



## 93RD GENERAL ASSEMBLY

### State of Illinois

### 2003 and 2004

Introduced 02/09/04, by George Scully Jr.

#### SYNOPSIS AS INTRODUCED:

30 ILCS 105/5.625 new	
30 ILCS 105/6z-61 new	
35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/202.5 new	
35 ILCS 5/804	from Ch. 120, par. 8-804
35 ILCS 5/901	from Ch. 120, par. 9-901
35 ILCS 200/18-178 new	
35 ILCS 200/18-255	
35 ILCS 200/20-15	
35 ILCS 200/21-30	

Amends the State Finance Act, the Illinois Income Tax Act, and the Property Tax Code. Beginning on July 1, 2004, increases income taxes and provides that two-thirds of the increased revenue shall be deposited into the School District Property Tax Relief Fund to fund property tax abatements and that one-third of the increased revenue shall be deposited into the Common School Fund. Provides a mechanism for property tax abatements. Effective July 1, 2004.

LRB093 16600 SJM 42249 b

FISCAL NOTE ACT  
MAY APPLY

1 AN ACT concerning schools.

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

4 ARTICLE 15

5  
6 Section 15-5. The Property Tax Code is amended by changing  
7 The State Finance Act is amended by adding Sections 5.625 and  
8 6z-61 as follows:

9 (30 ILCS 105/5.625 new)

10 Sec. 5.625. The School District Property Tax Relief Fund.

11 (30 ILCS 105/6z-61 new)

12 Sec. 6z-61. School District Property Tax Relief Fund. The  
13 School District Property Tax Relief Fund is created as a  
14 special fund in the State treasury. All interest earned on  
15 moneys in the Fund shall be deposited into the Fund.

16 (a) As used in this Section:

17 "Department" means the Illinois Department of Revenue.

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

22 (b) On November 15, 16, or 17 of each year beginning in  
23 2004, the Department must certify the amount of money available  
24 for school district property tax relief grants. The amount  
25 available is equal to the amount appropriated by the General  
26 Assembly or the unencumbered amount in the Fund at the time of  
27 certification, whichever is less.

28 (c) On November 15, 16, or 17 of each year beginning in  
29 2004, the Department must calculate each school district's  
30 grant amount.

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

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

20       (2) School district A:

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

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

26       (3) School district B:

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

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

32 For school district A, the tax rate multiplied by the preceding  
33 tax year's equalized assessed value of all taxable property is  
34 \$750,000 (1.50% multiplied by \$50,000,000). For school  
35 district B, the tax rate multiplied by the preceding tax year's  
36 equalized assessed value of all taxable property is \$1,012,500

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

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

15 (d) On November 15, 16, or 17 of each year beginning in  
16 2004, the Department must certify to the county clerk of each  
17 county the amount of the grant for each school district lying  
18 wholly or partly in the county to be paid to the county  
19 collector for distribution to the school district. The amount  
20 of the grant for a school district that lies partly in the  
21 county shall be that amount which bears the same ratio to the  
22 grant for the whole school district as the equalized assessed  
23 value of the taxable property in the school district for the  
24 preceding tax year that lies in the county bears to the  
25 equalized assessed value of all taxable property in the school  
26 district for the preceding tax year.

27 (e) Upon receipt of a notice from the county clerk required  
28 under Section 18-178 of the Property Tax Code that the  
29 extension for educational purposes has been determined and  
30 abated for each school district or part of a school district in  
31 the county, the Department must certify to the Comptroller the  
32 amount of the school district property tax relief grant to be  
33 paid to the county collector. The Comptroller must promptly pay  
34 the grants to the county collector. Upon receipt of the school  
35 district property tax relief grants, the county collector must  
36 pay the grants to the respective school districts within 5

1 business days.

2 Section 15-10. The Illinois Income Tax Act is amended by  
3 changing Sections 201, 804, and 901 and by adding Section 202.5  
4 as follows:

5 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

6 Sec. 201. Tax Imposed.

7 (a) In general. A tax measured by net income is hereby  
8 imposed on every individual, corporation, trust and estate for  
9 each taxable year ending after July 31, 1969 on the privilege  
10 of earning or receiving income in or as a resident of this  
11 State. Such tax shall be in addition to all other occupation or  
12 privilege taxes imposed by this State or by any municipal  
13 corporation or political subdivision thereof.

14 (b) Rates. The tax imposed by subsection (a) of this  
15 Section shall be determined as follows, except as adjusted by  
16 subsection (d-1):

17 (1) In the case of an individual, trust or estate, for  
18 taxable years ending prior to July 1, 1989, an amount equal  
19 to 2 1/2% of the taxpayer's net income for the taxable  
20 year.

21 (2) In the case of an individual, trust or estate, for  
22 taxable years beginning prior to July 1, 1989 and ending  
23 after June 30, 1989, an amount equal to the sum of (i) 2  
24 1/2% of the taxpayer's net income for the period prior to  
25 July 1, 1989, as calculated under Section 202.3, and (ii)  
26 3% of the taxpayer's net income for the period after June  
27 30, 1989, as calculated under Section 202.3.

28 (3) In the case of an individual, trust or estate, for  
29 taxable years beginning after June 30, 1989 and ending  
30 prior to July 1, 2004, an amount equal to 3% of the  
31 taxpayer's net income for the taxable year.

32 (4) In the case of an individual, trust, or estate, for  
33 taxable years beginning prior to July 1, 2004 and ending  
34 after June 30, 2004, an amount equal to the sum of (i) 3%

1 of the taxpayer's net income for the period prior to July  
2 1, 2004, as calculated under Section 202.5, and (ii) 4% of  
3 the taxpayer's net income for the period after June 30,  
4 2004, as calculated under Section 202.5 ~~(Blank)~~.

5 (5) In the case of an individual, trust, or estate, for  
6 taxable years beginning after June 30, 2004, an amount  
7 equal to 4% of the taxpayer's net income for the taxable  
8 year ~~(Blank)~~.

9 (6) In the case of a corporation, for taxable years  
10 ending prior to July 1, 1989, an amount equal to 4% of the  
11 taxpayer's net income for the taxable year.

12 (7) In the case of a corporation, for taxable years  
13 beginning prior to July 1, 1989 and ending after June 30,  
14 1989, an amount equal to the sum of (i) 4% of the  
15 taxpayer's net income for the period prior to July 1, 1989,  
16 as calculated under Section 202.3, and (ii) 4.8% of the  
17 taxpayer's net income for the period after June 30, 1989,  
18 as calculated under Section 202.3.

19 (8) In the case of a corporation, for taxable years  
20 beginning after June 30, 1989 and ending prior to July 1,  
21 2004, an amount equal to 4.8% of the taxpayer's net income  
22 for the taxable year.

23 (9) In the case of a corporation, for taxable years  
24 beginning prior to July 1, 2004 and ending after June 30,  
25 2004, an amount equal to the sum of (i) 4.8% of the  
26 taxpayer's net income for the period prior to July 1, 2004,  
27 as calculated under Section 202.5, and (ii) 6.4% of the  
28 taxpayer's net income for the period after June 30, 2004,  
29 as calculated under Section 202.5.

30 (10) In the case of a corporation, for taxable years  
31 beginning after June 30, 2004, an amount equal to 6.4% of  
32 the taxpayer's net income for the taxable year.

33 (c) Personal Property Tax Replacement Income Tax.  
34 Beginning on July 1, 1979 and thereafter, in addition to such  
35 income tax, there is also hereby imposed the Personal Property  
36 Tax Replacement Income Tax measured by net income on every

1 corporation (including Subchapter S corporations), partnership  
2 and trust, for each taxable year ending after June 30, 1979.  
3 Such taxes are imposed on the privilege of earning or receiving  
4 income in or as a resident of this State. The Personal Property  
5 Tax Replacement Income Tax shall be in addition to the income  
6 tax imposed by subsections (a) and (b) of this Section and in  
7 addition to all other occupation or privilege taxes imposed by  
8 this State or by any municipal corporation or political  
9 subdivision thereof.

10 (d) Additional Personal Property Tax Replacement Income  
11 Tax Rates. The personal property tax replacement income tax  
12 imposed by this subsection and subsection (c) of this Section  
13 in the case of a corporation, other than a Subchapter S  
14 corporation and except as adjusted by subsection (d-1), shall  
15 be an additional amount equal to 2.85% of such taxpayer's net  
16 income for the taxable year, except that beginning on January  
17 1, 1981, and thereafter, the rate of 2.85% specified in this  
18 subsection shall be reduced to 2.5%, and in the case of a  
19 partnership, trust or a Subchapter S corporation shall be an  
20 additional amount equal to 1.5% of such taxpayer's net income  
21 for the taxable year.

22 (d-1) Rate reduction for certain foreign insurers. In the  
23 case of a foreign insurer, as defined by Section 35A-5 of the  
24 Illinois Insurance Code, whose state or country of domicile  
25 imposes on insurers domiciled in Illinois a retaliatory tax  
26 (excluding any insurer whose premiums from reinsurance assumed  
27 are 50% or more of its total insurance premiums as determined  
28 under paragraph (2) of subsection (b) of Section 304, except  
29 that for purposes of this determination premiums from  
30 reinsurance do not include premiums from inter-affiliate  
31 reinsurance arrangements), beginning with taxable years ending  
32 on or after December 31, 1999, the sum of the rates of tax  
33 imposed by subsections (b) and (d) shall be reduced (but not  
34 increased) to the rate at which the total amount of tax imposed  
35 under this Act, net of all credits allowed under this Act,  
36 shall equal (i) the total amount of tax that would be imposed

1 on the foreign insurer's net income allocable to Illinois for  
2 the taxable year by such foreign insurer's state or country of  
3 domicile if that net income were subject to all income taxes  
4 and taxes measured by net income imposed by such foreign  
5 insurer's state or country of domicile, net of all credits  
6 allowed or (ii) a rate of zero if no such tax is imposed on such  
7 income by the foreign insurer's state of domicile. For the  
8 purposes of this subsection (d-1), an inter-affiliate includes  
9 a mutual insurer under common management.

10 (1) For the purposes of subsection (d-1), in no event  
11 shall the sum of the rates of tax imposed by subsections  
12 (b) and (d) be reduced below the rate at which the sum of:

13 (A) the total amount of tax imposed on such foreign  
14 insurer under this Act for a taxable year, net of all  
15 credits allowed under this Act, plus

16 (B) the privilege tax imposed by Section 409 of the  
17 Illinois Insurance Code, the fire insurance company  
18 tax imposed by Section 12 of the Fire Investigation  
19 Act, and the fire department taxes imposed under  
20 Section 11-10-1 of the Illinois Municipal Code,  
21 equals 1.25% for taxable years ending prior to December 31,  
22 2003, or 1.75% for taxable years ending on or after  
23 December 31, 2003, of the net taxable premiums written for  
24 the taxable year, as described by subsection (1) of Section  
25 409 of the Illinois Insurance Code. This paragraph will in  
26 no event increase the rates imposed under subsections (b)  
27 and (d).

28 (2) Any reduction in the rates of tax imposed by this  
29 subsection shall be applied first against the rates imposed  
30 by subsection (b) and only after the tax imposed by  
31 subsection (a) net of all credits allowed under this  
32 Section other than the credit allowed under subsection (i)  
33 has been reduced to zero, against the rates imposed by  
34 subsection (d).

35 This subsection (d-1) is exempt from the provisions of  
36 Section 250.



1 (e) Investment credit. A taxpayer shall be allowed a credit  
2 against the Personal Property Tax Replacement Income Tax for  
3 investment in qualified property.

4 (1) A taxpayer shall be allowed a credit equal to .5%  
5 of the basis of qualified property placed in service during  
6 the taxable year, provided such property is placed in  
7 service on or after July 1, 1984. There shall be allowed an  
8 additional credit equal to .5% of the basis of qualified  
9 property placed in service during the taxable year,  
10 provided such property is placed in service on or after  
11 July 1, 1986, and the taxpayer's base employment within  
12 Illinois has increased by 1% or more over the preceding  
13 year as determined by the taxpayer's employment records  
14 filed with the Illinois Department of Employment Security.  
15 Taxpayers who are new to Illinois shall be deemed to have  
16 met the 1% growth in base employment for the first year in  
17 which they file employment records with the Illinois  
18 Department of Employment Security. The provisions added to  
19 this Section by Public Act 85-1200 (and restored by Public  
20 Act 87-895) shall be construed as declaratory of existing  
21 law and not as a new enactment. If, in any year, the  
22 increase in base employment within Illinois over the  
23 preceding year is less than 1%, the additional credit shall  
24 be limited to that percentage times a fraction, the  
25 numerator of which is .5% and the denominator of which is  
26 1%, but shall not exceed .5%. The investment credit shall  
27 not be allowed to the extent that it would reduce a  
28 taxpayer's liability in any tax year below zero, nor may  
29 any credit for qualified property be allowed for any year  
30 other than the year in which the property was placed in  
31 service in Illinois. For tax years ending on or after  
32 December 31, 1987, and on or before December 31, 1988, the  
33 credit shall be allowed for the tax year in which the  
34 property is placed in service, or, if the amount of the  
35 credit exceeds the tax liability for that year, whether it  
36 exceeds the original liability or the liability as later

1 amended, such excess may be carried forward and applied to  
2 the tax liability of the 5 taxable years following the  
3 excess credit years if the taxpayer (i) makes investments  
4 which cause the creation of a minimum of 2,000 full-time  
5 equivalent jobs in Illinois, (ii) is located in an  
6 enterprise zone established pursuant to the Illinois  
7 Enterprise Zone Act and (iii) is certified by the  
8 Department of Commerce and Community Affairs (now  
9 Department of Commerce and Economic Opportunity) as  
10 complying with the requirements specified in clause (i) and  
11 (ii) by July 1, 1986. The Department of Commerce and  
12 Community Affairs (now Department of Commerce and Economic  
13 Opportunity) shall notify the Department of Revenue of all  
14 such certifications immediately. For tax years ending  
15 after December 31, 1988, the credit shall be allowed for  
16 the tax year in which the property is placed in service,  
17 or, if the amount of the credit exceeds the tax liability  
18 for that year, whether it exceeds the original liability or  
19 the liability as later amended, such excess may be carried  
20 forward and applied to the tax liability of the 5 taxable  
21 years following the excess credit years. The credit shall  
22 be applied to the earliest year for which there is a  
23 liability. If there is credit from more than one tax year  
24 that is available to offset a liability, earlier credit  
25 shall be applied first.

26 (2) The term "qualified property" means property  
27 which:

28 (A) is tangible, whether new or used, including  
29 buildings and structural components of buildings and  
30 signs that are real property, but not including land or  
31 improvements to real property that are not a structural  
32 component of a building such as landscaping, sewer  
33 lines, local access roads, fencing, parking lots, and  
34 other appurtenances;

35 (B) is depreciable pursuant to Section 167 of the  
36 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not  
2 eligible for the credit provided by this subsection  
3 (e);

4 (C) is acquired by purchase as defined in Section  
5 179(d) of the Internal Revenue Code;

6 (D) is used in Illinois by a taxpayer who is  
7 primarily engaged in manufacturing, or in mining coal  
8 or fluorite, or in retailing; and

9 (E) has not previously been used in Illinois in  
10 such a manner and by such a person as would qualify for  
11 the credit provided by this subsection (e) or  
12 subsection (f).

13 (3) For purposes of this subsection (e),  
14 "manufacturing" means the material staging and production  
15 of tangible personal property by procedures commonly  
16 regarded as manufacturing, processing, fabrication, or  
17 assembling which changes some existing material into new  
18 shapes, new qualities, or new combinations. For purposes of  
19 this subsection (e) the term "mining" shall have the same  
20 meaning as the term "mining" in Section 613(c) of the  
21 Internal Revenue Code. For purposes of this subsection (e),  
22 the term "retailing" means the sale of tangible personal  
23 property or services rendered in conjunction with the sale  
24 of tangible consumer goods or commodities.

25 (4) The basis of qualified property shall be the basis  
26 used to compute the depreciation deduction for federal  
27 income tax purposes.

28 (5) If the basis of the property for federal income tax  
29 depreciation purposes is increased after it has been placed  
30 in service in Illinois by the taxpayer, the amount of such  
31 increase shall be deemed property placed in service on the  
32 date of such increase in basis.

33 (6) The term "placed in service" shall have the same  
34 meaning as under Section 46 of the Internal Revenue Code.

35 (7) If during any taxable year, any property ceases to  
36 be qualified property in the hands of the taxpayer within

1 48 months after being placed in service, or the situs of  
2 any qualified property is moved outside Illinois within 48  
3 months after being placed in service, the Personal Property  
4 Tax Replacement Income Tax for such taxable year shall be  
5 increased. Such increase shall be determined by (i)  
6 recomputing the investment credit which would have been  
7 allowed for the year in which credit for such property was  
8 originally allowed by eliminating such property from such  
9 computation and, (ii) subtracting such recomputed credit  
10 from the amount of credit previously allowed. For the  
11 purposes of this paragraph (7), a reduction of the basis of  
12 qualified property resulting from a redetermination of the  
13 purchase price shall be deemed a disposition of qualified  
14 property to the extent of such reduction.

15 (8) Unless the investment credit is extended by law,  
16 the basis of qualified property shall not include costs  
17 incurred after December 31, 2003, except for costs incurred  
18 pursuant to a binding contract entered into on or before  
19 December 31, 2003.

20 (9) Each taxable year ending before December 31, 2000,  
21 a partnership may elect to pass through to its partners the  
22 credits to which the partnership is entitled under this  
23 subsection (e) for the taxable year. A partner may use the  
24 credit allocated to him or her under this paragraph only  
25 against the tax imposed in subsections (c) and (d) of this  
26 Section. If the partnership makes that election, those  
27 credits shall be allocated among the partners in the  
28 partnership in accordance with the rules set forth in  
29 Section 704(b) of the Internal Revenue Code, and the rules  
30 promulgated under that Section, and the allocated amount of  
31 the credits shall be allowed to the partners for that  
32 taxable year. The partnership shall make this election on  
33 its Personal Property Tax Replacement Income Tax return for  
34 that taxable year. The election to pass through the credits  
35 shall be irrevocable.

36 For taxable years ending on or after December 31, 2000,

1 a partner that qualifies its partnership for a subtraction  
2 under subparagraph (I) of paragraph (2) of subsection (d)  
3 of Section 203 or a shareholder that qualifies a Subchapter  
4 S corporation for a subtraction under subparagraph (S) of  
5 paragraph (2) of subsection (b) of Section 203 shall be  
6 allowed a credit under this subsection (e) equal to its  
7 share of the credit earned under this subsection (e) during  
8 the taxable year by the partnership or Subchapter S  
9 corporation, determined in accordance with the  
10 determination of income and distributive share of income  
11 under Sections 702 and 704 and Subchapter S of the Internal  
12 Revenue Code. This paragraph is exempt from the provisions  
13 of Section 250.

14 (f) Investment credit; Enterprise Zone.

15 (1) A taxpayer shall be allowed a credit against the  
16 tax imposed by subsections (a) and (b) of this Section for  
17 investment in qualified property which is placed in service  
18 in an Enterprise Zone created pursuant to the Illinois  
19 Enterprise Zone Act. For partners, shareholders of  
20 Subchapter S corporations, and owners of limited liability  
21 companies, if the liability company is treated as a  
22 partnership for purposes of federal and State income  
23 taxation, there shall be allowed a credit under this  
24 subsection (f) to be determined in accordance with the  
25 determination of income and distributive share of income  
26 under Sections 702 and 704 and Subchapter S of the Internal  
27 Revenue Code. The credit shall be .5% of the basis for such  
28 property. The credit shall be available only in the taxable  
29 year in which the property is placed in service in the  
30 Enterprise Zone and shall not be allowed to the extent that  
31 it would reduce a taxpayer's liability for the tax imposed  
32 by subsections (a) and (b) of this Section to below zero.  
33 For tax years ending on or after December 31, 1985, the  
34 credit shall be allowed for the tax year in which the  
35 property is placed in service, or, if the amount of the  
36 credit exceeds the tax liability for that year, whether it

1 exceeds the original liability or the liability as later  
2 amended, such excess may be carried forward and applied to  
3 the tax liability of the 5 taxable years following the  
4 excess credit year. The credit shall be applied to the  
5 earliest year for which there is a liability. If there is  
6 credit from more than one tax year that is available to  
7 offset a liability, the credit accruing first in time shall  
8 be applied first.

9 (2) The term qualified property means property which:

10 (A) is tangible, whether new or used, including  
11 buildings and structural components of buildings;

12 (B) is depreciable pursuant to Section 167 of the  
13 Internal Revenue Code, except that "3-year property"  
14 as defined in Section 168(c)(2)(A) of that Code is not  
15 eligible for the credit provided by this subsection  
16 (f);

17 (C) is acquired by purchase as defined in Section  
18 179(d) of the Internal Revenue Code;

19 (D) is used in the Enterprise Zone by the taxpayer;  
20 and

21 (E) has not been previously used in Illinois in  
22 such a manner and by such a person as would qualify for  
23 the credit provided by this subsection (f) or  
24 subsection (e).

25 (3) The basis of qualified property shall be the basis  
26 used to compute the depreciation deduction for federal  
27 income tax purposes.

28 (4) If the basis of the property for federal income tax  
29 depreciation purposes is increased after it has been placed  
30 in service in the Enterprise Zone by the taxpayer, the  
31 amount of such increase shall be deemed property placed in  
32 service on the date of such increase in basis.

33 (5) The term "placed in service" shall have the same  
34 meaning as under Section 46 of the Internal Revenue Code.

35 (6) If during any taxable year, any property ceases to  
36 be qualified property in the hands of the taxpayer within

1 48 months after being placed in service, or the situs of  
2 any qualified property is moved outside the Enterprise Zone  
3 within 48 months after being placed in service, the tax  
4 imposed under subsections (a) and (b) of this Section for  
5 such taxable year shall be increased. Such increase shall  
6 be determined by (i) recomputing the investment credit  
7 which would have been allowed for the year in which credit  
8 for such property was originally allowed by eliminating  
9 such property from such computation, and (ii) subtracting  
10 such recomputed credit from the amount of credit previously  
11 allowed. For the purposes of this paragraph (6), a  
12 reduction of the basis of qualified property resulting from  
13 a redetermination of the purchase price shall be deemed a  
14 disposition of qualified property to the extent of such  
15 reduction.

16 (g) Jobs Tax Credit; Enterprise Zone and Foreign Trade  
17 Zone or Sub-Zone.

18 (1) A taxpayer conducting a trade or business in an  
19 enterprise zone or a High Impact Business designated by the  
20 Department of Commerce and Economic Opportunity ~~Community~~  
21 ~~Affairs~~ conducting a trade or business in a federally  
22 designated Foreign Trade Zone or Sub-Zone shall be allowed  
23 a credit against the tax imposed by subsections (a) and (b)  
24 of this Section in the amount of \$500 per eligible employee  
25 hired to work in the zone during the taxable year.

26 (2) To qualify for the credit:

27 (A) the taxpayer must hire 5 or more eligible  
28 employees to work in an enterprise zone or federally  
29 designated Foreign Trade Zone or Sub-Zone during the  
30 taxable year;

31 (B) the taxpayer's total employment within the  
32 enterprise zone or federally designated Foreign Trade  
33 Zone or Sub-Zone must increase by 5 or more full-time  
34 employees beyond the total employed in that zone at the  
35 end of the previous tax year for which a jobs tax  
36 credit under this Section was taken, or beyond the

1 total employed by the taxpayer as of December 31, 1985,  
2 whichever is later; and

3 (C) the eligible employees must be employed 180  
4 consecutive days in order to be deemed hired for  
5 purposes of this subsection.

6 (3) An "eligible employee" means an employee who is:

7 (A) Certified by the Department of Commerce and  
8 Economic Opportunity ~~Community Affairs~~ as "eligible  
9 for services" pursuant to regulations promulgated in  
10 accordance with Title II of the Job Training  
11 Partnership Act, Training Services for the  
12 Disadvantaged or Title III of the Job Training  
13 Partnership Act, Employment and Training Assistance  
14 for Dislocated Workers Program.

15 (B) Hired after the enterprise zone or federally  
16 designated Foreign Trade Zone or Sub-Zone was  
17 designated or the trade or business was located in that  
18 zone, whichever is later.

19 (C) Employed in the enterprise zone or Foreign  
20 Trade Zone or Sub-Zone. An employee is employed in an  
21 enterprise zone or federally designated Foreign Trade  
22 Zone or Sub-Zone if his services are rendered there or  
23 it is the base of operations for the services  
24 performed.

25 (D) A full-time employee working 30 or more hours  
26 per week.

27 (4) For tax years ending on or after December 31, 1985  
28 and prior to December 31, 1988, the credit shall be allowed  
29 for the tax year in which the eligible employees are hired.  
30 For tax years ending on or after December 31, 1988, the  
31 credit shall be allowed for the tax year immediately  
32 following the tax year in which the eligible employees are  
33 hired. If the amount of the credit exceeds the tax  
34 liability for that year, whether it exceeds the original  
35 liability or the liability as later amended, such excess  
36 may be carried forward and applied to the tax liability of



1 the 5 taxable years following the excess credit year. The  
2 credit shall be applied to the earliest year for which  
3 there is a liability. If there is credit from more than one  
4 tax year that is available to offset a liability, earlier  
5 credit shall be applied first.

6 (5) The Department of Revenue shall promulgate such  
7 rules and regulations as may be deemed necessary to carry  
8 out the purposes of this subsection (g).

9 (6) The credit shall be available for eligible  
10 employees hired on or after January 1, 1986.

11 (h) Investment credit; High Impact Business.

12 (1) Subject to subsections (b) and (b-5) of Section 5.5  
13 of the Illinois Enterprise Zone Act, a taxpayer shall be  
14 allowed a credit against the tax imposed by subsections (a)  
15 and (b) of this Section for investment in qualified  
16 property which is placed in service by a Department of  
17 Commerce and Economic Opportunity ~~Community Affairs~~  
18 designated High Impact Business. The credit shall be .5% of  
19 the basis for such property. The credit shall not be  
20 available (i) until the minimum investments in qualified  
21 property set forth in subdivision (a) (3) (A) of Section 5.5  
22 of the Illinois Enterprise Zone Act have been satisfied or  
23 (ii) until the time authorized in subsection (b-5) of the  
24 Illinois Enterprise Zone Act for entities designated as  
25 High Impact Businesses under subdivisions (a) (3) (B),  
26 (a) (3) (C), and (a) (3) (D) of Section 5.5 of the Illinois  
27 Enterprise Zone Act, and shall not be allowed to the extent  
28 that it would reduce a taxpayer's liability for the tax  
29 imposed by subsections (a) and (b) of this Section to below  
30 zero. The credit applicable to such investments shall be  
31 taken in the taxable year in which such investments have  
32 been completed. The credit for additional investments  
33 beyond the minimum investment by a designated high impact  
34 business authorized under subdivision (a) (3) (A) of Section  
35 5.5 of the Illinois Enterprise Zone Act shall be available  
36 only in the taxable year in which the property is placed in

1 service and shall not be allowed to the extent that it  
2 would reduce a taxpayer's liability for the tax imposed by  
3 subsections (a) and (b) of this Section to below zero. For  
4 tax years ending on or after December 31, 1987, the credit  
5 shall be allowed for the tax year in which the property is  
6 placed in service, or, if the amount of the credit exceeds  
7 the tax liability for that year, whether it exceeds the  
8 original liability or the liability as later amended, such  
9 excess may be carried forward and applied to the tax  
10 liability of the 5 taxable years following the excess  
11 credit year. The credit shall be applied to the earliest  
12 year for which there is a liability. If there is credit  
13 from more than one tax year that is available to offset a  
14 liability, the credit accruing first in time shall be  
15 applied first.

16 Changes made in this subdivision (h) (1) by Public Act  
17 88-670 restore changes made by Public Act 85-1182 and  
18 reflect existing law.

19 (2) The term qualified property means property which:

20 (A) is tangible, whether new or used, including  
21 buildings and structural components of buildings;

22 (B) is depreciable pursuant to Section 167 of the  
23 Internal Revenue Code, except that "3-year property"  
24 as defined in Section 168(c) (2) (A) of that Code is not  
25 eligible for the credit provided by this subsection  
26 (h);

27 (C) is acquired by purchase as defined in Section  
28 179(d) of the Internal Revenue Code; and

29 (D) is not eligible for the Enterprise Zone  
30 Investment Credit provided by subsection (f) of this  
31 Section.

32 (3) The basis of qualified property shall be the basis  
33 used to compute the depreciation deduction for federal  
34 income tax purposes.

35 (4) If the basis of the property for federal income tax  
36 depreciation purposes is increased after it has been placed

1 in service in a federally designated Foreign Trade Zone or  
2 Sub-Zone located in Illinois by the taxpayer, the amount of  
3 such increase shall be deemed property placed in service on  
4 the date of such increase in basis.

5 (5) The term "placed in service" shall have the same  
6 meaning as under Section 46 of the Internal Revenue Code.

7 (6) If during any taxable year ending on or before  
8 December 31, 1996, any property ceases to be qualified  
9 property in the hands of the taxpayer within 48 months  
10 after being placed in service, or the situs of any  
11 qualified property is moved outside Illinois within 48  
12 months after being placed in service, the tax imposed under  
13 subsections (a) and (b) of this Section for such taxable  
14 year shall be increased. Such increase shall be determined  
15 by (i) recomputing the investment credit which would have  
16 been allowed for the year in which credit for such property  
17 was originally allowed by eliminating such property from  
18 such computation, and (ii) subtracting such recomputed  
19 credit from the amount of credit previously allowed. For  
20 the purposes of this paragraph (6), a reduction of the  
21 basis of qualified property resulting from a  
22 redetermination of the purchase price shall be deemed a  
23 disposition of qualified property to the extent of such  
24 reduction.

25 (7) Beginning with tax years ending after December 31,  
26 1996, if a taxpayer qualifies for the credit under this  
27 subsection (h) and thereby is granted a tax abatement and  
28 the taxpayer relocates its entire facility in violation of  
29 the explicit terms and length of the contract under Section  
30 18-183 of the Property Tax Code, the tax imposed under  
31 subsections (a) and (b) of this Section shall be increased  
32 for the taxable year in which the taxpayer relocated its  
33 facility by an amount equal to the amount of credit  
34 received by the taxpayer under this subsection (h).

35 (i) Credit for Personal Property Tax Replacement Income  
36 Tax. For tax years ending prior to December 31, 2003, a credit

1 shall be allowed against the tax imposed by subsections (a) and  
2 (b) of this Section for the tax imposed by subsections (c) and  
3 (d) of this Section. This credit shall be computed by  
4 multiplying the tax imposed by subsections (c) and (d) of this  
5 Section by a fraction, the numerator of which is base income  
6 allocable to Illinois and the denominator of which is Illinois  
7 base income, and further multiplying the product by the tax  
8 rate imposed by subsections (a) and (b) of this Section.

9 Any credit earned on or after December 31, 1986 under this  
10 subsection which is unused in the year the credit is computed  
11 because it exceeds the tax liability imposed by subsections (a)  
12 and (b) for that year (whether it exceeds the original  
13 liability or the liability as later amended) may be carried  
14 forward and applied to the tax liability imposed by subsections  
15 (a) and (b) of the 5 taxable years following the excess credit  
16 year, provided that no credit may be carried forward to any  
17 year ending on or after December 31, 2003. This credit shall be  
18 applied first to the earliest year for which there is a  
19 liability. If there is a credit under this subsection from more  
20 than one tax year that is available to offset a liability the  
21 earliest credit arising under this subsection shall be applied  
22 first.

23 If, during any taxable year ending on or after December 31,  
24 1986, the tax imposed by subsections (c) and (d) of this  
25 Section for which a taxpayer has claimed a credit under this  
26 subsection (i) is reduced, the amount of credit for such tax  
27 shall also be reduced. Such reduction shall be determined by  
28 recomputing the credit to take into account the reduced tax  
29 imposed by subsections (c) and (d). If any portion of the  
30 reduced amount of credit has been carried to a different  
31 taxable year, an amended return shall be filed for such taxable  
32 year to reduce the amount of credit claimed.

33 (j) Training expense credit. Beginning with tax years  
34 ending on or after December 31, 1986 and prior to December 31,  
35 2003, a taxpayer shall be allowed a credit against the tax  
36 imposed by subsections (a) and (b) under this Section for all

1 amounts paid or accrued, on behalf of all persons employed by  
2 the taxpayer in Illinois or Illinois residents employed outside  
3 of Illinois by a taxpayer, for educational or vocational  
4 training in semi-technical or technical fields or semi-skilled  
5 or skilled fields, which were deducted from gross income in the  
6 computation of taxable income. The credit against the tax  
7 imposed by subsections (a) and (b) shall be 1.6% of such  
8 training expenses. For partners, shareholders of subchapter S  
9 corporations, and owners of limited liability companies, if the  
10 liability company is treated as a partnership for purposes of  
11 federal and State income taxation, there shall be allowed a  
12 credit under this subsection (j) to be determined in accordance  
13 with the determination of income and distributive share of  
14 income under Sections 702 and 704 and subchapter S of the  
15 Internal Revenue Code.

16 Any credit allowed under this subsection which is unused in  
17 the year the credit is earned may be carried forward to each of  
18 the 5 taxable years following the year for which the credit is  
19 first computed until it is used. This credit shall be applied  
20 first to the earliest year for which there is a liability. If  
21 there is a credit under this subsection from more than one tax  
22 year that is available to offset a liability the earliest  
23 credit arising under this subsection shall be applied first. No  
24 carryforward credit may be claimed in any tax year ending on or  
25 after December 31, 2003.

26 (k) Research and development credit.

27 For tax years ending after July 1, 1990 and prior to  
28 December 31, 2003, a taxpayer shall be allowed a credit against  
29 the tax imposed by subsections (a) and (b) of this Section for  
30 increasing research activities in this State. The credit  
31 allowed against the tax imposed by subsections (a) and (b)  
32 shall be equal to 6 1/2% of the qualifying expenditures for  
33 increasing research activities in this State. For partners,  
34 shareholders of subchapter S corporations, and owners of  
35 limited liability companies, if the liability company is  
36 treated as a partnership for purposes of federal and State

1 income taxation, there shall be allowed a credit under this  
2 subsection to be determined in accordance with the  
3 determination of income and distributive share of income under  
4 Sections 702 and 704 and subchapter S of the Internal Revenue  
5 Code.

6 For purposes of this subsection, "qualifying expenditures"  
7 means the qualifying expenditures as defined for the federal  
8 credit for increasing research activities which would be  
9 allowable under Section 41 of the Internal Revenue Code and  
10 which are conducted in this State, "qualifying expenditures for  
11 increasing research activities in this State" means the excess  
12 of qualifying expenditures for the taxable year in which  
13 incurred over qualifying expenditures for the base period,  
14 "qualifying expenditures for the base period" means the average  
15 of the qualifying expenditures for each year in the base  
16 period, and "base period" means the 3 taxable years immediately  
17 preceding the taxable year for which the determination is being  
18 made.

19 Any credit in excess of the tax liability for the taxable  
20 year may be carried forward. A taxpayer may elect to have the  
21 unused credit shown on its final completed return carried over  
22 as a credit against the tax liability for the following 5  
23 taxable years or until it has been fully used, whichever occurs  
24 first; provided that no credit may be carried forward to any  
25 year ending on or after December 31, 2003.

26 If an unused credit is carried forward to a given year from  
27 2 or more earlier years, that credit arising in the earliest  
28 year will be applied first against the tax liability for the  
29 given year. If a tax liability for the given year still  
30 remains, the credit from the next earliest year will then be  
31 applied, and so on, until all credits have been used or no tax  
32 liability for the given year remains. Any remaining unused  
33 credit or credits then will be carried forward to the next  
34 following year in which a tax liability is incurred, except  
35 that no credit can be carried forward to a year which is more  
36 than 5 years after the year in which the expense for which the

1 credit is given was incurred.

2 No inference shall be drawn from this amendatory Act of the  
3 91st General Assembly in construing this Section for taxable  
4 years beginning before January 1, 1999.

5 (1) Environmental Remediation Tax Credit.

6 (i) For tax years ending after December 31, 1997 and on  
7 or before December 31, 2001, a taxpayer shall be allowed a  
8 credit against the tax imposed by subsections (a) and (b)  
9 of this Section for certain amounts paid for unreimbursed  
10 eligible remediation costs, as specified in this  
11 subsection. For purposes of this Section, "unreimbursed  
12 eligible remediation costs" means costs approved by the  
13 Illinois Environmental Protection Agency ("Agency") under  
14 Section 58.14 of the Environmental Protection Act that were  
15 paid in performing environmental remediation at a site for  
16 which a No Further Remediation Letter was issued by the  
17 Agency and recorded under Section 58.10 of the  
18 Environmental Protection Act. The credit must be claimed  
19 for the taxable year in which Agency approval of the  
20 eligible remediation costs is granted. The credit is not  
21 available to any taxpayer if the taxpayer or any related  
22 party caused or contributed to, in any material respect, a  
23 release of regulated substances on, in, or under the site  
24 that was identified and addressed by the remedial action  
25 pursuant to the Site Remediation Program of the  
26 Environmental Protection Act. After the Pollution Control  
27 Board rules are adopted pursuant to the Illinois  
28 Administrative Procedure Act for the administration and  
29 enforcement of Section 58.9 of the Environmental  
30 Protection Act, determinations as to credit availability  
31 for purposes of this Section shall be made consistent with  
32 those rules. For purposes of this Section, "taxpayer"  
33 includes a person whose tax attributes the taxpayer has  
34 succeeded to under Section 381 of the Internal Revenue Code  
35 and "related party" includes the persons disallowed a  
36 deduction for losses by paragraphs (b), (c), and (f)(1) of

1 Section 267 of the Internal Revenue Code by virtue of being  
2 a related taxpayer, as well as any of its partners. The  
3 credit allowed against the tax imposed by subsections (a)  
4 and (b) shall be equal to 25% of the unreimbursed eligible  
5 remediation costs in excess of \$100,000 per site, except  
6 that the \$100,000 threshold shall not apply to any site  
7 contained in an enterprise zone as determined by the  
8 Department of Commerce and Community Affairs (now  
9 Department of Commerce and Economic Opportunity). The  
10 total credit allowed shall not exceed \$40,000 per year with  
11 a maximum total of \$150,000 per site. For partners and  
12 shareholders of subchapter S corporations, there shall be  
13 allowed a credit under this subsection to be determined in  
14 accordance with the determination of income and  
15 distributive share of income under Sections 702 and 704 and  
16 subchapter S of the Internal Revenue Code.

17 (ii) A credit allowed under this subsection that is  
18 unused in the year the credit is earned may be carried  
19 forward to each of the 5 taxable years following the year  
20 for which the credit is first earned until it is used. The  
21 term "unused credit" does not include any amounts of  
22 unreimbursed eligible remediation costs in excess of the  
23 maximum credit per site authorized under paragraph (i).  
24 This credit shall be applied first to the earliest year for  
25 which there is a liability. If there is a credit under this  
26 subsection from more than one tax year that is available to  
27 offset a liability, the earliest credit arising under this  
28 subsection shall be applied first. A credit allowed under  
29 this subsection may be sold to a buyer as part of a sale of  
30 all or part of the remediation site for which the credit  
31 was granted. The purchaser of a remediation site and the  
32 tax credit shall succeed to the unused credit and remaining  
33 carry-forward period of the seller. To perfect the  
34 transfer, the assignor shall record the transfer in the  
35 chain of title for the site and provide written notice to  
36 the Director of the Illinois Department of Revenue of the



1 assignor's intent to sell the remediation site and the  
2 amount of the tax credit to be transferred as a portion of  
3 the sale. In no event may a credit be transferred to any  
4 taxpayer if the taxpayer or a related party would not be  
5 eligible under the provisions of subsection (i).

6 (iii) For purposes of this Section, the term "site"  
7 shall have the same meaning as under Section 58.2 of the  
8 Environmental Protection Act.

9 (m) Education expense credit. Beginning with tax years  
10 ending after December 31, 1999, a taxpayer who is the custodian  
11 of one or more qualifying pupils shall be allowed a credit  
12 against the tax imposed by subsections (a) and (b) of this  
13 Section for qualified education expenses incurred on behalf of  
14 the qualifying pupils. The credit shall be equal to 25% of  
15 qualified education expenses, but in no event may the total  
16 credit under this subsection claimed by a family that is the  
17 custodian of qualifying pupils exceed \$500. In no event shall a  
18 credit under this subsection reduce the taxpayer's liability  
19 under this Act to less than zero. This subsection is exempt  
20 from the provisions of Section 250 of this Act.

21 For purposes of this subsection:

22 "Qualifying pupils" means individuals who (i) are  
23 residents of the State of Illinois, (ii) are under the age of  
24 21 at the close of the school year for which a credit is  
25 sought, and (iii) during the school year for which a credit is  
26 sought were full-time pupils enrolled in a kindergarten through  
27 twelfth grade education program at any school, as defined in  
28 this subsection.

29 "Qualified education expense" means the amount incurred on  
30 behalf of a qualifying pupil in excess of \$250 for tuition,  
31 book fees, and lab fees at the school in which the pupil is  
32 enrolled during the regular school year.

33 "School" means any public or nonpublic elementary or  
34 secondary school in Illinois that is in compliance with Title  
35 VI of the Civil Rights Act of 1964 and attendance at which  
36 satisfies the requirements of Section 26-1 of the School Code,

1 except that nothing shall be construed to require a child to  
2 attend any particular public or nonpublic school to qualify for  
3 the credit under this Section.

4 "Custodian" means, with respect to qualifying pupils, an  
5 Illinois resident who is a parent, the parents, a legal  
6 guardian, or the legal guardians of the qualifying pupils.

7 (Source: P.A. 92-12, eff. 7-1-01; 92-16, eff. 6-28-01; 92-651,  
8 eff. 7-11-02; 92-846, eff. 8-23-02; 93-29, eff. 6-20-03;  
9 revised 12-6-03.)

10 (35 ILCS 5/202.5 new)

11 Sec. 202.5. Net income attributable to the period prior to  
12 July 1, 2004 and net income attributable to the period after  
13 June 30, 2004.

14 (a) In general. With respect to the taxable year of a  
15 taxpayer beginning prior to July 1, 2004 and ending after June  
16 30, 2004, net income for the period after June 30, 2004 shall  
17 be that amount which bears the same ratio to the taxpayer's net  
18 income for the entire taxable year as the number of days in  
19 such year after June 30, 2004 bears to the total number of days  
20 in such year, and the net income for the period prior to July  
21 1, 2004 shall be that amount which bears the same ratio to the  
22 taxpayer's net income for the entire taxable year as the number  
23 of days in such year prior to July 1, 2004 bears to the total  
24 number of days in such year.

25 (b) Election to attribute income and deduction items  
26 specifically to the respective portions of a taxable year prior  
27 to July 1, 2004 and after June 30, 2004. In the case of a  
28 taxpayer with a taxable year beginning prior to July 1, 2004  
29 and ending after June 30, 2004, the taxpayer may elect, in lieu  
30 of the procedure established in subsection (a) of this Section,  
31 to determine net income on a specific accounting basis for the  
32 2 portions of his or her taxable year:

33 (i) from the beginning of the taxable year through June  
34 30, 2004; and

35 (ii) from July 1, 2004 through the end of the taxable

1 year.

2 If the taxpayer elects specific accounting under this  
3 subsection, there shall be taken into account in computing base  
4 income for each of the 2 portions of the taxable year only  
5 those items earned, received, paid, incurred, or accrued in  
6 each such period. The standard exemption provided by Section  
7 204 shall be divided between the respective periods in amounts  
8 that bear the same ratio to the total exemption allowable under  
9 Section 204 (determined without regard to this Section) as the  
10 total number of days in each such period bears to the total  
11 number of days in the taxable year. The election provided by  
12 this subsection shall be made in such manner and at such time  
13 as the Department may by forms or regulations prescribe, but  
14 shall be made not later than the due date (including any  
15 extensions thereof) for the filing of the return for the  
16 taxable year, and shall be irrevocable.

17 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

18 Sec. 804. Failure to Pay Estimated Tax.

19 (a) In general. In case of any underpayment of estimated  
20 tax by a taxpayer, except as provided in subsection (d) or (e),  
21 the taxpayer shall be liable to a penalty in an amount  
22 determined at the rate prescribed by Section 3-3 of the Uniform  
23 Penalty and Interest Act upon the amount of the underpayment  
24 (determined under subsection (b)) for each required  
25 installment.

26 (b) Amount of underpayment. For purposes of subsection (a),  
27 the amount of the underpayment shall be the excess of:

28 (1) the amount of the installment which would be  
29 required to be paid under subsection (c), over

30 (2) the amount, if any, of the installment paid on or  
31 before the last date prescribed for payment.

32 (c) Amount of Required Installments.

33 (1) Amount.

34 (A) In General. Except as provided in paragraph

35 (2), the amount of any required installment shall be

1 25% of the required annual payment.

2 (B) Required Annual Payment. For purposes of  
3 subparagraph (A), the term "required annual payment"  
4 means the lesser of

5 (i) 90% of the tax shown on the return for the  
6 taxable year, or if no return is filed, 90% of the  
7 tax for such year, or

8 (ii) 100% of the tax shown on the return of the  
9 taxpayer for the preceding taxable year if a return  
10 showing a liability for tax was filed by the  
11 taxpayer for the preceding taxable year and such  
12 preceding year was a taxable year of 12 months.

13 (2) Lower Required Installment where Annualized Income  
14 Installment is Less Than Amount Determined Under Paragraph  
15 (1).

16 (A) In General. In the case of any required  
17 installment if a taxpayer establishes that the  
18 annualized income installment is less than the amount  
19 determined under paragraph (1),

20 (i) the amount of such required installment  
21 shall be the annualized income installment, and

22 (ii) any reduction in a required installment  
23 resulting from the application of this  
24 subparagraph shall be recaptured by increasing the  
25 amount of the next required installment determined  
26 under paragraph (1) by the amount of such  
27 reduction, and by increasing subsequent required  
28 installments to the extent that the reduction has  
29 not previously been recaptured under this clause.

30 (B) Determination of Annualized Income  
31 Installment. In the case of any required installment,  
32 the annualized income installment is the excess, if  
33 any, of

34 (i) an amount equal to the applicable  
35 percentage of the tax for the taxable year computed  
36 by placing on an annualized basis the net income

1 for months in the taxable year ending before the  
2 due date for the installment, over

3 (ii) the aggregate amount of any prior  
4 required installments for the taxable year.

5 (C) Applicable Percentage.

6 In the case of the following The applicable  
7 required installments: percentage is:

8 1st..... 22.5%

9 2nd..... 45%

10 3rd..... 67.5%

11 4th..... 90%

12 (D) Annualized Net Income; Individuals. For  
13 individuals, net income shall be placed on an  
14 annualized basis by:

15 (i) multiplying by 12, or in the case of a  
16 taxable year of less than 12 months, by the number  
17 of months in the taxable year, the net income  
18 computed without regard to the standard exemption  
19 for the months in the taxable year ending before  
20 the month in which the installment is required to  
21 be paid;

22 (ii) dividing the resulting amount by the  
23 number of months in the taxable year ending before  
24 the month in which such installment date falls; and

25 (iii) deducting from such amount the standard  
26 exemption allowable for the taxable year, such  
27 standard exemption being determined as of the last  
28 date prescribed for payment of the installment.

29 (E) Annualized Net Income; Corporations. For  
30 corporations, net income shall be placed on an  
31 annualized basis by multiplying by 12 the taxable  
32 income

33 (i) for the first 3 months of the taxable year,  
34 in the case of the installment required to be paid  
35 in the 4th month,

36 (ii) for the first 3 months or for the first 5

1 months of the taxable year, in the case of the  
2 installment required to be paid in the 6th month,

3 (iii) for the first 6 months or for the first 8  
4 months of the taxable year, in the case of the  
5 installment required to be paid in the 9th month,  
6 and

7 (iv) for the first 9 months or for the first 11  
8 months of the taxable year, in the case of the  
9 installment required to be paid in the 12th month  
10 of the taxable year,

11 then dividing the resulting amount by the number of  
12 months in the taxable year (3, 5, 6, 8, 9, or 11 as the  
13 case may be).

14 (d) Exceptions. Notwithstanding the provisions of the  
15 preceding subsections, the penalty imposed by subsection (a)  
16 shall not be imposed if the taxpayer was not required to file  
17 an Illinois income tax return for the preceding taxable year,  
18 or if the taxpayer has underpaid taxes solely because of the  
19 increased rate in effect during the period from July 1, 2004  
20 through December 31, 2004, or, for individuals, if the taxpayer  
21 had no tax liability for the preceding taxable year and such  
22 year was a taxable year of 12 months. The penalty imposed by  
23 subsection (a) shall also not be imposed on any underpayments  
24 of estimated tax due before the effective date of this  
25 amendatory Act of 1998 which underpayments are solely  
26 attributable to the change in apportionment from subsection (a)  
27 to subsection (h) of Section 304. The provisions of this  
28 amendatory Act of 1998 apply to tax years ending on or after  
29 December 31, 1998.

30 (e) The penalty imposed for underpayment of estimated tax  
31 by subsection (a) of this Section shall not be imposed to the  
32 extent that the Department or his designate determines,  
33 pursuant to Section 3-8 of the Uniform Penalty and Interest Act  
34 that the penalty should not be imposed.

35 (f) Definition of tax. For purposes of subsections (b) and  
36 (c), the term "tax" means the excess of the tax imposed under

1 Article 2 of this Act, over the amounts credited against such  
2 tax under Sections 601(b) (3) and (4).

3 (g) Application of Section in case of tax withheld on  
4 compensation. For purposes of applying this Section in the case  
5 of an individual, tax withheld under Article 7 for the taxable  
6 year shall be deemed a payment of estimated tax, and an equal  
7 part of such amount shall be deemed paid on each installment  
8 date for such taxable year, unless the taxpayer establishes the  
9 dates on which all amounts were actually withheld, in which  
10 case the amounts so withheld shall be deemed payments of  
11 estimated tax on the dates on which such amounts were actually  
12 withheld.

13 (g-5) Amounts withheld under the State Salary and Annuity  
14 Withholding Act. An individual who has amounts withheld under  
15 paragraph (10) of Section 4 of the State Salary and Annuity  
16 Withholding Act may elect to have those amounts treated as  
17 payments of estimated tax made on the dates on which those  
18 amounts are actually withheld.

19 (i) Short taxable year. The application of this Section to  
20 taxable years of less than 12 months shall be in accordance  
21 with regulations prescribed by the Department.

22 The changes in this Section made by Public Act 84-127 shall  
23 apply to taxable years ending on or after January 1, 1986.

24 (Source: P.A. 90-448, eff. 8-16-97; 90-613, eff. 7-9-98.)

25 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

26 Sec. 901. Collection Authority.

27 (a) In general.

28 The Department shall collect the taxes imposed by this Act.  
29 The Department shall collect certified past due child support  
30 amounts under Section 2505-650 of the Department of Revenue Law  
31 (20 ILCS 2505/2505-650). Except as provided in subsections (c)  
32 and (e) of this Section, money collected pursuant to  
33 subsections (a) and (b) of Section 201 of this Act shall be  
34 paid into the General Revenue Fund in the State treasury; money  
35 collected pursuant to subsections (c) and (d) of Section 201 of

1 this Act shall be paid into the Personal Property Tax  
2 Replacement Fund, a special fund in the State Treasury; and  
3 money collected under Section 2505-650 of the Department of  
4 Revenue Law (20 ILCS 2505/2505-650) shall be paid into the  
5 Child Support Enforcement Trust Fund, a special fund outside  
6 the State Treasury, or to the State Disbursement Unit  
7 established under Section 10-26 of the Illinois Public Aid  
8 Code, as directed by the Department of Public Aid.

9 (b) Local Governmental Distributive Fund.

10 Beginning August 1, 1969, and continuing through June 30,  
11 1994, the Treasurer shall transfer each month from the General  
12 Revenue Fund to a special fund in the State treasury, to be  
13 known as the "Local Government Distributive Fund", an amount  
14 equal to 1/12 of the net revenue realized from the tax imposed  
15 by subsections (a) and (b) of Section 201 of this Act during  
16 the preceding month. Beginning July 1, 1994, and continuing  
17 through June 30, 1995, the Treasurer shall transfer each month  
18 from the General Revenue Fund to the Local Government  
19 Distributive Fund an amount equal to 1/11 of the net revenue  
20 realized from the tax imposed by subsections (a) and (b) of  
21 Section 201 of this Act during the preceding month. Beginning  
22 July 1, 1995, the Treasurer shall transfer each month from the  
23 General Revenue Fund to the Local Government Distributive Fund  
24 an amount equal to the net of (i) 1/10 of the net revenue  
25 realized from the tax imposed by subsections (a) and (b) of  
26 Section 201 of the Illinois Income Tax Act during the preceding  
27 month (ii) minus, beginning July 1, 2003 and ending June 30,  
28 2004, \$6,666,666, and beginning July 1, 2004, zero. Net revenue  
29 realized for a month shall be defined as the revenue from the  
30 tax imposed by subsections (a) and (b) of Section 201 of this  
31 Act which is deposited in the General Revenue Fund, the  
32 Educational Assistance Fund and the Income Tax Surcharge Local  
33 Government Distributive Fund during the month (but not  
34 including revenue attributable to the increase in tax rates  
35 imposed under this Amendatory Act of the 93rd General Assembly)  
36 minus the amount paid out of the General Revenue Fund in State



1 warrants during that same month as refunds to taxpayers for  
2 overpayment of liability under the tax imposed by subsections  
3 (a) and (b) of Section 201 of this Act.

4 (c) Deposits Into Income Tax Refund Fund.

5 (1) Beginning on January 1, 1989 and thereafter, the  
6 Department shall deposit a percentage of the amounts  
7 collected pursuant to subsections (a) and (b) (1), (2), ~~and~~  
8 (3), (4), and (5) of Section 201 of this Act into a fund in  
9 the State treasury known as the Income Tax Refund Fund. The  
10 Department shall deposit 6% of such amounts during the  
11 period beginning January 1, 1989 and ending on June 30,  
12 1989. Beginning with State fiscal year 1990 and for each  
13 fiscal year thereafter, the percentage deposited into the  
14 Income Tax Refund Fund during a fiscal year shall be the  
15 Annual Percentage. For fiscal years 1999 through 2001, the  
16 Annual Percentage shall be 7.1%. For fiscal year 2003, the  
17 Annual Percentage shall be 8%. For fiscal year 2004, the  
18 Annual Percentage shall be 11.7%. For all other fiscal  
19 years, the Annual Percentage shall be calculated as a  
20 fraction, the numerator of which shall be the amount of  
21 refunds approved for payment by the Department during the  
22 preceding fiscal year as a result of overpayment of tax  
23 liability under subsections (a) and (b) (1), (2), ~~and~~ (3),  
24 (4), and (5) of Section 201 of this Act plus the amount of  
25 such refunds remaining approved but unpaid at the end of  
26 the preceding fiscal year, minus the amounts transferred  
27 into the Income Tax Refund Fund from the Tobacco Settlement  
28 Recovery Fund, and the denominator of which shall be the  
29 amounts which will be collected pursuant to subsections (a)  
30 and (b) (1), (2), ~~and~~ (3), (4), and (5) of Section 201 of  
31 this Act during the preceding fiscal year; except that in  
32 State fiscal year 2002, the Annual Percentage shall in no  
33 event exceed 7.6%. The Director of Revenue shall certify  
34 the Annual Percentage to the Comptroller on the last  
35 business day of the fiscal year immediately preceding the  
36 fiscal year for which it is to be effective.

1           (2) Beginning on January 1, 1989 and thereafter, the  
2 Department shall deposit a percentage of the amounts  
3 collected pursuant to subsections (a) and (b) (6), (7), ~~and~~  
4 (8), (9), and (10), (c) and (d) of Section 201 of this Act  
5 into a fund in the State treasury known as the Income Tax  
6 Refund Fund. The Department shall deposit 18% of such  
7 amounts during the period beginning January 1, 1989 and  
8 ending on June 30, 1989. Beginning with State fiscal year  
9 1990 and for each fiscal year thereafter, the percentage  
10 deposited into the Income Tax Refund Fund during a fiscal  
11 year shall be the Annual Percentage. For fiscal years 1999,  
12 2000, and 2001, the Annual Percentage shall be 19%. For  
13 fiscal year 2003, the Annual Percentage shall be 27%. For  
14 fiscal year 2004, the Annual Percentage shall be 32%. For  
15 all other fiscal years, the Annual Percentage shall be  
16 calculated as a fraction, the numerator of which shall be  
17 the amount of refunds approved for payment by the  
18 Department during the preceding fiscal year as a result of  
19 overpayment of tax liability under subsections (a) and  
20 (b) (6), (7), ~~and~~ (8), (9), and (10), (c) and (d) of Section  
21 201 of this Act plus the amount of such refunds remaining  
22 approved but unpaid at the end of the preceding fiscal  
23 year, and the denominator of which shall be the amounts  
24 which will be collected pursuant to subsections (a) and  
25 (b) (6), (7), ~~and~~ (8), (9), and (10), (c) and (d) of Section  
26 201 of this Act during the preceding fiscal year; except  
27 that in State fiscal year 2002, the Annual Percentage shall  
28 in no event exceed 23%. The Director of Revenue shall  
29 certify the Annual Percentage to the Comptroller on the  
30 last business day of the fiscal year immediately preceding  
31 the fiscal year for which it is to be effective.

32           (3) The Comptroller shall order transferred and the  
33 Treasurer shall transfer from the Tobacco Settlement  
34 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000  
35 in January, 2001, (ii) \$35,000,000 in January, 2002, and  
36 (iii) \$35,000,000 in January, 2003.

1 (d) Expenditures from Income Tax Refund Fund.

2 (1) Beginning January 1, 1989, money in the Income Tax  
3 Refund Fund shall be expended exclusively for the purpose  
4 of paying refunds resulting from overpayment of tax  
5 liability under Section 201 of this Act, for paying rebates  
6 under Section 208.1 in the event that the amounts in the  
7 Homeowners' Tax Relief Fund are insufficient for that  
8 purpose, and for making transfers pursuant to this  
9 subsection (d).

10 (2) The Director shall order payment of refunds  
11 resulting from overpayment of tax liability under Section  
12 201 of this Act from the Income Tax Refund Fund only to the  
13 extent that amounts collected pursuant to Section 201 of  
14 this Act and transfers pursuant to this subsection (d) and  
15 item (3) of subsection (c) have been deposited and retained  
16 in the Fund.

17 (3) As soon as possible after the end of each fiscal  
18 year, the Director shall order transferred and the State  
19 Treasurer and State Comptroller shall transfer from the  
20 Income Tax Refund Fund to the Personal Property Tax  
21 Replacement Fund an amount, certified by the Director to  
22 the Comptroller, equal to the excess of the amount  
23 collected pursuant to subsections (c) and (d) of Section  
24 201 of this Act deposited into the Income Tax Refund Fund  
25 during the fiscal year over the amount of refunds resulting  
26 from overpayment of tax liability under subsections (c) and  
27 (d) of Section 201 of this Act paid from the Income Tax  
28 Refund Fund during the fiscal year.

29 (4) As soon as possible after the end of each fiscal  
30 year, the Director shall order transferred and the State  
31 Treasurer and State Comptroller shall transfer from the  
32 Personal Property Tax Replacement Fund to the Income Tax  
33 Refund Fund an amount, certified by the Director to the  
34 Comptroller, equal to the excess of the amount of refunds  
35 resulting from overpayment of tax liability under  
36 subsections (c) and (d) of Section 201 of this Act paid

1 from the Income Tax Refund Fund during the fiscal year over  
2 the amount collected pursuant to subsections (c) and (d) of  
3 Section 201 of this Act deposited into the Income Tax  
4 Refund Fund during the fiscal year.

5 (4.5) As soon as possible after the end of fiscal year  
6 1999 and of each fiscal year thereafter, the Director shall  
7 order transferred and the State Treasurer and State  
8 Comptroller shall transfer from the Income Tax Refund Fund  
9 to the General Revenue Fund any surplus remaining in the  
10 Income Tax Refund Fund as of the end of such fiscal year;  
11 excluding for fiscal years 2000, 2001, and 2002 amounts  
12 attributable to transfers under item (3) of subsection (c)  
13 less refunds resulting from the earned income tax credit.

14 (5) This Act shall constitute an irrevocable and  
15 continuing appropriation from the Income Tax Refund Fund  
16 for the purpose of paying refunds upon the order of the  
17 Director in accordance with the provisions of this Section.

18 (e) Deposits into the Education Assistance Fund and the  
19 Income Tax Surcharge Local Government Distributive Fund.

20 On July 1, 1991, and thereafter, of the amounts collected  
21 pursuant to subsections (a) and (b) of Section 201 of this Act,  
22 minus deposits into the Income Tax Refund Fund, the Department  
23 shall deposit 7.3% into the Education Assistance Fund in the  
24 State Treasury. Beginning July 1, 1991, and continuing through  
25 January 31, 1993, of the amounts collected pursuant to  
26 subsections (a) and (b) of Section 201 of the Illinois Income  
27 Tax Act, minus deposits into the Income Tax Refund Fund, the  
28 Department shall deposit 3.0% into the Income Tax Surcharge  
29 Local Government Distributive Fund in the State Treasury.  
30 Beginning February 1, 1993 and continuing through June 30,  
31 1993, of the amounts collected pursuant to subsections (a) and  
32 (b) of Section 201 of the Illinois Income Tax Act, minus  
33 deposits into the Income Tax Refund Fund, the Department shall  
34 deposit 4.4% into the Income Tax Surcharge Local Government  
35 Distributive Fund in the State Treasury. Beginning July 1,  
36 1993, and continuing through June 30, 1994, of the amounts

1 collected under subsections (a) and (b) of Section 201 of this  
2 Act, minus deposits into the Income Tax Refund Fund, the  
3 Department shall deposit 1.475% into the Income Tax Surcharge  
4 Local Government Distributive Fund in the State Treasury.

5 (f) Deposits into the School District Property Tax Relief  
6 Fund and Common School Fund. Of the amounts collected pursuant  
7 to subsections (a), (b) (4) (ii), (b) (5), (b) (9) (ii), and  
8 (b) (10) of Section 201 of this Act, minus deposits into the  
9 Income Tax Refund Fund, the Department shall deposit two-thirds  
10 of the increase in revenue attributable to the increase in tax  
11 rates imposed under this amendatory Act of the 93rd General  
12 Assembly into the School District Property Tax Relief Fund and  
13 one-third of the increase in revenue attributable to the  
14 increase in tax rates imposed under this amendatory Act of the  
15 93rd General Assembly into the Common School Fund.

16 (Source: P.A. 92-11, eff. 6-11-01; 92-16, eff. 6-28-01; 92-600,  
17 eff. 6-28-02; 93-32, eff. 6-20-03.)

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

21 (35 ILCS 200/18-178 new)

22 Sec. 18-178. Educational purposes tax abatement. Beginning  
23 with taxes levied for 2004 (payable in 2005), the county clerk  
24 must determine the final extension for educational purposes for  
25 all taxable property in a school district located in the county  
26 or for the taxable property of that part of a school district  
27 located in the county, taking into account the maximum rate,  
28 levy, and extension authorized under the Property Tax Extension  
29 Limitation Law, the Truth in Taxation Law, and any other  
30 statute. The county clerk must then abate the extension for  
31 educational purposes for each school district or part of a  
32 school district in the county in the amount of the school  
33 district property tax relief grant certified to the county  
34 clerk for that school district or part of a school district by

1 the Department of Revenue under Section 6z-61 of the State  
2 Finance Act. When the final extension for educational purposes  
3 has been determined and abated, the county clerk must notify  
4 the Department of Revenue.

5 The county clerk must determine the reduced amount of the  
6 tax for educational purposes to be billed by the county  
7 collector and paid by each taxpayer in a given school district  
8 by re-calculating the tax rate for educational purposes for  
9 that school district based on the reduced extension amount  
10 after abatement. This reduced extension amount shall be used  
11 only for determining the amount of the tax bill. The extension  
12 amount for educational purposes as originally calculated  
13 before abatement is the official final extension for  
14 educational purposes and must be used for all other purposes,  
15 including determining the maximum rate, levy, and extension  
16 authorized under the Property Tax Extension Limitation Law, the  
17 Truth in Taxation Law, and any other statute and the maximum  
18 amount of tax anticipation warrants under Section 17-16 of the  
19 School Code.

20 (35 ILCS 200/18-255)

21 Sec. 18-255. Abstract of assessments and extensions. When  
22 the collector's books are completed, the county clerk shall  
23 make a complete statement of the assessment and extensions, in  
24 conformity to the instructions of the Department. The clerk  
25 shall certify the statement to the Department. Beginning with  
26 the 2004 levy year, the Department shall require the statement  
27 to include a separate listing of the extensions subject to  
28 abatement under Section 18-178.

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

30 (35 ILCS 200/20-15)

31 Sec. 20-15. Information on bill or separate statement. The  
32 amount of tax due and rates shown on the tax bill pursuant to  
33 this Section shall be net of any abatement under Section  
34 18-178. There shall be printed on each bill, or on a separate

1 slip which shall be mailed with the bill:

2 (a) a statement itemizing the rate at which taxes have  
3 been extended for each of the taxing districts in the  
4 county in whose district the property is located, and in  
5 those counties utilizing electronic data processing  
6 equipment the dollar amount of tax due from the person  
7 assessed allocable to each of those taxing districts,  
8 including a separate statement of the dollar amount of tax  
9 due which is allocable to a tax levied under the Illinois  
10 Local Library Act or to any other tax levied by a  
11 municipality or township for public library purposes,

12 (b) a separate statement for each of the taxing  
13 districts of the dollar amount of tax due which is  
14 allocable to a tax levied under the Illinois Pension Code  
15 or to any other tax levied by a municipality or township  
16 for public pension or retirement purposes,

17 (c) the total tax rate,

18 (d) the total amount of tax due, ~~and~~

19 (e) the amount by which the total tax and the tax  
20 allocable to each taxing district differs from the  
21 taxpayer's last prior tax bill, and

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

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

27 In all counties the statement shall also provide:

28 (1) the property index number or other suitable  
29 description,

30 (2) the assessment of the property,

31 (3) the equalization factors imposed by the county and  
32 by the Department, and

33 (4) the equalized assessment resulting from the  
34 application of the equalization factors to the basic  
35 assessment.

36 In all counties which do not classify property for purposes

1 of taxation, for property on which a single family residence is  
2 situated the statement shall also include a statement to  
3 reflect the fair cash value determined for the property. In all  
4 counties which classify property for purposes of taxation in  
5 accordance with Section 4 of Article IX of the Illinois  
6 Constitution, for parcels of residential property in the lowest  
7 assessment classification the statement shall also include a  
8 statement to reflect the fair cash value determined for the  
9 property.

10 In all counties, the statement shall include information  
11 that certain taxpayers may be eligible for the Senior Citizens  
12 and Disabled Persons Property Tax Relief and Pharmaceutical  
13 Assistance Act and that applications are available from the  
14 Illinois Department of Revenue.

15 In counties which use the estimated or accelerated billing  
16 methods, these statements shall only be provided with the final  
17 installment of taxes due, except that the statement under item  
18 (f) shall be included with both installments in those counties  
19 under estimated or accelerated billing methods, the first  
20 billing showing the amount deducted from the first installment,  
21 and the final billing showing the total tax abated for the levy  
22 year under Section 18-178. The provisions of this Section  
23 create a mandatory statutory duty. They are not merely  
24 directory or discretionary. The failure or neglect of the  
25 collector to mail the bill, or the failure of the taxpayer to  
26 receive the bill, shall not affect the validity of any tax, or  
27 the liability for the payment of any tax.

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

29 (35 ILCS 200/21-30)

30 Sec. 21-30. Accelerated billing. Except as provided in this  
31 Section, Section 9-260, and Section 21-40, in counties with  
32 3,000,000 or more inhabitants, by January 31 annually,  
33 estimated tax bills setting out the first installment of  
34 property taxes for the preceding year, payable in that year,  
35 shall be prepared and mailed. The first installment of taxes on



1 the estimated tax bills shall be computed at 50% of the total  
2 of each tax bill before the abatement of taxes under Section  
3 18-178 for the preceding year, less an estimate of one half of  
4 the school district property tax relief grant for the current  
5 year determined based on information provided by the Department  
6 of Revenue and any other information available. If, prior to  
7 the preparation of the estimated tax bills, a certificate of  
8 error has been either approved by a court on or before November  
9 30 of the preceding year or certified pursuant to Section 14-15  
10 on or before November 30 of the preceding year, then the first  
11 installment of taxes on the estimated tax bills shall be  
12 computed at 50% of the total taxes before the abatement of  
13 taxes under Section 18-178 for the preceding year as corrected  
14 by the certificate of error, less an estimate of one half of  
15 the school district property tax relief grant for the current  
16 year determined based on information provided by the Department  
17 of Revenue and any other information available. By June 30  
18 annually, actual tax bills shall be prepared and mailed. These  
19 bills shall set out total taxes due and the amount of estimated  
20 taxes billed in the first installment, and shall state the  
21 balance of taxes due for that year as represented by the sum  
22 derived from subtracting the amount of the first installment  
23 from the total taxes due for that year.

24 The county board may provide by ordinance, in counties with  
25 3,000,000 or more inhabitants, for taxes to be paid in 4  
26 installments. For the levy year for which the ordinance is  
27 first effective and each subsequent year, estimated tax bills  
28 setting out the first, second, and third installment of taxes  
29 for the preceding year, payable in that year, shall be prepared  
30 and mailed not later than the date specified by ordinance. Each  
31 installment on estimated tax bills shall be computed at 25% of  
32 the total of each tax bill for the preceding year. By the date  
33 specified in the ordinance, actual tax bills shall be prepared  
34 and mailed. These bills shall set out total taxes due and the  
35 amount of estimated taxes billed in the first, second, and  
36 third installments and shall state the balance of taxes due for

1 that year as represented by the sum derived from subtracting  
2 the amount of the estimated installments from the total taxes  
3 due for that year.

4 The county board of any county with less than 3,000,000  
5 inhabitants may, by ordinance or resolution, adopt an  
6 accelerated method of tax billing. The county board may  
7 subsequently rescind the ordinance or resolution and revert to  
8 the method otherwise provided for in this Code.

9 Taxes levied on homestead property in which a member of the  
10 National Guard or reserves of the armed forces of the United  
11 States who was called to active duty on or after August 1,  
12 1990, and who has an ownership interest shall not be deemed  
13 delinquent and no interest shall accrue or be charged as a  
14 penalty on such taxes due and payable in 1991 or 1992 until one  
15 year after that member returns to civilian status.

16 (Source: P.A. 92-475, eff. 8-23-01; 93-560, eff. 8-20-03.)

17 ARTICLE 99

18

19 Section 99-99. Effective date. This Act takes effect July  
20 1, 2004.