

SB3474



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3474

Introduced 2/8/2024, by Sen. Elgie R. Sims, Jr.

SYNOPSIS AS INTRODUCED:

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

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

LRB103 36904 HLH 67017 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois
6 is amended by adding Section 605-1115 as follows:

7 (20 ILCS 605/605-1115 new)

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

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

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

23 (c) Taxpayers seeking a credit certificate for qualifying

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

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

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

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

11 (g) As used in this Section:

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

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

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

24 (35 ILCS 5/201)

1 Sec. 201. Tax imposed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 includes a mutual insurer under common management.

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

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

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

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

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

1 subsection (d).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 pass through the credits shall be irrevocable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (g) (Blank).

24 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

26 (D) is not eligible for the Enterprise Zone

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (l) Environmental Remediation Tax Credit.

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

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

1 and subchapter S of the Internal Revenue Code.

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

1 of subsection (i).

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

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

25 For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (p) Pass-through entity tax.

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

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

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

14 (3) Net income defined.

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

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

26 (ii) the deduction for net losses allowed

1 under Section 207;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (35 ILCS 5/241 new)

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

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

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

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

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

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

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

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