

1 AN ACT concerning taxes.

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

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

6 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

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

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

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

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13 withdrawn by the taxpayer in the taxable year from a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

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

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

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

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

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

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

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

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

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

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

19 (G) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (b) Corporations.

2 (1) In general. In the case of a corporation, 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 and all distributions
10 received from regulated investment companies during
11 the taxable year to the extent excluded from gross
12 income in the computation of taxable income;

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

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

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

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

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

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

13 (ii) 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 not exceed the amount of
17 such carryback or carryforward;

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

25 (E-5) For taxable years ending after December 31,
26 1997, an amount equal to any eligible remediation costs
27 that the corporation deducted in computing adjusted
28 gross income and for which the corporation claims a
29 credit under subsection (l) of Section 201;

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

36 (E-11) If the taxpayer reports a capital gain or

1 loss on the taxpayer's federal income tax return for
2 the taxable year based on a sale or transfer of
3 property for which the taxpayer was required in any
4 taxable year to make an addition modification under
5 subparagraph (E-10), then an amount equal to the
6 aggregate amount of the deductions taken in all taxable
7 years under subparagraph (T) with respect to that
8 property.~~†~~

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

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

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

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

19 (H) In the case of a regulated investment company,
20 an amount equal to the amount of exempt interest
21 dividends as defined in subsection (b) (5) of Section
22 852 of the Internal Revenue Code, paid to shareholders
23 for the taxable year;

24 (I) With the exception of any amounts subtracted
25 under subparagraph (J), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections
27 171(a) (2), and 265(a) (2) and amounts disallowed as
28 interest expense by Section 291(a) (3) of the Internal
29 Revenue Code, as now or hereafter amended, and all
30 amounts of expenses allocable to interest and
31 disallowed as deductions by Section 265(a) (1) of the
32 Internal Revenue Code, as now or hereafter amended; and
33 (ii) for taxable years ending on or after August 13,
34 1999, Sections 171(a) (2), 265, 280C, 291(a) (3), and
35 832(b) (5) (B) (i) of the Internal Revenue Code; the
36 provisions of this subparagraph are exempt from the

1 provisions of Section 250;

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

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

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

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

1 the basis of the Section 201(f) 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 the Enterprise
5 Zone. The subtraction modification available to
6 taxpayer in any year under this subsection shall be
7 that portion of the total interest paid by the borrower
8 with respect to such loan attributable to the eligible
9 property as calculated under the previous sentence;

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

35 (N) Two times any contribution made during the
36 taxable year to a designated zone organization to the

1 extent that the contribution (i) qualifies as a
2 charitable contribution under subsection (c) of
3 Section 170 of the Internal Revenue Code and (ii) must,
4 by its terms, be used for a project approved by the
5 Department of Commerce and Economic Opportunity
6 ~~Community Affairs~~ under Section 11 of the Illinois
7 Enterprise Zone Act;

8 (O) An amount equal to: (i) 85% for taxable years
9 ending on or before December 31, 1992, or, a percentage
10 equal to the percentage allowable under Section
11 243(a)(1) of the Internal Revenue Code of 1986 for
12 taxable years ending after December 31, 1992, of the
13 amount by which dividends included in taxable income
14 and received from a corporation that is not created or
15 organized under the laws of the United States or any
16 state or political subdivision thereof, including, for
17 taxable years ending on or after December 31, 1988,
18 dividends received or deemed received or paid or deemed
19 paid under Sections 951 through 964 of the Internal
20 Revenue Code, exceed the amount of the modification
21 provided under subparagraph (G) of paragraph (2) of
22 this subsection (b) which is related to such dividends;
23 plus (ii) 100% of the amount by which dividends,
24 included in taxable income and received, including,
25 for taxable years ending on or after December 31, 1988,
26 dividends received or deemed received or paid or deemed
27 paid under Sections 951 through 964 of the Internal
28 Revenue Code, from any such corporation specified in
29 clause (i) that would but for the provisions of Section
30 1504 (b) (3) of the Internal Revenue Code be treated as
31 a member of the affiliated group which includes the
32 dividend recipient, exceed the amount of the
33 modification provided under subparagraph (G) of
34 paragraph (2) of this subsection (b) which is related
35 to such dividends;

36 (P) An amount equal to any contribution made to a

1 job training project established pursuant to the Tax
2 Increment Allocation Redevelopment Act;

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

8 (R) In the case of an attorney-in-fact with respect
9 to whom an interinsurer or a reciprocal insurer has
10 made the election under Section 835 of the Internal
11 Revenue Code, 26 U.S.C. 835, an amount equal to the
12 excess, if any, of the amounts paid or incurred by that
13 interinsurer or reciprocal insurer in the taxable year
14 to the attorney-in-fact over the deduction allowed to
15 that interinsurer or reciprocal insurer with respect
16 to the attorney-in-fact under Section 835(b) of the
17 Internal Revenue Code for the taxable year;

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

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

35 (1) "y" equals the amount of the depreciation
36 deduction taken for the taxable year on the

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

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

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

16 (U) If the taxpayer reports a capital gain or loss
17 on the taxpayer's federal income tax return for the
18 taxable year based on a sale or transfer of property
19 for which the taxpayer was required in any taxable year
20 to make an addition modification under subparagraph
21 (E-10), then an amount equal to that addition
22 modification.

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

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

30 (c) Trusts and estates.

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

34 (2) Modifications. Subject to the provisions of
35 paragraph (3), the taxable income referred to in paragraph

1 (1) shall be modified by adding thereto the sum of the
2 following amounts:

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

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

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

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

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

30 (i) the addition modification relating to the
31 net operating loss carried back or forward to the
32 taxable year from any taxable year ending prior to
33 December 31, 1986 shall be reduced by the amount of
34 addition modification under this subparagraph (E)
35 which related to that net operating loss and which
36 was taken into account in calculating the base

1 income of an earlier taxable year, and

2 (ii) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall not exceed the amount of
6 such carryback or carryforward;

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

14 (F) For taxable years ending on or after January 1,
15 1989, an amount equal to the tax deducted pursuant to
16 Section 164 of the Internal Revenue Code if the trust
17 or estate is claiming the same tax for purposes of the
18 Illinois foreign tax credit under Section 601 of this
19 Act;

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

24 (G-5) For taxable years ending after December 31,
25 1997, an amount equal to any eligible remediation costs
26 that the trust or estate deducted in computing adjusted
27 gross income and for which the trust or estate claims a
28 credit under subsection (l) of Section 201;

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

35 (G-11) If the taxpayer reports a capital gain or
36 loss on the taxpayer's federal income tax return for

1 the taxable year based on a sale or transfer of
2 property for which the taxpayer was required in any
3 taxable year to make an addition modification under
4 subparagraph (G-10), then an amount equal to the
5 aggregate amount of the deductions taken in all taxable
6 years under subparagraph (R) with respect to that
7 property.~~†~~

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

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

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

24 (I) The valuation limitation amount;

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

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

1 exempted shall be the interest net of bond premium
2 amortization;

3 (L) With the exception of any amounts subtracted
4 under subparagraph (K), an amount equal to the sum of
5 all amounts disallowed as deductions by (i) Sections
6 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
7 as now or hereafter amended, and all amounts of
8 expenses allocable to interest and disallowed as
9 deductions by Section 265(1) of the Internal Revenue
10 Code of 1954, as now or hereafter amended; and (ii) for
11 taxable years ending on or after August 13, 1999,
12 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
13 the Internal Revenue Code; the provisions of this
14 subparagraph are exempt from the provisions of Section
15 250;

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

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

25 (O) 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 (M) of paragraph (2) of this subsection
32 shall not be eligible for the deduction provided under
33 this subparagraph (O);

34 (P) An amount equal to the amount of the deduction
35 used to compute the federal income tax credit for
36 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of
2 the Internal Revenue Code of 1986;

3 (Q) For taxable year 1999 and thereafter, an amount
4 equal to the amount of any (i) distributions, to the
5 extent includible in gross income for federal income
6 tax purposes, made to the taxpayer because of his or
7 her status as a victim of persecution for racial or
8 religious reasons by Nazi Germany or any other Axis
9 regime or as an heir of the victim and (ii) items of
10 income, to the extent includible in gross income for
11 federal income tax purposes, attributable to, derived
12 from or in any way related to assets stolen from,
13 hidden from, or otherwise lost to a victim of
14 persecution for racial or religious reasons by Nazi
15 Germany or any other Axis regime immediately prior to,
16 during, and immediately after World War II, including,
17 but not limited to, interest on the proceeds receivable
18 as insurance under policies issued to a victim of
19 persecution for racial or religious reasons by Nazi
20 Germany or any other Axis regime by European insurance
21 companies immediately prior to and during World War II;
22 provided, however, this subtraction from federal
23 adjusted gross income does not apply to assets acquired
24 with such assets or with the proceeds from the sale of
25 such assets; provided, further, this paragraph shall
26 only apply to a taxpayer who was the first recipient of
27 such assets after their recovery and who is a victim of
28 persecution for racial or religious reasons by Nazi
29 Germany or any other Axis regime or as an heir of the
30 victim. The amount of and the eligibility for any
31 public assistance, benefit, or similar entitlement is
32 not affected by the inclusion of items (i) and (ii) of
33 this paragraph in gross income for federal income tax
34 purposes. This paragraph is exempt from the provisions
35 of Section 250;

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

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

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

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

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

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

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

34 (3) Limitation. The amount of any modification
35 otherwise required under this subsection shall, under
36 regulations prescribed by the Department, be adjusted by

1 any amounts included therein which were properly paid,
2 credited, or required to be distributed, or permanently set
3 aside for charitable purposes pursuant to Internal Revenue
4 Code Section 642(c) during the taxable year.

5 (d) Partnerships.

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

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

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

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

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

22 (D) An amount equal to the amount of the capital
23 gain deduction allowable under the Internal Revenue
24 Code, to the extent deducted from gross income in the
25 computation of taxable income;

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

32 (D-6) If the taxpayer reports a capital gain or
33 loss on the taxpayer's federal income tax return for
34 the taxable year based on a sale or transfer of
35 property for which the taxpayer was required in any

1 taxable year to make an addition modification under
2 subparagraph (D-5), then an amount equal to the
3 aggregate amount of the deductions taken in all taxable
4 years under subparagraph (O) with respect to that
5 property.

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

9 and by deducting from the total so obtained the following
10 amounts:

11 (E) The valuation limitation amount;

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

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

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

31 (I) An amount equal to all amounts of income
32 distributable to an entity subject to the Personal
33 Property Tax Replacement Income Tax imposed by
34 subsections (c) and (d) of Section 201 of this Act
35 including amounts distributable to organizations
36 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
35 used to compute the federal income tax credit for
36 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of
2 the Internal Revenue Code of 1986;

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

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

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

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

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

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

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

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

34 (2) Special rule. For purposes of paragraph (1) of this
35 subsection, the taxable income properly reportable for

1 federal income tax purposes shall mean:

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

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

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

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

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

33 (F) Cooperatives. In the case of a cooperative
34 corporation or association, the taxable income of such
35 organization determined in accordance with the
36 provisions of Section 1381 through 1388 of the Internal

1 Revenue Code;

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

18 (H) Partnerships. In the case of a partnership,
19 taxable income determined in accordance with Section
20 703 of the Internal Revenue Code, except that taxable
21 income shall take into account those items which are
22 required by Section 703(a)(1) to be separately stated
23 but which would be taken into account by an individual
24 in calculating his taxable income.

25 (I) Holders of residual interests in real estate
26 mortgage investment conduits that also have net
27 operating losses. In the case of a holder of a residual
28 interest in a real estate mortgage investment conduit
29 (REMIC) with excess inclusion pursuant to Section 860E
30 of the Internal Revenue Code, as now or hereafter
31 amended, that also has a net operating loss pursuant to
32 Section 860E(a)(3) of the Internal Revenue Code, as now
33 or hereafter amended, the amount computed under
34 Section 860E(a)(3) of the Internal Revenue Code
35 (federal taxable income or loss without regard to such
36 excess inclusion). Notwithstanding any other provision

1 of this paragraph (I), such excess inclusion shall, in
2 all events, be subject to tax. The provisions added to
3 this Section by this amendatory Act of the 93rd General
4 Assembly shall be construed as declaratory of existing
5 law and not as a new enactment.

6 (f) Valuation limitation amount.

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

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

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

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

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

35 (B) If the fair market value of property referred

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

11 (C) The Department shall prescribe such
12 regulations as may be necessary to carry out the
13 purposes of this paragraph.

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

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

26 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
27 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
28 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
29 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
30 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
31 7-11-02; 92-846, eff. 8-23-02; revised 10-15-03.)

32 Section 99. Effective date. This Act takes effect upon
33 becoming law.