



Rep. Rosemary Mulligan

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1 AMENDMENT TO HOUSE BILL 6024

2 AMENDMENT NO. _____. Amend House Bill 6024, by replacing
3 the introductory clause of Section 5 with the following:

4 "Section 5. The Illinois Income Tax Act is amended by
5 changing Section 203 and by adding Section 216 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

1 the computation of adjusted gross income for the
2 taxable year;

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

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

19 (D-5) An amount, to the extent not included in
20 adjusted gross income, equal to the amount of money
21 withdrawn by the taxpayer in the taxable year from a
22 medical care savings account and the interest earned on
23 the account in the taxable year of a withdrawal
24 pursuant to subsection (b) of Section 20 of the Medical
25 Care Savings Account Act or subsection (b) of Section
26 20 of the Medical Care Savings Account Act of 2000;

27 (D-10) For taxable years ending after December 31,
28 1997, an amount equal to any eligible remediation costs
29 that the individual deducted in computing adjusted
30 gross income and for which the individual claims a
31 credit under subsection (1) of Section 201;

32 (D-15) For taxable years 2001 and thereafter, an
33 amount equal to the bonus depreciation deduction (30%
34 of the adjusted basis of the qualified property) taken

1 on the taxpayer's federal income tax return for the
2 taxable year under subsection (k) of Section 168 of the
3 Internal Revenue Code; ~~and~~

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

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

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

25 and by deducting from the total so obtained the sum of the
26 following amounts:

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

1 governmental employee was a prisoner of war or missing
2 in action, and in respect of any compensation paid to a
3 resident in 1971 or thereafter for annual training
4 performed pursuant to Sections 502 and 503, Title 32,
5 United States Code as a member of the Illinois National
6 Guard. For taxable years ending on or after December
7 31, 2001, any amount included in such total in respect
8 of any compensation (including but not limited to any
9 compensation paid or accrued to a serviceman while a
10 prisoner of war or missing in action) paid to a
11 resident by reason of being a member of any component
12 of the Armed Forces of the United States and in respect
13 of any compensation paid or accrued to a resident who
14 as a governmental employee was a prisoner of war or
15 missing in action, and in respect of any compensation
16 paid to a resident in 2001 or thereafter by reason of
17 being a member of the Illinois National Guard. The
18 provisions of this amendatory Act of the 92nd General
19 Assembly are exempt from the provisions of Section 250;

20 (F) An amount equal to all amounts included in such
21 total pursuant to the provisions of Sections 402(a),
22 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
23 Internal Revenue Code, or included in such total as
24 distributions under the provisions of any retirement
25 or disability plan for employees of any governmental
26 agency or unit, or retirement payments to retired
27 partners, which payments are excluded in computing net
28 earnings from self employment by Section 1402 of the
29 Internal Revenue Code and regulations adopted pursuant
30 thereto;

31 (G) The valuation limitation amount;

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

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

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

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

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

26 (M) With the exception of any amounts subtracted
27 under subparagraph (N), an amount equal to the sum of
28 all amounts disallowed as deductions by (i) Sections
29 171(a) (2), and 265(2) of the Internal Revenue Code of
30 1954, as now or hereafter amended, and all amounts of
31 expenses allocable to interest and disallowed as
32 deductions by Section 265(1) of the Internal Revenue
33 Code of 1954, as now or hereafter amended; and (ii) for
34 taxable years ending on or after August 13, 1999,

1 Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of
2 the Internal Revenue Code; the provisions of this
3 subparagraph are exempt from the provisions of Section
4 250;

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

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

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

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

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

29 (S) An amount, to the extent included in adjusted
30 gross income, equal to the amount of a contribution
31 made in the taxable year on behalf of the taxpayer to a
32 medical care savings account established under the
33 Medical Care Savings Account Act or the Medical Care
34 Savings Account Act of 2000 to the extent the

1 contribution is accepted by the account administrator
2 as provided in that Act;

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

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

16 (V) Beginning with tax years ending on or after
17 December 31, 1995 and ending with tax years ending on
18 or before December 31, 2004, an amount equal to the
19 amount paid by a taxpayer who is a self-employed
20 taxpayer, a partner of a partnership, or a shareholder
21 in a Subchapter S corporation for health insurance or
22 long-term care insurance for that taxpayer or that
23 taxpayer's spouse or dependents, to the extent that the
24 amount paid for that health insurance or long-term care
25 insurance may be deducted under Section 213 of the
26 Internal Revenue Code of 1986, has not been deducted on
27 the federal income tax return of the taxpayer, and does
28 not exceed the taxable income attributable to that
29 taxpayer's income, self-employment income, or
30 Subchapter S corporation income; except that no
31 deduction shall be allowed under this item (V) if the
32 taxpayer is eligible to participate in any health
33 insurance or long-term care insurance plan of an
34 employer of the taxpayer or the taxpayer's spouse. The

1 amount of the health insurance and long-term care
2 insurance subtracted under this item (V) shall be
3 determined by multiplying total health insurance and
4 long-term care insurance premiums paid by the taxpayer
5 times a number that represents the fractional
6 percentage of eligible medical expenses under Section
7 213 of the Internal Revenue Code of 1986 not actually
8 deducted on the taxpayer's federal income tax return;

9 (W) For taxable years beginning on or after January
10 1, 1998, all amounts included in the taxpayer's federal
11 gross income in the taxable year from amounts converted
12 from a regular IRA to a Roth IRA. This paragraph is
13 exempt from the provisions of Section 250;

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

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

13 (Y) For taxable years beginning on or after January
14 1, 2002, moneys contributed in the taxable year to a
15 College Savings Pool account under Section 16.5 of the
16 State Treasurer Act, except that amounts excluded from
17 gross income under Section 529(c)(3) (C)(i) of the
18 Internal Revenue Code shall not be considered moneys
19 contributed under this subparagraph (Y). This
20 subparagraph (Y) is exempt from the provisions of
21 Section 250;

22 (Z) For taxable years 2001 and thereafter, for the
23 taxable year in which the bonus depreciation deduction
24 (30% of the adjusted basis of the qualified property)
25 is taken on the taxpayer's federal income tax return
26 under subsection (k) of Section 168 of the Internal
27 Revenue Code and for each applicable taxable year
28 thereafter, an amount equal to "x", where:

29 (1) "y" equals the amount of the depreciation
30 deduction taken for the taxable year on the
31 taxpayer's federal income tax return on property
32 for which the bonus depreciation deduction (30% of
33 the adjusted basis of the qualified property) was
34 taken in any year under subsection (k) of Section

1 168 of the Internal Revenue Code, but not including
2 the bonus depreciation deduction; and

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

5 The aggregate amount deducted under this
6 subparagraph in all taxable years for any one piece of
7 property may not exceed the amount of the bonus
8 depreciation deduction (30% of the adjusted basis of
9 the qualified property) taken on that property on the
10 taxpayer's federal income tax return under subsection
11 (k) of Section 168 of the Internal Revenue Code; ~~and~~

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

19 The taxpayer is allowed to take the deduction under
20 this subparagraph only once with respect to any one
21 piece of property; ~~and~~

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

25 (CC) For taxable years ending on or after December
26 31, 2004 and on or before December 30, 2009, an amount,
27 to the extent not otherwise deductible by law, equal to
28 the amount spent in the taxable year by a health care
29 worker, as defined in subsection (d) of Section 15 of
30 the Health Care Worker Self-Referral Act, for actual
31 economic losses suffered by the health care worker in
32 the act of providing care to Medicaid patients; as used
33 in this subparagraph, "Medicaid" means those medical
34 assistance programs funded by the State of Illinois

1 under the Medical Assistance Article of the Illinois
2 Public Aid Code; the deduction under this subparagraph
3 may not reduce the taxpayer's adjusted gross income to
4 less than zero and may not be carried forward or back
5 to reduce the adjusted gross income of any other
6 taxable year.

7 (b) Corporations.

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

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

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

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

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

32 (D) The amount of any net operating loss deduction
33 taken in arriving at taxable income, other than a net

1 operating loss carried forward from a taxable year
2 ending prior to December 31, 1986;

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

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

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

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

33 (E-5) For taxable years ending after December 31,
34 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

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

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

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

29 (L) An amount equal to those dividends included in
30 such total that were paid by a corporation that
31 conducts business operations in a federally designated
32 Foreign Trade Zone or Sub-Zone and that is designated a
33 High Impact Business located in Illinois; provided
34 that dividends eligible for the deduction provided in

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

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

24 (M-1) For any taxpayer that is a financial
25 organization within the meaning of Section 304(c) of
26 this Act, an amount included in such total as interest
27 income from a loan or loans made by such taxpayer to a
28 borrower, to the extent that such a loan is secured by
29 property which is eligible for the High Impact Business
30 Investment Credit. To determine the portion of a loan
31 or loans that is secured by property eligible for a
32 Section 201(h) investment credit to the borrower, the
33 entire principal amount of the loan or loans between
34 the taxpayer and the borrower should be divided into

1 the basis of the Section 201(h) investment credit
2 property which secures the loan or loans, using for
3 this purpose the original basis of such property on the
4 date that it was placed in service in a federally
5 designated Foreign Trade Zone or Sub-Zone located in
6 Illinois. No taxpayer that is eligible for the
7 deduction provided in subparagraph (M) of paragraph
8 (2) of this subsection shall be eligible for the
9 deduction provided under this subparagraph (M-1). The
10 subtraction modification available to taxpayers in any
11 year under this subsection shall be that portion of the
12 total interest paid by the borrower with respect to
13 such loan attributable to the eligible property as
14 calculated under the previous sentence;

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

24 (O) An amount equal to: (i) 85% for taxable years
25 ending on or before December 31, 1992, or, a percentage
26 equal to the percentage allowable under Section
27 243(a)(1) of the Internal Revenue Code of 1986 for
28 taxable years ending after December 31, 1992, of the
29 amount by which dividends included in taxable income
30 and received from a corporation that is not created or
31 organized under the laws of the United States or any
32 state or political subdivision thereof, including, for
33 taxable years ending on or after December 31, 1988,
34 dividends received or deemed received or paid or deemed

1 paid under Sections 951 through 964 of the Internal
2 Revenue Code, exceed the amount of the modification
3 provided under subparagraph (G) of paragraph (2) of
4 this subsection (b) which is related to such dividends;
5 plus (ii) 100% of the amount by which dividends,
6 included in taxable income and received, including,
7 for taxable years ending on or after December 31, 1988,
8 dividends received or deemed received or paid or deemed
9 paid under Sections 951 through 964 of the Internal
10 Revenue Code, from any such corporation specified in
11 clause (i) that would but for the provisions of Section
12 1504 (b) (3) of the Internal Revenue Code be treated as
13 a member of the affiliated group which includes the
14 dividend recipient, exceed the amount of the
15 modification provided under subparagraph (G) of
16 paragraph (2) of this subsection (b) which is related
17 to such dividends;

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

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

26 (R) In the case of an attorney-in-fact with respect
27 to whom an interinsurer or a reciprocal insurer has
28 made the election under Section 835 of the Internal
29 Revenue Code, 26 U.S.C. 835, an amount equal to the
30 excess, if any, of the amounts paid or incurred by that
31 interinsurer or reciprocal insurer in the taxable year
32 to the attorney-in-fact over the deduction allowed to
33 that interinsurer or reciprocal insurer with respect
34 to the attorney-in-fact under Section 835(b) of the

1 Internal Revenue Code for the taxable year;

2 (S) For taxable years ending on or after December
3 31, 1997, in the case of a Subchapter S corporation, an
4 amount equal to all amounts of income allocable to a
5 shareholder subject to the Personal Property Tax
6 Replacement Income Tax imposed by subsections (c) and
7 (d) of Section 201 of this Act, including amounts
8 allocable to organizations exempt from federal income
9 tax by reason of Section 501(a) of the Internal Revenue
10 Code. This subparagraph (S) is exempt from the
11 provisions of Section 250;

12 (T) For taxable years 2001 and thereafter, for the
13 taxable year in which the bonus depreciation deduction
14 (30% of the adjusted basis of the qualified property)
15 is taken on the taxpayer's federal income tax return
16 under subsection (k) of Section 168 of the Internal
17 Revenue Code and for each applicable taxable year
18 thereafter, an amount equal to "x", where:

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

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

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

1 (k) of Section 168 of the Internal Revenue Code; ~~and~~

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

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

12 (V) For taxable years ending on or after December
13 31, 2004 and on or before December 30, 2009, an amount,
14 to the extent not otherwise deductible by law, equal to
15 the amount spent in the taxable year by a health care
16 worker, as defined in subsection (d) of Section 15 of
17 the Health Care Worker Self-Referral Act, for actual
18 economic losses suffered by the health care worker in
19 the act of providing care to Medicaid patients; as used
20 in this subparagraph, "Medicaid" means those medical
21 assistance programs funded by the State of Illinois
22 under the Medical Assistance Article of the Illinois
23 Public Aid Code; the deduction under this subparagraph
24 may not reduce the taxpayer's taxable income to less
25 than zero and may not be carried forward or back to
26 reduce the taxable income of any other taxable year.

27 (3) Special rule. For purposes of paragraph (2) (A),
28 "gross income" in the case of a life insurance company, for
29 tax years ending on and after December 31, 1994, shall mean
30 the gross investment income for the taxable year.

31 (c) Trusts and estates.

32 (1) In general. In the case of a trust or estate, base
33 income means an amount equal to the taxpayer's taxable

1 income for the taxable year as modified by paragraph (2).

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

6 (A) An amount equal to all amounts paid or accrued
7 to the taxpayer as interest or dividends during the
8 taxable year to the extent excluded from gross income
9 in the computation of taxable income;

10 (B) In the case of (i) an estate, \$600; (ii) a
11 trust which, under its governing instrument, is
12 required to distribute all of its income currently,
13 \$300; and (iii) any other trust, \$100, but in each such
14 case, only to the extent such amount was deducted in
15 the computation of taxable income;

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

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

23 (E) For taxable years in which a net operating loss
24 carryback or carryforward from a taxable year ending
25 prior to December 31, 1986 is an element of taxable
26 income under paragraph (1) of subsection (e) or
27 subparagraph (E) of paragraph (2) of subsection (e),
28 the amount by which addition modifications other than
29 those provided by this subparagraph (E) exceeded
30 subtraction modifications in such taxable year, with
31 the following limitations applied in the order that
32 they are listed:

33 (i) the addition modification relating to the
34 net operating loss carried back or forward to the

1 taxable year from any taxable year ending prior to
2 December 31, 1986 shall be reduced by the amount of
3 addition modification under this subparagraph (E)
4 which related to that net operating loss and which
5 was taken into account in calculating the base
6 income of an earlier taxable year, and

7 (ii) the addition modification relating to the
8 net operating loss carried back or forward to the
9 taxable year from any taxable year ending prior to
10 December 31, 1986 shall not exceed the amount of
11 such carryback or carryforward;

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

19 (F) For taxable years ending on or after January 1,
20 1989, an amount equal to the tax deducted pursuant to
21 Section 164 of the Internal Revenue Code if the trust
22 or estate is claiming the same tax for purposes of the
23 Illinois foreign tax credit under Section 601 of this
24 Act;

25 (G) An amount equal to the amount of the capital
26 gain deduction allowable under the Internal Revenue
27 Code, to the extent deducted from gross income in the
28 computation of taxable income;

29 (G-5) For taxable years ending after December 31,
30 1997, an amount equal to any eligible remediation costs
31 that the trust or estate deducted in computing adjusted
32 gross income and for which the trust or estate claims a
33 credit under subsection (1) of Section 201;

34 (G-10) For taxable years 2001 and thereafter, an

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

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

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

18 and by deducting from the total so obtained the sum of the
19 following amounts:

20 (H) An amount equal to all amounts included in such
21 total pursuant to the provisions of Sections 402(a),
22 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
23 Internal Revenue Code or included in such total as
24 distributions under the provisions of any retirement
25 or disability plan for employees of any governmental
26 agency or unit, or retirement payments to retired
27 partners, which payments are excluded in computing net
28 earnings from self employment by Section 1402 of the
29 Internal Revenue Code and regulations adopted pursuant
30 thereto;

31 (I) The valuation limitation amount;

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

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

12 (L) With the exception of any amounts subtracted
13 under subparagraph (K), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
16 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 (M) 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 and conducts substantially all of its operations in an
30 Enterprise Zone or Zones;

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

34 (O) An amount equal to those dividends included in

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

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

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

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

13 (R) 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

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code; ~~and~~

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

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

13 (T) For taxable years ending on or after December
14 31, 2004 and on or before December 30, 2009, an amount,
15 to the extent not otherwise deductible by law, equal to
16 the amount spent in the taxable year by a health care
17 worker, as defined in subsection (d) of Section 15 of
18 the Health Care Worker Self-Referral Act, for actual
19 economic losses suffered by the health care worker in
20 the act of providing care to Medicaid patients; as used
21 in this subparagraph, "Medicaid" means those medical
22 assistance programs funded by the State of Illinois
23 under the Medical Assistance Article of the Illinois
24 Public Aid Code; the deduction under this subparagraph
25 may not reduce the taxpayer's taxable income to less
26 than zero and may not be carried forward or back to
27 reduce the taxable income of any other taxable year.

28 (3) Limitation. The amount of any modification
29 otherwise required under this subsection shall, under
30 regulations prescribed by the Department, be adjusted by
31 any amounts included therein which were properly paid,
32 credited, or required to be distributed, or permanently set
33 aside for charitable purposes pursuant to Internal Revenue
34 Code Section 642(c) during the taxable year.

1 (d) Partnerships.

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

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

8 (A) An amount equal to all amounts paid or accrued
9 to the taxpayer as interest or dividends during the
10 taxable year to the extent excluded from gross income
11 in the computation of taxable income;

12 (B) An amount equal to the amount of tax imposed by
13 this Act to the extent deducted from gross income for
14 the taxable year;

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

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

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

28 (D-6) If the taxpayer reports a capital gain or
29 loss on the taxpayer's federal income tax return for
30 the taxable year based on a sale or transfer of
31 property for which the taxpayer was required in any
32 taxable year to make an addition modification under
33 subparagraph (D-5), then an amount equal to the

1 aggregate amount of the deductions taken in all taxable
2 years under subparagraph (O) with respect to that
3 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 following
8 amounts:

9 (E) The valuation limitation amount;

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

13 (G) An amount equal to all amounts included in
14 taxable income as modified by subparagraphs (A), (B),
15 (C) and (D) which are exempt from taxation by this
16 State either by reason of its statutes or Constitution
17 or by reason of the Constitution, treaties or statutes
18 of the United States; provided that, in the case of any
19 statute of this State that exempts income derived from
20 bonds or other obligations from the tax imposed under
21 this Act, the amount exempted shall be the interest net
22 of bond premium amortization;

23 (H) Any income of the partnership which
24 constitutes personal service income as defined in
25 Section 1348 (b) (1) of the Internal Revenue Code (as
26 in effect December 31, 1981) or a reasonable allowance
27 for compensation paid or accrued for services rendered
28 by partners to the partnership, whichever is greater;

29 (I) An amount equal to all amounts of income
30 distributable to an entity subject to the Personal
31 Property Tax Replacement Income Tax imposed by
32 subsections (c) and (d) of Section 201 of this Act
33 including amounts distributable to organizations
34 exempt from federal income tax by reason of Section

1 501(a) of the Internal Revenue Code;

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

15 (K) An amount equal to those dividends included in
16 such total which were paid by a corporation which
17 conducts business operations in an Enterprise Zone or
18 zones created under the Illinois Enterprise Zone Act,
19 enacted by the 82nd General Assembly, and conducts
20 substantially all of its operations in an Enterprise
21 Zone or Zones;

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

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

34 (N) An amount equal to the amount of the deduction

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

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

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

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

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

29 (P) If the taxpayer reports a capital gain or loss
30 on the taxpayer's federal income tax return for the
31 taxable year based on a sale or transfer of property
32 for which the taxpayer was required in any taxable year
33 to make an addition modification under subparagraph
34 (D-5), then an amount equal to that addition

1 modification.

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

5 (Q) For taxable years ending on or after December
6 31, 2004 and on or before December 30, 2009, an amount,
7 to the extent not otherwise deductible by law, equal to
8 the amount spent in the taxable year by a health care
9 worker, as defined in subsection (d) of Section 15 of
10 the Health Care Worker Self-Referral Act, for actual
11 economic losses suffered by the health care worker in
12 the act of providing care to Medicaid patients; as used
13 in this subparagraph, "Medicaid" means those medical
14 assistance programs funded by the State of Illinois
15 under the Medical Assistance Article of the Illinois
16 Public Aid Code; the deduction under this subparagraph
17 may not reduce the taxpayer's taxable income to less
18 than zero and may not be carried forward or back to
19 reduce the taxable income of any other taxable year.

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

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

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

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

23 (A) Certain life insurance companies. In the case
24 of a life insurance company subject to the tax imposed
25 by Section 801 of the Internal Revenue Code, life
26 insurance company taxable income, plus the amount of
27 distribution from pre-1984 policyholder surplus
28 accounts as calculated under Section 815a of the
29 Internal Revenue Code;

30 (B) Certain other insurance companies. In the case
31 of mutual insurance companies subject to the tax
32 imposed by Section 831 of the Internal Revenue Code,
33 insurance company taxable income;

34 (C) Regulated investment companies. In the case of

1 a regulated investment company subject to the tax
2 imposed by Section 852 of the Internal Revenue Code,
3 investment company taxable income;

4 (D) Real estate investment trusts. In the case of a
5 real estate investment trust subject to the tax imposed
6 by Section 857 of the Internal Revenue Code, real
7 estate investment trust taxable income;

8 (E) Consolidated corporations. In the case of a
9 corporation which is a member of an affiliated group of
10 corporations filing a consolidated income tax return
11 for the taxable year for federal income tax purposes,
12 taxable income determined as if such corporation had
13 filed a separate return for federal income tax purposes
14 for the taxable year and each preceding taxable year
15 for which it was a member of an affiliated group. For
16 purposes of this subparagraph, the taxpayer's separate
17 taxable income shall be determined as if the election
18 provided by Section 243(b) (2) of the Internal Revenue
19 Code had been in effect for all such years;

20 (F) Cooperatives. In the case of a cooperative
21 corporation or association, the taxable income of such
22 organization determined in accordance with the
23 provisions of Section 1381 through 1388 of the Internal
24 Revenue Code;

25 (G) Subchapter S corporations. In the case of: (i)
26 a Subchapter S corporation for which there is in effect
27 an election for the taxable year under Section 1362 of
28 the Internal Revenue Code, the taxable income of such
29 corporation determined in accordance with Section
30 1363(b) of the Internal Revenue Code, except that
31 taxable income shall take into account those items
32 which are required by Section 1363(b)(1) of the
33 Internal Revenue Code to be separately stated; and (ii)
34 a Subchapter S corporation for which there is in effect

1 a federal election to opt out of the provisions of the
2 Subchapter S Revision Act of 1982 and have applied
3 instead the prior federal Subchapter S rules as in
4 effect on July 1, 1982, the taxable income of such
5 corporation determined in accordance with the federal
6 Subchapter S rules as in effect on July 1, 1982; and

7 (H) Partnerships. In the case of a partnership,
8 taxable income determined in accordance with Section
9 703 of the Internal Revenue Code, except that taxable
10 income shall take into account those items which are
11 required by Section 703(a)(1) to be separately stated
12 but which would be taken into account by an individual
13 in calculating his taxable income.

14 (f) Valuation limitation amount.

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

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

23 (B) The lesser of (i) the sum of the pre-August 1,
24 1969 appreciation amounts (to the extent consisting of
25 capital gain) for all property in respect of which such
26 gain was reported for federal income tax purposes for
27 the taxable year, or (ii) the net capital gain for the
28 taxable year, reduced in either case by any amount of
29 such gain included in the amount determined under
30 subsection (a) (2) (F) or (c) (2) (H).

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

32 (A) If the fair market value of property referred
33 to in paragraph (1) was readily ascertainable on August

1 1, 1969, the pre-August 1, 1969 appreciation amount for
2 such property is the lesser of (i) the excess of such
3 fair market value over the taxpayer's basis (for
4 determining gain) for such property on that date
5 (determined under the Internal Revenue Code as in
6 effect on that date), or (ii) the total gain realized
7 and reportable for federal income tax purposes in
8 respect of the sale, exchange or other disposition of
9 such property.

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

21 (C) The Department shall prescribe such
22 regulations as may be necessary to carry out the
23 purposes of this paragraph.

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

27 (h) Legislative intention. Except as expressly provided by
28 this Section there shall be no modifications or limitations on
29 the amounts of income, gain, loss or deduction taken into
30 account in determining gross income, adjusted gross income or
31 taxable income for federal income tax purposes for the taxable
32 year, or in the amount of such items entering into the

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

4 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
5 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
6 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
7 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
8 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
9 7-11-02; 92-846, eff. 8-23-02; revised 10-15-03.)

10 (35 ILCS 5/216 new)

11 Sec. 216. Medical liability insurance tax credit.

12 (a) For taxable years ending on or after December 31, 2004
13 and on or before December 30, 2009, each taxpayer that is a
14 health care worker, as defined in subsection (d) of Section 15
15 of the Health Care Worker Self-Referral Act, is entitled to a
16 credit against the tax imposed by subsections (a) and (b) of
17 Section 201 in the amount spent by the taxpayer in the taxable
18 year for medical liability insurance, as defined in Section
19 155.21 of the Illinois Insurance Code.

20 (b) The tax credit may not reduce the taxpayer's liability
21 to less than zero. If the amount of the credit exceeds the tax
22 liability for the year, the excess may not be carried forward
23 or back to apply to the tax liability of any taxable year other
24 than the excess credit year.

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