



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

SB1406

Introduced 2/6/2023, by Sen. Win Stoller

#### SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35	from Ch. 32, par. 15.35
805 ILCS 5/15.65	from Ch. 32, par. 15.65
805 ILCS 5/15.98 new	

Amends the Business Corporation Act of 1983. Provides that, in the case of a domestic or foreign corporation, no payment is required for a franchise tax that would have been due and payable on or after January 1, 2024. Repeals those Sections on January 1, 2025. Directs the Legislative Reference Bureau to prepare a bill effecting necessary changes to conform the statutes to the changes made by the amendatory Act. Effective immediately.

LRB103 04503 HLH 49509 b

1 AN ACT concerning revenue.

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

4 Section 5. The Business Corporation Act of 1983 is amended  
5 by changing Sections 15.35 and 15.65 and by adding Section  
6 15.98 as follows:

7 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

8 (Text of Section from P.A. 102-16)

9 Sec. 15.35. Franchise taxes payable by domestic  
10 corporations. For the privilege of exercising its franchises  
11 in this State, each domestic corporation shall pay to the  
12 Secretary of State the following franchise taxes, computed on  
13 the basis, at the rates and for the periods prescribed in this  
14 Act:

15 (a) An initial franchise tax at the time of filing its  
16 first report of issuance of shares.

17 (b) An additional franchise tax at the time of filing  
18 (1) a report of the issuance of additional shares, or (2) a  
19 report of an increase in paid-in capital without the  
20 issuance of shares, or (3) an amendment to the articles of  
21 incorporation or a report of cumulative changes in paid-in  
22 capital, whenever any amendment or such report discloses  
23 an increase in its paid-in capital over the amount thereof

1 last reported in any document, other than an annual  
2 report, interim annual report or final transition annual  
3 report required by this Act to be filed in the office of  
4 the Secretary of State.

5 (c) An additional franchise tax at the time of filing  
6 a report of paid-in capital following a statutory merger  
7 or consolidation, which discloses that the paid-in capital  
8 of the surviving or new corporation immediately after the  
9 merger or consolidation is greater than the sum of the  
10 paid-in capital of all of the merged or consolidated  
11 corporations as last reported by them in any documents,  
12 other than annual reports, required by this Act to be  
13 filed in the office of the Secretary of State; and in  
14 addition, the surviving or new corporation shall be liable  
15 for a further additional franchise tax on the paid-in  
16 capital of each of the merged or consolidated corporations  
17 as last reported by them in any document, other than an  
18 annual report, required by this Act to be filed with the  
19 Secretary of State from their taxable year end to the next  
20 succeeding anniversary month or, in the case of a  
21 corporation which has established an extended filing  
22 month, the extended filing month of the surviving or new  
23 corporation; however if the taxable year ends within the  
24 2-month period immediately preceding the anniversary month  
25 or, in the case of a corporation which has established an  
26 extended filing month, the extended filing month of the

1 surviving or new corporation the tax will be computed to  
2 the anniversary month or, in the case of a corporation  
3 which has established an extended filing month, the  
4 extended filing month of the surviving or new corporation  
5 in the next succeeding calendar year.

6 (d) An annual franchise tax payable each year with the  
7 annual report which the corporation is required by this  
8 Act to file.

9 On or after January 1, 2020 and before ~~prior to~~ January 1,  
10 2021, the first \$30 in liability is exempt from the tax imposed  
11 under this Section. On or after January 1, 2021 and before  
12 January 1, 2022, the first \$1,000 in liability is exempt from  
13 the tax imposed under this Section. On or after January 1, 2022  
14 and before January 1, 2023, the first \$10,000 in liability is  
15 exempt from the tax imposed under this Section. On or after  
16 January 1, 2023 and before January 1, 2024, the first \$100,000  
17 in liability is exempt from the tax imposed under this  
18 Section. The provisions of this Section shall not require the  
19 payment of any franchise tax that would otherwise have been  
20 due and payable on or after January 1, 2024. There shall be no  
21 refunds or proration of franchise tax for any taxes due and  
22 payable on or after January 1, 2024 on the basis that a portion  
23 of the corporation's taxable year extends beyond January 1,  
24 2024. Public Act 101-9 shall not affect any right accrued or  
25 established, or any liability or penalty incurred prior to  
26 January 1, 2024.

1           This Section is repealed on January 1, 2025.

2           (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21.)

3           (Text of Section from P.A. 102-282)

4           Sec. 15.35. Franchise taxes payable by domestic  
5 corporations. For the privilege of exercising its franchises  
6 in this State, each domestic corporation shall pay to the  
7 Secretary of State the following franchise taxes, computed on  
8 the basis, at the rates and for the periods prescribed in this  
9 Act:

10           (a) An initial franchise tax at the time of filing its  
11 first report of issuance of shares.

12           (b) An additional franchise tax at the time of filing  
13 (1) a report of the issuance of additional shares, or (2) a  
14 report of an increase in paid-in capital without the  
15 issuance of shares, or (3) an amendment to the articles of  
16 incorporation or a report of cumulative changes in paid-in  
17 capital, whenever any amendment or such report discloses  
18 an increase in its paid-in capital over the amount thereof  
19 last reported in any document, other than an annual  
20 report, interim annual report or final transition annual  
21 report required by this Act to be filed in the office of  
22 the Secretary of State.

23           (c) An additional franchise tax at the time of filing  
24 a report of paid-in capital following a statutory merger  
25 or consolidation, which discloses that the paid-in capital

1 of the surviving or new corporation immediately after the  
2 merger or consolidation is greater than the sum of the  
3 paid-in capital of all of the merged or consolidated  
4 corporations as last reported by them in any documents,  
5 other than annual reports, required by this Act to be  
6 filed in the office of the Secretary of State; and in  
7 addition, the surviving or new corporation shall be liable  
8 for a further additional franchise tax on the paid-in  
9 capital of each of the merged or consolidated corporations  
10 as last reported by them in any document, other than an  
11 annual report, required by this Act to be filed with the  
12 Secretary of State from their taxable year end to the next  
13 succeeding anniversary month or, in the case of a  
14 corporation which has established an extended filing  
15 month, the extended filing month of the surviving or new  
16 corporation; however if the taxable year ends within the  
17 2-month period immediately preceding the anniversary month  
18 or, in the case of a corporation which has established an  
19 extended filing month, the extended filing month of the  
20 surviving or new corporation the tax will be computed to  
21 the anniversary month or, in the case of a corporation  
22 which has established an extended filing month, the  
23 extended filing month of the surviving or new corporation  
24 in the next succeeding calendar year.

25 (d) An annual franchise tax payable each year with the  
26 annual report which the corporation is required by this

1 Act to file.

2 On or after January 1, 2020 and before ~~prior to~~ January 1,  
3 2021, the first \$30 in liability is exempt from the tax imposed  
4 under this Section. On or after January 1, 2021 and before  
5 ~~prior to~~ January 1, 2022, the first \$1,000 in liability is  
6 exempt from the tax imposed under this Section. On or after  
7 January 1, 2022 and before ~~prior to~~ January 1, 2023, the first  
8 \$10,000 in liability is exempt from the tax imposed under this  
9 Section. On or after January 1, 2023 and before ~~prior to~~  
10 January 1, 2024, the first \$100,000 in liability is exempt  
11 from the tax imposed under this Section. The provisions of  
12 this Section shall not require the payment of any franchise  
13 tax that would otherwise have been due and payable on or after  
14 January 1, 2024. There shall be no refunds or proration of  
15 franchise tax for any taxes due and payable on or after January  
16 1, 2024 on the basis that a portion of the corporation's  
17 taxable year extends beyond January 1, 2024. Public Act 101-9  
18 shall not affect any right accrued or established, or any  
19 liability or penalty incurred prior to January 1, 2024.

20 This Section is repealed on January 1, 2025 ~~December 31,~~  
21 ~~2024~~.

22 (Source: P.A. 101-9, eff. 6-5-19; 102-282, eff. 1-1-22.)

23 (Text of Section from P.A. 102-558)

24 Sec. 15.35. Franchise taxes payable by domestic  
25 corporations. For the privilege of exercising its franchises

1 in this State, each domestic corporation shall pay to the  
2 Secretary of State the following franchise taxes, computed on  
3 the basis, at the rates and for the periods prescribed in this  
4 Act:

5 (a) An initial franchise tax at the time of filing its  
6 first report of issuance of shares.

7 (b) An additional franchise tax at the time of filing  
8 (1) a report of the issuance of additional shares, or (2) a  
9 report of an increase in paid-in capital without the  
10 issuance of shares, or (3) an amendment to the articles of  
11 incorporation or a report of cumulative changes in paid-in  
12 capital, whenever any amendment or such report discloses  
13 an increase in its paid-in capital over the amount thereof  
14 last reported in any document, other than an annual  
15 report, interim annual report or final transition annual  
16 report required by this Act to be filed in the office of  
17 the Secretary of State.

18 (c) An additional franchise tax at the time of filing  
19 a report of paid-in capital following a statutory merger  
20 or consolidation, which discloses that the paid-in capital  
21 of the surviving or new corporation immediately after the  
22 merger or consolidation is greater than the sum of the  
23 paid-in capital of all of the merged or consolidated  
24 corporations as last reported by them in any documents,  
25 other than annual reports, required by this Act to be  
26 filed in the office of the Secretary of State; and in



1 addition, the surviving or new corporation shall be liable  
2 for a further additional franchise tax on the paid-in  
3 capital of each of the merged or consolidated corporations  
4 as last reported by them in any document, other than an  
5 annual report, required by this Act to be filed with the  
6 Secretary of State from their taxable year end to the next  
7 succeeding anniversary month or, in the case of a  
8 corporation which has established an extended filing  
9 month, the extended filing month of the surviving or new  
10 corporation; however if the taxable year ends within the  
11 2-month period immediately preceding the anniversary month  
12 or, in the case of a corporation which has established an  
13 extended filing month, the extended filing month of the  
14 surviving or new corporation the tax will be computed to  
15 the anniversary month or, in the case of a corporation  
16 which has established an extended filing month, the  
17 extended filing month of the surviving or new corporation  
18 in the next succeeding calendar year.

19 (d) An annual franchise tax payable each year with the  
20 annual report which the corporation is required by this  
21 Act to file.

22 On or after January 1, 2020 and before ~~prior to~~ January 1,  
23 2021, the first \$30 in liability is exempt from the tax imposed  
24 under this Section. On or after January 1, 2021 and before  
25 ~~prior to~~ January 1, 2022, the first \$1,000 in liability is  
26 exempt from the tax imposed under this Section. On or after

1 January 1, 2022 and before ~~prior to~~ January 1, 2023, the first  
2 \$10,000 in liability is exempt from the tax imposed under this  
3 Section. On or after January 1, 2023 and before ~~prior to~~  
4 January 1, 2024, the first \$100,000 in liability is exempt  
5 from the tax imposed under this Section. The provisions of  
6 this Section shall not require the payment of any franchise  
7 tax that would otherwise have been due and payable on or after  
8 January 1, 2024. There shall be no refunds or proration of  
9 franchise tax for any taxes due and payable on or after January  
10 1, 2024 on the basis that a portion of the corporation's  
11 taxable year extends beyond January 1, 2024. Public Act 101-9  
12 shall not affect any right accrued or established, or any  
13 liability or penalty incurred prior to January 1, 2024.

14 This Section is repealed on January 1, 2025 ~~December 31,~~  
15 ~~2025~~.

16 (Source: P.A. 101-9, eff. 6-5-19; 102-558, eff. 8-20-21.)

17 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

18 Sec. 15.65. Franchise taxes payable by foreign  
19 corporations. For the privilege of exercising its authority to  
20 transact such business in this State as set out in its  
21 application therefor or any amendment thereto, each foreign  
22 corporation shall pay to the Secretary of State the following  
23 franchise taxes, computed on the basis, at the rates and for  
24 the periods prescribed in this Act:

25 (a) An initial franchise tax at the time of filing its

1 application for authority to transact business in this  
2 State.

3 (b) An additional franchise tax at the time of filing  
4 (1) a report of the issuance of additional shares, or (2) a  
5 report of an increase in paid-in capital without the  
6 issuance of shares, or (3) a report of cumulative changes  
7 in paid-in capital or a report of an exchange or  
8 reclassification of shares, whenever any such report  
9 discloses an increase in its paid-in capital over the  
10 amount thereof last reported in any document, other than  
11 an annual report, interim annual report or final  
12 transition annual report, required by this Act to be filed  
13 in the office of the Secretary of State.

14 (c) Whenever the corporation shall be a party to a  
15 statutory merger and shall be the surviving corporation,  
16 an additional franchise tax at the time of filing its  
17 report following merger, if such report discloses that the  
18 amount represented in this State of its paid-in capital  
19 immediately after the merger is greater than the aggregate  
20 of the amounts represented in this State of the paid-in  
21 capital of such of the merged corporations as were  
22 authorized to transact business in this State at the time  
23 of the merger, as last reported by them in any documents,  
24 other than annual reports, required by this Act to be  
25 filed in the office of the Secretary of State; and in  
26 addition, the surviving corporation shall be liable for a

1 further additional franchise tax on the paid-in capital of  
2 each of the merged corporations as last reported by them  
3 in any document, other than an annual report, required by  
4 this Act to be filed with the Secretary of State, from  
5 their taxable year end to the next succeeding anniversary  
6 month or, in the case of a corporation which has  
7 established an extended filing month, the extended filing  
8 month of the surviving corporation; however if the taxable  
9 year ends within the 2-month period immediately preceding  
10 the anniversary month or the extended filing month of the  
11 surviving corporation, the tax will be computed to the  
12 anniversary or, extended filing month of the surviving  
13 corporation in the next succeeding calendar year.

14 (d) An annual franchise tax payable each year with any  
15 annual report which the corporation is required by this  
16 Act to file.

17 On or after January 1, 2020 and before ~~prior to~~ January 1,  
18 2021, the first \$30 in liability is exempt from the tax imposed  
19 under this Section. On or after January 1, 2021 and before  
20 January 1, 2024, the first \$1,000 in liability is exempt from  
21 the tax imposed under this Section. The provisions of this  
22 Section shall not require the payment of any franchise tax  
23 that would otherwise have been due and payable on or after  
24 January 1, 2024. There shall be no refunds or proration of  
25 franchise tax for any taxes due and payable on or after January  
26 1, 2024 on the basis that a portion of the corporation's

1 taxable year extends beyond January 1, 2024. This amendatory  
2 Act of the 103rd General Assembly shall not affect any right  
3 accrued or established, or any liability or penalty incurred  
4 prior to January 1, 2024.

5 This Section is repealed on January 1, 2025.

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

8 (805 ILCS 5/15.98 new)

9 Sec. 15.98. Preparation of bill. The Legislative Reference  
10 Bureau shall prepare for introduction in the 2024 spring  
11 session of the General Assembly a bill effecting such changes  
12 in the statutes as may be necessary to conform the statutes to  
13 the changes in law made by this amendatory Act of the 103rd  
14 General Assembly.

15 Section 99. Effective date. This Act takes effect upon  
16 becoming law.