



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

SB3790

Introduced 2/9/2024, by Sen. Lakesia Collins

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Income Tax Act. Sets forth provisions concerning the computation of taxes related to minority and other specific priority population owned business in the State. Amends the Liquor Control Act of 1934. Sets forth provisions concerning hemp products. Amends the Industrial Hemp Act. Establishes provisions that will enable the State to regulate hemp-derived cannabinoids. Distinguishes the lawful use of hemp-derived cannabinoids. Sets forth the limitation and penalties concerning the unlawful use of hemp cannabinoid. Sets forth other provisions concerning licenses and registration of cultivating industrial hemp, rules, administrative hearings and judicial review, loans and grants, immunity, age verification, packaging and labeling of hemp cannabinoid products, laboratory approvals, testing requirements, violations of State and federal law, licensing and regulation of hemp processors and hemp food establishments, academic research institutions, government demonstration and research entity, and cannabinoid retail tax. Limits home rule powers. Defines terms.

LRB103 39446 CES 69640 b

1 AN ACT concerning agriculture.

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

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 203 as follows:

6 (35 ILCS 5/203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

9 (1) In general. In the case of an individual, base  
10 income means an amount equal to the taxpayer's adjusted  
11 gross income for the taxable year as modified by paragraph  
12 (2).

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

16 (A) An amount equal to all amounts paid or accrued  
17 to the taxpayer as interest or dividends during the  
18 taxable year to the extent excluded from gross income  
19 in the computation of adjusted gross income, except  
20 stock dividends of qualified public utilities  
21 described in Section 305(e) of the Internal Revenue  
22 Code;

23 (B) An amount equal to the amount of tax imposed by

1           this Act to the extent deducted from gross income in  
2           the computation of adjusted gross income for the  
3           taxable year;

4           (C) An amount equal to the amount received during  
5           the taxable year as a recovery or refund of real  
6           property taxes paid with respect to the taxpayer's  
7           principal residence under the Revenue Act of 1939 and  
8           for which a deduction was previously taken under  
9           subparagraph (L) of this paragraph (2) prior to July  
10          1, 1991, the retrospective application date of Article  
11          4 of Public Act 87-17. In the case of multi-unit or  
12          multi-use structures and farm dwellings, the taxes on  
13          the taxpayer's principal residence shall be that  
14          portion of the total taxes for the entire property  
15          which is attributable to such principal residence;

16          (D) An amount equal to the amount of the capital  
17          gain deduction allowable under the Internal Revenue  
18          Code, to the extent deducted from gross income in the  
19          computation of adjusted gross income;

20          (D-5) An amount, to the extent not included in  
21          adjusted gross income, equal to the amount of money  
22          withdrawn by the taxpayer in the taxable year from a  
23          medical care savings account and the interest earned  
24          on the account in the taxable year of a withdrawal  
25          pursuant to subsection (b) of Section 20 of the  
26          Medical Care Savings Account Act or subsection (b) of

1 Section 20 of the Medical Care Savings Account Act of  
2 2000;

3 (D-10) For taxable years ending after December 31,  
4 1997, an amount equal to any eligible remediation  
5 costs that the individual deducted in computing  
6 adjusted gross income and for which the individual  
7 claims a credit under subsection (l) of Section 201;

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

13 (D-16) If the taxpayer sells, transfers, abandons,  
14 or otherwise disposes of property for which the  
15 taxpayer was required in any taxable year to make an  
16 addition modification under subparagraph (D-15), then  
17 an amount equal to the aggregate amount of the  
18 deductions taken in all taxable years under  
19 subparagraph (Z) with respect to that property.

20 If the taxpayer continues to own property through  
21 the last day of the last tax year for which a  
22 subtraction is allowed with respect to that property  
23 under subparagraph (Z) and for which the taxpayer was  
24 allowed in any taxable year to make a subtraction  
25 modification under subparagraph (Z), then an amount  
26 equal to that subtraction modification.

1           The taxpayer is required to make the addition  
2           modification under this subparagraph only once with  
3           respect to any one piece of property;

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

1 in gross income under Section 78 of the Internal  
2 Revenue Code) with respect to the stock of the same  
3 person to whom the interest was paid, accrued, or  
4 incurred.

5 This paragraph shall not apply to the following:

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

12 (ii) an item of interest paid, accrued, or  
13 incurred, directly or indirectly, to a person if  
14 the taxpayer can establish, based on a  
15 preponderance of the evidence, both of the  
16 following:

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

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

1 (iii) the taxpayer can establish, based on  
2 clear and convincing evidence, that the interest  
3 paid, accrued, or incurred relates to a contract  
4 or agreement entered into at arm's-length rates  
5 and terms and the principal purpose for the  
6 payment is not federal or Illinois tax avoidance;  
7 or

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

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

24 (D-18) An amount equal to the amount of intangible  
25 expenses and costs otherwise allowed as a deduction in  
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable  
2 years ending on or after December 31, 2004, to a  
3 foreign person who would be a member of the same  
4 unitary business group but for the fact that the  
5 foreign person's business activity outside the United  
6 States is 80% or more of that person's total business  
7 activity and (ii) for taxable years ending on or after  
8 December 31, 2008, to a person who would be a member of  
9 the same unitary business group but for the fact that  
10 the person is prohibited under Section 1501(a)(27)  
11 from being included in the unitary business group  
12 because he or she is ordinarily required to apportion  
13 business income under different subsections of Section  
14 304. The addition modification required by this  
15 subparagraph shall be reduced to the extent that  
16 dividends were included in base income of the unitary  
17 group for the same taxable year and received by the  
18 taxpayer or by a member of the taxpayer's unitary  
19 business group (including amounts included in gross  
20 income under Sections 951 through 964 of the Internal  
21 Revenue Code and amounts included in gross income  
22 under Section 78 of the Internal Revenue Code) with  
23 respect to the stock of the same person to whom the  
24 intangible expenses and costs were directly or  
25 indirectly paid, incurred, or accrued. The preceding  
26 sentence does not apply to the extent that the same



1 dividends caused a reduction to the addition  
2 modification required under Section 203(a)(2)(D-17) of  
3 this Act. As used in this subparagraph, the term  
4 "intangible expenses and costs" includes (1) expenses,  
5 losses, and costs for, or related to, the direct or  
6 indirect acquisition, use, maintenance or management,  
7 ownership, sale, exchange, or any other disposition of  
8 intangible property; (2) losses incurred, directly or  
9 indirectly, from factoring transactions or discounting  
10 transactions; (3) royalty, patent, technical, and  
11 copyright fees; (4) licensing fees; and (5) other  
12 similar expenses and costs. For purposes of this  
13 subparagraph, "intangible property" includes patents,  
14 patent applications, trade names, trademarks, service  
15 marks, copyrights, mask works, trade secrets, and  
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

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

25 (ii) any item of intangible expense or cost  
26 paid, accrued, or incurred, directly or

1 indirectly, if the taxpayer can establish, based  
2 on a preponderance of the evidence, both of the  
3 following:

4 (a) the person during the same taxable  
5 year paid, accrued, or incurred, the  
6 intangible expense or cost to a person that is  
7 not a related member, and

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

15 (iii) any item of intangible expense or cost  
16 paid, accrued, or incurred, directly or  
17 indirectly, from a transaction with a person if  
18 the taxpayer establishes by clear and convincing  
19 evidence, that the adjustments are unreasonable;  
20 or if the taxpayer and the Director agree in  
21 writing to the application or use of an  
22 alternative method of apportionment under Section  
23 304(f);

24 Nothing in this subsection shall preclude the  
25 Director from making any other adjustment  
26 otherwise allowed under Section 404 of this Act

1           for any tax year beginning after the effective  
2           date of this amendment provided such adjustment is  
3           made pursuant to regulation adopted by the  
4           Department and such regulations provide methods  
5           and standards by which the Department will utilize  
6           its authority under Section 404 of this Act;

7           (D-19) For taxable years ending on or after  
8           December 31, 2008, an amount equal to the amount of  
9           insurance premium expenses and costs otherwise allowed  
10          as a deduction in computing base income, and that were  
11          paid, accrued, or incurred, directly or indirectly, to  
12          a person who would be a member of the same unitary  
13          business group but for the fact that the person is  
14          prohibited under Section 1501(a)(27) from being  
15          included in the unitary business group because he or  
16          she is ordinarily required to apportion business  
17          income under different subsections of Section 304. The  
18          addition modification required by this subparagraph  
19          shall be reduced to the extent that dividends were  
20          included in base income of the unitary group for the  
21          same taxable year and received by the taxpayer or by a  
22          member of the taxpayer's unitary business group  
23          (including amounts included in gross income under  
24          Sections 951 through 964 of the Internal Revenue Code  
25          and amounts included in gross income under Section 78  
26          of the Internal Revenue Code) with respect to the

1 stock of the same person to whom the premiums and costs  
2 were directly or indirectly paid, incurred, or  
3 accrued. The preceding sentence does not apply to the  
4 extent that the same dividends caused a reduction to  
5 the addition modification required under Section  
6 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this  
7 Act;

8 (D-20) For taxable years beginning on or after  
9 January 1, 2002 and ending on or before December 31,  
10 2006, in the case of a distribution from a qualified  
11 tuition program under Section 529 of the Internal  
12 Revenue Code, other than (i) a distribution from a  
13 College Savings Pool created under Section 16.5 of the  
14 State Treasurer Act or (ii) a distribution from the  
15 Illinois Prepaid Tuition Trust Fund, an amount equal  
16 to the amount excluded from gross income under Section  
17 529(c)(3)(B). For taxable years beginning on or after  
18 January 1, 2007, in the case of a distribution from a  
19 qualified tuition program under Section 529 of the  
20 Internal Revenue Code, other than (i) a distribution  
21 from a College Savings Pool created under Section 16.5  
22 of the State Treasurer Act, (ii) a distribution from  
23 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
24 distribution from a qualified tuition program under  
25 Section 529 of the Internal Revenue Code that (I)  
26 adopts and determines that its offering materials

1           comply with the College Savings Plans Network's  
2           disclosure principles and (II) has made reasonable  
3           efforts to inform in-state residents of the existence  
4           of in-state qualified tuition programs by informing  
5           Illinois residents directly and, where applicable, to  
6           inform financial intermediaries distributing the  
7           program to inform in-state residents of the existence  
8           of in-state qualified tuition programs at least  
9           annually, an amount equal to the amount excluded from  
10          gross income under Section 529(c)(3)(B).

11           For the purposes of this subparagraph (D-20), a  
12          qualified tuition program has made reasonable efforts  
13          if it makes disclosures (which may use the term  
14          "in-state program" or "in-state plan" and need not  
15          specifically refer to Illinois or its qualified  
16          programs by name) (i) directly to prospective  
17          participants in its offering materials or makes a  
18          public disclosure, such as a website posting; and (ii)  
19          where applicable, to intermediaries selling the  
20          out-of-state program in the same manner that the  
21          out-of-state program distributes its offering  
22          materials;

23           (D-20.5) For taxable years beginning on or after  
24          January 1, 2018, in the case of a distribution from a  
25          qualified ABLE program under Section 529A of the  
26          Internal Revenue Code, other than a distribution from

1 a qualified ABLE program created under Section 16.6 of  
2 the State Treasurer Act, an amount equal to the amount  
3 excluded from gross income under Section 529A(c) (1) (B)  
4 of the Internal Revenue Code;

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

12 (D-21.5) For taxable years beginning on or after  
13 January 1, 2018, in the case of the transfer of moneys  
14 from a qualified tuition program under Section 529 or  
15 a qualified ABLE program under Section 529A of the  
16 Internal Revenue Code that is administered by this  
17 State to an ABLE account established under an  
18 out-of-state ABLE account program, an amount equal to  
19 the contribution component of the transferred amount  
20 that was previously deducted from base income under  
21 subsection (a) (2) (Y) or subsection (a) (2) (HH) of this  
22 Section;

23 (D-22) For taxable years beginning on or after  
24 January 1, 2009, and prior to January 1, 2018, in the  
25 case of a nonqualified withdrawal or refund of moneys  
26 from a qualified tuition program under Section 529 of

1 the Internal Revenue Code administered by the State  
2 that is not used for qualified expenses at an eligible  
3 education institution, an amount equal to the  
4 contribution component of the nonqualified withdrawal  
5 or refund that was previously deducted from base  
6 income under subsection (a)(2)(y) of this Section,  
7 provided that the withdrawal or refund did not result  
8 from the beneficiary's death or disability. For  
9 taxable years beginning on or after January 1, 2018:  
10 (1) in the case of a nonqualified withdrawal or  
11 refund, as defined under Section 16.5 of the State  
12 Treasurer Act, of moneys from a qualified tuition  
13 program under Section 529 of the Internal Revenue Code  
14 administered by the State, an amount equal to the  
15 contribution component of the nonqualified withdrawal  
16 or refund that was previously deducted from base  
17 income under subsection (a)(2)(Y) of this Section, and  
18 (2) in the case of a nonqualified withdrawal or refund  
19 from a qualified ABLE program under Section 529A of  
20 the Internal Revenue Code administered by the State  
21 that is not used for qualified disability expenses, an  
22 amount equal to the contribution component of the  
23 nonqualified withdrawal or refund that was previously  
24 deducted from base income under subsection (a)(2)(HH)  
25 of this Section;

26 (D-23) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,  
2 determined without regard to Section 218(c) of this  
3 Act;

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

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

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

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



1 on or after December 31, 2007, the National Guard of  
2 any other state. For taxable years ending on or after  
3 December 31, 2001, any amount included in such total  
4 in respect of any compensation (including but not  
5 limited to any compensation paid or accrued to a  
6 serviceman while a prisoner of war or missing in  
7 action) paid to a resident by reason of being a member  
8 of any component of the Armed Forces of the United  
9 States and in respect of any compensation paid or  
10 accrued to a resident who as a governmental employee  
11 was a prisoner of war or missing in action, and in  
12 respect of any compensation paid to a resident in 2001  
13 or thereafter by reason of being a member of the  
14 Illinois National Guard or, beginning with taxable  
15 years ending on or after December 31, 2007, the  
16 National Guard of any other state. The provisions of  
17 this subparagraph (E) are exempt from the provisions  
18 of Section 250;

19 (F) An amount equal to all amounts included in  
20 such total pursuant to the provisions of Sections  
21 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
22 408 of the Internal Revenue Code, or included in such  
23 total as distributions under the provisions of any  
24 retirement or disability plan for employees of any  
25 governmental agency or unit, or retirement payments to  
26 retired partners, which payments are excluded in

1 computing net earnings from self employment by Section  
2 1402 of the Internal Revenue Code and regulations  
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

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

8 (I) An amount equal to all amounts included in  
9 such total pursuant to the provisions of Section 111  
10 of the Internal Revenue Code as a recovery of items  
11 previously deducted from adjusted gross income in the  
12 computation of taxable income;

13 (J) 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  
18 substantially all of its operations in a River Edge  
19 Redevelopment Zone or zones. This subparagraph (J) is  
20 exempt from the provisions of Section 250;

21 (K) An amount equal to those dividends included in  
22 such total that were paid by a corporation that  
23 conducts business operations in a federally designated  
24 Foreign Trade Zone or Sub-Zone and that is designated  
25 a High Impact Business located in Illinois; provided  
26 that dividends eligible for the deduction provided in

1           subparagraph (J) of paragraph (2) of this subsection  
2           shall not be eligible for the deduction provided under  
3           this subparagraph (K);

4           (L) For taxable years ending after December 31,  
5           1983, an amount equal to all social security benefits  
6           and railroad retirement benefits included in such  
7           total pursuant to Sections 72(r) and 86 of the  
8           Internal Revenue Code;

9           (M) With the exception of any amounts subtracted  
10          under subparagraph (N), an amount equal to the sum of  
11          all amounts disallowed as deductions by (i) Sections  
12          171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
13          and all amounts of expenses allocable to interest and  
14          disallowed as deductions by Section 265(a)(1) of the  
15          Internal Revenue Code; and (ii) for taxable years  
16          ending on or after August 13, 1999, Sections  
17          171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
18          Internal Revenue Code, plus, for taxable years ending  
19          on or after December 31, 2011, Section 45G(e)(3) of  
20          the Internal Revenue Code and, for taxable years  
21          ending on or after December 31, 2008, any amount  
22          included in gross income under Section 87 of the  
23          Internal Revenue Code; the provisions of this  
24          subparagraph are exempt from the provisions of Section  
25          250;

26          (N) An amount equal to all amounts included in

1 such total which are exempt from taxation by this  
2 State either by reason of its statutes or Constitution  
3 or by reason of the Constitution, treaties or statutes  
4 of the United States; provided that, in the case of any  
5 statute of this State that exempts income derived from  
6 bonds or other obligations from the tax imposed under  
7 this Act, the amount exempted shall be the interest  
8 net of bond premium amortization;

9 (O) An amount equal to any contribution made to a  
10 job training project established pursuant to the Tax  
11 Increment Allocation Redevelopment Act;

12 (P) An amount equal to the amount of the deduction  
13 used to compute the federal income tax credit for  
14 restoration of substantial amounts held under claim of  
15 right for the taxable year pursuant to Section 1341 of  
16 the Internal Revenue Code or of any itemized deduction  
17 taken from adjusted gross income in the computation of  
18 taxable income for restoration of substantial amounts  
19 held under claim of right for the taxable year;

20 (Q) An amount equal to any amounts included in  
21 such total, received by the taxpayer as an  
22 acceleration in the payment of life, endowment or  
23 annuity benefits in advance of the time they would  
24 otherwise be payable as an indemnity for a terminal  
25 illness;

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

2 (S) An amount, to the extent included in adjusted  
3 gross income, equal to the amount of a contribution  
4 made in the taxable year on behalf of the taxpayer to a  
5 medical care savings account established under the  
6 Medical Care Savings Account Act or the Medical Care  
7 Savings Account Act of 2000 to the extent the  
8 contribution is accepted by the account administrator  
9 as provided in that Act;

10 (T) An amount, to the extent included in adjusted  
11 gross income, equal to the amount of interest earned  
12 in the taxable year on a medical care savings account  
13 established under the Medical Care Savings Account Act  
14 or the Medical Care Savings Account Act of 2000 on  
15 behalf of the taxpayer, other than interest added  
16 pursuant to item (D-5) of this paragraph (2);

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

23 (V) Beginning with tax years ending on or after  
24 December 31, 1995 and ending with tax years ending on  
25 or before December 31, 2004, an amount equal to the  
26 amount paid by a taxpayer who is a self-employed

1 taxpayer, a partner of a partnership, or a shareholder  
2 in a Subchapter S corporation for health insurance or  
3 long-term care insurance for that taxpayer or that  
4 taxpayer's spouse or dependents, to the extent that  
5 the amount paid for that health insurance or long-term  
6 care insurance may be deducted under Section 213 of  
7 the Internal Revenue Code, has not been deducted on  
8 the federal income tax return of the taxpayer, and  
9 does not exceed the taxable income attributable to  
10 that taxpayer's income, self-employment income, or  
11 Subchapter S corporation income; except that no  
12 deduction shall be allowed under this item (V) if the  
13 taxpayer is eligible to participate in any health  
14 insurance or long-term care insurance plan of an  
15 employer of the taxpayer or the taxpayer's spouse. The  
16 amount of the health insurance and long-term care  
17 insurance subtracted under this item (V) shall be  
18 determined by multiplying total health insurance and  
19 long-term care insurance premiums paid by the taxpayer  
20 times a number that represents the fractional  
21 percentage of eligible medical expenses under Section  
22 213 of the Internal Revenue Code of 1986 not actually  
23 deducted on the taxpayer's federal income tax return;

24 (W) For taxable years beginning on or after  
25 January 1, 1998, all amounts included in the  
26 taxpayer's federal gross income in the taxable year

1 from amounts converted from a regular IRA to a Roth  
2 IRA. This paragraph is exempt from the provisions of  
3 Section 250;

4 (X) For taxable year 1999 and thereafter, an  
5 amount equal to the amount of any (i) distributions,  
6 to the extent includible in gross income for federal  
7 income tax purposes, made to the taxpayer because of  
8 his or her status as a victim of persecution for racial  
9 or religious reasons by Nazi Germany or any other Axis  
10 regime or as an heir of the victim and (ii) items of  
11 income, to the extent includible in gross income for  
12 federal income tax purposes, attributable to, derived  
13 from or in any way related to assets stolen from,  
14 hidden from, or otherwise lost to a victim of  
15 persecution for racial or religious reasons by Nazi  
16 Germany or any other Axis regime immediately prior to,  
17 during, and immediately after World War II, including,  
18 but not limited to, interest on the proceeds  
19 receivable as insurance under policies issued to a  
20 victim of persecution for racial or religious reasons  
21 by Nazi Germany or any other Axis regime by European  
22 insurance companies immediately prior to and during  
23 World War II; provided, however, this subtraction from  
24 federal adjusted gross income does not apply to assets  
25 acquired with such assets or with the proceeds from  
26 the sale of such assets; provided, further, this

1 paragraph shall only apply to a taxpayer who was the  
2 first recipient of such assets after their recovery  
3 and who is a victim of persecution for racial or  
4 religious reasons by Nazi Germany or any other Axis  
5 regime or as an heir of the victim. The amount of and  
6 the eligibility for any public assistance, benefit, or  
7 similar entitlement is not affected by the inclusion  
8 of items (i) and (ii) of this paragraph in gross income  
9 for federal income tax purposes. This paragraph is  
10 exempt from the provisions of Section 250;

11 (Y) For taxable years beginning on or after  
12 January 1, 2002 and ending on or before December 31,  
13 2004, moneys contributed in the taxable year to a  
14 College Savings Pool account under Section 16.5 of the  
15 State Treasurer Act, except that amounts excluded from  
16 gross income under Section 529(c)(3)(C)(i) of the  
17 Internal Revenue Code shall not be considered moneys  
18 contributed under this subparagraph (Y). For taxable  
19 years beginning on or after January 1, 2005, a maximum  
20 of \$10,000 contributed in the taxable year to (i) a  
21 College Savings Pool account under Section 16.5 of the  
22 State Treasurer Act or (ii) the Illinois Prepaid  
23 Tuition Trust Fund, except that amounts excluded from  
24 gross income under Section 529(c)(3)(C)(i) of the  
25 Internal Revenue Code shall not be considered moneys  
26 contributed under this subparagraph (Y). For purposes



1 of this subparagraph, contributions made by an  
2 employer on behalf of an employee, or matching  
3 contributions made by an employee, shall be treated as  
4 made by the employee. This subparagraph (Y) is exempt  
5 from the provisions of Section 250;

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

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

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

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

25 (i) for property on which a bonus  
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by  
2 30 and then divided by 70 (or "y" multiplied  
3 by 0.429);

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

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

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

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

9           (AA) 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-15), then  
13          an amount equal to that addition modification.

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 (Z) and for which the taxpayer was  
18          required in any taxable year to make an addition  
19          modification under subparagraph (D-15), then an amount  
20          equal to that addition modification.

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

24          This subparagraph (AA) is exempt from the  
25          provisions of Section 250;

26          (BB) Any amount included in adjusted gross income,

1 other than salary, received by a driver in a  
2 ridesharing arrangement using a motor vehicle;

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

20 (DD) An amount equal to the interest income taken  
21 into account for the taxable year (net of the  
22 deductions allocable thereto) with respect to  
23 transactions with (i) a foreign person who would be a  
24 member of the taxpayer's unitary business group but  
25 for the fact that the foreign person's business  
26 activity outside the United States is 80% or more of

1 that person's total business activity and (ii) for  
2 taxable years ending on or after December 31, 2008, to  
3 a person who would be a member of the same unitary  
4 business group but for the fact that the person is  
5 prohibited under Section 1501(a)(27) from being  
6 included in the unitary business group because he or  
7 she is ordinarily required to apportion business  
8 income under different subsections of Section 304, but  
9 not to exceed the addition modification required to be  
10 made for the same taxable year under Section  
11 203(a)(2)(D-17) for interest paid, accrued, or  
12 incurred, directly or indirectly, to the same person.  
13 This subparagraph (DD) is exempt from the provisions  
14 of Section 250;

15 (EE) An amount equal to the income from intangible  
16 property taken into account for the taxable year (net  
17 of the deductions allocable thereto) with respect to  
18 transactions with (i) a foreign person who would be a  
19 member of the taxpayer's unitary business group but  
20 for the fact that the foreign person's business  
21 activity outside the United States is 80% or more of  
22 that person's total business activity and (ii) for  
23 taxable years ending on or after December 31, 2008, 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, but  
4 not to exceed the addition modification required to be  
5 made for the same taxable year under Section  
6 203(a)(2)(D-18) for intangible expenses and costs  
7 paid, accrued, or incurred, directly or indirectly, to  
8 the same foreign person. This subparagraph (EE) is  
9 exempt from the provisions of Section 250;

10 (FF) An amount equal to any amount awarded to the  
11 taxpayer during the taxable year by the Court of  
12 Claims under subsection (c) of Section 8 of the Court  
13 of Claims Act for time unjustly served in a State  
14 prison. This subparagraph (FF) is exempt from the  
15 provisions of Section 250;

16 (GG) For taxable years ending on or after December  
17 31, 2011, in the case of a taxpayer who was required to  
18 add back any insurance premiums under Section  
19 203(a)(2)(D-19), such taxpayer may elect to subtract  
20 that part of a reimbursement received from the  
21 insurance company equal to the amount of the expense  
22 or loss (including expenses incurred by the insurance  
23 company) that would have been taken into account as a  
24 deduction for federal income tax purposes if the  
25 expense or loss had been uninsured. If a taxpayer  
26 makes the election provided for by this subparagraph

1 (GG), the insurer to which the premiums were paid must  
2 add back to income the amount subtracted by the  
3 taxpayer pursuant to this subparagraph (GG). This  
4 subparagraph (GG) is exempt from the provisions of  
5 Section 250;

6 (HH) For taxable years beginning on or after  
7 January 1, 2018 and prior to January 1, 2028, a maximum  
8 of \$10,000 contributed in the taxable year to a  
9 qualified ABLE account under Section 16.6 of the State  
10 Treasurer Act, except that amounts excluded from gross  
11 income under Section 529(c)(3)(C)(i) or Section  
12 529A(c)(1)(C) of the Internal Revenue Code shall not  
13 be considered moneys contributed under this  
14 subparagraph (HH). For purposes of this subparagraph  
15 (HH), contributions made by an employer on behalf of  
16 an employee, or matching contributions made by an  
17 employee, shall be treated as made by the employee;

18 (II) For taxable years that begin on or after  
19 January 1, 2021 and begin before January 1, 2026, the  
20 amount that is included in the taxpayer's federal  
21 adjusted gross income pursuant to Section 61 of the  
22 Internal Revenue Code as discharge of indebtedness  
23 attributable to student loan forgiveness and that is  
24 not excluded from the taxpayer's federal adjusted  
25 gross income pursuant to paragraph (5) of subsection  
26 (f) of Section 108 of the Internal Revenue Code; ~~and~~

1           (JJ) For taxable years beginning on or after  
2           January 1, 2023, for any cannabis establishment  
3           operating in this State and licensed under the  
4           Cannabis Regulation and Tax Act or any cannabis  
5           cultivation center or medical cannabis dispensing  
6           organization operating in this State and licensed  
7           under the Compassionate Use of Medical Cannabis  
8           Program Act, an amount equal to the deductions that  
9           were disallowed under Section 280E of the Internal  
10          Revenue Code for the taxable year and that would not be  
11          added back under this subsection. The provisions of  
12          this subparagraph (JJ) are exempt from the provisions  
13          of Section 250.

14          (KK) ~~(JJ)~~ To the extent includible in gross income  
15          for federal income tax purposes, any amount awarded or  
16          paid to the taxpayer as a result of a judgment or  
17          settlement for fertility fraud as provided in Section  
18          15 of the Illinois Fertility Fraud Act, donor  
19          fertility fraud as provided in Section 20 of the  
20          Illinois Fertility Fraud Act, or similar action in  
21          another state.

22          (LL) For taxable years beginning on or after  
23          January 1, 2025, for any hemp business establishment  
24          operating in this State and licensed under the  
25          Industrial Hemp Act, an amount equal to 50% of the  
26          income generated by the sale products made by minority



1       and other specific priority population owned  
2       businesses. The provisions of this subparagraph are  
3       exempt from the provisions of Section 250. For  
4       purposes of this paragraph, the term "minority and  
5       other specific priority population owned businesses"  
6       may include, but shall not be limited to, businesses  
7       51% or more owned by groups such as women,  
8       African-Americans, Puerto Ricans, Hispanics, Asian  
9       Americans, veterans, the elderly, hemp justice or hemp  
10       social equity participants as defined in the  
11       Industrial Hemp Act, persons who are clients of  
12       services provided by other State agencies, individuals  
13       identifying as LGBTQ, persons with disabilities,  
14       intravenous drug users, persons with AIDS or who are  
15       HIV infected, and such other specific populations as  
16       the Department may from time to time identify.

17       (b) Corporations.

18           (1) In general. In the case of a corporation, 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. The taxable income referred to in  
22       paragraph (1) shall be modified by adding thereto the sum  
23       of the following amounts:

24           (A) An amount equal to all amounts paid or accrued  
25       to the taxpayer as interest and all distributions

1 received from regulated investment companies during  
2 the taxable year to the extent excluded from gross  
3 income in the computation of taxable income;

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

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

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

22 (E) For taxable years in which a net operating  
23 loss carryback or carryforward from a taxable year  
24 ending prior to December 31, 1986 is an element of  
25 taxable income under paragraph (1) of subsection (e)  
26 or subparagraph (E) of paragraph (2) of subsection

1 (e), the amount by which addition modifications other  
2 than those provided by this subparagraph (E) exceeded  
3 subtraction modifications in such earlier taxable  
4 year, with the following limitations applied in the  
5 order that they are listed:

6 (i) the addition modification relating to the  
7 net operating loss carried back or forward to the  
8 taxable year from any taxable year ending prior to  
9 December 31, 1986 shall be reduced by the amount  
10 of addition modification under this subparagraph  
11 (E) which related to that net operating loss and  
12 which was taken into account in calculating the  
13 base income of an earlier taxable year, and

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

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

26 (E-5) For taxable years ending after December 31,

1 1997, an amount equal to any eligible remediation  
2 costs that the corporation deducted in computing  
3 adjusted gross income and for which the corporation  
4 claims a credit under subsection (l) of Section 201;

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

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

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

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

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

1 accrued, or incurred.

2 This paragraph shall not apply to the following:

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

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

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

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

24 (iii) the taxpayer can establish, based on  
25 clear and convincing evidence, that the interest  
26 paid, accrued, or incurred relates to a contract

1 or agreement entered into at arm's-length rates  
2 and terms and the principal purpose for the  
3 payment is not federal or Illinois tax avoidance;  
4 or

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

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

21 (E-13) An amount equal to the amount of intangible  
22 expenses and costs otherwise allowed as a deduction in  
23 computing base income, and that were paid, accrued, or  
24 incurred, directly or indirectly, (i) for taxable  
25 years ending on or after December 31, 2004, to a  
26 foreign person who would be a member of the same

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



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

14 This paragraph shall not apply to the following:

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

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

1 (a) the person during the same taxable  
2 year paid, accrued, or incurred, the  
3 intangible expense or cost to a person that is  
4 not a related member, and

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

12 (iii) any item of intangible expense or cost  
13 paid, accrued, or incurred, directly or  
14 indirectly, from a transaction with a person if  
15 the taxpayer establishes by clear and convincing  
16 evidence, that the adjustments are unreasonable;  
17 or if the taxpayer and the Director agree in  
18 writing to the application or use of an  
19 alternative method of apportionment under Section  
20 304(f);

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

1 Department and such regulations provide methods  
2 and standards by which the Department will utilize  
3 its authority under Section 404 of this Act;

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

1 extent that the same dividends caused a reduction to  
2 the addition modification required under Section  
3 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this  
4 Act;

5 (E-15) For taxable years beginning after December  
6 31, 2008, any deduction for dividends paid by a  
7 captive real estate investment trust that is allowed  
8 to a real estate investment trust under Section  
9 857(b)(2)(B) of the Internal Revenue Code for  
10 dividends paid;

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

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

19 (E-18) for taxable years beginning after December  
20 31, 2018, an amount equal to the deduction allowed  
21 under Section 250(a)(1)(A) of the Internal Revenue  
22 Code for the taxable year;

23 (E-19) for taxable years ending on or after June  
24 30, 2021, an amount equal to the deduction allowed  
25 under Section 250(a)(1)(B)(i) of the Internal Revenue  
26 Code for the taxable year;

1           (E-20) for taxable years ending on or after June  
2           30, 2021, an amount equal to the deduction allowed  
3           under Sections 243(e) and 245A(a) of the Internal  
4           Revenue Code for the taxable year.

5           and by deducting from the total so obtained the sum of the  
6           following amounts:

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

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

12          (H) In the case of a regulated investment company,  
13          an amount equal to the amount of exempt interest  
14          dividends as defined in subsection (b)(5) of Section  
15          852 of the Internal Revenue Code, paid to shareholders  
16          for the taxable year;

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

1 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
2 for tax years ending on or after December 31, 2011,  
3 amounts disallowed as deductions by Section 45G(e)(3)  
4 of the Internal Revenue Code and, for taxable years  
5 ending on or after December 31, 2008, any amount  
6 included in gross income under Section 87 of the  
7 Internal Revenue Code and the policyholders' share of  
8 tax-exempt interest of a life insurance company under  
9 Section 807(a)(2)(B) of the Internal Revenue Code (in  
10 the case of a life insurance company with gross income  
11 from a decrease in reserves for the tax year) or  
12 Section 807(b)(1)(B) of the Internal Revenue Code (in  
13 the case of a life insurance company allowed a  
14 deduction for an increase in reserves for the tax  
15 year); the provisions of this subparagraph are exempt  
16 from the provisions of Section 250;

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

26 (K) An amount equal to those dividends included in

1 such total which were paid by a corporation which  
2 conducts business operations in a River Edge  
3 Redevelopment Zone or zones created under the River  
4 Edge Redevelopment Zone Act and conducts substantially  
5 all of its operations in a River Edge Redevelopment  
6 Zone or zones. This subparagraph (K) is exempt from  
7 the provisions of Section 250;

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

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

1 loans between the taxpayer and the borrower should be  
2 divided into the basis of the Section 201(f)  
3 investment credit property which secures the loan or  
4 loans, using for this purpose the original basis of  
5 such property on the date that it was placed in service  
6 in the River Edge Redevelopment Zone. The subtraction  
7 modification available to the taxpayer in any year  
8 under this subsection shall be that portion of the  
9 total interest paid by the borrower with respect to  
10 such loan attributable to the eligible property as  
11 calculated under the previous sentence. This  
12 subparagraph (M) is exempt from the provisions of  
13 Section 250;

14 (M-1) 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 High Impact  
20 Business Investment Credit. To determine the portion  
21 of a loan or loans that is secured by property eligible  
22 for a Section 201(h) 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(h)  
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 a federally designated Foreign Trade Zone or  
4 Sub-Zone located in Illinois. No taxpayer that is  
5 eligible for the deduction provided in subparagraph  
6 (M) of paragraph (2) of this subsection shall be  
7 eligible for the deduction provided under this  
8 subparagraph (M-1). The subtraction modification  
9 available to taxpayers in any year under this  
10 subsection shall be that portion of the total interest  
11 paid by the borrower with respect to such loan  
12 attributable to the eligible property as calculated  
13 under the previous sentence;

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

25 (O) An amount equal to: (i) 85% for taxable years  
26 ending on or before December 31, 1992, or, a

1 percentage equal to the percentage allowable under  
2 Section 243(a)(1) of the Internal Revenue Code of 1986  
3 for taxable years ending after December 31, 1992, of  
4 the amount by which dividends included in taxable  
5 income and received from a corporation that is not  
6 created or organized under the laws of the United  
7 States or any state or political subdivision thereof,  
8 including, for taxable years ending on or after  
9 December 31, 1988, dividends received or deemed  
10 received or paid or deemed paid under Sections 951  
11 through 965 of the Internal Revenue Code, exceed the  
12 amount of the modification provided under subparagraph  
13 (G) of paragraph (2) of this subsection (b) which is  
14 related to such dividends, and including, for taxable  
15 years ending on or after December 31, 2008, dividends  
16 received from a captive real estate investment trust;  
17 plus (ii) 100% of the amount by which dividends,  
18 included in taxable income and received, including,  
19 for taxable years ending on or after December 31,  
20 1988, dividends received or deemed received or paid or  
21 deemed paid under Sections 951 through 964 of the  
22 Internal Revenue Code and including, for taxable years  
23 ending on or after December 31, 2008, dividends  
24 received from a captive real estate investment trust,  
25 from any such corporation specified in clause (i) that  
26 would but for the provisions of Section 1504(b)(3) of

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

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

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

23 (R) On and after July 20, 1999, in the case of an  
24 attorney-in-fact with respect to whom an interinsurer  
25 or a reciprocal insurer has made the election under  
26 Section 835 of the Internal Revenue Code, 26 U.S.C.

1 835, an amount equal to the excess, if any, of the  
2 amounts paid or incurred by that interinsurer or  
3 reciprocal insurer in the taxable year to the  
4 attorney-in-fact over the deduction allowed to that  
5 interinsurer or reciprocal insurer with respect to the  
6 attorney-in-fact under Section 835(b) of the Internal  
7 Revenue Code for the taxable year; the provisions of  
8 this subparagraph are exempt from the provisions of  
9 Section 250;

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

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

26 (1) "y" equals the amount of the depreciation

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

7 (2) for taxable years ending on or before  
8 December 31, 2005, "x" equals "y" multiplied by 30  
9 and then divided by 70 (or "y" multiplied by  
10 0.429); and

11 (3) for taxable years ending after December  
12 31, 2005:

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

18 (ii) for property on which a bonus  
19 depreciation deduction of 50% of the adjusted  
20 basis was taken, "x" equals "y" multiplied by  
21 1.0;

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

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

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

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

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

1 equal to that addition modification.

2 If the taxpayer continues to own property through  
3 the last day of the last tax year for which a  
4 subtraction is allowed with respect to that property  
5 under subparagraph (T) and for which the taxpayer was  
6 required in any taxable year to make an addition  
7 modification under subparagraph (E-10), then an amount  
8 equal to that addition modification.

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

12 This subparagraph (U) is exempt from the  
13 provisions of Section 250;

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

1           203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
2           203(d)(2)(D-8), but not to exceed the amount of such  
3           addition modification, and (iii) any insurance premium  
4           income (net of deductions allocable thereto) taken  
5           into account for the taxable year with respect to a  
6           transaction with a taxpayer that is required to make  
7           an addition modification with respect to such  
8           transaction under Section 203(a)(2)(D-19), Section  
9           203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section  
10          203(d)(2)(D-9), but not to exceed the amount of that  
11          addition modification. This subparagraph (V) is exempt  
12          from the provisions of Section 250;

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



1 income under different subsections of Section 304, but  
2 not to exceed the addition modification required to be  
3 made for the same taxable year under Section  
4 203(b)(2)(E-12) for interest paid, accrued, or  
5 incurred, directly or indirectly, to the same person.  
6 This subparagraph (W) is exempt from the provisions of  
7 Section 250;

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

1 the same foreign person. This subparagraph (X) is  
2 exempt from the provisions of Section 250;

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

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

1 (AA) For taxable years beginning on or after  
2 January 1, 2023, for any cannabis establishment  
3 operating in this State and licensed under the  
4 Cannabis Regulation and Tax Act or any cannabis  
5 cultivation center or medical cannabis dispensing  
6 organization operating in this State and licensed  
7 under the Compassionate Use of Medical Cannabis  
8 Program Act, an amount equal to the deductions that  
9 were disallowed under Section 280E of the Internal  
10 Revenue Code for the taxable year and that would not be  
11 added back under this subsection. The provisions of  
12 this subparagraph (AA) are exempt from the provisions  
13 of Section 250.

14 (BB) For taxable years beginning on or after  
15 January 1, 2025, for any hemp business establishment  
16 operating in this State and licensed under the  
17 Industrial Hemp Act, an amount equal to 50% of the  
18 income generated by the sale products made by minority  
19 and other specific priority population owned  
20 businesses. The provisions of this subparagraph are  
21 exempt from the provisions of Section 250. For  
22 purposes of this paragraph, the term "minority and  
23 other specific priority population owned businesses"  
24 may include, but shall not be limited to, businesses  
25 51% or more owned by groups such as women, parents,  
26 African-Americans, Puerto Ricans, Hispanics, Asian

1 Americans, veterans, the elderly, hemp justice or hemp  
2 social equity participants as defined by the  
3 Industrial Hemp Act, persons who are clients of  
4 services provided by other State agencies, individuals  
5 identifying as LGBTQ, persons with disabilities,  
6 intravenous drug users, persons with AIDS or who are  
7 HIV infected, and such other specific populations as  
8 the Department may from time to time identify.

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;

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; and

26 (AA) For taxable years beginning on or after

1 January 1, 2023, for any cannabis establishment  
2 operating in this State and licensed under the  
3 Cannabis Regulation and Tax Act or any cannabis  
4 cultivation center or medical cannabis dispensing  
5 organization operating in this State and licensed  
6 under the Compassionate Use of Medical Cannabis  
7 Program Act, an amount equal to the deductions that  
8 were disallowed under Section 280E of the Internal  
9 Revenue Code for the taxable year and that would not be  
10 added back under this subsection. The provisions of  
11 this subparagraph (AA) are exempt from the provisions  
12 of Section 250.

13 (BB) For taxable years beginning on or after  
14 January 1, 2025, for any hemp business establishment  
15 operating in this State and licensed under the  
16 Industrial Hemp Act, an amount equal to 50% of the  
17 income generated by the sale products made by minority  
18 and other specific priority population owned  
19 businesses. The provisions of this subparagraph (BB)  
20 are exempt from the provisions of Section 250. For  
21 purposes of this paragraph, the term "minority and  
22 other specific priority population owned businesses"  
23 may include, but shall not be limited to, businesses  
24 51% or more owned by groups such as women, parents,  
25 African-Americans, Puerto Ricans, Hispanics, Asian  
26 Americans, veterans, the elderly, hemp justice or hemp

1           social equity participants as defined by the  
2           Industrial Hemp Act, persons who are clients of  
3           services provided by other State agencies, individuals  
4           identifying as LGBTQ, persons with disabilities,  
5           intravenous drug users, persons with AIDS or who are  
6           HIV infected, and such other specific populations as  
7           the Department may from time to time identify.

8           (3) Limitation. The amount of any modification  
9 otherwise required under this subsection shall, under  
10 regulations prescribed by the Department, be adjusted by  
11 any amounts included therein which were properly paid,  
12 credited, or required to be distributed, or permanently  
13 set aside for charitable purposes pursuant to Internal  
14 Revenue Code Section 642(c) during the taxable year.

15           (d) Partnerships.

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

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

22           (A) An amount equal to all amounts paid or accrued  
23 to the taxpayer as interest or dividends during the  
24 taxable year to the extent excluded from gross income  
25 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 for  
3 the taxable year;

4           (C) The amount of deductions allowed to the  
5 partnership pursuant to Section 707 (c) of the  
6 Internal Revenue Code in calculating its taxable  
7 income;

8           (D) An amount equal to the amount of the capital  
9 gain deduction allowable under the Internal Revenue  
10 Code, to the extent deducted from gross income in the  
11 computation of taxable income;

12           (D-5) 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;

17           (D-6) 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 (D-5), then  
21 an amount equal to the aggregate amount of the  
22 deductions taken in all taxable years under  
23 subparagraph (D) 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 (O) and for which the taxpayer was  
2 allowed in any taxable year to make a subtraction  
3 modification under subparagraph (O), 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 (D-7) 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 the foreign person's business activity outside  
15 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; and

2           (D-8) 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(d)(2)(D-7) of  
7 this Act. As used in this subparagraph, the term  
8 "intangible expenses and costs" includes (1) expenses,  
9 losses, and costs for, or related to, the direct or  
10 indirect acquisition, use, maintenance or management,  
11 ownership, sale, exchange, or any other disposition of  
12 intangible property; (2) losses incurred, directly or  
13 indirectly, from factoring transactions or discounting  
14 transactions; (3) royalty, patent, technical, and  
15 copyright fees; (4) licensing fees; and (5) other  
16 similar expenses and costs. For purposes of this  
17 subparagraph, "intangible property" includes patents,  
18 patent applications, trade names, trademarks, service  
19 marks, copyrights, mask works, trade secrets, and  
20 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          (D-9) 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(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

11 (D-10) An amount equal to the credit allowable to  
12 the taxpayer under Section 218(a) of this Act,  
13 determined without regard to Section 218(c) of this  
14 Act;

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

19 and by deducting from the total so obtained the following  
20 amounts:

21 (E) The valuation limitation amount;

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

25 (G) An amount equal to all amounts included in  
26 taxable income as modified by subparagraphs (A), (B),

1 (C) and (D) which are exempt from taxation by this  
2 State either by reason of its statutes or Constitution  
3 or by reason of the Constitution, treaties or statutes  
4 of the United States; provided that, in the case of any  
5 statute of this State that exempts income derived from  
6 bonds or other obligations from the tax imposed under  
7 this Act, the amount exempted shall be the interest  
8 net of bond premium amortization;

9 (H) Any income of the partnership which  
10 constitutes personal service income as defined in  
11 Section 1348(b)(1) of the Internal Revenue Code (as in  
12 effect December 31, 1981) or a reasonable allowance  
13 for compensation paid or accrued for services rendered  
14 by partners to the partnership, whichever is greater;  
15 this subparagraph (H) is exempt from the provisions of  
16 Section 250;

17 (I) An amount equal to all amounts of income  
18 distributable to an entity subject to the Personal  
19 Property Tax Replacement Income Tax imposed by  
20 subsections (c) and (d) of Section 201 of this Act  
21 including amounts distributable to organizations  
22 exempt from federal income tax by reason of Section  
23 501(a) of the Internal Revenue Code; this subparagraph  
24 (I) is exempt from the provisions of Section 250;

25 (J) With the exception of any amounts subtracted  
26 under subparagraph (G), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections  
2 171(a)(2) and 265(a)(2) of the Internal Revenue Code,  
3 and all amounts of expenses allocable to interest and  
4 disallowed as deductions by Section 265(a)(1) of the  
5 Internal Revenue Code; and (ii) for taxable years  
6 ending on or after August 13, 1999, Sections  
7 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
8 Internal Revenue Code, plus, (iii) for taxable years  
9 ending on or after December 31, 2011, Section  
10 45G(e)(3) of the Internal Revenue Code and, for  
11 taxable years ending on or after December 31, 2008,  
12 any amount included in gross income under Section 87  
13 of the Internal Revenue Code; the provisions of this  
14 subparagraph are exempt from the provisions of Section  
15 250;

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

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

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

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

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

21 (1) "y" equals the amount of the depreciation  
22 deduction taken for the taxable year on the  
23 taxpayer's federal income tax return on property  
24 for which the bonus depreciation deduction was  
25 taken in any year under subsection (k) of Section  
26 168 of the Internal Revenue Code, but not

1 including the bonus depreciation deduction;

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

6 (3) for taxable years ending after December  
7 31, 2005:

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

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

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

26 (iv) for property on which a bonus



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

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

18 (P) If the taxpayer sells, transfers, abandons, or  
19 otherwise disposes of property for which the taxpayer  
20 was required in any taxable year to make an addition  
21 modification under subparagraph (D-5), then an amount  
22 equal to that addition modification.

23 If the taxpayer continues to own property through  
24 the last day of the last tax year for which a  
25 subtraction is allowed with respect to that property  
26 under subparagraph (O) and for which the taxpayer was

1 required in any taxable year to make an addition  
2 modification under subparagraph (D-5), then an amount  
3 equal to that addition modification.

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

7 This subparagraph (P) is exempt from the  
8 provisions of Section 250;

9 (Q) The amount of (i) any interest income (net of  
10 the deductions allocable thereto) taken into account  
11 for the taxable year with respect to a transaction  
12 with a taxpayer that is required to make an addition  
13 modification with respect to such transaction under  
14 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
15 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
16 the amount of such addition modification and (ii) any  
17 income from intangible property (net of the deductions  
18 allocable thereto) taken into account for the taxable  
19 year with respect to a transaction with a taxpayer  
20 that is required to make an addition modification with  
21 respect to such transaction under Section  
22 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
23 203(d)(2)(D-8), but not to exceed the amount of such  
24 addition modification. This subparagraph (Q) is exempt  
25 from Section 250;

26 (R) An amount equal to the interest income taken

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

20                 (S) An amount equal to the income from intangible  
21          property taken into account for the taxable year (net  
22          of the deductions allocable thereto) with respect to  
23          transactions with (i) a foreign person who would be a  
24          member of the taxpayer's unitary business group but  
25          for the fact that the foreign person's business  
26          activity outside the United States is 80% or more of

1 that person's total business activity and (ii) for  
2 taxable years ending on or after December 31, 2008, to  
3 a person who would be a member of the same unitary  
4 business group but for the fact that the person is  
5 prohibited under Section 1501(a)(27) from being  
6 included in the unitary business group because he or  
7 she is ordinarily required to apportion business  
8 income under different subsections of Section 304, but  
9 not to exceed the addition modification required to be  
10 made for the same taxable year under Section  
11 203(d)(2)(D-8) for intangible expenses and costs paid,  
12 accrued, or incurred, directly or indirectly, to the  
13 same person. This subparagraph (S) is exempt from  
14 Section 250;

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

1 add back to income the amount subtracted by the  
2 taxpayer pursuant to this subparagraph (T). This  
3 subparagraph (T) is exempt from the provisions of  
4 Section 250; and

5 (U) For taxable years beginning on or after  
6 January 1, 2023, for any cannabis establishment  
7 operating in this State and licensed under the  
8 Cannabis Regulation and Tax Act or any cannabis  
9 cultivation center or medical cannabis dispensing  
10 organization operating in this State and licensed  
11 under the Compassionate Use of Medical Cannabis  
12 Program Act, an amount equal to the deductions that  
13 were disallowed under Section 280E of the Internal  
14 Revenue Code for the taxable year and that would not be  
15 added back under this subsection. The provisions of  
16 this subparagraph (U) are exempt from the provisions  
17 of Section 250.

18 (V) For taxable years beginning on or after  
19 January 1, 2025, for any hemp business establishment  
20 operating in this State and licensed under the  
21 Industrial Hemp Act, an amount equal to 20% of the  
22 income generated by the sale products made by minority  
23 and other specific priority population owned  
24 businesses. The provisions of this subparagraph are  
25 exempt from the provisions of Section 250. For  
26 purposes of this paragraph, the term "minority and

1 other specific priority population owned businesses"  
2 may include, but shall not be limited to, businesses  
3 51% or more owned by groups such as women, parents,  
4 African-Americans, Puerto Ricans, Hispanics, Asian  
5 Americans, veterans, the elderly, hemp justice or hemp  
6 social equity participants as defined by the  
7 Industrial Hemp Act, persons who are clients of  
8 services provided by other State agencies, individuals  
9 identifying as LGBTQ, persons with disabilities,  
10 intravenous drug users, persons with AIDS or who are  
11 HIV infected, and such other specific populations as  
12 the Department may from time to time identify.

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

14 (1) In general. Subject to the provisions of paragraph  
15 (2) and subsection (b)(3), for purposes of this Section  
16 and Section 803(e), a taxpayer's gross income, adjusted  
17 gross income, or taxable income for the taxable year shall  
18 mean the amount of gross income, adjusted gross income or  
19 taxable income properly reportable for federal income tax  
20 purposes for the taxable year under the provisions of the  
21 Internal Revenue Code. Taxable income may be less than  
22 zero. However, for taxable years ending on or after  
23 December 31, 1986, net operating loss carryforwards from  
24 taxable years ending prior to December 31, 1986, may not  
25 exceed the sum of federal taxable income for the taxable

1 year before net operating loss deduction, plus the excess  
2 of addition modifications over subtraction modifications  
3 for the taxable year. For taxable years ending prior to  
4 December 31, 1986, taxable income may never be an amount  
5 in excess of the net operating loss for the taxable year as  
6 defined in subsections (c) and (d) of Section 172 of the  
7 Internal Revenue Code, provided that when taxable income  
8 of a corporation (other than a Subchapter S corporation),  
9 trust, or estate is less than zero and addition  
10 modifications, other than those provided by subparagraph  
11 (E) of paragraph (2) of subsection (b) for corporations or  
12 subparagraph (E) of paragraph (2) of subsection (c) for  
13 trusts and estates, exceed subtraction modifications, an  
14 addition modification must be made under those  
15 subparagraphs for any other taxable year to which the  
16 taxable income less than zero (net operating loss) is  
17 applied under Section 172 of the Internal Revenue Code or  
18 under subparagraph (E) of paragraph (2) of this subsection  
19 (e) applied in conjunction with Section 172 of the  
20 Internal Revenue Code.

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

24 (A) Certain life insurance companies. In the case  
25 of a life insurance company subject to the tax imposed  
26 by Section 801 of the Internal Revenue Code, life

1 insurance company taxable income, plus the amount of  
2 distribution from pre-1984 policyholder surplus  
3 accounts as calculated under Section 815a of the  
4 Internal Revenue Code;

5 (B) Certain other insurance companies. In the case  
6 of mutual insurance companies subject to the tax  
7 imposed by Section 831 of the Internal Revenue Code,  
8 insurance company taxable income;

9 (C) Regulated investment companies. In the case of  
10 a regulated investment company subject to the tax  
11 imposed by Section 852 of the Internal Revenue Code,  
12 investment company taxable income;

13 (D) Real estate investment trusts. In the case of  
14 a real estate investment trust subject to the tax  
15 imposed by Section 857 of the Internal Revenue Code,  
16 real estate investment trust taxable income;

17 (E) Consolidated corporations. In the case of a  
18 corporation which is a member of an affiliated group  
19 of corporations filing a consolidated income tax  
20 return for the taxable year for federal income tax  
21 purposes, taxable income determined as if such  
22 corporation had filed a separate return for federal  
23 income tax purposes for the taxable year and each  
24 preceding taxable year for which it was a member of an  
25 affiliated group. For purposes of this subparagraph,  
26 the taxpayer's separate taxable income shall be



1 determined as if the election provided by Section  
2 243(b)(2) of the Internal Revenue Code had been in  
3 effect for all such years;

4 (F) Cooperatives. In the case of a cooperative  
5 corporation or association, the taxable income of such  
6 organization determined in accordance with the  
7 provisions of Section 1381 through 1388 of the  
8 Internal Revenue Code, but without regard to the  
9 prohibition against offsetting losses from patronage  
10 activities against income from nonpatronage  
11 activities; except that a cooperative corporation or  
12 association may make an election to follow its federal  
13 income tax treatment of patronage losses and  
14 nonpatronage losses. In the event such election is  
15 made, such losses shall be computed and carried over  
16 in a manner consistent with subsection (a) of Section  
17 207 of this Act and apportioned by the apportionment  
18 factor reported by the cooperative on its Illinois  
19 income tax return filed for the taxable year in which  
20 the losses are incurred. The election shall be  
21 effective for all taxable years with original returns  
22 due on or after the date of the election. In addition,  
23 the cooperative may file an amended return or returns,  
24 as allowed under this Act, to provide that the  
25 election shall be effective for losses incurred or  
26 carried forward for taxable years occurring prior to

1 the date of the election. Once made, the election may  
2 only be revoked upon approval of the Director. The  
3 Department shall adopt rules setting forth  
4 requirements for documenting the elections and any  
5 resulting Illinois net loss and the standards to be  
6 used by the Director in evaluating requests to revoke  
7 elections. Public Act 96-932 is declaratory of  
8 existing law;

9 (G) Subchapter S corporations. In the case of: (i)  
10 a Subchapter S corporation for which there is in  
11 effect an election for the taxable year under Section  
12 1362 of the Internal Revenue Code, the taxable income  
13 of such corporation determined in accordance with  
14 Section 1363(b) of the Internal Revenue Code, except  
15 that taxable income shall take into account those  
16 items which are required by Section 1363(b)(1) of the  
17 Internal Revenue Code to be separately stated; and  
18 (ii) a Subchapter S corporation for which there is in  
19 effect a federal election to opt out of the provisions  
20 of the Subchapter S Revision Act of 1982 and have  
21 applied instead the prior federal Subchapter S rules  
22 as in effect on July 1, 1982, the taxable income of  
23 such corporation determined in accordance with the  
24 federal Subchapter S rules as in effect on July 1,  
25 1982; and

26 (H) Partnerships. In the case of a partnership,

1 taxable income determined in accordance with Section  
2 703 of the Internal Revenue Code, except that taxable  
3 income shall take into account those items which are  
4 required by Section 703(a)(1) to be separately stated  
5 but which would be taken into account by an individual  
6 in calculating his taxable income.

7 (3) Recapture of business expenses on disposition of  
8 asset or business. Notwithstanding any other law to the  
9 contrary, if in prior years income from an asset or  
10 business has been classified as business income and in a  
11 later year is demonstrated to be non-business income, then  
12 all expenses, without limitation, deducted in such later  
13 year and in the 2 immediately preceding taxable years  
14 related to that asset or business that generated the  
15 non-business income shall be added back and recaptured as  
16 business income in the year of the disposition of the  
17 asset or business. Such amount shall be apportioned to  
18 Illinois using the greater of the apportionment fraction  
19 computed for the business under Section 304 of this Act  
20 for the taxable year or the average of the apportionment  
21 fractions computed for the business under Section 304 of  
22 this Act for the taxable year and for the 2 immediately  
23 preceding taxable years.

24 (f) Valuation limitation amount.

25 (1) In general. The valuation limitation amount

1 referred to in subsections (a) (2) (G), (c) (2) (I) and  
2 (d) (2) (E) is an amount equal to:

3 (A) The sum of the pre-August 1, 1969 appreciation  
4 amounts (to the extent consisting of gain reportable  
5 under the provisions of Section 1245 or 1250 of the  
6 Internal Revenue Code) for all property in respect of  
7 which such gain was reported for the taxable year;  
8 plus

9 (B) The lesser of (i) the sum of the pre-August 1,  
10 1969 appreciation amounts (to the extent consisting of  
11 capital gain) for all property in respect of which  
12 such gain was reported for federal income tax purposes  
13 for the taxable year, or (ii) the net capital gain for  
14 the taxable year, reduced in either case by any amount  
15 of such gain included in the amount determined under  
16 subsection (a) (2) (F) or (c) (2) (H).

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

18 (A) If the fair market value of property referred  
19 to in paragraph (1) was readily ascertainable on  
20 August 1, 1969, the pre-August 1, 1969 appreciation  
21 amount for such property is the lesser of (i) the  
22 excess of such fair market value over the taxpayer's  
23 basis (for determining gain) for such property on that  
24 date (determined under the Internal Revenue Code as in  
25 effect on that date), or (ii) the total gain realized  
26 and reportable for federal income tax purposes in

1           respect of the sale, exchange or other disposition of  
2           such property.

3           (B) If the fair market value of property referred  
4           to in paragraph (1) was not readily ascertainable on  
5           August 1, 1969, the pre-August 1, 1969 appreciation  
6           amount for such property is that amount which bears  
7           the same ratio to the total gain reported in respect of  
8           the property for federal income tax purposes for the  
9           taxable year, as the number of full calendar months in  
10          that part of the taxpayer's holding period for the  
11          property ending July 31, 1969 bears to the number of  
12          full calendar months in the taxpayer's entire holding  
13          period for the property.

14          (C) The Department shall prescribe such  
15          regulations as may be necessary to carry out the  
16          purposes of this paragraph.

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

20          (h) Legislative intention. Except as expressly provided by  
21          this Section there shall be no modifications or limitations on  
22          the amounts of income, gain, loss or deduction taken into  
23          account in determining gross income, adjusted gross income or  
24          taxable income for federal income tax purposes for the taxable

1 year, or in the amount of such items entering into the  
2 computation of base income and net income under this Act for  
3 such taxable year, whether in respect of property values as of  
4 August 1, 1969 or otherwise.

5 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;  
6 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.  
7 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; revised  
8 9-26-23.)

9 Section 10. The Liquor Control Act of 1934 is amended by  
10 adding Section 6-29.2 as follows:

11 (235 ILCS 5/6-29.2 new)

12 Sec. 6-29.2. Hemp products.

13 (a) Hemp extract, hemp cannabinoid products, and any other  
14 ingredient or product derived from hemp made in compliance  
15 with State law or the originating jurisdiction shall be  
16 considered fit for human consumption and shall not be  
17 considered injurious to health or deleterious for human  
18 consumption.

19 (b) License holders under this Act may buy, import,  
20 manufacture, produce, possess, hold, distribute, transport,  
21 transfer, sell, serve, sample, dispense, deliver, merchandise,  
22 and advertise, hemp cannabinoid products and any other act in  
23 compliance with this Section.

24 (c) Nothing in this Act:

1           (1) prohibits the issuance of a license or permit to a  
2           person also holding a hemp business establishment license  
3           authorizing the manufacture, distribution, or retail sale  
4           of cannabinoid products as described in the Industrial  
5           Hemp Act;

6           (2) allows any agreement between a licensing authority  
7           and license or permit holder that prohibits the license or  
8           permit holder from also holding a hemp manufacturer,  
9           distributor, or retailer license; or

10           (3) allows the revocation or suspension of a license  
11           or permit, or the imposition of a penalty on a license or  
12           permit holder, due to the license or permit holder also  
13           holding a hemp business license.

14           (d) For purposes of this Section, "hemp business license"  
15           means a hemp distributor, hemp cultivator, hemp processor,  
16           hemp retailer, or hemp food establishment license issued under  
17           the Industrial Hemp Act.

18           (e) For purposes of this Section, "hemp cannabinoid  
19           product" means a finished product for sale to hemp-cannabinoid  
20           users or medical patients within the State that contains  
21           cannabinoids derived from industrial hemp and is intended for  
22           human consumption, and meets the packaging, labeling, and  
23           testing requirements of the Industrial Hemp Act.

24           (f) For purposes of this Section, "hemp extract" means a  
25           substance or compound intended for ingestion or inhalations  
26           that is derived from or contains hemp and that does not contain

1 other controlled substances.

2 Section 15. The Industrial Hemp Act is amended by changing  
3 Sections 5, 10, 15, 17, 18, 19, 20, and 25 and by adding  
4 Sections 3, 7, 8, 8-5, 11, 16, 18.5, 18.10, 21, 22, 22.5,  
5 22.10, 22.15, 23, 23.10, 23.15, 23.20, 23.25, 23.30, 23.35,  
6 24, 26, 27, 28, 30, 35, 40, 45, 50, 55, 60, 65, 80, and 100 as  
7 follows:

8 (505 ILCS 89/3 new)

9 Sec. 3. Findings.

10 (a) In the interest of allowing law enforcement to focus  
11 on violent and property crimes, generating revenue for  
12 education, substance abuse prevention and treatment, freeing  
13 public resources to invest in communities and other public  
14 purposes, and individual freedom, the General Assembly finds  
15 and declares that the use of hemp-derived cannabinoids should  
16 be legal for persons 21 years of age or older and should be  
17 taxed and regulated in a manner similar to beer, wine,  
18 spirits, and cannabis.

19 (b) In the interest of the health and public safety of the  
20 residents of the State, the General Assembly further finds and  
21 declares that hemp-derived cannabinoids should be regulated in  
22 a manner similar to beer, wine, spirits, and cannabis so that:

23 (1) Persons will have to show proof of age before  
24 purchasing hemp-derived cannabinoids.



1           (2) Selling, distributing or transferring hemp-derived  
2           cannabinoids to minors and other persons under 21 years of  
3           age shall be illegal, except for limited circumstances  
4           where the transfer is made by a parent or guardian to their  
5           children, or the transfer is to a medical patient under  
6           the Compassionate Use of Medical Cannabis Program Act.

7           (3) Driving under the influence of hemp-derived  
8           cannabinoids, operating a watercraft under the influence  
9           of hemp-derived cannabinoids and operating a snowmobile  
10           under the influence of hemp-derived cannabinoids shall be  
11           illegal.

12           (4) Legitimate, taxpaying businesspeople, and not  
13           criminal actors, will conduct the sales of hemp-derived  
14           cannabinoids.

15           (5) Hemp-derived cannabinoids sold in the State will  
16           be tested, labeled and subject to additional regulation to  
17           ensure that purchasers are informed and protected.

18           (6) Purchasers will be informed of known health risks  
19           associated with the use of hemp-derived cannabinoids, as  
20           concluded by evidence-based, peer reviewed research.

21           (c) It is necessary to ensure consistency and fairness in  
22           the application of this Act throughout the State and that,  
23           therefore, the matters by this Act are, except as specified in  
24           this Act, matters of statewide concern.

25           (d) This Act shall not diminish the State's duties and  
26           commitment to purchasers and businesses that operate under the

1 Cannabis Regulation and Tax Act, nor alter the protections  
2 granted to them.

3 (e) This Act shall not diminish the State's duties and  
4 commitment to seriously ill patients registered under the  
5 Compassionate Use of Medical Cannabis Program Act, nor alter  
6 the protections granted to them.

7 (f) Supporting and encouraging labor neutrality in the  
8 hemp-derived cannabinoid industry and employee workplace  
9 safety is desirable, and employer workplace policies shall be  
10 interpreted broadly to protect employee safety.

11 (505 ILCS 89/5)

12 Sec. 5. Definitions. In this Act:

13 "Batch" means a specific quantity of a specific  
14 cannabinoid product that is manufactured at the same time and  
15 using the same methods, equipment, and ingredients, that is  
16 uniform and intended to meet specifications for identity,  
17 strength, purity, and composition, and that is manufactured,  
18 packaged, and labeled according to a single batch production  
19 record executed and documented during the same cycle of  
20 manufacture and produced by a continuous process.

21 "Batch cycle" means a specific quantity of a specific  
22 cannabinoid product that is manufactured using the same  
23 methods, equipment, and ingredients, that is uniform and  
24 intended to meet specifications for identity, strength,  
25 purity, and composition, and that is manufactured, packaged,

1 and labeled according to a batch cycle production record  
2 executed and documented during the same cycle of manufacture.

3 "Broad spectrum" means a hemp concentrate, or hemp  
4 cannabinoid product containing multiple hemp-derived  
5 cannabinoids, terpenes, and other naturally occurring  
6 compounds, processed with the intentional removal of delta-9  
7 Tetrahydrocannabinol.

8 "Cannabinoid menu item" means a restaurant-type food that  
9 incorporates ready-to-eat cannabinoids included on a menu or  
10 menu board or offered as a self-service food or food on  
11 display.

12 "Cannabinoid retail tax" means a tax of 5% that is  
13 assessed on the final retail sale on qualified products.

14 "Cottage hemp-cannabinoid products" means a type of  
15 hemp-cannabinoid product available for human consumption  
16 (including time and temperature controlled foods as defined in  
17 Section 1-201.10 of the Food Code that utilize intermediate  
18 hemp products as an input and is produced by a cottage hemp  
19 food operator. Cottage hemp-cannabinoid products can only be  
20 sold directly to hemp cannabinoid users or medical patients  
21 within the State and must contain delta-9 THC levels below  
22 0.3% by weight.

23 "Cottage hemp food operator" means an individual who  
24 produces food or drink, other than foods and drinks listed as  
25 prohibited by Section 4 of the Food Handling Regulation  
26 Enforcement Act, that incorporate intermediate hemp products

1 in a kitchen located in that person's primary domestic  
2 residence or another appropriately designed and equipped  
3 kitchen on a farm for direct sale by the individual, a family  
4 member or employee. Cottage food operators must disclose that  
5 prepared ready-to-eat hemp cannabinoid products are "cottage"  
6 and adhere to the labeling & disclosure requirements as  
7 outlined in the act. Cottage hemp food operators are limited  
8 to using the equivalent of 1,000g of delta-9 THC contained in  
9 intermediate hemp products on an annual basis and must  
10 register with a hemp distributor, who is responsible for  
11 collecting and remitting hemp-cannabinoid taxes on behalf of  
12 the cottage hemp food operator. Cottage hemp food products  
13 cannot be sold to other hemp business establishments.

14 "Department" means the Department of Agriculture (IDOA),  
15 the Department of Public Health (IDPH), or the Illinois  
16 Department of Financial and Professional Regulation (IDFPR)  
17 from which the concerned hemp cannabinoid business  
18 establishment secured its registration.

19 "Director" means the Director of Agriculture with  
20 jurisdiction over the licensee or registrant as specified in  
21 this Act.

22 "Disproportionately impacted area" means a census tract or  
23 comparable geographic area as determined by the Department of  
24 Commerce and Economic Opportunity, that meets at least one of  
25 the following criteria:

26 (1) 20% or more of the households in the area have

1 incomes at or below 185% of the poverty guidelines updated  
2 periodically in the federal register by the federal  
3 Department of Health and Human Services under the  
4 authority of Section 9902 of the Community Services Block  
5 Grant Program;

6 (2) 75% or more of the children in the area  
7 participate in the national school lunch program according  
8 to reported statistics from the State Board of Education;

9 (3) at least 20% of the households in the area receive  
10 assistance under the Supplemental Nutrition Assistance  
11 Program; or

12 (4) the area has an average unemployment rate, as  
13 determined by the Department of Employment Security, that  
14 is more than 120% of the national employment average, as  
15 determined by the federal Department of Labor, for a  
16 period of at least 2 consecutive calendar years preceding  
17 the date of the application and has high rates or arrest,  
18 conviction, and incarceration related to the sale,  
19 possession, use, cultivation, manufacture, or transport of  
20 cannabis as defined under the Cannabis Regulation and Tax  
21 Act.

22 "Expiration date" or "use by date" means the month and  
23 year as determined by the manufacturer, packer, or  
24 distributor on the basis of tests or other information  
25 showing that the product, until that date, under the  
26 conditions of handling, storage, preparation, and use per

1 label directions will, when consumed, contain not less  
2 than the quantity of each ingredient as set forth on its  
3 label.

4 "Full-panel test" means a test that includes potency  
5 testing and tests for contaminants, such as pesticides,  
6 heavy metals, yeast, mold, and residual solvents.

7 "Full spectrum" means a hemp concentrate or hemp  
8 cannabinoid product containing multiple hemp-derived  
9 cannabinoids, terpenes, and other naturally occurring  
10 compounds, processed without intentional complete removal  
11 of any compound and without the addition of isolated  
12 cannabinoids.

13 "Hemp" or "industrial hemp" means the plant Cannabis  
14 sativa L. and any part of that plant, whether growing or not,  
15 with a delta-9 tetrahydrocannabinol concentration of not more  
16 than 0.3 percent on a dry weight basis that has been cultivated  
17 under a license issued under this Act or is otherwise lawfully  
18 present in this State ~~and includes any intermediate or~~  
19 ~~finished product made or derived from industrial hemp.~~

20 "Hemp business establishment" or "industrial hemp business  
21 establishment" means a hemp cultivator, hemp processor, hemp  
22 distributor, hemp retailer, hemp food establishment or cottage  
23 hemp food operator.

24 "Hemp-cannabinoid" means the chemical constituents of  
25 industrial hemp plants that are naturally occurring and  
26 derived from hemp plants with less than 0.3% delta-9 THC as

1 tested on a dry weight basis.

2 "Hemp-cannabinoid product" means a finished product for  
3 sale to hemp-cannabinoid users or medical patients within the  
4 State that contains cannabinoids derived from industrial hemp,  
5 is intended for human consumption, and meets the packaging,  
6 labeling, and testing requirements of this Act.

7 "Hemp-cannabinoid user" means a member of the general  
8 public who buys or uses goods and who is protected by laws  
9 against unfair or fraudulent practices in the marketplace.

10 "Hemp concentrate" means the extracts and resins of a hemp  
11 plant or hemp plant parts, including the extracts or resins of  
12 a hemp plant or hemp plant parts that are refined to increase  
13 or decrease the presence of targeted cannabinoids.

14 "Hemp cultivator" means a State farm or facility operated  
15 by an organization or business that is licensed by the  
16 Department of Agriculture to grow industrial hemp. Hemp  
17 cultivator facilities can be located outdoors, in greenhouses  
18 or indoors and can be located on residentially zoned  
19 properties in accordance with permitted agricultural use  
20 guidelines from local zoning ordinances.

21 "Hemp distributor" means a facility operated by an  
22 organization or business that is licensed by the Department of  
23 Financial and Professional Regulation to distribute or sell  
24 live hemp products and hemp-cannabinoid products to other hemp  
25 business establishments.

26 "Hemp extract" means a substance or compound intended for

1 ingestion or inhalations that is derived from or contains hemp  
2 and that does not contain other controlled substances.

3 "Hemp food establishment" means a facility regulated by  
4 the Department of Public Health (IDPH) that incorporates  
5 intermediate hemp products in the manufacturing, processing or  
6 preparation of pre-packaged or ready-to-eat hemp cannabinoid  
7 products intended for human ingestion and which meets the  
8 requirements of this Act. Hemp food establishments that obtain  
9 a hemp retailer license, are licensed as retail food  
10 establishments and who adhere to the additional requirements  
11 of this act can sell ready-to-eat hemp cannabinoid products to  
12 hemp cannabinoid users or medical patients.

13 "Hemp justice participant" means an individual who is an  
14 State resident and has been convicted of a non-violent felony  
15 relating to a controlled substance under State or federal law  
16 related to cannabis within the last 10 years before the  
17 enactment of this statute that is prohibited by either Section  
18 297C of the 2018 Farm Bill to participate in an industrial hemp  
19 program or by Section 297D(a) of the 2018 Farm Bill to produce  
20 hemp under any regulations or guidelines.

21 "Hemp microgreens" means immature hemp seedlings grown for  
22 human consumption that are harvested above the soil or  
23 substrate line, prior to flowering, and not more than 14 days  
24 after germination and no more than five inches in height

25 "Hemp processor" means a facility operated by an  
26 organization or business that is licensed by the Department of



1 Agriculture to convert raw industrial hemp material into  
2 processed hemp products or intermediate hemp products.  
3 Processing includes the extraction, synthesis or concentration  
4 of constituent chemicals and compounds from raw hemp or  
5 intermediate hemp products.

6 "Hemp production plan" means a plan submitted by the  
7 Department to the Secretary of the United States Department of  
8 Agriculture pursuant to the federal Agriculture Improvement  
9 Act of 2018, Public Law 115-334, and consistent with the  
10 Domestic Hemp Production Program pursuant to 7 CFR Part 990  
11 wherein the Department establishes its desire to have primary  
12 regulatory authority over the production of hemp.

13 "Hemp retailer" means a retailer operated by an  
14 organization or business that is licensed by the Department of  
15 Financial and Professional Regulation to sell live hemp  
16 products, or hemp-cannabinoid products to hemp cannabinoid  
17 users or medical patients. Hemp retailers are responsible for  
18 collecting and remitting hemp-cannabinoid taxes.

19 "Hemp social equity participant" means an individual who  
20 is a State resident or business entity in the State that meets  
21 one or a combination of any the following criteria: (1) an  
22 applicant with at least 51% ownership and control by one or  
23 more individuals who have resided for at least 5 of the  
24 preceding 10 years in a disproportionately impacted area, (2)  
25 an applicant with at least 51% ownership and control by one or  
26 more individuals who: (i) have been arrested for, convicted

1 of, or adjudicated delinquent for any offense that is eligible  
2 for expungement under the Cannabis Regulation and Tax Act; or  
3 (ii) is a member of an impacted family.

4 "Human consumption" means inhalation or ingestion and does  
5 not include topical application.

6 "IDFPR" means the Department of Financial & Professional  
7 Regulation that regulates hemp retailers to ensure the  
8 protection of public consumers.

9 "IDPH" means the Department of Public Health that  
10 regulates hemp food establishments in order to set food safety  
11 standards and monitor food products.

12 "Illinois hemp" means industrial hemp grown, processed or  
13 produced by hemp business establishments licensed and located  
14 within the State under this Act. The "Illinois hemp"  
15 designation can be applied to live hemp products, raw hemp  
16 products, intermediate hemp products and hemp-cannabinoid  
17 products. In order to maintain the "Illinois hemp"  
18 designation, hemp-cannabinoid and intermediate hemp products  
19 must be produced in the State and cannot incorporate any form  
20 of imported hemp. In the event that federal rules disallow  
21 certain provisions of these rules (e.g., hemp program justice  
22 participants or individuals with non-violent state or federal  
23 controlled substance felony convictions within the last 10  
24 years who are prohibited from participating in industrial hemp  
25 programs or possessing ownership or controlling management  
26 stake in an hemp business establishment), "Illinois hemp"

1 business establishments will have the option to legally  
2 produce, process and distribute "Illinois hemp" within the  
3 State provided that they do not export "Illinois hemp".

4 "Imported hemp" means industrial hemp that incorporates  
5 raw hemp or intermediate hemp products not produced in  
6 Illinois.

7 "Ingestion" means the process of consuming cannabinoid  
8 products through the mouth, whether by swallowing into the  
9 gastrointestinal system or through tissue absorption.

10 "Inhalation" means the process of consuming cannabinoid  
11 products through the mouth or nasal passages into the  
12 respiratory system.

13 "Intermediate hemp products" means products that are made  
14 from processed hemp that can only be sold to hemp business  
15 establishments to be used as ingredients for other  
16 intermediate hemp products or final hemp-cannabinoid products  
17 for human consumption (ingestion or inhalation). The 0.3%  
18 delta-9 THC limit does not apply for intermediate hemp  
19 products.

20 "Isolate-based" means a hemp concentrate or hemp  
21 cannabinoid product containing isolated hemp-derived  
22 cannabinoids as the only cannabinoid source.

23 "Labor peace agreement" means an agreement between a hemp  
24 business establishment and any labor organization recognized  
25 under the federal Labor Relations Act, referred to in this Act  
26 as a bona fide labor organization, that prohibits labor

1 organizations and members from engaging in picketing, work  
2 stoppages, boycotts, and any other economic interference with  
3 the hemp business establishment. This agreement means that the  
4 hemp business establishment has agreed not to disrupt efforts  
5 by the bona fide labor organization to communicate with, and  
6 attempt to organize and represent, the hemp business  
7 establishment's employees. The agreement shall provide a bona  
8 fide labor organization access at reasonable times to areas in  
9 which the hemp business establishment's employees work, for  
10 the purpose of meeting with employees to discuss their right  
11 to representation, employment rights under State law, and  
12 terms and conditions of employment. This type of agreement  
13 shall not mandate a particular method of election or  
14 certification of the bona fide labor organization.

15 "IDOA" means the Illinois Department of Agriculture.

16 "Land area" means a farm as defined in Section 1-60 of the  
17 Property Tax Code, land otherwise properly zoned for hemp  
18 cultivation in this State or land or facilities under the  
19 control of an institution of higher education.

20 "Live hemp products" means living plants, plant cuttings,  
21 viable seeds or tissue culture that can be used to propagate  
22 new industrial hemp plants. A representative sample of the  
23 live hemp material must test under 0.3 percent delta-9 THC by  
24 weight using high performance liquid chromatography (HPLC) or  
25 comparable technologies capable of identifying delta-9 THC  
26 separately from other cannabinoids. Live hemp material can

1 only be sold or transferred to other hemp cultivators or  
2 medical patients.

3 "Manufacturing" means preparing or packaging products  
4 consisting of or containing hemp extract intended for human  
5 consumption.

6 "Medical patient" means an individual that has been issued  
7 a medical card under the Compassionate Use of Medical Cannabis  
8 Program Act. Medical patients are allowed to purchase live  
9 hemp products and to grow at their residence under the  
10 Cannabis Regulation and Tax Act. Medical patients under the  
11 age of 21 are authorized to purchase Hemp-cannabinoid  
12 products.

13 "Menu" or "menu board" means the primary writing of the  
14 establishment from which a customer makes an order selection,  
15 including, but not limited to, breakfast, lunch and dinner  
16 menus, dessert menus, beverage menus, other specialty menus,  
17 electronic menus, and menus on the Internet.

18 "Ornamental hemp" means mature or immature hemp plants  
19 that are not grown for human consumption and will not be  
20 harvested for any purposes except disposal.

21 "Person" means any individual, partnership, firm,  
22 corporation, company, society, association, the State or any  
23 department, agency, or subdivision thereof, or any other  
24 entity.

25 "Potency test" means a test on hemp-derived products that  
26 measures the number and amount of cannabinoids, such as THC,

1 in a sample.

2 "Process" means the conversion of raw industrial hemp  
3 plant material into a form that is presently legal to import  
4 from outside the United States under federal law.

5 "Processor" or "extractor" means the establishment that  
6 removes the hemp extract oil from the hemp plant or refines or  
7 isomerizes the hemp extract oil into other cannabinoids.

8 "Processed hemp products" means products that are derived  
9 from industrial hemp that are made for purposes other than  
10 human consumption. They include hemp fibers, hemp hurd,  
11 hempcrete, hemp fuels, hemp topicals and lotions, as well as  
12 other products, like clothing, plastics, paper or textiles  
13 that use or may incorporate elements of industrial hemp.

14 "Raw hemp products" means products that are derived from  
15 industrial hemp that are not processed or refined with any  
16 solvents or chemical reactions. Raw hemp includes hulled hemp  
17 seed, hemp seed protein powder, hemp seed oil, hemp stalks,  
18 hemp leaves, and artwork incorporating hemp by-products. Raw  
19 hemp products can be sold by any legal business entity within  
20 the State, can be purchased by any member of the general public  
21 and are not subject to hemp-cannabinoid product taxes.

22 "Ready-to-eat hemp-cannabinoid products" means a type of  
23 hemp-cannabinoid product available for human consumption  
24 (including time and temperature controlled foods as defined in  
25 Section 1-201.10 of the federal Food Code) that use  
26 intermediate hemp products as an input as is produced as a

1 single serving in a retail food establishment. Ready-to-eat  
2 hemp products must be registered per the guidelines of this  
3 Act and can only be sold directly to hemp cannabinoid users or  
4 medical patients within the State.

5 "Retail sale" or "at retail" means any sale of cannabinoid  
6 products that would be subject to the Retailer's Occupation  
7 Tax Act.

8 "Serving" or "serving size" means the amount of product  
9 intended to be consumed in a single serving as declared on the  
10 label expressed in a common household measure. A serving size  
11 may be indicated by marking or scoring on packaging or  
12 labeling.

13 "THC" means delta-9 tetrahydrocannabinol. The definition  
14 of THC does not include CBD, CBG, CBN, delta-7 THC, delta-8  
15 THC, delta-10 THC, THCa, THCv, THCva, and other yet to be  
16 discovered cannabinoids.

17 (Source: P.A. 102-690, eff. 12-17-21.)

18 (505 ILCS 89/7 new)

19 Sec. 7. Lawful user and lawful product.

20 (a) For the purposes of this Act and to clarify the  
21 legislative findings on the lawful use of hemp-derived  
22 cannabinoids, a person shall not be considered an unlawful  
23 user or addicted to narcotics solely as a result of their  
24 possession or use of hemp-derived cannabinoids in accordance  
25 with this Act.

1       (b) Hemp extract used as a food ingredient or for any food  
2 products that are possessed, distributed, or sold in  
3 compliance with this Act shall not be considered adulterated  
4 or misbranded food products and shall be considered food.

5       (c) The Department shall permit the sale or transfer of  
6 stripped stalks, fiber, dried roots, nonviable seeds, seed  
7 oils, floral material, and plant extracts and other marketable  
8 hemp products in compliance with this Act to members of the  
9 general public, both within and outside the State in  
10 compliance with this Act.

11       (d) Lawful products may be transported by consumers.  
12 Lawful products may not be used as the basis to pull over or  
13 inspect a vehicle.

14       (e) Unless otherwise stated in this Act, the effective  
15 date is January 1, 2025. Notwithstanding the foregoing,  
16 persons shall be able to legally possess, cultivate,  
17 transport, distribute, process, sell, and buy food products  
18 (including beverages) which contain a delta-9 THC  
19 concentration of not more than 0.3 percent by weight upon  
20 passage of this Act.

21       (505 ILCS 89/8 new)

22       Sec. 8. Unlawful user; persons under 21 years of age.

23       (a) Nothing in this Act is intended to permit the transfer  
24 of hemp cannabinoid product, with or without remuneration, to  
25 a person under 21 years of age, or to allow a person under 21



1 years of age to purchase, possess, use, process, transport, or  
2 consume hemp-cannabinoid products unless the person is:

3 (1) Over the age of 18 and in possession of a valid  
4 medical card;

5 (2) or over the age of 18 and in possession of a valid  
6 military ID; or

7 (3) Under the supervision of a parent or legal  
8 guardian.

9 (b) Notwithstanding section 8-0(a)a-b, nothing in this Act  
10 authorizes a person who is under 21 years of age to possess  
11 hemp-cannabinoid products. A person under 21 years of age with  
12 hemp cannabinoid products in his or her possession is guilty  
13 of a civil law violation as outlined in Section 4 of the  
14 Cannabis Control Act.

15 Notwithstanding the foregoing, an individual over the age  
16 of 18 and in possession of a valid medical card, or over the  
17 age of 18 and in possession of a valid military ID, or a parent  
18 or guardian may purchase, possess, process, or transport  
19 hemp-cannabinoid products.

20 (c) If the person under the age of 21 was driving a motor  
21 vehicle at the time of the offense, the Secretary of State may  
22 suspend or revoke the driving privileges of any person for a  
23 violation of this Section under Section 6-206 of the Vehicle  
24 Code.

1       Sec. 8-5. Unlawful user; limitations and penalties.

2       (a) This Act does not permit any person to engage in, and  
3 does not prevent the imposition of any civil, criminal, or  
4 other penalties for engaging in, any of the following conduct:

5           (1) Undertaking any task under the influence of hemp  
6 cannabinoid products when doing so would constitute  
7 negligence, professional malpractice, or professional  
8 misconduct.

9           (2) Possessing hemp cannabinoid products in the  
10 following places:

11           (A) on a school bus, unless permitted for a  
12 qualifying patient or caregiver pursuant to the  
13 Compassionate Use of Medical Cannabis Program Act;

14           (B) on the grounds of any preschool or primary or  
15 secondary school, unless permitted for a qualifying  
16 patient or caregiver pursuant to the Compassionate Use  
17 of Medical Cannabis Program Act;

18           (C) any correctional facility; or

19           (D) a private residence that is used at any time to  
20 provide licensed childcare or other similar social  
21 service care on the premises;

22       (3) Using hemp cannabinoid products:

23           (A) on a school bus, unless permitted for a  
24 qualifying patient or caregiver pursuant to the  
25 Compassionate Use of Medical Cannabis Program Act;

26           (B) on the grounds of any preschool or primary or

1           secondary school, unless permitted for a qualifying  
2           patient or caregiver pursuant to the Compassionate Use  
3           of Medical Cannabis Program Act;

4                   (C) any correctional facility;

5                   (D) any motor vehicle; or

6                   (E) a private residence that is used at any time to  
7           provide licensed childcare or other similar social  
8           service care on the premises.

9           (4) Smoking hemp in any place where smoking is  
10          prohibited under the Smoke Free Illinois Act;

11          (5) Operating, navigating, or being in actual physical  
12          control of any motor vehicle, aircraft, watercraft, or  
13          snowmobile while using or under the influence of hemp  
14          cannabinoid products in violation of Sections 11-501 or  
15          11-502.1 of the Vehicle Code, Section 5-16 of the Boat  
16          Registration and Safety Act, or Section 5-7 of the  
17          Snowmobile Registration and Safety Act;

18          (6) Facilitating the use of hemp cannabinoid products  
19          by any person who is not allowed to use cannabis under this  
20          Act or the Compassionate Use of Medical Cannabis Program  
21          Act.

22          (7) Transferring hemp cannabinoid products to any  
23          person contrary to this Act or the Compassionate Use of  
24          Medical Cannabis Program Act.

25          (8) The use of hemp by a law enforcement officer,  
26          corrections officer, probation officer, or firefighter

1 while on duty. Nothing in this Act prevents a public  
2 employer of law enforcement officers, corrections  
3 officers, probation officers, paramedics, or firefighters  
4 from prohibiting or taking disciplinary action for the  
5 consumption, possession, sales, purchase, or delivery of  
6 hemp or hemp-infused substances while on duty, unless  
7 provided for in the employer's policies. However, an  
8 employer may not take adverse employment action against an  
9 employee based solely on the lawful possession or  
10 consumption of hemp or hemp-infused substances by members  
11 of the employee's household. To the extent that this  
12 Section conflicts with any applicable collective  
13 bargaining agreement, the provisions of the collective  
14 bargaining agreement shall prevail. Further, nothing in  
15 this Act shall be construed to limit in any way the right  
16 to collectively bargain over the subject matters contained  
17 in this Act.

18 (9) The use of hemp cannabinoid products by a person  
19 who has a school bus permit or a commercial driver's  
20 license while on duty. As used in this Section, "public  
21 place" means any place where a person could reasonably be  
22 expected to be observed by others. "Public place" includes  
23 all parts of buildings owned in whole or in part, or  
24 leased, by the State or a unit of local government.  
25 "Public place" includes all areas in a park, recreation  
26 area, wildlife area, or playground owned in whole or in

1 part, leased, or managed by the State or a unit of local  
2 government. "Public place" does not include a private  
3 residence unless the private residence is used to provide  
4 licensed childcare, foster care, or other similar social  
5 service care on the premises.

6 (b) Nothing in this Act shall be construed to prevent  
7 the arrest or prosecution of a person for reckless driving  
8 or driving under the influence of hemp cannabinoid  
9 products, operating a watercraft under the influence of  
10 hemp cannabinoid products, or operating a snowmobile under  
11 the influence of hemp cannabinoid products if probable  
12 cause exists.

13 (c) Nothing in this Act shall prevent a private  
14 business from restricting or prohibiting the use of hemp  
15 cannabinoid products on its property, including areas  
16 where motor vehicles are parked.

17 (d) Nothing in this Act shall be construed to allow an  
18 individual or business entity to violate the provisions of  
19 federal law, including colleges or universities that must  
20 abide by the Drug-Free Schools and Communities Act  
21 Amendments of 1989, that require campuses to be drug free.

22 (505 ILCS 89/10)

23 Sec. 10. Licenses and registration.

24 (a) (Blank) No person shall cultivate industrial hemp in  
25 this State without a license issued by the Department.

1 (b) (Blank) ~~The application for a license shall include:~~

2 ~~(1) the name and address of the applicant;~~

3 ~~(2) the legal description of the land area, including~~  
4 ~~Global Positioning System coordinates, to be used to~~  
5 ~~cultivate industrial hemp; and~~

6 ~~(3) if federal law requires a research purpose for the~~  
7 ~~cultivation of industrial hemp, a description of one or~~  
8 ~~more research purposes planned for the cultivation of~~  
9 ~~industrial hemp which may include the study of the growth,~~  
10 ~~cultivation, or marketing of industrial hemp; however, the~~  
11 ~~research purpose requirement shall not be construed to~~  
12 ~~limit the commercial sale of industrial hemp.~~

13 (b-5) (Blank) ~~A person shall not process industrial hemp~~  
14 ~~in this State without registering with the Department on a~~  
15 ~~form prescribed by the Department.~~

16 (c) (Blank) ~~The Department may determine, by rule, the~~  
17 ~~duration of a license or registration; application,~~  
18 ~~registration, and license fees; and the requirements for~~  
19 ~~license or registration renewal.~~

20 (d) Each applicant for an industrial hemp business  
21 establishment license shall submit a signed, complete,  
22 accurate and legible application form provided by the  
23 appropriate Department. The IDOA shall regulate hemp  
24 cultivation and hemp processing licenses. The IDFPR shall  
25 regulate hemp distributors and hemp retailers. The IDPH shall  
26 regulate hemp food establishments. The applicant shall provide

1 the following for the appropriate license being sought:

2 (1) For all applicants, the name, address, phone  
3 number, and email address of the person or entity applying  
4 for the license.

5 (2) For all applicants, the type of business or  
6 organization (corporation, LLC, or partnership, etc.) as  
7 well as the entity's EIN.

8 (3) For all applicants, business name and address, if  
9 different than the ones submitted in response to paragraph  
10 (1) of subsection (d). This shall include the full name of  
11 the business, address of the principal business location,  
12 and the full name and title of the key participants.

13 (4) For hemp cultivator applicants, the legal  
14 description of the land area, including global positioning  
15 system coordinates of each contiguous land area, to be  
16 used to cultivate industrial hemp.

17 (5) Optionally, for hemp cultivator applicants, a map  
18 of the land area on which the applicant plans to grow  
19 industrial hemp, showing the boundaries and dimensions of  
20 the growing area in acres or square feet or a  
21 self-reporting of the hemp acreage of the cultivation to  
22 the nearest whole acre.

23 (6) For all applicants, the applicable fee prescribed  
24 by this Act.

25 (7) For hemp cultivator applicants, the varieties of  
26 industrial hemp that are intended for cultivation.

1           (8) For hemp cultivator applicants, an acknowledgment  
2           and consent to the Department collecting, maintaining, and  
3           providing to USDA directly and through the USDA's online  
4           platform, any required data, including but not limited to;  
5           status, contact, disposal reporting, background checks if  
6           required by the USDA, and real-time information for each  
7           hemp licensee licensed or authorized in the State.

8           (9) For hemp cultivator applicants, if federal law  
9           requires a research purpose for the cultivation of  
10           industrial hemp and the applicant, a description of one or  
11           more research purposes planned for the cultivation of  
12           industrial hemp which may include the study of the growth,  
13           cultivation, or marketing of industrial hemp; however, the  
14           research purpose requirement shall not be construed to  
15           limit the commercial sale of industrial hemp.

16           (10) The nature of the processing by the registrant,  
17           should the applicant wish to process industrial hemp.

18           (11) The Department may encourage hemp business  
19           establishment applicants to enter into a labor peace  
20           agreement with a bona fide labor organization.

21           (e) Within 30 calendar days after receipt of a completed  
22           application and the associated fee, the Department will either  
23           issue a license or deny the application. Incomplete  
24           applications or applications that do not meet the requirements  
25           for licensure or registration will be denied. A rejected and  
26           an additional application fee will be collected for corrected



1 or new applications.

2 (f) License or registration shall be good for a maximum of  
3 1 calendar year from the date of issuance.

4 (g) An applicant or licensee shall submit the following  
5 nonrefundable fees with each license application submitted, in  
6 the form of a certified check or money order payable to the  
7 licensing agency, or by such other means as approved by the  
8 Department. The registration, application, and renewal fee for  
9 any hemp business establishment shall be no more than \$500 for  
10 each annual license. Notwithstanding the foregoing, a hemp  
11 cultivator entity shall pay a flat annual fee of \$100 for a  
12 license and license renewal.

13 (h) Qualifying academic research institutions shall pay a  
14 flat annual fee of \$100 for license and license renewal.

15 (i) Qualifying government research and demonstration  
16 entities shall pay a flat annual fee of \$100 for a license and  
17 license renewal. The Department is exempt from this fee when  
18 registering as a qualifying government research and  
19 demonstration entity.

20 (j) For social equity applicants, the Department shall  
21 waive 50% of any nonrefundable permit application fees, any  
22 nonrefundable fees associated with operating a hemp business  
23 establishment, and financial requirements for social equity  
24 applicant who is applying for its first hemp business  
25 establishment permit.

26 (k) If the Department determines that an applicant who

1 applied as a social equity applicant is not eligible for such  
2 status, the applicant shall be provided an additional 10 days  
3 to provide alternative evidence that he or she qualifies as a  
4 social equity applicant. Alternatively, the applicant may pay  
5 the remainder of the waived fee and be considered as a  
6 non-social equity applicant. If the applicant cannot do  
7 either, then the Departments may keep the initial permit fee.

8 (l) The Department shall issue an unlimited number of  
9 licenses for each type of hemp business establishment.

10 (m) The Department shall not limit the number of licenses  
11 an individual may hold.

12 (n) Any entity, including businesses licensed under the  
13 Cannabis Regulation and Tax Act and the Compassionate Use of  
14 Medical Cannabis Program Act, may hold any or all hemp  
15 business establishment license, except for a cottage food  
16 operation license.

17 (o) A hemp business establishment license can be obtained  
18 by an out-of-state entity, provided that the applicant on the  
19 application agrees to submit to tax nexus within the State and  
20 agrees to comply with the provisions under this Act for  
21 jurisdictional, regulatory and enforcement purposes.

22 (p) A hemp business establishment's license shall only  
23 operate at the location listed on their license.

24 A Hemp Business Establishment who wishes to change  
25 locations must submit a new application for the new location.

26 (q) As a condition of its license, hemp business

1 establishments shall:

2 (1) operate in compliance with this Act;

3 (2) operate in accordance with the representations  
4 made in its application and license materials;

5 (3) ensure that any building used by the Hemp Business  
6 Establishment is free from infestation by insects, rodents  
7 or pests; and

8 (4) ensure that any building or equipment used by the  
9 hemp business establishment for the storage or sale of  
10 live hemp, hemp-cannabinoid products, industrial hemp,  
11 hemp-cannabinoid products and ready-to-eat  
12 hemp-cannabinoid products are maintained in a clean and  
13 sanitary condition appropriate for the products being held  
14 and sold.

15 (r) No person except those holding the appropriate hemp  
16 business establishment license and subject to the regulations  
17 established by the Department shall cultivate, grow, process,  
18 sell or infuse hemp, hemp-cannabinoid products for commercial  
19 purposes.

20 (s) The Department may refuse to issue a license to any of  
21 the following:

22 (1) anyone who fails to disclose or states falsely any  
23 information called for in the application;

24 (2) any principal officer, board member or persons  
25 having a financial or voting interest of 5% or greater on  
26 the license who is delinquent in (i) filing any required

1       tax returns or (ii) paying any amounts owed to the State of  
2       Illinois; or  
3       (3) anyone whose business address is zoned  
4       residential.

5       (Source: P.A. 102-690, eff. 12-17-21.)

6             (505 ILCS 89/11 new)

7       Sec. 11. Recordkeeping and reports.

8       (a) It is the duty of the hemp business establishment to  
9       keep at its licensed address or place of business, to be  
10       located within the State or digitally, complete and accurate  
11       records of all sales or other dispositions of live hemp  
12       products, intermediate hemp products and hemp-cannabinoid  
13       products sold, whether for itself or for another.

14       (b) The hemp business establishment must keep an actual  
15       record of all sales and must report tax at the applicable  
16       rates, based on sales as reflected in the retailer's records.  
17       Books and records must be maintained in sufficient detail so  
18       that all receipts reported with respect to hemp products can  
19       be supported.

20       (c) At least 30 calendar days prior to harvest, to the best  
21       of the licensee's ability, each cultivator licensee shall file  
22       a harvest report on a form provided by the Department, that  
23       includes the expected harvest dates for industrial hemp  
24       cultivated by the licensee. Should the harvest dates change in  
25       excess of 5 calendar days, the licensee shall notify the

1 Department of the new expected harvest date.

2 (d) No later than February 1 of each year, each cultivator  
3 licensee shall submit an industrial hemp cultivator final  
4 report to the Department that includes:

5 (1) total acres or square feet of industrial hemp  
6 planted in the previous calendar year;

7 (2) a description of each variety planted and  
8 harvested in the previous calendar year;

9 (3) total acres or square feet harvested in the  
10 previous calendar year; and

11 (4) total yield in the appropriate measurement, such  
12 as tonnage, seeds per acre, or other measurement approved  
13 by the Department.

14 (e) The Department will provide the information in this  
15 Section to the USDA within 30 calendar days of its receipt.

16 (f) Cultivator licensees shall report hemp planting  
17 acreage to the Farm Service Agency (FSA). This report shall be  
18 submitted to the FSA within 30 calendar days after the  
19 completion of planting of an outdoor crop site, or within 30  
20 calendar days after the first planting of hemp in the calendar  
21 year in an indoor cultivation site. At a minimum, the  
22 following information shall be reported:

23 (1) street address for each crop site;

24 (2) geospatial location for each crop site;

25 (3) acreage of each crop site; and

26 (4) licensee identifying information.

1       (g) Each hemp business establishment is required to retain  
2 records sufficient to support deductions on the ground that  
3 deliveries of live hemp products, intermediate hemp products  
4 and hemp-cannabinoid products were made outside of the State,  
5 records shall include satisfactory evidence of delivery to and  
6 receipt by out-of-state consignees.

7       (h) Where a hemp business establishment sells live hemp  
8 products, intermediate hemp products, or hemp-cannabinoid  
9 products to another hemp business establishment that is not  
10 cottage hemp food operator, the seller shall render to the  
11 buyer an invoice describing the hemp product sold (including  
12 the tax rate category applicable to the product sold), the  
13 date of sale, and the quantity sold. Duplicate copies of all  
14 such invoices must be made and preserved by such distributor  
15 for audit purposes.

16       (i) Where a distributor sells intermediate hemp products  
17 to a cottage hemp food operator, each original and duplicate  
18 invoice pertaining to such sale must be printed, stamped, or  
19 bear in writing, the following language: "Payment of Illinois  
20 hemp tax made by vendor issuing this invoice".

21       (j) Hemp business establishment records may be maintained  
22 electronically or physically for 3 years and be available for  
23 inspection by the Department upon request, unless the  
24 Department, in writing, authorizes their destruction or  
25 disposal at an earlier date.

26       (k) If a hemp distributor closes due to insolvency,

1 revocation, bankruptcy or for any other reasons, all records  
2 must be preserved at the expense of the hemp distributing  
3 organization for at least 3 years in a form and location in the  
4 State acceptable to the Department, whose approval shall not  
5 be unreasonably withheld. The hemp distributing organization  
6 shall keep the records longer if requested by the Department  
7 for good cause. Upon request by the Department, the hemp  
8 distributing organization shall notify the Department of the  
9 location where the hemp retailing records are stored or  
10 transferred.

11 (1) Hemp food establishment records must be maintained  
12 electronically for 3 years and be available for inspection by  
13 the Department upon request. Required records include the  
14 following:

15 (1) operating procedures and recipes;

16 (2) inventory records, policies and procedures;

17 (3) batch creation logs of intermediate hemp products;

18 and

19 (4) dosing records of ready-to-eat products.

20 (505 ILCS 89/15)

21 Sec. 15. Rules.

22 (a) The Department shall submit to the Secretary of the  
23 United States Department of Agriculture a hemp production plan  
24 under which the Department monitors and regulates the  
25 production of industrial hemp in this State. ~~The Department~~

1 ~~shall adopt rules incorporating the hemp production plan,~~  
2 ~~including application and licensing requirements.~~

3 (b) (Blank) ~~The rules set by the Department shall include~~  
4 ~~one yearly inspection of a licensed industrial hemp~~  
5 ~~cultivation operation and allow for additional unannounced~~  
6 ~~inspections of a licensed industrial hemp cultivation~~  
7 ~~operation at the Department's discretion.~~

8 (c) (Blank) ~~The Department shall adopt rules necessary for~~  
9 ~~the administration and enforcement of this Act in accordance~~  
10 ~~with all applicable State and federal laws and regulations,~~  
11 ~~including rules concerning standards and criteria for~~  
12 ~~licensure and registration, for the payment of applicable~~  
13 ~~fees, signage, and for forms required for the administration~~  
14 ~~of this Act.~~

15 (d) (Blank) ~~The Department shall adopt rules for the~~  
16 ~~testing of the industrial hemp THC levels and the disposal of~~  
17 ~~plant matter exceeding lawful THC levels, including an option~~  
18 ~~for a cultivator to retest for a minor violation, with the~~  
19 ~~retest threshold determined by the Department and set in rule.~~  
20 ~~Those rules may provide for the use of seed certified to meet~~  
21 ~~the THC levels mandated by this Act as an alternative to~~  
22 ~~testing.~~

23 (e) The application form shall be determined by the  
24 Department and set by rule within 180 days of the effective  
25 date of this Act.

26 (f) The Department shall adopt rules necessary for the



1 administration and enforcement of this Act, including rules  
2 concerning the payment of applicable fees and forms required  
3 for the administration of applying for licenses issued under  
4 this Act. The fee for any hemp business license or renewal  
5 shall not exceed \$500.

6 (g) The Department shall adopt rules concerning the review  
7 of SOPs for hemp food establishments.

8 (h) The rules set by the appropriate regulatory Department  
9 may include one yearly inspection of a licensed hemp business  
10 establishment and allow for additional unannounced inspections  
11 of a licensed hemp business establishment upon good cause.

12 (i) The Department shall not limit the quantity of any  
13 hemp licenses. The hemp business establishment license  
14 application process shall be open indefinitely and the  
15 Department must approve or deny all license applications  
16 within 30 calendar days.

17 (j) The Department shall expressly permit individuals who  
18 are disallowed from holding an Illinois hemp license by  
19 Section 297B(e) (3) (B) (i) of the Agricultural Marketing Act of  
20 1946 to hold a hemp business license, work for a hemp business  
21 establishment, and produce Illinois hemp.

22 (k) Any rules adopted by a Department shall not be more  
23 restrictive than this Act.

24 (Source: P.A. 102-690, eff. 12-17-21.)

1       Sec. 16. Other violations; criminal penalties.

2       (a) Subject to the provisions of this Act, the Department  
3       may:

4               (1) Examine, inspect, and investigate the premises,  
5               operations, and records of hemp business establishment  
6               applicants and licensees.

7               (2) Conduct investigations of possible violations of  
8               this Act pertaining to hemp business establishment  
9               applicants and licensees.

10              (3) Conduct hearings on proceedings to refuse to issue  
11              or renew licenses or to revoke, suspend, place on  
12              probation, reprimand or otherwise discipline a license  
13              holder under this Act or take other non-disciplinary  
14              action for good cause specified in writing.

15       (b) It is the duty of the Department to administer and  
16       enforce the provisions of this Act relating to licensing and  
17       oversight of hemp business establishments unless otherwise  
18       provided in this Act. Notwithstanding the provisions of this  
19       Act, a person who does any of the following regarding a product  
20       regulated under this Act is guilty of a misdemeanor and may be  
21       required to pay of a fine of not more than \$3,000:

22              (1) knowingly alters or otherwise falsifies testing  
23              results;

24              (2) intentionally alters or falsifies any information  
25              required to be included on the label of any hemp  
26              cannabinoid product; or

1           (3) intentionally makes a false material statement to  
2           the Department of Public Health, Department of  
3           Agriculture, or the Department of Financial and  
4           Professional Regulation.

5           (c) Notwithstanding the provisions of this Act, a hemp  
6           business establishment that does any of the following on the  
7           premises of a registered retailer or another business that  
8           sells retail goods to customers is guilty of a misdemeanor and  
9           may be required to pay a fine of not more than \$3,000:

10           (1) sells a hemp cannabinoid product knowing that the  
11           product does not comply with the limits on the amount or  
12           types of cannabinoids that a product may contain;

13           (2) intentionally sells a hemp cannabinoid product  
14           knowing that the product does not comply with the  
15           applicable testing, packaging, or labeling requirements;

16           or

17           (3) sells a hemp cannabinoid product to a person under  
18           the age of 21, except that it is an affirmative defense to  
19           a charge under this clause if the defendant proves by a  
20           preponderance of the evidence that the defendant  
21           reasonably and in good faith relied on proof of age as  
22           described in the next section below.

23           (d) No hemp business establishment shall intentionally  
24           hold itself out to be a "dispensary", "marijuana dispensary",  
25           "dispensing organization", or any kind of cannabis business  
26           establishment unless such entity holds a valid cannabis

1 business establishment license. A person who intentionally  
2 falsely holds itself out to be a cannabis business  
3 establishment is guilty of a misdemeanor and may be required  
4 to pay of a fine of not less than \$10,000.

5 (505 ILCS 89/17)

6 Sec. 17. Administrative hearings; judicial review.

7 (a) Administrative hearings involving licensees under this  
8 Act shall be conducted under the Department's rules governing  
9 formal administrative proceedings.

10 (b) Notwithstanding any other provisions of the Act, the  
11 following administrative fines may be imposed by the  
12 Department upon any person who violates any provision of this  
13 Act:

14 (1) a penalty of \$2,500 for a first violation;

15 (2) a penalty of \$5,000 for a second violation at the  
16 same location within 2 years of the first violation; and

17 (3) a penalty of \$10,000 for a third or subsequent  
18 violation at the same location within 2 years of the  
19 second violation.

20 (c) Monies collected by the Department under this Section  
21 shall be deposited into the Industrial Hemp Regulatory Fund.  
22 Any penalty of \$5,000 or greater that is not paid within 120  
23 days of issuance of notice from the Department shall be  
24 submitted to the Department of Revenue for collection as  
25 provided under the State Collection Act of 1986.

1       (d) All final administrative decisions of the Department  
2 are subject to judicial review under the Administrative Review  
3 Law. The term "administrative decision" has the meaning  
4 ascribed to that term in Section 3-101 of the Code of Civil  
5 Procedure.

6       (e) Notwithstanding the provisions of this Act, the  
7 Department may, after notice and a reasonable period to cure,  
8 and the conduct of an administrative hearing, revoke, cancel,  
9 or suspend the license of any hemp cannabinoid business  
10 establishment that violates any of the provisions of this Act  
11 more than 3 times in a calendar year.

12 (Source: P.A. 100-1091, eff. 8-26-18.)

13 (505 ILCS 89/18)

14 Sec. 18. Industrial Hemp Regulatory Fund.

15       (a) There is created in the State treasury a special fund  
16 to be known as the Industrial Hemp Regulatory Fund. All taxes  
17 paid and all fees and fines collected by the Department under  
18 this Act shall be deposited into the Industrial Hemp  
19 Regulatory Fund. ~~Moneys in the Fund shall be utilized by the~~  
20 Department for the purposes of implementation, administration,  
21 and enforcement of this Act.

22       (b) The General Assembly finds that in order to address  
23 the disparities in diversely owned businesses, aggressive  
24 approaches and targeted technical assistance resources to  
25 support social equity entrepreneurs are required. To carry

1 this intent, the Hemp Social Equity Fund is created to  
2 directly address the impact of economic disinvestment,  
3 violence and the historical overuse of criminal justice  
4 response to community and individual needs by providing  
5 resources, funding and technical assistance for hemp social  
6 equity applicants to setup, build and create ownership in hemp  
7 business establishments.

8 (c) 15% of all monies in the Fund shall be used by the  
9 Department of Agriculture for the purposes of implementation,  
10 administration, and enforcement of this Act. 15% of all monies  
11 in the Fund shall be used by the Department of Public Health  
12 for the purposes of implementation, administration, and  
13 enforcement of this Act. 15% of all monies in the Fund shall be  
14 used by the Department of Financial and Professional  
15 Regulation for the purposes of implementation, administration,  
16 and enforcement of this Act. 55% of all monies deposited into  
17 the Industrial Hemp Regulatory Fund shall be immediately  
18 deposited into the Hemp Social Equity Fund and be used by the  
19 IDOA exclusively for the following purposes:

20 (1) To provide no-interest rate loans to qualified  
21 social equity applicants to pay for ordinary and necessary  
22 expenses to start and operate a hemp business  
23 establishment permitted by this Act;

24 (2) To provide grants to qualified social equity  
25 applicants to pay for ordinary and necessary expenses to  
26 start and operate a hemp business establishment permitted

1 by this Act.

2 (3) To compensate the Department of Commerce and  
3 Economic Opportunity for any costs related to the  
4 provision of low-interest loans and grants to qualified  
5 social equity applicants;

6 (4) To pay for education, outreach, and technical  
7 assistance that may be provided or targeted to attract and  
8 support social equity applicants.

9 (5) To support urban and rural farming, medicinal and  
10 food security, and hemp-related criminal justice reform.

11 (d) Notwithstanding any other law to the contrary, the  
12 Hemp Social Equity Fund is not subject to sweeps,  
13 administrative chargebacks, or any other fiscal or budgetary  
14 maneuver that would in any way transfer any amounts from the  
15 Hemp Social Equity Fund into any other fund of the State.

16 (Source: P.A. 100-1091, eff. 8-26-18.)

17 (505 ILCS 89/18.5 new)

18 Sec. 18.5. Availability studies.

19 (a) The Director shall commission and publish one or more  
20 disparity and availability studies that:

21 (1) evaluate the risks and benefits of cannabinoids;

22 (2) evaluate the availability of hemp and cannabis  
23 products to minors;

24 (3) evaluate economic development attributable to hemp  
25 and hemp derived cannabinoids across the State, especially

1 in communities who have been most impacted by the war on  
2 drugs;

3 (4) evaluate whether there exists discrimination in  
4 the State's hemp industry, and if so, evaluates the impact  
5 of such discrimination on the State and includes  
6 recommendations to the Department of Agriculture for  
7 reducing or eliminating any identified barriers to entry  
8 in the hemp market. Such disparity and availability  
9 studies shall examine each license type issued pursuant to  
10 Section 10 of this Act and shall be initiated within 180  
11 days from the issuance of the first of each license  
12 authorized by those Sections. The report must include the  
13 Task Force's legislative recommendations regarding further  
14 cannabinoid research, the use and availability of  
15 cannabinoid products and cannabis products among minors,  
16 and the impact of cannabinoid products on minority and  
17 women-owned business creation. Additionally, the report  
18 must contain an analysis of the effectiveness of each  
19 recommendation. This analysis will assess the potential  
20 impact and outcomes of the proposed legislative measures.  
21 Finally, the Task Force will make rule recommendations as  
22 part of the report. The results of each disparity and  
23 availability study shall be reported to the General  
24 Assembly and the Governor no later than 12 months after  
25 the commission of each study.

26 (b) The Director shall forward a copy of its findings and



1 recommendations to the Department of Financial and  
2 Professional Regulation, the Department of Agriculture, the  
3 Department of Commerce and Economic Opportunity, the General  
4 Assembly, and the Governor.

5 (c) The Department of Agriculture may compile, collect, or  
6 otherwise gather data necessary for the administration of this  
7 Act and to carry out the Director's duty relating to the  
8 recommendation of policy changes. The Department of  
9 Agriculture may direct the Department of Financial and  
10 Professional Regulation, Department of Public Health,  
11 Department of Human Services, and Department of Commerce and  
12 Economic Opportunity to assist in the compilation, collection,  
13 and data gathering authorized pursuant to this subsection. The  
14 Director shall compile all of the data into a single report and  
15 submit the report to the Governor and the General Assembly and  
16 publish the report on its website.

17 (d) The Director may use a third party to complete the  
18 responsibilities of this Section. If the Director elects to  
19 use a third party to complete any element of this Section,  
20 preference shall be given to entities with experience in  
21 increasing diversity in the hemp or cannabis industry and  
22 making policy recommendations to the General Assembly.

23 (505 ILCS 89/18.10 new)

24 Sec. 18.10. Loans and grants to social equity hemp  
25 applicants.

1       (a) The Department of Commerce and Economic Opportunity  
2       shall establish grant and loan programs, subject to  
3       appropriations from the Hemp Social Equity Fund, for the  
4       purpose of providing financial assistance, loans, grants and  
5       technical assistance to social equity applicants.

6       (b) The Department of Commerce and Economic Opportunity  
7       has the power to:

8               (1) Provide hemp social equity loans and grants from  
9               appropriations from the Hemp Social Equity Fund to assist  
10              qualified social equity applicants in gaining entry to,  
11              and successfully operating in, the State's regulated  
12              hemp-derived cannabinoid marketplace.

13              (2) Enter into agreements that set forth terms and  
14              conditions of the financial assistance, accept funds, or  
15              grants and engage in cooperation with private entities and  
16              agencies of State or local government to carry out the  
17              purposes of this Section.

18              (3) Fix, determine, charge and collect any premiums,  
19              fees, charges, costs and expenses, including application  
20              fees, commitment fees, program fees, financing charges, or  
21              publication fees in connection with its activities under  
22              this Section.

23              (4) Coordinate assistance under these loan programs  
24              with activities of the Department of Financial and  
25              Professional Regulation, the Department of Agriculture and  
26              other agencies as needed to maximize the effectiveness and

1 efficiency of this Act.

2 (5) Provide staff, administrative and related support  
3 required to administer this Section.

4 (6) Take whatever actions are necessary or appropriate  
5 to protect the State's interest in the event of  
6 bankruptcy, default, foreclosure, or noncompliance with  
7 the terms and conditions of financial assistance provided  
8 under this Section, including the ability to recapture  
9 funds if the recipient is found to be noncompliant with  
10 the terms and conditions of the financial assistance  
11 agreement.

12 (7) Establish application, notification, contract, and  
13 other forms, procedures or rules deemed necessary and  
14 appropriate.

15 (8) Use vendors or contract work to carry out the  
16 purposes of this Act.

17 (c) Loans made under this Section shall:

18 (1) only be made if the project furthers the goals set  
19 forth in this Act; and

20 (2) be in such principal amount and form and contain  
21 such terms and provisions with respect to security,  
22 insurance, reporting, delinquency charges, default  
23 remedies, and other matters as the Department shall  
24 determine appropriate to protect the public interest and  
25 to be consistent with the purposes of this Section. The  
26 terms and provisions may be less than required for similar

1       loans not covered by this Section.

2       (d) Grants made under this Section shall be awarded on a  
3 competitive and annual basis under the Grant Accountability  
4 and Transparency Act. Grants made under this Section shall  
5 further and promote the goals of this Act, including promotion  
6 of social equity applicants, job training and workforce  
7 development, and technical assistance to social equity  
8 applicants.

9       (e) Beginning January 1, 2025 and each year thereafter,  
10 the Department shall annually report to the Governor and the  
11 General Assembly on the outcomes and effectiveness of this  
12 Section that shall include the following:

13           (1) The number of persons or businesses receiving  
14 financial assistance under this Section.

15           (2) The amount in financial assistance awarded in the  
16 aggregate, in addition to the amount of loans made that  
17 are outstanding and the amount of grants awarded.

18           (3) The location of the project engaged in by the  
19 person or business.

20           (4) The number of new jobs and other forms of economic  
21 output created as a result of the financial assistance.

22       (f) The Department of Commerce and Economic Opportunity  
23 shall include engagement with individuals with limited English  
24 proficiency as part of its outreach provided or targeted to  
25 attract and support social equity applicants.

1 (505 ILCS 89/19)

2 Sec. 19. Immunity. Except for willful or wanton  
3 misconduct, a person employed by a ~~the~~ Department with  
4 jurisdiction over a licensee issued and administered under  
5 this Act shall not be subject to criminal or civil penalties  
6 for taking any action under this Act when the actions are  
7 within the scope of his or her employment. Representation and  
8 indemnification of Department employees shall be provided to  
9 Department employees as set forth in Section 2 of the State  
10 Employee Indemnification Act.

11 (Source: P.A. 100-1091, eff. 8-26-18.)

12 (505 ILCS 89/20)

13 Sec. 20. Hemp products.

14 (a) Nothing in this Act shall alter the legality of hemp or  
15 hemp products that are presently legal to possess or own. The  
16 Department shall not promulgate any rules altering the  
17 legality of the same.

18 (b) Hemp extract intended for human consumption or hemp  
19 cannabinoid products shall not be manufactured, processed,  
20 packaged, held, or prepared in a private home or in a room used  
21 as living or sleeping quarters, except as otherwise permitted  
22 in this Act.

23 (c) All hemp extract and hemp cannabinoid products for  
24 human consumption shall be manufactured by a source that meets  
25 local and state health standards from the jurisdiction of

1 origin.

2 (d) The maximum THC per serving of a hemp-cannabinoid  
3 products for human consumption is 50 milligrams.

4 (Source: P.A. 100-1091, eff. 8-26-18.)

5 (505 ILCS 89/21 new)

6 Sec. 21. Age verification.

7 (a) Hemp-cannabinoid consumers must be at least 21 years  
8 of age to purchase, transport, or consume hemp-cannabinoids  
9 products, be over 18 and present a valid medical card, or over  
10 the age of 18 and in possession of a valid military ID.

11 (b) The giving or sampling of hemp extract or hemp  
12 cannabinoid products intended for human consumption by a hemp  
13 food establishment or any person to any person under the age of  
14 21 is prohibited.

15 (c) Hemp food establishments shall exercise diligence in  
16 the management and supervision of their premises and in the  
17 supervision and training of their employees to prevent the  
18 underage sale of these products.

19 Prior to initiating a sale or otherwise providing hemp  
20 cannabinoid product to an individual, an employee of a  
21 retailer must verify that the individual is (i) at least 21  
22 years of age, (ii) is over 18 and presents a valid medical  
23 card, or over the age of 18 and in possession of a valid  
24 military ID;

25 (d) Proof of age may be established only by verifying the

1 birthdate and age on one of the following:

2 (1) a valid driver's license or identification card  
3 issued by the State, another state, or a province of  
4 Canada and including the photograph and date of birth of  
5 the licensed person;

6 (2) a valid Tribal identification card/indigenous  
7 reservation government identification card;

8 (3) a valid passport issued by the United States;

9 (4) in the case of a foreign national, by a valid  
10 passport;

11 (5) consular identification card;

12 (6) temporary visitor driver's license;

13 (7) Chicago city key identification;

14 (8) international election identification cards;

15 (9) visa; or

16 (10) green card.

17 (e) A registered retailer may seize a form of  
18 identification listed under subsection (b) of this Section if  
19 the registered retailer has reasonable grounds to believe that  
20 the form of identification has been altered or falsified or is  
21 being used to violate any law. A registered retailer that  
22 seizes a form of identification as authorized under this  
23 paragraph must deliver it to a law enforcement agency within  
24 14 days of seizing it.

1       Sec. 22. Hemp cannabinoid product packaging and labeling.

2       (a) The Department shall be authorized to audit and  
3 inspect labels for compliance with this Act.

4       In the event of any violation of this section, the  
5 Department may issue a citation against the offender as  
6 official notice of the offense committed and to require the  
7 offender to correct the offense within 180 days.

8       (b) Unless otherwise specified in this Act, each  
9 hemp-cannabinoid product, with the exception of ready-to-eat  
10 hemp cannabinoid and cottage hemp-cannabinoid products shall  
11 be labeled before sale and each label shall be securely  
12 affixed to the package and shall state in legible English:

13           (1) The name and mailing address of the manufacturer.

14           (2) The common or usual name of the item and the name  
15 of the hemp-cannabinoid product.

16           (3) The "use by" date.

17           (4) A list of any hemp-derived cannabinoid exceeding 1  
18 mg per serving.

19           (5) All other ingredients of the item, including any  
20 colors, artificial flavors and preservatives, listed in  
21 descending order by predominance of weight shown with  
22 common or usual names. However, ingredients listed on the  
23 label may be combined into similar categories including  
24 but not limited to hemp extract or emulsion, natural  
25 colors, artificial colors, natural flavors, or artificial  
26 flavors.



1           (6) For hemp-cannabinoid products:

2                   (A) the date of testing and the identification of  
3                   the independent testing laboratory; and

4                   (B) a pass/fail rating based on the laboratory's  
5                   microbiological, mycotoxins, and pesticide and solvent  
6                   residue analysis.

7           (7) For ready to eat hemp-cannabinoid products:

8                   (A) the date of the intermediate hemp product  
9                   testing, packaging and the identification of the  
10                   independent testing laboratory; and

11                   (B) a pass/fail rating based on the laboratory's  
12                   microbiological, mycotoxins, and pesticide and solvent  
13                   residue analysis of the Intermediate Hemp Product.

14           (8) The required packaging elements of Section  
15           22(b) (5-7) may be satisfied by means of a QR code linking  
16           to a website where the information is available for a  
17           consumer.

18           (c) Packaging for packaged hemp-cannabinoid products must  
19           not contain information that:

20                   (1) is materially false;

21                   (2) depicts a person under 21 years of age consuming  
22                   hemp-cannabinoids;

23                   (3) includes images designed or likely to appeal to  
24                   minors, including cartoons, toys, animals, or children, or  
25                   any other likeness to images, characters, or phrases that  
26                   are popularly used to advertise to children, or any

1 packaging or labeling that bears reasonable resemblance to  
2 any product available for consumption as a commercially  
3 available candy; or

4 (4) contains any seal, flag, crest, coat of arms, or  
5 other insignia likely to mislead the purchaser to believe  
6 that the product has been endorsed, made, or used by the  
7 State or any of its representatives except where  
8 authorized by this Act.

9 (d) All packaged hemp-cannabinoid products must contain  
10 warning statements specified in subsection (e) of this  
11 Section, of a size that is legible and readily visible to a  
12 consumer inspecting a package, which may not be covered or  
13 obscured in any way. Notwithstanding the foregoing, batch and  
14 lot information printed on packaging that is printed on the  
15 labeling shall not be considered to cover or obscure the  
16 label.

17 (e) Hemp cannabinoid products must have warning statements  
18 on the packaging in a form and manner that clearly  
19 communicates the following:

20 (1) That the product contains hemp derived  
21 cannabinoids.

22 (2) A warning to consumers not to use if pregnant or  
23 breastfeeding.

24 (3) A warning not to use if operating a motor vehicle  
25 or machinery.

26 (4) The product is for use by adults 21 or over.

1       (f) Hemp cannabinoid products of the following product  
2 types must have warning statements on the packaging in a form  
3 and manner that clearly communicates the following:

4           (1) Hemp-cannabinoid products for inhalation must  
5 contain a statement that clearly communicates smoking is  
6 hazardous to your health.

7           (2) Hemp-cannabinoid products for ingestion must  
8 contain a statement that communicates the effects of  
9 cannabinoids may be delayed.

10          (3) Hemp-cannabinoids products for ingestion must  
11 contain a statement that communicates this product was  
12 produced in a facility that may also process common food  
13 allergens or a list of known allergens in the product.

14          (4) That the required packaging elements of subsection  
15 (b) of this Section may be satisfied by means of a QR code  
16 linking to a website where the information is available  
17 for a consumer.

18       (g) Hemp extract intended for human consumption must have  
19 warning statements on the packaging in a form and manner that  
20 clearly communicating the following:

21           (1) If cannabinoids are marketed, for every  
22 cannabinoid with more than 1mg per serving, the number of  
23 milligrams of each cannabinoid per serving and the serving  
24 size must be declared on the label.

25           (2) The label and advertisement shall not contain  
26 claims indicating the product is intended for diagnosis,

1 cure, mitigation, treatment, or prevention of disease,  
2 unless such claims are approved by the FDA; and if  
3 unapproved claims are included, then the product shall be  
4 considered misbranded.

5 (3) Hemp extract intended solely for inhalation must  
6 communicate the product is not intended for ingestion and  
7 for consumers not to eat.

8 (h) Hemp extract intended for human consumption that is  
9 not clearly labeled as intended for inhalation or ingestion  
10 must meet all of the requirements for hemp products intended  
11 for both inhalation and ingestion. If there are different  
12 requirements for hemp products intended for inhalation and  
13 hemp products intended for ingestion, the stricter standard  
14 shall apply.

15 (505 ILCS 89/22.5 new)

16 Sec. 22.5. Ready-to-eat cannabinoid product packaging and  
17 labeling.

18 (a) Hemp food establishments must ensure that the total  
19 milligram content of each type of cannabinoid exceeding 1 mg  
20 contained in each ready-to-eat hemp cannabinoid menu item is  
21 listed on the menu board adjacent to the name or the price of  
22 the associated menu item.

23 (b) Hemp food establishments must ensure that served  
24 ready-to-eat hemp cannabinoid menu items include a label that  
25 indicates:

- 1           (1) total milligram content of the served item; and  
2           (2) QR code to links to a web page containing:  
3                 (A) a copy of the testing results of the  
4                 intermediate hemp product used;  
5                 (B) a copy of the dosing SOP; and  
6                 (C) a copy of a representative compliance test for  
7                 the recipe.  
8           (c) Ready to eat hemp cannabinoid products may not be  
9           shipped out of State.

10           (505 ILCS 89/22.10 new)

11           Sec. 22.10. Labeling for certain product packaging and  
12           labeling products.

13           (a) The following types of hemp cannabinoid products are  
14           exempted from the requirements of Section 22-0:

- 15                 (1) broad spectrum hemp-cannabinoid products;  
16                 (2) full-spectrum hemp cannabinoid products;  
17                 (3) isolate-based hemp cannabinoid products;  
18                 (4) cannabinoid products sold for research purposes;  
19                 (5) cannabinoid products with less than .5mg delta-9  
20                 Tetrahydrocannabinol per serving; and  
21                 (6) topical products.

22           (b) The Department shall be authorized to audit and  
23           inspect labels for compliance with this Act.

24           In the event of any violation of this Section, the  
25           Department may issue a citation against the offender as

1 official notice of the offense committed and to require the  
2 offender to correct the offense within 180 days.

3 (c) The hemp-cannabinoid products in subsection (a) of  
4 this Section shall be labeled before sale and each label shall  
5 be securely affixed to the package and shall state in legible  
6 English:

7 (1) The name and mailing address of the manufacturer.

8 (2) The common or usual name of the item and the name  
9 of the hemp-cannabinoid product.

10 (3) The "use by" date.

11 (4) A list of any hemp-derived cannabinoids exceeding  
12 1 mg per serving;

13 (5) For hemp-cannabinoid products:

14 (A) The date of testing and the identification of  
15 the independent testing laboratory.

16 (B) A pass/fail rating based on the laboratory's  
17 microbiological, mycotoxins, and pesticide and solvent  
18 residue analysis.

19 (7) All other ingredients of the item, including any  
20 colors, artificial flavors and preservatives, listed in  
21 descending order by predominance of weight shown with  
22 common or usual names. However, ingredients listed on the  
23 label may be combined into similar categories including  
24 but not limited to hemp extract or emulsion, natural  
25 colors, artificial colors, natural flavors, or artificial  
26 flavors.

1           (8) The required packaging elements of subsection (d)  
2           of this Section may be satisfied by means of a QR code  
3           linking to a website where the information is available  
4           for a consumer.

5           (d) The label and advertisement shall not contain claims  
6           indicating the product is intended for diagnosis, cure,  
7           mitigation, treatment, or prevention of disease, unless such  
8           claims are approved by the FDA; and if unapproved claims are  
9           included, then the product shall be considered misbranded.

10          (e) The hemp-cannabinoid products in subsection (a) of  
11          this Section shall have warning statements on the packaging  
12          that clearly indicates the following:

13               (1) The product contains hemp derived cannabinoids.

14               (2) A warning to consumers not to use if pregnant or  
15               breastfeeding.

16               (3) The product is for use by adults 21 or over unless  
17               under the supervision of a parent or guardian.

18               (4) The required packaging elements of this subsection  
19               may be satisfied by means of a QR code linking to a website  
20               where the warnings are available for a consumer.

21          (f) The following types of hemp cannabinoid products are  
22          exempted from the requirements of this Section: processed  
23          hemp, live hemp products, raw hemp products, processed-hemp  
24          products, and cottage hemp-cannabinoid products.

25

1 (505 ILCS 89/22.15 new)

2 Sec. 22.15. Labeling for intermediate hemp products.

3 (a) Intermediate hemp cannabinoid products shall be  
4 labeled and each label shall be securely affixed to the  
5 package and shall state in legible English:

6 (1) The name and mailing address of the manufacturer.

7 (2) The common or usual name of the item and the name  
8 of the intermediate hemp-cannabinoid product.

9 (3) The "use by" date.

10 (4) The storage instructions.

11 (5) The batch information.

12 (6) The net weight.

13 (7) A list of any hemp-derived cannabinoid exceeding 1  
14 mg/g of potency.

15 (8) The total amount of each cannabinoid with a  
16 potency exceeding 1mg/g per container.

17 (9) All other ingredients of the item, including any  
18 colors, artificial flavors and preservatives, listed in  
19 descending order by predominance of weight shown with  
20 common or usual names.

21 (10) For intermediate hemp-cannabinoid products:

22 (A) The date of testing and the identification of  
23 the independent testing laboratory.

24 (B) A pass/fail rating based on the laboratory's  
25 microbiological, mycotoxins, and pesticide and solvent  
26 residue analysis.



1           (11) The required packaging elements paragraphs of  
2           (7)-(10) of this subsection (a) may be satisfied by means  
3           of a QR code linking to a website where the information is  
4           available for a consumer.

5           (b) Intermediate hemp cannabinoid products must have  
6           warning statements on the packaging in a form and manner that  
7           clearly communicating the following:

8                   (1) This product contains hemp derived cannabinoids.

9                   (2) A warning for use as an ingredient.

10                   (3) A warning that the product is not for consumptions  
11                   without dilution.

12                   (4) Poison control contact information.

13           (505 ILCS 89/23 new)

14           Sec. 23. Laboratory approval.

15           (a) No laboratory shall be approved to handle, test or  
16           analyze hemp unless the laboratory:

17                   (1) is accredited to the ISO/IEC 17025 standard by a  
18                   private non-profit laboratory accrediting organization, or  
19                   can demonstrate that it has a current working relationship  
20                   with an accrediting organization and receives final  
21                   accreditation within one year of applying to be an  
22                   approved laboratory with the Department;

23                   (2) is independent from all other persons involved in  
24                   the hemp industry in the State, which shall mean that no  
25                   person with a direct or indirect interest in the

1 laboratory shall have a direct or indirect financial,  
2 management, or other interest in a hemp business  
3 establishment license;

4 (3) has employed at least one person to oversee and be  
5 responsible for the laboratory testing who has earned,  
6 from a college or university accredited by a national or  
7 regional certifying authority, at least:

8 (A) a master's level degree in chemical or  
9 biological sciences and a minimum of 2 years  
10 post-degree laboratory experience; or

11 (B) a bachelor's degree in chemical or biological  
12 sciences and a minimum of 4 years post-degree  
13 laboratory experience; and

14 (4) has procedures requiring hemp testing adherence to  
15 standards of performance for detecting delta-9 THC  
16 concentration, including the measurement of uncertainty  
17 (MU).

18 (b) The Department may request a copy of the most recent  
19 annual inspection report granting accreditation or any annual  
20 report thereafter.

21 (c) All laboratories with a valid DEA registration, a  
22 current cannabis laboratory license issued by the Department,  
23 or a valid ISO 17025 certification are considered approved.

24 (505 ILCS 89/23.10 new)

25 Sec. 23.10. Testing requirements.

1       (a) Industrial hemp sampled for testing may be transported  
2 to the approved laboratory.

3       (b) The industrial hemp shall be tested using a reliable  
4 method, including those approved by the USDA, to detect  
5 delta-9 THC concentration levels of the sampled hemp. Reliable  
6 methods of testing shall include gas chromatography or a  
7 high-performance liquid chromatography technique.

8       (c) No more than 30 days prior to harvest, hemp  
9 cultivators shall submit to an approved laboratory a sample of  
10 industrial hemp to verify that the delta-9 THC concentration  
11 does not exceed 0.3% on a dry weight basis.

12       (1) A sample shall be sent for each separate strain and/or  
13 for each separate growing area at the Department's  
14 discretion.

15       (2) A sample will consist of at least one ounce, weighed at  
16 the time of harvest, and consist of full bud(s), along  
17 with any attached leaves and stems,

18       (3) Quantitative laboratory determination of THC  
19 concentration on a dry weight basis will be performed.

20       (d) A test result with a THC concentration on a dry weight  
21 basis that exceeds 0.3% but is less than 0.7% may be retested  
22 at the expense of the licensee. A request for a retest by the  
23 licensee must be received by the Department within 3 days  
24 after initial receipt of the original test results by the  
25 licensee.

26       (e) All harvested industrial hemp receiving a sample test

1 result with a delta-9 THC concentration on a dry weight basis  
2 that exceeds 0.3% and is not retested at the request of the  
3 licensee shall be destroyed.

4 (f) All harvested industrial hemp receiving both a sample  
5 test result and a sample retest result with delta-9 THC  
6 concentrations on a dry weight basis that exceeds 0.3% shall  
7 be destroyed.

8 (g) All harvested industrial hemp receiving a sample test  
9 result with a delta-9 THC concentration on a dry weight basis  
10 that equals or exceeds 1.0% shall be destroyed.

11 (h) All harvested industrial hemp awaiting test results  
12 shall be stored by the licensee or processor and shall not be  
13 processed or transported until test results are obtained and  
14 the industrial hemp is released by the Department.

15 (i) The Department shall have the authority to set and  
16 collect fees for hemp testing conducted by the Department.  
17 Such fees shall be deposited into the Industrial Hemp  
18 Regulatory Fund.

19 (505 ILCS 89/23.15 new)

20 Sec. 23.15. Laboratory testing of intermediate hemp  
21 products.

22 (a) Immediately after the manufacturing or processing of  
23 any intermediate hemp product, each batch shall be tested by  
24 an approved laboratory for:

25 (i) microbiological contaminants;

- 1           (ii) mycotoxins;  
2           (iii) pesticide active ingredients;  
3           (iv) residual solvents; and  
4           (v) an active ingredient analysis.

5           (b) The laboratory shall immediately return or dispose of  
6 any intermediate hemp product upon the completion of any  
7 testing, use or research. If intermediate hemp is disposed of,  
8 it shall be done in compliance with this Act.

9           (c) If a sample of the intermediate hemp product does not  
10 pass the microbiological, mycotoxin, pesticide chemical  
11 residue or solvent residual test, based on the standards  
12 established by the Department of Agriculture, the following  
13 shall apply:

14           (1) If the sample failed the pesticide chemical  
15 residue test, the entire batch from which the sample was  
16 taken shall, if applicable, be recalled as provided by  
17 rule.

18           (2) If the sample failed any other test, the batch may  
19 be used to make a CO2-based or solvent-based extract.  
20 After processing, the CO2-based or solvent-based extract  
21 must still pass all required tests.

22           (d) The laboratory shall maintain the laboratory test  
23 results for at least 3 years and make them available at the  
24 Department of Agriculture's request.

25           (e) The hemp processor or hemp distributor shall provide  
26 to a hemp business establishment the laboratory test results

1 for each batch of intermediate hemp products purchased by the  
2 hemp business establishment, upon request. Each hemp business  
3 establishment must have these laboratory results available  
4 online or in-person upon request of the purchasers.

5 (505 ILCS 89/23.20 new)

6 Sec. 23.20. Laboratory testing for hemp-cannabinoid  
7 products utilizing hemp cannabinoids directly extracted from  
8 raw hemp or untested intermediate-hemp products and  
9 hemp-cannabinoid products for human inhalation.

10 (a) Hemp processors, hemp distributors, and hemp food  
11 establishments must begin a new batch cycle every time a  
12 specific hemp-cannabinoid product is made. A manufacturer of a  
13 product regulated under this Section shall be tested by the  
14 approved laboratory for:

15 (1) potency;

16 (2) microbiological contaminants;

17 (3) mycotoxins;

18 (4) pesticide active ingredients;

19 (5) residual solvents; and

20 (6) an active ingredient analysis.

21 (b) The laboratory shall immediately return or dispose of  
22 any hemp-cannabinoid product upon the completion of any  
23 testing, use or research. If the hemp-cannabinoid product is  
24 disposed of, it shall be done in compliance with any rules  
25 adopted by the Department of Agriculture.

1       (c) If a sample of the hemp-cannabinoid does not pass the  
2 microbiological, mycotoxin, pesticide chemical residue, or  
3 solvent residual test, based on the standards established by  
4 the Department of Agriculture, which shall be no stricter than  
5 the standards listed below, the stricter shall apply.

6       (d) Products intended for human consumption shall be  
7 considered adulterated if contaminants are detected at levels  
8 greater than the limits listed in this Section. Contaminant  
9 limits under this Section do not constitute authorization to  
10 use or apply any of the following contaminants during hemp  
11 cultivation or processing.

12       (1) The following substances are prohibited in  
13 intermediate hemp products, hemp extract, and hemp  
14 cannabinoid products:

15           (A) Abamectin, 300 parts per billion for  
16 ingestion; 100 parts per billion for inhalation.

17           (B) Acephate, 3,000 parts per billion for  
18 ingestion; 100 parts per billion for inhalation.

19           (C) Acequinocyl, 2,000 parts per billion for  
20 ingestion; 100 parts per billion for inhalation.

21           (D) Acetamiprid, 3,000 parts per billion for  
22 ingestion; 100 parts per billion for inhalation.

23           (E) Aldicarb, 100 parts per billion for ingestion  
24 or inhalation.

25           (F) Azoxystrobin, 3,000 parts per billion for  
26 ingestion; 100 parts per billion for inhalation.

1           (G) Bifenazate, 3,000 parts per billion for  
2 ingestion; 100 parts per billion for inhalation.

3           (H) Bifenthrin, 500 parts per billion for  
4 ingestion; 100 parts per billion for inhalation.

5           (I) Boscalid, 3,000 parts per billion for  
6 ingestion; 100 parts per billion for inhalation.

7           (J) Captan, 3,000 parts per billion for ingestion;  
8 700 parts per billion for inhalation.

9           (K) Carbaryl, 500 parts per billion for ingestion;  
10 500 parts per billion for inhalation.

11           (L) Carbofuran, 100 parts per billion for  
12 ingestion or inhalation.

13           (M) Chlorantraniliprole, 3,000 parts per billion  
14 for ingestion; 1,000 parts per billion for inhalation.

15           (N) Chlordane, 100 parts per billion for ingestion  
16 or inhalation.

17           (O) Chlorfenapyr, 100 parts per billion for  
18 ingestion or inhalation.

19           (P) Chlormequat chloride, 3,000 parts per billion  
20 for ingestion; 1,000 parts per billion for inhalation.

21           (Q) Chlorpyrifos, 100 parts per billion for  
22 ingestion or inhalation.

23           (R) Clofentezine, 500 parts per billion for  
24 ingestion; 200 parts per billion for inhalation.

25           (S) Coumaphos, 100 parts per billion for ingestion  
26 or inhalation.



1           (T) Cyfluthrin, 1,000 parts per billion for  
2 ingestion; 500 parts per billion for inhalation.

3           (U) Cypermethrin, 1,000 parts per billion for  
4 ingestion; 500 parts per billion for inhalation.

5           (V) Daminozide, 100 parts per billion for  
6 ingestion or inhalation.

7           (W) DDVP (Dichlorvos), 100 parts per billion for  
8 ingestion or inhalation.

9           (X) Diazinon, 200 parts per billion for ingestion;  
10 100 parts per billion for inhalation.

11           (Y) Dimethoate, 100 parts per billion for  
12 ingestion or inhalation.

13           (Z) Dimethomorph, 3,000 parts per billion for  
14 ingestion; 200 parts per billion for inhalation.

15           (AA) Ethoprop(hos), 100 parts per billion for  
16 ingestion or inhalation.

17           (BB) Etofenprox, 100 parts per billion for  
18 ingestion or inhalation.

19           (CC) Etoxazole, 1,500 parts per billion for  
20 ingestion; 100 parts per billion for inhalation.

21           (DD) Fenhexamid, 3,000 parts per billion for  
22 ingestion; 100 parts per billion for inhalation.

23           (EE) Fenoxycarb, 100 parts per billion for  
24 ingestion or inhalation.

25           (FF) Fenpyroximate, 2,000 parts per billion for  
26 ingestion; 100 parts per billion for inhalation.

1           (GG) Fipronil, 100 parts per billion for ingestion  
2           or inhalation.

3           (HH) Flonicamid, 2,000 parts per billion for  
4           ingestion; 100 parts per billion for inhalation.

5           (II) Fludioxonil, 3,000 parts per billion for  
6           ingestion; 100 parts per billion for inhalation.

7           (JJ) Hexythiazox, 2,000 parts per billion for  
8           ingestion; 100 parts per billion for inhalation.

9           (KK) Imazalil, 100 parts per billion for ingestion  
10           or inhalation.

11           (LL) Imidacloprid, 3,000 parts per billion for  
12           ingestion; 400 parts per billion for inhalation.

13           (MM) Kresoxim-methyl, 1,000 parts per billion for  
14           ingestion; 100 parts per billion for inhalation.

15           (NN) Malathion, 2,000 parts per billion for  
16           ingestion; 200 parts per billion for inhalation.

17           (OO) Metalaxyl, 3,000 parts per billion for  
18           ingestion; 100 parts per billion for inhalation.

19           (PP) Methiocarb, 100 parts per billion for  
20           ingestion or inhalation.

21           (QQ) Methomyl, 100 parts per billion for ingestion  
22           or inhalation.

23           (RR) Methyl parathion, 100 parts per billion for  
24           ingestion or inhalation.

25           (SS) Mevinphos, 100 parts per billion for  
26           ingestion or inhalation.

1           (TT) Myclobutanil, 3,000 parts per billion for  
2 ingestion; prohibited at any concentration for  
3 inhalation.

4           (UU) Naled, 500 parts per billion for ingestion;  
5 250 parts per billion for inhalation.

6           (VV) Oxamyl, 500 parts per billion for ingestion  
7 or inhalation.

8           (WW) Paclobutrazol, 100 parts per billion for  
9 ingestion or inhalation.

10           (XX) Pentachloronitrobenzene, 200 parts per  
11 billion for ingestion; 150 parts per billion for  
12 inhalation.

13           (YY) Permethrin, 1,000 parts per billion for  
14 ingestion; 100 parts per billion for inhalation.

15           (ZZ) Phosmet, 200 parts per billion for ingestion;  
16 100 parts per billion for inhalation.

17           (AAA) Piperonyl butoxide, 3,000 parts per billion  
18 for ingestion or inhalation.

19           (BBB) Prallethrin, 400 parts per billion for  
20 ingestion; 100 parts per billion for inhalation.

21           (CCC) Propiconazole, 1,000 parts per billion for  
22 ingestion; 100 parts per billion for inhalation.

23           (DDD) Propoxur, 100 parts per billion for  
24 ingestion or inhalation.

25           (EEE) Pyrethrins, 1,000 parts per billion for  
26 ingestion; 500 parts per billion for inhalation.

1           (FFF) Pyridaben, 3,000 parts per billion for  
2 ingestion; 200 parts per billion for inhalation.

3           (GGG) Spinetoram, 3,000 parts per billion for  
4 ingestion; 200 parts per billion for inhalation.

5           (HHH) Spinosad A & D, 3,000 parts per billion for  
6 ingestion; 100 parts per billion for inhalation.

7           (III) Spiromesifen, 3,000 parts per billion for  
8 ingestion; 100 parts per billion for inhalation.

9           (JJJ) Spirotetramat, 3,000 parts per billion for  
10 ingestion; 100 parts per billion for inhalation.

11           (KKK) Spiroxamine, 100 parts per billion for  
12 ingestion or inhalation.

13           (LLL) Tebuconazole, 1,000 parts per billion for  
14 ingestion; 100 parts per billion for inhalation.

15           (MMM) Thiachloprid, 100 parts per billion for  
16 ingestion; 100 parts per billion for inhalation.

17           (NNN) Thiamethoxam, 1,000 parts per billion for  
18 ingestion; 500 parts per billion for inhalation.

19           (OOO) Trifloxystrobin, 3,000 parts per billion for  
20 ingestion; 100 parts per billion for inhalation.

21           (2) Residual solvent limits for ingestion or  
22 inhalation:

23           (A) 1,2-Dichloroethane, 2 parts per million.

24           (B) 1,1-Dichloroethene, 8 parts per million.

25           (C) Acetone, 750 parts per million.

26           (D) Acetonitrile, 60 parts per million.

- 1           (E) Benzene, 1 part per million.
- 2           (F) Butane, 5,000 parts per million.
- 3           (G) Chloroform, 2 parts per million.
- 4           (H) Ethanol, 5,000 parts per million.
- 5           (I) Ethyl Acetate, 400 parts per million.
- 6           (J) Ethyl Ether, 500 parts per million.
- 7           (K) Ethylene Oxide, 5 parts per million.
- 8           (L) Heptane, 5,000 parts per million.
- 9           (M) Hexane, 250 parts per million.
- 10          (N) Isopropyl Alcohol, 500 parts per million.
- 11          (O) Methanol, 250 parts per million.
- 12          (P) Methylene Chloride, 125 parts per million.
- 13          (Q) Pentane, 750 parts per million.
- 14          (R) Propane, 5,000 parts per million.
- 15          (S) Toluene, 150 parts per million.
- 16          (T) Trichloroethylene 25 parts per million.
- 17          (U) Xylenes, Total (ortho-, meta-, para-), 150
- 18 parts per million.
- 19          (3) Metals limits are:
- 20           (A) Cadmium, 500 parts per billion for ingestion;
- 21 200 parts per billion for inhalation.
- 22           (B) Lead, 500 parts per billion for ingestion or
- 23 inhalation.
- 24           (C) Arsenic, 1,500 parts per billion for
- 25 ingestion; 200 parts per billion for inhalation.
- 26           (D) Mercury, 3,000 parts per billion for

1 ingestion; 200 parts per billion for inhalation.

2 (4) Biological limits for ingestion or inhalation:

3 (A) Shiga toxin-producing escherichia coli (STEC  
4 E. coli) and other pathogenic E. coli, 1 CFU per gram.

5 (B) Salmonella, 1 CFU per gram.

6 (C) Aspergillus niger, aspergillus fumigatus,  
7 aspergillus flavus, aspergillus terreus, 1 CFU per  
8 gram.

9 (5) Mycotoxin limits are:

10 (A) Total aflatoxin (B1, B2, G1, G2), 20 parts per  
11 billion for ingestion or inhalation.

12 (B) Ochratoxin, 20 parts per billion for ingestion  
13 or inhalation.

14 (6) The total combined yeast and mold limit is 100,000  
15 CFU per gram for ingestion or inhalation.

16 (7) The cannabinoid limits are delta-9  
17 tetrahydrocannabinol concentration shall not exceed 0.3%  
18 by weight.

19 (8) If a testing sample is found to contain levels of  
20 any pathogen, toxicant, residual solvent, metal, or  
21 pesticide not enumerated in this Section or by State law,  
22 then the hemp extract shall be considered adulterated.

23 (9) Devices used during the inhalation process must  
24 not introduce contaminants over the limits listed in this  
25 Section into the hemp extract product.

26 (e) If the sample failed the pesticide chemical residue

1 test, the entire batch from which the sample was taken shall,  
2 if applicable, be recalled as provided by rule.

3 (f) If the sample failed any other test, the batch may be  
4 used to make a CO2-based or solvent-based extract. After  
5 processing, the CO2-based or solvent-based extract must still  
6 pass all required tests.

7 (g) The Department of Agriculture shall establish  
8 standards for microbial, mycotoxin, pesticide residue, solvent  
9 residue, or other standards for the presence of possible  
10 contaminants which shall be no stricter than those listed in  
11 this Section.

12 (h) A hemp business establishment shall provide the  
13 laboratory test results for each batch of hemp cannabinoid  
14 products purchased by any other hemp business establishment,  
15 upon request.

16 (505 ILCS 89/23.25 new)

17 Sec. 23.25. Laboratory testing for hemp-cannabinoid  
18 products for human ingestion using intermediate-hemp products.

19 (a) Hemp food establishments using intermediate hemp  
20 products to create hemp-cannabinoid products for human  
21 ingestion that have passed the testing requirements under this  
22 Act only need to test for potency provided that all other  
23 ingredients and inputs to be added into the hemp-cannabinoid  
24 products are food-grade.

25 (b) The manufacturer of a product regulated under this

1 section must submit a representative sample of the batch cycle  
2 every time a different intermediate hemp product batch is used  
3 to an independent, accredited laboratory, which shall be  
4 tested by the approved laboratory for potency.

5 (c) The laboratory shall immediately return or dispose of  
6 any hemp-cannabinoid product upon the completion of any  
7 testing, use, or research. If the hemp-cannabinoid product is  
8 disposed of, it shall be done in compliance with Department of  
9 Agriculture rule.

10 (d) The hemp distributor or food establishment shall  
11 provide to a hemp business establishment the laboratory test  
12 results for each batch of hemp cannabinoid products purchased  
13 by the hemp business establishment. Each hemp business  
14 establishment must have these laboratory results available  
15 upon request to purchasers.

16 (505 ILCS 89/23.30 new)

17 Sec. 23.30. Laboratory testing for ready-to-eat  
18 hemp-cannabinoid products using tested intermediate-hemp  
19 products.

20 (a) Retail hemp food establishments using intermediate  
21 hemp products that have passed testing to create ready-to-eat  
22 hemp-cannabinoid products only need to test for potency  
23 provided that all other ingredients and inputs to be added  
24 into the hemp-cannabinoid products are food-grade. The retail  
25 hemp food establishment creating the ready-to-eat



1 hemp-cannabinoid product for manufacturer of a product  
2 regulated under this Section must submit a representative  
3 sample of its registered recipe using its registered dosing  
4 standard operating procedure ("SOP") either (i) annually or  
5 (ii) every time a different intermediate hemp product batch is  
6 used to an independent, accredited laboratory, which shall be  
7 tested by the approved laboratory for potency.

8 (b) The laboratory shall immediately return or dispose of  
9 any ready-to-eat hemp-cannabinoid product upon the completion  
10 of any testing, use, or research. If the ready-to-eat  
11 hemp-cannabinoid product is disposed of, it shall be done in  
12 compliance with Department of Agriculture rule.

13 (c) The retail hemp food establishment shall provide to  
14 its customers a copy of its registered recipe and registered  
15 dosing SOP. The hemp distributor or food establishment shall  
16 provide to a hemp business establishment the laboratory test  
17 results for each batch of hemp cannabinoid products purchased  
18 by the hemp business establishment, upon request.

19 (d) Each hemp business establishment must have these  
20 laboratory results available upon request to purchasers.

21 (505 ILCS 89/23.35 new)

22 Sec. 23.35. Standard remediation procedures and  
23 guidelines.

24 (a) Non-compliant hemp may only be disposed of or  
25 remediated. Only successfully remediated crops will be allowed

1 to enter the stream of commerce. All other non-compliant crops  
2 shall be disposed.

3 (b) Remediation may take place using one of the following  
4 options.

5 (1) Non-compliant hemp may be remediated by separating  
6 and destroying non-compliant flowers, while retaining  
7 stalks, leaves, and seeds.

8 (2) Non-compliant hemp may be remediated by shredding  
9 the entire hemp lot to create biomass. Lots shall be kept  
10 separate and shall not be combined during this process.

11 (c) The licensee, designated employee, or an approved  
12 representative of the Department, as the Department deems  
13 appropriate, shall remediate or dispose of non-compliant hemp.  
14 The Department may require that a representative of the  
15 Department be present during the remediation or disposal  
16 process.

17 (d) Upon notification that a lot has tested above the  
18 acceptable hemp THC level, the licensee shall notify the  
19 Department of the licensee's decision to either dispose of or  
20 remediate the non-compliant lot and the method of disposal or  
21 remediation the licensee will use. If the licensee refuses to  
22 dispose of or remediate the non-compliant hemp lot, the  
23 Department will issue the licensee an order of disposal.

24 (e) All lots subject to remediation shall be stored,  
25 labeled and kept apart from each other and from other  
26 compliant hemp lots stored or held nearby.

1       (f) The following procedures must be followed during the  
2 creation of biomass:

3           (1) The entire lot, as reported to the Department  
4 shall be shredded to create a homogenous and uniform  
5 biomass.

6           (2) The biomass created through this process shall be  
7 resampled and retested to ensure compliance before  
8 entering the stream of commerce. Biomass that fails the  
9 retesting is non-compliant hemp and shall be disposed.

10       (g) Remediated biomass shall be separated from any  
11 compliant hemp stored in the area and clearly labeled as "hemp  
12 for remediation purposes". Remediated biomass shall not leave  
13 the labeled area until a test result showing compliance with  
14 the acceptable hemp THC level is received or the biomass is  
15 ready to be disposed.

16       (h) Remediated biomass or remediated stalks, leaves, and  
17 seeds shall be resampled and retested to ensure compliance  
18 before entering the stream of commerce. Remediated biomass or  
19 remediated stalks, leaves, and seeds that fail the retesting  
20 shall be destroyed.

21       (i) The resample must be taken by the sampling agent in a  
22 manner described in USDA published guidance and must meet the  
23 USDA requirements set forth in Sections 990.3 and 990.27 of  
24 the Domestic Hemp Production Program and the federal Code of  
25 Regulations.

26       (j) When taking the resample, the sampling agent under

1 contract with a licensee or registrant shall take remediated  
2 biomass or remediated stalks, leaves and seeds material from  
3 various depths, locations, and containers in the labeled and  
4 demarcated area to collect a representative sample of the  
5 material. At minimum, 750 mL or three standard measuring cups  
6 of remediated biomass or remediated stalks, leaves and seeds  
7 material shall be collected. Sampling agents may collect more  
8 remediated biomass or remediated stalks, leaves and seeds  
9 material based on the requirements of the testing laboratory.  
10 If 750 mL of material is not available, the sampling agent  
11 shall collect enough remediated biomass or remediated stalks,  
12 leaves and seeds material for a representative sample.

13 (k) An original copy of the resample test results, or a  
14 legible copy, must be retained by the licensee or an  
15 authorized representative and available for inspection for a  
16 period of three years from the date of receipt.

17 (l) Laboratories testing a resample shall use the same  
18 testing protocols as when testing a standard sample.

19 (m) In the event a crop will be harvested for hemp  
20 microgreens, the crop will not be subject to the sampling and  
21 testing requirements described in this Section).

22 (1) Due to extremely low levels of cannabinoids in the  
23 immature plants, sampling and testing of every lot hemp  
24 microgreens is unnecessary.

25 (2) Licensees are solely responsible for ensuring  
26 seeds used by the licensee for hemp microgreen production

1 are from cannabis varieties meeting the definition of  
2 hemp.

3 (3) A licensed grower who produces a crop that does  
4 not meet the criteria for an exception as a hemp  
5 microgreen under this subsection shall either:

6 (A) follow the compliance, sampling and testing  
7 requirement pursuant to this Section; or

8 (B) dispose of the crop in by approved methods of  
9 disposal include plowing, tilling, or disking plant  
10 material into the soil; mulching, composting,  
11 chopping, or bush mowing plant material into green  
12 manure; burning plant material; burying plant material  
13 into the earth and covering with soil, and any other  
14 methods approved by USDA or the Department.

15 (n) In the event a hemp crop will be grown for ornamental  
16 purposes, the crop will not be subject to the sampling and  
17 testing requirements described in this Section.

18 (1) Due to extremely low levels of cannabinoids in the  
19 plants, sampling and testing of every lot of ornamental  
20 hemp is unnecessary.

21 (2) Licensees are solely responsible for ensuring  
22 seeds used by the licensee for ornamental hemp production  
23 are from varieties meeting the definition of hemp.

24 (3) A licensed grower who produces a crop that does  
25 not meet the criteria for an exception as ornamental hemp  
26 under this subsection shall either:

1           (A) follow the compliance, sampling and testing  
2           requirement pursuant to this Section; or

3           (B) dispose of the crop in by approved methods of  
4           disposal include plowing, tilling, or disking plant  
5           material into the soil; mulching, composting,  
6           chopping, or bush mowing plant material into green  
7           manure; burning plant material; burying plant material  
8           into the earth and covering with soil, and any other  
9           methods approved by USDA or the Department.

10          (o) In the event a hemp crop will be grown for grain or  
11          fiber purposes, the crop will not be subject to the sampling  
12          and testing requirements described in this Section.

13           (1) Due to extremely low levels of cannabinoids in the  
14           plants, sampling and testing of every lot of grain and  
15           fiber hemp is unnecessary.

16           (2) Licensees are solely responsible for ensuring  
17           seeds used by the licensee for grain or fiber hemp  
18           production are from varieties meeting the definition of  
19           hemp.

20           (3) A licensed grower who produces a crop that does  
21           not meet the criteria for an exception as grain or fiber  
22           hemp under this subsection shall either:

23           (A) follow the compliance, sampling and testing  
24           requirement pursuant to this Act; or

25           (B) dispose of the crop in by approved methods of  
26           disposal include plowing, tilling, or disking plant

1 material into the soil; mulching, composting,  
2 chopping, or bush mowing plant material into green  
3 manure; burning plant material; burying plant material  
4 into the earth and covering with soil, and any other  
5 methods approved by USDA or the Department.

6 (505 ILCS 89/24 new)

7 Sec. 24. Transportation of industrial hemp.

8 (a) Industrial hemp that has not been processed may be  
9 transferred by the licensee or registrant from the place of  
10 cultivation to the place of processing at any time after  
11 passing official THC compliance testing. Approved laboratory  
12 personnel, Department personnel, a third party designated by  
13 the Department, cannabis transporter licensees, sampling  
14 agents or hemp business establishment employees may transport  
15 hemp samples for testing to laboratories for testing purposes.

16 (b) There is no State restriction on the transportation of  
17 any hemp or hemp cannabinoid product including after the  
18 retail sale to a member of the public.

19 (c) A licensed or registered person shall not ship or  
20 transport, or allow to be shipped or transported, live hemp  
21 plants, cuttings for planting, or viable seeds from a variety  
22 that is currently designated by the Department as a prohibited  
23 variety or a variety of concern to any location outside the  
24 State.

25 (d) A licensed person shall not sell or transfer, or

1 permit the sale or transfer of, living plants or viable seeds  
2 outside the State that is not authorized by a state agency  
3 under the laws of the destination state.

4 (505 ILCS 89/25)

5 Sec. 25. Violation of State and federal law.

6 (a) Nothing in this Act shall be construed to authorize  
7 any person to violate federal rules, regulations, or laws. If  
8 any part of this Act conflicts with a provision of the federal  
9 laws regarding industrial hemp, the federal provisions shall  
10 control to the extent of the conflict.

11 (b) Any violations of this Act or any State or federal  
12 criminal code may subject the licensee or registrant to  
13 administrative penalties as set forth in this Act and may also  
14 subject the licensee or registrant to criminal prosecution.

15 (c) Licensee information may be shared with law  
16 enforcement without notice to the licensee.

17 (d) No hemp business establishment shall: hold itself out  
18 to be a "dispensary", "marijuana dispensary", "dispensing  
19 organization" or any kind of cannabis business establishment  
20 unless such entity holds a valid cannabis business  
21 establishment license.

22 (e) A licensee or registrant shall be subject to  
23 subsection (b) if the Department determines that the licensee  
24 or registrant has negligently violated this Act, including by  
25 negligently:



1           (1) failing to obtain a license, registration or other  
2           required authorization required by this Section from the  
3           Department; or

4           (2) producing or processing cannabis sativa L. with a  
5           THC concentration exceeding the acceptable hemp THC level.  
6           Licensees do not commit a negligent violation if they make  
7           reasonable efforts to grow hemp and the cannabis does not  
8           have a delta-9 THC concentration of more than 1% on a dry  
9           weight basis.

10          (f) A hemp licensee or registrant described in subsection  
11          (a) shall comply with a corrective action plan established by  
12          the Department to correct the negligent violation. The  
13          corrective action plan shall include the following:

14               (1) a reasonable date by which the licensee or  
15               registrant shall correct the negligent violation; and

16               (2) a requirement that the licensee or registrant  
17               shall periodically report to the Department on the  
18               compliance of the licensee or registrant for a period of  
19               not less than 2 calendar years; and

20               (3) announced or unannounced inspections by Department  
21               of licensee or registrant to confirm compliance with the  
22               corrective action plan.

23          (g) A licensee or registrant who violates this Act shall  
24          not, as a result of that violation, be subject to any criminal  
25          enforcement action by any federal, State, or local government.

26          (h) The Department may, on its own initiative, or after

1 receipt of a complaint against a licensee or registrant,  
2 investigate to determine whether a violation has taken place.

3 (i) A licensee or registrant who wants to contest the  
4 Department's determination of a violation of the Act must do  
5 so by submitting a request for an administrative hearing in  
6 writing to the Department's Division of Cannabis Regulation,  
7 attention hemp program, within 90 calendar days after  
8 receiving notice of the violation.

9 (Source: P.A. 100-1091, eff. 8-26-18.)

10 (505 ILCS 89/26 new)

11 Sec. 26. Hemp cannabinoid products enforcement.

12 (a) The Department of Public Health, the Department of  
13 Agriculture, and the Department of Financial and Professional  
14 Regulation shall enforce the provisions of this Act with  
15 regard to the hemp cannabinoid business establishments  
16 registered under their respective authority, including the  
17 authority to embargo products described in subsection (b).

18 (b) Hemp or hemp extract products must meet the  
19 requirements of this Section. Hemp or hemp extract products  
20 that do not meet the requirements of this Section or without  
21 the documentation required in this Section may not be sold in  
22 this State.

23 (c) Violations of this Section shall result in the  
24 imposition of stop-sale or stop-use orders and an  
25 administrative fine of up to \$5,000 per violation payable by

1 the hemp business establishment.

2 (d) The sale of hemp extract intended for inhalation to  
3 persons under the age of 21, an individual under the age of 18  
4 with a valid medical card shall result in an administrative  
5 fine of \$5,000 per occurrence.

6 (e) All licensees and registrants shall be subject to  
7 inspections at the discretion of the Department to ensure  
8 compliance with the Act. The inspections may be scheduled and  
9 unannounced annual inspections, random inspections, and  
10 inspections for the purposes of auditing.

11 (f) The Department shall provide a minimum of 5 business  
12 days notice to the licensee for an annual of the inspection.  
13 The notification shall inform the licensee of the scope and  
14 process by which the annual inspection will be conducted.

15 (g) Failure to comply with a properly noticed inspection  
16 shall result in the initiation of disciplinary proceedings  
17 pursuant to this Act.

18 (h) For a non-random inspection, either the licensee or an  
19 agent of the licensee shall be present for the inspection and  
20 sampling and shall provide the inspector with unrestricted  
21 access to all industrial hemp plants, parts, seeds, hemp  
22 cannabinoid products, intermediate hemp products, and  
23 harvested material, including all buildings and other  
24 structures used for the cultivation and storage of industrial  
25 hemp and all documents pertaining to the licensee's industrial  
26 hemp cultivation, processing, distributing, retailing and

1 business.

2 (505 ILCS 89/27 new)

3 Sec. 27. Publishing information. The Department shall make  
4 available to the public complaints about cannabinoid products,  
5 information regarding a pending administrative hearing or  
6 court case under this Act, or any disciplinary action taken  
7 against a hemp business establishment.

8 (505 ILCS 89/28 new)

9 Sec. 28. Temporary restraining order or injunction. The  
10 Director, through the Attorney General, may file a complaint  
11 and apply to the circuit court for, and the court upon hearing  
12 and for cause shown may grant, a temporary restraining order  
13 or a preliminary or permanent injunction restraining any  
14 person from violating this Act.

15 (505 ILCS 89/30 new)

16 Sec. 30. Licensing and regulation; hemp cultivators.

17 (a) In this Section, "Department" means the Department of  
18 Agriculture.

19 (b) No person shall cultivate industrial hemp for the  
20 purposes of commerce in the State without first receiving an  
21 industrial hemp cultivator license from the Department.

22 (c) All licensed hemp cultivators shall be responsible to  
23 ensure that their harvest of raw hemp products and live hemp

1 products test under 0.3 percent delta-9 THC.

2 (d) No land area may contain cannabis plants or parts of  
3 cannabis plants that the licensee knows or has reason to know  
4 are of a variety that will produce a plant that, when tested,  
5 will produce more than 0.3% delta-9 THC concentration on a dry  
6 weight basis. No licensee shall use any such variety for any  
7 purpose associated with the cultivation of industrial hemp.

8 (e) There shall be no minimum land area for hemp  
9 cultivation.

10 (f) All licensed hemp cultivators can sell their harvest  
11 of raw hemp products and live hemp products that test under 0.3  
12 percent delta-9 THC to other hemp businesses or persons.

13 (g) A hemp business establishment that handles or stores  
14 live hemp products must obtain a separate hemp cultivator  
15 license for that location.

16 (h) A licensed hemp business establishment shall not plant  
17 or grow hemp on any site not listed in the application.

18 (i) Licensed industrial hemp cultivators are solely  
19 responsible for procuring seeds, clones, transplants or  
20 propagules for planting.

21 (j) No licensee shall harvest any portion of a hemp crop  
22 until after the lot to be harvested has been sampled pursuant  
23 to this Act, unless they can show good cause or receive prior  
24 department approval in writing.

25 (k) There shall be no change of ownership of any hemp crop  
26 until laboratory testing has been completed on such crop

1 pursuant to this Act.

2 (l) All licensees and registrants are subject to audit and  
3 inspection by the Department.

4 (m) Each licensee and registrant shall maintain all  
5 records for a period of at least 3 years. "Records" includes  
6 harvest reports, sales data including license numbers of  
7 licensees or registrants purchasing seed, propaules or raw  
8 industrial hemp, testing results, sampling documentation,  
9 resampling results, disposal reports, transportation records,  
10 and any reports made to USDA, FSA, or the Department.

11 (n) A licensed or registered person shall not ship or  
12 transport cannabis seeds, plants or parts of cannabis plants  
13 that the licensee knows or has reason to know are of a variety  
14 that will produce a plant that, when tested, will produce more  
15 than 0.3% delta-9 THC concentration on a dry weight basis.

16 (505 ILCS 89/35 new)

17 Sec. 35. Licensing and regulation; hemp processors.

18 (a) In this Section, "Department" means the Department of  
19 Agriculture.

20 (b) In addition to processing hemp, licensed hemp  
21 processors may turn hemp plant material into intermediate hemp  
22 products, manufacture hemp products for inhalation or topical  
23 use, and manufacture intermediate hemp products.

24 (c) No person shall prepare and sell wholesale packaged  
25 cannabinoid products that are intended for inhalation or

1 intermediate hemp products, unless it is licensed by the  
2 Department as a hemp processor or hemp distributor.

3 (505 ILCS 89/40 new)

4 Sec. 40. Licensing and regulation; hemp distributors.

5 (a) In this Section, "Department" means the Department of  
6 Financial and Professional Regulation.

7 (b) All intermediate hemp products, live hemp products and  
8 hemp-cannabinoid products must be obtained from a hemp  
9 business establishment licensed by the State or from another  
10 similarly licensed out-of-state entity.

11 (c) No person shall prepare and sell wholesale packaged  
12 cannabinoid products that are intended for inhalation or  
13 intermediate cannabinoid products unless it is licensed by the  
14 Department as a hemp processor or hemp distributor.

15 (505 ILCS 89/45 new)

16 Sec. 45. Licensing and regulation; hemp retailers.

17 (a) In this Section, "Department" means the Department of  
18 Financial and Professional Regulation.

19 (b) No person shall operate a hemp retail establishment  
20 for the purpose of serving purchasers of hemp-cannabinoid  
21 products without a license issued under this Section by the  
22 Department.

23 (c) All live hemp products and hemp-cannabinoid products  
24 must be obtained from a hemp cultivator, hemp distributor,

1 hemp food establishment or another hemp retailer licensed by  
2 the State or from another similarly licensed out-of-state  
3 entity.

4 (d) Hemp retailing organizations that obtain a hemp food  
5 establishment license may prepare and sell ready-to-eat  
6 hemp-cannabinoid products.

7 (e) Hemp retailing organizations that maintain a hemp food  
8 establishment license may host cottage hemp food operators on  
9 the licensed home food establishment premises for special  
10 events lasting no longer than 3 days.

11 (f) Out of state organizations are not allowed to sell  
12 hemp-cannabinoid products to end-consumers within the State  
13 unless they obtain a hemp retailer license and maintain proof  
14 of age verification and shipping manifests for a period of 1  
15 year.

16 (g) No person shall offer inhalable cannabinoid products  
17 for sale directly to the public unless it is licensed as a hemp  
18 retailer.

19 (h) Any retailer that sells hemp extract intended for  
20 inhalation shall post a clear and conspicuous sign directly  
21 adjacent to the display of the product that states the  
22 following: "The sale of hemp extract intended for inhalation  
23 to persons under the age of 21 is prohibited. Proof of age is  
24 required for purchase".

25 (i) Hemp extract or hemp cannabinoid products intended for  
26 inhalation or ingestion may not be mailed, shipped, or



1 otherwise delivered to a purchaser unless, before the delivery  
2 to the purchaser, the hemp food establishment obtains  
3 confirmation that the purchaser is 21 years of age or older.

4 (505 ILCS 89/50 new)

5 Sec. 50. Licensing and regulation; hemp food  
6 establishments.

7 (a) In this Section, "Department" means the Department of  
8 Public Health.

9 (b) Hemp retailing licensees under Section 45 that obtain  
10 a hemp food establishment license under this Section may  
11 prepare and sell ready-to-eat hemp-cannabinoid products.

12 (c) No person shall operate a hemp retail establishment  
13 for the purpose of serving purchasers of hemp-cannabinoid  
14 products for human ingestion or ready-to-eat hemp-cannabinoid  
15 products without a license issued under this Section by the  
16 Department.

17 (d) A hemp food establishment will comply with the food  
18 handling, preparation, packaging and labeling provisions of  
19 the Food, Drug, and Cosmetic Act, the Food Handling Regulation  
20 Enforcement Act, and the Sanitary Food Preparation Act.

21 (e) A hemp food establishment shall be under the  
22 operational supervision of a certified food service sanitation  
23 manager, in possession of a valid BASSET certification,  
24 responsible vendor training, or other similar on-premises or  
25 off-promise alcohol serving certification.

1       (f) Any hemp food establishment dealing in the manufacture  
2 and sale of food items which does not comply with the existing  
3 State laws related to food handling or does not comply with the  
4 health and food handling regulations of any unit of local  
5 government having jurisdiction of such establishment may be  
6 enjoined from doing business in the following manner: the  
7 Department of Public Health or local departments of health may  
8 seek an injunction in the circuit court for the county in which  
9 such establishment is located. Such injunction, if granted,  
10 shall prohibit such business establishments from selling  
11 hemp-cannabinoid products for human ingestion until it  
12 complies with any applicable State law or regulations of a  
13 local governmental agency. However, no injunction may be  
14 sought or granted before January 1, 2025, to enforce any rule  
15 or regulation requiring a licensed food business to adhere to  
16 these regulations.

17       (g) Ready to eat hemp-cannabinoid products are not allowed  
18 to be imported.

19       (h) In order to sell ready-to-eat hemp cannabinoid  
20 products, a hemp food establishment shall:

21           (1) Use only intermediate hemp products that have  
22 passed a full-panel test in accordance with this Act.

23           (2) Sell no product containing more than 50mg of THC  
24 per serving.

25           (3) Submit a standard operating procedure ("SOP") for  
26 dosing to the Department for approval and registration.

1 Such approval shall be granted within 30 days of  
2 submission unless the Department provides good cause, in  
3 writing, for withholding approval.

4 (4) Submit the SOP, at the hemp food establishment's  
5 expense, to a third party testing laboratory for potency  
6 testing to ensure 0.3% delta-9 THC compliance, once a  
7 year.

8 (5) Use only the varietal or proportional varietals of  
9 ingredients included in the tested recipe for all  
10 subsequent batches of such recipe.

11 (6) Provide documentation of the annual test results  
12 of the recipe submitted under this paragraph upon  
13 registration and to an inspector upon request during any  
14 inspection authorized by the Department.

15 (i) A hemp food establishment shall provide a valid hemp  
16 food establishment license and the most recent food safety or  
17 health inspection report from the approved source to the  
18 Department upon request.

19 (505 ILCS 89/55 new)

20 Sec. 55. Licensing and regulation of cottage hemp food  
21 operators.

22 (a) In this Section, "Department" means the Department of  
23 Public Health.

24 (b) No person shall operate a cottage hemp food operator  
25 for the purpose of serving purchasers of ready-to-eat

1 hemp-cannabinoid products without a license issued under this  
2 Section.

3 (c) The Fee for a cottage hemp food operator license shall  
4 be \$75.

5 (d) Applicants for a cottage hemp food operator license  
6 shall be individuals.

7 (e) Businesses licensed under the Cannabis Regulation and  
8 Tax Act or the Compassionate Use of Medical Cannabis Program  
9 Act may not hold a hemp cottage food license.

10 (f) "Cottage hemp food operators" must register with a  
11 hemp distributor on an annual basis.

12 (g) "Cottage hemp food operators" are responsible for  
13 paying hemp taxes to their hemp distributor.

14 (h) "Cottage hemp food operators" have an annual  
15 intermediate hemp products purchase limit equivalent to of  
16 1,000 g (1,000,000 mg) of THC.

17 (i) Cottage hemp food operators must comply with all  
18 aspects of Section 4 of the Food Handling Regulation  
19 Enforcement Act.

20 (j) In order to produce cottage hemp-cannabinoid products,  
21 the cottage hemp food operator shall:

22 (1) Use only intermediate hemp products from its  
23 registered distributor that have been fully tested in  
24 accordance with this Act.

25 (2) Attest to following a standard operating procedure  
26 ("SOP") submitted by its registered distributor for dosing

1 to the Department for approval and registration

2 (3) Not dose each serving with more than 50 mg of THC.

3 (k) In order to sell cottage hemp-cannabinoid products,  
4 the cottage hemp food operator shall display at the point of  
5 sale:

6 (1) A QR code with to links to a web page containing:

7 (A) a copy of the testing results of the  
8 intermediate hemp product used; and

9 (B) a copy of the registered distributor's dosing  
10 SOP.

11 (2) Notice in a prominent location that states "This  
12 product was made using tested cannabinoids but was  
13 produced in a home kitchen not inspected by a health  
14 department that may also process common food allergens and  
15 may not be accurately dosed. If you have safety concerns,  
16 contact your local health department."

17 (1) Cottage hemp-cannabinoid products must conform with  
18 the labeling requirements of the Food, Drug and Cosmetic Act  
19 and the food shall be affixed with a prominent label that  
20 includes the following:

21 (1) The name of the cottage hemp food operation.

22 (2) The identifying registration number provided for  
23 the cottage hemp food operation.

24 (3) A label displaying the total milligram content of  
25 each type of cannabinoid exceeding 1 mg contained in each  
26 cottage hemp-cannabinoid product.

1           (4) The following phrase in prominent lettering "This  
2           product was made using tested cannabinoids but was  
3           produced in a home kitchen not inspected by a health  
4           department that may also process common food allergens and  
5           may not be accurately dosed. If you have safety concerns,  
6           contact your local health department".

7           (m) Cottage hemp-cannabinoid products are not allowed to  
8           be imported.

9           (n) Cottage hemp-cannabinoid products produced by a  
10           cottage hemp food operator shall be sold directly to consumers  
11           for their own consumption and not for resale. Sales directly  
12           to consumers include, but are not limited to, sales at or  
13           through:

14                   (1) farmer's markets;

15                   (2) fairs, festivals, public events, or online;

16                   (3) pickup from the private home or farm of the  
17           cottage hemp food operator, if the pickup is not  
18           prohibited by any law of the unit of local government that  
19           applies equally to all cottage food operations; in a  
20           municipality with a population of 1,000,000 or more, a  
21           cottage hemp food operator shall comply with any law of  
22           the municipality that applies equally to all home-based  
23           businesses;

24                   (4) delivery to the customer;

25                   (5) pick-up from a third-party private property with  
26           the consent of the third-party property holder; and

1           (6) hemp retail establishments.

2           (505 ILCS 89/60 new)

3           Sec. 60. Academic research institutions. Academic research  
4 institutions shall be subject to all provisions of this Act  
5 with the exception of the following:

6           (1) The fee for a license and for renewal of that  
7 license will be \$100 annually.

8           (2) An academic research institution is exempt from  
9 the testing described in this Act. Potency testing shall  
10 be conducted by academic research designated laboratory.

11           (3) An academic research institution shall provide the  
12 following reports, which shall be confidential to the  
13 extent that they reveal, or release research conducted,  
14 unless the academic research institution provides  
15 authorization for release:

16           (A) Within 72 hours after the academic research  
17 institution receives test results, the following data  
18 shall be provided to the Department:

19                   (i) the test results;

20                   (ii) photos of samples; and

21                   (iii) documentation of sampling chain of  
22 custody.

23           (B) No later than December 1 of each year, each  
24 academic research institution shall submit an  
25 industrial hemp academic institution research report

1 to the Department that includes:

2 (i) Total acres or square feet of industrial  
3 hemp planted in the current calendar year.

4 (ii) A description of each variety planted and  
5 harvested in the current calendar year.

6 (iii) Total acres or square feet harvested in  
7 the current calendar year.

8 (iv) Total yield in the appropriate  
9 measurement, such as tonnage, seeds per acre, or  
10 other measurement approved by the Department.

11 (v) A disposal report for each lot or field  
12 harvested at the conclusion of the academic  
13 research.

14 (vi) A description of the research and  
15 research findings.

16 (4) Academic research institutions shall report hemp  
17 planting acreage to the federal Department of Agriculture  
18 Farm Service Agency as described in this Act, with the  
19 exception that this report does not have to be broken down  
20 by lot or planting date.

21 (5) Hemp grown for research purposes may not enter the  
22 stream of commerce at any time. Hemp grown for research  
23 purposes must be disposed of in accordance with these  
24 administrative rules at the conclusion of the research  
25 period.

26 (6) Academic research institutions shall be exempt



1 from the inspection and sampling provisions in this Act.  
2 Academic research institution sampling procedures shall  
3 include the following:

4 (A) Academic research institutions shall notify  
5 the Department at least seven business days prior to  
6 collection of samples. The notification shall include  
7 the name of the individual designated as the academic  
8 sampling agent and the GPS coordinates for the samples  
9 to be taken.

10 (B) Academic research institutions shall identify  
11 and designate a sampling agent. For academic research  
12 institutions only, a sampling agent may be an  
13 employee.

14 (C) The academic sampling agent shall verify the  
15 GPS coordinates of the growing area as compared with  
16 the GPS coordinates submitted by the academic research  
17 institution to Department.

18 (D) The sampling agent shall estimate the average  
19 height, appearance, approximate density, condition of  
20 the plants, and degree of maturity of the  
21 inflorescences, or flowers and buds. The sampling  
22 agent shall visually establish the homogeneity of the  
23 stand to establish that the growing area is of like  
24 variety.

25 (E) All samples shall be collected from the  
26 flowering tops of the plant by cutting the top five to

1 eight inches from the main stem (that includes the  
2 leaves and flowers), terminal bud (that occurs at the  
3 end of a stem), or central cola (cut stem that could  
4 develop into a bud) of the flowering top of the plant.  
5 Samples shall be collected and maintained in such a  
6 way that there is no commingling of samples or sample  
7 material.

8 (7) At the request of the academic research  
9 institution, and with the Department's written permission,  
10 an academic research institution may opt for  
11 performance-based sampling protocols instead of the  
12 provisions outlined in this Act.

13 (8) Consideration for performance-based sampling  
14 protocols will include:

15 (A) Whether the academic research institution can  
16 provide proof of a seed certification process or  
17 process that identifies varieties that have  
18 consistently demonstrated to result in compliant hemp  
19 plants.

20 (B) The academic research institution's history of  
21 producing compliant hemp plants over an extended  
22 period of time.

23 (C) The academic research institution's plan to  
24 ensure, at a confidence level of 95%, that no more than  
25 1% of the plants in each sampling will exceed the  
26 acceptable THC level.

1       (i) Performance-based sampling protocol will be subject to  
2 the following terms and conditions:

3           (1) When samples are collected, the sampling procedure  
4 must follow the provisions of this Act.

5           (2) The Department reserves the right to sample and  
6 test, or order the sampling and testing, of any hemp lot at  
7 any time to ensure compliance with the acceptable hemp THC  
8 level.

9           (3) Violations of performance-based methods will  
10 result in academic research institutions no longer being  
11 exempt from the sampling procedures outlined in this Act  
12 and may result in administrative penalties as outlined in  
13 this Act.

14       (505 ILCS 89/65 new)

15       Sec. 65. Government demonstration and research entity.

16       (a) Government demonstration and research entity shall be  
17 subject to all provisions of this Act with the exception of the  
18 following:

19           (1) The fee for a license shall be \$100.

20           (2) Renewal fee shall be \$100.

21           (3) Licenses shall be valid for a period of one year.

22           (4) The Department shall be exempt from the license  
23 fee and background check.

24       (b) A government demonstration and research entity are  
25 exempt from the testing described in this Act, so long as all

1 hemp produced is destroyed according to the Act and the  
2 provisions of this Section.

3 (c) Hemp grown for governmental research and demonstration  
4 purposes may not enter the stream of commerce at any time.

5 (d) Hemp grown for governmental research and demonstration  
6 purposes must be disposed of in accordance with this Act at the  
7 conclusion of the demonstration or research period.

8 (505 ILCS 89/80 new)

9 Sec. 80. Cannabinoid retail tax.

10 (a) Unless otherwise specified in this Section, beginning  
11 on January 1, 2025, a tax is imposed upon purchases for all  
12 hemp-cannabinoid products (hemp-cannabinoid products for  
13 inhalation, hemp-cannabinoid products for ingestion and  
14 ready-to-eat hemp-cannabinoid products) at a rate of 5% of the  
15 purchase price of the cannabinoid products.

16 (b) The tax shall be deposited in the Industrial Hemp  
17 Fund.

18 (c) The following types of hemp cannabinoid products shall  
19 not be taxed under this Act:

20 (1) full-spectrum products;

21 (2) broad spectrum products;

22 (3) isolate-based hemp-cannabinoid products;

23 (4) hemp-cannabinoid products sold for research  
24 purposes;

25 (5) hemp-cannabinoid products with less than .5mg

1 delta-9 Tetrahydrocannabinol per serving;

2 (6) processed hemp, live hemp products, raw hemp  
3 products, processed-hemp products, intermediate-hemp  
4 products and cottage hemp-cannabinoid products.

5 (d) The tax imposed under this Section shall be in  
6 addition to all other occupation, privilege or excise taxes  
7 imposed by the State or by any unit of local government.

8 (e) The tax imposed under this Section shall not be  
9 imposed on any purchase by a purchaser if the hemp retailer is  
10 prohibited by the federal or State Constitution, treaty,  
11 convention, statute or court decision from collecting the tax  
12 from the purchaser.

13 (f) The tax imposed by this Section shall be collected  
14 from the purchaser by the hemp retailer or hemp food  
15 establishment and shall be remitted to the Department on or  
16 before the 20th day following the end of the preceding  
17 calendar quarter stating the following:

18 (1) The hemp retailer's or hemp food establishments  
19 name.

20 (2) The address of the hemp retailer's principal place  
21 of business and the address of the principal place of  
22 business (if that is a different address) from which the  
23 hemp retailer engaged in the business of selling  
24 cannabinoid products subject to tax under this Section.

25 (3) The total purchase price received by the hemp  
26 retailer for hemp subject to tax under this Section.

1           (4) The amount of tax due.

2           (5) The signature of the hemp retailer.

3           (6) All returns required to be filed and payments  
4           required to be made under this Section shall be by  
5           electronic means.

6           (g) Any amount that is required to be shown or reported on  
7           any return or other document under this Section shall, if the  
8           amount is not a whole-dollar amount, be increased to the  
9           nearest whole-dollar amount if the fractional part of a dollar  
10           is \$0.50 or more and decreased to the nearest whole-dollar  
11           amount if the fractional part of a dollar is less than \$0.50.  
12           If a total amount of less than \$1 is payable, refundable, or  
13           creditable, the amount shall be disregarded if it is less than  
14           \$0.50 and shall be increased to \$1 if it is \$0.50 or more.

15           (h) Any hemp retailer required to collect the tax imposed  
16           by this Section shall be liable to the Department for the tax,  
17           whether or not the tax has been collected by the hemp retailer,  
18           and any such tax shall constitute a debt owed by the hemp  
19           retailer to this State. To the extent that a hemp retailer  
20           required to collect the tax imposed by this Act has actually  
21           collected that tax, the tax is held in trust for the benefit of  
22           the Department.

23           (i) Any hemp retailer who ceases to engage in the kind of  
24           business that makes the person responsible for filing returns  
25           under this Section shall file a final return under this  
26           Section with the Department within one month after

1 discontinuing the business.

2 (j) Hemp cannabinoid products intended for inhalation  
3 shall not be subject to the Tobacco Products Tax.

4 (k) Hemp business establishments shall tax credit equal to  
5 50% of the retail or wholesale value of minority business  
6 owned products sold.

7 (505 ILCS 89/100 new)

8 Sec. 100. Local ordinances.

9 (a) Unless otherwise provided under this Act or otherwise  
10 in accordance with State law:

11 (1) A unit of local government, including a home rule  
12 unit or any non-home rule county within the unincorporated  
13 territory of the county, may enact reasonable zoning  
14 ordinances or resolution, not in conflict with this Act or  
15 rules adopted pursuant to the Act, regulating hemp  
16 business establishments. No unit of local government,  
17 including a home rule unit or any non-home rule county  
18 within the unincorporated territory of the county, may  
19 prohibit home cultivation or consumption of hemp or  
20 cannabinoid products authorized by this Act.

21 (2) A unit of local government, including a home rule  
22 unit or any non-home rule county within the unincorporated  
23 territory of the county, may enact ordinances or rules not  
24 in conflict with this Act or with rules adopted pursuant  
25 to this Act governing the time and manner of hemp business

1 establishment operations through the use of conditional  
2 use permits. A unit of local government, including a home  
3 rule unit, may establish civil penalties for violation of  
4 an ordinance or rules governing the time and manner of  
5 operation of a hemp business establishment or a  
6 conditional use permit in the jurisdiction of the unit of  
7 local government. No unit of local government, including a  
8 home rule unit or non-home rule county within an  
9 unincorporated territory of the county, may unreasonably  
10 restrict the time or manner of hemp business establishment  
11 operations authorized by this Act. No unit of local  
12 government, including a home rule unit or non-home rule  
13 county within an unincorporated territory of the county,  
14 may restrict the number of hemp business establishment  
15 operations authorized by this Act.

16 (3) A unit of local government, including a home rule  
17 unit or any non-home rule county within the unincorporated  
18 territory of the county, may not enact minimum distance  
19 limitations between hemp business establishments and  
20 locations it deems sensitive.

21 (4) A unit of local government, including a home rule  
22 unit, or any non-home rule county within the  
23 unincorporated territory of the county may authorize or  
24 permit the on-premises consumption of cannabinoid products  
25 at or in a dispensing organization or retail tobacco  
26 store, as defined in Section 10 of the Smoke Free Illinois



1 Act, within its jurisdiction in a manner consistent with  
2 this Act. A dispensing organization or retail tobacco  
3 store authorized or permitted by a unit of local  
4 government to allow on-site consumption shall not be  
5 deemed a public place within the meaning of the Smoke Free  
6 Illinois Act.

7 (5) A unit of local government, including a home rule  
8 unit, or any non-home rule county within the  
9 unincorporated territory of the county may issue licenses  
10 to regulate hemp food establishments in a manner  
11 consistent with this Act.

12 (6) A unit of local government, including a home rule  
13 unit or any non-home rule county within the unincorporated  
14 territory of the county, may not regulate the activities  
15 described in paragraph (1), (2), or (3) in a manner more  
16 restrictive than the regulation of those activities by the  
17 State under this Act. This Section is a limitation under  
18 Section 6 of Article VII of the Illinois Constitution.

19 (vii) A unit of local government, including a home  
20 rule unit or any non-home rule county within the  
21 unincorporated territory of the county, may not enact  
22 ordinances to prohibit or significantly limit a hemp  
23 business establishment's location.

24 (b) Except as otherwise provided in this Act, the  
25 regulation and permitting of the activities described in this  
26 Act are exclusive powers and functions of the State. Except as

1 otherwise provided in this Act, a unit of local government,  
2 including a home rule unit, may not regulate or license the  
3 activities described in this Act. This Section is a denial and  
4 limitation of home rule powers and functions under Section 6  
5 of Article VII of the Illinois Constitution.

6 (c) A unit of local government, including a home rule unit  
7 or any non-home rule county within the unincorporated  
8 territory of the county, may not require the issuance of a  
9 tobacco license as a condition of authorizing a hemp business  
10 establishment.

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