



Rep. Jay Hoffman

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1 AMENDMENT TO SENATE BILL 2213

2 AMENDMENT NO. _____. Amend Senate Bill 2213 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Master Development Plan Recognition Act.

6 Section 5. Legislative purpose. In 1979, the General
7 Assembly passed legislation creating the Department of
8 Commerce and Community Affairs as the primary State agency
9 responsible for the State's economic competitiveness. In 2003,
10 the Department of Commerce and Community Affairs was renamed
11 the Department of Commerce and Economic Opportunity. To date,
12 the Department of Commerce and Economic Opportunity has
13 continued the Department of Commerce and Community Affairs'
14 mission of economic growth. To that end, the Department of
15 Commerce and Economic Opportunity administers many programs
16 that, as a whole, comprise a master development plan designed

1 to facilitate economic and community revitalization throughout
2 the State. In addition, the State has established and
3 supported other financial assistance programs that promote
4 economic growth consistent with a master development plan. The
5 purpose of this Act is to define those actions taken by the
6 State or its political subdivisions that constitute
7 contributions made by a governmental entity pursuant to a
8 master development plan approved by the governmental entity
9 for purposes of Section 118 of the Internal Revenue Code of
10 1986.

11 Section 10. Eligible contributions. Contributions made by
12 a governmental entity pursuant to a master development plan
13 approved by the governmental entity within the meaning of
14 Section 118 of the Internal Revenue Code of 1986 include, but
15 are not limited to, the following:

16 (1) grants approved by the Department of Commerce and
17 Economic Opportunity, or by any other agency of, or entity
18 created by, the State of Illinois, regardless of whether
19 the grants are also approved by any other agency, board,
20 or other office of State government, and regardless of
21 when the funding in connection with the grant is
22 authorized or paid;

23 (2) grants approved by an authorized representative of
24 any county or municipality within the State, or any agency
25 of, or entity created by, the county or municipality,

1 whether the funding for the grants originates in whole or
2 in part with the State or with the county or municipality,
3 and regardless of when the funding in connection with the
4 grant is authorized or paid;

5 (3) tax increment financing applications for which a
6 letter, or final, preliminary, or conditional approval,
7 has been issued by an appropriate representative of State,
8 county, or municipal government, and regardless of when
9 the funding in connection with the tax increment financing
10 application is authorized or paid; and

11 (4) any other financing provided pursuant to a
12 development plan, redevelopment plan, revitalization plan,
13 or similar plan approved by an appropriate representative
14 of State, county, or municipal government, and regardless
15 of when the funding in connection with the plan is
16 authorized or paid.

17 Section 900. The Illinois Income Tax Act is amended by
18 changing Section 203 as follows:

19 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

20 Sec. 203. Base income defined.

21 (a) Individuals.

22 (1) In general. In the case of an individual, base
23 income means an amount equal to the taxpayer's adjusted
24 gross income for the taxable year as modified by paragraph

1 (2).

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

5 (A) An amount equal to all amounts paid or accrued
6 to the taxpayer as interest or dividends during the
7 taxable year to the extent excluded from gross income
8 in the computation of adjusted gross income, except
9 stock dividends of qualified public utilities
10 described in Section 305(e) of the Internal Revenue
11 Code;

12 (B) An amount equal to the amount of tax imposed by
13 this Act to the extent deducted from gross income in
14 the computation of adjusted gross income for the
15 taxable year;

16 (C) An amount equal to the amount received during
17 the taxable year as a recovery or refund of real
18 property taxes paid with respect to the taxpayer's
19 principal residence under the Revenue Act of 1939 and
20 for which a deduction was previously taken under
21 subparagraph (L) of this paragraph (2) prior to July
22 1, 1991, the retrospective application date of Article
23 4 of Public Act 87-17. In the case of multi-unit or
24 multi-use structures and farm dwellings, the taxes on
25 the taxpayer's principal residence shall be that
26 portion of the total taxes for the entire property

1 which is attributable to such principal residence;

2 (D) An amount equal to the amount of the capital
3 gain deduction allowable under the Internal Revenue
4 Code, to the extent deducted from gross income in the
5 computation of adjusted gross income;

6 (D-5) An amount, to the extent not included in
7 adjusted gross income, equal to the amount of money
8 withdrawn by the taxpayer in the taxable year from a
9 medical care savings account and the interest earned
10 on the account in the taxable year of a withdrawal
11 pursuant to subsection (b) of Section 20 of the
12 Medical Care Savings Account Act or subsection (b) of
13 Section 20 of the Medical Care Savings Account Act of
14 2000;

15 (D-10) For taxable years ending after December 31,
16 1997, an amount equal to any eligible remediation
17 costs that the individual deducted in computing
18 adjusted gross income and for which the individual
19 claims a credit under subsection (l) of Section 201;

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

25 (D-16) If the taxpayer sells, transfers, abandons,
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an
2 addition modification under subparagraph (D-15), then
3 an amount equal to the aggregate amount of the
4 deductions taken in all taxable years under
5 subparagraph (Z) with respect to that property.

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

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

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

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

17 This paragraph shall not apply to the following:

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

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

1 preponderance of the evidence, both of the
2 following:

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

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

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

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

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

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

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

1 marks, copyrights, mask works, trade secrets, and
2 similar types of intangible assets.

3 This paragraph shall not apply to the following:

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

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

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

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

1 (iii) any item of intangible expense or cost
2 paid, accrued, or incurred, directly or
3 indirectly, from a transaction with a person if
4 the taxpayer establishes by clear and convincing
5 evidence, that the adjustments are unreasonable;
6 or if the taxpayer and the Director agree in
7 writing to the application or use of an
8 alternative method of apportionment under Section
9 304(f);

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

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

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

20 (D-20) For taxable years beginning on or after
21 January 1, 2002 and ending on or before December 31,
22 2006, in the case of a distribution from a qualified
23 tuition program under Section 529 of the Internal
24 Revenue Code, other than (i) a distribution from a
25 College Savings Pool created under Section 16.5 of the
26 State Treasurer Act or (ii) a distribution from the

1 Illinois Prepaid Tuition Trust Fund, an amount equal
2 to the amount excluded from gross income under Section
3 529(c)(3)(B). For taxable years beginning on or after
4 January 1, 2007, in the case of a distribution from a
5 qualified tuition program under Section 529 of the
6 Internal Revenue Code, other than (i) a distribution
7 from a College Savings Pool created under Section 16.5
8 of the State Treasurer Act, (ii) a distribution from
9 the Illinois Prepaid Tuition Trust Fund, or (iii) a
10 distribution from a qualified tuition program under
11 Section 529 of the Internal Revenue Code that (I)
12 adopts and determines that its offering materials
13 comply with the College Savings Plans Network's
14 disclosure principles and (II) has made reasonable
15 efforts to inform in-state residents of the existence
16 of in-state qualified tuition programs by informing
17 Illinois residents directly and, where applicable, to
18 inform financial intermediaries distributing the
19 program to inform in-state residents of the existence
20 of in-state qualified tuition programs at least
21 annually, an amount equal to the amount excluded from
22 gross income under Section 529(c)(3)(B).

23 For the purposes of this subparagraph (D-20), a
24 qualified tuition program has made reasonable efforts
25 if it makes disclosures (which may use the term
26 "in-state program" or "in-state plan" and need not

1 specifically refer to Illinois or its qualified
2 programs by name) (i) directly to prospective
3 participants in its offering materials or makes a
4 public disclosure, such as a website posting; and (ii)
5 where applicable, to intermediaries selling the
6 out-of-state program in the same manner that the
7 out-of-state program distributes its offering
8 materials;

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

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

24 (D-21.5) For taxable years beginning on or after
25 January 1, 2018, in the case of the transfer of moneys
26 from a qualified tuition program under Section 529 or

1 a qualified ABLE program under Section 529A of the
2 Internal Revenue Code that is administered by this
3 State to an ABLE account established under an
4 out-of-state ABLE account program, an amount equal to
5 the contribution component of the transferred amount
6 that was previously deducted from base income under
7 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
8 Section;

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

22 (1) in the case of a nonqualified withdrawal or
23 refund, as defined under Section 16.5 of the State
24 Treasurer Act, of moneys from a qualified tuition
25 program under Section 529 of the Internal Revenue Code
26 administered by the State, an amount equal to the

1 contribution component of the nonqualified withdrawal
2 or refund that was previously deducted from base
3 income under subsection (a)(2)(Y) of this Section, and
4 (2) in the case of a nonqualified withdrawal or refund
5 from a qualified ABLE program under Section 529A of
6 the Internal Revenue Code administered by the State
7 that is not used for qualified disability expenses, an
8 amount equal to the contribution component of the
9 nonqualified withdrawal or refund that was previously
10 deducted from base income under subsection (a)(2)(HH)
11 of this Section;

12 (D-23) An amount equal to the credit allowable to
13 the taxpayer under Section 218(a) of this Act,
14 determined without regard to Section 218(c) of this
15 Act;

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

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

23 and by deducting from the total so obtained the sum of the
24 following amounts:

25 (E) For taxable years ending before December 31,
26 2001, any amount included in such total in respect of

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

1 years ending on or after December 31, 2007, the
2 National Guard of any other state. The provisions of
3 this subparagraph (E) are exempt from the provisions
4 of Section 250;

5 (F) An amount equal to all amounts included in
6 such total pursuant to the provisions of Sections
7 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
8 408 of the Internal Revenue Code, or included in such
9 total as distributions under the provisions of any
10 retirement or disability plan for employees of any
11 governmental agency or unit, or retirement payments to
12 retired partners, which payments are excluded in
13 computing net earnings from self employment by Section
14 1402 of the Internal Revenue Code and regulations
15 adopted pursuant thereto;

16 (G) The valuation limitation amount;

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

20 (I) An amount equal to all amounts included in
21 such total pursuant to the provisions of Section 111
22 of the Internal Revenue Code as a recovery of items
23 previously deducted from adjusted gross income in the
24 computation of taxable income;

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

1 conducts business operations in a River Edge
2 Redevelopment Zone or zones created under the River
3 Edge Redevelopment Zone Act, and conducts
4 substantially all of its operations in a River Edge
5 Redevelopment Zone or zones. This subparagraph (J) is
6 exempt from the provisions of Section 250;

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

16 (L) For taxable years ending after December 31,
17 1983, an amount equal to all social security benefits
18 and railroad retirement benefits included in such
19 total pursuant to Sections 72(r) and 86 of the
20 Internal Revenue Code;

21 (M) With the exception of any amounts subtracted
22 under subparagraph (N), an amount equal to the sum of
23 all amounts disallowed as deductions by (i) Sections
24 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
25 and all amounts of expenses allocable to interest and
26 disallowed as deductions by Section 265(a)(1) of the

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

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

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

24 (P) An amount equal to the amount of the deduction
25 used to compute the federal income tax credit for
26 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of
2 the Internal Revenue Code or of any itemized deduction
3 taken from adjusted gross income in the computation of
4 taxable income for restoration of substantial amounts
5 held under claim of right for the taxable year;

6 (Q) An amount equal to any amounts included in
7 such total, received by the taxpayer as an
8 acceleration in the payment of life, endowment or
9 annuity benefits in advance of the time they would
10 otherwise be payable as an indemnity for a terminal
11 illness;

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

14 (S) An amount, to the extent included in adjusted
15 gross income, equal to the amount of a contribution
16 made in the taxable year on behalf of the taxpayer to a
17 medical care savings account established under the
18 Medical Care Savings Account Act or the Medical Care
19 Savings Account Act of 2000 to the extent the
20 contribution is accepted by the account administrator
21 as provided in that Act;

22 (T) An amount, to the extent included in adjusted
23 gross income, equal to the amount of interest earned
24 in the taxable year on a medical care savings account
25 established under the Medical Care Savings Account Act
26 or the Medical Care Savings Account Act of 2000 on

1 behalf of the taxpayer, other than interest added
2 pursuant to item (D-5) of this paragraph (2);

3 (U) For one taxable year beginning on or after
4 January 1, 1994, an amount equal to the total amount of
5 tax imposed and paid under subsections (a) and (b) of
6 Section 201 of this Act on grant amounts received by
7 the taxpayer under the Nursing Home Grant Assistance
8 Act during the taxpayer's taxable years 1992 and 1993;

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

1 employer of the taxpayer or the taxpayer's spouse. The
2 amount of the health insurance and long-term care
3 insurance subtracted under this item (V) shall be
4 determined by multiplying total health insurance and
5 long-term care insurance premiums paid by the taxpayer
6 times a number that represents the fractional
7 percentage of eligible medical expenses under Section
8 213 of the Internal Revenue Code of 1986 not actually
9 deducted on the taxpayer's federal income tax return;

10 (W) For taxable years beginning on or after
11 January 1, 1998, all amounts included in the
12 taxpayer's federal gross income in the taxable year
13 from amounts converted from a regular IRA to a Roth
14 IRA. This paragraph is exempt from the provisions of
15 Section 250;

16 (X) For taxable year 1999 and thereafter, an
17 amount equal to the amount of any (i) distributions,
18 to the extent includible in gross income for federal
19 income tax purposes, made to the taxpayer because of
20 his or her status as a victim of persecution for racial
21 or religious reasons by Nazi Germany or any other Axis
22 regime or as an heir of the victim and (ii) items of
23 income, to the extent includible in gross income for
24 federal income tax purposes, attributable to, derived
25 from or in any way related to assets stolen from,
26 hidden from, or otherwise lost to a victim of

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

23 (Y) For taxable years beginning on or after
24 January 1, 2002 and ending on or before December 31,
25 2004, moneys contributed in the taxable year to a
26 College Savings Pool account under Section 16.5 of the

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

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

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) of Section
3 168 of the Internal Revenue Code, but not
4 including the bonus depreciation deduction;

5 (2) for taxable years ending on or before
6 December 31, 2005, "x" equals "y" multiplied by 30
7 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (3) for taxable years ending after December
10 31, 2005:

11 (i) for property on which a bonus
12 depreciation deduction of 30% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 30 and then divided by 70 (or "y" multiplied
15 by 0.429);

16 (ii) for property on which a bonus
17 depreciation deduction of 50% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 1.0;

20 (iii) for property on which a bonus
21 depreciation deduction of 100% of the adjusted
22 basis was taken in a taxable year ending on or
23 after December 31, 2021, "x" equals the
24 depreciation deduction that would be allowed
25 on that property if the taxpayer had made the
26 election under Section 168(k)(7) of the

1 Internal Revenue Code to not claim bonus
2 depreciation on that property; and

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

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

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

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which a
2 subtraction is allowed with respect to that property
3 under subparagraph (Z) and for which the taxpayer was
4 required in any taxable year to make an addition
5 modification under subparagraph (D-15), then an amount
6 equal to that addition modification.

7 The taxpayer is allowed to take the deduction
8 under this subparagraph only once with respect to any
9 one piece of property.

10 This subparagraph (AA) is exempt from the
11 provisions of Section 250;

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

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

1 respect to such transaction under Section
2 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
3 203(d)(2)(D-8), but not to exceed the amount of that
4 addition modification. This subparagraph (CC) is
5 exempt from the provisions of Section 250;

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

1 (EE) An amount equal to the income from intangible
2 property taken into account for the taxable year (net
3 of the 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(a)(2)(D-18) for intangible expenses and costs
19 paid, accrued, or incurred, directly or indirectly, to
20 the same foreign person. This subparagraph (EE) is
21 exempt from the provisions of Section 250;

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

1 provisions of Section 250;

2 (GG) For taxable years ending on or after December
3 31, 2011, in the case of a taxpayer who was required to
4 add back any insurance premiums under Section
5 203(a)(2)(D-19), such taxpayer may elect to subtract
6 that part of a reimbursement received from the
7 insurance company equal to the amount of the expense
8 or loss (including expenses incurred by the insurance
9 company) that would have been taken into account as a
10 deduction for federal income tax purposes if the
11 expense or loss had been uninsured. If a taxpayer
12 makes the election provided for by this subparagraph
13 (GG), the insurer to which the premiums were paid must
14 add back to income the amount subtracted by the
15 taxpayer pursuant to this subparagraph (GG). This
16 subparagraph (GG) is exempt from the provisions of
17 Section 250;

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

1 (HH), contributions made by an employer on behalf of
2 an employee, or matching contributions made by an
3 employee, shall be treated as made by the employee;
4 and

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

14 (b) Corporations.

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

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

21 (A) An amount equal to all amounts paid or accrued
22 to the taxpayer as interest and all distributions
23 received from regulated investment companies during
24 the taxable year to the extent excluded from gross
25 income in the computation of taxable income;

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

5 (C) In the case of a regulated investment company,
6 an amount equal to the excess of (i) the net long-term
7 capital gain for the taxable year, over (ii) the
8 amount of the capital gain dividends designated as
9 such in accordance with Section 852(b)(3)(C) of the
10 Internal Revenue Code and any amount designated under
11 Section 852(b)(3)(D) of the Internal Revenue Code,
12 attributable to the taxable year (this amendatory Act
13 of 1995 (Public Act 89-89) is declarative of existing
14 law and is not a new enactment);

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

19 (E) For taxable years in which a net operating
20 loss carryback or carryforward from a taxable year
21 ending prior to December 31, 1986 is an element of
22 taxable income under paragraph (1) of subsection (e)
23 or subparagraph (E) of paragraph (2) of subsection
24 (e), the amount by which addition modifications other
25 than those provided by this subparagraph (E) exceeded
26 subtraction modifications in such earlier taxable

1 year, with the following limitations applied in the
2 order that they are listed:

3 (i) 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 be reduced by the amount
7 of addition modification under this subparagraph
8 (E) which related to that net operating loss and
9 which was taken into account in calculating the
10 base income of an earlier taxable year, and

11 (ii) the addition modification relating to the
12 net operating loss carried back or forward to the
13 taxable year from any taxable year ending prior to
14 December 31, 1986 shall not exceed the amount of
15 such carryback or carryforward;

16 For taxable years in which there is a net
17 operating loss carryback or carryforward from more
18 than one other taxable year ending prior to December
19 31, 1986, the addition modification provided in this
20 subparagraph (E) shall be the sum of the amounts
21 computed independently under the preceding provisions
22 of this subparagraph (E) for each such taxable year;

23 (E-5) For taxable years ending after December 31,
24 1997, an amount equal to any eligible remediation
25 costs that the corporation deducted in computing
26 adjusted gross income and for which the corporation

1 claims a credit under subsection (l) of Section 201;

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

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

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

21 The taxpayer is required to make the addition
22 modification under this subparagraph only once with
23 respect to any one piece of property;

24 (E-12) An amount equal to the amount otherwise
25 allowed as a deduction in computing base income for
26 interest paid, accrued, or incurred, directly or

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

25 This paragraph shall not apply to the following:

26 (i) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person who
2 is subject in a foreign country or state, other
3 than a state which requires mandatory unitary
4 reporting, to a tax on or measured by net income
5 with respect to such interest; or

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

11 (a) the person, during the same taxable
12 year, paid, accrued, or incurred, the interest
13 to a person that is not a related member, and

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

21 (iii) the taxpayer can establish, based on
22 clear and convincing evidence, that the interest
23 paid, accrued, or incurred relates to a contract
24 or agreement entered into at arm's-length rates
25 and terms and the principal purpose for the
26 payment is not federal or Illinois tax avoidance;

1 or

2 (iv) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person if
4 the taxpayer establishes by clear and convincing
5 evidence that the adjustments are unreasonable; or
6 if the taxpayer and the Director agree in writing
7 to the application or use of an alternative method
8 of apportionment under Section 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-13) An amount equal to the amount of intangible
19 expenses and costs otherwise allowed as a deduction in
20 computing base income, and that were paid, accrued, or
21 incurred, directly or indirectly, (i) for taxable
22 years ending on or after December 31, 2004, to a
23 foreign person who would be a member of the same
24 unitary business group but for the fact that the
25 foreign person's business activity outside the United
26 States is 80% or more of that person's total business

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

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

11 This paragraph shall not apply to the following:

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

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

24 (a) the person during the same taxable
25 year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

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

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

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

1 (E-14) For taxable years ending on or after
2 December 31, 2008, an amount equal to the amount of
3 insurance premium expenses and costs otherwise allowed
4 as a deduction in computing base income, and that were
5 paid, accrued, or incurred, directly or indirectly, to
6 a person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304. The
12 addition modification required by this subparagraph
13 shall be reduced to the extent that dividends were
14 included in base income of the unitary group for the
15 same taxable year and received by the taxpayer or by a
16 member of the taxpayer's unitary business group
17 (including amounts included in gross income under
18 Sections 951 through 964 of the Internal Revenue Code
19 and amounts included in gross income under Section 78
20 of the Internal Revenue Code) with respect to the
21 stock of the same person to whom the premiums and costs
22 were directly or indirectly paid, incurred, or
23 accrued. The preceding sentence does not apply to the
24 extent that the same dividends caused a reduction to
25 the addition modification required under Section
26 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this

1 Act;

2 (E-15) For taxable years beginning after December
3 31, 2008, any deduction for dividends paid by a
4 captive real estate investment trust that is allowed
5 to a real estate investment trust under Section
6 857(b)(2)(B) of the Internal Revenue Code for
7 dividends paid;

8 (E-16) An amount equal to the credit allowable to
9 the taxpayer under Section 218(a) of this Act,
10 determined without regard to Section 218(c) of this
11 Act;

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

16 (E-18) for taxable years beginning after December
17 31, 2018, an amount equal to the deduction allowed
18 under Section 250(a)(1)(A) of the Internal Revenue
19 Code for the taxable year;

20 (E-19) for taxable years ending on or after June
21 30, 2021, an amount equal to the deduction allowed
22 under Section 250(a)(1)(B)(i) of the Internal Revenue
23 Code for the taxable year;

24 (E-20) for taxable years ending on or after June
25 30, 2021, an amount equal to the deduction allowed
26 under Sections 243(e) and 245A(a) of the Internal

1 Revenue Code for the taxable year.

2 and by deducting from the total so obtained the sum of the
3 following amounts:

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

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

9 (H) In the case of a regulated investment company,
10 an amount equal to the amount of exempt interest
11 dividends as defined in subsection (b)(5) of Section
12 852 of the Internal Revenue Code, paid to shareholders
13 for the taxable year;

14 (I) With the exception of any amounts subtracted
15 under subparagraph (J), an amount equal to the sum of
16 all amounts disallowed as deductions by (i) Sections
17 171(a)(2) and 265(a)(2) and amounts disallowed as
18 interest expense by Section 291(a)(3) of the Internal
19 Revenue Code, and all amounts of expenses allocable to
20 interest and disallowed as deductions by Section
21 265(a)(1) of the Internal Revenue Code; and (ii) for
22 taxable years ending on or after August 13, 1999,
23 Sections 171(a)(2), 265, 280C, 291(a)(3), and
24 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
25 for tax years ending on or after December 31, 2011,
26 amounts disallowed as deductions by Section 45G(e)(3)

1 of the Internal Revenue Code and, for taxable years
2 ending on or after December 31, 2008, any amount
3 included in gross income under Section 87 of the
4 Internal Revenue Code and the policyholders' share of
5 tax-exempt interest of a life insurance company under
6 Section 807(a)(2)(B) of the Internal Revenue Code (in
7 the case of a life insurance company with gross income
8 from a decrease in reserves for the tax year) or
9 Section 807(b)(1)(B) of the Internal Revenue Code (in
10 the case of a life insurance company allowed a
11 deduction for an increase in reserves for the tax
12 year); the provisions of this subparagraph are exempt
13 from the provisions of Section 250;

14 (J) An amount equal to all amounts included in
15 such total which are exempt from taxation by this
16 State either by reason of its statutes or Constitution
17 or by reason of the Constitution, treaties or statutes
18 of the United States; provided that, in the case of any
19 statute of this State that exempts income derived from
20 bonds or other obligations from the tax imposed under
21 this Act, the amount exempted shall be the interest
22 net of bond premium amortization;

23 (K) An amount equal to those dividends included in
24 such total which were paid by a corporation which
25 conducts business operations in a River Edge
26 Redevelopment Zone or zones created under the River

1 Edge Redevelopment Zone Act and conducts substantially
2 all of its operations in a River Edge Redevelopment
3 Zone or zones. This subparagraph (K) is exempt from
4 the provisions of Section 250;

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

14 (M) For any taxpayer that is a financial
15 organization within the meaning of Section 304(c) of
16 this Act, an amount included in such total as interest
17 income from a loan or loans made by such taxpayer to a
18 borrower, to the extent that such a loan is secured by
19 property which is eligible for the River Edge
20 Redevelopment Zone Investment Credit. To determine the
21 portion of a loan or loans that is secured by property
22 eligible for a Section 201(f) investment credit to the
23 borrower, the entire principal amount of the loan or
24 loans between the taxpayer and the borrower should be
25 divided into the basis of the Section 201(f)
26 investment credit property which secures the loan or

1 loans, using for this purpose the original basis of
2 such property on the date that it was placed in service
3 in the River Edge Redevelopment Zone. The subtraction
4 modification available to the taxpayer in any year
5 under this subsection shall be that portion of the
6 total interest paid by the borrower with respect to
7 such loan attributable to the eligible property as
8 calculated under the previous sentence. This
9 subparagraph (M) is exempt from the provisions of
10 Section 250;

11 (M-1) For any taxpayer that is a financial
12 organization within the meaning of Section 304(c) of
13 this Act, an amount included in such total as interest
14 income from a loan or loans made by such taxpayer to a
15 borrower, to the extent that such a loan is secured by
16 property which is eligible for the High Impact
17 Business Investment Credit. To determine the portion
18 of a loan or loans that is secured by property eligible
19 for a Section 201(h) investment credit to the
20 borrower, the entire principal amount of the loan or
21 loans between the taxpayer and the borrower should be
22 divided into the basis of the Section 201(h)
23 investment credit property which secures the loan or
24 loans, using for this purpose the original basis of
25 such property on the date that it was placed in service
26 in a federally designated Foreign Trade Zone or

1 Sub-Zone located in Illinois. No taxpayer that is
2 eligible for the deduction provided in subparagraph
3 (M) of paragraph (2) of this subsection shall be
4 eligible for the deduction provided under this
5 subparagraph (M-1). The subtraction modification
6 available to taxpayers in any year under this
7 subsection shall be that portion of the total interest
8 paid by the borrower with respect to such loan
9 attributable to the eligible property as calculated
10 under the previous sentence;

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

22 (O) An amount equal to: (i) 85% for taxable years
23 ending on or before December 31, 1992, or, a
24 percentage equal to the percentage allowable under
25 Section 243(a)(1) of the Internal Revenue Code of 1986
26 for taxable years ending after December 31, 1992, of

1 the amount by which dividends included in taxable
2 income and received from a corporation that is not
3 created or organized under the laws of the United
4 States or any state or political subdivision thereof,
5 including, for taxable years ending on or after
6 December 31, 1988, dividends received or deemed
7 received or paid or deemed paid under Sections 951
8 through 965 of the Internal Revenue Code, exceed the
9 amount of the modification provided under subparagraph
10 (G) of paragraph (2) of this subsection (b) which is
11 related to such dividends, and including, for taxable
12 years ending on or after December 31, 2008, dividends
13 received from a captive real estate investment trust;
14 plus (ii) 100% of the amount by which dividends,
15 included in taxable income and received, including,
16 for taxable years ending on or after December 31,
17 1988, dividends received or deemed received or paid or
18 deemed paid under Sections 951 through 964 of the
19 Internal Revenue Code and including, for taxable years
20 ending on or after December 31, 2008, dividends
21 received from a captive real estate investment trust,
22 from any such corporation specified in clause (i) that
23 would but for the provisions of Section 1504(b)(3) of
24 the Internal Revenue Code be treated as a member of the
25 affiliated group which includes the dividend
26 recipient, exceed the amount of the modification

1 provided under subparagraph (G) of paragraph (2) of
2 this subsection (b) which is related to such
3 dividends. For taxable years ending on or after June
4 30, 2021, (i) for purposes of this subparagraph, the
5 term "dividend" does not include any amount treated as
6 a dividend under Section 1248 of the Internal Revenue
7 Code, and (ii) this subparagraph shall not apply to
8 dividends for which a deduction is allowed under
9 Section 245(a) of the Internal Revenue Code. This
10 subparagraph (O) is exempt from the provisions of
11 Section 250 of this Act;

12 (P) An amount equal to any contribution made to a
13 job training project established pursuant to the Tax
14 Increment Allocation Redevelopment Act;

15 (Q) An amount equal to the amount of the deduction
16 used to compute the federal income tax credit for
17 restoration of substantial amounts held under claim of
18 right for the taxable year pursuant to Section 1341 of
19 the Internal Revenue Code;

20 (R) On and after July 20, 1999, in the case of an
21 attorney-in-fact with respect to whom an interinsurer
22 or a reciprocal insurer has made the election under
23 Section 835 of the Internal Revenue Code, 26 U.S.C.
24 835, an amount equal to the excess, if any, of the
25 amounts paid or incurred by that interinsurer or
26 reciprocal insurer in the taxable year to the

1 attorney-in-fact over the deduction allowed to that
2 interinsurer or reciprocal insurer with respect to the
3 attorney-in-fact under Section 835(b) of the Internal
4 Revenue Code for the taxable year; the provisions of
5 this subparagraph are exempt from the provisions of
6 Section 250;

7 (S) For taxable years ending on or after December
8 31, 1997, in the case of a Subchapter S corporation, an
9 amount equal to all amounts of income allocable to a
10 shareholder subject to the Personal Property Tax
11 Replacement Income Tax imposed by subsections (c) and
12 (d) of Section 201 of this Act, including amounts
13 allocable to organizations exempt from federal income
14 tax by reason of Section 501(a) of the Internal
15 Revenue Code. This subparagraph (S) is exempt from the
16 provisions of Section 250;

17 (T) For taxable years 2001 and thereafter, for the
18 taxable year in which the bonus depreciation deduction
19 is taken on the taxpayer's federal income tax return
20 under subsection (k) of Section 168 of the Internal
21 Revenue Code and for each applicable taxable year
22 thereafter, an amount equal to "x", where:

23 (1) "y" equals the amount of the depreciation
24 deduction taken for the taxable year on the
25 taxpayer's federal income tax return on property
26 for which the bonus depreciation deduction was

1 taken in any year under subsection (k) of Section
2 168 of the Internal Revenue Code, but not
3 including the bonus depreciation deduction;

4 (2) for taxable years ending on or before
5 December 31, 2005, "x" equals "y" multiplied by 30
6 and then divided by 70 (or "y" multiplied by
7 0.429); and

8 (3) for taxable years ending after December
9 31, 2005:

10 (i) for property on which a bonus
11 depreciation deduction of 30% of the adjusted
12 basis was taken, "x" equals "y" multiplied by
13 30 and then divided by 70 (or "y" multiplied
14 by 0.429);

15 (ii) for property on which a bonus
16 depreciation deduction of 50% of the adjusted
17 basis was taken, "x" equals "y" multiplied by
18 1.0;

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

1 depreciation on that property; and

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

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

20 (U) If the taxpayer sells, transfers, abandons, or
21 otherwise disposes of property for which the taxpayer
22 was required in any taxable year to make an addition
23 modification under subparagraph (E-10), then an amount
24 equal to that addition modification.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which a

1 subtraction is allowed with respect to that property
2 under subparagraph (T) and for which the taxpayer was
3 required in any taxable year to make an addition
4 modification under subparagraph (E-10), then an amount
5 equal to that addition modification.

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

9 This subparagraph (U) is exempt from the
10 provisions of Section 250;

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

1 income (net of deductions allocable thereto) taken
2 into account for the taxable year with respect to a
3 transaction with a taxpayer that is required to make
4 an addition modification with respect to such
5 transaction under Section 203(a)(2)(D-19), Section
6 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
7 203(d)(2)(D-9), but not to exceed the amount of that
8 addition modification. This subparagraph (V) is exempt
9 from the provisions of Section 250;

10 (W) An amount equal to the interest income taken
11 into account for the taxable year (net of the
12 deductions allocable thereto) with respect to
13 transactions with (i) a foreign person who would be a
14 member of the taxpayer's unitary business group but
15 for the fact that the foreign person's business
16 activity outside the United States is 80% or more of
17 that person's total business activity and (ii) for
18 taxable years ending on or after December 31, 2008, to
19 a person who would be a member of the same unitary
20 business group but for the fact that the person is
21 prohibited under Section 1501(a)(27) from being
22 included in the unitary business group because he or
23 she is ordinarily required to apportion business
24 income under different subsections of Section 304, but
25 not to exceed the addition modification required to be
26 made for the same taxable year under Section

1 203(b)(2)(E-12) for interest paid, accrued, or
2 incurred, directly or indirectly, to the same person.
3 This subparagraph (W) is exempt from the provisions of
4 Section 250;

5 (X) An amount equal to the income from intangible
6 property taken into account for the taxable year (net
7 of the deductions allocable thereto) with respect to
8 transactions with (i) a foreign person who would be a
9 member of the taxpayer's unitary business group but
10 for the fact that the foreign person's business
11 activity outside the United States is 80% or more of
12 that person's total business activity and (ii) for
13 taxable years ending on or after December 31, 2008, 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, but
20 not to exceed the addition modification required to be
21 made for the same taxable year under Section
22 203(b)(2)(E-13) for intangible expenses and costs
23 paid, accrued, or incurred, directly or indirectly, to
24 the same foreign person. This subparagraph (X) is
25 exempt from the provisions of Section 250;

26 (Y) For taxable years ending on or after December

1 31, 2011, in the case of a taxpayer who was required to
2 add back any insurance premiums under Section
3 203(b)(2)(E-14), such taxpayer may elect to subtract
4 that part of a reimbursement received from the
5 insurance company equal to the amount of the expense
6 or loss (including expenses incurred by the insurance
7 company) that would have been taken into account as a
8 deduction for federal income tax purposes if the
9 expense or loss had been uninsured. If a taxpayer
10 makes the election provided for by this subparagraph
11 (Y), the insurer to which the premiums were paid must
12 add back to income the amount subtracted by the
13 taxpayer pursuant to this subparagraph (Y). This
14 subparagraph (Y) is exempt from the provisions of
15 Section 250; ~~and~~

16 (Z) The difference between the nondeductible
17 controlled foreign corporation dividends under Section
18 965(e)(3) of the Internal Revenue Code over the
19 taxable income of the taxpayer, computed without
20 regard to Section 965(e)(2)(A) of the Internal Revenue
21 Code, and without regard to any net operating loss
22 deduction. This subparagraph (Z) is exempt from the
23 provisions of Section 250; and -

24 (AA) For taxable years ending on or after December
25 31, 2023, any contribution to the capital of the
26 taxpayer from the Department of Commerce and Economic

1 Opportunity or any other agency or political
2 subdivision of the State that is made pursuant to a
3 master development plan, as defined in the Master
4 Development Plan Recognition Act, and that is included
5 in the taxpayer's federal taxable income for the
6 taxable year under Section 118 of the Internal Revenue
7 Code; this subparagraph (AA) is exempt from the
8 provisions of Section 250.

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

17 (c) Trusts and estates.

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

21 (2) Modifications. Subject to the provisions of
22 paragraph (3), the taxable income referred to in paragraph
23 (1) shall be modified by adding thereto the sum of the
24 following amounts:

25 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of taxable income;

4 (B) In the case of (i) an estate, \$600; (ii) a
5 trust which, under its governing instrument, is
6 required to distribute all of its income currently,
7 \$300; and (iii) any other trust, \$100, but in each such
8 case, only to the extent such amount was deducted in
9 the computation of taxable income;

10 (C) An amount equal to the amount of tax imposed by
11 this Act to the extent deducted from gross income in
12 the computation of taxable income for the taxable
13 year;

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

18 (E) For taxable years in which a net operating
19 loss carryback or carryforward from a taxable year
20 ending prior to December 31, 1986 is an element of
21 taxable income under paragraph (1) of subsection (e)
22 or subparagraph (E) of paragraph (2) of subsection
23 (e), the amount by which addition modifications other
24 than those provided by this subparagraph (E) exceeded
25 subtraction modifications in such taxable year, with
26 the following limitations applied in the order that

1 they are listed:

2 (i) 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 be reduced by the amount
6 of addition modification under this subparagraph
7 (E) which related to that net operating loss and
8 which was taken into account in calculating the
9 base income of an earlier taxable year, and

10 (ii) the addition modification relating to the
11 net operating loss carried back or forward to the
12 taxable year from any taxable year ending prior to
13 December 31, 1986 shall not exceed the amount of
14 such carryback or carryforward;

15 For taxable years in which there is a net
16 operating loss carryback or carryforward from more
17 than one other taxable year ending prior to December
18 31, 1986, the addition modification provided in this
19 subparagraph (E) shall be the sum of the amounts
20 computed independently under the preceding provisions
21 of this subparagraph (E) for each such taxable year;

22 (F) For taxable years ending on or after January
23 1, 1989, an amount equal to the tax deducted pursuant
24 to Section 164 of the Internal Revenue Code if the
25 trust or estate is claiming the same tax for purposes
26 of the Illinois foreign tax credit under Section 601

1 of this Act;

2 (G) An amount equal to the amount of the capital
3 gain deduction allowable under the Internal Revenue
4 Code, to the extent deducted from gross income in the
5 computation of taxable income;

6 (G-5) For taxable years ending after December 31,
7 1997, an amount equal to any eligible remediation
8 costs that the trust or estate deducted in computing
9 adjusted gross income and for which the trust or
10 estate claims a credit under subsection (l) of Section
11 201;

12 (G-10) 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; and

17 (G-11) 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 (G-10), then
21 an amount equal to the aggregate amount of the
22 deductions taken in all taxable years under
23 subparagraph (R) 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 (R) and for which the taxpayer was
2 allowed in any taxable year to make a subtraction
3 modification under subparagraph (R), 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 (G-12) 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 the foreign person's business activity
15 outside 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 pursuant to Sections 951
4 through 964 of the Internal Revenue Code and amounts
5 included in gross income under Section 78 of the
6 Internal Revenue Code) with respect to the stock of
7 the same person to whom the interest was paid,
8 accrued, or 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 (G-13) 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 pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

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

12 (G-15) An amount equal to the credit allowable to
13 the taxpayer under Section 218(a) of this Act,
14 determined without regard to Section 218(c) of this
15 Act;

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

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

22 (H) An amount equal to all amounts included in
23 such total pursuant to the provisions of Sections
24 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
25 of the Internal Revenue Code or included in such total
26 as distributions under the provisions of any

1 retirement or disability plan for employees of any
2 governmental agency or unit, or retirement payments to
3 retired partners, which payments are excluded in
4 computing net earnings from self employment by Section
5 1402 of the Internal Revenue Code and regulations
6 adopted pursuant thereto;

7 (I) The valuation limitation amount;

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

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

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

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

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

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

24 (O) An amount equal to those dividends included in
25 such total that were paid by a corporation that
26 conducts business operations in a federally designated

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

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

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

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

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

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

1 taxpayer's federal income tax return on property
2 for which the bonus depreciation deduction was
3 taken in any year under subsection (k) of Section
4 168 of the Internal Revenue Code, but not
5 including the bonus depreciation deduction;

6 (2) for taxable years ending on or before
7 December 31, 2005, "x" equals "y" multiplied by 30
8 and then divided by 70 (or "y" multiplied by
9 0.429); and

10 (3) for taxable years ending after December
11 31, 2005:

12 (i) for property on which a bonus
13 depreciation deduction of 30% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 30 and then divided by 70 (or "y" multiplied
16 by 0.429);

17 (ii) for property on which a bonus
18 depreciation deduction of 50% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 1.0;

21 (iii) for property on which a bonus
22 depreciation deduction of 100% of the adjusted
23 basis was taken in a taxable year ending on or
24 after December 31, 2021, "x" equals the
25 depreciation deduction that would be allowed
26 on that property if the taxpayer had made the

1 election under Section 168(k)(7) of the
2 Internal Revenue Code to not claim bonus
3 depreciation on that property; and

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

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

22 (S) If the taxpayer sells, transfers, abandons, or
23 otherwise disposes of property for which the taxpayer
24 was 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 If the taxpayer continues to own property through
2 the last day of the last tax year for which a
3 subtraction is allowed with respect to that property
4 under subparagraph (R) and for which the taxpayer was
5 required in any taxable year to make an addition
6 modification under subparagraph (G-10), then an amount
7 equal to that addition modification.

8 The taxpayer is allowed to take the deduction
9 under this subparagraph only once with respect to any
10 one piece of property.

11 This subparagraph (S) is exempt from the
12 provisions of Section 250;

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

1 203(d)(2)(D-8), but not to exceed the amount of such
2 addition modification. This subparagraph (T) is exempt
3 from the provisions of Section 250;

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

24 (V) 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(c)(2)(G-13) for intangible expenses and costs
16 paid, accrued, or incurred, directly or indirectly, to
17 the same foreign person. This subparagraph (V) is
18 exempt from the provisions of Section 250;

19 (W) in the case of an estate, an amount equal to
20 all amounts included in such total pursuant to the
21 provisions of Section 111 of the Internal Revenue Code
22 as a recovery of items previously deducted by the
23 decedent from adjusted gross income in the computation
24 of taxable income. This subparagraph (W) is exempt
25 from Section 250;

26 (X) an amount equal to the refund included in such

1 total of any tax deducted for federal income tax
2 purposes, to the extent that deduction was added back
3 under subparagraph (F). This subparagraph (X) is
4 exempt from the provisions of Section 250;

5 (Y) For taxable years ending on or after December
6 31, 2011, in the case of a taxpayer who was required to
7 add back any insurance premiums under Section
8 203(c)(2)(G-14), such taxpayer may elect to subtract
9 that part of a reimbursement received from the
10 insurance company equal to the amount of the expense
11 or loss (including expenses incurred by the insurance
12 company) that would have been taken into account as a
13 deduction for federal income tax purposes if the
14 expense or loss had been uninsured. If a taxpayer
15 makes the election provided for by this subparagraph
16 (Y), the insurer to which the premiums were paid must
17 add back to income the amount subtracted by the
18 taxpayer pursuant to this subparagraph (Y). This
19 subparagraph (Y) is exempt from the provisions of
20 Section 250; and

21 (Z) For taxable years beginning after December 31,
22 2018 and before January 1, 2026, the amount of excess
23 business loss of the taxpayer disallowed as a
24 deduction by Section 461(1)(1)(B) of the Internal
25 Revenue Code.

26 (3) Limitation. The amount of any modification

1 otherwise required under this subsection shall, under
2 regulations prescribed by the Department, be adjusted by
3 any amounts included therein which were properly paid,
4 credited, or required to be distributed, or permanently
5 set aside for charitable purposes pursuant to Internal
6 Revenue Code Section 642(c) during the taxable year.

7 (d) Partnerships.

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

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

14 (A) An amount equal to all amounts paid or accrued
15 to the taxpayer as interest or dividends during the
16 taxable year to the extent excluded from gross income
17 in the computation of taxable income;

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

21 (C) The amount of deductions allowed to the
22 partnership pursuant to Section 707 (c) of the
23 Internal Revenue Code in calculating its taxable
24 income;

25 (D) An amount equal to the amount of the capital

1 gain deduction allowable under the Internal Revenue
2 Code, to the extent deducted from gross income in the
3 computation of taxable income;

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

9 (D-6) If the taxpayer sells, transfers, abandons,
10 or otherwise disposes of property for which the
11 taxpayer was required in any taxable year to make an
12 addition modification under subparagraph (D-5), then
13 an amount equal to the aggregate amount of the
14 deductions taken in all taxable years under
15 subparagraph (O) with respect to that property.

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 (O) and for which the taxpayer was
20 allowed in any taxable year to make a subtraction
21 modification under subparagraph (O), then an amount
22 equal to that subtraction modification.

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

26 (D-7) An amount equal to the amount otherwise

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

1 This paragraph shall not apply to the following:

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

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

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

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

23 (iii) the taxpayer can establish, based on
24 clear and convincing evidence, that the interest
25 paid, accrued, or incurred relates to a contract
26 or agreement entered into at arm's-length rates

1 and terms and the principal purpose for the
2 payment is not federal or Illinois tax avoidance;
3 or

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

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

20 (D-8) An amount equal to the amount of intangible
21 expenses and costs otherwise allowed as a deduction in
22 computing base income, and that were paid, accrued, or
23 incurred, directly or indirectly, (i) for taxable
24 years ending on or after December 31, 2004, to a
25 foreign person who would be a member of the same
26 unitary business group but for the fact that the

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

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

13 This paragraph shall not apply to the following:

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

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

26 (a) the person during the same taxable

1 year paid, accrued, or incurred, the
2 intangible expense or cost to a person that is
3 not a related member, and

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

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

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

1 and standards by which the Department will utilize
2 its authority under Section 404 of this Act;

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

1 the addition modification required under Section
2 203(d) (2) (D-7) or Section 203(d) (2) (D-8) of this Act;

3 (D-10) An amount equal to the credit allowable to
4 the taxpayer under Section 218(a) of this Act,
5 determined without regard to Section 218(c) of this
6 Act;

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

11 and by deducting from the total so obtained the following
12 amounts:

13 (E) The valuation limitation amount;

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

17 (G) An amount equal to all amounts included in
18 taxable income as modified by subparagraphs (A), (B),
19 (C) and (D) which are exempt from taxation by this
20 State either by reason of its statutes or Constitution
21 or by reason of the Constitution, treaties or statutes
22 of the United States; provided that, in the case of any
23 statute of this State that exempts income derived from
24 bonds or other obligations from the tax imposed under
25 this Act, the amount exempted shall be the interest
26 net of bond premium amortization;

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

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

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

1 ending on or after December 31, 2011, Section
2 45G(e)(3) of the Internal Revenue Code and, for
3 taxable years ending on or after December 31, 2008,
4 any amount included in gross income under Section 87
5 of the Internal Revenue Code; the provisions of this
6 subparagraph are exempt from the provisions of Section
7 250;

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

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

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

1 this subparagraph (M);

2 (N) An amount equal to the amount of the deduction
3 used to compute the federal income tax credit for
4 restoration of substantial amounts held under claim of
5 right for the taxable year pursuant to Section 1341 of
6 the Internal Revenue Code;

7 (O) For taxable years 2001 and thereafter, for the
8 taxable year in which the bonus depreciation deduction
9 is taken on the taxpayer's federal income tax return
10 under subsection (k) of Section 168 of the Internal
11 Revenue Code and for each applicable taxable year
12 thereafter, an amount equal to "x", where:

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

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

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

26 (i) for property on which a bonus

1 depreciation deduction of 30% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 30 and then divided by 70 (or "y" multiplied
4 by 0.429);

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

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

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

1 (that is, $100(1-\text{bonus}\%)$).

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

10 (P) If the taxpayer sells, transfers, abandons, or
11 otherwise disposes of property for which the taxpayer
12 was required in any taxable year to make an addition
13 modification under subparagraph (D-5), then an amount
14 equal to that addition modification.

15 If the taxpayer continues to own property through
16 the last day of the last tax year for which a
17 subtraction is allowed with respect to that property
18 under subparagraph (O) and for which the taxpayer was
19 required in any taxable year to make an addition
20 modification under subparagraph (D-5), then an amount
21 equal to that addition modification.

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

25 This subparagraph (P) is exempt from the
26 provisions of Section 250;

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

18 (R) An amount equal to the interest income taken
19 into account for the taxable year (net of the
20 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-7) for interest paid, accrued, or
10 incurred, directly or indirectly, to the same person.
11 This subparagraph (R) is exempt from Section 250;

12 (S) An amount equal to the income from intangible
13 property taken into account for the taxable year (net
14 of the deductions allocable thereto) with respect to
15 transactions with (i) a foreign person who would be a
16 member of the taxpayer's unitary business group but
17 for the fact that the foreign person's business
18 activity outside the United States is 80% or more of
19 that person's total business activity and (ii) for
20 taxable years ending on or after December 31, 2008, to
21 a person who would be a member of the same unitary
22 business group but for the fact that the person is
23 prohibited under Section 1501(a)(27) from being
24 included in the unitary business group because he or
25 she is ordinarily required to apportion business
26 income under different subsections of Section 304, but

1 not to exceed the addition modification required to be
2 made for the same taxable year under Section
3 203(d)(2)(D-8) for intangible expenses and costs paid,
4 accrued, or incurred, directly or indirectly, to the
5 same person. This subparagraph (S) is exempt from
6 Section 250; and

7 (T) For taxable years ending on or after December
8 31, 2011, in the case of a taxpayer who was required to
9 add back any insurance premiums under Section
10 203(d)(2)(D-9), such taxpayer may elect to subtract
11 that part of a reimbursement received from the
12 insurance company equal to the amount of the expense
13 or loss (including expenses incurred by the insurance
14 company) that would have been taken into account as a
15 deduction for federal income tax purposes if the
16 expense or loss had been uninsured. If a taxpayer
17 makes the election provided for by this subparagraph
18 (T), the insurer to which the premiums were paid must
19 add back to income the amount subtracted by the
20 taxpayer pursuant to this subparagraph (T). This
21 subparagraph (T) is exempt from the provisions of
22 Section 250.

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

24 (1) In general. Subject to the provisions of paragraph
25 (2) and subsection (b)(3), for purposes of this Section

1 and Section 803(e), a taxpayer's gross income, adjusted
2 gross income, or taxable income for the taxable year shall
3 mean the amount of gross income, adjusted gross income or
4 taxable income properly reportable for federal income tax
5 purposes for the taxable year under the provisions of the
6 Internal Revenue Code. Taxable income may be less than
7 zero. However, for taxable years ending on or after
8 December 31, 1986, net operating loss carryforwards from
9 taxable years ending prior to December 31, 1986, may not
10 exceed the sum of federal taxable income for the taxable
11 year before net operating loss deduction, plus the excess
12 of addition modifications over subtraction modifications
13 for the taxable year. For taxable years ending prior to
14 December 31, 1986, taxable income may never be an amount
15 in excess of the net operating loss for the taxable year as
16 defined in subsections (c) and (d) of Section 172 of the
17 Internal Revenue Code, provided that when taxable income
18 of a corporation (other than a Subchapter S corporation),
19 trust, or estate is less than zero and addition
20 modifications, other than those provided by subparagraph
21 (E) of paragraph (2) of subsection (b) for corporations or
22 subparagraph (E) of paragraph (2) of subsection (c) for
23 trusts and estates, exceed subtraction modifications, an
24 addition modification must be made under those
25 subparagraphs for any other taxable year to which the
26 taxable income less than zero (net operating loss) is

1 applied under Section 172 of the Internal Revenue Code or
2 under subparagraph (E) of paragraph (2) of this subsection
3 (e) applied in conjunction with Section 172 of the
4 Internal Revenue Code.

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

8 (A) Certain life insurance companies. In the case
9 of a life insurance company subject to the tax imposed
10 by Section 801 of the Internal Revenue Code, life
11 insurance company taxable income, plus the amount of
12 distribution from pre-1984 policyholder surplus
13 accounts as calculated under Section 815a of the
14 Internal Revenue Code;

15 (B) Certain other insurance companies. In the case
16 of mutual insurance companies subject to the tax
17 imposed by Section 831 of the Internal Revenue Code,
18 insurance company taxable income;

19 (C) Regulated investment companies. In the case of
20 a regulated investment company subject to the tax
21 imposed by Section 852 of the Internal Revenue Code,
22 investment company taxable income;

23 (D) Real estate investment trusts. In the case of
24 a real estate investment trust subject to the tax
25 imposed by Section 857 of the Internal Revenue Code,
26 real estate investment trust taxable income;

1 (E) Consolidated corporations. In the case of a
2 corporation which is a member of an affiliated group
3 of corporations filing a consolidated income tax
4 return for the taxable year for federal income tax
5 purposes, taxable income determined as if such
6 corporation had filed a separate return for federal
7 income tax purposes for the taxable year and each
8 preceding taxable year for which it was a member of an
9 affiliated group. For purposes of this subparagraph,
10 the taxpayer's separate taxable income shall be
11 determined as if the election provided by Section
12 243(b)(2) of the Internal Revenue Code had been in
13 effect for all such years;

14 (F) Cooperatives. In the case of a cooperative
15 corporation or association, the taxable income of such
16 organization determined in accordance with the
17 provisions of Section 1381 through 1388 of the
18 Internal Revenue Code, but without regard to the
19 prohibition against offsetting losses from patronage
20 activities against income from nonpatronage
21 activities; except that a cooperative corporation or
22 association may make an election to follow its federal
23 income tax treatment of patronage losses and
24 nonpatronage losses. In the event such election is
25 made, such losses shall be computed and carried over
26 in a manner consistent with subsection (a) of Section

1 207 of this Act and apportioned by the apportionment
2 factor reported by the cooperative on its Illinois
3 income tax return filed for the taxable year in which
4 the losses are incurred. The election shall be
5 effective for all taxable years with original returns
6 due on or after the date of the election. In addition,
7 the cooperative may file an amended return or returns,
8 as allowed under this Act, to provide that the
9 election shall be effective for losses incurred or
10 carried forward for taxable years occurring prior to
11 the date of the election. Once made, the election may
12 only be revoked upon approval of the Director. The
13 Department shall adopt rules setting forth
14 requirements for documenting the elections and any
15 resulting Illinois net loss and the standards to be
16 used by the Director in evaluating requests to revoke
17 elections. Public Act 96-932 is declaratory of
18 existing law;

19 (G) Subchapter S corporations. In the case of: (i)
20 a Subchapter S corporation for which there is in
21 effect an election for the taxable year under Section
22 1362 of the Internal Revenue Code, the taxable income
23 of such corporation determined in accordance with
24 Section 1363(b) of the Internal Revenue Code, except
25 that taxable income shall take into account those
26 items which are required by Section 1363(b)(1) of the

1 Internal Revenue Code to be separately stated; and
2 (ii) a Subchapter S corporation for which there is in
3 effect a federal election to opt out of the provisions
4 of the Subchapter S Revision Act of 1982 and have
5 applied instead the prior federal Subchapter S rules
6 as in effect on July 1, 1982, the taxable income of
7 such corporation determined in accordance with the
8 federal Subchapter S rules as in effect on July 1,
9 1982; and

10 (H) Partnerships. In the case of a partnership,
11 taxable income determined in accordance with Section
12 703 of the Internal Revenue Code, except that taxable
13 income shall take into account those items which are
14 required by Section 703(a)(1) to be separately stated
15 but which would be taken into account by an individual
16 in calculating his taxable income.

17 (3) Recapture of business expenses on disposition of
18 asset or business. Notwithstanding any other law to the
19 contrary, if in prior years income from an asset or
20 business has been classified as business income and in a
21 later year is demonstrated to be non-business income, then
22 all expenses, without limitation, deducted in such later
23 year and in the 2 immediately preceding taxable years
24 related to that asset or business that generated the
25 non-business income shall be added back and recaptured as
26 business income in the year of the disposition of the

1 asset or business. Such amount shall be apportioned to
2 Illinois using the greater of the apportionment fraction
3 computed for the business under Section 304 of this Act
4 for the taxable year or the average of the apportionment
5 fractions computed for the business under Section 304 of
6 this Act for the taxable year and for the 2 immediately
7 preceding taxable years.

8 (f) Valuation limitation amount.

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

12 (A) The sum of the pre-August 1, 1969 appreciation
13 amounts (to the extent consisting of gain reportable
14 under the provisions of Section 1245 or 1250 of the
15 Internal Revenue Code) for all property in respect of
16 which such gain was reported for the taxable year;
17 plus

18 (B) The lesser of (i) the sum of the pre-August 1,
19 1969 appreciation amounts (to the extent consisting of
20 capital gain) for all property in respect of which
21 such gain was reported for federal income tax purposes
22 for the taxable year, or (ii) the net capital gain for
23 the taxable year, reduced in either case by any amount
24 of such gain included in the amount determined under
25 subsection (a)(2)(F) or (c)(2)(H).

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

2 (A) If the fair market value of property referred
3 to in paragraph (1) was readily ascertainable on
4 August 1, 1969, the pre-August 1, 1969 appreciation
5 amount for such property is the lesser of (i) the
6 excess of such fair market value over the taxpayer's
7 basis (for determining gain) for such property on that
8 date (determined under the Internal Revenue Code as in
9 effect on that date), or (ii) the total gain realized
10 and reportable for federal income tax purposes in
11 respect of the sale, exchange or other disposition of
12 such property.

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

24 (C) The Department shall prescribe such
25 regulations as may be necessary to carry out the
26 purposes of this paragraph.

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

4 (h) Legislative intention. Except as expressly provided by
5 this Section there shall be no modifications or limitations on
6 the amounts of income, gain, loss or deduction taken into
7 account in determining gross income, adjusted gross income or
8 taxable income for federal income tax purposes for the taxable
9 year, or in the amount of such items entering into the
10 computation of base income and net income under this Act for
11 such taxable year, whether in respect of property values as of
12 August 1, 1969 or otherwise.

13 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
14 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
15 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22.)

16 Section 905. The Property Tax Code is amended by changing
17 Section 23-20 and by adding Section 15-171 as follows:

18 (35 ILCS 200/15-171 new)

19 Sec. 15-171. Homestead exemption for surviving spouses of
20 fallen police officers, fallen firefighters, or fallen rescue
21 workers.

22 (a) Beginning with taxable year 2024, an annual homestead

1 exemption is granted for property that is used as a qualified
2 residence by the surviving spouse of a fallen police officer,
3 fallen firefighter, or fallen rescue worker as long as the
4 surviving spouse continues to reside at the qualified
5 residence and does not remarry. The amount of the exemption is
6 50% of the equalized assessed value of the property.

7 (b) If a homestead exemption is granted under this Section
8 and the person awarded the exemption subsequently becomes a
9 resident of a facility licensed under the Nursing Home Care
10 Act or a facility operated by the United States Department of
11 Veterans Affairs, then the exemption shall continue if the
12 residence remains unoccupied but is still owned by the person
13 who qualified for the homestead exemption.

14 (c) If the person qualifying for the exemption does not
15 occupy the qualified residence as of January 1 of the taxable
16 year, the exemption granted under this Section shall be
17 prorated on a monthly basis. The prorated exemption shall
18 apply beginning with the first complete month in which the
19 person occupies the qualified residence.

20 (d) Each taxpayer who has been granted an exemption under
21 this Section must reapply on an annual basis. Application must
22 be made during the application period in effect for the county
23 in which the property is located. The assessor or chief county
24 assessment officer may determine the eligibility of
25 residential property to receive the homestead exemption
26 provided by this Section by application, visual inspection,

1 questionnaire, supporting documentation, or other reasonable
2 methods. The determination must be made in accordance with
3 guidelines established by the Department. The Department may
4 adopt emergency rules to aid in the administration of this
5 exemption.

6 (e) The exemption under this Section is in addition to any
7 other homestead exemption provided in this Article 15.
8 Notwithstanding Sections 6 and 8 of the State Mandates Act, no
9 reimbursement by the State is required for the implementation
10 of any mandate created by this Section.

11 (f) As used in this Section:

12 "Fallen police officer, fallen firefighter, or fallen
13 rescue worker" means a police officer, firefighter, or rescue
14 worker who dies at any time prior to the last day of the
15 application period for the exemption under this Section for
16 the taxable year for which the exemption is sought and who is
17 killed in the line of duty while in the active service of a
18 fire, rescue, or emergency medical service.

19 "Fallen police officer, fallen firefighter, or fallen
20 rescue worker" does not include any individual whose death was
21 the result of that individual's own willful misconduct or
22 abuse of alcohol or drugs.

23 "Firefighter" has the same meaning as "fireman" in
24 subsection (b) of Section 2 of the Line of Duty Compensation
25 Act.

26 "Killed in the line of duty" means losing one's life as a

1 result of an injury that was received in the active
2 performance of duties as a police officer, firefighter, or
3 rescue worker if the death occurs within one year after the
4 date the injury was received and if the injury arose from
5 violence or other accidental cause. Subject to the conditions
6 set forth in in subsection (a) of Section 2 of the Line of Duty
7 Compensation Act with respect to inclusion of Department of
8 Corrections and Department of Juvenile Justice employees
9 described in that subsection, for the purposes of this Section
10 15-171, instances in which a law enforcement officer receives
11 an injury in the active performance of duties as a law
12 enforcement officer include, but are not limited to, instances
13 when:

14 (1) the injury is received as a result of a willful act
15 of violence committed by someone other than the officer
16 and a relationship exists between the commission of the
17 act and the officer's performance of his or her duties as a
18 law enforcement officer, whether or not the injury is
19 received while the officer is on duty as a law enforcement
20 officer;

21 (2) the injury is received by the officer while the
22 officer is attempting to prevent the commission of a
23 criminal act by another or attempting to apprehend an
24 individual the officer suspects has committed a crime,
25 whether or not the injury is received while the officer is
26 on duty as a law enforcement officer; or

1 (3) the injury is received by the officer while the
2 officer is traveling to or from his or her employment as a
3 law enforcement officer or during any meal break, or other
4 break, that takes place during the period in which the
5 officer is on duty as a law enforcement officer.

6 "Police officer" has the same meaning as "law enforcement
7 officer" in subsection (a) of Section 2 of the Line of Duty
8 Compensation Act.

9 "Qualified residence" means real property, but less any
10 portion of that property that is used for commercial or farm
11 purposes, that was owned by a fallen police officer, fallen
12 firefighter, or fallen rescue worker and was used as the
13 primary residence of the fallen police officer, fallen
14 firefighter, or fallen rescue worker at the time of his or her
15 death.

16 "Rescue worker" means a person who is licensed under the
17 Emergency Medical Services (EMS) Systems Act as an Emergency
18 Medical Responder (EMR) (First Responder), Emergency Medical
19 Technician (EMT), Emergency Medical Technician-Intermediate
20 (EMT-I), Advanced Emergency Medical Responder (A-EMT), or
21 Paramedic (EMT-P), or a volunteer ambulance driver or
22 attendant, or a person who is a volunteer member of a county or
23 municipal emergency services and disaster agency pursuant to
24 the Illinois Emergency Management Agency Act.

1 Sec. 23-20. Effect of protested payments; refunds. No
2 protest shall prevent or be a cause of delay in the
3 distribution of tax collections to the taxing districts of any
4 taxes collected which were not paid under protest. If the
5 final order of the Property Tax Appeal Board or of a court
6 results in a refund to the taxpayer, refunds shall be made by
7 the collector from funds remaining in the Protest Fund until
8 such funds are exhausted and thereafter from the next funds
9 collected after entry of the final order until full payment of
10 the refund and interest thereon has been made. Interest from
11 the date of payment, regardless of whether the payment was
12 made before the effective date of this amendatory Act of 1997,
13 or from the date payment is due, whichever is later, to the
14 date of refund shall also be paid to the taxpayer at the annual
15 rate of the lesser of (i) 5% or (ii) the percentage increase in
16 the Consumer Price Index For All Urban Consumers during the
17 12-month calendar year preceding the levy year for which the
18 refund was made, as published by the federal Bureau of Labor
19 Statistics.

20 A claim for a refund resulting from a final order of the
21 Property Tax Appeal Board shall not be allowed unless the
22 claim is filed within 20 years after the date the right to a
23 refund arose. However, the aggregate total of refunded taxes
24 and interest shall not exceed \$5,000,000 in any calendar year
25 for claims filed more than 7 years after the right to the
26 refund arose. If the payment of a claim for a refund would

1 cause the aggregate total of taxes and interest for claims
2 filed more than 7 years after the right to the refund arose to
3 exceed \$5,000,000 in any year, then the refund shall be paid in
4 the next succeeding year.

5 The changes made to this Section by this amendatory Act of
6 the 103rd General Assembly apply to matters concerning refund
7 claims filed on or after the first day of the first month
8 following the effective date of this amendatory Act of the
9 103rd General Assembly.

10 (Source: P.A. 94-558, eff. 1-1-06.)

11 Section 910. The Illinois Administrative Procedure Act is
12 amended by adding Section 5-45.35 as follows:

13 (5 ILCS 100/5-45.35 new)

14 Sec. 5-45.35. Emergency rulemaking; homestead exemption
15 for surviving spouses of fallen police officers, fallen
16 firefighters, or fallen rescue workers.. To provide for the
17 expeditious and timely implementation of this amendatory Act
18 of the 103rd General Assembly, emergency rules implementing
19 Section 15-171 of the Property Tax Code may be adopted in
20 accordance with Section 5-45 by the Department of Revenue. The
21 adoption of emergency rules authorized by Section 5-45 and
22 this Section is deemed to be necessary for the public
23 interest, safety, and welfare.

24 This Section is repealed one year after the effective date

1 of this amendatory Act of the 103rd General Assembly.

2 Section 999. Effective date. This Act takes effect upon
3 becoming law.".