



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
HB4148

Introduced 1/21/2004, by Sidney H. Mathias

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203

from Ch. 120, par. 2-203

Amends the Illinois Income Tax Act. Creates a deduction for individual taxpayers who are 62 years of age or older in an amount equal to the amount the individual pays for Medicare Part B benefits during the taxable year. Provides that the deduction is available in taxable years ending on or after December 31, 2004. Exempts the deduction from the sunset provisions. Effective immediately.

LRB093 17483 SJM 43152 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning taxes.

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) (from Ch. 120, par. 2-203)

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 the
15 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
24 this Act to the extent deducted from gross income in
25 the computation of adjusted gross income for the
26 taxable year;

27 (C) An amount equal to the amount received during
28 the taxable year as a recovery or refund of real
29 property taxes paid with respect to the taxpayer's
30 principal residence under the Revenue Act of 1939 and
31 for which a deduction was previously taken under
32 subparagraph (L) of this paragraph (2) prior to July 1,

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

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

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13 withdrawn by the taxpayer in the taxable year from a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

19 (D-10) For taxable years ending after December 31,
20 1997, an amount equal to any eligible remediation costs
21 that the individual deducted in computing adjusted
22 gross income and for which the individual claims a
23 credit under subsection (l) of Section 201;

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

30 (D-16) If the taxpayer reports a capital gain or
31 loss on the taxpayer's federal income tax return for
32 the taxable year based on a sale or transfer of
33 property for which the taxpayer was required in any
34 taxable year to make an addition modification under
35 subparagraph (D-15), then an amount equal to the
36 aggregate amount of the deductions taken in all taxable

1 years under subparagraph (Z) with respect to that
2 property.~~†~~

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

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

15 and by deducting from the total so obtained the sum of the
16 following amounts:

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

1 of any compensation paid or accrued to a resident who
2 as a governmental employee was a prisoner of war or
3 missing in action, and in respect of any compensation
4 paid to a resident in 2001 or thereafter by reason of
5 being a member of the Illinois National Guard. The
6 provisions of this amendatory Act of the 92nd General
7 Assembly are exempt from the provisions of Section 250;

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

19 (G) The valuation limitation amount;

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

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

28 (J) An amount equal to those dividends included in
29 such total which were paid by a corporation which
30 conducts business operations in an Enterprise Zone or
31 zones created under the Illinois Enterprise Zone Act,
32 and conducts substantially all of its operations in an
33 Enterprise Zone or zones;

34 (K) An amount equal to those dividends included in
35 such total that were paid by a corporation that
36 conducts business operations in a federally designated

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

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

12 (M) With the exception of any amounts subtracted
13 under subparagraph (N), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a) (2), and 265(2) of the Internal Revenue Code of
16 1954, as now or hereafter amended, and all amounts of
17 expenses allocable to interest and disallowed as
18 deductions by Section 265(1) of the Internal Revenue
19 Code of 1954, as now or hereafter amended; and (ii) for
20 taxable years ending on or after August 13, 1999,
21 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
22 the Internal Revenue Code; the provisions of this
23 subparagraph are exempt from the provisions of Section
24 250;

25 (N) An amount equal to all amounts included in such
26 total which are exempt from taxation by this State
27 either by reason of its statutes or Constitution or by
28 reason of the Constitution, treaties or statutes of the
29 United States; provided that, in the case of any
30 statute of this State that exempts income derived from
31 bonds or other obligations from the tax imposed under
32 this Act, the amount exempted shall be the interest net
33 of bond premium amortization;

34 (O) An amount equal to any contribution made to a
35 job training project established pursuant to the Tax
36 Increment Allocation Redevelopment Act;

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

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

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

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

21 (T) An amount, to the extent included in adjusted
22 gross income, equal to the amount of interest earned in
23 the taxable year on a medical care savings account
24 established under the Medical Care Savings Account Act
25 or the Medical Care Savings Account Act of 2000 on
26 behalf of the taxpayer, other than interest added
27 pursuant to item (D-5) of this paragraph (2);

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

34 (V) Beginning with tax years ending on or after
35 December 31, 1995 and ending with tax years ending on
36 or before December 31, 2004, an amount equal to the

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

25 (W) For taxable years beginning on or after January
26 1, 1998, all amounts included in the taxpayer's federal
27 gross income in the taxable year from amounts converted
28 from a regular IRA to a Roth IRA. This paragraph is
29 exempt from the provisions of Section 250;

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

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

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

36 (Z) For taxable years 2001 and thereafter, for the

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

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

15 (2) "x" equals "y" multiplied by 30 and then
16 divided by 70 (or "y" multiplied by 0.429).

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

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

31 The taxpayer is allowed to take the deduction under
32 this subparagraph only once with respect to any one
33 piece of property; ~~and~~

34 (BB) ~~(Z)~~ Any amount included in adjusted gross
35 income, other than salary, received by a driver in a
36 ridesharing arrangement using a motor vehicle; and

1 (CC) Beginning with taxable years ending on or
2 after December 31, 2004, for taxpayers 62 years of age
3 and older, an amount equal to all amounts the taxpayer
4 pays during the taxable year for Medicare Part B
5 benefits under Title XVIII of the federal Social
6 Security Act for costs of, including but not limited
7 to, physician services, outpatient hospital services,
8 medical equipment and supplies, and other health
9 services and supplies. This subparagraph (CC) is
10 exempt from the provisions of Section 250.

11 (b) Corporations.

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

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

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

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

26 (C) In the case of a regulated investment company,
27 an amount equal to the excess of (i) the net long-term
28 capital gain for the taxable year, over (ii) the amount
29 of the capital gain dividends designated as such in
30 accordance with Section 852(b)(3)(C) of the Internal
31 Revenue Code and any amount designated under Section
32 852(b)(3)(D) of the Internal Revenue Code,
33 attributable to the taxable year (this amendatory Act
34 of 1995 (Public Act 89-89) is declarative of existing
35 law and is not a new enactment);

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

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

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

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

28 For taxable years in which there is a net operating
29 loss carryback or carryforward from more than one other
30 taxable year ending prior to December 31, 1986, the
31 addition modification provided in this subparagraph
32 (E) shall be the sum of the amounts computed
33 independently under the preceding provisions of this
34 subparagraph (E) for each such taxable year;

35 (E-5) For taxable years ending after December 31,
36 1997, an amount equal to any eligible remediation costs

1 that the corporation deducted in computing adjusted
2 gross income and for which the corporation claims a
3 credit under subsection (l) of Section 201;

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

10 (E-11) If the taxpayer reports a capital gain or
11 loss on the taxpayer's federal income tax return for
12 the taxable year based on a sale or transfer of
13 property for which the taxpayer was required in any
14 taxable year to make an addition modification under
15 subparagraph (E-10), then an amount equal to the
16 aggregate amount of the deductions taken in all taxable
17 years under subparagraph (T) with respect to that
18 property.

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

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

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

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

29 (H) In the case of a regulated investment company,
30 an amount equal to the amount of exempt interest
31 dividends as defined in subsection (b) (5) of Section
32 852 of the Internal Revenue Code, paid to shareholders
33 for the taxable year;

34 (I) With the exception of any amounts subtracted
35 under subparagraph (J), an amount equal to the sum of
36 all amounts disallowed as deductions by (i) Sections

1 171(a) (2), and 265(a)(2) and amounts disallowed as
2 interest expense by Section 291(a)(3) of the Internal
3 Revenue Code, as now or hereafter amended, and all
4 amounts of expenses allocable to interest and
5 disallowed as deductions by Section 265(a)(1) of the
6 Internal Revenue Code, as now or hereafter amended; and
7 (ii) for taxable years ending on or after August 13,
8 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and
9 832(b)(5)(B)(i) of the Internal Revenue Code; the
10 provisions of this subparagraph are exempt from the
11 provisions of Section 250;

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

21 (K) An amount equal to those dividends included in
22 such total which were paid by a corporation which
23 conducts business operations in an Enterprise Zone or
24 zones created under the Illinois Enterprise Zone Act
25 and conducts substantially all of its operations in an
26 Enterprise Zone or zones;

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

36 (M) For any taxpayer that is a financial

1 organization within the meaning of Section 304(c) of
2 this Act, an amount included in such total as interest
3 income from a loan or loans made by such taxpayer to a
4 borrower, to the extent that such a loan is secured by
5 property which is eligible for the Enterprise Zone
6 Investment Credit. To determine the portion of a loan
7 or loans that is secured by property eligible for a
8 Section 201(f) investment credit to the borrower, the
9 entire principal amount of the loan or loans between
10 the taxpayer and the borrower should be divided into
11 the basis of the Section 201(f) investment credit
12 property which secures the loan or loans, using for
13 this purpose the original basis of such property on the
14 date that it was placed in service in the Enterprise
15 Zone. The subtraction modification available to
16 taxpayer in any year under this subsection shall be
17 that portion of the total interest paid by the borrower
18 with respect to such loan attributable to the eligible
19 property as calculated under the previous sentence;

20 (M-1) For any taxpayer that is a financial
21 organization within the meaning of Section 304(c) of
22 this Act, an amount included in such total as interest
23 income from a loan or loans made by such taxpayer to a
24 borrower, to the extent that such a loan is secured by
25 property which is eligible for the High Impact Business
26 Investment Credit. To determine the portion of a loan
27 or loans that is secured by property eligible for a
28 Section 201(h) investment credit to the borrower, the
29 entire principal amount of the loan or loans between
30 the taxpayer and the borrower should be divided into
31 the basis of the Section 201(h) investment credit
32 property which secures the loan or loans, using for
33 this purpose the original basis of such property on the
34 date that it was placed in service in a federally
35 designated Foreign Trade Zone or Sub-Zone located in
36 Illinois. No taxpayer that is eligible for the

1 deduction provided in subparagraph (M) of paragraph
2 (2) of this subsection shall be eligible for the
3 deduction provided under this subparagraph (M-1). The
4 subtraction modification available to taxpayers in any
5 year under this subsection shall be that portion of the
6 total interest paid by the borrower with respect to
7 such loan attributable to the eligible property as
8 calculated under the previous sentence;

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

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

1 paid under Sections 951 through 964 of the Internal
2 Revenue Code, from any such corporation specified in
3 clause (i) that would but for the provisions of Section
4 1504 (b) (3) of the Internal Revenue Code be treated as
5 a member of the affiliated group which includes the
6 dividend recipient, exceed the amount of the
7 modification provided under subparagraph (G) of
8 paragraph (2) of this subsection (b) which is related
9 to such dividends;

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

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

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

28 (S) For taxable years ending on or after December
29 31, 1997, in the case of a Subchapter S corporation, an
30 amount equal to all amounts of income allocable to a
31 shareholder subject to the Personal Property Tax
32 Replacement Income Tax imposed by subsections (c) and
33 (d) of Section 201 of this Act, including amounts
34 allocable to organizations exempt from federal income
35 tax by reason of Section 501(a) of the Internal Revenue
36 Code. This subparagraph (S) is exempt from the

1 provisions of Section 250;

2 (T) For taxable years 2001 and thereafter, for the
3 taxable year in which the bonus depreciation deduction
4 (30% of the adjusted basis of the qualified property)
5 is taken on the taxpayer's federal income tax return
6 under subsection (k) of Section 168 of the Internal
7 Revenue Code and for each applicable taxable year
8 thereafter, an amount equal to "x", where:

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

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

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

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

33 The taxpayer is allowed to take the deduction under
34 this subparagraph only once with respect to any one
35 piece of property.

36 (3) Special rule. For purposes of paragraph (2) (A),

1 "gross income" in the case of a life insurance company, for
2 tax years ending on and after December 31, 1994, shall mean
3 the gross investment income for the taxable year.

4 (c) Trusts and estates.

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

8 (2) Modifications. Subject to the provisions of
9 paragraph (3), the taxable income referred to in paragraph
10 (1) shall be modified by adding thereto the sum of the
11 following amounts:

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

16 (B) In the case of (i) an estate, \$600; (ii) a
17 trust which, under its governing instrument, is
18 required to distribute all of its income currently,
19 \$300; and (iii) any other trust, \$100, but in each such
20 case, only to the extent such amount was deducted in
21 the computation of taxable income;

22 (C) An amount equal to the amount of tax imposed by
23 this Act to the extent deducted from gross income in
24 the computation of taxable income for the taxable year;

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

29 (E) For taxable years in which a net operating loss
30 carryback or carryforward from a taxable year ending
31 prior to December 31, 1986 is an element of taxable
32 income under paragraph (1) of subsection (e) or
33 subparagraph (E) of paragraph (2) of subsection (e),
34 the amount by which addition modifications other than
35 those provided by this subparagraph (E) exceeded

1 subtraction modifications in such taxable year, with
2 the following limitations applied in the order that
3 they are listed:

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

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

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

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

30 (G) An amount equal to the amount of the capital
31 gain deduction allowable under the Internal Revenue
32 Code, to the extent deducted from gross income in the
33 computation of taxable income;

34 (G-5) For taxable years ending after December 31,
35 1997, an amount equal to any eligible remediation costs
36 that the trust or estate deducted in computing adjusted

1 gross income and for which the trust or estate claims a
2 credit under subsection (l) of Section 201;

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

9 (G-11) If the taxpayer reports a capital gain or
10 loss on the taxpayer's federal income tax return for
11 the taxable year based on a sale or transfer of
12 property for which the taxpayer was required in any
13 taxable year to make an addition modification under
14 subparagraph (G-10), then an amount equal to the
15 aggregate amount of the deductions taken in all taxable
16 years under subparagraph (R) with respect to that
17 property.

18 The taxpayer is required to make the addition
19 modification under this subparagraph only once with
20 respect to any one piece of property;

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

23 (H) An amount equal to all amounts included in such
24 total pursuant to the provisions of Sections 402(a),
25 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
26 Internal Revenue Code or included in such total as
27 distributions under the provisions of any retirement
28 or disability plan for employees of any governmental
29 agency or unit, or retirement payments to retired
30 partners, which payments are excluded in computing net
31 earnings from self employment by Section 1402 of the
32 Internal Revenue Code and regulations adopted pursuant
33 thereto;

34 (I) The valuation limitation amount;

35 (J) An amount equal to the amount of any tax
36 imposed by this Act which was refunded to the taxpayer

1 and included in such total for the taxable year;

2 (K) An amount equal to all amounts included in
3 taxable income as modified by subparagraphs (A), (B),
4 (C), (D), (E), (F) and (G) which are exempt from
5 taxation by this State either by reason of its statutes
6 or Constitution or by reason of the Constitution,
7 treaties or statutes of the United States; provided
8 that, in the case of any statute of this State that
9 exempts income derived from bonds or other obligations
10 from the tax imposed under this Act, the amount
11 exempted shall be the interest net of bond premium
12 amortization;

13 (L) With the exception of any amounts subtracted
14 under subparagraph (K), an amount equal to the sum of
15 all amounts disallowed as deductions by (i) Sections
16 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
17 as now or hereafter amended, and all amounts of
18 expenses allocable to interest and disallowed as
19 deductions by Section 265(1) of the Internal Revenue
20 Code of 1954, as now or hereafter amended; and (ii) for
21 taxable years ending on or after August 13, 1999,
22 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
23 the Internal Revenue Code; the provisions of this
24 subparagraph are exempt from the provisions of Section
25 250;

26 (M) An amount equal to those dividends included in
27 such total which were paid by a corporation which
28 conducts business operations in an Enterprise Zone or
29 zones created under the Illinois Enterprise Zone Act
30 and conducts substantially all of its operations in an
31 Enterprise Zone or Zones;

32 (N) An amount equal to any contribution made to a
33 job training project established pursuant to the Tax
34 Increment Allocation Redevelopment Act;

35 (O) An amount equal to those dividends included in
36 such total that were paid by a corporation that

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

8 (P) An amount equal to the amount of the deduction
9 used to compute the federal income tax credit for
10 restoration of substantial amounts held under claim of
11 right for the taxable year pursuant to Section 1341 of
12 the Internal Revenue Code of 1986;

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

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

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

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

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

27 The aggregate amount deducted under this
28 subparagraph in all taxable years for any one piece of
29 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 the
32 taxpayer's federal income tax return under subsection
33 (k) of Section 168 of the Internal Revenue Code; and

34 (S) If the taxpayer reports a capital gain or loss
35 on the taxpayer's federal income tax return for the
36 taxable year based on a sale or transfer of property

1 for which the taxpayer was required in any taxable year
2 to make an addition modification under subparagraph
3 (G-10), then an amount equal to that addition
4 modification.

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

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 set
13 aside for charitable purposes pursuant to Internal Revenue
14 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;

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

29 (C) The amount of deductions allowed to the
30 partnership pursuant to Section 707 (c) of the Internal
31 Revenue Code in calculating its taxable income;

32 (D) An amount equal to the amount of the capital
33 gain deduction allowable under the Internal Revenue
34 Code, to the extent deducted from gross income in the
35 computation of taxable income;

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

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

16 The taxpayer is required to make the addition
17 modification under this subparagraph only once with
18 respect to any one piece of property;

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),
27 (C) and (D) which are exempt from taxation by this
28 State either by reason of its statutes or Constitution
29 or by reason of the Constitution, treaties or statutes
30 of the United States; provided that, in the case of any
31 statute of this State that exempts income derived from
32 bonds or other obligations from the tax imposed under
33 this Act, the amount exempted shall be the interest net
34 of bond premium amortization;

35 (H) Any income of the partnership which
36 constitutes personal service income as defined in

1 Section 1348 (b) (1) of the Internal Revenue Code (as
2 in effect December 31, 1981) or a reasonable allowance
3 for compensation paid or accrued for services rendered
4 by partners to the partnership, whichever is greater;

5 (I) An amount equal to all amounts of income
6 distributable to an entity subject to the Personal
7 Property Tax Replacement Income Tax imposed by
8 subsections (c) and (d) of Section 201 of this Act
9 including amounts distributable to organizations
10 exempt from federal income tax by reason of Section
11 501(a) of the Internal Revenue Code;

12 (J) With the exception of any amounts subtracted
13 under subparagraph (G), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a) (2), and 265(2) of the Internal Revenue Code of
16 1954, as now or hereafter amended, and all amounts of
17 expenses allocable to interest and disallowed as
18 deductions by Section 265(1) of the Internal Revenue
19 Code, as now or hereafter amended; and (ii) for taxable
20 years ending on or after August 13, 1999, Sections
21 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the
22 Internal Revenue Code; the provisions of this
23 subparagraph are exempt from the provisions of Section
24 250;

25 (K) An amount equal to those dividends included in
26 such total which were paid by a corporation which
27 conducts business operations in an Enterprise Zone or
28 zones created under the Illinois Enterprise Zone Act,
29 enacted by the 82nd General Assembly, and conducts
30 substantially all of its operations in an Enterprise
31 Zone or Zones;

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

35 (M) An amount equal to those dividends included in
36 such total that were paid by a corporation that

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

8 (N) An amount equal to the amount of the deduction
9 used to compute the federal income tax credit for
10 restoration of substantial amounts held under claim of
11 right for the taxable year pursuant to Section 1341 of
12 the Internal Revenue Code of 1986;

13 (O) For taxable years 2001 and thereafter, for the
14 taxable year in which the bonus depreciation deduction
15 (30% of the adjusted basis of the qualified property)
16 is taken on the taxpayer's federal income tax return
17 under subsection (k) of Section 168 of the Internal
18 Revenue Code and for each applicable taxable year
19 thereafter, an amount equal to "x", where:

20 (1) "y" equals the amount of the depreciation
21 deduction taken for the taxable year on the
22 taxpayer's federal income tax return on property
23 for which the bonus depreciation deduction (30% of
24 the adjusted basis of the qualified property) was
25 taken in any year under subsection (k) of Section
26 168 of the Internal Revenue Code, but not including
27 the bonus depreciation deduction; and

28 (2) "x" equals "y" multiplied by 30 and then
29 divided by 70 (or "y" multiplied by 0.429).

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

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

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

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

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

1 trusts and estates, exceed subtraction modifications, an
2 addition modification must be made under those
3 subparagraphs for any other taxable year to which the
4 taxable income less than zero (net operating loss) is
5 applied under Section 172 of the Internal Revenue Code or
6 under subparagraph (E) of paragraph (2) of this subsection
7 (e) applied in conjunction with Section 172 of the Internal
8 Revenue Code.

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

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

19 (B) Certain other insurance companies. In the case
20 of mutual insurance companies subject to the tax
21 imposed by Section 831 of the Internal Revenue Code,
22 insurance company taxable income;

23 (C) Regulated investment companies. In the case of
24 a regulated investment company subject to the tax
25 imposed by Section 852 of the Internal Revenue Code,
26 investment company taxable income;

27 (D) Real estate investment trusts. In the case of a
28 real estate investment trust subject to the tax imposed
29 by Section 857 of the Internal Revenue Code, real
30 estate investment trust taxable income;

31 (E) Consolidated corporations. In the case of a
32 corporation which is a member of an affiliated group of
33 corporations filing a consolidated income tax return
34 for the taxable year for federal income tax purposes,
35 taxable income determined as if such corporation had
36 filed a separate return for federal income tax purposes

1 for the taxable year and each preceding taxable year
2 for which it was a member of an affiliated group. For
3 purposes of this subparagraph, the taxpayer's separate
4 taxable income shall be determined as if the election
5 provided by Section 243(b) (2) of the Internal Revenue
6 Code had been in effect for all such years;

7 (F) Cooperatives. In the case of a cooperative
8 corporation or association, the taxable income of such
9 organization determined in accordance with the
10 provisions of Section 1381 through 1388 of the Internal
11 Revenue Code;

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

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

35 (f) Valuation limitation amount.

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

4 (A) The sum of the pre-August 1, 1969 appreciation
5 amounts (to the extent consisting of gain reportable
6 under the provisions of Section 1245 or 1250 of the
7 Internal Revenue Code) for all property in respect of
8 which such gain was reported for the taxable year; 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 such
12 gain was reported for federal income tax purposes for
13 the taxable year, or (ii) the net capital gain for the
14 taxable year, reduced in either case by any amount of
15 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 August
20 1, 1969, the pre-August 1, 1969 appreciation amount for
21 such property is the lesser of (i) the excess of such
22 fair market value over the taxpayer's basis (for
23 determining gain) for such property on that date
24 (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
27 respect of the sale, exchange or other disposition of
28 such property.

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

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

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

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

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

19 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
20 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
21 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
22 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
23 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
24 7-11-02; 92-846, eff. 8-23-02; revised 10-15-03.)

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.