

SB3488



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3488

Introduced 2/9/2024, by Sen. Win Stoller

SYNOPSIS AS INTRODUCED:

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

Amends the Business Corporation Act of 1983. Provides that, in the case of a domestic or foreign corporation, no payment is required for a franchise tax that would have been due and payable on or after January 1, 2025. Repeals on January 1, 2026 the provisions in the Act that establish the corporate franchise tax. Directs the Legislative Reference Bureau to prepare a bill effecting necessary changes to conform the statutes to the changes made by the amendatory Act. Effective immediately.

LRB103 37894 HLH 68025 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 Business Corporation Act of 1983 is amended
5 by changing Sections 15.35 and 15.65 and by adding Section
6 15.98 as follows:

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

8 (Text of Section from P.A. 102-16 and 103-8)

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

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

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

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

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

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

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

9 On or after January 1, 2020 and before ~~prior to~~ January 1,
10 2021, the first \$30 in liability is exempt from the tax imposed
11 under this Section. On or after January 1, 2021, and before
12 ~~prior to~~ January 1, 2024, the first \$1,000 in liability is
13 exempt from the tax imposed under this Section. On or after
14 January 1, 2024 and before January 1, 2025, the first \$5,000 in
15 liability is exempt from the tax imposed under this Section.
16 The provisions of this Section shall not require the payment
17 of any franchise tax that would otherwise have been due and
18 payable on or after January 1, 2025. There shall be no refunds
19 or proration of franchise tax for any taxes due and payable on
20 or after January 1, 2025 on the basis that a portion of the
21 corporation's taxable year extends beyond January 1, 2025.

22 This Section is repealed on January 1, 2026.

23 (Source: P.A. 102-16, eff. 6-17-21; 103-8, eff. 6-7-23.)

24 (Text of Section from P.A. 102-282, 102-558, and 103-8)

25 Sec. 15.35. Franchise taxes payable by domestic

1 corporations. For the privilege of exercising its franchises
2 in this State, each domestic corporation shall pay to the
3 Secretary of State the following franchise taxes, computed on
4 the basis, at the rates and for the periods prescribed in this
5 Act:

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

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

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

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

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

23 On or after January 1, 2020 and before ~~prior to~~ January 1,
24 2021, the first \$30 in liability is exempt from the tax imposed
25 under this Section. On or after January 1, 2021 and before
26 ~~prior to~~ January 1, 2024, the first \$1,000 in liability is

1 exempt from the tax imposed under this Section. On or after
2 January 1, 2024 and before January 1, 2025, the first \$5,000 in
3 liability is exempt from the tax imposed under this Section.
4 The provisions of this Section shall not require the payment
5 of any franchise tax that would otherwise have been due and
6 payable on or after January 1, 2025. There shall be no refunds
7 or proration of franchise tax for any taxes due and payable on
8 or after January 1, 2025 on the basis that a portion of the
9 corporation's taxable year extends beyond January 1, 2025.

10 This Section is repealed on January 1, 2026.

11 (Source: P.A. 102-282, eff. 1-1-22; 102-558, eff. 8-20-21;
12 103-8, eff. 6-7-23.)

13 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

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

21 (a) An initial franchise tax at the time of filing its
22 application for authority to transact business in this
23 State.

24 (b) An additional franchise tax at the time of filing
25 (1) a report of the issuance of additional shares, or (2) a

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

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

1 their taxable year end to the next succeeding anniversary
2 month or, in the case of a corporation which has
3 established an extended filing month, the extended filing
4 month of the surviving corporation; however if the taxable
5 year ends within the 2-month period immediately preceding
6 the anniversary month or the extended filing month of the
7 surviving corporation, the tax will be computed to the
8 anniversary or, extended filing month of the surviving
9 corporation in the next succeeding calendar year.

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

13 On or after January 1, 2020 and before ~~prior to~~ January 1,
14 2021, the first \$30 in liability is exempt from the tax imposed
15 under this Section. On or after January 1, 2021 and before
16 January 1, 2025, the first \$1,000 in liability is exempt from
17 the tax imposed under this Section. The provisions of this
18 Section shall not require the payment of any franchise tax
19 that would otherwise have been due and payable on or after
20 January 1, 2025. There shall be no refunds or proration of
21 franchise tax for any taxes due and payable on or after January
22 1, 2025 on the basis that a portion of the corporation's
23 taxable year extends beyond January 1, 2025. This amendatory
24 Act of the 103rd General Assembly shall not affect any right
25 accrued or established, or any liability or penalty incurred
26 prior to January 1, 2025.

1 This Section is repealed on January 1, 2026.

2 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21;
3 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)

4 (805 ILCS 5/15.98 new)

5 Sec. 15.98. Preparation of bill. The Legislative Reference
6 Bureau shall prepare for introduction in the 2025 spring
7 session of the General Assembly a bill effecting such changes
8 in the statutes as may be necessary to conform the statutes to
9 the changes in law made by this amendatory Act of the 103rd
10 General Assembly.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.