest paid, accrued, or  
21                  incurred, directly or indirectly, to a person if  
22                  the taxpayer establishes by clear and convincing  
23                  evidence that the adjustments are unreasonable; or  
24                  if the taxpayer and the Director agree in writing  
25                  to the application or use of an alternative method  
26                  of apportionment under Section 304(f).

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

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

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

1 marks, copyrights, mask works, trade secrets, and  
2 similar types of intangible assets;

3 This paragraph shall not apply to the following:

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

11 (ii) any item of intangible expense or cost  
12 paid, accrued, or incurred, directly or  
13 indirectly, if the taxpayer can establish, based  
14 on a preponderance of the evidence, both of the  
15 following:

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

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

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

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

19 (D-9) For taxable years ending on or after  
20 December 31, 2008, an amount equal to the amount of  
21 insurance premium expenses and costs otherwise allowed  
22 as a deduction in computing base income, and that were  
23 paid, accrued, or incurred, directly or indirectly, to  
24 a person who would be a member of the same unitary  
25 business group but for the fact that the person is  
26 prohibited under Section 1501(a)(27) from being



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

19 (D-10) An amount equal to the credit allowable to  
20 the taxpayer under Section 218(a) of this Act,  
21 determined without regard to Section 218(c) of this  
22 Act;

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

1 and by deducting from the total so obtained the following  
2 amounts:

3 (E) The valuation limitation amount;

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

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

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

25 (I) An amount equal to all amounts of income  
26 distributable to an entity subject to the Personal

1 Property Tax Replacement Income Tax imposed by  
2 subsections (c) and (d) of Section 201 of this Act  
3 including amounts distributable to organizations  
4 exempt from federal income tax by reason of Section  
5 501(a) of the Internal Revenue Code; this subparagraph  
6 (I) is exempt from the provisions of Section 250;

7 (J) With the exception of any amounts subtracted  
8 under subparagraph (G), an amount equal to the sum of  
9 all amounts disallowed as deductions by (i) Sections  
10 171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
11 and all amounts of expenses allocable to interest and  
12 disallowed as deductions by Section 265(a)(1) of the  
13 Internal Revenue Code; and (ii) for taxable years  
14 ending on or after August 13, 1999, Sections  
15 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
16 Internal Revenue Code, plus, (iii) for taxable years  
17 ending on or after December 31, 2011, Section  
18 45G(e)(3) of the Internal Revenue Code and, for  
19 taxable years ending on or after December 31, 2008,  
20 any amount included in gross income under Section 87  
21 of the Internal Revenue Code; the provisions of this  
22 subparagraph are exempt from the provisions of Section  
23 250;

24 (K) An amount equal to those dividends included in  
25 such total which were paid by a corporation which  
26 conducts business operations in a River Edge

1           Redevelopment Zone or zones created under the River  
2           Edge Redevelopment Zone Act and conducts substantially  
3           all of its operations from a River Edge Redevelopment  
4           Zone or zones. This subparagraph (K) is exempt from  
5           the provisions of Section 250;

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

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

18          (N) An amount equal to the amount of the deduction  
19          used to compute the federal income tax credit for  
20          restoration of substantial amounts held under claim of  
21          right for the taxable year pursuant to Section 1341 of  
22          the Internal Revenue Code;

23          (O) For taxable years 2001 and thereafter, for the  
24          taxable year in which the bonus depreciation deduction  
25          is taken on the taxpayer's federal income tax return  
26          under subsection (k) of Section 168 of the Internal

1 Revenue Code and for each applicable taxable year  
2 thereafter, an amount equal to "x", where:

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

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

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

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

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

25 (iii) for property on which a bonus  
26 depreciation deduction of 100% of the adjusted

1 basis was taken in a taxable year ending on or  
2 after December 31, 2021, "x" equals the  
3 depreciation deduction that would be allowed  
4 on that property if the taxpayer had made the  
5 election under Section 168(k)(7) of the  
6 Internal Revenue Code to not claim bonus  
7 depreciation on that property; and

8 (iv) for property on which a bonus  
9 depreciation deduction of a percentage other  
10 than 30%, 50% or 100% of the adjusted basis  
11 was taken in a taxable year ending on or after  
12 December 31, 2021, "x" equals "y" multiplied  
13 by 100 times the percentage bonus depreciation  
14 on the property (that is,  $100(\text{bonus}\%)$ ) and  
15 then divided by 100 times 1 minus the  
16 percentage bonus depreciation on the property  
17 (that is,  $100(1-\text{bonus}\%)$ ).

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

26 (P) If the taxpayer sells, transfers, abandons, or

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

5 If the taxpayer continues to own property through  
6 the last day of the last tax year for which a  
7 subtraction is allowed with respect to that property  
8 under subparagraph (O) and for which the taxpayer was  
9 required in any taxable year to make an addition  
10 modification under subparagraph (D-5), then an amount  
11 equal to that addition modification.

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

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

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

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

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



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

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

23 (T) For taxable years ending on or after December  
24 31, 2011, in the case of a taxpayer who was required to  
25 add back any insurance premiums under Section  
26 203(d)(2)(D-9), such taxpayer may elect to subtract

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

13 (U) For taxable years beginning on or after  
14 January 1, 2024, for any cannabis establishment  
15 operating in this State and licensed under the  
16 Cannabis Regulation and Tax Act or any cannabis  
17 cultivation center or medical cannabis dispensing  
18 organization operating in this State and licensed  
19 under the Compassionate Use of Cannabis Program Act,  
20 an amount equal to the deductions and credits that  
21 were disallowed under Section 280E of the Internal  
22 Revenue Code for the taxable year and that would not be  
23 added back under this subsection. The provisions of  
24 this subparagraph (U) are exempt from the provisions  
25 of Section 250.

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

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

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

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

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

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

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

26 (D) Real estate investment trusts. In the case of

1 a real estate investment trust subject to the tax  
2 imposed by Section 857 of the Internal Revenue Code,  
3 real estate investment trust taxable income;

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

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

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

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

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

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

20 (3) Recapture of business expenses on disposition of  
21 asset or business. Notwithstanding any other law to the  
22 contrary, if in prior years income from an asset or  
23 business has been classified as business income and in a  
24 later year is demonstrated to be non-business income, then  
25 all expenses, without limitation, deducted in such later  
26 year and in the 2 immediately preceding taxable years

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

11 (f) Valuation limitation amount.

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

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

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



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

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

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

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

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

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

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

16          (Source:     P.A.     101-9,     eff.     6-5-19;     101-81,     eff.     7-12-19;  
17          102-16,     eff.     6-17-21;     102-558,     eff.     8-20-21;     102-658,     eff.  
18          8-27-21;     102-813,     eff.     5-13-22;     102-1112,     eff.     12-21-22.)

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

21                 (70 ILCS 200/245-12)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (70 ILCS 750/25)

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

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

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

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

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

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

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

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

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



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

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

26 In the administration of and compliance with this

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

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

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

5 (c) The taxes imposed in subsections (a) and (b) may not be  
6 imposed on personal property titled or registered with an  
7 agency of the State or on personal property taxed at the 1%  
8 rate under the Retailers' Occupation Tax Act and the Service  
9 Occupation Tax Act (or at the 0% rate imposed under this  
10 amendatory Act of the 102nd General Assembly).

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

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

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

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

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

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

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

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

1 (g) If a county imposes a tax under this Section, then the  
2 county board shall, by ordinance, discontinue the tax upon the  
3 payment of all indebtedness of the flood prevention district.  
4 The tax shall not be discontinued until all indebtedness of  
5 the District has been paid.

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

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

25 (j-5) Notwithstanding any other provision of law, no tax  
26 may be imposed under this Section on the sale or use of

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

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

5 (Source: P.A. 101-10, eff. 6-5-19; 101-604, eff. 12-13-19;  
6 102-700, eff. 4-19-22.)

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

9 (70 ILCS 1605/30)

10 Sec. 30. Taxes.

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

18 This additional tax may not be imposed on tangible  
19 personal property taxed at the 1% rate under the Retailers'  
20 Occupation Tax Act (or at the 0% rate imposed under this  
21 amendatory Act of the 102nd General Assembly). Beginning  
22 December 1, 2019 and through December 31, 2020, this tax is not  
23 imposed on sales of aviation fuel unless the tax revenue is  
24 expended for airport-related purposes. If the District does

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



1 (i) have the same rights, remedies, privileges, immunities,  
2 powers, and duties, (ii) be subject to the same conditions,  
3 restrictions, limitations, penalties, and definitions of  
4 terms, and (iii) employ the same modes of procedure as are  
5 prescribed in Sections 1, 1a, 1a-1, 1d, 1e, 1f, 1i, 1j, 1k, 1m,  
6 1n, 2, 2-5, 2-5.5, 2-10 (in respect to all provisions  
7 contained in those Sections other than the State rate of tax),  
8 2-12, 2-15 through 2-70, 2a, 2b, 2c, 3 (except provisions  
9 relating to transaction returns and quarter monthly payments,  
10 and except that the retailer's discount is not allowed for  
11 taxes paid on aviation fuel that are subject to the revenue use  
12 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5,  
13 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c,  
14 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of the Retailers'  
15 Occupation Tax Act and the Uniform Penalty and Interest Act as  
16 if those provisions were set forth in this Section.

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

24 Whenever the Department determines that a refund should be  
25 made under this Section to a claimant instead of issuing a  
26 credit memorandum, the Department shall notify the State

1 Comptroller, who shall cause the order to be drawn for the  
2 amount specified and to the person named in the notification  
3 from the Department. The refund shall be paid by the State  
4 Treasurer out of the State Metro-East Park and Recreation  
5 District Fund or the Local Government Aviation Trust Fund, as  
6 appropriate.

7 (b) If a tax has been imposed under subsection (a), a  
8 service occupation tax shall also be imposed at the same rate  
9 upon all persons engaged, in the District, in the business of  
10 making sales of service, who, as an incident to making those  
11 sales of service, transfer tangible personal property within  
12 the District as an incident to a sale of service. This tax may  
13 not be imposed on tangible personal property taxed at the 1%  
14 rate under the Service Occupation Tax Act (or at the 0% rate  
15 imposed under this amendatory Act of the 102nd General  
16 Assembly). Beginning December 1, 2019 and through December 31,  
17 2020, this tax may not be imposed on sales of aviation fuel  
18 unless the tax revenue is expended for airport-related  
19 purposes. If the District does not have an airport-related  
20 purpose to which it dedicates aviation fuel tax revenue, then  
21 aviation fuel shall be excluded from tax. The board must  
22 comply with the certification requirements for airport-related  
23 purposes under Section 2-22 of the Retailers' Occupation Tax  
24 Act. For purposes of this Act, "airport-related purposes" has  
25 the meaning ascribed in Section 6z-20.2 of the State Finance  
26 Act. Beginning January 1, 2021, this tax is not imposed on

1 sales of aviation fuel for so long as the revenue use  
2 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are  
3 binding on the District. The tax imposed under this subsection  
4 and all civil penalties that may be assessed as an incident  
5 thereof shall be collected and enforced by the Department of  
6 Revenue. The Department has full power to administer and  
7 enforce this subsection; to collect all taxes and penalties  
8 due hereunder; to dispose of taxes and penalties so collected  
9 in the manner hereinafter provided; and to determine all  
10 rights to credit memoranda arising on account of the erroneous  
11 payment of tax or penalty hereunder. In the administration of,  
12 and compliance with this subsection, the Department and  
13 persons who are subject to this paragraph shall (i) have the  
14 same rights, remedies, privileges, immunities, powers, and  
15 duties, (ii) be subject to the same conditions, restrictions,  
16 limitations, penalties, exclusions, exemptions, and  
17 definitions of terms, and (iii) employ the same modes of  
18 procedure as are prescribed in Sections 2 (except that the  
19 reference to State in the definition of supplier maintaining a  
20 place of business in this State shall mean the District), 2a,  
21 2b, 2c, 3 through 3-50 (in respect to all provisions therein  
22 other than the State rate of tax), 4 (except that the reference  
23 to the State shall be to the District), 5, 7, 8 (except that  
24 the jurisdiction to which the tax shall be a debt to the extent  
25 indicated in that Section 8 shall be the District), 9 (except  
26 as to the disposition of taxes and penalties collected, and

1 except that the retailer's discount is not allowed for taxes  
2 paid on aviation fuel that are subject to the revenue use  
3 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 10,  
4 11, 12 (except the reference therein to Section 2b of the  
5 Retailers' Occupation Tax Act), 13 (except that any reference  
6 to the State shall mean the District), Sections 15, 16, 17, 18,  
7 19 and 20 of the Service Occupation Tax Act and the Uniform  
8 Penalty and Interest Act, as fully as if those provisions were  
9 set forth herein.

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

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

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

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

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

1 sales within a STAR bond district. The Department shall make  
2 this certification only if the Metro East Park and Recreation  
3 District imposes a tax on real property as provided in the  
4 definition of "local sales taxes" under the Innovation  
5 Development and Economy Act.

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

1 Department shall transfer into the Tax Compliance and  
2 Administration Fund. The Department, at the time of each  
3 monthly disbursement to the District, shall prepare and  
4 certify to the State Comptroller the amount to be transferred  
5 into the Tax Compliance and Administration Fund under this  
6 subsection. Within 10 days after receipt by the Comptroller of  
7 the disbursement certification to the District and the Tax  
8 Compliance and Administration Fund provided for in this  
9 Section to be given to the Comptroller by the Department, the  
10 Comptroller shall cause the orders to be drawn for the  
11 respective amounts in accordance with directions contained in  
12 the certification.

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

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

1 (f) An ordinance imposing a tax under this Section or an  
2 ordinance extending the imposition of a tax to an additional  
3 county or counties shall be certified by the board and filed  
4 with the Department of Revenue either (i) on or before the  
5 first day of April, whereupon the Department shall proceed to  
6 administer and enforce the tax as of the first day of July next  
7 following the filing; or (ii) on or before the first day of  
8 October, whereupon the Department shall proceed to administer  
9 and enforce the tax as of the first day of January next  
10 following the filing.

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

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

21 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;  
22 101-604, eff. 12-13-19; 102-700, eff. 4-19-22.)

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



1 (70 ILCS 3610/5.01) (from Ch. 111 2/3, par. 355.01)

2 Sec. 5.01. Metro East Mass Transit District; use and  
3 occupation taxes.

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

20 (b) The Board may impose a Metro East Mass Transit  
21 District Retailers' Occupation Tax upon all persons engaged in  
22 the business of selling tangible personal property at retail  
23 in the district at a rate of 1/4 of 1%, or as authorized under  
24 subsection (d-5) of this Section, of the gross receipts from  
25 the sales made in the course of such business within the  
26 district, except that the rate of tax imposed under this

1 Section on sales of aviation fuel on or after December 1, 2019  
2 shall be 0.25% in Madison County unless the Metro-East Mass  
3 Transit District in Madison County has an "airport-related  
4 purpose" and any additional amount authorized under subsection  
5 (d-5) is expended for airport-related purposes. If there is no  
6 airport-related purpose to which aviation fuel tax revenue is  
7 dedicated, then aviation fuel is excluded from any additional  
8 amount authorized under subsection (d-5). The rate in St.  
9 Clair County shall be 0.25% unless the Metro-East Mass Transit  
10 District in St. Clair County has an "airport-related purpose"  
11 and the additional 0.50% of the 0.75% tax on aviation fuel  
12 imposed in that County is expended for airport-related  
13 purposes. If there is no airport-related purpose to which  
14 aviation fuel tax revenue is dedicated, then aviation fuel is  
15 excluded from the additional 0.50% of the 0.75% tax.

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

24 The tax imposed under this Section and all civil penalties  
25 that may be assessed as an incident thereof shall be collected  
26 and enforced by the State Department of Revenue. The

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

23 Persons subject to any tax imposed under the Section may  
24 reimburse themselves for their seller's tax liability  
25 hereunder by separately stating the tax as an additional  
26 charge, which charge may be stated in combination, in a single

1 amount, with State taxes that sellers are required to collect  
2 under the Use Tax Act, in accordance with such bracket  
3 schedules as the Department may prescribe.

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

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

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

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

1 State.

2 Nothing in this Section shall be construed to authorize  
3 the Metro East Mass Transit District to impose a tax upon the  
4 privilege of engaging in any business which under the  
5 Constitution of the United States may not be made the subject  
6 of taxation by this State.

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

1 County shall be 0.25% unless the Metro-East Mass Transit  
2 District in St. Clair County has an "airport-related purpose"  
3 and the additional 0.50% of the 0.75% tax on aviation fuel is  
4 expended for airport-related purposes. If there is no  
5 airport-related purpose to which aviation fuel tax revenue is  
6 dedicated, then aviation fuel is excluded from the additional  
7 0.50% of the 0.75% tax.

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

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

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

25 Persons subject to any tax imposed under the authority  
26 granted in this paragraph may reimburse themselves for their

1 serviceman's tax liability hereunder by separately stating the  
2 tax as an additional charge, which charge may be stated in  
3 combination, in a single amount, with State tax that  
4 servicemen are authorized to collect under the Service Use Tax  
5 Act, in accordance with such bracket schedules as the  
6 Department may prescribe.

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

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

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



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

16 The Department shall have full power to administer and  
17 enforce this paragraph; to collect all taxes, penalties and  
18 interest due hereunder; to dispose of taxes, penalties and  
19 interest so collected in the manner hereinafter provided; and  
20 to determine all rights to credit memoranda or refunds arising  
21 on account of the erroneous payment of tax, penalty or  
22 interest hereunder. In the administration of, and compliance  
23 with, this paragraph, the Department and persons who are  
24 subject to this paragraph shall have the same rights,  
25 remedies, privileges, immunities, powers and duties, and be  
26 subject to the same conditions, restrictions, limitations,

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

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

21 (d-5) (A) The county board of any county participating in  
22 the Metro East Mass Transit District may authorize, by  
23 ordinance, a referendum on the question of whether the tax  
24 rates for the Metro East Mass Transit District Retailers'  
25 Occupation Tax, the Metro East Mass Transit District Service  
26 Occupation Tax, and the Metro East Mass Transit District Use

1 Tax for the District should be increased from 0.25% to 0.75%.  
2 Upon adopting the ordinance, the county board shall certify  
3 the proposition to the proper election officials who shall  
4 submit the proposition to the voters of the District at the  
5 next election, in accordance with the general election law.

6 The proposition shall be in substantially the following  
7 form:

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

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

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

1 of such hearing.

2 If such petition is found sufficient, the court shall  
3 enter an order to submit that proposition at the next  
4 election, in accordance with general election law.

5 The form of the petition shall be in substantially the  
6 following form: To the Circuit Court of the County of (name of  
7 county):

8 We, the undersigned electors of the (name of transit  
9 district), respectfully petition your honor to submit to a  
10 vote of the electors of (name of transit district) the  
11 following proposition:

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

17	Name	Address, with Street and Number.
18	.....	.....
19	.....	.....

20 (C) The votes shall be recorded as "YES" or "NO". If a  
21 majority of all votes cast on the proposition are for the  
22 increase in the tax rates, the Metro East Mass Transit  
23 District shall begin imposing the increased rates in the  
24 District, and the Department of Revenue shall begin collecting  
25 the increased amounts, as provided under this Section. An  
26 ordinance imposing or discontinuing a tax hereunder or

1 effecting a change in the rate thereof shall be adopted and a  
2 certified copy thereof filed with the Department on or before  
3 the first day of October, whereupon the Department shall  
4 proceed to administer and enforce this Section as of the first  
5 day of January next following the adoption and filing, or on or  
6 before the first day of April, whereupon the Department shall  
7 proceed to administer and enforce this Section as of the first  
8 day of July next following the adoption and filing.

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

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

1 reimpose a previously excluded tax rate increase on tangible  
2 personal property titled or registered with an agency of this  
3 State's government.

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

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

1 the fee imposed under subsection (d-6).

2 (d-7.1) Beginning July 1, 2004, any fee imposed by the  
3 Board of Trustees of any Metro East Mass Transit District  
4 under subsection (d-6) and all civil penalties that may be  
5 assessed as an incident of the fees shall be collected and  
6 enforced by the State Department of Revenue. Reference to  
7 "taxes" in this Section shall be construed to apply to the  
8 administration, payment, and remittance of all fees under this  
9 Section. For purposes of any fee imposed under subsection  
10 (d-6), 4% of the fee, penalty, and interest received by the  
11 Department in the first 12 months that the fee is collected and  
12 enforced by the Department and 2% of the fee, penalty, and  
13 interest following the first 12 months (except the amount  
14 collected on aviation fuel sold on or after December 1, 2019)  
15 shall be deposited into the Tax Compliance and Administration  
16 Fund and shall be used by the Department, subject to  
17 appropriation, to cover the costs of the Department. No  
18 retailers' discount shall apply to any fee imposed under  
19 subsection (d-6).

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

24 (d-9) (Blank).

25 (d-10) (Blank).

26 (e) A certificate of registration issued by the State



1 Department of Revenue to a retailer under the Retailers'  
2 Occupation Tax Act or under the Service Occupation Tax Act  
3 shall permit the registrant to engage in a business that is  
4 taxed under the tax imposed under paragraphs (b), (c) or (d) of  
5 this Section and no additional registration shall be required  
6 under the tax. A certificate issued under the Use Tax Act or  
7 the Service Use Tax Act shall be applicable with regard to any  
8 tax imposed under paragraph (c) of this Section.

9 (f) (Blank).

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

1 proceed to administer and enforce this Section as of the first  
2 day of January next following such adoption and filing, or,  
3 beginning January 1, 2004, on or before the first day of April,  
4 whereupon the Department shall proceed to administer and  
5 enforce this Section as of the first day of July next following  
6 the adoption and filing.

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

22 As soon as possible after the first day of each month,  
23 beginning January 1, 2011, upon certification of the  
24 Department of Revenue, the Comptroller shall order  
25 transferred, and the Treasurer shall transfer, to the STAR  
26 Bonds Revenue Fund the local sales tax increment, as defined

1 in the Innovation Development and Economy Act, collected under  
2 this Section during the second preceding calendar month for  
3 sales within a STAR bond district. The Department shall make  
4 this certification only if the local mass transit district  
5 imposes a tax on real property as provided in the definition of  
6 "local sales taxes" under the Innovation Development and  
7 Economy Act.

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

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

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

15 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;  
16 101-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

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

19 (70 ILCS 3720/4) (from Ch. 111 2/3, par. 254)

20 Sec. 4. Taxes.

21 (a) The board of commissioners of any county water  
22 commission may, by ordinance, impose throughout the territory  
23 of the commission any or all of the taxes provided in this  
24 Section for its corporate purposes. However, no county water

1 commission may impose any such tax unless the commission  
 2 certifies the proposition of imposing the tax to the proper  
 3 election officials, who shall submit the proposition to the  
 4 voters residing in the territory at an election in accordance  
 5 with the general election law, and the proposition has been  
 6 approved by a majority of those voting on the proposition.

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

9 -----

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

15 -----

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

21 (b) The board of commissioners may impose a County Water  
 22 Commission Retailers' Occupation Tax upon all persons engaged  
 23 in the business of selling tangible personal property at  
 24 retail in the territory of the commission at a rate of 1/4% of  
 25 the gross receipts from the sales made in the course of such  
 26 business within the territory. Beginning January 1, 2021, this

1 tax is not imposed on sales of aviation fuel for so long as the  
2 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.  
3 47133 are binding on the District.

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

1 December 31, 2020), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i,  
2 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 12, and 13 of  
3 the Retailers' Occupation Tax Act and Section 3-7 of the  
4 Uniform Penalty and Interest Act, as fully as if those  
5 provisions were set forth herein.

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

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

23 For the purpose of determining whether a tax authorized  
24 under this paragraph is applicable, a retail sale by a  
25 producer of coal or other mineral mined in Illinois is a sale  
26 at retail at the place where the coal or other mineral mined in

1 Illinois is extracted from the earth. This paragraph does not  
2 apply to coal or other mineral when it is delivered or shipped  
3 by the seller to the purchaser at a point outside Illinois so  
4 that the sale is exempt under the Federal Constitution as a  
5 sale in interstate or foreign commerce.

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

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

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

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



1 47107(b) and 49 U.S.C. 47133 are binding on the District.

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

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

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

23 Whenever the Department determines that a refund should be  
24 made under this paragraph to a claimant instead of issuing a  
25 credit memorandum, the Department shall notify the State  
26 Comptroller, who shall cause the warrant to be drawn for the

1 amount specified, and to the person named, in the notification  
2 from the Department. The refund shall be paid by the State  
3 Treasurer out of a county water commission tax fund  
4 established under subsection (g) of this Section.

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

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

1 tangible personal property must be titled or registered if the  
2 Department and the State agency or State officer determine  
3 that this procedure will expedite the processing of  
4 applications for title or registration.

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

1 those provisions were set forth herein.

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

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

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

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

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

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

23 After the monthly transfer to the STAR Bonds Revenue Fund,  
24 on or before the 25th day of each calendar month, the State  
25 Department of Revenue shall prepare and certify to the  
26 Comptroller of the State of Illinois the amount to be paid to

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

24 (h) Beginning June 1, 2016, any tax imposed pursuant to  
25 this Section may no longer be imposed or collected, unless a  
26 continuation of the tax is approved by the voters at a

1 referendum as set forth in this Section.

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

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

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

11 (410 ILCS 705/20-50)

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

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

24 (b) In the administration of and compliance with this



1 Section, the Department of Revenue and persons who are subject  
2 to this Section: (i) have the same rights, remedies,  
3 privileges, immunities, powers, and duties, (ii) are subject  
4 to the same conditions, restrictions, limitations, penalties,  
5 and definitions of terms, and (iii) shall employ the same  
6 modes of procedure as are set forth in the Cannabis  
7 Cultivation Privilege Tax Law and the Uniform Penalty and  
8 Interest Act as if those provisions were set forth in this  
9 Section.

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

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

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

19 (410 ILCS 705/60-10)

20 Sec. 60-10. Tax imposed.

21 (a) Beginning September 1, 2019, a tax is imposed upon the  
22 privilege of cultivating cannabis at the rate of 7% of the  
23 gross receipts from the first sale of cannabis by a  
24 cultivator. The sale of any product that contains any amount  
25 of cannabis or any derivative thereof is subject to the tax

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

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

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

1 government.

2 (d) Notwithstanding any other provision of law, no special  
3 district may levy a tax upon the cultivation and processing of  
4 adult use cannabis.

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

6 (410 ILCS 705/65-10)

7 Sec. 65-10. Tax imposed.

8 (a) Beginning January 1, 2020, a tax is imposed upon  
9 purchasers for the privilege of using cannabis at the  
10 following rates:

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

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

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

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

25 (c) The tax imposed under this Section is not imposed on

1 cannabis that is subject to tax under the Compassionate Use of  
2 Medical Cannabis Program Act. The tax imposed by this Section  
3 is not imposed with respect to any transaction in interstate  
4 commerce, to the extent the transaction may not, under the  
5 Constitution and statutes of the United States, be made the  
6 subject of taxation by this State.

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

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

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

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

20 Section 99. Effective date. This Act takes effect upon  
21 becoming law.