



## 103RD GENERAL ASSEMBLY

### State of Illinois

### 2023 and 2024

#### HB4061

Introduced 5/2/2023, by Rep. Ryan Spain - Tony M. McCombie -  
Brad Stephens - Anthony DeLuca - John Egofske

#### SYNOPSIS AS INTRODUCED:

30 ILCS 115/2  
35 ILCS 5/901

from Ch. 85, par. 612

Amends the Illinois Income Tax Act. Increases the amount to be deposited into the Local Government Distributive Fund from the taxes imposed under the Act. Amends the State Revenue Sharing Act to provide that amounts paid into the Local Government Distributive Fund are appropriated on a continuing basis. Effective July 1, 2023.

LRB103 32180 HLH 61289 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 State Revenue Sharing Act is amended by  
5 changing Section 2 as follows:

6 (30 ILCS 115/2) (from Ch. 85, par. 612)

7 Sec. 2. Allocation and Disbursement.

8 (a) As soon as may be after the first day of each month,  
9 the Department of Revenue shall allocate among the several  
10 municipalities and counties of this State the amount available  
11 in the Local Government Distributive Fund and in the Income  
12 Tax Surcharge Local Government Distributive Fund, determined  
13 as provided in Sections 1 and 1a above. Except as provided in  
14 Sections 13 and 13.1 of this Act, the Department shall then  
15 certify such allocations to the State Comptroller, who shall  
16 pay over to the several municipalities and counties the  
17 respective amounts allocated to them. The amount of such Funds  
18 allocable to each such municipality and county shall be in  
19 proportion to the number of individual residents of such  
20 municipality or county to the total population of the State,  
21 determined in each case on the basis of the latest census of  
22 the State, municipality or county conducted by the Federal  
23 government and certified by the Secretary of State and for

1 annexations to municipalities, the latest Federal, State or  
2 municipal census of the annexed area which has been certified  
3 by the Department of Revenue. Allocations to the City of  
4 Chicago under this Section are subject to Section 6 of the  
5 Hotel Operators' Occupation Tax Act. For the purpose of this  
6 Section, the number of individual residents of a county shall  
7 be reduced by the number of individuals residing therein in  
8 municipalities, but the number of individual residents of the  
9 State, county and municipality shall reflect the latest census  
10 of any of them. The amounts transferred into the Local  
11 Government Distributive Fund pursuant to Section 9 of the Use  
12 Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the  
13 Service Occupation Tax Act, and Section 3 of the Retailers'  
14 Occupation Tax Act, each as now or hereafter amended, pursuant  
15 to the amendments of such Sections by Public Act 85-1135,  
16 shall be distributed as provided in said Sections.

17 (b) It is the intent of the General Assembly that  
18 allocations made under this Section shall be made in a fair and  
19 equitable manner. Accordingly, the clerk of any municipality  
20 to which territory has been annexed, or from which territory  
21 has been disconnected, shall notify the Department of Revenue  
22 in writing of that annexation or disconnection and shall (1)  
23 state the number of residents within the territory that was  
24 annexed or disconnected, based on the last census conducted by  
25 the federal, State, or municipal government and certified by  
26 the Illinois Secretary of State, and (2) furnish therewith a

1 certified copy of the plat of annexation or, in the case of  
2 disconnection, the ordinance, final judgment, or resolution of  
3 disconnection together with an accurate depiction of the  
4 territory disconnected. The county in which the annexed or  
5 disconnected territory is located shall verify that the number  
6 of residents stated on the written notice that is to be sent to  
7 the Department of Revenue is true and accurate. The verified  
8 statement of the county shall accompany the written notice.  
9 However, if the county does not respond to the municipality's  
10 request for verification within 30 days, this verification  
11 requirement shall be waived. The written notice shall be  
12 provided to the Department of Revenue (1) within 30 days after  
13 the effective date of this amendatory Act of the 96th General  
14 Assembly for disconnections occurring after January 1, 2007  
15 and before the effective date of this amendatory Act of the  
16 96th General Assembly or (2) within 30 days after the  
17 annexation or disconnection for annexations or disconnections  
18 occurring on or after the effective date of this amendatory  
19 Act of the 96th General Assembly. For purposes of this  
20 Section, a disconnection or annexation through court order is  
21 deemed to be effective 30 days after the entry of a final  
22 judgment order, unless stayed pending appeal. Thereafter, the  
23 monthly allocation made to the municipality and to any other  
24 municipality or county affected by the annexation or  
25 disconnection shall be adjusted in accordance with this  
26 Section to reflect the change in residency of the residents of

1 the territory that was annexed or disconnected. The adjustment  
2 shall be made no later than 30 days after the Department of  
3 Revenue's receipt of the written notice of annexation or  
4 disconnection described in this Section.

5 (c) All amounts paid into the Local Government  
6 Distributive Fund in accordance with this Section and  
7 allocated pursuant to this Act are appropriated on a  
8 continuing basis.

9 (Source: P.A. 96-1040, eff. 7-14-10.)

10 Section 10. The Illinois Income Tax Act is amended by  
11 changing Section 901 as follows:

12 (35 ILCS 5/901)

13 Sec. 901. Collection authority.

14 (a) In general. The Department shall collect the taxes  
15 imposed by this Act. The Department shall collect certified  
16 past due child support amounts under Section 2505-650 of the  
17 Department of Revenue Law of the Civil Administrative Code of  
18 Illinois. Except as provided in subsections (b), (c), (e),  
19 (f), (g), and (h) of this Section, money collected pursuant to  
20 subsections (a) and (b) of Section 201 of this Act shall be  
21 paid into the General Revenue Fund in the State treasury;  
22 money collected pursuant to subsections (c) and (d) of Section  
23 201 of this Act shall be paid into the Personal Property Tax  
24 Replacement Fund, a special fund in the State Treasury; and

1 money collected under Section 2505-650 of the Department of  
2 Revenue Law of the Civil Administrative Code of Illinois shall  
3 be paid into the Child Support Enforcement Trust Fund, a  
4 special fund outside the State Treasury, or to the State  
5 Disbursement Unit established under Section 10-26 of the  
6 Illinois Public Aid Code, as directed by the Department of  
7 Healthcare and Family Services.

8 (b) Local Government Distributive Fund.

9 Beginning August 1, 2017 and continuing through July 31,  
10 2022, the Treasurer shall transfer each month from the General  
11 Revenue Fund to the Local Government Distributive Fund an  
12 amount equal to the sum of: (i) 6.06% (10% of the ratio of the  
13 3% individual income tax rate prior to 2011 to the 4.95%  
14 individual income tax rate after July 1, 2017) of the net  
15 revenue realized from the tax imposed by subsections (a) and  
16 (b) of Section 201 of this Act upon individuals, trusts, and  
17 estates during the preceding month; (ii) 6.85% (10% of the  
18 ratio of the 4.8% corporate income tax rate prior to 2011 to  
19 the 7% corporate income tax rate after July 1, 2017) of the net  
20 revenue realized from the tax imposed by subsections (a) and  
21 (b) of Section 201 of this Act upon corporations during the  
22 preceding month; and (iii) beginning February 1, 2022, 6.06%  
23 of the net revenue realized from the tax imposed by subsection  
24 (p) of Section 201 of this Act upon electing pass-through  
25 entities.

26 Beginning August 1, 2022 and until June 30, 2023, the

1 Treasurer shall transfer each month from the General Revenue  
2 Fund to the Local Government Distributive Fund an amount equal  
3 to the sum of: (i) 6.16% of the net revenue realized from the  
4 tax imposed by subsections (a) and (b) of Section 201 of this  
5 Act upon individuals, trusts, and estates during the preceding  
6 month; (ii) 6.85% of the net revenue realized from the tax  
7 imposed by subsections (a) and (b) of Section 201 of this Act  
8 upon corporations during the preceding month; and (iii) 6.16%  
9 of the net revenue realized from the tax imposed by subsection  
10 (p) of Section 201 of this Act upon electing pass-through  
11 entities.

12 Beginning July 1, 2023 and until June 30, 2024, the  
13 following amounts shall be deposited into the Local Government  
14 Distributive Fund as the revenue is realized from the  
15 specified taxes: (i) 7% of the net revenue realized from the  
16 tax imposed by subsections (a) and (b) of Section 201 of this  
17 Act upon individuals, trusts, and estates; (ii) 7% of the net  
18 revenue realized from the tax imposed by subsection (p) of  
19 Section 201 of this Act upon electing pass-through entities;  
20 and (iii) 7% of the net revenue realized from the tax imposed  
21 by subsections (a) and (b) of Section 201 of this Act upon  
22 corporations.

23 Beginning July 1, 2024 and until June 30, 2025, the  
24 following amounts shall be deposited into the Local Government  
25 Distributive Fund as the revenue is realized from the  
26 specified taxes: (i) 7.75% of the net revenue realized from

1 the tax imposed by subsections (a) and (b) of Section 201 of  
2 this Act upon individuals, trusts, and estates; (ii) 7.75% of  
3 the net revenue realized from the tax imposed by subsection  
4 (p) of Section 201 of this Act upon electing pass-through  
5 entities; and (iii) 7.75% of the net revenue realized from the  
6 tax imposed by subsections (a) and (b) of Section 201 of this  
7 Act upon corporations.

8 Beginning July 1, 2025 and until June 30, 2026, the  
9 following amounts shall be deposited into the Local Government  
10 Distributive Fund as the revenue is realized from the  
11 specified taxes: (i) 8.5% of the net revenue realized from the  
12 tax imposed by subsections (a) and (b) of Section 201 of this  
13 Act upon individuals, trusts, and estates; (ii) 8.5% of the  
14 net revenue realized from the tax imposed by subsection (p) of  
15 Section 201 of this Act upon electing pass-through entities;  
16 and (iii) 8.5% of the net revenue realized from the tax imposed  
17 by subsections (a) and (b) of Section 201 of this Act upon  
18 corporations.

19 Beginning July 1, 2026 and until June 30, 2027, the  
20 following amounts shall be deposited into the Local Government  
21 Distributive Fund as the revenue is realized from the  
22 specified taxes: (i) 9.25% of the net revenue realized from  
23 the tax imposed by subsections (a) and (b) of Section 201 of  
24 this Act upon individuals, trusts, and estates; (ii) 9.25% of  
25 the net revenue realized from the tax imposed by subsection  
26 (p) of Section 201 of this Act upon electing pass-through



1 entities; and (iii) 9.25% of the net revenue realized from the  
2 tax imposed by subsections (a) and (b) of Section 201 of this  
3 Act upon corporations.

4 Beginning July 1, 2027, the following amounts shall be  
5 deposited into the Local Government Distributive Fund as the  
6 revenue is realized from the specified taxes: (i) 10% of the  
7 net revenue realized from the tax imposed by subsections (a)  
8 and (b) of Section 201 of this Act upon individuals, trusts,  
9 and estates; (ii) 10% of the net revenue realized from the tax  
10 imposed by subsection (p) of Section 201 of this Act upon  
11 electing pass-through entities; and (iii) 10% of the net  
12 revenue realized from the tax imposed by subsections (a) and  
13 (b) of Section 201 of this Act upon corporations.

14 Net revenue realized for a month shall be defined as the  
15 revenue from the tax imposed by subsections (a) and (b) of  
16 Section 201 of this Act which is deposited in the General  
17 Revenue Fund, the Education Assistance Fund, the Income Tax  
18 Surcharge Local Government Distributive Fund, the Fund for the  
19 Advancement of Education, and the Commitment to Human Services  
20 Fund during the month minus the amount paid out of the General  
21 Revenue Fund in State warrants during that same month as  
22 refunds to taxpayers for overpayment of liability under the  
23 tax imposed by subsections (a) and (b) of Section 201 of this  
24 Act.

25 Notwithstanding any provision of law to the contrary,  
26 beginning on July 6, 2017 (the effective date of Public Act

1 100-23), those amounts required under this subsection (b) to  
2 be transferred by the Treasurer into the Local Government  
3 Distributive Fund from the General Revenue Fund shall be  
4 directly deposited into the Local Government Distributive Fund  
5 as the revenue is realized from the tax imposed by subsections  
6 (a) and (b) of Section 201 of this Act.

7 (c) Deposits Into Income Tax Refund Fund.

8 (1) Beginning on January 1, 1989 and thereafter, the  
9 Department shall deposit a percentage of the amounts  
10 collected pursuant to subsections (a) and (b) (1), (2), and  
11 (3) of Section 201 of this Act into a fund in the State  
12 treasury known as the Income Tax Refund Fund. Beginning  
13 with State fiscal year 1990 and for each fiscal year  
14 thereafter, the percentage deposited into the Income Tax  
15 Refund Fund during a fiscal year shall be the Annual  
16 Percentage. For fiscal year 2011, the Annual Percentage  
17 shall be 8.75%. For fiscal year 2012, the Annual  
18 Percentage shall be 8.75%. For fiscal year 2013, the  
19 Annual Percentage shall be 9.75%. For fiscal year 2014,  
20 the Annual Percentage shall be 9.5%. For fiscal year 2015,  
21 the Annual Percentage shall be 10%. For fiscal year 2018,  
22 the Annual Percentage shall be 9.8%. For fiscal year 2019,  
23 the Annual Percentage shall be 9.7%. For fiscal year 2020,  
24 the Annual Percentage shall be 9.5%. For fiscal year 2021,  
25 the Annual Percentage shall be 9%. For fiscal year 2022,  
26 the Annual Percentage shall be 9.25%. For fiscal year

1           2023, the Annual Percentage shall be 9.25%. For all other  
2           fiscal years, the Annual Percentage shall be calculated as  
3           a fraction, the numerator of which shall be the amount of  
4           refunds approved for payment by the Department during the  
5           preceding fiscal year as a result of overpayment of tax  
6           liability under subsections (a) and (b)(1), (2), and (3)  
7           of Section 201 of this Act plus the amount of such refunds  
8           remaining approved but unpaid at the end of the preceding  
9           fiscal year, minus the amounts transferred into the Income  
10          Tax Refund Fund from the Tobacco Settlement Recovery Fund,  
11          and the denominator of which shall be the amounts which  
12          will be collected pursuant to subsections (a) and (b)(1),  
13          (2), and (3) of Section 201 of this Act during the  
14          preceding fiscal year; except that in State fiscal year  
15          2002, the Annual Percentage shall in no event exceed 7.6%.  
16          The Director of Revenue shall certify the Annual  
17          Percentage to the Comptroller on the last business day of  
18          the fiscal year immediately preceding the fiscal year for  
19          which it is to be effective.

20               (2) Beginning on January 1, 1989 and thereafter, the  
21          Department shall deposit a percentage of the amounts  
22          collected pursuant to subsections (a) and (b)(6), (7), and  
23          (8), (c) and (d) of Section 201 of this Act into a fund in  
24          the State treasury known as the Income Tax Refund Fund.  
25          Beginning with State fiscal year 1990 and for each fiscal  
26          year thereafter, the percentage deposited into the Income

1 Tax Refund Fund during a fiscal year shall be the Annual  
2 Percentage. For fiscal year 2011, the Annual Percentage  
3 shall be 17.5%. For fiscal year 2012, the Annual  
4 Percentage shall be 17.5%. For fiscal year 2013, the  
5 Annual Percentage shall be 14%. For fiscal year 2014, the  
6 Annual Percentage shall be 13.4%. For fiscal year 2015,  
7 the Annual Percentage shall be 14%. For fiscal year 2018,  
8 the Annual Percentage shall be 17.5%. For fiscal year  
9 2019, the Annual Percentage shall be 15.5%. For fiscal  
10 year 2020, the Annual Percentage shall be 14.25%. For  
11 fiscal year 2021, the Annual Percentage shall be 14%. For  
12 fiscal year 2022, the Annual Percentage shall be 15%. For  
13 fiscal year 2023, the Annual Percentage shall be 14.5%.  
14 For all other fiscal years, the Annual Percentage shall be  
15 calculated as a fraction, the numerator of which shall be  
16 the amount of refunds approved for payment by the  
17 Department during the preceding fiscal year as a result of  
18 overpayment of tax liability under subsections (a) and  
19 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
20 Act plus the amount of such refunds remaining approved but  
21 unpaid at the end of the preceding fiscal year, and the  
22 denominator of which shall be the amounts which will be  
23 collected pursuant to subsections (a) and (b) (6), (7), and  
24 (8), (c) and (d) of Section 201 of this Act during the  
25 preceding fiscal year; except that in State fiscal year  
26 2002, the Annual Percentage shall in no event exceed 23%.

1 The Director of Revenue shall certify the Annual  
2 Percentage to the Comptroller on the last business day of  
3 the fiscal year immediately preceding the fiscal year for  
4 which it is to be effective.

5 (3) The Comptroller shall order transferred and the  
6 Treasurer shall transfer from the Tobacco Settlement  
7 Recovery Fund to the Income Tax Refund Fund (i)  
8 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,  
9 2002, and (iii) \$35,000,000 in January, 2003.

10 (d) Expenditures from Income Tax Refund Fund.

11 (1) Beginning January 1, 1989, money in the Income Tax  
12 Refund Fund shall be expended exclusively for the purpose  
13 of paying refunds resulting from overpayment of tax  
14 liability under Section 201 of this Act and for making  
15 transfers pursuant to this subsection (d), except that in  
16 State fiscal years 2022 and 2023, moneys in the Income Tax  
17 Refund Fund shall also be used to pay one-time rebate  
18 payments as provided under Sections 208.5 and 212.1.

19 (2) The Director shall order payment of refunds  
20 resulting from overpayment of tax liability under Section  
21 201 of this Act from the Income Tax Refund Fund only to the  
22 extent that amounts collected pursuant to Section 201 of  
23 this Act and transfers pursuant to this subsection (d) and  
24 item (3) of subsection (c) have been deposited and  
25 retained in the Fund.

26 (3) As soon as possible after the end of each fiscal

1 year, the Director shall order transferred and the State  
2 Treasurer and State Comptroller shall transfer from the  
3 Income Tax Refund Fund to the Personal Property Tax  
4 Replacement Fund an amount, certified by the Director to  
5 the Comptroller, equal to the excess of the amount  
6 collected pursuant to subsections (c) and (d) of Section  
7 201 of this Act deposited into the Income Tax Refund Fund  
8 during the fiscal year over the amount of refunds  
9 resulting from overpayment of tax liability under  
10 subsections (c) and (d) of Section 201 of this Act paid  
11 from the Income Tax Refund Fund during the fiscal year.

12 (4) As soon as possible after the end of each fiscal  
13 year, the Director shall order transferred and the State  
14 Treasurer and State Comptroller shall transfer from the  
15 Personal Property Tax Replacement Fund to the Income Tax  
16 Refund Fund an amount, certified by the Director to the  
17 Comptroller, equal to the excess of the amount of refunds  
18 resulting from overpayment of tax liability under  
19 subsections (c) and (d) of Section 201 of this Act paid  
20 from the Income Tax Refund Fund during the fiscal year  
21 over the amount collected pursuant to subsections (c) and  
22 (d) of Section 201 of this Act deposited into the Income  
23 Tax Refund Fund during the fiscal year.

24 (4.5) As soon as possible after the end of fiscal year  
25 1999 and of each fiscal year thereafter, the Director  
26 shall order transferred and the State Treasurer and State

1 Comptroller shall transfer from the Income Tax Refund Fund  
2 to the General Revenue Fund any surplus remaining in the  
3 Income Tax Refund Fund as of the end of such fiscal year;  
4 excluding for fiscal years 2000, 2001, and 2002 amounts  
5 attributable to transfers under item (3) of subsection (c)  
6 less refunds resulting from the earned income tax credit,  
7 and excluding for fiscal year 2022 amounts attributable to  
8 transfers from the General Revenue Fund authorized by  
9 Public Act 102-700 ~~this amendatory Act of the 102nd~~  
10 ~~General Assembly.~~

11 (5) This Act shall constitute an irrevocable and  
12 continuing appropriation from the Income Tax Refund Fund  
13 for the purposes of (i) paying refunds upon the order of  
14 the Director in accordance with the provisions of this  
15 Section and (ii) paying one-time rebate payments under  
16 Sections 208.5 and 212.1.

17 (e) Deposits into the Education Assistance Fund and the  
18 Income Tax Surcharge Local Government Distributive Fund. On  
19 July 1, 1991, and thereafter, of the amounts collected  
20 pursuant to subsections (a) and (b) of Section 201 of this Act,  
21 minus deposits into the Income Tax Refund Fund, the Department  
22 shall deposit 7.3% into the Education Assistance Fund in the  
23 State Treasury. Beginning July 1, 1991, and continuing through  
24 January 31, 1993, of the amounts collected pursuant to  
25 subsections (a) and (b) of Section 201 of the Illinois Income  
26 Tax Act, minus deposits into the Income Tax Refund Fund, the

1 Department shall deposit 3.0% into the Income Tax Surcharge  
2 Local Government Distributive Fund in the State Treasury.  
3 Beginning February 1, 1993 and continuing through June 30,  
4 1993, of the amounts collected pursuant to subsections (a) and  
5 (b) of Section 201 of the Illinois Income Tax Act, minus  
6 deposits into the Income Tax Refund Fund, the Department shall  
7 deposit 4.4% into the Income Tax Surcharge Local Government  
8 Distributive Fund in the State Treasury. Beginning July 1,  
9 1993, and continuing through June 30, 1994, of the amounts  
10 collected under subsections (a) and (b) of Section 201 of this  
11 Act, minus deposits into the Income Tax Refund Fund, the  
12 Department shall deposit 1.475% into the Income Tax Surcharge  
13 Local Government Distributive Fund in the State Treasury.

14 (f) Deposits into the Fund for the Advancement of  
15 Education. Beginning February 1, 2015, the Department shall  
16 deposit the following portions of the revenue realized from  
17 the tax imposed upon individuals, trusts, and estates by  
18 subsections (a) and (b) of Section 201 of this Act, minus  
19 deposits into the Income Tax Refund Fund, into the Fund for the  
20 Advancement of Education:

21 (1) beginning February 1, 2015, and prior to February  
22 1, 2025, 1/30; and

23 (2) beginning February 1, 2025, 1/26.

24 If the rate of tax imposed by subsection (a) and (b) of  
25 Section 201 is reduced pursuant to Section 201.5 of this Act,  
26 the Department shall not make the deposits required by this



1 subsection (f) on or after the effective date of the  
2 reduction.

3 (g) Deposits into the Commitment to Human Services Fund.  
4 Beginning February 1, 2015, the Department shall deposit the  
5 following portions of the revenue realized from the tax  
6 imposed upon individuals, trusts, and estates by subsections  
7 (a) and (b) of Section 201 of this Act, minus deposits into the  
8 Income Tax Refund Fund, into the Commitment to Human Services  
9 Fund:

10 (1) beginning February 1, 2015, and prior to February  
11 1, 2025, 1/30; and

12 (2) beginning February 1, 2025, 1/26.

13 If the rate of tax imposed by subsection (a) and (b) of  
14 Section 201 is reduced pursuant to Section 201.5 of this Act,  
15 the Department shall not make the deposits required by this  
16 subsection (g) on or after the effective date of the  
17 reduction.

18 (h) Deposits into the Tax Compliance and Administration  
19 Fund. Beginning on the first day of the first calendar month to  
20 occur on or after August 26, 2014 (the effective date of Public  
21 Act 98-1098), each month the Department shall pay into the Tax  
22 Compliance and Administration Fund, to be used, subject to  
23 appropriation, to fund additional auditors and compliance  
24 personnel at the Department, an amount equal to 1/12 of 5% of  
25 the cash receipts collected during the preceding fiscal year  
26 by the Audit Bureau of the Department from the tax imposed by

1 subsections (a), (b), (c), and (d) of Section 201 of this Act,  
2 net of deposits into the Income Tax Refund Fund made from those  
3 cash receipts.

4 (Source: P.A. 101-8, see Section 99 for effective date;  
5 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-636, eff.  
6 6-10-20; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658,  
7 eff. 8-27-21; 102-699, eff. 4-19-22; 102-700, eff. 4-19-22;  
8 102-813, eff. 5-13-22; revised 8-2-22.)

9 Section 99. Effective date. This Act takes effect upon  
10 becoming law.