



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2206

Introduced 2/10/2023, by Sen. Donald P. DeWitte

SYNOPSIS AS INTRODUCED:

35 ILCS 5/901

Amends the Illinois Income Tax Act. Provides that an amount equal to 10% of the net revenue realized from the State income tax during the preceding month shall be transferred from the General Revenue Fund to the Local Government Distributive Fund (currently, the amount transferred is equal to the sum of (i) 6.16% of the net revenue realized from the tax imposed upon individuals, trusts, and estates, (ii) 6.85% of the net revenue realized from the tax imposed upon corporations, and (iii) 6.16% of the net revenue realized from the tax imposed upon electing pass-through entities). Effective immediately.

LRB103 25035 HLH 51369 b

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 901 as follows:

6 (35 ILCS 5/901)

7 Sec. 901. Collection authority.

8 (a) In general. The Department shall collect the taxes
9 imposed by this Act. The Department shall collect certified
10 past due child support amounts under Section 2505-650 of the
11 Department of Revenue Law of the Civil Administrative Code of
12 Illinois. Except as provided in subsections (b), (c), (e),
13 (f), (g), and (h) of this Section, money collected pursuant to
14 subsections (a) and (b) of Section 201 of this Act shall be
15 paid into the General Revenue Fund in the State treasury;
16 money collected pursuant to subsections (c) and (d) of Section
17 201 of this Act shall be paid into the Personal Property Tax
18 Replacement Fund, a special fund in the State Treasury; and
19 money collected under Section 2505-650 of the Department of
20 Revenue Law of the Civil Administrative Code of Illinois shall
21 be paid into the Child Support Enforcement Trust Fund, a
22 special fund outside the State Treasury, or to the State
23 Disbursement Unit established under Section 10-26 of the

1 Illinois Public Aid Code, as directed by the Department of
2 Healthcare and Family Services.

3 (b) Local Government Distributive Fund. Beginning August
4 1, 2017 and continuing through July 31, 2022, the Treasurer
5 shall transfer each month from the General Revenue Fund to the
6 Local Government Distributive Fund an amount equal to the sum
7 of: (i) 6.06% (10% of the ratio of the 3% individual income tax
8 rate prior to 2011 to the 4.95% individual income tax rate
9 after July 1, 2017) of the net revenue realized from the tax
10 imposed by subsections (a) and (b) of Section 201 of this Act
11 upon individuals, trusts, and estates during the preceding
12 month; (ii) 6.85% (10% of the ratio of the 4.8% corporate
13 income tax rate prior to 2011 to the 7% corporate income tax
14 rate after July 1, 2017) of the net revenue realized from the
15 tax imposed by subsections (a) and (b) of Section 201 of this
16 Act upon corporations during the preceding month; and (iii)
17 beginning February 1, 2022, 6.06% of the net revenue realized
18 from the tax imposed by subsection (p) of Section 201 of this
19 Act upon electing pass-through entities. Beginning August 1,
20 2022 and continuing through July 31, 2023, the Treasurer shall
21 transfer each month from the General Revenue Fund to the Local
22 Government Distributive Fund an amount equal to the sum of:
23 (i) 6.16% of the net revenue realized from the tax imposed by
24 subsections (a) and (b) of Section 201 of this Act upon
25 individuals, trusts, and estates during the preceding month;
26 (ii) 6.85% of the net revenue realized from the tax imposed by

1 subsections (a) and (b) of Section 201 of this Act upon
2 corporations during the preceding month; and (iii) 6.16% of
3 the net revenue realized from the tax imposed by subsection
4 (p) of Section 201 of this Act upon electing pass-through
5 entities. Beginning August 1, 2023, the Treasurer shall
6 transfer each month from the General Revenue Fund to the Local
7 Government Distributive Fund an amount equal to 10% of the net
8 revenue realized from the tax imposed by subsections (a) and
9 (b) of Section 201 of the Illinois Income Tax Act during the
10 preceding month. Net revenue realized for a month shall be
11 defined as the revenue from the tax imposed by subsections (a)
12 and (b) of Section 201 of this Act which is deposited in the
13 General Revenue Fund, the Education Assistance Fund, the
14 Income Tax Surcharge Local Government Distributive Fund, the
15 Fund for the Advancement of Education, and the Commitment to
16 Human Services Fund during the month minus the amount paid out
17 of the General Revenue Fund in State warrants during that same
18 month as refunds to taxpayers for overpayment of liability
19 under the tax imposed by subsections (a) and (b) of Section 201
20 of this Act.

21 Notwithstanding any provision of law to the contrary,
22 beginning on July 6, 2017 (the effective date of Public Act
23 100-23), those amounts required under this subsection (b) to
24 be transferred by the Treasurer into the Local Government
25 Distributive Fund from the General Revenue Fund shall be
26 directly deposited into the Local Government Distributive Fund

1 as the revenue is realized from the tax imposed by subsections
2 (a) and (b) of Section 201 of this Act.

3 (c) Deposits Into Income Tax Refund Fund.

4 (1) Beginning on January 1, 1989 and thereafter, the
5 Department shall deposit a percentage of the amounts
6 collected pursuant to subsections (a) and (b)(1), (2), and
7 (3) of Section 201 of this Act into a fund in the State
8 treasury known as the Income Tax Refund Fund. Beginning
9 with State fiscal year 1990 and for each fiscal year
10 thereafter, the percentage deposited into the Income Tax
11 Refund Fund during a fiscal year shall be the Annual
12 Percentage. For fiscal year 2011, the Annual Percentage
13 shall be 8.75%. For fiscal year 2012, the Annual
14 Percentage shall be 8.75%. For fiscal year 2013, the
15 Annual Percentage shall be 9.75%. For fiscal year 2014,
16 the Annual Percentage shall be 9.5%. For fiscal year 2015,
17 the Annual Percentage shall be 10%. For fiscal year 2018,
18 the Annual Percentage shall be 9.8%. For fiscal year 2019,
19 the Annual Percentage shall be 9.7%. For fiscal year 2020,
20 the Annual Percentage shall be 9.5%. For fiscal year 2021,
21 the Annual Percentage shall be 9%. For fiscal year 2022,
22 the Annual Percentage shall be 9.25%. For fiscal year
23 2023, the Annual Percentage shall be 9.25%. For all other
24 fiscal years, the Annual Percentage shall be calculated as
25 a fraction, the numerator of which shall be the amount of
26 refunds approved for payment by the Department during the

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

16 (2) Beginning on January 1, 1989 and thereafter, the
17 Department shall deposit a percentage of the amounts
18 collected pursuant to subsections (a) and (b)(6), (7), and
19 (8), (c) and (d) of Section 201 of this Act into a fund in
20 the State treasury known as the Income Tax Refund Fund.
21 Beginning with State fiscal year 1990 and for each fiscal
22 year thereafter, the percentage deposited into the Income
23 Tax Refund Fund during a fiscal year shall be the Annual
24 Percentage. For fiscal year 2011, the Annual Percentage
25 shall be 17.5%. For fiscal year 2012, the Annual
26 Percentage shall be 17.5%. For fiscal year 2013, the

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

1 (3) The Comptroller shall order transferred and the
2 Treasurer shall transfer from the Tobacco Settlement
3 Recovery Fund to the Income Tax Refund Fund (i)
4 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,
5 2002, and (iii) \$35,000,000 in January, 2003.

6 (d) Expenditures from Income Tax Refund Fund.

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

15 (2) The Director shall order payment of refunds
16 resulting from overpayment of tax liability under Section
17 201 of this Act from the Income Tax Refund Fund only to the
18 extent that amounts collected pursuant to Section 201 of
19 this Act and transfers pursuant to this subsection (d) and
20 item (3) of subsection (c) have been deposited and
21 retained in the Fund.

22 (3) As soon as possible after the end of each fiscal
23 year, the Director shall order transferred and the State
24 Treasurer and State Comptroller shall transfer from the
25 Income Tax Refund Fund to the Personal Property Tax
26 Replacement Fund an amount, certified by the Director to

1 the Comptroller, equal to the excess of the amount
2 collected pursuant to subsections (c) and (d) of Section
3 201 of this Act deposited into the Income Tax Refund Fund
4 during the fiscal year over the amount of refunds
5 resulting from overpayment of tax liability under
6 subsections (c) and (d) of Section 201 of this Act paid
7 from the Income Tax Refund Fund during the fiscal year.

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

20 (4.5) As soon as possible after the end of fiscal year
21 1999 and of each fiscal year thereafter, the Director
22 shall order transferred and the State Treasurer and State
23 Comptroller shall transfer from the Income Tax Refund Fund
24 to the General Revenue Fund any surplus remaining in the
25 Income Tax Refund Fund as of the end of such fiscal year;
26 excluding for fiscal years 2000, 2001, and 2002 amounts

1 attributable to transfers under item (3) of subsection (c)
2 less refunds resulting from the earned income tax credit,
3 and excluding for fiscal year 2022 amounts attributable to
4 transfers from the General Revenue Fund authorized by
5 Public Act 102-700 ~~this amendatory Act of the 102nd~~
6 ~~General Assembly.~~

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

13 (e) Deposits into the Education Assistance Fund and the
14 Income Tax Surcharge Local Government Distributive Fund. On
15 July 1, 1991, and thereafter, of the amounts collected
16 pursuant to subsections (a) and (b) of Section 201 of this Act,
17 minus deposits into the Income Tax Refund Fund, the Department
18 shall deposit 7.3% into the Education Assistance Fund in the
19 State Treasury. Beginning July 1, 1991, and continuing through
20 January 31, 1993, of the amounts collected pursuant to
21 subsections (a) and (b) of Section 201 of the Illinois Income
22 Tax Act, minus deposits into the Income Tax Refund Fund, the
23 Department shall deposit 3.0% into the Income Tax Surcharge
24 Local Government Distributive Fund in the State Treasury.
25 Beginning February 1, 1993 and continuing through June 30,
26 1993, of the amounts collected pursuant to subsections (a) and

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

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

17 (1) beginning February 1, 2015, and prior to February
18 1, 2025, 1/30; and

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

20 If the rate of tax imposed by subsection (a) and (b) of
21 Section 201 is reduced pursuant to Section 201.5 of this Act,
22 the Department shall not make the deposits required by this
23 subsection (f) on or after the effective date of the
24 reduction.

25 (g) Deposits into the Commitment to Human Services Fund.
26 Beginning February 1, 2015, the Department shall deposit the

1 following portions of the revenue realized from the tax
2 imposed upon individuals, trusts, and estates by subsections
3 (a) and (b) of Section 201 of this Act, minus deposits into the
4 Income Tax Refund Fund, into the Commitment to Human Services
5 Fund:

6 (1) beginning February 1, 2015, and prior to February
7 1, 2025, 1/30; and

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

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

14 (h) Deposits into the Tax Compliance and Administration
15 Fund. Beginning on the first day of the first calendar month to
16 occur on or after August 26, 2014 (the effective date of Public
17 Act 98-1098), each month the Department shall pay into the Tax
18 Compliance and Administration Fund, to be used, subject to
19 appropriation, to fund additional auditors and compliance
20 personnel at the Department, an amount equal to 1/12 of 5% of
21 the cash receipts collected during the preceding fiscal year
22 by the Audit Bureau of the Department from the tax imposed by
23 subsections (a), (b), (c), and (d) of Section 201 of this Act,
24 net of deposits into the Income Tax Refund Fund made from those
25 cash receipts.

26 (Source: P.A. 101-8, see Section 99 for effective date;

1 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-636, eff.
2 6-10-20; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658,
3 eff. 8-27-21; 102-699, eff. 4-19-22; 102-700, eff. 4-19-22;
4 102-813, eff. 5-13-22; revised 8-2-22.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.