



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB4766

Introduced 2/6/2024, by Rep. Mark L. Walker

#### SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-1115 new  
35 ILCS 5/201  
35 ILCS 5/241 new

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Provides that the Department of Commerce and Economic Opportunity shall award income tax credits in an amount equal to 13% of the qualifying quantum information science expenditures made by the taxpayer during the taxable year. Amends the Illinois Income Tax Act to make conforming changes. Further amends the Illinois Income Tax Act to extend the research and development credit to tax years ending before January 1, 2037 (currently, January 1, 2027). Effective immediately.

LRB103 36905 HLH 67018 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 Department of Commerce and Economic  
5 Opportunity Law of the Civil Administrative Code of Illinois  
6 is amended by adding Section 605-1115 as follows:

7 (20 ILCS 605/605-1115 new)

8 Sec. 605-1115. Quantum information science research and  
9 development.

10 (a) In order to advance and increase quantum information  
11 science investment and research in the State of Illinois, and  
12 to make the State of Illinois a leader in the are of quantum  
13 information science, quantum computing, and other applications  
14 of quantum science in technology, there is hereby created the  
15 Quantum Information Science Research and Development Tax  
16 Credit Program.

17 (b) For taxable years ending on or after December 31,  
18 2025, the Department shall issue a tax credit certificate  
19 against the taxes imposed under subsections (a) and (b) of  
20 Section 201 of the Illinois Income Tax Act in an amount equal  
21 to 13% of the qualifying quantum information science  
22 expenditures made by the taxpayer during the taxable year.

23 (c) Taxpayers seeking a credit certificate for qualifying

1 quantum information science expenditures shall apply to the  
2 Department in the form and manner specified by the Department.

3 (d) The total aggregate amount of the credits awarded  
4 under this Section shall not exceed \$25,000,000 in any  
5 calendar year.

6 (e) The Department, in consultation with the Department of  
7 Revenue, shall adopt rules to implement and administer this  
8 Section.

9 (f) This Section is exempt from the provisions of Section  
10 250 of the Illinois Income Tax Act.

11 (g) As used in this Section:

12 "Qualifying quantum information science expenditures"  
13 means expenditures specifically related to advancing quantum  
14 information science research and development in the State of  
15 Illinois that would otherwise be qualifying expenditures as  
16 defined for the federal credit for increasing research  
17 activities that are allowable under Section 41 of the Internal  
18 Revenue Code and that are conducted in this State.

19 "Quantum information science" has the meaning given to  
20 that term in Section 2 of the federal National Quantum  
21 Initiative Act.

22 Section 10. The Illinois Income Tax Act is amended by  
23 changing Section 201 and by adding Section 241 as follows:

24 (35 ILCS 5/201)

1           Sec. 201. Tax imposed.

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

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

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

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

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

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

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

12          (5.1) In the case of an individual, trust, or estate,  
13          for taxable years beginning prior to January 1, 2015, and  
14          ending after December 31, 2014, an amount equal to the sum  
15          of (i) 5% of the taxpayer's net income for the period prior  
16          to January 1, 2015, as calculated under Section 202.5, and  
17          (ii) 3.75% of the taxpayer's net income for the period  
18          after December 31, 2014, as calculated under Section  
19          202.5.

20          (5.2) In the case of an individual, trust, or estate,  
21          for taxable years beginning on or after January 1, 2015,  
22          and ending prior to July 1, 2017, an amount equal to 3.75%  
23          of the taxpayer's net income for the taxable year.

24          (5.3) In the case of an individual, trust, or estate,  
25          for taxable years beginning prior to July 1, 2017, and  
26          ending after June 30, 2017, an amount equal to the sum of

1 (i) 3.75% of the taxpayer's net income for the period  
2 prior to July 1, 2017, as calculated under Section 202.5,  
3 and (ii) 4.95% of the taxpayer's net income for the period  
4 after June 30, 2017, as calculated under Section 202.5.

5 (5.4) In the case of an individual, trust, or estate,  
6 for taxable years beginning on or after July 1, 2017, an  
7 amount equal to 4.95% of the taxpayer's net income for the  
8 taxable year.

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

12 (7) In the case of a corporation, for taxable years  
13 beginning prior to July 1, 1989 and ending after June 30,  
14 1989, an amount equal to the sum of (i) 4% of the  
15 taxpayer's net income for the period prior to July 1,  
16 1989, as calculated under Section 202.3, and (ii) 4.8% of  
17 the taxpayer's net income for the period after June 30,  
18 1989, as calculated under Section 202.3.

19 (8) In the case of a corporation, for taxable years  
20 beginning after June 30, 1989, and ending prior to January  
21 1, 2011, an amount equal to 4.8% of the taxpayer's net  
22 income for the taxable year.

23 (9) In the case of a corporation, for taxable years  
24 beginning prior to January 1, 2011, and ending after  
25 December 31, 2010, an amount equal to the sum of (i) 4.8%  
26 of the taxpayer's net income for the period prior to

1 January 1, 2011, as calculated under Section 202.5, and  
2 (ii) 7% of the taxpayer's net income for the period after  
3 December 31, 2010, as calculated under Section 202.5.

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

8 (11) In the case of a corporation, for taxable years  
9 beginning prior to January 1, 2015, and ending after  
10 December 31, 2014, an amount equal to the sum of (i) 7% of  
11 the taxpayer's net income for the period prior to January  
12 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
13 of the taxpayer's net income for the period after December  
14 31, 2014, as calculated under Section 202.5.

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

19 (13) In the case of a corporation, for taxable years  
20 beginning prior to July 1, 2017, and ending after June 30,  
21 2017, an amount equal to the sum of (i) 5.25% of the  
22 taxpayer's net income for the period prior to July 1,  
23 2017, as calculated under Section 202.5, and (ii) 7% of  
24 the taxpayer's net income for the period after June 30,  
25 2017, as calculated under Section 202.5.

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

1 beginning on or after July 1, 2017, an amount equal to 7%  
2 of the taxpayer's net income for the taxable year.

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

5 (b-5) Surcharge; sale or exchange of assets, properties,  
6 and intangibles of organization gaming licensees. For each of  
7 taxable years 2019 through 2027, a surcharge is imposed on all  
8 taxpayers on income arising from the sale or exchange of  
9 capital assets, depreciable business property, real property  
10 used in the trade or business, and Section 197 intangibles (i)  
11 of an organization licensee under the Illinois Horse Racing  
12 Act of 1975 and (ii) of an organization gaming licensee under  
13 the Illinois Gambling Act. The amount of the surcharge is  
14 equal to the amount of federal income tax liability for the  
15 taxable year attributable to those sales and exchanges. The  
16 surcharge imposed shall not apply if:

17 (1) the organization gaming license, organization  
18 license, or racetrack property is transferred as a result  
19 of any of the following:

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

24 (B) cancellation, revocation, or termination of  
25 any such license by the Illinois Gaming Board or the  
26 Illinois Racing Board;



1 (C) a determination by the Illinois Gaming Board  
2 that transfer of the license is in the best interests  
3 of Illinois gaming;

4 (D) the death of an owner of the equity interest in  
5 a licensee;

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

9 (F) a transfer by a parent company to a wholly  
10 owned subsidiary; or

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

14 (2) the controlling interest in the organization  
15 gaming license, organization license, or racetrack  
16 property is transferred in a transaction to lineal  
17 descendants in which no gain or loss is recognized or as a  
18 result of a transaction in accordance with Section 351 of  
19 the Internal Revenue Code in which no gain or loss is  
20 recognized; or

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

25 The transfer of an organization gaming license,  
26 organization license, or racetrack property by a person other

1 than the initial licensee to receive the organization gaming  
2 license is not subject to a surcharge. The Department shall  
3 adopt rules necessary to implement and administer this  
4 subsection.

5 (c) Personal Property Tax Replacement Income Tax.  
6 Beginning on July 1, 1979 and thereafter, in addition to such  
7 income tax, there is also hereby imposed the Personal Property  
8 Tax Replacement Income Tax measured by net income on every  
9 corporation (including Subchapter S corporations), partnership  
10 and trust, for each taxable year ending after June 30, 1979.  
11 Such taxes are imposed on the privilege of earning or  
12 receiving income in or as a resident of this State. The  
13 Personal Property Tax Replacement Income Tax shall be in  
14 addition to the income tax imposed by subsections (a) and (b)  
15 of this Section and in addition to all other occupation or  
16 privilege taxes imposed by this State or by any municipal  
17 corporation or political subdivision thereof.

18 (d) Additional Personal Property Tax Replacement Income  
19 Tax Rates. The personal property tax replacement income tax  
20 imposed by this subsection and subsection (c) of this Section  
21 in the case of a corporation, other than a Subchapter S  
22 corporation and except as adjusted by subsection (d-1), shall  
23 be an additional amount equal to 2.85% of such taxpayer's net  
24 income for the taxable year, except that beginning on January  
25 1, 1981, and thereafter, the rate of 2.85% specified in this  
26 subsection shall be reduced to 2.5%, and in the case of a

1 partnership, trust or a Subchapter S corporation shall be an  
2 additional amount equal to 1.5% of such taxpayer's net income  
3 for the taxable year.

4 (d-1) Rate reduction for certain foreign insurers. In the  
5 case of a foreign insurer, as defined by Section 35A-5 of the  
6 Illinois Insurance Code, whose state or country of domicile  
7 imposes on insurers domiciled in Illinois a retaliatory tax  
8 (excluding any insurer whose premiums from reinsurance assumed  
9 are 50% or more of its total insurance premiums as determined  
10 under paragraph (2) of subsection (b) of Section 304, except  
11 that for purposes of this determination premiums from  
12 reinsurance do not include premiums from inter-affiliate  
13 reinsurance arrangements), beginning with taxable years ending  
14 on or after December 31, 1999, the sum of the rates of tax  
15 imposed by subsections (b) and (d) shall be reduced (but not  
16 increased) to the rate at which the total amount of tax imposed  
17 under this Act, net of all credits allowed under this Act,  
18 shall equal (i) the total amount of tax that would be imposed  
19 on the foreign insurer's net income allocable to Illinois for  
20 the taxable year by such foreign insurer's state or country of  
21 domicile if that net income were subject to all income taxes  
22 and taxes measured by net income imposed by such foreign  
23 insurer's state or country of domicile, net of all credits  
24 allowed or (ii) a rate of zero if no such tax is imposed on  
25 such income by the foreign insurer's state of domicile. For  
26 the purposes of this subsection (d-1), an inter-affiliate

1 includes a mutual insurer under common management.

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

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

8 (B) the privilege tax imposed by Section 409 of  
9 the Illinois Insurance Code, the fire insurance  
10 company tax imposed by Section 12 of the Fire  
11 Investigation Act, and the fire department taxes  
12 imposed under Section 11-10-1 of the Illinois  
13 Municipal Code,

14 equals 1.25% for taxable years ending prior to December  
15 31, 2003, or 1.75% for taxable years ending on or after  
16 December 31, 2003, of the net taxable premiums written for  
17 the taxable year, as described by subsection (1) of  
18 Section 409 of the Illinois Insurance Code. This paragraph  
19 will in no event increase the rates imposed under  
20 subsections (b) and (d).

21 (2) Any reduction in the rates of tax imposed by this  
22 subsection shall be applied first against the rates  
23 imposed by subsection (b) and only after the tax imposed  
24 by subsection (a) net of all credits allowed under this  
25 Section other than the credit allowed under subsection (i)  
26 has been reduced to zero, against the rates imposed by

1 subsection (d).

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

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

7 (1) A taxpayer shall be allowed a credit equal to .5%  
8 of the basis of qualified property placed in service  
9 during the taxable year, provided such property is placed  
10 in service on or after July 1, 1984. There shall be allowed  
11 an additional credit equal to .5% of the basis of  
12 qualified property placed in service during the taxable  
13 year, provided such property is placed in service on or  
14 after July 1, 1986, and the taxpayer's base employment  
15 within Illinois has increased by 1% or more over the  
16 preceding year as determined by the taxpayer's employment  
17 records filed with the Illinois Department of Employment  
18 Security. Taxpayers who are new to Illinois shall be  
19 deemed to have met the 1% growth in base employment for the  
20 first year in which they file employment records with the  
21 Illinois Department of Employment Security. The provisions  
22 added to this Section by Public Act 85-1200 (and restored  
23 by Public Act 87-895) shall be construed as declaratory of  
24 existing law and not as a new enactment. If, in any year,  
25 the increase in base employment within Illinois over the  
26 preceding year is less than 1%, the additional credit

1 shall be limited to that percentage times a fraction, the  
2 numerator of which is .5% and the denominator of which is  
3 1%, but shall not exceed .5%. The investment credit shall  
4 not be allowed to the extent that it would reduce a  
5 taxpayer's liability in any tax year below zero, nor may  
6 any credit for qualified property be allowed for any year  
7 other than the year in which the property was placed in  
8 service in Illinois. For tax years ending on or after  
9 December 31, 1987, and on or before December 31, 1988, the  
10 credit shall be allowed for the tax year in which the  
11 property is placed in service, or, if the amount of the  
12 credit exceeds the tax liability for that year, whether it  
13 exceeds the original liability or the liability as later  
14 amended, such excess may be carried forward and applied to  
15 the tax liability of the 5 taxable years following the  
16 excess credit years if the taxpayer (i) makes investments  
17 which cause the creation of a minimum of 2,000 full-time  
18 equivalent jobs in Illinois, (ii) is located in an  
19 enterprise zone established pursuant to the Illinois  
20 Enterprise Zone Act and (iii) is certified by the  
21 Department of Commerce and Community Affairs (now  
22 Department of Commerce and Economic Opportunity) as  
23 complying with the requirements specified in clause (i)  
24 and (ii) by July 1, 1986. The Department of Commerce and  
25 Community Affairs (now Department of Commerce and Economic  
26 Opportunity) shall notify the Department of Revenue of all

1 such certifications immediately. For tax years ending  
2 after December 31, 1988, the credit shall be allowed for  
3 the tax year in which the property is placed in service,  
4 or, if the amount of the credit exceeds the tax liability  
5 for that year, whether it exceeds the original liability  
6 or the liability as later amended, such excess may be  
7 carried forward and applied to the tax liability of the 5  
8 taxable years following the excess credit years. The  
9 credit shall be applied to the earliest year for which  
10 there is a liability. If there is credit from more than one  
11 tax year that is available to offset a liability, earlier  
12 credit shall be applied first.

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

15 (A) is tangible, whether new or used, including  
16 buildings and structural components of buildings and  
17 signs that are real property, but not including land  
18 or improvements to real property that are not a  
19 structural component of a building such as  
20 landscaping, sewer lines, local access roads, fencing,  
21 parking lots, and other appurtenances;

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

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

3 (D) is used in Illinois by a taxpayer who is  
4 primarily engaged in manufacturing, or in mining coal  
5 or fluorite, or in retailing, or was placed in service  
6 on or after July 1, 2006 in a River Edge Redevelopment  
7 Zone established pursuant to the River Edge  
8 Redevelopment Zone Act; and

9 (E) has not previously been used in Illinois in  
10 such a manner and by such a person as would qualify for  
11 the credit provided by this subsection (e) or  
12 subsection (f).

13 (3) For purposes of this subsection (e),  
14 "manufacturing" means the material staging and production  
15 of tangible personal property by procedures commonly  
16 regarded as manufacturing, processing, fabrication, or  
17 assembling which changes some existing material into new  
18 shapes, new qualities, or new combinations. For purposes  
19 of this subsection (e) the term "mining" shall have the  
20 same meaning as the term "mining" in Section 613(c) of the  
21 Internal Revenue Code. For purposes of this subsection  
22 (e), the term "retailing" means the sale of tangible  
23 personal property for use or consumption and not for  
24 resale, or services rendered in conjunction with the sale  
25 of tangible personal property for use or consumption and  
26 not for resale. For purposes of this subsection (e),



1 "tangible personal property" has the same meaning as when  
2 that term is used in the Retailers' Occupation Tax Act,  
3 and, for taxable years ending after December 31, 2008,  
4 does not include the generation, transmission, or  
5 distribution of electricity.

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

9 (5) If the basis of the property for federal income  
10 tax depreciation purposes is increased after it has been  
11 placed in service in Illinois by the taxpayer, the amount  
12 of such increase shall be deemed property placed in  
13 service on the date of such increase in basis.

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

16 (7) If during any taxable year, any property ceases to  
17 be qualified property in the hands of the taxpayer within  
18 48 months after being placed in service, or the situs of  
19 any qualified property is moved outside Illinois within 48  
20 months after being placed in service, the Personal  
21 Property Tax Replacement Income Tax for such taxable year  
22 shall be increased. Such increase shall be determined by  
23 (i) recomputing the investment credit which would have  
24 been allowed for the year in which credit for such  
25 property was originally allowed by eliminating such  
26 property from such computation and, (ii) subtracting such

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

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

12 (9) Each taxable year ending before December 31, 2000,  
13 a partnership may elect to pass through to its partners  
14 the credits to which the partnership is entitled under  
15 this subsection (e) for the taxable year. A partner may  
16 use the credit allocated to him or her under this  
17 paragraph only against the tax imposed in subsections (c)  
18 and (d) of this Section. If the partnership makes that  
19 election, those credits shall be allocated among the  
20 partners in the partnership in accordance with the rules  
21 set forth in Section 704(b) of the Internal Revenue Code,  
22 and the rules promulgated under that Section, and the  
23 allocated amount of the credits shall be allowed to the  
24 partners for that taxable year. The partnership shall make  
25 this election on its Personal Property Tax Replacement  
26 Income Tax return for that taxable year. The election to

1 pass through the credits shall be irrevocable.

2 For taxable years ending on or after December 31,  
3 2000, a partner that qualifies its partnership for a  
4 subtraction under subparagraph (I) of paragraph (2) of  
5 subsection (d) of Section 203 or a shareholder that  
6 qualifies a Subchapter S corporation for a subtraction  
7 under subparagraph (S) of paragraph (2) of subsection (b)  
8 of Section 203 shall be allowed a credit under this  
9 subsection (e) equal to its share of the credit earned  
10 under this subsection (e) during the taxable year by the  
11 partnership or Subchapter S corporation, determined in  
12 accordance with the determination of income and  
13 distributive share of income under Sections 702 and 704  
14 and Subchapter S of the Internal Revenue Code. This  
15 paragraph is exempt from the provisions of Section 250.

16 (f) Investment credit; Enterprise Zone; River Edge  
17 Redevelopment Zone.

18 (1) A taxpayer shall be allowed a credit against the  
19 tax imposed by subsections (a) and (b) of this Section for  
20 investment in qualified property which is placed in  
21 service in an Enterprise Zone created pursuant to the  
22 Illinois Enterprise Zone Act or, for property placed in  
23 service on or after July 1, 2006, a River Edge  
24 Redevelopment Zone established pursuant to the River Edge  
25 Redevelopment Zone Act. For partners, shareholders of  
26 Subchapter S corporations, and owners of limited liability

1 companies, if the liability company is treated as a  
2 partnership for purposes of federal and State income  
3 taxation, for taxable years ending before December 31,  
4 2023, there shall be allowed a credit under this  
5 subsection (f) to be determined in accordance with the  
6 determination of income and distributive share of income  
7 under Sections 702 and 704 and Subchapter S of the  
8 Internal Revenue Code. For taxable years ending on or  
9 after December 31, 2023, for partners and shareholders of  
10 Subchapter S corporations, the provisions of Section 251  
11 shall apply with respect to the credit under this  
12 subsection. The credit shall be .5% of the basis for such  
13 property. The credit shall be available only in the  
14 taxable year in which the property is placed in service in  
15 the Enterprise Zone or River Edge Redevelopment Zone and  
16 shall not be allowed to the extent that it would reduce a  
17 taxpayer's liability for the tax imposed by subsections  
18 (a) and (b) of this Section to below zero. For tax years  
19 ending on or after December 31, 1985, the credit shall be  
20 allowed for the tax year in which the property is placed in  
21 service, or, if the amount of the credit exceeds the tax  
22 liability for that year, whether it exceeds the original  
23 liability or the liability as later amended, such excess  
24 may be carried forward and applied to the tax liability of  
25 the 5 taxable years following the excess credit year. The  
26 credit shall be applied to the earliest year for which

1           there is a liability. If there is credit from more than one  
2 tax year that is available to offset a liability, the  
3 credit accruing first in time shall be applied first.

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

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

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

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

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

16                 (E) has not been previously used in Illinois in  
17 such a manner and by such a person as would qualify for  
18 the credit provided by this subsection (f) or  
19 subsection (e).

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

23           (4) If the basis of the property for federal income  
24 tax depreciation purposes is increased after it has been  
25 placed in service in the Enterprise Zone or River Edge  
26 Redevelopment Zone by the taxpayer, the amount of such

1 increase shall be deemed property placed in service on the  
2 date of such increase in basis.

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

5 (6) If during any taxable year, any property ceases to  
6 be qualified property in the hands of the taxpayer within  
7 48 months after being placed in service, or the situs of  
8 any qualified property is moved outside the Enterprise  
9 Zone or River Edge Redevelopment Zone within 48 months  
10 after being placed in service, the tax imposed under  
11 subsections (a) and (b) of this Section for such taxable  
12 year shall be increased. Such increase shall be determined  
13 by (i) recomputing the investment credit which would have  
14 been allowed for the year in which credit for such  
15 property was originally allowed by eliminating such  
16 property from such computation, and (ii) subtracting such  
17 recomputed credit from the amount of credit previously  
18 allowed. For the purposes of this paragraph (6), a  
19 reduction of the basis of qualified property resulting  
20 from a redetermination of the purchase price shall be  
21 deemed a disposition of qualified property to the extent  
22 of such reduction.

23 (7) There shall be allowed an additional credit equal  
24 to 0.5% of the basis of qualified property placed in  
25 service during the taxable year in a River Edge  
26 Redevelopment Zone, provided such property is placed in

1 service on or after July 1, 2006, and the taxpayer's base  
2 employment within Illinois has increased by 1% or more  
3 over the preceding year as determined by the taxpayer's  
4 employment records filed with the Illinois Department of  
5 Employment Security. Taxpayers who are new to Illinois  
6 shall be deemed to have met the 1% growth in base  
7 employment for the first year in which they file  
8 employment records with the Illinois Department of  
9 Employment Security. If, in any year, the increase in base  
10 employment within Illinois over the preceding year is less  
11 than 1%, the additional credit shall be limited to that  
12 percentage times a fraction, the numerator of which is  
13 0.5% and the denominator of which is 1%, but shall not  
14 exceed 0.5%.

15 (8) For taxable years beginning on or after January 1,  
16 2021, there shall be allowed an Enterprise Zone  
17 construction jobs credit against the taxes imposed under  
18 subsections (a) and (b) of this Section as provided in  
19 Section 13 of the Illinois Enterprise Zone Act.

20 The credit or credits may not reduce the taxpayer's  
21 liability to less than zero. If the amount of the credit or  
22 credits exceeds the taxpayer's liability, the excess may  
23 be carried forward and applied against the taxpayer's  
24 liability in succeeding calendar years in the same manner  
25 provided under paragraph (4) of Section 211 of this Act.  
26 The credit or credits shall be applied to the earliest

1 year for which there is a tax liability. If there are  
2 credits from more than one taxable year that are available  
3 to offset a liability, the earlier credit shall be applied  
4 first.

5 For partners, shareholders of Subchapter S  
6 corporations, and owners of limited liability companies,  
7 if the liability company is treated as a partnership for  
8 the purposes of federal and State income taxation, for  
9 taxable years ending before December 31, 2023, there shall  
10 be allowed a credit under this Section to be determined in  
11 accordance with the determination of income and  
12 distributive share of income under Sections 702 and 704  
13 and Subchapter S of the Internal Revenue Code. For taxable  
14 years ending on or after December 31, 2023, for partners  
15 and shareholders of Subchapter S corporations, the  
16 provisions of Section 251 shall apply with respect to the  
17 credit under this subsection.

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

21 This paragraph (8) is exempt from the provisions of  
22 Section 250.

23 (g) (Blank).

24 (h) Investment credit; High Impact Business.

25 (1) Subject to subsections (b) and (b-5) of Section  
26 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall



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

1 tax years ending on or after December 31, 1987, the credit  
2 shall be allowed for the tax year in which the property is  
3 placed in service, or, if the amount of the credit exceeds  
4 the tax liability for that year, whether it exceeds the  
5 original liability or the liability as later amended, such  
6 excess may be carried forward and applied to the tax  
7 liability of the 5 taxable years following the excess  
8 credit year. The credit shall be applied to the earliest  
9 year for which there is a liability. If there is credit  
10 from more than one tax year that is available to offset a  
11 liability, the credit accruing first in time shall be  
12 applied first.

13 Changes made in this subdivision (h) (1) by Public Act  
14 88-670 restore changes made by Public Act 85-1182 and  
15 reflect existing law.

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

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

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

24 (C) is acquired by purchase as defined in Section  
25 179(d) of the Internal Revenue Code; and

26 (D) is not eligible for the Enterprise Zone

1 Investment Credit provided by subsection (f) of this  
2 Section.

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

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

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

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

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

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

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

22          The credit or credits may not reduce the taxpayer's  
23          liability to less than zero. If the amount of the credit or  
24          credits exceeds the taxpayer's liability, the excess may be  
25          carried forward and applied against the taxpayer's liability  
26          in succeeding calendar years in the manner provided under

1 paragraph (4) of Section 211 of this Act. The credit or credits  
2 shall be applied to the earliest year for which there is a tax  
3 liability. If there are credits from more than one taxable  
4 year that are available to offset a liability, the earlier  
5 credit shall be applied first.

6 For partners, shareholders of Subchapter S corporations,  
7 and owners of limited liability companies, for taxable years  
8 ending before December 31, 2023, if the liability company is  
9 treated as a partnership for the purposes of federal and State  
10 income taxation, there shall be allowed a credit under this  
11 Section to be determined in accordance with the determination  
12 of income and distributive share of income under Sections 702  
13 and 704 and Subchapter S of the Internal Revenue Code. For  
14 taxable years ending on or after December 31, 2023, for  
15 partners and shareholders of Subchapter S corporations, the  
16 provisions of Section 251 shall apply with respect to the  
17 credit under this subsection.

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

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

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

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

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

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

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

5 (j) Training expense credit. Beginning with tax years  
6 ending on or after December 31, 1986 and prior to December 31,  
7 2003, a taxpayer shall be allowed a credit against the tax  
8 imposed by subsections (a) and (b) under this Section for all  
9 amounts paid or accrued, on behalf of all persons employed by  
10 the taxpayer in Illinois or Illinois residents employed  
11 outside of Illinois by a taxpayer, for educational or  
12 vocational training in semi-technical or technical fields or  
13 semi-skilled or skilled fields, which were deducted from gross  
14 income in the computation of taxable income. The credit  
15 against the tax imposed by subsections (a) and (b) shall be  
16 1.6% of such training expenses. For partners, shareholders of  
17 subchapter S corporations, and owners of limited liability  
18 companies, if the liability company is treated as a  
19 partnership for purposes of federal and State income taxation,  
20 for taxable years ending before December 31, 2023, there shall  
21 be allowed a credit under this subsection (j) to be determined  
22 in accordance with the determination of income and  
23 distributive share of income under Sections 702 and 704 and  
24 subchapter S of the Internal Revenue Code. For taxable years  
25 ending on or after December 31, 2023, for partners and  
26 shareholders of Subchapter S corporations, the provisions of

1 Section 251 shall apply with respect to the credit under this  
2 subsection.

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

13 (k) Research and development credit. For tax years ending  
14 after July 1, 1990 and prior to December 31, 2003, and  
15 beginning again for tax years ending on or after December 31,  
16 2004, and ending prior to January 1, 2037 ~~January 1, 2027~~, a  
17 taxpayer shall be allowed a credit against the tax imposed by  
18 subsections (a) and (b) of this Section for increasing  
19 research activities in this State. The credit allowed against  
20 the tax imposed by subsections (a) and (b) shall be equal to 6  
21 1/2% of the qualifying expenditures for increasing research  
22 activities in this State. For partners, shareholders of  
23 subchapter S corporations, and owners of limited liability  
24 companies, if the liability company is treated as a  
25 partnership for purposes of federal and State income taxation,  
26 for taxable years ending before December 31, 2023, there shall



1 be allowed a credit under this subsection to be determined in  
2 accordance with the determination of income and distributive  
3 share of income under Sections 702 and 704 and subchapter S of  
4 the Internal Revenue Code. For taxable years ending on or  
5 after December 31, 2023, for partners and shareholders of  
6 Subchapter S corporations, the provisions of Section 251 shall  
7 apply with respect to the credit under this subsection.

8 As used in ~~For purposes of~~ this subsection: 7

9 "Base period" means the 3 taxable years immediately  
10 preceding the taxable year for which the determination is  
11 being made.

12 "Qualifying ~~"qualifying~~ expenditures" means the qualifying  
13 expenditures as defined for the federal credit for increasing  
14 research activities which would be allowable under Section 41  
15 of the Internal Revenue Code and which are conducted in this  
16 State. 7

17 "Qualifying ~~"qualifying~~ expenditures for increasing  
18 research activities in this State" means the excess of  
19 qualifying expenditures for the taxable year in which incurred  
20 over qualifying expenditures for the base period. 7

21 "Qualifying ~~"qualifying~~ expenditures for the base period"  
22 means the average of the qualifying expenditures for each year  
23 in the base period. 7, ~~and "base period" means the 3 taxable~~  
24 ~~years immediately preceding the taxable year for which the~~  
25 ~~determination is being made.~~

26 Any credit in excess of the tax liability for the taxable

1 year may be carried forward. A taxpayer may elect to have the  
2 unused credit shown on its final completed return carried over  
3 as a credit against the tax liability for the following 5  
4 taxable years or until it has been fully used, whichever  
5 occurs first; provided that no credit earned in a tax year  
6 ending prior to December 31, 2003 may be carried forward to any  
7 year ending on or after December 31, 2003.

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

20 No inference shall be drawn from Public Act 91-644 in  
21 construing this Section for taxable years beginning before  
22 January 1, 1999.

23 It is the intent of the General Assembly that the research  
24 and development credit under this subsection (k) shall apply  
25 continuously for all tax years ending on or after December 31,  
26 2004 and ending prior to January 1, 2027, including, but not

1 limited to, the period beginning on January 1, 2016 and ending  
2 on July 6, 2017 (the effective date of Public Act 100-22). All  
3 actions taken in reliance on the continuation of the credit  
4 under this subsection (k) by any taxpayer are hereby  
5 validated.

6 (l) Environmental Remediation Tax Credit.

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

1 of the Environmental Protection Act. After the Pollution  
2 Control Board rules are adopted pursuant to the Illinois  
3 Administrative Procedure Act for the administration and  
4 enforcement of Section 58.9 of the Environmental  
5 Protection Act, determinations as to credit availability  
6 for purposes of this Section shall be made consistent with  
7 those rules. For purposes of this Section, "taxpayer"  
8 includes a person whose tax attributes the taxpayer has  
9 succeeded to under Section 381 of the Internal Revenue  
10 Code and "related party" includes the persons disallowed a  
11 deduction for losses by paragraphs (b), (c), and (f)(1) of  
12 Section 267 of the Internal Revenue Code by virtue of  
13 being a related taxpayer, as well as any of its partners.  
14 The credit allowed against the tax imposed by subsections  
15 (a) and (b) shall be equal to 25% of the unreimbursed  
16 eligible remediation costs in excess of \$100,000 per site,  
17 except that the \$100,000 threshold shall not apply to any  
18 site contained in an enterprise zone as determined by the  
19 Department of Commerce and Community Affairs (now  
20 Department of Commerce and Economic Opportunity). The  
21 total credit allowed shall not exceed \$40,000 per year  
22 with a maximum total of \$150,000 per site. For partners  
23 and shareholders of subchapter S corporations, there shall  
24 be allowed a credit under this subsection to be determined  
25 in accordance with the determination of income and  
26 distributive share of income under Sections 702 and 704

1 and subchapter S of the Internal Revenue Code.

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

1 of subsection (i).

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

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

25 For purposes of this subsection:

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (p) Pass-through entity tax.

25 (1) For taxable years ending on or after December 31,  
26 2021 and beginning prior to January 1, 2026, a partnership

1 (other than a publicly traded partnership under Section  
2 7704 of the Internal Revenue Code) or Subchapter S  
3 corporation may elect to apply the provisions of this  
4 subsection. A separate election shall be made for each  
5 taxable year. Such election shall be made at such time,  
6 and in such form and manner as prescribed by the  
7 Department, and, once made, is irrevocable.

8 (2) Entity-level tax. A partnership or Subchapter S  
9 corporation electing to apply the provisions of this  
10 subsection shall be subject to a tax for the privilege of  
11 earning or receiving income in this State in an amount  
12 equal to 4.95% of the taxpayer's net income for the  
13 taxable year.

14 (3) Net income defined.

15 (A) In general. For purposes of paragraph (2), the  
16 term net income has the same meaning as defined in  
17 Section 202 of this Act, except that, for tax years  
18 ending on or after December 31, 2023, a deduction  
19 shall be allowed in computing base income for  
20 distributions to a retired partner to the extent that  
21 the partner's distributions are exempt from tax under  
22 Section 203(a)(2)(F) of this Act. In addition, the  
23 following modifications shall not apply:

24 (i) the standard exemption allowed under  
25 Section 204;

26 (ii) the deduction for net losses allowed

1 under Section 207;

2 (iii) in the case of an S corporation, the  
3 modification under Section 203(b)(2)(S); and

4 (iv) in the case of a partnership, the  
5 modifications under Section 203(d)(2)(H) and  
6 Section 203(d)(2)(I).

7 (B) Special rule for tiered partnerships. If a  
8 taxpayer making the election under paragraph (1) is a  
9 partner of another taxpayer making the election under  
10 paragraph (1), net income shall be computed as  
11 provided in subparagraph (A), except that the taxpayer  
12 shall subtract its distributive share of the net  
13 income of the electing partnership (including its  
14 distributive share of the net income of the electing  
15 partnership derived as a distributive share from  
16 electing partnerships in which it is a partner).

17 (4) Credit for entity level tax. Each partner or  
18 shareholder of a taxpayer making the election under this  
19 Section shall be allowed a credit against the tax imposed  
20 under subsections (a) and (b) of Section 201 of this Act  
21 for the taxable year of the partnership or Subchapter S  
22 corporation for which an election is in effect ending  
23 within or with the taxable year of the partner or  
24 shareholder in an amount equal to 4.95% times the partner  
25 or shareholder's distributive share of the net income of  
26 the electing partnership or Subchapter S corporation, but

1 not to exceed the partner's or shareholder's share of the  
2 tax imposed under paragraph (1) which is actually paid by  
3 the partnership or Subchapter S corporation. If the  
4 taxpayer is a partnership or Subchapter S corporation that  
5 is itself a partner of a partnership making the election  
6 under paragraph (1), the credit under this paragraph shall  
7 be allowed to the taxpayer's partners or shareholders (or  
8 if the partner is a partnership or Subchapter S  
9 corporation then its partners or shareholders) in  
10 accordance with the determination of income and  
11 distributive share of income under Sections 702 and 704  
12 and Subchapter S of the Internal Revenue Code. If the  
13 amount of the credit allowed under this paragraph exceeds  
14 the partner's or shareholder's liability for tax imposed  
15 under subsections (a) and (b) of Section 201 of this Act  
16 for the taxable year, such excess shall be treated as an  
17 overpayment for purposes of Section 909 of this Act.

18 (5) Nonresidents. A nonresident individual who is a  
19 partner or shareholder of a partnership or Subchapter S  
20 corporation for a taxable year for which an election is in  
21 effect under paragraph (1) shall not be required to file  
22 an income tax return under this Act for such taxable year  
23 if the only source of net income of the individual (or the  
24 individual and the individual's spouse in the case of a  
25 joint return) is from an entity making the election under  
26 paragraph (1) and the credit allowed to the partner or

1           shareholder under paragraph (4) equals or exceeds the  
2           individual's liability for the tax imposed under  
3           subsections (a) and (b) of Section 201 of this Act for the  
4           taxable year.

5           (6) Liability for tax. Except as provided in this  
6           paragraph, a partnership or Subchapter S making the  
7           election under paragraph (1) is liable for the  
8           entity-level tax imposed under paragraph (2). If the  
9           electing partnership or corporation fails to pay the full  
10          amount of tax deemed assessed under paragraph (2), the  
11          partners or shareholders shall be liable to pay the tax  
12          assessed (including penalties and interest). Each partner  
13          or shareholder shall be liable for the unpaid assessment  
14          based on the ratio of the partner's or shareholder's share  
15          of the net income of the partnership over the total net  
16          income of the partnership. If the partnership or  
17          Subchapter S corporation fails to pay the tax assessed  
18          (including penalties and interest) and thereafter an  
19          amount of such tax is paid by the partners or  
20          shareholders, such amount shall not be collected from the  
21          partnership or corporation.

22          (7) Foreign tax. For purposes of the credit allowed  
23          under Section 601(b)(3) of this Act, tax paid by a  
24          partnership or Subchapter S corporation to another state  
25          which, as determined by the Department, is substantially  
26          similar to the tax imposed under this subsection, shall be

1 considered tax paid by the partner or shareholder to the  
2 extent that the partner's or shareholder's share of the  
3 income of the partnership or Subchapter S corporation  
4 allocated and apportioned to such other state bears to the  
5 total income of the partnership or Subchapter S  
6 corporation allocated or apportioned to such other state.

7 (8) Suspension of withholding. The provisions of  
8 Section 709.5 of this Act shall not apply to a partnership  
9 or Subchapter S corporation for the taxable year for which  
10 an election under paragraph (1) is in effect.

11 (9) Requirement to pay estimated tax. For each taxable  
12 year for which an election under paragraph (1) is in  
13 effect, a partnership or Subchapter S corporation is  
14 required to pay estimated tax for such taxable year under  
15 Sections 803 and 804 of this Act if the amount payable as  
16 estimated tax can reasonably be expected to exceed \$500.

17 (10) The provisions of this subsection shall apply  
18 only with respect to taxable years for which the  
19 limitation on individual deductions applies under Section  
20 164(b)(6) of the Internal Revenue Code.

21 (Source: P.A. 102-558, eff. 8-20-21; 102-658, eff. 8-27-21;  
22 103-9, eff. 6-7-23; 103-396, eff. 1-1-24; revised 12-12-23.)

23 (35 ILCS 5/241 new)

24 Sec. 241. Quantum information science research and  
25 development tax credit.



1       (a) For tax years ending on or after December 31, 2025, a  
2       taxpayer who qualifies for a quantum information science  
3       research and development tax credit pursuant to Section  
4       605-1115 of the Department of Commerce and Economic  
5       Opportunity Law of the Civil Administrative Code of Illinois,  
6       is entitled to a credit against the tax imposed by subsections  
7       (a) and (b) of Section 201 of this Act as provided in that  
8       Section.

9       (b) For partners and shareholders of subchapter S  
10       corporations, the credit under this Section shall be  
11       determined in accordance with Section 251.

12       (c) In no event shall a taxpayer be allowed both a credit  
13       under this Section for qualifying quantum information science  
14       expenditures and the research and development credit provided  
15       under subsection (k) of Section 201 for the same expenditures.

16       (d) Any credit awarded under this Section in excess of the  
17       taxpayer's tax liability for the taxable year may be carried  
18       forward. A taxpayer may elect to have the unused credit shown  
19       on its final completed return carried over as a credit against  
20       the tax liability for the following 5 taxable years or until  
21       the credit has been fully used, whichever occurs first. If a  
22       tax liability for the given year still remains, the credit  
23       from the next earliest year will then be applied, and so on,  
24       until all credits have been used or no tax liability for the  
25       given year remains. Any remaining unused credit or credits  
26       then will be carried forward to the next following year in

1 which a tax liability is incurred, except that no credit can be  
2 carried forward to a year which is more than 5 years after the  
3 year in which the expense for which the credit is given was  
4 incurred.

5 (e) This Section is exempt from the provisions of Section  
6 250 of this Act.

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.