



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4882

Introduced 2/7/2024, by Rep. Dennis Tipsword, Jr.

SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.5	
15 ILCS 505/16.8	
15 ILCS 520/22.5	from Ch. 130, par. 41a
35 ILCS 5/203	from Ch. 120, par. 2-203
35 ILCS 5/218	
735 ILCS 5/12-1001	from Ch. 110, par. 12-1001
750 ILCS 5/513	from Ch. 40, par. 513

Amends the State Treasurer Act. In provisions relating to the College Savings Pool established by the State Treasurer pursuant to Section 529 of the Internal Revenue Code, provides that an "eligible educational institution" includes elementary or secondary public, private, or religious schools and "qualified expenses" include expenses, up to \$10,000 per taxable year, for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school. Amends the Deposit of State Moneys Act, Illinois Income Tax Act, the Code of Civil Procedure, and the Illinois Marriage and Dissolution of Marriage Act to make conforming changes. Effective immediately.

LRB103 35391 AWJ 65456 b

1 AN ACT concerning State government.

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

4 Section 5. The State Treasurer Act is amended by changing
5 Sections 16.5 and 16.8 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College, Secondary, and Elementary Education
8 Savings Pool.

9 (a) Definitions. As used in this Section:

10 "Account owner" means any person or entity who has opened
11 an account or to whom ownership of an account has been
12 transferred, as allowed by the Internal Revenue Code, and who
13 has authority to withdraw funds, direct withdrawal of funds,
14 change the designated beneficiary, or otherwise exercise
15 control over an account in the College, Secondary, and
16 Elementary Education Savings Pool.

17 "Donor" means any person or entity who makes contributions
18 to an account in the College, Secondary, and Elementary
19 Education Savings Pool.

20 "Designated beneficiary" means any individual designated
21 as the beneficiary of an account in the College, Secondary,
22 and Elementary Education Savings Pool by an account owner. A
23 designated beneficiary must have a valid social security

1 number or taxpayer identification number. In the case of an
2 account established as part of a scholarship program permitted
3 under Section 529 of the Internal Revenue Code, the designated
4 beneficiary is any individual receiving benefits accumulated
5 in the account as a scholarship.

6 "Eligible educational institution" means (A) public and
7 private colleges, junior colleges, graduate schools, and
8 certain vocational institutions that are described in Section
9 1001 of the Higher Education Resource and Student Assistance
10 Chapter of Title 20 of the United States Code (20 U.S.C. 1001)
11 and that are eligible to participate in Department of
12 Education student aid programs and (B) elementary or secondary
13 public, private, or religious schools.

14 "Member of the family" has the same meaning ascribed to
15 that term under Section 529 of the Internal Revenue Code.

16 "Nonqualified withdrawal" means a distribution from an
17 account other than a distribution that (i) is used for the
18 qualified expenses of the designated beneficiary; (ii) results
19 from the beneficiary's death or disability; (iii) is a
20 rollover to another account in the College, Secondary, and
21 Elementary Education Savings Pool; or (iv) is a rollover to an
22 ABLE account, as defined in Section 16.6 of this Act, or any
23 distribution that, within 60 days after such distribution, is
24 transferred to an ABLE account of the designated beneficiary
25 or a member of the family of the designated beneficiary to the
26 extent that the distribution, when added to all other

1 contributions made to the ABLE account for the taxable year,
2 does not exceed the limitation under Section 529A(b) of the
3 Internal Revenue Code.

4 "Qualified expenses" means: (i) tuition, fees, and the
5 costs of books, supplies, and equipment required for
6 enrollment or attendance at an eligible educational
7 institution that is described under paragraph (A) of "eligible
8 educational institution" as defined under this Section; (ii)
9 expenses for special needs services, in the case of a special
10 needs beneficiary, which are incurred in connection with such
11 enrollment or attendance under item (i); (iii) certain
12 expenses, to the extent they qualify as qualified higher
13 education expenses under Section 529 of the Internal Revenue
14 Code, for the purchase of computer or peripheral equipment or
15 Internet access and related services, if such equipment,
16 software, or services are to be used primarily by the
17 beneficiary during any of the years the beneficiary is
18 enrolled at an eligible educational institution, except that,
19 such expenses shall not include expenses for computer software
20 designed for sports, games, or hobbies, unless the software is
21 predominantly educational in nature; (iv) room and board
22 expenses incurred while attending an eligible educational
23 institution that is described under paragraph (A) of "eligible
24 educational institution" as defined under this Section at
25 least half-time; (v) expenses for fees, books, supplies, and
26 equipment required for the participation of a designated

1 beneficiary in an apprenticeship program registered and
2 certified with the Secretary of Labor under the National
3 Apprenticeship Act (29 U.S.C. 50); ~~and~~ (vi) amounts paid as
4 principal or interest on any qualified education loan for an
5 eligible educational institution that is described under
6 paragraph (A) of "eligible educational institution" as defined
7 under this Section of the designated beneficiary or a sibling
8 of the designated beneficiary, as allowed under Section 529 of
9 the Internal Revenue Code; and (vii) expenses, up to \$10,000
10 per taxable year, for tuition in connection with enrollment or
11 attendance at an elementary or secondary public, private, or
12 religious school. A student shall be considered to be enrolled
13 at least half-time if the student is enrolled for at least half
14 the full-time academic workload for the course of study the
15 student is pursuing as determined under the standards of the
16 institution at which the student is enrolled.

17 (b) Establishment of the Pool. The State Treasurer may
18 establish and administer the College, Secondary, and
19 Elementary Education Savings Pool as a qualified tuition
20 program under Section 529 of the Internal Revenue Code. The
21 Pool may consist of one or more college, secondary, and
22 elementary education savings programs. The State Treasurer, in
23 administering the College, Secondary, and Elementary Education
24 Savings Pool, may: (1) receive, hold, and invest moneys paid
25 into the Pool; and (2) perform any other action he or she deems
26 necessary to administer the Pool, including any other actions

1 necessary to ensure that the Pool operates as a qualified
2 tuition program in accordance with Section 529 of the Internal
3 Revenue Code.

4 (c) Administration of the College, Secondary, and
5 Elementary Education Savings Pool. The State Treasurer may
6 delegate duties related to the College, Secondary, and
7 Elementary Education Savings Pool to one or more contractors.
8 The contributions deposited in the Pool, and any earnings
9 thereon, shall not constitute property of the State or be
10 commingled with State funds and the State shall have no claim
11 to or against, or interest in, such funds; provided that the
12 fees collected by the State Treasurer in accordance with this
13 Act, scholarship programs administered by the State Treasurer,
14 and seed funds deposited by the State Treasurer under Section
15 16.8 of the Act are State funds.

16 (c-5) College, Secondary, and Elementary Education Savings
17 Pool Account Summaries. The State Treasurer shall provide a
18 separate accounting for each designated beneficiary. The
19 separate accounting shall be provided to the account owner of
20 the account for the designated beneficiary at least annually
21 and shall show the account balance, the investment in the
22 account, the investment earnings, and the distributions from
23 the account.

24 (d) Availability of the College, Secondary, and Elementary
25 Education Savings Pool. The State Treasurer may permit
26 persons, including trustees of trusts and custodians under a

1 Uniform Transfers to Minors Act or Uniform Gifts to Minors Act
2 account, and certain legal entities to be account owners,
3 including as part of a scholarship program, provided that: (1)
4 an individual, trustee or custodian must have a valid social
5 security number or taxpayer identification number, be at least
6 18 years of age, and have a valid United States street address;
7 and (2) a legal entity must have a valid taxpayer
8 identification number and a valid United States street
9 address. In-state and out-of-state persons, trustees,
10 custodians, and legal entities may be account owners and
11 donors, and both in-state and out-of-state individuals may be
12 designated beneficiaries in the College, Secondary, and
13 Elementary Education Savings Pool.

14 (e) Fees. Any fees, costs, and expenses, including
15 investment fees and expenses and payments to third parties,
16 related to the College, Secondary, and Elementary Education
17 Savings Pool, shall be paid from the assets of the College,
18 Secondary, and Elementary Education Savings Pool. The State
19 Treasurer shall establish fees to be imposed on accounts to
20 cover such fees, costs, and expenses, to the extent not paid
21 directly out of the investments of the College, Secondary, and
22 Elementary Education Savings Pool, and to maintain an adequate
23 reserve fund in line with industry standards for government
24 operated funds. The Treasurer must use his or her best efforts
25 to keep these fees as low as possible and consistent with
26 administration of high quality competitive college, secondary,

1 and elementary education savings programs.

2 (f) Investments in the State. To enhance the safety and
3 liquidity of the College, Secondary, and Elementary Education
4 Savings Pool, to ensure the diversification of the investment
5 portfolio of the College, Secondary, and Elementary Education
6 Savings Pool, and in an effort to keep investment dollars in
7 the State of Illinois, the State Treasurer may make a
8 percentage of each account available for investment in
9 participating financial institutions doing business in the
10 State.

11 (g) Investment policy. The Treasurer shall develop,
12 publish, and implement an investment policy covering the
13 investment of the moneys in each of the programs in the
14 College, Secondary, and Elementary Education Savings Pool. The
15 policy shall be published each year as part of the audit of the
16 College, Secondary, and Elementary Education Savings Pool by
17 the Auditor General, which shall be distributed to all account
18 owners in such program. The Treasurer shall notify all account
19 owners in such program in writing, and the Treasurer shall
20 publish in a newspaper of general circulation in both Chicago
21 and Springfield, any changes to the previously published
22 investment policy at least 30 calendar days before
23 implementing the policy. Any investment policy adopted by the
24 Treasurer shall be reviewed and updated if necessary within 90
25 days following the date that the State Treasurer takes office.

26 (h) Investment restrictions. An account owner may,

1 directly or indirectly, direct the investment of his or her
2 account only as provided in Section 529(b)(4) of the Internal
3 Revenue Code. Donors and designated beneficiaries, in those
4 capacities, may not, directly or indirectly, direct the
5 investment of an account.

6 (i) Distributions. Distributions from an account in the
7 College, Secondary, and Elementary Education Savings Pool may
8 be used for the designated beneficiary's qualified expenses,
9 and if not used in that manner, may be considered a
10 nonqualified withdrawal. Funds contained in a College,
11 Secondary, and Elementary Education Savings Pool account may
12 be rolled over into an eligible ABLE account, as defined in
13 Section 16.6 of this Act, or another qualified tuition
14 program, to the extent permitted by Section 529 of the
15 Internal Revenue Code.

16 Distributions made from the College, Secondary, and
17 Elementary Education Savings Pool may be made directly to the
18 eligible educational institution, directly to a vendor, in the
19 form of a check payable to both the designated beneficiary and
20 the institution or vendor, directly to the designated
21 beneficiary or account owner, or in any other manner that is
22 permissible under Section 529 of the Internal Revenue Code.

23 (j) Contributions. Contributions to the College,
24 Secondary, and Elementary Education Savings Pool shall be as
25 follows:

26 (1) Contributions to an account in the College,

1 Secondary, and Elementary Education Savings Pool may be
2 made only in cash.

3 (2) The Treasurer shall limit the contributions that
4 may be made to the College, Secondary, and Elementary
5 Education Savings Pool on behalf of a designated
6 beneficiary, as required under Section 529 of the Internal
7 Revenue Code, to prevent contributions for the benefit of
8 a designated beneficiary in excess of those necessary to
9 provide for the qualified expenses of the designated
10 beneficiary. The Pool shall not permit any additional
11 contributions to an account as soon as the sum of (i) the
12 aggregate balance in all accounts in the Pool for the
13 designated beneficiary and (ii) the aggregate
14 contributions in the Illinois Prepaid Tuition Program for
15 the designated beneficiary reaches the specified balance
16 limit established from time to time by the Treasurer.

17 (k) Illinois Student Assistance Commission. The Treasurer
18 and the Illinois Student Assistance Commission shall each
19 cooperate in providing each other with account information, as
20 necessary, to prevent contributions in excess of those
21 necessary to provide for the qualified expenses of the
22 designated beneficiary, as described in subsection (j).

23 The Treasurer shall work with the Illinois Student
24 Assistance Commission to coordinate the marketing of the
25 College, Secondary, and Elementary Education Savings Pool and
26 the Illinois Prepaid Tuition Program when considered

1 beneficial by the Treasurer and the Director of the Illinois
2 Student Assistance Commission.

3 (l) Prohibition; exemption. No interest in the program, or
4 any portion thereof, may be used as security for a loan. Moneys
5 held in an account invested in the College, Secondary, and
6 Elementary Education Savings Pool shall be exempt from all
7 claims of the creditors of the account owner, donor, or
8 designated beneficiary of that account, except for the
9 non-exempt College, Secondary, and Elementary Education
10 Savings Pool transfers to or from the account as defined under
11 subsection (j) of Section 12-1001 of the Code of Civil
12 Procedure.

13 (m) Taxation. The assets of the College, Secondary, and
14 Elementary Education Savings Pool and its income and operation
15 shall be exempt from all taxation by the State of Illinois and
16 any of its subdivisions. The accrued earnings on investments
17 in the Pool once disbursed on behalf of a designated
18 beneficiary shall be similarly exempt from all taxation by the
19 State of Illinois and its subdivisions, so long as they are
20 used for qualified expenses. Contributions to a College, Secondary,
21 and Elementary Education Savings Pool account
22 during the taxable year may be deducted from adjusted gross
23 income as provided in Section 203 of the Illinois Income Tax
24 Act. The provisions of this paragraph are exempt from Section
25 250 of the Illinois Income Tax Act.

26 (n) Rules. The Treasurer shall adopt rules he or she

1 considers necessary for the efficient administration of the
2 College, Secondary, and Elementary Education Savings Pool. The
3 rules shall provide whatever additional parameters and
4 restrictions are necessary to ensure that the College,
5 Secondary, and Elementary Education Savings Pool meets all the
6 requirements for a qualified tuition program under Section 529
7 of the Internal Revenue Code.

8 Notice of any proposed amendments to the rules and
9 regulations shall be provided to all account owners prior to
10 adoption.

11 (o) Bond. The State Treasurer shall give bond with at
12 least one surety, payable to and for the benefit of the account
13 owners in the College, Secondary, and Elementary Education
14 Savings Pool, in the penal sum of \$10,000,000, conditioned
15 upon the faithful discharge of his or her duties in relation to
16 the College, Secondary, and Elementary Education Savings Pool.

17 (p) The changes made to subsections (c) and (e) of this
18 Section by Public Act 101-26 are intended to be a restatement
19 and clarification of existing law.

20 (Source: P.A. 101-26, eff. 6-21-19; 101-81, eff. 7-12-19;
21 102-186, eff. 7-30-21.)

22 (15 ILCS 505/16.8)

23 Sec. 16.8. Illinois Higher Education Savings Program.

24 (a) Definitions. As used in this Section:

25 "Beneficiary" means an eligible child named as a recipient

1 of seed funds.

2 "Eligible child" means a child born or adopted after
3 December 31, 2022, to a parent who is a resident of Illinois at
4 the time of the birth or adoption, as evidenced by
5 documentation received by the Treasurer from the Department of
6 Revenue, the Department of Public Health, or another State or
7 local government agency.

8 "Eligible educational institution" means institutions that
9 are described in Section 1001 of the federal Higher Education
10 Act of 1965 that are eligible to participate in Department of
11 Education student aid programs.

12 "Fund" means the Illinois Higher Education Savings Program
13 Fund.

14 "Omnibus account" means the pooled collection of seed
15 funds owned and managed by the State Treasurer in the College,
16 Secondary, and Elementary Education Savings Pool under this
17 Act.

18 "Program" means the Illinois Higher Education Savings
19 Program.

20 "Qualified higher education expense" means the following:
21 (i) tuition, fees, and the costs of books, supplies, and
22 equipment required for enrollment or attendance at an eligible
23 educational institution; (ii) expenses for special needs
24 services, in the case of a special needs beneficiary, which
25 are incurred in connection with such enrollment or attendance;
26 (iii) certain expenses for the purchase of computer or

1 peripheral equipment, computer software, or Internet access
2 and related services as defined under Section 529 of the
3 Internal Revenue Code; (iv) room and board expenses incurred
4 while attending an eligible educational institution at least
5 half-time; (v) expenses for fees, books, supplies, and
6 equipment required for the participation of a designated
7 beneficiary in an apprenticeship program registered and
8 certified with the Secretary of Labor under the National
9 Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as
10 principal or interest on any qualified education loan of the
11 designated beneficiary or a sibling of the designated
12 beneficiary, as allowed under Section 529 of the Internal
13 Revenue Code.

14 "Seed funds" means the deposit made by the State Treasurer
15 into the Omnibus Accounts for Program beneficiaries.

16 (b) Program established. The State Treasurer shall
17 establish the Illinois Higher Education Savings Program as a
18 part of the College, Secondary, and Elementary Education
19 Savings Pool under Section 16.5 of this Act, subject to
20 appropriation by the General Assembly. The State Treasurer
21 shall administer the Program for the purposes of expanding
22 access to higher education through savings.

23 (c) Program enrollment. The State Treasurer shall enroll
24 all eligible children in the Program beginning in 2023, after
25 receiving records of recent births, adoptions, or dependents
26 from the Department of Revenue, the Department of Public

1 Health, or another State or local government agency designated
2 by the Treasurer. Notwithstanding any court order which would
3 otherwise prevent the release of information, the Department
4 of Public Health is authorized to release the information
5 specified under this subsection (c) to the State Treasurer for
6 the purposes of the Program established under this Section.

7 (1) Beginning in 2021, the Department of Public Health
8 shall provide the State Treasurer with information on
9 recent Illinois births and adoptions including, but not
10 limited to: the full name, residential address, birth
11 date, and birth record number of the child and the full
12 name and residential address of the child's parent or
13 legal guardian for the purpose of enrolling eligible
14 children in the Program. This data shall be provided to
15 the State Treasurer by the Department of Public Health on
16 a quarterly basis, no later than 30 days after the end of
17 each quarter, or some other date and frequency as mutually
18 agreed to by the State Treasurer and the Department of
19 Public Health.

20 (1.5) Beginning in 2021, the Department of Revenue
21 shall provide the State Treasurer with information on tax
22 filers claiming dependents or the adoption tax credit
23 including, but not limited to: the full name, residential
24 address, email address, phone number, birth date, and
25 social security number or taxpayer identification number
26 of the dependent child and of the child's parent or legal

1 guardian for the purpose of enrolling eligible children in
2 the Program. This data shall be provided to the State
3 Treasurer by the Department of Revenue on at least an
4 annual basis, by July 1 of each year or another date
5 jointly determined by the State Treasurer and the
6 Department of Revenue. Notwithstanding anything to the
7 contrary contained within this paragraph (2), the
8 Department of Revenue shall not be required to share any
9 information that would be contrary to federal law,
10 regulation, or Internal Revenue Service Publication 1075.

11 (2) The State Treasurer shall ensure the security and
12 confidentiality of the information provided by the
13 Department of Revenue, the Department of Public Health, or
14 another State or local government agency, and it shall not
15 be subject to release under the Freedom of Information
16 Act.

17 (3) Information provided under this Section shall only
18 be used by the State Treasurer for the Program and shall
19 not be used for any other purpose.

20 (4) The State Treasurer and any vendors working on the
21 Program shall maintain strict confidentiality of any
22 information provided under this Section, and shall
23 promptly provide written or electronic notice to the
24 providing agency of any security breach. The providing
25 State or local government agency shall remain the sole and
26 exclusive owner of information provided under this

1 Section.

2 (d) Seed funds. After receiving information on recent
3 births, adoptions, or dependents from the Department of
4 Revenue, the Department of Public Health, or another State or
5 local government agency, the State Treasurer shall make
6 deposits into an omnibus account on behalf of eligible
7 children. The State Treasurer shall be the owner of the
8 omnibus accounts.

9 (1) Deposit amount. The seed fund deposit for each
10 eligible child shall be in the amount of \$50. This amount
11 may be increased by the State Treasurer by rule. The State
12 Treasurer may use or deposit funds appropriated by the
13 General Assembly together with moneys received as gifts,
14 grants, or contributions into the Fund. If insufficient
15 funds are available in the Fund, the State Treasurer may
16 reduce the deposit amount or forego deposits.

17 (2) Use of seed funds. Seed funds, including any
18 interest, dividends, and other earnings accrued, will be
19 eligible for use by a beneficiary for qualified higher
20 education expenses if:

21 (A) the parent or guardian of the eligible child
22 claimed the seed funds for the beneficiary by the
23 beneficiary's 10th birthday;

24 (B) the beneficiary has completed secondary
25 education or has reached the age of 18; and

26 (C) the beneficiary is currently a resident of the

1 State of Illinois. Non-residents are not eligible to
2 claim or use seed funds.

3 (3) Notice of seed fund availability. The State
4 Treasurer shall make a good faith effort to notify
5 beneficiaries and their parents or legal guardians of the
6 seed funds' availability and the deadline to claim such
7 funds.

8 (4) Unclaimed seed funds. Seed funds and any interest
9 earnings that are unclaimed by the beneficiary's 10th
10 birthday or unused by the beneficiary's 26th birthday will
11 be considered forfeited. Unclaimed and unused seed funds
12 and any interest earnings will remain in the omnibus
13 account for future beneficiaries.

14 (e) Financial education. The State Treasurer may develop
15 educational materials that support the financial literacy of
16 beneficiaries and their legal guardians, and may do so in
17 collaboration with State and federal agencies, including, but
18 not limited to, the Illinois State Board of Education and
19 existing nonprofit agencies with expertise in financial
20 literacy and education.

21 (f) Supplementary deposits and partnerships. The State
22 Treasurer may make supplementary deposits to children in
23 financially insecure households if sufficient funds are
24 available. Furthermore, the State Treasurer may develop
25 partnerships with private, nonprofit, or governmental
26 organizations to provide additional savings incentives,

1 including conditional cash transfers or matching contributions
2 that provide a savings incentive based on specific actions
3 taken or other criteria.

4 (g) Illinois Higher Education Savings Program Fund. The
5 Illinois Higher Education Savings Program Fund is hereby
6 established as a special fund in the State treasury. The Fund
7 shall be the official repository of all contributions,
8 appropriated funds, interest, and dividend payments, gifts, or
9 other financial assets received by the State Treasurer in
10 connection with the operation of the Program or related
11 partnerships. All such moneys shall be deposited into the Fund
12 and held by the State Treasurer as custodian thereof. The
13 State Treasurer may accept gifts, grants, awards, matching
14 contributions, interest income, and appropriated funds from
15 individuals, businesses, governments, and other third-party
16 sources to implement the Program on terms that the Treasurer
17 deems advisable. All interest or other earnings accruing or
18 received on amounts in the Illinois Higher Education Savings
19 Program Fund shall be credited to and retained by the Fund and
20 used for the benefit of the Program. Assets of the Fund must at
21 all times be preserved, invested, and expended only for the
22 purposes of the Program and must be held for the benefit of the
23 beneficiaries. Assets may not be transferred or used by the
24 State or the State Treasurer for any purposes other than the
25 purposes of the Program. In addition, no moneys, interest, or
26 other earnings paid into the Fund shall be used, temporarily

1 or otherwise, for inter-fund borrowing or be otherwise used or
2 appropriated except as expressly authorized by this Act.
3 Notwithstanding the requirements of this subsection (g),
4 amounts in the Fund may be used by the State Treasurer to pay
5 the administrative costs of the Program.

6 (g-5) Fund deposits and payments. On July 15 of each year,
7 beginning July 15, 2023, or as soon thereafter as practical,
8 the State Comptroller shall direct and the State Treasurer
9 shall transfer the sum of \$2,500,000, or the amount that is
10 appropriated annually by the General Assembly, whichever is
11 greater, from the General Revenue Fund to the Illinois Higher
12 Education Savings Program Fund to be used for the
13 administration and operation of the Program.

14 (h) Audits and reports. The State Treasurer shall include
15 the Illinois Higher Education Savings Program as part of the
16 audit of the College, Secondary, and Elementary Education
17 Savings Pool described in Section 16.5. The State Treasurer
18 shall annually prepare a report that includes a summary of the
19 Program operations for the preceding fiscal year, including
20 the number of children enrolled in the Program, the total
21 amount of seed fund deposits, the rate of seed deposits
22 claimed, and, to the extent data is reported and available,
23 the racial, ethnic, socioeconomic, and geographic data of
24 beneficiaries and of children in financially insecure
25 households who may receive automatic bonus deposits. Such
26 other information that is relevant to make a full disclosure

1 of the operations of the Program and Fund may also be reported.
2 The report shall be made available on the Treasurer's website
3 by January 31 each year, starting in January of 2024. The State
4 Treasurer may include the Program in other reports as
5 warranted.

6 (i) Rules. The State Treasurer may adopt rules necessary
7 to implement this Section.

8 (Source: P.A. 102-129, eff. 7-23-21; 102-558, eff. 8-20-21;
9 102-1047, eff. 1-1-23; 103-8, eff. 6-7-23.)

10 Section 10. The Deposit of State Moneys Act is amended by
11 changing Section 22.5 as follows:

12 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

13 (For force and effect of certain provisions, see Section
14 90 of P.A. 94-79)

15 Sec. 22.5. Permitted investments. The State Treasurer may
16 invest and reinvest any State money in the State Treasury
17 which is not needed for current expenditures due or about to
18 become due, in obligations of the United States government or
19 its agencies or of National Mortgage Associations established
20 by or under the National Housing Act, 12 U.S.C. 1701 et seq.,
21 or in mortgage participation certificates representing
22 undivided interests in specified, first-lien conventional
23 residential Illinois mortgages that are underwritten, insured,
24 guaranteed, or purchased by the Federal Home Loan Mortgage

1 Corporation or in Affordable Housing Program Trust Fund Bonds
2 or Notes as defined in and issued pursuant to the Illinois
3 Housing Development Act. All such obligations shall be
4 considered as cash and may be delivered over as cash by a State
5 Treasurer to his successor.

6 The State Treasurer may purchase any state bonds with any
7 money in the State Treasury that has been set aside and held
8 for the payment of the principal of and interest on the bonds.
9 The bonds shall be considered as cash and may be delivered over
10 as cash by the State Treasurer to his successor.

11 The State Treasurer may invest or reinvest any State money
12 in the State Treasury that is not needed for current
13 expenditures due or about to become due, or any money in the
14 State Treasury that has been set aside and held for the payment
15 of the principal of and interest on any State bonds, in bonds
16 issued by counties or municipal corporations of the State of
17 Illinois.

18 The State Treasurer may invest or reinvest up to 5% of the
19 College, Secondary, and Elementary Education Savings Pool
20 Administrative Trust Fund, the Illinois Public Treasurer
21 Investment Pool (IPTIP) Administrative Trust Fund, and the
22 State Treasurer's Administrative Fund that is not needed for
23 current expenditures due or about to become due, in common or
24 preferred stocks of publicly traded corporations,
25 partnerships, or limited liability companies, organized in the
26 United States, with assets exceeding \$500,000,000 if: (i) the

1 purchases do not exceed 1% of the corporation's or the limited
2 liability company's outstanding common and preferred stock;
3 (ii) no more than 10% of the total funds are invested in any
4 one publicly traded corporation, partnership, or limited
5 liability company; and (iii) the corporation or the limited
6 liability company has not been placed on the list of
7 restricted companies by the Illinois Investment Policy Board
8 under Section 1-110.16 of the Illinois Pension Code.

9 Whenever the total amount of vouchers presented to the
10 Comptroller under Section 9 of the State Comptroller Act
11 exceeds the funds available in the General Revenue Fund by
12 \$1,000,000,000 or more, then the State Treasurer may invest
13 any State money in the State Treasury, other than money in the
14 General Revenue Fund, Health Insurance Reserve Fund, Attorney
15 General Court Ordered and Voluntary Compliance Payment
16 Projects Fund, Attorney General Whistleblower Reward and
17 Protection Fund, and Attorney General's State Projects and
18 Court Ordered Distribution Fund, which is not needed for
19 current expenditures, due or about to become due, or any money
20 in the State Treasury which has been set aside and held for the
21 payment of the principal of and the interest on any State bonds
22 with the Office of the Comptroller in order to enable the
23 Comptroller to pay outstanding vouchers. At any time, and from
24 time to time outstanding, such investment shall not be greater
25 than \$2,000,000,000. Such investment shall be deposited into
26 the General Revenue Fund or Health Insurance Reserve Fund as

1 determined by the Comptroller. Such investment shall be repaid
2 by the Comptroller with an interest rate tied to the London
3 Interbank Offered Rate (LIBOR) or the Federal Funds Rate or an
4 equivalent market established variable rate, but in no case
5 shall such interest rate exceed the lesser of the penalty rate
6 established under the State Prompt Payment Act or the timely
7 pay interest rate under Section 368a of the Illinois Insurance
8 Code. The State Treasurer and the Comptroller shall enter into
9 an intergovernmental agreement to establish procedures for
10 such investments, which market established variable rate to
11 which the interest rate for the investments should be tied,
12 and other terms which the State Treasurer and Comptroller
13 reasonably believe to be mutually beneficial concerning these
14 investments by the State Treasurer. The State Treasurer and
15 Comptroller shall also enter into a written agreement for each
16 such investment that specifies the period of the investment,
17 the payment interval, the interest rate to be paid, the funds
18 in the State Treasury from which the State Treasurer will draw
19 the investment, and other terms upon which the State Treasurer
20 and Comptroller mutually agree. Such investment agreements
21 shall be public records and the State Treasurer shall post the
22 terms of all such investment agreements on the State
23 Treasurer's official website. In compliance with the
24 intergovernmental agreement, the Comptroller shall order and
25 the State Treasurer shall transfer amounts sufficient for the
26 payment of principal and interest invested by the State

1 Treasurer with the Office of the Comptroller under this
2 paragraph from the General Revenue Fund or the Health
3 Insurance Reserve Fund to the respective funds in the State
4 Treasury from which the State Treasurer drew the investment.
5 Public Act 100-1107 shall constitute an irrevocable and
6 continuing authority for all amounts necessary for the payment
7 of principal and interest on the investments made with the
8 Office of the Comptroller by the State Treasurer under this
9 paragraph, and the irrevocable and continuing authority for
10 and direction to the Comptroller and State Treasurer to make
11 the necessary transfers.

12 The State Treasurer may invest or reinvest any State money
13 in the State Treasury that is not needed for current
14 expenditure, due or about to become due, or any money in the
15 State Treasury that has been set aside and held for the payment
16 of the principal of and the interest on any State bonds, in any
17 of the following:

18 (1) Bonds, notes, certificates of indebtedness,
19 Treasury bills, or other securities now or hereafter
20 issued that are guaranteed by the full faith and credit of
21 the United States of America as to principal and interest.

22 (2) Bonds, notes, debentures, or other similar
23 obligations of the United States of America, its agencies,
24 and instrumentalities, or other obligations that are
25 issued or guaranteed by supranational entities; provided,
26 that at the time of investment, the entity has the United

1 States government as a shareholder.

2 (2.5) Bonds, notes, debentures, or other similar
3 obligations of a foreign government, other than the
4 Republic of the Sudan, that are guaranteed by the full
5 faith and credit of that government as to principal and
6 interest, but only if the foreign government has not
7 defaulted and has met its payment obligations in a timely
8 manner on all similar obligations for a period of at least
9 25 years immediately before the time of acquiring those
10 obligations.

11 (3) Interest-bearing savings accounts,
12 interest-bearing certificates of deposit,
13 interest-bearing time deposits, or any other investments
14 constituting direct obligations of any bank as defined by
15 the Illinois Banking Act.

16 (4) Interest-bearing accounts, certificates of
17 deposit, or any other investments constituting direct
18 obligations of any savings and loan associations
19 incorporated under the laws of this State or any other
20 state or under the laws of the United States.

21 (5) Dividend-bearing share accounts, share certificate
22 accounts, or class of share accounts of a credit union
23 chartered under the laws of this State or the laws of the
24 United States; provided, however, the principal office of
25 the credit union must be located within the State of
26 Illinois.

1 (6) Bankers' acceptances of banks whose senior
2 obligations are rated in the top 2 rating categories by 2
3 national rating agencies and maintain that rating during
4 the term of the investment and the bank has not been placed
5 on the list of restricted companies by the Illinois
6 Investment Policy Board under Section 1-110.16 of the
7 Illinois Pension Code.

8 (7) Short-term obligations of either corporations or
9 limited liability companies organized in the United States
10 with assets exceeding \$500,000,000 if (i) the obligations
11 are rated at the time of purchase at one of the 3 highest
12 classifications established by at least 2 standard rating
13 services and mature not later than 270 days from the date
14 of purchase, (ii) the purchases do not exceed 10% of the
15 corporation's or the limited liability company's
16 outstanding obligations, (iii) no more than one-third of
17 the public agency's funds are invested in short-term
18 obligations of either corporations or limited liability
19 companies, and (iv) the corporation or the limited
20 liability company has not been placed on the list of
21 restricted companies by the Illinois Investment Policy
22 Board under Section 1-110.16 of the Illinois Pension Code.

23 (7.5) Obligations of either corporations or limited
24 liability companies organized in the United States, that
25 have a significant presence in this State, with assets
26 exceeding \$500,000,000 if: (i) the obligations are rated

1 at the time of purchase at one of the 3 highest
2 classifications established by at least 2 standard rating
3 services and mature more than 270 days, but less than 10
4 years, from the date of purchase; (ii) the purchases do
5 not exceed 10% of the corporation's or the limited
6 liability company's outstanding obligations; (iii) no more
7 than one-third of the public agency's funds are invested
8 in such obligations of corporations or limited liability
9 companies; and (iv) the corporation or the limited
10 liability company has not been placed on the list of
11 restricted companies by the Illinois Investment Policy
12 Board under Section 1-110.16 of the Illinois Pension Code.

13 (8) Money market mutual funds registered under the
14 Investment Company Act of 1940.

15 (9) The Public Treasurers' Investment Pool created
16 under Section 17 of the State Treasurer Act or in a fund
17 managed, operated, and administered by a bank.

18 (10) Repurchase agreements of government securities
19 having the meaning set out in the Government Securities
20 Act of 1986, as now or hereafter amended or succeeded,
21 subject to the provisions of that Act and the regulations
22 issued thereunder.

23 (11) Investments made in accordance with the
24 Technology Development Act.

25 (12) Investments made in accordance with the Student
26 Investment Account Act.

1 (13) Investments constituting direct obligations of a
2 community development financial institution, which is
3 certified by the United States Treasury Community
4 Development Financial Institutions Fund and is operating
5 in the State of Illinois.

6 (14) Investments constituting direct obligations of a
7 minority depository institution, as designated by the
8 Federal Deposit Insurance Corporation, that is operating
9 in the State of Illinois.

10 (15) Investments made in accordance with any other law
11 that authorizes the State Treasurer to invest or deposit
12 funds.

13 For purposes of this Section, "agencies" of the United
14 States Government includes:

15 (i) the federal land banks, federal intermediate
16 credit banks, banks for cooperatives, federal farm credit
17 banks, or any other entity authorized to issue debt
18 obligations under the Farm Credit Act of 1971 (12 U.S.C.
19 2001 et seq.) and Acts amendatory thereto;

20 (ii) the federal home loan banks and the federal home
21 loan mortgage corporation;

22 (iii) the Commodity Credit Corporation; and

23 (iv) any other agency created by Act of Congress.

24 The State Treasurer may lend any securities acquired under
25 this Act. However, securities may be lent under this Section
26 only in accordance with Federal Financial Institution

1 Examination Council guidelines and only if the securities are
2 collateralized at a level sufficient to assure the safety of
3 the securities, taking into account market value fluctuation.
4 The securities may be collateralized by cash or collateral
5 acceptable under Sections 11 and 11.1.

6 (Source: P.A. 101-81, eff. 7-12-19; 101-206, eff. 8-2-19;
7 101-586, eff. 8-26-19; 101-657, eff. 3-23-21; 102-297, eff.
8 8-6-21; 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)

9 Section 15. The Illinois Income Tax Act is amended by
10 changing Sections 203 and 218 as follows:

11 (35 ILCS 5/203)

12 Sec. 203. Base income defined.

13 (a) Individuals.

14 (1) In general. In the case of an individual, base
15 income means an amount equal to the taxpayer's adjusted
16 gross income for the taxable year as modified by paragraph
17 (2).

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

21 (A) An amount equal to all amounts paid or accrued
22 to the taxpayer as interest or dividends during the
23 taxable year to the extent excluded from gross income
24 in the computation of adjusted gross income, except

1 stock dividends of qualified public utilities
2 described in Section 305(e) of the Internal Revenue
3 Code;

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

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

20 (D) An amount equal to the amount of the capital
21 gain deduction allowable under the Internal Revenue
22 Code, to the extent deducted from gross income in the
23 computation of adjusted gross income;

24 (D-5) An amount, to the extent not included in
25 adjusted gross income, equal to the amount of money
26 withdrawn by the taxpayer in the taxable year from a

1 medical care savings account and the interest earned
2 on the account in the taxable year of a withdrawal
3 pursuant to subsection (b) of Section 20 of the
4 Medical Care Savings Account Act or subsection (b) of
5 Section 20 of the Medical Care Savings Account Act of
6 2000;

7 (D-10) For taxable years ending after December 31,
8 1997, an amount equal to any eligible remediation
9 costs that the individual deducted in computing
10 adjusted gross income and for which the individual
11 claims a credit under subsection (l) of Section 201;

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

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

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which a
26 subtraction is allowed with respect to that property

1 under subparagraph (Z) and for which the taxpayer was
2 allowed in any taxable year to make a subtraction
3 modification under subparagraph (Z), then an amount
4 equal to that subtraction modification.

5 The taxpayer is required to make the addition
6 modification under this subparagraph only once with
7 respect to any one piece of property;

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

1 received by the taxpayer or by a member of the
2 taxpayer's unitary business group (including amounts
3 included in gross income under Sections 951 through
4 964 of the Internal Revenue Code and amounts included
5 in gross income under Section 78 of the Internal
6 Revenue Code) with respect to the stock of the same
7 person to whom the interest was paid, accrued, or
8 incurred.

9 This paragraph shall not apply to the following:

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

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

21 (a) the person, during the same taxable
22 year, paid, accrued, or incurred, the interest
23 to a person that is not a related member, and

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

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

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

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

1 its authority under Section 404 of this Act;

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

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

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such item; or

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

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

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

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

1 304(f);

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

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

1 (including amounts included in gross income under
2 Sections 951 through 964 of the Internal Revenue Code
3 and amounts included in gross income under Section 78
4 of the Internal Revenue Code) with respect to the
5 stock of the same person to whom the premiums and costs
6 were directly or indirectly paid, incurred, or
7 accrued. The preceding sentence does not apply to the
8 extent that the same dividends caused a reduction to
9 the addition modification required under Section
10 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
11 Act;

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

1 Savings Pool created under Section 16.5 of the State
2 Treasurer Act, (ii) a distribution from the Illinois
3 Prepaid Tuition Trust Fund, or (iii) a distribution
4 from a qualified tuition program under Section 529 of
5 the Internal Revenue Code that (I) adopts and
6 determines that its offering materials comply with the
7 College Savings Plans Network's disclosure principles
8 and (II) has made reasonable efforts to inform
9 in-state residents of the existence of in-state
10 qualified tuition programs by informing Illinois
11 residents directly and, where applicable, to inform
12 financial intermediaries distributing the program to
13 inform in-state residents of the existence of in-state
14 qualified tuition programs at least annually, an
15 amount equal to the amount excluded from gross income
16 under Section 529(c)(3)(B).

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

1 out-of-state program distributes its offering
2 materials;

3 (D-20.5) For taxable years beginning on or after
4 January 1, 2018, in the case of a distribution from a
5 qualified ABLE program under Section 529A of the
6 Internal Revenue Code, other than a distribution from
7 a qualified ABLE program created under Section 16.6 of
8 the State Treasurer Act, an amount equal to the amount
9 excluded from gross income under Section 529A(c)(1)(B)
10 of the Internal Revenue Code;

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

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

1 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
2 Section;

3 (D-22) For taxable years beginning on or after
4 January 1, 2009, and prior to January 1, 2018, in the
5 case of a nonqualified withdrawal or refund of moneys
6 from a qualified tuition program under Section 529 of
7 the Internal Revenue Code administered by the State
8 that is not used for qualified expenses at an eligible
9 education institution, an amount equal to the
10 contribution component of the nonqualified withdrawal
11 or refund that was previously deducted from base
12 income under subsection (a)(2)(y) of this Section,
13 provided that the withdrawal or refund did not result
14 from the beneficiary's death or disability. For
15 taxable years beginning on or after January 1, 2018:
16 (1) in the case of a nonqualified withdrawal or
17 refund, as defined under Section 16.5 of the State
18 Treasurer Act, of moneys from a qualified tuition
19 program under Section 529 of the Internal Revenue Code
20 administered by the State, an amount equal to the
21 contribution component of the nonqualified withdrawal
22 or refund that was previously deducted from base
23 income under subsection (a)(2)(Y) of this Section, and
24 (2) in the case of a nonqualified withdrawal or refund
25 from a qualified ABLE program under Section 529A of
26 the Internal Revenue Code administered by the State

1 that is not used for qualified disability expenses, an
2 amount equal to the contribution component of the
3 nonqualified withdrawal or refund that was previously
4 deducted from base income under subsection (a)(2)(HH)
5 of this Section;

6 (D-23) An amount equal to the credit allowable to
7 the taxpayer under Section 218(a) of this Act,
8 determined without regard to Section 218(c) of this
9 Act;

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

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

17 and by deducting from the total so obtained the sum of the
18 following amounts:

19 (E) For taxable years ending before December 31,
20 2001, any amount included in such total in respect of
21 any compensation (including but not limited to any
22 compensation paid or accrued to a serviceman while a
23 prisoner of war or missing in action) paid to a
24 resident by reason of being on active duty in the Armed
25 Forces of the United States and in respect of any
26 compensation paid or accrued to a resident who as a

1 governmental employee was a prisoner of war or missing
2 in action, and in respect of any compensation paid to a
3 resident in 1971 or thereafter for annual training
4 performed pursuant to Sections 502 and 503, Title 32,
5 United States Code as a member of the Illinois
6 National Guard or, beginning with taxable years ending
7 on or after December 31, 2007, the National Guard of
8 any other state. For taxable years ending on or after
9 December 31, 2001, any amount included in such total
10 in respect of any compensation (including but not
11 limited to any compensation paid or accrued to a
12 serviceman while a prisoner of war or missing in
13 action) paid to a resident by reason of being a member
14 of any component of the Armed Forces of the United
15 States and in respect of any compensation paid or
16 accrued to a resident who as a governmental employee
17 was a prisoner of war or missing in action, and in
18 respect of any compensation paid to a resident in 2001
19 or thereafter by reason of being a member of the
20 Illinois National Guard or, beginning with taxable
21 years ending on or after December 31, 2007, the
22 National Guard of any other state. The provisions of
23 this subparagraph (E) are exempt from the provisions
24 of Section 250;

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

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

10 (G) The valuation limitation amount;

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

14 (I) An amount equal to all amounts included in
15 such total pursuant to the provisions of Section 111
16 of the Internal Revenue Code as a recovery of items
17 previously deducted from adjusted gross income in the
18 computation of taxable income;

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

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

10 (L) For taxable years ending after December 31,
11 1983, an amount equal to all social security benefits
12 and railroad retirement benefits included in such
13 total pursuant to Sections 72(r) and 86 of the
14 Internal Revenue Code;

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

1 ending on or after December 31, 2008, any amount
2 included in gross income under Section 87 of the
3 Internal Revenue Code; the provisions of this
4 subparagraph are exempt from the provisions of Section
5 250;

6 (N) An amount equal to all amounts included in
7 such total which are exempt from taxation by this
8 State either by reason of its statutes or Constitution
9 or by reason of the Constitution, treaties or statutes
10 of the United States; provided that, in the case of any
11 statute of this State that exempts income derived from
12 bonds or other obligations from the tax imposed under
13 this Act, the amount exempted shall be the interest
14 net of bond premium amortization;

15 (O) An amount equal to any contribution made to a
16 job training project established pursuant to the Tax
17 Increment Allocation Redevelopment Act;

18 (P) An amount equal to the amount of the deduction
19 used to compute the federal income tax credit for
20 restoration of substantial amounts held under claim of
21 right for the taxable year pursuant to Section 1341 of
22 the Internal Revenue Code or of any itemized deduction
23 taken from adjusted gross income in the computation of
24 taxable income for restoration of substantial amounts
25 held under claim of right for the taxable year;

26 (Q) An amount equal to any amounts included in

1 such total, received by the taxpayer as an
2 acceleration in the payment of life, endowment or
3 annuity benefits in advance of the time they would
4 otherwise be payable as an indemnity for a terminal
5 illness;

6 (R) An amount equal to the amount of any federal or
7 State bonus paid to veterans of the Persian Gulf War;

8 (S) An amount, to the extent included in adjusted
9 gross income, equal to the amount of a contribution
10 made in the taxable year on behalf of the taxpayer to a
11 medical care savings account established under the
12 Medical Care Savings Account Act or the Medical Care
13 Savings Account Act of 2000 to the extent the
14 contribution is accepted by the account administrator
15 as provided in that Act;

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

23 (U) For one taxable year beginning on or after
24 January 1, 1994, an amount equal to the total amount of
25 tax imposed and paid under subsections (a) and (b) of
26 Section 201 of this Act on grant amounts received by

1 the taxpayer under the Nursing Home Grant Assistance
2 Act during the taxpayer's taxable years 1992 and 1993;

3 (V) Beginning with tax years ending on or after
4 December 31, 1995 and ending with tax years ending on
5 or before December 31, 2004, an amount equal to the
6 amount paid by a taxpayer who is a self-employed
7 taxpayer, a partner of a partnership, or a shareholder
8 in a Subchapter S corporation for health insurance or
9 long-term care insurance for that taxpayer or that
10 taxpayer's spouse or dependents, to the extent that
11 the amount paid for that health insurance or long-term
12 care insurance may be deducted under Section 213 of
13 the Internal Revenue Code, has not been deducted on
14 the federal income tax return of the taxpayer, and
15 does not exceed the taxable income attributable to
16 that taxpayer's income, self-employment income, or
17 Subchapter S corporation income; except that no
18 deduction shall be allowed under this item (V) if the
19 taxpayer is eligible to participate in any health
20 insurance or long-term care insurance plan of an
21 employer of the taxpayer or the taxpayer's spouse. The
22 amount of the health insurance and long-term care
23 insurance subtracted under this item (V) shall be
24 determined by multiplying total health insurance and
25 long-term care insurance premiums paid by the taxpayer
26 times a number that represents the fractional

1 percentage of eligible medical expenses under Section
2 213 of the Internal Revenue Code of 1986 not actually
3 deducted on the taxpayer's federal income tax return;

4 (W) For taxable years beginning on or after
5 January 1, 1998, all amounts included in the
6 taxpayer's federal gross income in the taxable year
7 from amounts converted from a regular IRA to a Roth
8 IRA. This paragraph is exempt from the provisions of
9 Section 250;

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

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

17 (Y) For taxable years beginning on or after
18 January 1, 2002 and ending on or before December 31,
19 2004, moneys contributed in the taxable year to a
20 College Savings Pool account under Section 16.5 of the
21 State Treasurer Act (now known as a College,
22 Secondary, and Elementary Education Savings Pool),
23 except that amounts excluded from gross income under
24 Section 529(c)(3)(C)(i) of the Internal Revenue Code
25 shall not be considered moneys contributed under this
26 subparagraph (Y). For taxable years beginning on or

1 after January 1, 2005, a maximum of \$10,000
2 contributed in the taxable year to (i) a College,
3 Secondary, and Elementary Education Savings Pool
4 account under Section 16.5 of the State Treasurer Act
5 or (ii) the Illinois Prepaid Tuition Trust Fund,
6 except that amounts excluded from gross income under
7 Section 529(c)(3)(C)(i) of the Internal Revenue Code
8 shall not be considered moneys contributed under this
9 subparagraph (Y). For purposes of this subparagraph,
10 contributions made by an employer on behalf of an
11 employee, or matching contributions made by an
12 employee, shall be treated as made by the employee.
13 This subparagraph (Y) is exempt from the provisions of
14 Section 250;

15 (Z) For taxable years 2001 and thereafter, for the
16 taxable year in which the bonus depreciation deduction
17 is taken on the taxpayer's federal income tax return
18 under subsection (k) of Section 168 of the Internal
19 Revenue Code and for each applicable taxable year
20 thereafter, an amount equal to "x", where:

21 (1) "y" equals the amount of the depreciation
22 deduction taken for the taxable year on the
23 taxpayer's federal income tax return on property
24 for which the bonus depreciation deduction was
25 taken in any year under subsection (k) of Section
26 168 of the Internal Revenue Code, but not

1 including the bonus depreciation deduction;

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

6 (3) for taxable years ending after December
7 31, 2005:

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

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

17 (iii) for property on which a bonus
18 depreciation deduction of 100% of the adjusted
19 basis was taken in a taxable year ending on or
20 after December 31, 2021, "x" equals the
21 depreciation deduction that would be allowed
22 on that property if the taxpayer had made the
23 election under Section 168(k)(7) of the
24 Internal Revenue Code to not claim bonus
25 depreciation on that property; and

26 (iv) for property on which a bonus

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

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

18 (AA) If the taxpayer sells, transfers, abandons,
19 or otherwise disposes of property for which the
20 taxpayer was required in any taxable year to make an
21 addition modification under subparagraph (D-15), then
22 an amount equal to that addition modification.

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which a
25 subtraction is allowed with respect to that property
26 under subparagraph (Z) and for which the taxpayer was

1 required in any taxable year to make an addition
2 modification under subparagraph (D-15), then an amount
3 equal to that addition modification.

4 The taxpayer is allowed to take the deduction
5 under this subparagraph only once with respect to any
6 one piece of property.

7 This subparagraph (AA) is exempt from the
8 provisions of Section 250;

9 (BB) Any amount included in adjusted gross income,
10 other than salary, received by a driver in a
11 ridesharing arrangement using a motor vehicle;

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

1 addition modification. This subparagraph (CC) is
2 exempt from the provisions of Section 250;

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

24 (EE) An amount equal to the income from intangible
25 property taken into account for the taxable year (net
26 of the deductions allocable thereto) with respect to

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

19 (FF) An amount equal to any amount awarded to the
20 taxpayer during the taxable year by the Court of
21 Claims under subsection (c) of Section 8 of the Court
22 of Claims Act for time unjustly served in a State
23 prison. This subparagraph (FF) is exempt from the
24 provisions of Section 250;

25 (GG) For taxable years ending on or after December
26 31, 2011, in the case of a taxpayer who was required to

1 add back any insurance premiums under Section
2 203(a)(2)(D-19), such taxpayer may elect to subtract
3 that part of a reimbursement received from the
4 insurance company equal to the amount of the expense
5 or loss (including expenses incurred by the insurance
6 company) that would have been taken into account as a
7 deduction for federal income tax purposes if the
8 expense or loss had been uninsured. If a taxpayer
9 makes the election provided for by this subparagraph
10 (GG), the insurer to which the premiums were paid must
11 add back to income the amount subtracted by the
12 taxpayer pursuant to this subparagraph (GG). This
13 subparagraph (GG) is exempt from the provisions of
14 Section 250;

15 (HH) For taxable years beginning on or after
16 January 1, 2018 and prior to January 1, 2028, a maximum
17 of \$10,000 contributed in the taxable year to a
18 qualified ABLE account under Section 16.6 of the State
19 Treasurer Act, except that amounts excluded from gross
20 income under Section 529(c)(3)(C)(i) or Section
21 529A(c)(1)(C) of the Internal Revenue Code shall not
22 be considered moneys contributed under this
23 subparagraph (HH). For purposes of this subparagraph
24 (HH), contributions made by an employer on behalf of
25 an employee, or matching contributions made by an
26 employee, shall be treated as made by the employee;

1 (II) For taxable years that begin on or after
2 January 1, 2021 and begin before January 1, 2026, the
3 amount that is included in the taxpayer's federal
4 adjusted gross income pursuant to Section 61 of the
5 Internal Revenue Code as discharge of indebtedness
6 attributable to student loan forgiveness and that is
7 not excluded from the taxpayer's federal adjusted
8 gross income pursuant to paragraph (5) of subsection
9 (f) of Section 108 of the Internal Revenue Code; ~~and~~

10 (JJ) For taxable years beginning on or after
11 January 1, 2023, for any cannabis establishment
12 operating in this State and licensed under the
13 Cannabis Regulation and Tax Act or any cannabis
14 cultivation center or medical cannabis dispensing
15 organization operating in this State and licensed
16 under the Compassionate Use of Medical Cannabis
17 Program Act, an amount equal to the deductions that
18 were disallowed under Section 280E of the Internal
19 Revenue Code for the taxable year and that would not be
20 added back under this subsection. The provisions of
21 this subparagraph (JJ) are exempt from the provisions
22 of Section 250; ~~and-~~

23 (KK) ~~(JJ)~~ To the extent includible in gross income
24 for federal income tax purposes, any amount awarded or
25 paid to the taxpayer as a result of a judgment or
26 settlement for fertility fraud as provided in Section

1 15 of the Illinois Fertility Fraud Act, donor
2 fertility fraud as provided in Section 20 of the
3 Illinois Fertility Fraud Act, or similar action in
4 another state.

5 (b) Corporations.

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

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

12 (A) An amount equal to all amounts paid or accrued
13 to the taxpayer as interest and all distributions
14 received from regulated investment companies during
15 the taxable year to the extent excluded from gross
16 income in the computation of taxable income;

17 (B) An amount equal to the amount of tax imposed by
18 this Act to the extent deducted from gross income in
19 the computation of taxable income for the taxable
20 year;

21 (C) In the case of a regulated investment company,
22 an amount equal to the excess of (i) the net long-term
23 capital gain for the taxable year, over (ii) the
24 amount of the capital gain dividends designated as
25 such in accordance with Section 852(b)(3)(C) of the

1 Internal Revenue Code and any amount designated under
2 Section 852(b)(3)(D) of the Internal Revenue Code,
3 attributable to the taxable year (this amendatory Act
4 of 1995 (Public Act 89-89) is declarative of existing
5 law and is not a new enactment);

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

10 (E) For taxable years in which a net operating
11 loss carryback or carryforward from a taxable year
12 ending prior to December 31, 1986 is an element of
13 taxable income under paragraph (1) of subsection (e)
14 or subparagraph (E) of paragraph (2) of subsection
15 (e), the amount by which addition modifications other
16 than those provided by this subparagraph (E) exceeded
17 subtraction modifications in such earlier taxable
18 year, with the following limitations applied in the
19 order that they are listed:

20 (i) the addition modification relating to the
21 net operating loss carried back or forward to the
22 taxable year from any taxable year ending prior to
23 December 31, 1986 shall be reduced by the amount
24 of addition modification under this subparagraph
25 (E) which related to that net operating loss and
26 which was taken into account in calculating the

1 base income of an earlier taxable year, and

2 (ii) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall not exceed the amount of
6 such carryback or carryforward;

7 For taxable years in which there is a net
8 operating loss carryback or carryforward from more
9 than one other taxable year ending prior to December
10 31, 1986, the addition modification provided in this
11 subparagraph (E) shall be the sum of the amounts
12 computed independently under the preceding provisions
13 of this subparagraph (E) for each such taxable year;

14 (E-5) For taxable years ending after December 31,
15 1997, an amount equal to any eligible remediation
16 costs that the corporation deducted in computing
17 adjusted gross income and for which the corporation
18 claims a credit under subsection (l) of Section 201;

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

24 (E-11) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (E-10), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (T) with respect to that property.

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

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

15 (E-12) An amount equal to the amount otherwise
16 allowed as a deduction in computing base income for
17 interest paid, accrued, or incurred, directly or
18 indirectly, (i) for taxable years ending on or after
19 December 31, 2004, to a foreign person who would be a
20 member of the same unitary business group but for the
21 fact the foreign person's business activity outside
22 the United States is 80% or more of the foreign
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

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

16 This paragraph shall not apply to the following:

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

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

1 following:

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

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

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

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

26 Nothing in this subsection shall preclude the

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

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

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

1 similar types of intangible assets.

2 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) any item of intangible expense or cost

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

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

18 (E-14) For taxable years ending on or after
19 December 31, 2008, an amount equal to the amount of
20 insurance premium expenses and costs otherwise allowed
21 as a deduction in computing base income, and that were
22 paid, accrued, or incurred, directly or indirectly, to
23 a person who would be a member of the same unitary
24 business group but for the fact that the person is
25 prohibited under Section 1501(a)(27) from being
26 included in the unitary business group because he or

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

19 (E-15) For taxable years beginning after December
20 31, 2008, any deduction for dividends paid by a
21 captive real estate investment trust that is allowed
22 to a real estate investment trust under Section
23 857(b)(2)(B) of the Internal Revenue Code for
24 dividends paid;

25 (E-16) An amount equal to the credit allowable to
26 the taxpayer under Section 218(a) of this Act,

1 determined without regard to Section 218(c) of this
2 Act;

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

7 (E-18) for taxable years beginning after December
8 31, 2018, an amount equal to the deduction allowed
9 under Section 250(a)(1)(A) of the Internal Revenue
10 Code for the taxable year;

11 (E-19) for taxable years ending on or after June
12 30, 2021, an amount equal to the deduction allowed
13 under Section 250(a)(1)(B)(i) of the Internal Revenue
14 Code for the taxable year;

15 (E-20) for taxable years ending on or after June
16 30, 2021, an amount equal to the deduction allowed
17 under Sections 243(e) and 245A(a) of the Internal
18 Revenue Code for the taxable year.

19 and by deducting from the total so obtained the sum of the
20 following amounts:

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

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

26 (H) In the case of a regulated investment company,

1 an amount equal to the amount of exempt interest
2 dividends as defined in subsection (b)(5) of Section
3 852 of the Internal Revenue Code, paid to shareholders
4 for the taxable year;

5 (I) With the exception of any amounts subtracted
6 under subparagraph (J), an amount equal to the sum of
7 all amounts disallowed as deductions by (i) Sections
8 171(a)(2) and 265(a)(2) and amounts disallowed as
9 interest expense by Section 291(a)(3) of the Internal
10 Revenue Code, and all amounts of expenses allocable to
11 interest and disallowed as deductions by Section
12 265(a)(1) of the Internal Revenue Code; and (ii) for
13 taxable years ending on or after August 13, 1999,
14 Sections 171(a)(2), 265, 280C, 291(a)(3), and
15 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
16 for tax years ending on or after December 31, 2011,
17 amounts disallowed as deductions by Section 45G(e)(3)
18 of the Internal Revenue Code and, for taxable years
19 ending on or after December 31, 2008, any amount
20 included in gross income under Section 87 of the
21 Internal Revenue Code and the policyholders' share of
22 tax-exempt interest of a life insurance company under
23 Section 807(a)(2)(B) of the Internal Revenue Code (in
24 the case of a life insurance company with gross income
25 from a decrease in reserves for the tax year) or
26 Section 807(b)(1)(B) of the Internal Revenue Code (in

1 the case of a life insurance company allowed a
2 deduction for an increase in reserves for the tax
3 year); the provisions of this subparagraph are exempt
4 from the provisions of Section 250;

5 (J) An amount equal to all amounts included in
6 such total which are exempt from taxation by this
7 State either by reason of its statutes or Constitution
8 or by reason of the Constitution, treaties or statutes
9 of the United States; provided that, in the case of any
10 statute of this State that exempts income derived from
11 bonds or other obligations from the tax imposed under
12 this Act, the amount exempted shall be the interest
13 net of bond premium amortization;

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

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

1 that dividends eligible for the deduction provided in
2 subparagraph (K) of paragraph 2 of this subsection
3 shall not be eligible for the deduction provided under
4 this subparagraph (L);

5 (M) For any taxpayer that is a financial
6 organization within the meaning of Section 304(c) of
7 this Act, an amount included in such total as interest
8 income from a loan or loans made by such taxpayer to a
9 borrower, to the extent that such a loan is secured by
10 property which is eligible for the River Edge
11 Redevelopment Zone Investment Credit. To determine the
12 portion of a loan or loans that is secured by property
13 eligible for a Section 201(f) investment credit to the
14 borrower, the entire principal amount of the loan or
15 loans between the taxpayer and the borrower should be
16 divided into the basis of the Section 201(f)
17 investment credit property which secures the loan or
18 loans, using for this purpose the original basis of
19 such property on the date that it was placed in service
20 in the River Edge Redevelopment Zone. The subtraction
21 modification available to the taxpayer in any year
22 under this subsection shall be that portion of the
23 total interest paid by the borrower with respect to
24 such loan attributable to the eligible property as
25 calculated under the previous sentence. This
26 subparagraph (M) is exempt from the provisions of

1 Section 250;

2 (M-1) For any taxpayer that is a financial
3 organization within the meaning of Section 304(c) of
4 this Act, an amount included in such total as interest
5 income from a loan or loans made by such taxpayer to a
6 borrower, to the extent that such a loan is secured by
7 property which is eligible for the High Impact
8 Business Investment Credit. To determine the portion
9 of a loan or loans that is secured by property eligible
10 for a Section 201(h) investment credit to the
11 borrower, the entire principal amount of the loan or
12 loans between the taxpayer and the borrower should be
13 divided into the basis of the Section 201(h)
14 investment credit property which secures the loan or
15 loans, using for this purpose the original basis of
16 such property on the date that it was placed in service
17 in a federally designated Foreign Trade Zone or
18 Sub-Zone located in Illinois. No taxpayer that is
19 eligible for the deduction provided in subparagraph
20 (M) of paragraph (2) of this subsection shall be
21 eligible for the deduction provided under this
22 subparagraph (M-1). The subtraction modification
23 available to taxpayers in any year under this
24 subsection shall be that portion of the total interest
25 paid by the borrower with respect to such loan
26 attributable to the eligible property as calculated

1 under the previous sentence;

2 (N) Two times any contribution made during the
3 taxable year to a designated zone organization to the
4 extent that the contribution (i) qualifies as a
5 charitable contribution under subsection (c) of
6 Section 170 of the Internal Revenue Code and (ii)
7 must, by its terms, be used for a project approved by
8 the Department of Commerce and Economic Opportunity
9 under Section 11 of the Illinois Enterprise Zone Act
10 or under Section 10-10 of the River Edge Redevelopment
11 Zone Act. This subparagraph (N) is exempt from the
12 provisions of Section 250;

13 (O) An amount equal to: (i) 85% for taxable years
14 ending on or before December 31, 1992, or, a
15 percentage equal to the percentage allowable under
16 Section 243(a)(1) of the Internal Revenue Code of 1986
17 for taxable years ending after December 31, 1992, of
18 the amount by which dividends included in taxable
19 income and received from a corporation that is not
20 created or organized under the laws of the United
21 States or any state or political subdivision thereof,
22 including, for taxable years ending on or after
23 December 31, 1988, dividends received or deemed
24 received or paid or deemed paid under Sections 951
25 through 965 of the Internal Revenue Code, exceed the
26 amount of the modification provided under subparagraph

1 (G) of paragraph (2) of this subsection (b) which is
2 related to such dividends, and including, for taxable
3 years ending on or after December 31, 2008, dividends
4 received from a captive real estate investment trust;
5 plus (ii) 100% of the amount by which dividends,
6 included in taxable income and received, including,
7 for taxable years ending on or after December 31,
8 1988, dividends received or deemed received or paid or
9 deemed paid under Sections 951 through 964 of the
10 Internal Revenue Code and including, for taxable years
11 ending on or after December 31, 2008, dividends
12 received from a captive real estate investment trust,
13 from any such corporation specified in clause (i) that
14 would but for the provisions of Section 1504(b)(3) of
15 the Internal Revenue Code be treated as a member of the
16 affiliated group which includes the dividend
17 recipient, exceed the amount of the modification
18 provided under subparagraph (G) of paragraph (2) of
19 this subsection (b) which is related to such
20 dividends. For taxable years ending on or after June
21 30, 2021, (i) for purposes of this subparagraph, the
22 term "dividend" does not include any amount treated as
23 a dividend under Section 1248 of the Internal Revenue
24 Code, and (ii) this subparagraph shall not apply to
25 dividends for which a deduction is allowed under
26 Section 245(a) of the Internal Revenue Code. This

1 subparagraph (O) is exempt from the provisions of
2 Section 250 of this Act;

3 (P) An amount equal to any contribution made to a
4 job training project established pursuant to the Tax
5 Increment Allocation Redevelopment Act;

6 (Q) An amount equal to the amount of the deduction
7 used to compute the federal income tax credit for
8 restoration of substantial amounts held under claim of
9 right for the taxable year pursuant to Section 1341 of
10 the Internal Revenue Code;

11 (R) On and after July 20, 1999, in the case of an
12 attorney-in-fact with respect to whom an interinsurer
13 or a reciprocal insurer has made the election under
14 Section 835 of the Internal Revenue Code, 26 U.S.C.
15 835, an amount equal to the excess, if any, of the
16 amounts paid or incurred by that interinsurer or
17 reciprocal insurer in the taxable year to the
18 attorney-in-fact over the deduction allowed to that
19 interinsurer or reciprocal insurer with respect to the
20 attorney-in-fact under Section 835(b) of the Internal
21 Revenue Code for the taxable year; the provisions of
22 this subparagraph are exempt from the provisions of
23 Section 250;

24 (S) For taxable years ending on or after December
25 31, 1997, in the case of a Subchapter S corporation, an
26 amount equal to all amounts of income allocable to a

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

8 (T) For taxable years 2001 and thereafter, for the
9 taxable year in which the bonus depreciation deduction
10 is taken on the taxpayer's federal income tax return
11 under subsection (k) of Section 168 of the Internal
12 Revenue Code and for each applicable taxable year
13 thereafter, an amount equal to "x", where:

14 (1) "y" equals the amount of the depreciation
15 deduction taken for the taxable year on the
16 taxpayer's federal income tax return on property
17 for which the bonus depreciation deduction was
18 taken in any year under subsection (k) of Section
19 168 of the Internal Revenue Code, but not
20 including the bonus depreciation deduction;

21 (2) for taxable years ending on or before
22 December 31, 2005, "x" equals "y" multiplied by 30
23 and then divided by 70 (or "y" multiplied by
24 0.429); and

25 (3) for taxable years ending after December
26 31, 2005:

1 (i) for property on which a bonus
2 depreciation deduction of 30% of the adjusted
3 basis was taken, "x" equals "y" multiplied by
4 30 and then divided by 70 (or "y" multiplied
5 by 0.429);

6 (ii) for property on which a bonus
7 depreciation deduction of 50% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 1.0;

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

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

1 percentage bonus depreciation on the property
2 (that is, $100(1-\text{bonus}\%)$).

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

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

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which a
18 subtraction is allowed with respect to that property
19 under subparagraph (T) and for which the taxpayer was
20 required in any taxable year to make an addition
21 modification under subparagraph (E-10), then an amount
22 equal to that addition modification.

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

26 This subparagraph (U) is exempt from the

1 provisions of Section 250;

2 (V) The amount of: (i) any interest income (net of
3 the deductions allocable thereto) taken into account
4 for the taxable year with respect to a transaction
5 with a taxpayer that is required to make an addition
6 modification with respect to such transaction under
7 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
8 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
9 the amount of such addition modification, (ii) any
10 income from intangible property (net of the deductions
11 allocable thereto) taken into account for the taxable
12 year with respect to a transaction with a taxpayer
13 that is required to make an addition modification with
14 respect to such transaction under Section
15 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
16 203(d)(2)(D-8), but not to exceed the amount of such
17 addition modification, and (iii) any insurance premium
18 income (net of deductions allocable thereto) taken
19 into account for the taxable year with respect to a
20 transaction with a taxpayer that is required to make
21 an addition modification with respect to such
22 transaction under Section 203(a)(2)(D-19), Section
23 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
24 203(d)(2)(D-9), but not to exceed the amount of that
25 addition modification. This subparagraph (V) is exempt
26 from the provisions of Section 250;

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

22 (X) An amount equal to the income from intangible
23 property taken into account for the taxable year (net
24 of the deductions allocable thereto) with respect to
25 transactions with (i) a foreign person who would be a
26 member of the taxpayer's unitary business group but

1 for the fact that the foreign person's business
2 activity outside the United States is 80% or more of
3 that person's total business activity and (ii) for
4 taxable years ending on or after December 31, 2008, to
5 a person who would be a member of the same unitary
6 business group but for the fact that the person is
7 prohibited under Section 1501(a)(27) from being
8 included in the unitary business group because he or
9 she is ordinarily required to apportion business
10 income under different subsections of Section 304, but
11 not to exceed the addition modification required to be
12 made for the same taxable year under Section
13 203(b)(2)(E-13) for intangible expenses and costs
14 paid, accrued, or incurred, directly or indirectly, to
15 the same foreign person. This subparagraph (X) is
16 exempt from the provisions of Section 250;

17 (Y) For taxable years ending on or after December
18 31, 2011, in the case of a taxpayer who was required to
19 add back any insurance premiums under Section
20 203(b)(2)(E-14), such taxpayer may elect to subtract
21 that part of a reimbursement received from the
22 insurance company equal to the amount of the expense
23 or loss (including expenses incurred by the insurance
24 company) that would have been taken into account as a
25 deduction for federal income tax purposes if the
26 expense or loss had been uninsured. If a taxpayer

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

7 (Z) The difference between the nondeductible
8 controlled foreign corporation dividends under Section
9 965(e)(3) of the Internal Revenue Code over the
10 taxable income of the taxpayer, computed without
11 regard to Section 965(e)(2)(A) of the Internal Revenue
12 Code, and without regard to any net operating loss
13 deduction. This subparagraph (Z) is exempt from the
14 provisions of Section 250; and

15 (AA) For taxable years beginning on or after
16 January 1, 2023, for any cannabis establishment
17 operating in this State and licensed under the
18 Cannabis Regulation and Tax Act or any cannabis
19 cultivation center or medical cannabis dispensing
20 organization operating in this State and licensed
21 under the Compassionate Use of Medical Cannabis
22 Program Act, an amount equal to the deductions that
23 were disallowed under Section 280E of the Internal
24 Revenue Code for the taxable year and that would not be
25 added back under this subsection. The provisions of
26 this subparagraph (AA) are exempt from the provisions

1 of Section 250.

2 (3) Special rule. For purposes of paragraph (2)(A),
3 "gross income" in the case of a life insurance company,
4 for tax years ending on and after December 31, 1994, and
5 prior to December 31, 2011, shall mean the gross
6 investment income for the taxable year and, for tax years
7 ending on or after December 31, 2011, shall mean all
8 amounts included in life insurance gross income under
9 Section 803(a)(3) of the Internal Revenue Code.

10 (c) Trusts and estates.

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

14 (2) Modifications. Subject to the provisions of
15 paragraph (3), the taxable income referred to in paragraph
16 (1) shall be modified by adding thereto the sum of the
17 following amounts:

18 (A) An amount equal to all amounts paid or accrued
19 to the taxpayer as interest or dividends during the
20 taxable year to the extent excluded from gross income
21 in the computation of taxable income;

22 (B) In the case of (i) an estate, \$600; (ii) a
23 trust which, under its governing instrument, is
24 required to distribute all of its income currently,
25 \$300; and (iii) any other trust, \$100, but in each such

1 case, only to the extent such amount was deducted in
2 the computation of taxable income;

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

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

11 (E) For taxable years in which a net operating
12 loss carryback or carryforward from a taxable year
13 ending prior to December 31, 1986 is an element of
14 taxable income under paragraph (1) of subsection (e)
15 or subparagraph (E) of paragraph (2) of subsection
16 (e), the amount by which addition modifications other
17 than those provided by this subparagraph (E) exceeded
18 subtraction modifications in such taxable year, with
19 the following limitations applied in the order that
20 they are listed:

21 (i) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall be reduced by the amount
25 of addition modification under this subparagraph
26 (E) which related to that net operating loss and

1 which was taken into account in calculating the
2 base income of an earlier taxable year, and

3 (ii) the addition modification relating to the
4 net operating loss carried back or forward to the
5 taxable year from any taxable year ending prior to
6 December 31, 1986 shall not exceed the amount of
7 such carryback or carryforward;

8 For taxable years in which there is a net
9 operating loss carryback or carryforward from more
10 than one other taxable year ending prior to December
11 31, 1986, the addition modification provided in this
12 subparagraph (E) shall be the sum of the amounts
13 computed independently under the preceding provisions
14 of this subparagraph (E) for each such taxable year;

15 (F) For taxable years ending on or after January
16 1, 1989, an amount equal to the tax deducted pursuant
17 to Section 164 of the Internal Revenue Code if the
18 trust or estate is claiming the same tax for purposes
19 of the Illinois foreign tax credit under Section 601
20 of this Act;

21 (G) An amount equal to the amount of the capital
22 gain deduction allowable under the Internal Revenue
23 Code, to the extent deducted from gross income in the
24 computation of taxable income;

25 (G-5) For taxable years ending after December 31,
26 1997, an amount equal to any eligible remediation

1 costs that the trust or estate deducted in computing
2 adjusted gross income and for which the trust or
3 estate claims a credit under subsection (l) of Section
4 201;

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

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

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

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

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

1 accrued, or incurred.

2 This paragraph shall not apply to the following:

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

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

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

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

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract

1 or agreement entered into at arm's-length rates
2 and terms and the principal purpose for the
3 payment is not federal or Illinois tax avoidance;
4 or

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

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

21 (G-13) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

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

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

14 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

1 extent that the same dividends caused a reduction to
2 the addition modification required under Section
3 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
4 Act;

5 (G-15) An amount equal to the credit allowable to
6 the taxpayer under Section 218(a) of this Act,
7 determined without regard to Section 218(c) of this
8 Act;

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

13 and by deducting from the total so obtained the sum of the
14 following amounts:

15 (H) An amount equal to all amounts included in
16 such total pursuant to the provisions of Sections
17 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
18 of the Internal Revenue Code or included in such total
19 as distributions under the provisions of any
20 retirement or disability plan for employees of any
21 governmental agency or unit, or retirement payments to
22 retired partners, which payments are excluded in
23 computing net earnings from self employment by Section
24 1402 of the Internal Revenue Code and regulations
25 adopted pursuant thereto;

26 (I) The valuation limitation amount;

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

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

15 (L) With the exception of any amounts subtracted
16 under subparagraph (K), an amount equal to the sum of
17 all amounts disallowed as deductions by (i) Sections
18 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
19 and all amounts of expenses allocable to interest and
20 disallowed as deductions by Section 265(a)(1) of the
21 Internal Revenue Code; and (ii) for taxable years
22 ending on or after August 13, 1999, Sections
23 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
24 Internal Revenue Code, plus, (iii) for taxable years
25 ending on or after December 31, 2011, Section
26 45G(e)(3) of the Internal Revenue Code and, for

1 taxable years ending on or after December 31, 2008,
2 any amount included in gross income under Section 87
3 of the Internal Revenue Code; the provisions of this
4 subparagraph are exempt from the provisions of Section
5 250;

6 (M) An amount equal to those dividends included in
7 such total which were paid by a corporation which
8 conducts business operations in a River Edge
9 Redevelopment Zone or zones created under the River
10 Edge Redevelopment Zone Act and conducts substantially
11 all of its operations in a River Edge Redevelopment
12 Zone or zones. This subparagraph (M) is exempt from
13 the provisions of Section 250;

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

17 (O) An amount equal to those dividends included in
18 such total that were paid by a corporation that
19 conducts business operations in a federally designated
20 Foreign Trade Zone or Sub-Zone and that is designated
21 a High Impact Business located in Illinois; provided
22 that dividends eligible for the deduction provided in
23 subparagraph (M) of paragraph (2) of this subsection
24 shall not be eligible for the deduction provided under
25 this subparagraph (O);

26 (P) An amount equal to the amount of the deduction

1 used to compute the federal income tax credit for
2 restoration of substantial amounts held under claim of
3 right for the taxable year pursuant to Section 1341 of
4 the Internal Revenue Code;

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

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

12 (R) For taxable years 2001 and thereafter, for the
13 taxable year in which the bonus depreciation deduction
14 is taken on the taxpayer's federal income tax return
15 under subsection (k) of Section 168 of the Internal
16 Revenue Code and for each applicable taxable year
17 thereafter, an amount equal to "x", where:

18 (1) "y" equals the amount of the depreciation
19 deduction taken for the taxable year on the
20 taxpayer's federal income tax return on property
21 for which the bonus depreciation deduction was
22 taken in any year under subsection (k) of Section
23 168 of the Internal Revenue Code, but not
24 including the bonus depreciation deduction;

25 (2) for taxable years ending on or before
26 December 31, 2005, "x" equals "y" multiplied by 30

1 and then divided by 70 (or "y" multiplied by
2 0.429); and

3 (3) for taxable years ending after December
4 31, 2005:

5 (i) for property on which a bonus
6 depreciation deduction of 30% of the adjusted
7 basis was taken, "x" equals "y" multiplied by
8 30 and then divided by 70 (or "y" multiplied
9 by 0.429);

10 (ii) for property on which a bonus
11 depreciation deduction of 50% of the adjusted
12 basis was taken, "x" equals "y" multiplied by
13 1.0;

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

23 (iv) for property on which a bonus
24 depreciation deduction of a percentage other
25 than 30%, 50% or 100% of the adjusted basis
26 was taken in a taxable year ending on or after

1 December 31, 2021, "x" equals "y" multiplied
2 by 100 times the percentage bonus depreciation
3 on the property (that is, $100(\text{bonus}\%)$) and
4 then divided by 100 times 1 minus the
5 percentage bonus depreciation on the property
6 (that is, $100(1-\text{bonus}\%)$).

7 The aggregate amount deducted under this
8 subparagraph in all taxable years for any one piece of
9 property may not exceed the amount of the bonus
10 depreciation deduction taken on that property on the
11 taxpayer's federal income tax return under subsection
12 (k) of Section 168 of the Internal Revenue Code. This
13 subparagraph (R) is exempt from the provisions of
14 Section 250;

15 (S) If the taxpayer sells, transfers, abandons, or
16 otherwise disposes of property for which the taxpayer
17 was required in any taxable year to make an addition
18 modification under subparagraph (G-10), then an amount
19 equal to that addition modification.

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which a
22 subtraction is allowed with respect to that property
23 under subparagraph (R) and for which the taxpayer was
24 required in any taxable year to make an addition
25 modification under subparagraph (G-10), then an amount
26 equal to that addition modification.

1 The taxpayer is allowed to take the deduction
2 under this subparagraph only once with respect to any
3 one piece of property.

4 This subparagraph (S) is exempt from the
5 provisions of Section 250;

6 (T) The amount of (i) any interest income (net of
7 the deductions allocable thereto) taken into account
8 for the taxable year with respect to a transaction
9 with a taxpayer that is required to make an addition
10 modification with respect to such transaction under
11 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
12 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
13 the amount of such addition modification and (ii) any
14 income from intangible property (net of the deductions
15 allocable thereto) taken into account for the taxable
16 year with respect to a transaction with a taxpayer
17 that is required to make an addition modification with
18 respect to such transaction under Section
19 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
20 203(d)(2)(D-8), but not to exceed the amount of such
21 addition modification. This subparagraph (T) is exempt
22 from the provisions of Section 250;

23 (U) An amount equal to the interest income taken
24 into account for the taxable year (net of the
25 deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

1 member of the taxpayer's unitary business group but
2 for the fact the foreign person's business activity
3 outside the United States is 80% or more of that
4 person's total business activity and (ii) for taxable
5 years ending on or after December 31, 2008, to a person
6 who would be a member of the same unitary business
7 group but for the fact that the person is prohibited
8 under Section 1501(a)(27) from being included in the
9 unitary business group because he or she is ordinarily
10 required to apportion business income under different
11 subsections of Section 304, but not to exceed the
12 addition modification required to be made for the same
13 taxable year under Section 203(c)(2)(G-12) for
14 interest paid, accrued, or incurred, directly or
15 indirectly, to the same person. This subparagraph (U)
16 is exempt from the provisions of Section 250;

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

1 business group but for the fact that the person is
2 prohibited under Section 1501(a)(27) from being
3 included in the unitary business group because he or
4 she is ordinarily required to apportion business
5 income under different subsections of Section 304, but
6 not to exceed the addition modification required to be
7 made for the same taxable year under Section
8 203(c)(2)(G-13) for intangible expenses and costs
9 paid, accrued, or incurred, directly or indirectly, to
10 the same foreign person. This subparagraph (V) is
11 exempt from the provisions of Section 250;

12 (W) in the case of an estate, an amount equal to
13 all amounts included in such total pursuant to the
14 provisions of Section 111 of the Internal Revenue Code
15 as a recovery of items previously deducted by the
16 decedent from adjusted gross income in the computation
17 of taxable income. This subparagraph (W) is exempt
18 from Section 250;

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

24 (Y) For taxable years ending on or after December
25 31, 2011, in the case of a taxpayer who was required to
26 add back any insurance premiums under Section

1 203(c)(2)(G-14), such taxpayer may elect to subtract
2 that part of a reimbursement received from the
3 insurance company equal to the amount of the expense
4 or loss (including expenses incurred by the insurance
5 company) that would have been taken into account as a
6 deduction for federal income tax purposes if the
7 expense or loss had been uninsured. If a taxpayer
8 makes the election provided for by this subparagraph
9 (Y), the insurer to which the premiums were paid must
10 add back to income the amount subtracted by the
11 taxpayer pursuant to this subparagraph (Y). This
12 subparagraph (Y) is exempt from the provisions of
13 Section 250;

14 (Z) For taxable years beginning after December 31,
15 2018 and before January 1, 2026, the amount of excess
16 business loss of the taxpayer disallowed as a
17 deduction by Section 461(1)(1)(B) of the Internal
18 Revenue Code; and

19 (AA) For taxable years beginning on or after
20 January 1, 2023, for any cannabis establishment
21 operating in this State and licensed under the
22 Cannabis Regulation and Tax Act or any cannabis
23 cultivation center or medical cannabis dispensing
24 organization operating in this State and licensed
25 under the Compassionate Use of Medical Cannabis
26 Program Act, an amount equal to the deductions that

1 were disallowed under Section 280E of the Internal
2 Revenue Code for the taxable year and that would not be
3 added back under this subsection. The provisions of
4 this subparagraph (AA) are exempt from the provisions
5 of Section 250.

6 (3) Limitation. The amount of any modification
7 otherwise required under this subsection shall, under
8 regulations prescribed by the Department, be adjusted by
9 any amounts included therein which were properly paid,
10 credited, or required to be distributed, or permanently
11 set aside for charitable purposes pursuant to Internal
12 Revenue Code Section 642(c) during the taxable year.

13 (d) Partnerships.

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

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

20 (A) An amount equal to all amounts paid or accrued
21 to the taxpayer as interest or dividends during the
22 taxable year to the extent excluded from gross income
23 in the computation of taxable income;

24 (B) An amount equal to the amount of tax imposed by
25 this Act to the extent deducted from gross income for

1 the taxable year;

2 (C) The amount of deductions allowed to the
3 partnership pursuant to Section 707 (c) of the
4 Internal Revenue Code in calculating its taxable
5 income;

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

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

15 (D-6) If the taxpayer sells, transfers, abandons,
16 or otherwise disposes of property for which the
17 taxpayer was required in any taxable year to make an
18 addition modification under subparagraph (D-5), then
19 an amount equal to the aggregate amount of the
20 deductions taken in all taxable years under
21 subparagraph (O) with respect to that property.

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which a
24 subtraction is allowed with respect to that property
25 under subparagraph (O) and for which the taxpayer was
26 allowed in any taxable year to make a subtraction

1 modification under subparagraph (O), then an amount
2 equal to that subtraction modification.

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

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

1 included in gross income pursuant to Sections 951
2 through 964 of the Internal Revenue Code and amounts
3 included in gross income under Section 78 of the
4 Internal Revenue Code) with respect to the stock of
5 the same person to whom the interest was paid,
6 accrued, or incurred.

7 This paragraph shall not apply to the following:

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

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

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

22 (b) the transaction giving rise to the
23 interest expense between the taxpayer and the
24 person did not have as a principal purpose the
25 avoidance of Illinois income tax, and is paid
26 pursuant to a contract or agreement that

1 reflects an arm's-length interest rate and
2 terms; or

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

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

17 Nothing in this subsection shall preclude the
18 Director from making any other adjustment
19 otherwise allowed under Section 404 of this Act
20 for any tax year beginning after the effective
21 date of this amendment provided such adjustment is
22 made pursuant to regulation adopted by the
23 Department and such regulations provide methods
24 and standards by which the Department will utilize
25 its authority under Section 404 of this Act; and
26 (D-8) An amount equal to the amount of intangible

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

1 indirectly paid, incurred or accrued. The preceding
2 sentence shall not apply to the extent that the same
3 dividends caused a reduction to the addition
4 modification required under Section 203(d)(2)(D-7) of
5 this Act. As used in this subparagraph, the term
6 "intangible expenses and costs" includes (1) expenses,
7 losses, and costs for, or related to, the direct or
8 indirect acquisition, use, maintenance or management,
9 ownership, sale, exchange, or any other disposition of
10 intangible property; (2) losses incurred, directly or
11 indirectly, from factoring transactions or discounting
12 transactions; (3) royalty, patent, technical, and
13 copyright fees; (4) licensing fees; and (5) other
14 similar expenses and costs. For purposes of this
15 subparagraph, "intangible property" includes patents,
16 patent applications, trade names, trademarks, service
17 marks, copyrights, mask works, trade secrets, and
18 similar types of intangible assets;

19 This paragraph shall not apply to the following:

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

1 (ii) any item of intangible expense or cost
2 paid, accrued, or incurred, directly or
3 indirectly, if the taxpayer can establish, based
4 on a preponderance of the evidence, both of the
5 following:

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

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

17 (iii) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, from a transaction with a person if
20 the taxpayer establishes by clear and convincing
21 evidence, that the adjustments are unreasonable;
22 or if the taxpayer and the Director agree in
23 writing to the application or use of an
24 alternative method of apportionment under Section
25 304(f);

26 Nothing in this subsection shall preclude the

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

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

1 and amounts included in gross income under Section 78
2 of the Internal Revenue Code) with respect to the
3 stock of the same person to whom the premiums and costs
4 were directly or indirectly paid, incurred, or
5 accrued. The preceding sentence does not apply to the
6 extent that the same dividends caused a reduction to
7 the addition modification required under Section
8 203(d) (2) (D-7) or Section 203(d) (2) (D-8) of this Act;

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

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

17 and by deducting from the total so obtained the following
18 amounts:

19 (E) The valuation limitation amount;

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

23 (G) An amount equal to all amounts included in
24 taxable income as modified by subparagraphs (A), (B),
25 (C) and (D) which are exempt from taxation by this
26 State either by reason of its statutes or Constitution

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

7 (H) Any income of the partnership which
8 constitutes personal service income as defined in
9 Section 1348(b)(1) of the Internal Revenue Code (as in
10 effect December 31, 1981) or a reasonable allowance
11 for compensation paid or accrued for services rendered
12 by partners to the partnership, whichever is greater;
13 this subparagraph (H) is exempt from the provisions of
14 Section 250;

15 (I) An amount equal to all amounts of income
16 distributable to an entity subject to the Personal
17 Property Tax Replacement Income Tax imposed by
18 subsections (c) and (d) of Section 201 of this Act
19 including amounts distributable to organizations
20 exempt from federal income tax by reason of Section
21 501(a) of the Internal Revenue Code; this subparagraph
22 (I) is exempt from the provisions of Section 250;

23 (J) With the exception of any amounts subtracted
24 under subparagraph (G), an amount equal to the sum of
25 all amounts disallowed as deductions by (i) Sections
26 171(a)(2) and 265(a)(2) of the Internal Revenue Code,

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

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

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

25 (M) An amount equal to those dividends included in
26 such total that were paid by a corporation that

1 conducts business operations in a federally designated
2 Foreign Trade Zone or Sub-Zone and that is designated
3 a High Impact Business located in Illinois; provided
4 that dividends eligible for the deduction provided in
5 subparagraph (K) of paragraph (2) of this subsection
6 shall not be eligible for the deduction provided under
7 this subparagraph (M);

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

13 (O) For taxable years 2001 and thereafter, for the
14 taxable year in which the bonus depreciation deduction
15 is taken on the taxpayer's federal income tax return
16 under subsection (k) of Section 168 of the Internal
17 Revenue Code and for each applicable taxable year
18 thereafter, an amount equal to "x", where:

19 (1) "y" equals the amount of the depreciation
20 deduction taken for the taxable year on the
21 taxpayer's federal income tax return on property
22 for which the bonus depreciation deduction was
23 taken in any year under subsection (k) of Section
24 168 of the Internal Revenue Code, but not
25 including the bonus depreciation deduction;

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (3) for taxable years ending after December
5 31, 2005:

6 (i) for property on which a bonus
7 depreciation deduction of 30% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 30 and then divided by 70 (or "y" multiplied
10 by 0.429);

11 (ii) for property on which a bonus
12 depreciation deduction of 50% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 1.0;

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

24 (iv) for property on which a bonus
25 depreciation deduction of a percentage other
26 than 30%, 50% or 100% of the adjusted basis

1 was taken in a taxable year ending on or after
2 December 31, 2021, "x" equals "y" multiplied
3 by 100 times the percentage bonus depreciation
4 on the property (that is, $100(\text{bonus}\%)$) and
5 then divided by 100 times 1 minus the
6 percentage bonus depreciation on the property
7 (that is, $100(1-\text{bonus}\%)$).

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

16 (P) If the taxpayer sells, transfers, abandons, or
17 otherwise disposes of property for which the taxpayer
18 was required in any taxable year to make an addition
19 modification under subparagraph (D-5), then an amount
20 equal to that addition modification.

21 If the taxpayer continues to own property through
22 the last day of the last tax year for which a
23 subtraction is allowed with respect to that property
24 under subparagraph (O) and for which the taxpayer was
25 required in any taxable year to make an addition
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

2 The taxpayer is allowed to take the deduction
3 under this subparagraph only once with respect to any
4 one piece of property.

5 This subparagraph (P) is exempt from the
6 provisions of Section 250;

7 (Q) The amount of (i) any interest income (net of
8 the deductions allocable thereto) taken into account
9 for the taxable year with respect to a transaction
10 with a taxpayer that is required to make an addition
11 modification with respect to such transaction under
12 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
13 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
14 the amount of such addition modification and (ii) any
15 income from intangible property (net of the deductions
16 allocable thereto) taken into account for the taxable
17 year with respect to a transaction with a taxpayer
18 that is required to make an addition modification with
19 respect to such transaction under Section
20 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
21 203(d)(2)(D-8), but not to exceed the amount of such
22 addition modification. This subparagraph (Q) is exempt
23 from Section 250;

24 (R) An amount equal to the interest income taken
25 into account for the taxable year (net of the
26 deductions allocable thereto) with respect to

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

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

1 a person who would be a member of the same unitary
2 business group but for the fact that the person is
3 prohibited under Section 1501(a)(27) from being
4 included in the unitary business group because he or
5 she is ordinarily required to apportion business
6 income under different subsections of Section 304, but
7 not to exceed the addition modification required to be
8 made for the same taxable year under Section
9 203(d)(2)(D-8) for intangible expenses and costs paid,
10 accrued, or incurred, directly or indirectly, to the
11 same person. This subparagraph (S) is exempt from
12 Section 250;

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

1 subparagraph (T) is exempt from the provisions of
2 Section 250; and

3 (U) For taxable years beginning on or after
4 January 1, 2023, for any cannabis establishment
5 operating in this State and licensed under the
6 Cannabis Regulation and Tax Act or any cannabis
7 cultivation center or medical cannabis dispensing
8 organization operating in this State and licensed
9 under the Compassionate Use of Medical Cannabis
10 Program Act, an amount equal to the deductions that
11 were disallowed under Section 280E of the Internal
12 Revenue Code for the taxable year and that would not be
13 added back under this subsection. The provisions of
14 this subparagraph (U) are exempt from the provisions
15 of Section 250.

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

17 (1) In general. Subject to the provisions of paragraph
18 (2) and subsection (b) (3), for purposes of this Section
19 and Section 803(e), a taxpayer's gross income, adjusted
20 gross income, or taxable income for the taxable year shall
21 mean the amount of gross income, adjusted gross income or
22 taxable income properly reportable for federal income tax
23 purposes for the taxable year under the provisions of the
24 Internal Revenue Code. Taxable income may be less than
25 zero. However, for taxable years ending on or after

1 December 31, 1986, net operating loss carryforwards from
2 taxable years ending prior to December 31, 1986, may not
3 exceed the sum of federal taxable income for the taxable
4 year before net operating loss deduction, plus the excess
5 of addition modifications over subtraction modifications
6 for the taxable year. For taxable years ending prior to
7 December 31, 1986, taxable income may never be an amount
8 in excess of the net operating loss for the taxable year as
9 defined in subsections (c) and (d) of Section 172 of the
10 Internal Revenue Code, provided that when taxable income
11 of a corporation (other than a Subchapter S corporation),
12 trust, or estate is less than zero and addition
13 modifications, other than those provided by subparagraph
14 (E) of paragraph (2) of subsection (b) for corporations or
15 subparagraph (E) of paragraph (2) of subsection (c) for
16 trusts and estates, exceed subtraction modifications, an
17 addition modification must be made under those
18 subparagraphs for any other taxable year to which the
19 taxable income less than zero (net operating loss) is
20 applied under Section 172 of the Internal Revenue Code or
21 under subparagraph (E) of paragraph (2) of this subsection
22 (e) applied in conjunction with Section 172 of the
23 Internal Revenue Code.

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

1 (A) Certain life insurance companies. In the case
2 of a life insurance company subject to the tax imposed
3 by Section 801 of the Internal Revenue Code, life
4 insurance company taxable income, plus the amount of
5 distribution from pre-1984 policyholder surplus
6 accounts as calculated under Section 815a of the
7 Internal Revenue Code;

8 (B) Certain other insurance companies. In the case
9 of mutual insurance companies subject to the tax
10 imposed by Section 831 of the Internal Revenue Code,
11 insurance company taxable income;

12 (C) Regulated investment companies. In the case of
13 a regulated investment company subject to the tax
14 imposed by Section 852 of the Internal Revenue Code,
15 investment company taxable income;

16 (D) Real estate investment trusts. In the case of
17 a real estate investment trust subject to the tax
18 imposed by Section 857 of the Internal Revenue Code,
19 real estate investment trust taxable income;

20 (E) Consolidated corporations. In the case of a
21 corporation which is a member of an affiliated group
22 of corporations filing a consolidated income tax
23 return for the taxable year for federal income tax
24 purposes, taxable income determined as if such
25 corporation had filed a separate return for federal
26 income tax purposes for the taxable year and each

1 preceding taxable year for which it was a member of an
2 affiliated group. For purposes of this subparagraph,
3 the taxpayer's separate taxable income shall be
4 determined as if the election provided by Section
5 243(b)(2) of the Internal Revenue Code had been in
6 effect for all such years;

7 (F) Cooperatives. In the case of a cooperative
8 corporation or association, the taxable income of such
9 organization determined in accordance with the
10 provisions of Section 1381 through 1388 of the
11 Internal Revenue Code, but without regard to the
12 prohibition against offsetting losses from patronage
13 activities against income from nonpatronage
14 activities; except that a cooperative corporation or
15 association may make an election to follow its federal
16 income tax treatment of patronage losses and
17 nonpatronage losses. In the event such election is
18 made, such losses shall be computed and carried over
19 in a manner consistent with subsection (a) of Section
20 207 of this Act and apportioned by the apportionment
21 factor reported by the cooperative on its Illinois
22 income tax return filed for the taxable year in which
23 the losses are incurred. The election shall be
24 effective for all taxable years with original returns
25 due on or after the date of the election. In addition,
26 the cooperative may file an amended return or returns,

1 as allowed under this Act, to provide that the
2 election shall be effective for losses incurred or
3 carried forward for taxable years occurring prior to
4 the date of the election. Once made, the election may
5 only be revoked upon approval of the Director. The
6 Department shall adopt rules setting forth
7 requirements for documenting the elections and any
8 resulting Illinois net loss and the standards to be
9 used by the Director in evaluating requests to revoke
10 elections. Public Act 96-932 is declaratory of
11 existing law;

12 (G) Subchapter S corporations. In the case of: (i)
13 a Subchapter S corporation for which there is in
14 effect an election for the taxable year under Section
15 1362 of the Internal Revenue Code, the taxable income
16 of such corporation determined in accordance with
17 Section 1363(b) of the Internal Revenue Code, except
18 that taxable income shall take into account those
19 items which are required by Section 1363(b)(1) of the
20 Internal Revenue Code to be separately stated; and
21 (ii) a Subchapter S corporation for which there is in
22 effect a federal election to opt out of the provisions
23 of the Subchapter S Revision Act of 1982 and have
24 applied instead the prior federal Subchapter S rules
25 as in effect on July 1, 1982, the taxable income of
26 such corporation determined in accordance with the

1 federal Subchapter S rules as in effect on July 1,
2 1982; and

3 (H) Partnerships. In the case of a partnership,
4 taxable income determined in accordance with Section
5 703 of the Internal Revenue Code, except that taxable
6 income shall take into account those items which are
7 required by Section 703(a)(1) to be separately stated
8 but which would be taken into account by an individual
9 in calculating his taxable income.

10 (3) Recapture of business expenses on disposition of
11 asset or business. Notwithstanding any other law to the
12 contrary, if in prior years income from an asset or
13 business has been classified as business income and in a
14 later year is demonstrated to be non-business income, then
15 all expenses, without limitation, deducted in such later
16 year and in the 2 immediately preceding taxable years
17 related to that asset or business that generated the
18 non-business income shall be added back and recaptured as
19 business income in the year of the disposition of the
20 asset or business. Such amount shall be apportioned to
21 Illinois using the greater of the apportionment fraction
22 computed for the business under Section 304 of this Act
23 for the taxable year or the average of the apportionment
24 fractions computed for the business under Section 304 of
25 this Act for the taxable year and for the 2 immediately
26 preceding taxable years.

1 (f) Valuation limitation amount.

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

5 (A) The sum of the pre-August 1, 1969 appreciation
6 amounts (to the extent consisting of gain reportable
7 under the provisions of Section 1245 or 1250 of the
8 Internal Revenue Code) for all property in respect of
9 which such gain was reported for the taxable year;
10 plus

11 (B) The lesser of (i) the sum of the pre-August 1,
12 1969 appreciation amounts (to the extent consisting of
13 capital gain) for all property in respect of which
14 such gain was reported for federal income tax purposes
15 for the taxable year, or (ii) the net capital gain for
16 the taxable year, reduced in either case by any amount
17 of such gain included in the amount determined under
18 subsection (a)(2)(F) or (c)(2)(H).

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

20 (A) If the fair market value of property referred
21 to in paragraph (1) was readily ascertainable on
22 August 1, 1969, the pre-August 1, 1969 appreciation
23 amount for such property is the lesser of (i) the
24 excess of such fair market value over the taxpayer's
25 basis (for determining gain) for such property on that

1 date (determined under the Internal Revenue Code as in
2 effect on that date), or (ii) the total gain realized
3 and reportable for federal income tax purposes in
4 respect of the sale, exchange or other disposition of
5 such property.

6 (B) If the fair market value of property referred
7 to in paragraph (1) was not readily ascertainable on
8 August 1, 1969, the pre-August 1, 1969 appreciation
9 amount for such property is that amount which bears
10 the same ratio to the total gain reported in respect of
11 the property for federal income tax purposes for the
12 taxable year, as the number of full calendar months in
13 that part of the taxpayer's holding period for the
14 property ending July 31, 1969 bears to the number of
15 full calendar months in the taxpayer's entire holding
16 period for the property.

17 (C) The Department shall prescribe such
18 regulations as may be necessary to carry out the
19 purposes of this paragraph.

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

23 (h) Legislative intention. Except as expressly provided by
24 this Section there shall be no modifications or limitations on

1 the amounts of income, gain, loss or deduction taken into
2 account in determining gross income, adjusted gross income or
3 taxable income for federal income tax purposes for the taxable
4 year, or in the amount of such items entering into the
5 computation of base income and net income under this Act for
6 such taxable year, whether in respect of property values as of
7 August 1, 1969 or otherwise.

8 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
9 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
10 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; revised
11 9-26-23.)

12 (35 ILCS 5/218)

13 (Text of Section before amendment by P.A. 103-396)

14 Sec. 218. Credit for student-assistance contributions.

15 (a) For taxable years ending on or after December 31, 2009
16 and on or before December 31, 2024, each taxpayer who, during
17 the taxable year, makes a contribution (i) to a specified
18 individual College Savings Pool Account under Section 16.5 of
19 the State Treasurer Act or (ii) to the Illinois Prepaid
20 Tuition Trust Fund in an amount matching a contribution made
21 in the same taxable year by an employee of the taxpayer to that
22 Account or Fund is entitled to a credit against the tax imposed
23 under subsections (a) and (b) of Section 201 in an amount equal
24 to 25% of that matching contribution, but not to exceed \$500
25 per contributing employee per taxable year.

1 (b) For partners, shareholders of Subchapter S
2 corporations, and owners of limited liability companies, if
3 the liability company is treated as a partnership for purposes
4 of federal and State income taxation, there is allowed a
5 credit under this Section to be determined in accordance with
6 the determination of income and distributive share of income
7 under Sections 702 and 704 and Subchapter S of the Internal
8 Revenue Code.

9 (c) The credit may not be carried back. If the amount of
10 the credit exceeds the tax liability for the year, the excess
11 may be carried forward and applied to the tax liability of the
12 5 taxable years following the excess credit year. The tax
13 credit shall be applied to the earliest year for which there is
14 a tax liability. If there are credits for more than one year
15 that are available to offset a liability, the earlier credit
16 shall be applied first.

17 (d) A taxpayer claiming the credit under this Section must
18 maintain and record any information that the Illinois Student
19 Assistance Commission, the Office of the State Treasurer, or
20 the Department may require regarding the matching contribution
21 for which the credit is claimed.

22 (Source: P.A. 101-645, eff. 6-26-20; 102-289, eff. 8-6-21.)

23 (Text of Section after amendment by P.A. 103-396)

24 Sec. 218. Credit for student-assistance contributions.

25 (a) For taxable years ending on or after December 31, 2009

1 and on or before December 31, 2024, each taxpayer who, during
2 the taxable year, makes a contribution (i) to a specified
3 individual College, Secondary, and Elementary Education
4 Savings Pool Account under Section 16.5 of the State Treasurer
5 Act or (ii) to the Illinois Prepaid Tuition Trust Fund in an
6 amount matching a contribution made in the same taxable year
7 by an employee of the taxpayer to that Account or Fund is
8 entitled to a credit against the tax imposed under subsections
9 (a) and (b) of Section 201 in an amount equal to 25% of that
10 matching contribution, but not to exceed \$500 per contributing
11 employee per taxable year.

12 (b) For taxable years ending before December 31, 2023, for
13 partners, shareholders of Subchapter S corporations, and
14 owners of limited liability companies, if the liability
15 company is treated as a partnership for purposes of federal
16 and State income taxation, there is allowed a credit under
17 this Section to be determined in accordance with the
18 determination of income and distributive share of income under
19 Sections 702 and 704 and Subchapter S of the Internal Revenue
20 Code. For taxable years ending on or after December 31, 2023,
21 partners and shareholders of subchapter S corporations are
22 entitled to a credit under this Section as provided in Section
23 251.

24 (c) The credit may not be carried back. If the amount of
25 the credit exceeds the tax liability for the year, the excess
26 may be carried forward and applied to the tax liability of the

1 5 taxable years following the excess credit year. The tax
2 credit shall be applied to the earliest year for which there is
3 a tax liability. If there are credits for more than one year
4 that are available to offset a liability, the earlier credit
5 shall be applied first.

6 (d) A taxpayer claiming the credit under this Section must
7 maintain and record any information that the Illinois Student
8 Assistance Commission, the Office of the State Treasurer, or
9 the Department may require regarding the matching contribution
10 for which the credit is claimed.

11 (Source: P.A. 102-289, eff. 8-6-21; 103-396, eff. 1-1-24.)

12 Section 20. The Code of Civil Procedure is amended by
13 changing Section 12-1001 as follows:

14 (735 ILCS 5/12-1001) (from Ch. 110, par. 12-1001)

15 Sec. 12-1001. Personal property exempt. The following
16 personal property, owned by the debtor, is exempt from
17 judgment, attachment, or distress for rent:

18 (a) The necessary wearing apparel, bible, school
19 books, and family pictures of the debtor and the debtor's
20 dependents;

21 (b) The debtor's equity interest, not to exceed \$4,000
22 in value, in any other property;

23 (c) The debtor's interest, not to exceed \$2,400 in
24 value, in any one motor vehicle;

1 (d) The debtor's equity interest, not to exceed \$1,500
2 in value, in any implements, professional books, or tools
3 of the trade of the debtor;

4 (e) Professionally prescribed health aids for the
5 debtor or a dependent of the debtor;

6 (f) All proceeds payable because of the death of the
7 insured and the aggregate net cash value of any or all life
8 insurance and endowment policies and annuity contracts
9 payable to a wife or husband of the insured, or to a child,
10 parent, or other person dependent upon the insured, or to
11 a revocable or irrevocable trust which names the wife or
12 husband of the insured or which names a child, parent, or
13 other person dependent upon the insured as the primary
14 beneficiary of the trust, whether the power to change the
15 beneficiary is reserved to the insured or not and whether
16 the insured or the insured's estate is a contingent
17 beneficiary or not;

18 (g) The debtor's right to receive:

19 (1) a social security benefit, unemployment
20 compensation, or public assistance benefit;

21 (2) a veteran's benefit;

22 (3) a disability, illness, or unemployment
23 benefit; and

24 (4) alimony, support, or separate maintenance, to
25 the extent reasonably necessary for the support of the
26 debtor and any dependent of the debtor.

1 (h) The debtor's right to receive, or property that is
2 traceable to:

3 (1) an award under a crime victim's reparation
4 law;

5 (2) a payment on account of the wrongful death of
6 an individual of whom the debtor was a dependent, to
7 the extent reasonably necessary for the support of the
8 debtor;

9 (3) a payment under a life insurance contract that
10 insured the life of an individual of whom the debtor
11 was a dependent, to the extent reasonably necessary
12 for the support of the debtor or a dependent of the
13 debtor;

14 (4) a payment, not to exceed \$15,000 in value, on
15 account of personal bodily injury of the debtor or an
16 individual of whom the debtor was a dependent; and

17 (5) any restitution payments made to persons
18 pursuant to the federal Civil Liberties Act of 1988
19 and the Aleutian and Pribilof Island Restitution Act,
20 P.L. 100-383.

21 For purposes of this subsection (h), a debtor's right
22 to receive an award or payment shall be exempt for a
23 maximum of 2 years after the debtor's right to receive the
24 award or payment accrues; property traceable to an award
25 or payment shall be exempt for a maximum of 5 years after
26 the award or payment accrues; and an award or payment and

1 property traceable to an award or payment shall be exempt
2 only to the extent of the amount of the award or payment,
3 without interest or appreciation from the date of the
4 award or payment.

5 (i) The debtor's right to receive an award under Part
6 20 of Article II of this Code relating to crime victims'
7 awards.

8 (j) Moneys held in an account invested in the Illinois
9 College, Secondary, and Elementary Education Savings Pool
10 of which the debtor is a participant or donor and funds
11 invested in an ABLE Account as defined by Section 529 of
12 the Internal Revenue Code, except the following non-exempt
13 contributions:

14 (1) any contribution to such account by the debtor
15 as participant or donor that is made with the actual
16 intent to hinder, delay, or defraud any creditor of
17 the debtor;

18 (2) any contributions to such account by the
19 debtor as participant during the 365 day period prior
20 to the date of filing of the debtor's petition for
21 bankruptcy that, in the aggregate during such period,
22 exceed the amount of the annual gift tax exclusion
23 under Section 2503(b) of the Internal Revenue Code of
24 1986, as amended, in effect at the time of
25 contribution; or

26 (3) any contributions to such account by the

1 debtor as participant during the period commencing 730
2 days prior to and ending 366 days prior to the date of
3 filing of the debtor's petition for bankruptcy that,
4 in the aggregate during such period, exceed the amount
5 of the annual gift tax exclusion under Section 2503(b)
6 of the Internal Revenue Code of 1986, as amended, in
7 effect at the time of contribution.

8 For purposes of this subsection (j), "account"
9 includes all accounts for a particular designated
10 beneficiary, of which the debtor is a participant or
11 donor.

12 Money due the debtor from the sale of any personal
13 property that was exempt from judgment, attachment, or
14 distress for rent at the time of the sale is exempt from
15 attachment and garnishment to the same extent that the
16 property would be exempt had the same not been sold by the
17 debtor.

18 If a debtor owns property exempt under this Section and he
19 or she purchased that property with the intent of converting
20 nonexempt property into exempt property or in fraud of his or
21 her creditors, that property shall not be exempt from
22 judgment, attachment, or distress for rent. Property acquired
23 within 6 months of the filing of the petition for bankruptcy
24 shall be presumed to have been acquired in contemplation of
25 bankruptcy.

26 The personal property exemptions set forth in this Section

1 shall apply only to individuals and only to personal property
2 that is used for personal rather than business purposes. The
3 personal property exemptions set forth in this Section shall
4 not apply to or be allowed against any money, salary, or wages
5 due or to become due to the debtor that are required to be
6 withheld in a wage deduction proceeding under Part 8 of this
7 Article XII.

8 (Source: P.A. 100-922, eff. 1-1-19.)

9 Section 25. The Illinois Marriage and Dissolution of
10 Marriage Act is amended by changing Section 513 as follows:

11 (750 ILCS 5/513) (from Ch. 40, par. 513)

12 Sec. 513. Educational expenses for a non-minor child.

13 (a) The court may award sums of money out of the property
14 and income of either or both parties or the estate of a
15 deceased parent, as equity may require, for the educational
16 expenses of any child of the parties. Unless otherwise agreed
17 to by the parties, all educational expenses which are the
18 subject of a petition brought pursuant to this Section shall
19 be incurred no later than the student's 23rd birthday, except
20 for good cause shown, but in no event later than the child's
21 25th birthday.

22 (b) Regardless of whether an award has been made under
23 subsection (a), the court may require both parties and the
24 child to complete the Free Application for Federal Student Aid

1 (FAFSA) and other financial aid forms and to submit any form of
2 that type prior to the designated submission deadline for the
3 form. The court may require either or both parties to provide
4 funds for the child so as to pay for the cost of up to 5
5 college applications, the cost of 2 standardized college
6 entrance examinations, and the cost of one standardized
7 college entrance examination preparatory course.

8 (c) The authority under this Section to make provision for
9 educational expenses extends not only to periods of college
10 education or vocational or professional or other training
11 after graduation from high school, but also to any period
12 during which the child of the parties is still attending high
13 school, even though he or she attained the age of 19.

14 (d) Educational expenses may include, but shall not be
15 limited to, the following:

16 (1) except for good cause shown, the actual cost of
17 the child's post-secondary expenses, including tuition and
18 fees, provided that the cost for tuition and fees does not
19 exceed the amount of in-state tuition and fees paid by a
20 student at the University of Illinois at Urbana-Champaign
21 for the same academic year;

22 (2) except for good cause shown, the actual costs of
23 the child's housing expenses, whether on-campus or
24 off-campus, provided that the housing expenses do not
25 exceed the cost for the same academic year of a
26 double-occupancy student room, with a standard meal plan,

1 in a residence hall operated by the University of Illinois
2 at Urbana-Champaign;

3 (3) the actual costs of the child's medical expenses,
4 including medical insurance, and dental expenses;

5 (4) the reasonable living expenses of the child during
6 the academic year and periods of recess:

7 (A) if the child is a resident student attending a
8 post-secondary educational program; or

9 (B) if the child is living with one party at that
10 party's home and attending a post-secondary
11 educational program as a non-resident student, in
12 which case the living expenses include an amount that
13 pays for the reasonable cost of the child's food,
14 utilities, and transportation; and

15 (5) the cost of books and other supplies necessary to
16 attend college.

17 (e) Sums may be ordered payable to the child, to either
18 party, or to the educational institution, directly or through
19 a special account or trust created for that purpose, as the
20 court sees fit.

21 (f) If educational expenses are ordered payable, each
22 party and the child shall sign any consent necessary for the
23 educational institution to provide a supporting party with
24 access to the child's academic transcripts, records, and grade
25 reports. The consent shall not apply to any non-academic
26 records. Failure to execute the required consent may be a

1 basis for a modification or termination of any order entered
2 under this Section. Unless the court specifically finds that
3 the child's safety would be jeopardized, each party is
4 entitled to know the name of the educational institution the
5 child attends.

6 (g) The authority under this Section to make provision for
7 educational expenses terminates when the child either: fails
8 to maintain a cumulative "C" grade point average, except in
9 the event of illness or other good cause shown; attains the age
10 of 23; receives a baccalaureate degree; or marries. A child's
11 enlisting in the armed forces, being incarcerated, or becoming
12 pregnant does not terminate the court's authority to make
13 provisions for the educational expenses for the child under
14 this Section.

15 (h) An account established prior to the dissolution that
16 is to be used for the child's elementary, secondary, and
17 post-secondary education, that is an account in a state
18 tuition program under Section 529 of the Internal Revenue
19 Code, or that is some other college, secondary, or elementary
20 education savings plan, is to be considered by the court to be
21 a resource of the child, provided that any post-judgment
22 contribution made by a party to such an account is to be
23 considered a contribution from that party.

24 (i) The child is not a third party beneficiary to the
25 settlement agreement or judgment between the parties after
26 trial and is not entitled to file a petition for contribution.

1 If the parties' settlement agreement describes the manner in
2 which a child's educational expenses will be paid, or if the
3 court makes an award pursuant to this Section, then the
4 parties are responsible pursuant to that agreement or award
5 for the child's educational expenses, but in no event shall
6 the court consider the child a third party beneficiary of that
7 provision. In the event of the death or legal disability of a
8 party who would have the right to file a petition for
9 contribution, the child of the party may file a petition for
10 contribution.

11 (j) In making awards under this Section, or pursuant to a
12 petition or motion to decrease, modify, or terminate any such
13 award, the court shall consider all relevant factors that
14 appear reasonable and necessary, including:

15 (1) The present and future financial resources of both
16 parties to meet their needs, including, but not limited
17 to, savings for retirement.

18 (2) The standard of living the child would have
19 enjoyed had the marriage not been dissolved.

20 (3) The financial resources of the child.

21 (4) The child's academic performance.

22 (k) The establishment of an obligation to pay under this
23 Section is retroactive only to the date of filing a petition.
24 The right to enforce a prior obligation to pay may be enforced
25 either before or after the obligation is incurred.

26 (Source: P.A. 99-90, eff. 1-1-16; 99-143, eff. 7-27-15;

1 99-642, eff. 7-28-16; 99-763, eff. 1-1-17.)

2 Section 95. No acceleration or delay. Where this Act makes
3 changes in a statute that is represented in this Act by text
4 that is not yet or no longer in effect (for example, a Section
5 represented by multiple versions), the use of that text does
6 not accelerate or delay the taking effect of (i) the changes
7 made by this Act or (ii) provisions derived from any other
8 Public Act.

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