

1 AN ACT concerning finance.

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

4 Section 5. The State Finance Act is amended by adding
5 Sections 5.595 and 6z-59 as follows:

6 (30 ILCS 105/5.595 new)

7 Sec. 5.595. The School District Property Tax Relief Fund.

8 (30 ILCS 105/6z-59 new)

9 Sec. 6z-59. School District Property Tax Relief Fund.

10 The School District Property Tax Relief Fund is created as a
11 special fund in the State treasury. All interest earned on
12 moneys in the Fund shall be deposited into the Fund.

13 (a) As used in this Section:

14 "Department" means the Illinois Department of Revenue.

15 "School district property tax relief grant" means the
16 money designated to be distributed to a school district from
17 the moneys appropriated by the General Assembly from the
18 School District Property Tax Relief Fund.

19 (b) Between November 15 and 17 of each year beginning in
20 2003, the Department must certify the amount of money
21 available for school district property tax relief grants. The
22 amount available is equal to the amount appropriated by the
23 General Assembly or the unencumbered amount in the Fund at
24 the time of certification, whichever is less.

25 (c) Between November 15 and 17 of each year beginning in
26 2003, the Department must calculate each school district's
27 grant amount.

28 The amount of the grant for each school district for a
29 tax year is calculated as follows: (i) each school district
30 must certify to the Department the rate of the tax extended

1 for educational purposes for the 2001 tax year (payable in
 2 2002) for the school district; (ii) the Department must
 3 determine the equalized assessed value (EAV) of all taxable
 4 property in the school district for the tax year preceding
 5 the then current tax year; (iii) the rate determined in item
 6 (i) is multiplied by the EAV determined in item (ii); (iv)
 7 the amounts determined in item (iii) for all school districts
 8 are added together to reach an aggregate total for all school
 9 districts; and (v) the amount certified by the Department as
 10 available for distribution for that tax year is multiplied by
 11 the amount determined in item (iii) and then the product is
 12 divided by the amount determined in item (iv). The result
 13 determined in item (v) is the grant amount for the tax year.

14 For example:

15 (1) Total grant amount certified by the Department
 16 for the tax year is \$5,000,000 to be distributed to
 17 school districts A and B.

18 (2) School district A:

19 (A) Tax rate for educational purposes for the
 20 2001 tax year was 1.50%.

21 (B) Equalized assessed value of all taxable
 22 property in school district A for the preceding tax
 23 year was \$50,000,000.

24 (3) School district B:

25 (A) Tax rate for educational purposes for the
 26 2001 tax year was 1.35%.

27 (B) Equalized assessed value of all taxable
 28 property in school district B for the preceding tax
 29 year was \$75,000,000.

30 For school district A, the tax rate multiplied by the
 31 preceding tax year's equalized assessed value of all taxable
 32 property is \$750,000 (1.50% multiplied by \$50,000,000). For
 33 school district B, the tax rate multiplied by the preceding
 34 tax year's equalized assessed value of all taxable property

1 is \$1,012,500 (1.35% multiplied by \$75,000,000). The sum of
2 these 2 amounts is \$1,762,500. The grant for school district
3 A is \$5,000,000 (the total amount of grant moneys available)
4 multiplied by \$750,000 and then the product is divided by
5 \$1,762,500. School district A's grant is \$2,127,660. The
6 grant for school district B is \$5,000,000 (the total amount
7 of grant moneys available) multiplied by \$1,012,500 and then
8 the product is divided by \$1,762,500. School district B's
9 grant is \$2,872,340.

10 The Department must adopt rules to determine the
11 computation of the grant amount for a school district that
12 has undergone school district reorganization under Article 7,
13 7A, 11A, 11B, or 11D of the School Code (for example:
14 consolidation, conversion into a different type of district,
15 or creation of a new district).

16 (d) Between November 15 and 17 of each year beginning in
17 2003, the Department must certify to the county clerk of each
18 county the amount of the grant for each school district lying
19 wholly or partly in the county to be paid to the county
20 collector for distribution to the school district. The amount
21 of the grant for a school district that lies partly in the
22 county shall be that amount which bears the same ratio to the
23 grant for the whole school district as the equalized assessed
24 value of the taxable property in the school district for the
25 preceding tax year that lies in the county bears to the
26 equalized assessed value of all taxable property in the
27 school district for the preceding tax year.

28 (e) Upon receipt of a notice from the county clerk
29 required under Section 18-178 of the Property Tax Code that
30 the extension for educational purposes has been determined
31 and abated for each school district or part of a school
32 district in the county, the Department must certify to the
33 Comptroller the amount of the school district property tax
34 relief grant to be paid to the county collector. The

1 Comptroller must promptly pay the grants to the county
2 collector. Upon receipt of the school district property tax
3 relief grants, the county collector must pay the grants to
4 the respective school districts within 5 business days.

5 Section 10. The Illinois Income Tax Act is amended by
6 changing Section 203 as follows:

7 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

8 Sec. 203. Base income defined.

9 (a) Individuals.

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

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

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

24 (B) An amount equal to the amount of tax
25 imposed by this Act to the extent deducted from
26 gross income in the computation of adjusted gross
27 income for the taxable year;

28 (C) An amount equal to the amount received
29 during the taxable year as a recovery or refund of
30 real property taxes paid with respect to the
31 taxpayer's principal residence under the Revenue Act
32 of 1939 and for which a deduction was previously

1 taken under subparagraph (L) of this paragraph (2)
2 prior to July 1, 1991, the retrospective application
3 date of Article 4 of Public Act 87-17. In the case
4 of multi-unit or multi-use structures and farm
5 dwellings, the taxes on the taxpayer's principal
6 residence shall be that portion of the total taxes
7 for the entire property which is attributable to
8 such principal residence;

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

13 (D-5) An amount, to the extent not included in
14 adjusted gross income, equal to the amount of money
15 withdrawn by the taxpayer in the taxable year from a
16 medical care savings account and the interest earned
17 on the account in the taxable year of a withdrawal
18 pursuant to subsection (b) of Section 20 of the
19 Medical Care Savings Account Act or subsection (b)
20 of Section 20 of the Medical Care Savings Account
21 Act of 2000;

22 (D-10) For taxable years ending after December
23 31, 1997, an amount equal to any eligible
24 remediation costs that the individual deducted in
25 computing adjusted gross income and for which the
26 individual claims a credit under subsection (l) of
27 Section 201;

28 (D-15) For taxable years 2001 and thereafter,
29 an amount equal to the bonus depreciation deduction
30 (30% of the adjusted basis of the qualified
31 property) taken on the taxpayer's federal income tax
32 return for the taxable year under subsection (k) of
33 Section 168 of the Internal Revenue Code; and

34 (D-16) If the taxpayer reports a capital gain

1 or loss on the taxpayer's federal income tax return
2 for the taxable year based on a sale or transfer of
3 property for which the taxpayer was required in any
4 taxable year to make an addition modification under
5 subparagraph (D-15), then an amount equal to the
6 aggregate amount of the deductions taken in all
7 taxable years under subparagraph (Z) with respect to
8 that property.†

9 The taxpayer is required to make the addition
10 modification under this subparagraph only once with
11 respect to any one piece of property;‡ and

12 (D-20) ~~(D-15)~~ For taxable years beginning on
13 or after January 1, 2002, in the case of a
14 distribution from a qualified tuition program under
15 Section 529 of the Internal Revenue Code, other than
16 (i) a distribution from a College Savings Pool
17 created under Section 16.5 of the State Treasurer
18 Act or (ii) a distribution from the Illinois Prepaid
19 Tuition Trust Fund, an amount equal to the amount
20 excluded from gross income under Section
21 529(c)(3)(B);

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

24 (E) For taxable years ending before December
25 31, 2001, any amount included in such total in
26 respect of any compensation (including but not
27 limited to any compensation paid or accrued to a
28 serviceman while a prisoner of war or missing in
29 action) paid to a resident by reason of being on
30 active duty in the Armed Forces of the United States
31 and in respect of any compensation paid or accrued
32 to a resident who as a governmental employee was a
33 prisoner of war or missing in action, and in respect
34 of any compensation paid to a resident in 1971 or

1 thereafter for annual training performed pursuant to
2 Sections 502 and 503, Title 32, United States Code
3 as a member of the Illinois National Guard. For
4 taxable years ending on or after December 31, 2001,
5 any amount included in such total in respect of any
6 compensation (including but not limited to any
7 compensation paid or accrued to a serviceman while a
8 prisoner of war or missing in action) paid to a
9 resident by reason of being a member of any
10 component of the Armed Forces of the United States
11 and in respect of any compensation paid or accrued
12 to a resident who as a governmental employee was a
13 prisoner of war or missing in action, and in respect
14 of any compensation paid to a resident in 2001 or
15 thereafter by reason of being a member of the
16 Illinois National Guard. The provisions of this
17 amendatory Act of the 92nd General Assembly are
18 exempt from the provisions 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
23 such total as distributions under the provisions of
24 any retirement or disability plan for employees of
25 any governmental agency or unit, or retirement
26 payments to retired partners, which payments are
27 excluded in computing net earnings from self
28 employment by Section 1402 of the Internal Revenue
29 Code and regulations adopted pursuant thereto;

30 (G) The valuation limitation amount;

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

1 (I) An amount equal to all amounts included in
2 such total pursuant to the provisions of Section 111
3 of the Internal Revenue Code as a recovery of items
4 previously deducted from adjusted gross income in
5 the computation of taxable income;

6 (J) An amount equal to those dividends
7 included in such total which were paid by a
8 corporation which conducts business operations in an
9 Enterprise Zone or zones created under the Illinois
10 Enterprise Zone Act, and conducts substantially all
11 of its operations in an Enterprise Zone or zones;

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

22 (L) For taxable years ending after December
23 31, 1983, an amount equal to all social security
24 benefits and railroad retirement benefits included
25 in such total pursuant to Sections 72(r) and 86 of
26 the Internal Revenue Code;

27 (M) With the exception of any amounts
28 subtracted under subparagraph (N), an amount equal
29 to the sum of all amounts disallowed as deductions
30 by (i) Sections 171(a) (2), and 265(2) of the
31 Internal Revenue Code of 1954, as now or hereafter
32 amended, and all amounts of expenses allocable to
33 interest and disallowed as deductions by Section
34 265(1) of the Internal Revenue Code of 1954, as now

1 or hereafter amended; and (ii) for taxable years
2 ending on or after August 13, 1999, Sections
3 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
4 Internal Revenue Code; the provisions of this
5 subparagraph are exempt from the provisions of
6 Section 250;

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

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

20 (P) An amount equal to the amount of the
21 deduction used to compute the federal income tax
22 credit for restoration of substantial amounts held
23 under claim of right for the taxable year pursuant
24 to Section 1341 of the Internal Revenue Code of
25 1986;

26 (Q) An amount equal to any amounts included in
27 such total, received by the taxpayer as an
28 acceleration in the payment of life, endowment or
29 annuity benefits in advance of the time they would
30 otherwise be payable as an indemnity for a terminal
31 illness;

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

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

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

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

24 (V) Beginning with tax years ending on or
25 after December 31, 1995 and ending with tax years
26 ending on or before December 31, 2004, an amount
27 equal to the amount paid by a taxpayer who is a
28 self-employed taxpayer, a partner of a partnership,
29 or a shareholder in a Subchapter S corporation for
30 health insurance or long-term care insurance for
31 that taxpayer or that taxpayer's spouse or
32 dependents, to the extent that the amount paid for
33 that health insurance or long-term care insurance
34 may be deducted under Section 213 of the Internal

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

19 (W) For taxable years beginning on or after
20 January 1, 1998, all amounts included in the
21 taxpayer's federal gross income in the taxable year
22 from amounts converted from a regular IRA to a Roth
23 IRA. This paragraph is exempt from the provisions of
24 Section 250;

25 (X) For taxable year 1999 and thereafter, an
26 amount equal to the amount of any (i) distributions,
27 to the extent includible in gross income for federal
28 income tax purposes, made to the taxpayer because of
29 his or her status as a victim of persecution for
30 racial or religious reasons by Nazi Germany or any
31 other Axis regime or as an heir of the victim and
32 (ii) items of income, to the extent includible in
33 gross income for federal income tax purposes,
34 attributable to, derived from or in any way related

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

26 (Y) For taxable years beginning on or after
27 January 1, 2002, moneys contributed in the taxable
28 year to a College Savings Pool account under Section
29 16.5 of the State Treasurer Act, except that amounts
30 excluded from gross income under Section
31 529(c)(3)(C)(i) of the Internal Revenue Code shall
32 not be considered moneys contributed under this
33 subparagraph (Y). This subparagraph (Y) is exempt
34 from the provisions of Section 250;

1 (Z) For taxable years 2001 and thereafter, for
2 the taxable year in which the bonus depreciation
3 deduction (30% of the adjusted basis of the
4 qualified property) is taken on the taxpayer's
5 federal income tax return under subsection (k) of
6 Section 168 of the Internal Revenue Code and for
7 each applicable taxable year thereafter, an amount
8 equal to "x", where:

9 (1) "y" equals the amount of the
10 depreciation deduction taken for the taxable
11 year on the taxpayer's federal income tax
12 return on property for which the bonus
13 depreciation deduction (30% of the adjusted
14 basis of the qualified property) was taken in
15 any year under subsection (k) of Section 168 of
16 the Internal Revenue Code, but not including
17 the bonus depreciation deduction; and

18 (2) "x" equals "y" multiplied by 30 and
19 then divided by 70 (or "y" multiplied by
20 0.429).

21 The aggregate amount deducted under this
22 subparagraph in all taxable years for any one piece
23 of property may not exceed the amount of the bonus
24 depreciation deduction (30% of the adjusted basis of
25 the qualified property) taken on that property on
26 the taxpayer's federal income tax return under
27 subsection (k) of Section 168 of the Internal
28 Revenue Code; and

29 (AA) If the taxpayer reports a capital gain or
30 loss on the taxpayer's federal income tax return for
31 the taxable year based on a sale or transfer of
32 property for which the taxpayer was required in any
33 taxable year to make an addition modification under
34 subparagraph (D-15), then an amount equal to that

1 addition modification.

2 The taxpayer is allowed to take the deduction
3 under this subparagraph only once with respect to
4 any one piece of property; and

5 (BB) †Z‡ Any amount included in adjusted gross
6 income, other than salary, received by a driver in a
7 ridesharing arrangement using a motor vehicle; and

8 (CC) Beginning with tax years ending on or
9 after December 31, 2003 and ending with tax years
10 ending on or before December 30, 2008, an amount,
11 not to exceed \$1,200, equal to 15% of the total
12 amount of rent paid by the taxpayer during the year
13 for the principal place of residence of the
14 taxpayer.

15 (b) Corporations.

16 (1) In general. In the case of a corporation, 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
20 in paragraph (1) shall be modified by adding thereto the
21 sum of the following amounts:

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

28 (B) An amount equal to the amount of tax
29 imposed by this Act to the extent deducted from
30 gross income in the computation of taxable income
31 for the taxable year;

32 (C) In the case of a regulated investment
33 company, an amount equal to the excess of (i) the
34 net long-term capital gain for the taxable year,

1 over (ii) the amount of the capital gain dividends
2 designated as such in accordance with Section
3 852(b)(3)(C) of the Internal Revenue Code and any
4 amount designated under Section 852(b)(3)(D) of the
5 Internal Revenue Code, attributable to the taxable
6 year (this amendatory Act of 1995 (Public Act 89-89)
7 is declarative of existing law and is not a new
8 enactment);

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

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

23 (i) the addition modification relating to
24 the net operating loss carried back or forward
25 to the taxable year from any taxable year
26 ending prior to December 31, 1986 shall be
27 reduced by the amount of addition modification
28 under this subparagraph (E) which related to
29 that net operating loss and which was taken
30 into account in calculating the base income of
31 an earlier taxable year, and

32 (ii) the addition modification relating
33 to the net operating loss carried back or
34 forward to the taxable year from any taxable

1 year ending prior to December 31, 1986 shall
2 not exceed the amount of such carryback or
3 carryforward;

4 For taxable years in which there is a net
5 operating loss carryback or carryforward from more
6 than one other taxable year ending prior to December
7 31, 1986, the addition modification provided in this
8 subparagraph (E) shall be the sum of the amounts
9 computed independently under the preceding
10 provisions of this subparagraph (E) for each such
11 taxable year;

12 (E-5) For taxable years ending after December
13 31, 1997, an amount equal to any eligible
14 remediation costs that the corporation deducted in
15 computing adjusted gross income and for which the
16 corporation claims a credit under subsection (l) of
17 Section 201;

18 (E-10) For taxable years 2001 and thereafter,
19 an amount equal to the bonus depreciation deduction
20 (30% of the adjusted basis of the qualified
21 property) taken on the taxpayer's federal income tax
22 return for the taxable year under subsection (k) of
23 Section 168 of the Internal Revenue Code; and

24 (E-11) If the taxpayer reports a capital gain
25 or loss on the taxpayer's federal income tax return
26 for the taxable year based on a sale or transfer of
27 property for which the taxpayer was required in any
28 taxable year to make an addition modification under
29 subparagraph (E-10), then an amount equal to the
30 aggregate amount of the deductions taken in all
31 taxable years under subparagraph (T) with respect to
32 that property.†

33 The taxpayer is required to make the addition
34 modification under this subparagraph only once with

1 respect to any one piece of property;
2 and by deducting from the total so obtained the sum of
3 the following amounts:

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

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

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

16 (I) With the exception of any amounts
17 subtracted under subparagraph (J), an amount equal
18 to the sum of all amounts disallowed as deductions
19 by (i) Sections 171(a) (2), and 265(a)(2) and
20 amounts disallowed as interest expense by Section
21 291(a)(3) of the Internal Revenue Code, as now or
22 hereafter amended, and all amounts of expenses
23 allocable to interest and disallowed as deductions
24 by Section 265(a)(1) of the Internal Revenue Code,
25 as now or hereafter amended; and (ii) for taxable
26 years ending on or after August 13, 1999, Sections
27 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)
28 of the Internal Revenue Code; the provisions of this
29 subparagraph are exempt from the provisions of
30 Section 250;

31 (J) An amount equal to all amounts included in
32 such total which are exempt from taxation by this
33 State either by reason of its statutes or
34 Constitution or by reason of the Constitution,

1 treaties or statutes of the United States; provided
2 that, in the case of any statute of this State that
3 exempts income derived from bonds or other
4 obligations from the tax imposed under this Act, the
5 amount exempted shall be the interest net of bond
6 premium amortization;

7 (K) An amount equal to those dividends
8 included in such total which were paid by a
9 corporation which conducts business operations in an
10 Enterprise Zone or zones created under the Illinois
11 Enterprise Zone Act and conducts substantially all
12 of its operations in an Enterprise Zone or zones;

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

23 (M) For any taxpayer that is a financial
24 organization within the meaning of Section 304(c) of
25 this Act, an amount included in such total as
26 interest income from a loan or loans made by such
27 taxpayer to a borrower, to the extent that such a
28 loan is secured by property which is eligible for
29 the Enterprise Zone Investment Credit. To determine
30 the portion of a loan or loans that is secured by
31 property eligible for a Section 201(f) investment
32 credit to the borrower, the entire principal amount
33 of the loan or loans between the taxpayer and the
34 borrower should be divided into the basis of the

1 Section 201(f) investment credit property which
2 secures the loan or loans, using for this purpose
3 the original basis of such property on the date that
4 it was placed in service in the Enterprise Zone.
5 The subtraction modification available to taxpayer
6 in any year under this subsection shall be that
7 portion of the total interest paid by the borrower
8 with respect to such loan attributable to the
9 eligible property as calculated under the previous
10 sentence;

11 (M-1) For any taxpayer that is a financial
12 organization within the meaning of Section 304(c) of
13 this Act, an amount included in such total as
14 interest income from a loan or loans made by such
15 taxpayer to a borrower, to the extent that such a
16 loan is secured by property which is eligible for
17 the High Impact Business Investment Credit. To
18 determine the portion of a loan or loans that is
19 secured by property eligible for a Section 201(h)
20 investment credit to the borrower, the entire
21 principal amount of the loan or loans between the
22 taxpayer and the borrower should be divided into the
23 basis of the Section 201(h) investment credit
24 property which secures the loan or loans, using for
25 this purpose the original basis of such property on
26 the date that it was placed in service in a
27 federally designated Foreign Trade Zone or Sub-Zone
28 located in Illinois. No taxpayer that is eligible
29 for the deduction provided in subparagraph (M) of
30 paragraph (2) of this subsection shall be eligible
31 for the deduction provided under this subparagraph
32 (M-1). The subtraction modification available to
33 taxpayers in any year under this subsection shall be
34 that portion of the total interest paid by the

1 borrower with respect to such loan attributable to
2 the eligible property as calculated under the
3 previous sentence;

4 (N) Two times any contribution made during the
5 taxable year to a designated zone organization to
6 the extent that the contribution (i) qualifies as a
7 charitable contribution under subsection (c) of
8 Section 170 of the Internal Revenue Code and (ii)
9 must, by its terms, be used for a project approved
10 by the Department of Commerce and Community Affairs
11 under Section 11 of the Illinois Enterprise Zone
12 Act;

13 (O) An amount equal to: (i) 85% for taxable
14 years ending on or before December 31, 1992, or, a
15 percentage equal to the percentage allowable under
16 Section 243(a)(1) of the Internal Revenue Code of
17 1986 for taxable years ending after December 31,
18 1992, of the amount by which dividends included in
19 taxable income and received from a corporation that
20 is not created or organized under the laws of the
21 United States or any state or political subdivision
22 thereof, including, for taxable years ending on or
23 after December 31, 1988, dividends received or
24 deemed received or paid or deemed paid under
25 Sections 951 through 964 of the Internal Revenue
26 Code, exceed the amount of the modification provided
27 under subparagraph (G) of paragraph (2) of this
28 subsection (b) which is related to such dividends;
29 plus (ii) 100% of the amount by which dividends,
30 included in taxable income and received, including,
31 for taxable years ending on or after December 31,
32 1988, dividends received or deemed received or paid
33 or deemed paid under Sections 951 through 964 of the
34 Internal Revenue Code, from any such corporation

1 specified in clause (i) that would but for the
2 provisions of Section 1504 (b) (3) of the Internal
3 Revenue Code be treated as a member of the
4 affiliated group which includes the dividend
5 recipient, exceed the amount of the modification
6 provided under subparagraph (G) of paragraph (2) of
7 this subsection (b) which is related to such
8 dividends;

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

12 (Q) An amount equal to the amount of the
13 deduction used to compute the federal income tax
14 credit for restoration of substantial amounts held
15 under claim of right for the taxable year pursuant
16 to Section 1341 of the Internal Revenue Code of
17 1986;

18 (R) In the case of an attorney-in-fact with
19 respect to whom an interinsurer or a reciprocal
20 insurer has made the election under Section 835 of
21 the Internal Revenue Code, 26 U.S.C. 835, an amount
22 equal to the excess, if any, of the amounts paid or
23 incurred by that interinsurer or reciprocal insurer
24 in the taxable year to the attorney-in-fact over the
25 deduction allowed to that interinsurer or reciprocal
26 insurer with respect to the attorney-in-fact under
27 Section 835(b) of the Internal Revenue Code for the
28 taxable year;

29 (S) For taxable years ending on or after
30 December 31, 1997, in the case of a Subchapter S
31 corporation, an amount equal to all amounts of
32 income allocable to a shareholder subject to the
33 Personal Property Tax Replacement Income Tax imposed
34 by subsections (c) and (d) of Section 201 of this

1 Act, including amounts allocable to organizations
2 exempt from federal income tax by reason of Section
3 501(a) of the Internal Revenue Code. This
4 subparagraph (S) is exempt from the provisions of
5 Section 250;

6 (T) For taxable years 2001 and thereafter, for
7 the taxable year in which the bonus depreciation
8 deduction (30% of the adjusted basis of the
9 qualified property) is taken on the taxpayer's
10 federal income tax return under subsection (k) of
11 Section 168 of the Internal Revenue Code and for
12 each applicable taxable year thereafter, an amount
13 equal to "x", where:

14 (1) "y" equals the amount of the
15 depreciation deduction taken for the taxable
16 year on the taxpayer's federal income tax
17 return on property for which the bonus
18 depreciation deduction (30% of the adjusted
19 basis of the qualified property) was taken in
20 any year under subsection (k) of Section 168 of
21 the Internal Revenue Code, but not including
22 the bonus depreciation deduction; and

23 (2) "x" equals "y" multiplied by 30 and
24 then divided by 70 (or "y" multiplied by
25 0.429).

26 The aggregate amount deducted under this
27 subparagraph in all taxable years for any one piece
28 of property may not exceed the amount of the bonus
29 depreciation deduction (30% of the adjusted basis of
30 the qualified property) taken on that property on
31 the taxpayer's federal income tax return under
32 subsection (k) of Section 168 of the Internal
33 Revenue Code; and

34 (U) If the taxpayer reports a capital gain or

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

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

8 (E) For taxable years in which a net operating
9 loss carryback or carryforward from a taxable year
10 ending prior to December 31, 1986 is an element of
11 taxable income under paragraph (1) of subsection (e)
12 or subparagraph (E) of paragraph (2) of subsection
13 (e), the amount by which addition modifications
14 other than those provided by this subparagraph (E)
15 exceeded subtraction modifications in such taxable
16 year, with the following limitations applied in the
17 order that they are listed:

18 (i) the addition modification relating to
19 the net operating loss carried back or forward
20 to the taxable year from any taxable year
21 ending prior to December 31, 1986 shall be
22 reduced by the amount of addition modification
23 under this subparagraph (E) which related to
24 that net operating loss and which was taken
25 into account in calculating the base income of
26 an earlier taxable year, and

27 (ii) the addition modification relating
28 to the net operating loss carried back or
29 forward to the taxable year from any taxable
30 year ending prior to December 31, 1986 shall
31 not exceed the amount of such carryback or
32 carryforward;

33 For taxable years in which there is a net
34 operating loss carryback or carryforward from more

1 than one other taxable year ending prior to December
2 31, 1986, the addition modification provided in this
3 subparagraph (E) shall be the sum of the amounts
4 computed independently under the preceding
5 provisions of this subparagraph (E) for each such
6 taxable year;

7 (F) For taxable years ending on or after
8 January 1, 1989, an amount equal to the tax deducted
9 pursuant to Section 164 of the Internal Revenue Code
10 if the trust or estate is claiming the same tax for
11 purposes of the Illinois foreign tax credit under
12 Section 601 of this Act;

13 (G) An amount equal to the amount of the
14 capital gain deduction allowable under the Internal
15 Revenue Code, to the extent deducted from gross
16 income in the computation of taxable income;

17 (G-5) For taxable years ending after December
18 31, 1997, an amount equal to any eligible
19 remediation costs that the trust or estate deducted
20 in computing adjusted gross income and for which the
21 trust or estate claims a credit under subsection (l)
22 of Section 201;

23 (G-10) For taxable years 2001 and thereafter,
24 an amount equal to the bonus depreciation deduction
25 (30% of the adjusted basis of the qualified
26 property) taken on the taxpayer's federal income tax
27 return for the taxable year under subsection (k) of
28 Section 168 of the Internal Revenue Code; and

29 (G-11) If the taxpayer reports a capital gain
30 or loss on the taxpayer's federal income tax return
31 for the taxable year based on a sale or transfer of
32 property for which the taxpayer was required in any
33 taxable year to make an addition modification under
34 subparagraph (G-10), then an amount equal to the

1 aggregate amount of the deductions taken in all
2 taxable years under subparagraph (R) with respect to
3 that property.†

4 The taxpayer is required to make the addition
5 modification under this subparagraph only once with
6 respect to any one piece of property;

7 and by deducting from the total so obtained the sum of
8 the following amounts:

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

20 (I) The valuation limitation amount;

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

25 (K) An amount equal to all amounts included in
26 taxable income as modified by subparagraphs (A),
27 (B), (C), (D), (E), (F) and (G) which are exempt
28 from taxation by this State either by reason of its
29 statutes or Constitution or by reason of the
30 Constitution, treaties or statutes of the United
31 States; provided that, in the case of any statute of
32 this State that exempts income derived from bonds or
33 other obligations from the tax imposed under this
34 Act, the amount exempted shall be the interest net

1 of bond premium amortization;

2 (L) With the exception of any amounts
3 subtracted under subparagraph (K), an amount equal
4 to the sum of all amounts disallowed as deductions
5 by (i) Sections 171(a) (2) and 265(a)(2) of the
6 Internal Revenue Code, as now or hereafter amended,
7 and all amounts of expenses allocable to interest
8 and disallowed as deductions by Section 265(1) of
9 the Internal Revenue Code of 1954, as now or
10 hereafter amended; and (ii) for taxable years ending
11 on or after August 13, 1999, Sections 171(a)(2),
12 265, 280C, and 832(b)(5)(B)(i) of the Internal
13 Revenue Code; the provisions of this subparagraph
14 are exempt from the provisions of Section 250;

15 (M) An amount equal to those dividends
16 included in such total which were paid by a
17 corporation which conducts business operations in an
18 Enterprise Zone or zones created under the Illinois
19 Enterprise Zone Act and conducts substantially all
20 of its operations in an Enterprise Zone or Zones;

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

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

34 (P) An amount equal to the amount of the

1 deduction used to compute the federal income tax
2 credit for restoration of substantial amounts held
3 under claim of right for the taxable year pursuant
4 to Section 1341 of the Internal Revenue Code of
5 1986;

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

1 and the eligibility for any public assistance,
2 benefit, or similar entitlement is not affected by
3 the inclusion of items (i) and (ii) of this
4 paragraph in gross income for federal income tax
5 purposes. This paragraph is exempt from the
6 provisions of Section 250;

7 (R) For taxable years 2001 and thereafter, for
8 the taxable year in which the bonus depreciation
9 deduction (30% of the adjusted basis of the
10 qualified property) is taken on the taxpayer's
11 federal income tax return under subsection (k) of
12 Section 168 of the Internal Revenue Code and for
13 each applicable taxable year thereafter, an amount
14 equal to "x", where:

15 (1) "y" equals the amount of the
16 depreciation deduction taken for the taxable
17 year on the taxpayer's federal income tax
18 return on property for which the bonus
19 depreciation deduction (30% of the adjusted
20 basis of the qualified property) was taken in
21 any year under subsection (k) of Section 168 of
22 the Internal Revenue Code, but not including
23 the bonus depreciation deduction; and

24 (2) "x" equals "y" multiplied by 30 and
25 then divided by 70 (or "y" multiplied by
26 0.429).

27 The aggregate amount deducted under this
28 subparagraph in all taxable years for any one piece
29 of property may not exceed the amount of the bonus
30 depreciation deduction (30% of the adjusted basis of
31 the qualified property) taken on that property on
32 the taxpayer's federal income tax return under
33 subsection (k) of Section 168 of the Internal
34 Revenue Code; and

1 (S) If the taxpayer reports a capital gain or
2 loss on the taxpayer's federal income tax return for
3 the taxable year based on a sale or transfer of
4 property for which the taxpayer was required in any
5 taxable year to make an addition modification under
6 subparagraph (G-10), then an amount equal to that
7 addition modification.

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

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

18 (d) Partnerships.

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

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

25 (A) An amount equal to all amounts paid or
26 accrued to the taxpayer as interest or dividends
27 during the taxable year to the extent excluded from
28 gross income in the computation of taxable income;

29 (B) An amount equal to the amount of tax
30 imposed by this Act to the extent deducted from
31 gross income for the taxable year;

32 (C) The amount of deductions allowed to the
33 partnership pursuant to Section 707 (c) of the
34 Internal Revenue Code in calculating its taxable

1 income;

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

6 (D-5) For taxable years 2001 and thereafter,
7 an amount equal to the bonus depreciation deduction
8 (30% of the adjusted basis of the qualified
9 property) taken on the taxpayer's federal income tax
10 return for the taxable year under subsection (k) of
11 Section 168 of the Internal Revenue Code; and

12 (D-6) If the taxpayer reports a capital gain
13 or loss on the taxpayer's federal income tax return
14 for the taxable year based on a sale or transfer of
15 property for which the taxpayer was required in any
16 taxable year to make an addition modification under
17 subparagraph (D-5), then an amount equal to the
18 aggregate amount of the deductions taken in all
19 taxable years under subparagraph (D) with respect to
20 that property.

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

24 and by deducting from the total so obtained the following
25 amounts:

26 (E) The valuation limitation amount;

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

31 (G) An amount equal to all amounts included in
32 taxable income as modified by subparagraphs (A),
33 (B), (C) and (D) which are exempt from taxation by
34 this State either by reason of its statutes or

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

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

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

22 (J) With the exception of any amounts
23 subtracted under subparagraph (G), an amount equal
24 to the sum of all amounts disallowed as deductions
25 by (i) Sections 171(a) (2), and 265(2) of the
26 Internal Revenue Code of 1954, as now or hereafter
27 amended, and all amounts of expenses allocable to
28 interest and disallowed as deductions by Section
29 265(1) of the Internal Revenue Code, as now or
30 hereafter amended; and (ii) for taxable years ending
31 on or after August 13, 1999, Sections 171(a)(2),
32 265, 280C, and 832(b)(5)(B)(i) of the Internal
33 Revenue Code; the provisions of this subparagraph
34 are exempt from the provisions of Section 250;

1 (K) An amount equal to those dividends
2 included in such total which were paid by a
3 corporation which conducts business operations in an
4 Enterprise Zone or zones created under the Illinois
5 Enterprise Zone Act, enacted by the 82nd General
6 Assembly, and conducts substantially all of its
7 operations in an Enterprise Zone or Zones;

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

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

22 (N) An amount equal to the amount of the
23 deduction used to compute the federal income tax
24 credit for restoration of substantial amounts held
25 under claim of right for the taxable year pursuant
26 to Section 1341 of the Internal Revenue Code of
27 1986;

28 (O) For taxable years 2001 and thereafter, for
29 the taxable year in which the bonus depreciation
30 deduction (30% of the adjusted basis of the
31 qualified property) is taken on the taxpayer's
32 federal income tax return under subsection (k) of
33 Section 168 of the Internal Revenue Code and for
34 each applicable taxable year thereafter, an amount

1 equal to "x", where:

2 (1) "y" equals the amount of the
3 depreciation deduction taken for the taxable
4 year on the taxpayer's federal income tax
5 return on property for which the bonus
6 depreciation deduction (30% of the adjusted
7 basis of the qualified property) was taken in
8 any year under subsection (k) of Section 168 of
9 the Internal Revenue Code, but not including
10 the bonus depreciation deduction; and

11 (2) "x" equals "y" multiplied by 30 and
12 then divided by 70 (or "y" multiplied by
13 0.429).

14 The aggregate amount deducted under this
15 subparagraph in all taxable years for any one piece
16 of property may not exceed the amount of the bonus
17 depreciation deduction (30% of the adjusted basis of
18 the qualified property) taken on that property on
19 the taxpayer's federal income tax return under
20 subsection (k) of Section 168 of the Internal
21 Revenue Code; and

22 (P) If the taxpayer reports a capital gain or
23 loss on the taxpayer's federal income tax return for
24 the taxable year based on a sale or transfer of
25 property for which the taxpayer was required in any
26 taxable year to make an addition modification under
27 subparagraph (D-5), then an amount equal to that
28 addition modification.

29 The taxpayer is allowed to take the deduction
30 under this subparagraph only once with respect to
31 any one piece of property.

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

33 (1) In general. Subject to the provisions of
34 paragraph (2) and subsection (b) (3), for purposes of

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

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

1 (A) Certain life insurance companies. In the
2 case of a life insurance company subject to the tax
3 imposed by Section 801 of the Internal Revenue Code,
4 life insurance company taxable income, plus the
5 amount of distribution from pre-1984 policyholder
6 surplus accounts as calculated under Section 815a of
7 the Internal Revenue Code;

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

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

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

21 (E) Consolidated corporations. In the case of
22 a corporation which is a member of an affiliated
23 group of corporations filing a consolidated income
24 tax return for the taxable year for federal income
25 tax purposes, taxable income determined as if such
26 corporation had filed a separate return for federal
27 income tax purposes for the taxable year and each
28 preceding taxable year for which it was a member of
29 an affiliated group. For purposes of this
30 subparagraph, the taxpayer's separate taxable income
31 shall be determined as if the election provided by
32 Section 243(b) (2) of the Internal Revenue Code had
33 been in effect for all such years;

34 (F) Cooperatives. In the case of a

1 cooperative corporation or association, the taxable
2 income of such organization determined in accordance
3 with the provisions of Section 1381 through 1388 of
4 the Internal Revenue Code;

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

23 (H) Partnerships. In the case of a
24 partnership, taxable income determined in accordance
25 with Section 703 of the Internal Revenue Code,
26 except that taxable income shall take into account
27 those items which are required by Section 703(a)(1)
28 to be separately stated but which would be taken
29 into account by an individual in calculating his
30 taxable income.

31 (f) Valuation limitation amount.

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

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

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

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

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

28 (B) If the fair market value of property
29 referred to in paragraph (1) was not readily
30 ascertainable on August 1, 1969, the pre-August 1,
31 1969 appreciation amount for such property is that
32 amount which bears the same ratio to the total gain
33 reported in respect of the property for federal
34 income tax purposes for the taxable year, as the

1 number of full calendar months in that part of the
2 taxpayer's holding period for the property ending
3 July 31, 1969 bears to the number of full calendar
4 months in the taxpayer's entire holding period for
5 the property.

6 (C) The Department shall prescribe such
7 regulations as may be necessary to carry out the
8 purposes of this paragraph.

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

12 (h) Legislative intention. Except as expressly provided
13 by this Section there shall be no modifications or
14 limitations on the amounts of income, gain, loss or deduction
15 taken into account in determining gross income, adjusted
16 gross income or taxable income for federal income tax
17 purposes for the taxable year, or in the amount of such items
18 entering into the computation of base income and net income
19 under this Act for such taxable year, whether in respect of
20 property values as of August 1, 1969 or otherwise.

21 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
22 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
23 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
24 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
25 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
26 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

27 Section 15-15. The Property Tax Code is amended by
28 changing Sections 18-255, 20-15, and 21-30 and by adding
29 Section 18-178 as follows:

30 (35 ILCS 200/18-178 new)

31 Sec. 18-178. Educational purposes tax abatement.

1 Beginning with taxes levied for 2003 (payable in 2004), the
2 county clerk must determine the final extension for
3 educational purposes for all taxable property in a school
4 district located in the county or for the taxable property of
5 that part of a school district located in the county, taking
6 into account the maximum rate, levy, and extension authorized
7 under the Property Tax Extension Limitation Law, the Truth in
8 Taxation Law, and any other statute. The county clerk must
9 then abate the extension for educational purposes for each
10 school district or part of a school district in the county in
11 the amount of the school district property tax relief grant
12 certified to the county clerk for that school district or
13 part of a school district by the Department of Revenue under
14 Section 6z-59 of the State Finance Act. When the final
15 extension for educational purposes has been determined and
16 abated, the county clerk must notify the Department of
17 Revenue.

18 The county clerk must determine the reduced amount of the
19 tax for educational purposes to be billed by the county
20 collector and paid by each taxpayer in a given school
21 district by re-calculating the tax rate for educational
22 purposes for that school district based on the reduced
23 extension amount after abatement. This reduced extension
24 amount shall be used only for determining the amount of the
25 tax bill. The extension amount for educational purposes as
26 originally calculated before abatement is the official final
27 extension for educational purposes and must be used for all
28 other purposes, including determining the maximum rate, levy,
29 and extension authorized under the Property Tax Extension
30 Limitation Law, the Truth in Taxation Law, and any other
31 statute and the maximum amount of tax anticipation warrants
32 under Section 17-16 of the School Code.

1 Sec. 18-255. Abstract of assessments and extensions.
 2 When the collector's books are completed, the county clerk
 3 shall make a complete statement of the assessment and
 4 extensions, in conformity to the instructions of the
 5 Department. The clerk shall certify the statement to the
 6 Department. Beginning with the 2003 levy year, the Department
 7 shall require the statement to include a separate listing of
 8 the extensions subject to abatement under Section 18-178.

9 (Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)

10 (35 ILCS 200/20-15)

11 Sec. 20-15. Information on bill or separate statement.
 12 The amount of tax due and rates shown on the tax bill
 13 pursuant to this Section shall be net of any abatement under
 14 Section 18-178. There shall be printed on each bill, or on a
 15 separate slip which shall be mailed with the bill:

16 (a) a statement itemizing the rate at which taxes
 17 have been extended for each of the taxing districts in
 18 the county in whose district the property is located, and
 19 in those counties utilizing electronic data processing
 20 equipment the dollar amount of tax due from the person
 21 assessed allocable to each of those taxing districts,
 22 including a separate statement of the dollar amount of
 23 tax due which is allocable to a tax levied under the
 24 Illinois Local Library Act or to any other tax levied by
 25 a municipality or township for public library purposes,

26 (b) a separate statement for each of the taxing
 27 districts of the dollar amount of tax due which is
 28 allocable to a tax levied under the Illinois Pension Code
 29 or to any other tax levied by a municipality or township
 30 for public pension or retirement purposes,

31 (c) the total tax rate,

32 (d) the total amount of tax due, and

33 (e) the amount by which the total tax and the tax

1 allocable to each taxing district differs from the
2 taxpayer's last prior tax bill, and

3 (f) the amount of tax abated under Section 18-178
4 labeled "Your School Tax Refund".

5 The county treasurer shall ensure that only those taxing
6 districts in which a parcel of property is located shall be
7 listed on the bill for that property.

8 In all counties the statement shall also provide:

9 (1) the property index number or other suitable
10 description,

11 (2) the assessment of the property,

12 (3) the equalization factors imposed by the county
13 and by the Department, and

14 (4) the equalized assessment resulting from the
15 application of the equalization factors to the basic
16 assessment.

17 In all counties which do not classify property for
18 purposes of taxation, for property on which a single family
19 residence is situated the statement shall also include a
20 statement to reflect the fair cash value determined for the
21 property. In all counties which classify property for
22 purposes of taxation in accordance with Section 4 of Article
23 IX of the Illinois Constitution, for parcels of residential
24 property in the lowest assessment classification the
25 statement shall also include a statement to reflect the fair
26 cash value determined for the property.

27 In all counties, the statement shall include information
28 that certain taxpayers may be eligible for the Senior
29 Citizens and Disabled Persons Property Tax Relief and
30 Pharmaceutical Assistance Act and that applications are
31 available from the Illinois Department of Revenue.

32 In counties which use the estimated or accelerated
33 billing methods, these statements shall only be provided with
34 the final installment of taxes due, except that the statement

1 under item (f) shall be included with both installments in
2 those counties under estimated or accelerated billing
3 methods, the first billing showing the amount deducted from
4 the first installment, and the final billing showing the
5 total tax abated for the levy year under Section 18-178. The
6 provisions of this Section create a mandatory statutory duty.
7 They are not merely directory or discretionary. The failure
8 or neglect of the collector to mail the bill, or the failure
9 of the taxpayer to receive the bill, shall not affect the
10 validity of any tax, or the liability for the payment of any
11 tax.

12 (Source: P.A. 91-699, eff. 1-1-01.)

13 (35 ILCS 200/21-30)

14 Sec. 21-30. Accelerated billing. Except as provided in
15 this Section and Section 21-40, in counties with 3,000,000 or
16 more inhabitants, by January 31 annually, estimated tax bills
17 setting out the first installment of property taxes for the
18 preceding year, payable in that year, shall be prepared and
19 mailed. The first installment of taxes on the estimated tax
20 bills shall be computed at 50% of the total of each tax bill
21 before the abatement of taxes under Section 18-178 for the
22 preceding year, less an estimate of one half of the school
23 district property tax relief grant for the current year
24 determined based on information provided by the Department of
25 Revenue and any other information available. If, prior to
26 the preparation of the estimated tax bills, a certificate of
27 error has been either approved by a court on or before
28 November 30 of the preceding year or certified pursuant to
29 Section 14-15 on or before November 30 of the preceding year,
30 then the first installment of taxes on the estimated tax
31 bills shall be computed at 50% of the total taxes before the
32 abatement of taxes under Section 18-178 for the preceding
33 year as corrected by the certificate of error, less an

1 estimate of one half of the school district property tax
2 relief grant for the current year determined based on
3 information provided by the Department of Revenue and any
4 other information available. By June 30 annually, actual tax
5 bills shall be prepared and mailed. These bills shall set out
6 total taxes due and the amount of estimated taxes billed in
7 the first installment, and shall state the balance of taxes
8 due for that year as represented by the sum derived from
9 subtracting the amount of the first installment from the
10 total taxes due for that year.

11 The county board may provide by ordinance, in counties
12 with 3,000,000 or more inhabitants, for taxes to be paid in 4
13 installments. For the levy year for which the ordinance is
14 first effective and each subsequent year, estimated tax bills
15 setting out the first, second, and third installment of taxes
16 for the preceding year, payable in that year, shall be
17 prepared and mailed not later than the date specified by
18 ordinance. Each installment on estimated tax bills shall be
19 computed at 25% of the total of each tax bill for the
20 preceding year. By the date specified in the ordinance,
21 actual tax bills shall be prepared and mailed. These bills
22 shall set out total taxes due and the amount of estimated
23 taxes billed in the first, second, and third installments and
24 shall state the balance of taxes due for that year as
25 represented by the sum derived from subtracting the amount of
26 the estimated installments from the total taxes due for that
27 year.

28 The county board of any county with less than 3,000,000
29 inhabitants may, by ordinance or resolution, adopt an
30 accelerated method of tax billing. The county board may
31 subsequently rescind the ordinance or resolution and revert
32 to the method otherwise provided for in this Code.

33 Taxes levied on homestead property in which a member of
34 the National Guard or reserves of the armed forces of the

1 United States who was called to active duty on or after
2 August 1, 1990, and who has an ownership interest shall not
3 be deemed delinquent and no interest shall accrue or be
4 charged as a penalty on such taxes due and payable in 1991 or
5 1992 until one year after that member returns to civilian
6 status.

7 (Source: P.A. 92-475, eff. 8-23-01.)