

1 AN ACT concerning revenue.

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

4 Section 5. The State Treasurer Act is amended by changing  
5 Section 16.5 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College Savings Pool. The State Treasurer may  
8 establish and administer a College Savings Pool to supplement  
9 and enhance the investment opportunities otherwise available  
10 to persons seeking to finance the costs of higher education.  
11 The State Treasurer, in administering the College Savings Pool,  
12 may receive moneys paid into the pool by a participant and may  
13 serve as the fiscal agent of that participant for the purpose  
14 of holding and investing those moneys.

15 "Participant", as used in this Section, means any person  
16 who makes investments in the pool. "Designated beneficiary", as  
17 used in this Section, means any person on whose behalf an  
18 account is established in the College Savings Pool by a  
19 participant. Both in-state and out-of-state persons may be  
20 participants and designated beneficiaries in the College  
21 Savings Pool.

22 New accounts in the College Savings Pool ~~may shall~~ be  
23 processed through participating financial institutions.

24 "Participating financial institution", as used in this  
25 Section, means any financial institution insured by the Federal  
26 Deposit Insurance Corporation and lawfully doing business in  
27 the State of Illinois and any credit union approved by the  
28 State Treasurer and lawfully doing business in the State of  
29 Illinois that agrees to process new accounts in the College  
30 Savings Pool. Participating financial institutions may charge  
31 a processing fee to participants to open an account in the pool  
32 that shall not exceed \$30 until the year 2001. Beginning in

1 2001 and every year thereafter, the maximum fee limit shall be  
2 adjusted by the Treasurer based on the Consumer Price Index for  
3 the North Central Region as published by the United States  
4 Department of Labor, Bureau of Labor Statistics for the  
5 immediately preceding calendar year. Every contribution  
6 received by a financial institution for investment in the  
7 College Savings Pool shall be transferred from the financial  
8 institution to a location selected by the State Treasurer  
9 within one business day following the day that the funds must  
10 be made available in accordance with federal law. All  
11 communications from the State Treasurer to participants shall  
12 reference the participating financial institution at which the  
13 account was processed.

14 The Treasurer may invest the moneys in the College Savings  
15 Pool in the same manner, in the same types of investments, and  
16 subject to the same limitations provided for the investment of  
17 moneys by the Illinois State Board of Investment. To enhance  
18 the safety and liquidity of the College Savings Pool, to ensure  
19 the diversification of the investment portfolio of the pool,  
20 and in an effort to keep investment dollars in the State of  
21 Illinois, the State Treasurer may ~~shall~~ make a percentage of  
22 each account available for investment in participating  
23 financial institutions doing business in the State. The State  
24 Treasurer may ~~shall~~ deposit with the participating financial  
25 institution at which the account was processed the following  
26 percentage of each account at a prevailing rate offered by the  
27 institution, provided that the deposit is federally insured or  
28 fully collateralized and the institution accepts the deposit:  
29 10% of the total amount of each account for which the current  
30 age of the beneficiary is less than 7 years of age, 20% of the  
31 total amount of each account for which the beneficiary is at  
32 least 7 years of age and less than 12 years of age, and 50% of  
33 the total amount of each account for which the current age of  
34 the beneficiary is at least 12 years of age. ~~The State~~  
35 ~~Treasurer shall adjust each account at least annually to ensure~~  
36 ~~compliance with this Section.~~ The Treasurer shall develop,

1 publish, and implement an investment policy covering the  
2 investment of the moneys in the College Savings Pool. The  
3 policy shall be published (i) at least once each year in at  
4 least one newspaper of general circulation in both Springfield  
5 and Chicago and (ii) each year as part of the audit of the  
6 College Savings Pool by the Auditor General, which shall be  
7 distributed to all participants. The Treasurer shall notify all  
8 participants in writing, and the Treasurer shall publish in a  
9 newspaper of general circulation in both Chicago and  
10 Springfield, any changes to the previously published  
11 investment policy at least 30 calendar days before implementing  
12 the policy. Any investment policy adopted by the Treasurer  
13 shall be reviewed and updated if necessary within 90 days  
14 following the date that the State Treasurer takes office.

15 Participants shall be required to use moneys distributed  
16 from the College Savings Pool for qualified expenses at  
17 eligible educational institutions. "Qualified expenses", as  
18 used in this Section, means the following: (i) tuition, fees,  
19 and the costs of books, supplies, and equipment required for  
20 enrollment or attendance at an eligible educational  
21 institution and (ii) certain room and board expenses incurred  
22 while attending an eligible educational institution at least  
23 half-time. "Eligible educational institutions", as used in  
24 this Section, means public and private colleges, junior  
25 colleges, graduate schools, and certain vocational  
26 institutions that are described in Section 481 of the Higher  
27 Education Act of 1965 (20 U.S.C. 1088) and that are eligible to  
28 participate in Department of Education student aid programs. A  
29 student shall be considered to be enrolled at least half-time  
30 if the student is enrolled for at least half the full-time  
31 academic work load for the course of study the student is  
32 pursuing as determined under the standards of the institution  
33 at which the student is enrolled. Distributions made from the  
34 pool for qualified expenses shall be made directly to the  
35 eligible educational institution, directly to a vendor, or in  
36 the form of a check payable to both the beneficiary and the

1 institution or vendor. Any moneys that are distributed in any  
2 other manner or that are used for expenses other than qualified  
3 expenses at an eligible educational institution shall be  
4 subject to a penalty of 10% of the earnings unless the  
5 beneficiary dies, becomes disabled, or receives a scholarship  
6 that equals or exceeds the distribution. Penalties shall be  
7 withheld at the time the distribution is made.

8 The Treasurer shall limit the contributions that may be  
9 made on behalf of a designated beneficiary based on the  
10 limitations established by the Internal Revenue Service. ~~an~~  
11 ~~actuarial estimate of what is required to pay tuition, fees,~~  
12 ~~and room and board for 5 undergraduate years at the highest~~  
13 ~~cost eligible educational institution.~~ The contributions made  
14 on behalf of a beneficiary who is also a beneficiary under the  
15 Illinois Prepaid Tuition Program shall be further restricted to  
16 ensure that the contributions in both programs combined do not  
17 exceed the limit established for the College Savings Pool. The  
18 Treasurer shall provide the Illinois Student Assistance  
19 Commission each year at a time designated by the Commission, an  
20 electronic report of all participant accounts in the  
21 Treasurer's College Savings Pool, listing total contributions  
22 and disbursements from each individual account during the  
23 previous calendar year. As soon thereafter as is possible  
24 following receipt of the Treasurer's report, the Illinois  
25 Student Assistance Commission shall, in turn, provide the  
26 Treasurer with an electronic report listing those College  
27 Savings Pool participants who also participate in the State's  
28 prepaid tuition program, administered by the Commission. The  
29 Commission shall be responsible for filing any combined tax  
30 reports regarding State qualified savings programs required by  
31 the United States Internal Revenue Service. The Treasurer shall  
32 work with the Illinois Student Assistance Commission to  
33 coordinate the marketing of the College Savings Pool and the  
34 Illinois Prepaid Tuition Program when considered beneficial by  
35 the Treasurer and the Director of the Illinois Student  
36 Assistance Commission. The Treasurer's office shall not

1 publicize or otherwise market the College Savings Pool or  
2 accept any moneys into the College Savings Pool prior to March  
3 1, 2000. The Treasurer shall provide a separate accounting for  
4 each designated beneficiary to each participant, the Illinois  
5 Student Assistance Commission, and the participating financial  
6 institution at which the account was processed. No interest in  
7 the program may be pledged as security for a loan.

8 The assets of the College Savings Pool and its income and  
9 operation shall be exempt from all taxation by the State of  
10 Illinois and any of its subdivisions. The accrued earnings on  
11 investments in the Pool once disbursed on behalf of a  
12 designated beneficiary shall be similarly exempt from all  
13 taxation by the State of Illinois and its subdivisions, so long  
14 as they are used for qualified expenses. Contributions to a  
15 College Savings Pool account during the taxable year may be  
16 deducted from adjusted gross income as provided in Section 203  
17 of the Illinois Income Tax Act. The provisions of this  
18 paragraph are exempt from Section 250 of the Illinois Income  
19 Tax Act.

20 The Treasurer shall adopt rules he or she considers  
21 necessary for the efficient administration of the College  
22 Savings Pool. The rules shall provide whatever additional  
23 parameters and restrictions are necessary to ensure that the  
24 College Savings Pool meets all of the requirements for a  
25 qualified state tuition program under Section 529 of the  
26 Internal Revenue Code (26 U.S.C. 529). The rules shall provide  
27 for the administration expenses of the pool to be paid from its  
28 earnings and for the investment earnings in excess of the  
29 expenses and all moneys collected as penalties to be credited  
30 or paid monthly to the several participants in the pool in a  
31 manner which equitably reflects the differing amounts of their  
32 respective investments in the pool and the differing periods of  
33 time for which those amounts were in the custody of the pool.  
34 Also, the rules shall require the maintenance of records that  
35 enable the Treasurer's office to produce a report for each  
36 account in the pool at least annually that documents the

1 account balance and investment earnings. Notice of any proposed  
2 amendments to the rules and regulations shall be provided to  
3 all participants prior to adoption. Amendments to rules and  
4 regulations shall apply only to contributions made after the  
5 adoption of the amendment.

6 Upon creating the College Savings Pool, the State Treasurer  
7 shall give bond with 2 or more sufficient sureties, payable to  
8 and for the benefit of the participants in the College Savings  
9 Pool, in the penal sum of \$1,000,000, conditioned upon the  
10 faithful discharge of his or her duties in relation to the  
11 College Savings Pool.

12 (Source: P.A. 92-16, eff. 6-28-01; 92-439, eff. 8-17-01;  
13 92-626, eff. 7-11-02; 93-812, eff. 1-1-05.)

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

16 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

17 Sec. 203. Base income defined.

18 (a) Individuals.

19 (1) In general. In the case of an individual, base  
20 income means an amount equal to the taxpayer's adjusted  
21 gross income for the taxable year as modified by paragraph  
22 (2).

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

26 (A) An amount equal to all amounts paid or accrued  
27 to the taxpayer as interest or dividends during the  
28 taxable year to the extent excluded from gross income  
29 in the computation of adjusted gross income, except  
30 stock dividends of qualified public utilities  
31 described in Section 305(e) of the Internal Revenue  
32 Code;

33 (B) An amount equal to the amount of tax imposed by  
34 this Act to the extent deducted from gross income in

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

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

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

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

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

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

1 Internal Revenue Code;

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

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

14 (D-17) For taxable years ending on or after  
15 December 31, 2004, an amount equal to the amount  
16 otherwise allowed as a deduction in computing base  
17 income for interest paid, accrued, or incurred,  
18 directly or indirectly, to a foreign person who would  
19 be a member of the same unitary business group but for  
20 the fact that foreign person's business activity  
21 outside the United States is 80% or more of the foreign  
22 person's total business activity. The addition  
23 modification required by this subparagraph shall be  
24 reduced to the extent that dividends were included in  
25 base income of the unitary group for the same taxable  
26 year and received by the taxpayer or by a member of the  
27 taxpayer's unitary business group (including amounts  
28 included in gross income under Sections 951 through 964  
29 of the Internal Revenue Code and amounts included in  
30 gross income under Section 78 of the Internal Revenue  
31 Code) with respect to the stock of the same person to  
32 whom the interest was paid, accrued, or incurred.

33 This paragraph shall not apply to the following:

34 (i) an item of interest paid, accrued, or  
35 incurred, directly or indirectly, to a foreign  
36 person who is subject in a foreign country or



1 state, other than a state which requires mandatory  
2 unitary reporting, to a tax on or measured by net  
3 income with respect to such interest; or

4 (ii) an item of interest paid, accrued, or  
5 incurred, directly or indirectly, to a foreign  
6 person if the taxpayer can establish, based on a  
7 preponderance of the evidence, both of the  
8 following:

9 (a) the foreign person, during the same  
10 taxable year, paid, accrued, or incurred, the  
11 interest to a person that is not a related  
12 member, and

13 (b) the transaction giving rise to the  
14 interest expense between the taxpayer and the  
15 foreign person did not have as a principal  
16 purpose the avoidance of Illinois income tax,  
17 and is paid pursuant to a contract or agreement  
18 that reflects an arm's-length interest rate  
19 and terms; or

20 (iii) the taxpayer can establish, based on  
21 clear and convincing evidence, that the interest  
22 paid, accrued, or incurred relates to a contract or  
23 agreement entered into at arm's-length rates and  
24 terms and the principal purpose for the payment is  
25 not federal or Illinois tax avoidance; or

26 (iv) an item of interest paid, accrued, or  
27 incurred, directly or indirectly, to a foreign  
28 person if the taxpayer establishes by clear and  
29 convincing evidence that the adjustments are  
30 unreasonable; or if the taxpayer and the Director  
31 agree in writing to the application or use of an  
32 alternative method of apportionment under Section  
33 304(f).

34 Nothing in this subsection shall preclude the  
35 Director from making any other adjustment  
36 otherwise allowed under Section 404 of this Act for

1 any tax year beginning after the effective date of  
2 this amendment provided such adjustment is made  
3 pursuant to regulation adopted by the Department  
4 and such regulations provide methods and standards  
5 by which the Department will utilize its authority  
6 under Section 404 of this Act;

7 (D-18) For taxable years ending on or after  
8 December 31, 2004, an amount equal to the amount of  
9 intangible expenses and costs otherwise allowed as a  
10 deduction in computing base income, and that were paid,  
11 accrued, or incurred, directly or indirectly, to a  
12 foreign person who would be a member of the same  
13 unitary business group but for the fact that the  
14 foreign person's business activity outside the United  
15 States is 80% or more of that person's total business  
16 activity. The addition modification required by this  
17 subparagraph shall be reduced to the extent that  
18 dividends were included in base income of the unitary  
19 group for the same taxable year and received by the  
20 taxpayer or by a member of the taxpayer's unitary  
21 business group (including amounts included in gross  
22 income under Sections 951 through 964 of the Internal  
23 Revenue Code and amounts included in gross income under  
24 Section 78 of the Internal Revenue Code) with respect  
25 to the stock of the same person to whom the intangible  
26 expenses and costs were directly or indirectly paid,  
27 incurred, or accrued. The preceding sentence does not  
28 apply to the extent that the same dividends caused a  
29 reduction to the addition modification required under  
30 Section 203(a)(2)(D-17) of this Act. As used in this  
31 subparagraph, the term "intangible expenses and costs"  
32 includes (1) expenses, losses, and costs for, or  
33 related to, the direct or indirect acquisition, use,  
34 maintenance or management, ownership, sale, exchange,  
35 or any other disposition of intangible property; (2)  
36 losses incurred, directly or indirectly, from

1 factoring transactions or discounting transactions;  
2 (3) royalty, patent, technical, and copyright fees;  
3 (4) licensing fees; and (5) other similar expenses and  
4 costs. For purposes of this subparagraph, "intangible  
5 property" includes patents, patent applications, trade  
6 names, trademarks, service marks, copyrights, mask  
7 works, trade secrets, and similar types of intangible  
8 assets.

9 This paragraph shall not apply to the following:

10 (i) any item of intangible expenses or costs  
11 paid, accrued, or incurred, directly or  
12 indirectly, from a transaction with a foreign  
13 person who is subject in a foreign country or  
14 state, other than a state which requires mandatory  
15 unitary reporting, to a tax on or measured by net  
16 income with respect to such item; or

17 (ii) any item of intangible expense or cost  
18 paid, accrued, or incurred, directly or  
19 indirectly, if the taxpayer can establish, based  
20 on a preponderance of the evidence, both of the  
21 following:

22 (a) the foreign person during the same  
23 taxable year paid, accrued, or incurred, the  
24 intangible expense or cost to a person that is  
25 not a related member, and

26 (b) the transaction giving rise to the  
27 intangible expense or cost between the  
28 taxpayer and the foreign person did not have as  
29 a principal purpose the avoidance of Illinois  
30 income tax, and is paid pursuant to a contract  
31 or agreement that reflects arm's-length terms;  
32 or

33 (iii) any item of intangible expense or cost  
34 paid, accrued, or incurred, directly or  
35 indirectly, from a transaction with a foreign  
36 person if the taxpayer establishes by clear and

1           convincing evidence, that the adjustments are  
2           unreasonable; or if the taxpayer and the Director  
3           agree in writing to the application or use of an  
4           alternative method of apportionment under Section  
5           304(f);

6           Nothing in this subsection shall preclude the  
7           Director from making any other adjustment  
8           otherwise allowed under Section 404 of this Act for  
9           any tax year beginning after the effective date of  
10          this amendment provided such adjustment is made  
11          pursuant to regulation adopted by the Department  
12          and such regulations provide methods and standards  
13          by which the Department will utilize its authority  
14          under Section 404 of this Act;

15          (D-20) For taxable years beginning on or after  
16          January 1, 2002 and ending on or before December 31,  
17          2005, in the case of a distribution from a qualified  
18          tuition program under Section 529 of the Internal  
19          Revenue Code, other than (i) a distribution from a  
20          College Savings Pool created under Section 16.5 of the  
21          State Treasurer Act or (ii) a distribution from the  
22          Illinois Prepaid Tuition Trust Fund, an amount equal to  
23          the amount excluded from gross income under Section  
24          529(c) (3) (B). For taxable years beginning on or after  
25          January 1, 2006, in the case of a distribution from a  
26          qualified tuition program under Section 529 of the  
27          Internal Revenue Code, other than (i) a distribution  
28          from a College Savings Pool created under Section 16.5  
29          of the State Treasurer Act, (ii) a distribution from  
30          the Illinois Prepaid Tuition Trust Fund, or (iii) a  
31          distribution from a qualified tuition program under  
32          Section 529 of the Internal Revenue Code that (I)  
33          adopts and determines that its offering materials  
34          comply with the College Savings Plans Network's  
35          disclosure principles and (II) has made reasonable  
36          efforts to inform in-state residents of the existence

1 of in-state qualified tuition programs by informing  
2 Illinois residents directly and, where applicable, to  
3 inform financial intermediaries distributing the  
4 program to inform in-state residents of the existence  
5 of in-state qualified tuition programs at least  
6 annually, an amount equal to the amount excluded from  
7 gross income under Section 529(c)(3)(B).

8 For the purposes of this subparagraph (D-20), a  
9 qualified tuition program has made reasonable efforts  
10 if it makes disclosures (which may use the term  
11 "in-state program" or "in-state plan" and need not  
12 specifically refer to Illinois or its qualified  
13 programs by name) (i) directly to prospective  
14 participants in its offering materials or makes a  
15 public disclosure, such as a website posting; and (ii)  
16 where applicable, to intermediaries selling the  
17 out-of-state program in the same manner that the  
18 out-of-state program distributes its offering  
19 materials;

20 (D-21) For taxable years beginning on or after  
21 January 1, 2006, in the case of transfer of moneys from  
22 a qualified tuition program under Section 529 of the  
23 Internal Revenue Code that is administered by the State  
24 to an out-of-state program, an amount equal to the  
25 amount of moneys previously deducted from base income  
26 under subsection (a)(2)(Y) of this Section.

27 and by deducting from the total so obtained the sum of the  
28 following amounts:

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

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

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

31 (G) The valuation limitation amount;

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

35 (I) An amount equal to all amounts included in such  
36 total pursuant to the provisions of Section 111 of the

1 Internal Revenue Code as a recovery of items previously  
2 deducted from adjusted gross income in the computation  
3 of taxable income;

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

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

19 (L) For taxable years ending after December 31,  
20 1983, an amount equal to all social security benefits  
21 and railroad retirement benefits included in such  
22 total pursuant to Sections 72(r) and 86 of the Internal  
23 Revenue Code;

24 (M) With the exception of any amounts subtracted  
25 under subparagraph (N), an amount equal to the sum of  
26 all amounts disallowed as deductions by (i) Sections  
27 171(a) (2), and 265(2) of the Internal Revenue Code of  
28 1954, as now or hereafter amended, and all amounts of  
29 expenses allocable to interest and disallowed as  
30 deductions by Section 265(1) of the Internal Revenue  
31 Code of 1954, as now or hereafter amended; and (ii) for  
32 taxable years ending on or after August 13, 1999,  
33 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of  
34 the Internal Revenue Code; the provisions of this  
35 subparagraph are exempt from the provisions of Section  
36 250;

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

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

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

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

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

25 (S) An amount, to the extent included in adjusted  
26 gross income, equal to the amount of a contribution  
27 made in the taxable year on behalf of the taxpayer to a  
28 medical care savings account established under the  
29 Medical Care Savings Account Act or the Medical Care  
30 Savings Account Act of 2000 to the extent the  
31 contribution is accepted by the account administrator  
32 as provided in that Act;

33 (T) An amount, to the extent included in adjusted  
34 gross income, equal to the amount of interest earned in  
35 the taxable year on a medical care savings account  
36 established under the Medical Care Savings Account Act



1 or the Medical Care Savings Account Act of 2000 on  
2 behalf of the taxpayer, other than interest added  
3 pursuant to item (D-5) of this paragraph (2);

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

10 (V) Beginning with tax years ending on or after  
11 December 31, 1995 and ending with tax years ending on  
12 or before December 31, 2004, an amount equal to the  
13 amount paid by a taxpayer who is a self-employed  
14 taxpayer, a partner of a partnership, or a shareholder  
15 in a Subchapter S corporation for health insurance or  
16 long-term care insurance for that taxpayer or that  
17 taxpayer's spouse or dependents, to the extent that the  
18 amount paid for that health insurance or long-term care  
19 insurance may be deducted under Section 213 of the  
20 Internal Revenue Code of 1986, has not been deducted on  
21 the federal income tax return of the taxpayer, and does  
22 not exceed the taxable income attributable to that  
23 taxpayer's income, self-employment income, or  
24 Subchapter S corporation income; except that no  
25 deduction shall be allowed under this item (V) if the  
26 taxpayer is eligible to participate in any health  
27 insurance or long-term care insurance plan of an  
28 employer of the taxpayer or the taxpayer's spouse. The  
29 amount of the health insurance and long-term care  
30 insurance subtracted under this item (V) shall be  
31 determined by multiplying total health insurance and  
32 long-term care insurance premiums paid by the taxpayer  
33 times a number that represents the fractional  
34 percentage of eligible medical expenses under Section  
35 213 of the Internal Revenue Code of 1986 not actually  
36 deducted on the taxpayer's federal income tax return;

1           (W) For taxable years beginning on or after January  
2 1, 1998, all amounts included in the taxpayer's federal  
3 gross income in the taxable year from amounts converted  
4 from a regular IRA to a Roth IRA. This paragraph is  
5 exempt from the provisions of Section 250;

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

1 purposes. This paragraph is exempt from the provisions  
2 of Section 250;

3 (Y) For taxable years beginning on or after January  
4 1, 2002 and ending on or before December 31, 2004,  
5 moneys contributed in the taxable year to a College  
6 Savings Pool account under Section 16.5 of the State  
7 Treasurer Act, except that amounts excluded from gross  
8 income under Section 529(c)(3)(C)(i) of the Internal  
9 Revenue Code shall not be considered moneys  
10 contributed under this subparagraph (Y). For taxable  
11 years beginning on or after January 1, 2005, a maximum  
12 of \$10,000 contributed in the taxable year to (i) a  
13 College Savings Pool account under Section 16.5 of the  
14 State Treasurer Act or (ii) the Illinois Prepaid  
15 Tuition Trust Fund, except that amounts excluded from  
16 gross income under Section 529(c)(3)(C)(i) of the  
17 Internal Revenue Code shall not be considered moneys  
18 contributed under this subparagraph (Y). This  
19 subparagraph (Y) is exempt from the provisions of  
20 Section 250;

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

28 (1) "y" equals the amount of the depreciation  
29 deduction taken for the taxable year on the  
30 taxpayer's federal income tax return on property  
31 for which the bonus depreciation deduction (30% of  
32 the adjusted basis of the qualified property) was  
33 taken in any year under subsection (k) of Section  
34 168 of the Internal Revenue Code, but not including  
35 the bonus depreciation deduction; and

36 (2) "x" equals "y" multiplied by 30 and then

1           divided by 70 (or "y" multiplied by 0.429).

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

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

16          The taxpayer is allowed to take the deduction under  
17          this subparagraph only once with respect to any one  
18          piece of property;

19          (BB) Any amount included in adjusted gross income,  
20          other than salary, received by a driver in a  
21          ridesharing arrangement using a motor vehicle;

22          (CC) The amount of (i) any interest income (net of  
23          the deductions allocable thereto) taken into account  
24          for the taxable year with respect to a transaction with  
25          a taxpayer that is required to make an addition  
26          modification with respect to such transaction under  
27          Section 203(a)(2)(D-17), 203(b)(2)(E-13),  
28          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
29          the amount of that addition modification, and (ii) any  
30          income from intangible property (net of the deductions  
31          allocable thereto) taken into account for the taxable  
32          year with respect to a transaction with a taxpayer that  
33          is required to make an addition modification with  
34          respect to such transaction under Section  
35          203(a)(2)(D-18), 203(b)(2)(E-14), 203(c)(2)(G-13), or  
36          203(d)(2)(D-8), but not to exceed the amount of that

1 addition modification;

2 (DD) An amount equal to the interest income taken  
3 into account for the taxable year (net of the  
4 deductions allocable thereto) with respect to  
5 transactions with a foreign person who would be a  
6 member of the taxpayer's unitary business group but for  
7 the fact that the foreign person's business activity  
8 outside the United States is 80% or more of that  
9 person's total business activity, but not to exceed the  
10 addition modification required to be made for the same  
11 taxable year under Section 203(a)(2)(D-17) for  
12 interest paid, accrued, or incurred, directly or  
13 indirectly, to the same foreign person; and

14 (EE) An amount equal to the income from intangible  
15 property taken into account for the taxable year (net  
16 of the deductions allocable thereto) with respect to  
17 transactions with a foreign person who would be a  
18 member of the taxpayer's unitary business group but for  
19 the fact that the foreign person's business activity  
20 outside the United States is 80% or more of that  
21 person's total business activity, but not to exceed the  
22 addition modification required to be made for the same  
23 taxable year under Section 203(a)(2)(D-18) for  
24 intangible expenses and costs paid, accrued, or  
25 incurred, directly or indirectly, to the same foreign  
26 person.

27 (b) Corporations.

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

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

34 (A) An amount equal to all amounts paid or accrued  
35 to the taxpayer as interest and all distributions

1 received from regulated investment companies during  
2 the taxable year to the extent excluded from gross  
3 income in the computation of taxable income;

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

7 (C) In the case of a regulated investment company,  
8 an amount equal to the excess of (i) the net long-term  
9 capital gain for the taxable year, over (ii) the amount  
10 of the capital gain dividends designated as such in  
11 accordance with Section 852(b)(3)(C) of the Internal  
12 Revenue Code and any amount designated under Section  
13 852(b)(3)(D) of the Internal Revenue Code,  
14 attributable to the taxable year (this amendatory Act  
15 of 1995 (Public Act 89-89) is declarative of existing  
16 law and is not a new enactment);

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

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

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

1           was taken into account in calculating the base  
2           income of an earlier taxable year, and

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

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

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

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

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

35          The taxpayer is required to make the addition  
36          modification under this subparagraph only once with

1 respect to any one piece of property;

2 (E-12) For taxable years ending on or after  
3 December 31, 2004, an amount equal to the amount  
4 otherwise allowed as a deduction in computing base  
5 income for interest paid, accrued, or incurred,  
6 directly or indirectly, to a foreign person who would  
7 be a member of the same unitary business group but for  
8 the fact the foreign person's business activity  
9 outside the United States is 80% or more of the foreign  
10 person's total business activity. The addition  
11 modification required by this subparagraph shall be  
12 reduced to the extent that dividends were included in  
13 base income of the unitary group for the same taxable  
14 year and received by the taxpayer or by a member of the  
15 taxpayer's unitary business group (including amounts  
16 included in gross income pursuant to Sections 951  
17 through 964 of the Internal Revenue Code and amounts  
18 included in gross income under Section 78 of the  
19 Internal Revenue Code) with respect to the stock of the  
20 same person to whom the interest was paid, accrued, or  
21 incurred.

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or  
24 incurred, directly or indirectly, to a foreign  
25 person who is subject in a foreign country or  
26 state, other than a state which requires mandatory  
27 unitary reporting, to a tax on or measured by net  
28 income with respect to such interest; or

29 (ii) an item of interest paid, accrued, or  
30 incurred, directly or indirectly, to a foreign  
31 person if the taxpayer can establish, based on a  
32 preponderance of the evidence, both of the  
33 following:

34 (a) the foreign person, during the same  
35 taxable year, paid, accrued, or incurred, the  
36 interest to a person that is not a related



1 member, and

2 (b) the transaction giving rise to the  
3 interest expense between the taxpayer and the  
4 foreign person did not have as a principal  
5 purpose the avoidance of Illinois income tax,  
6 and is paid pursuant to a contract or agreement  
7 that reflects an arm's-length interest rate  
8 and terms; or

9 (iii) the taxpayer can establish, based on  
10 clear and convincing evidence, that the interest  
11 paid, accrued, or incurred relates to a contract or  
12 agreement entered into at arm's-length rates and  
13 terms and the principal purpose for the payment is  
14 not federal or Illinois tax avoidance; or

15 (iv) an item of interest paid, accrued, or  
16 incurred, directly or indirectly, to a foreign  
17 person if the taxpayer establishes by clear and  
18 convincing evidence that the adjustments are  
19 unreasonable; or if the taxpayer and the Director  
20 agree in writing to the application or use of an  
21 alternative method of apportionment under Section  
22 304(f).

23 Nothing in this subsection shall preclude the  
24 Director from making any other adjustment  
25 otherwise allowed under Section 404 of this Act for  
26 any tax year beginning after the effective date of  
27 this amendment provided such adjustment is made  
28 pursuant to regulation adopted by the Department  
29 and such regulations provide methods and standards  
30 by which the Department will utilize its authority  
31 under Section 404 of this Act;

32 (E-13) For taxable years ending on or after  
33 December 31, 2004, an amount equal to the amount of  
34 intangible expenses and costs otherwise allowed as a  
35 deduction in computing base income, and that were paid,  
36 accrued, or incurred, directly or indirectly, to a

1 foreign person who would be a member of the same  
2 unitary business group but for the fact that the  
3 foreign person's business activity outside the United  
4 States is 80% or more of that person's total business  
5 activity. The addition modification required by this  
6 subparagraph shall be reduced to the extent that  
7 dividends were included in base income of the unitary  
8 group for the same taxable year and received by the  
9 taxpayer or by a member of the taxpayer's unitary  
10 business group (including amounts included in gross  
11 income pursuant to Sections 951 through 964 of the  
12 Internal Revenue Code and amounts included in gross  
13 income under Section 78 of the Internal Revenue Code)  
14 with respect to the stock of the same person to whom  
15 the intangible expenses and costs were directly or  
16 indirectly paid, incurred, or accrued. The preceding  
17 sentence shall not apply to the extent that the same  
18 dividends caused a reduction to the addition  
19 modification required under Section 203(b)(2)(E-12) of  
20 this Act. As used in this subparagraph, the term  
21 "intangible expenses and costs" includes (1) expenses,  
22 losses, and costs for, or related to, the direct or  
23 indirect acquisition, use, maintenance or management,  
24 ownership, sale, exchange, or any other disposition of  
25 intangible property; (2) losses incurred, directly or  
26 indirectly, from factoring transactions or discounting  
27 transactions; (3) royalty, patent, technical, and  
28 copyright fees; (4) licensing fees; and (5) other  
29 similar expenses and costs. For purposes of this  
30 subparagraph, "intangible property" includes patents,  
31 patent applications, trade names, trademarks, service  
32 marks, copyrights, mask works, trade secrets, and  
33 similar types of intangible assets.

34 This paragraph shall not apply to the following:

35 (i) any item of intangible expenses or costs  
36 paid, accrued, or incurred, directly or

1 indirectly, from a transaction with a foreign  
2 person who is subject in a foreign country or  
3 state, other than a state which requires mandatory  
4 unitary reporting, to a tax on or measured by net  
5 income with respect to such item; or

6 (ii) any item of intangible expense or cost  
7 paid, accrued, or incurred, directly or  
8 indirectly, if the taxpayer can establish, based  
9 on a preponderance of the evidence, both of the  
10 following:

11 (a) the foreign person during the same  
12 taxable year paid, accrued, or incurred, the  
13 intangible expense or cost to a person that is  
14 not a related member, and

15 (b) the transaction giving rise to the  
16 intangible expense or cost between the  
17 taxpayer and the foreign person did not have as  
18 a principal purpose the avoidance of Illinois  
19 income tax, and is paid pursuant to a contract  
20 or agreement that reflects arm's-length terms;  
21 or

22 (iii) any item of intangible expense or cost  
23 paid, accrued, or incurred, directly or  
24 indirectly, from a transaction with a foreign  
25 person if the taxpayer establishes by clear and  
26 convincing evidence, that the adjustments are  
27 unreasonable; or if the taxpayer and the Director  
28 agree in writing to the application or use of an  
29 alternative method of apportionment under Section  
30 304(f);

31 Nothing in this subsection shall preclude the  
32 Director from making any other adjustment  
33 otherwise allowed under Section 404 of this Act for  
34 any tax year beginning after the effective date of  
35 this amendment provided such adjustment is made  
36 pursuant to regulation adopted by the Department

1           and such regulations provide methods and standards  
2           by which the Department will utilize its authority  
3           under Section 404 of this Act;

4           and by deducting from the total so obtained the sum of the  
5           following amounts:

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

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

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

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

30                   (J) An amount equal to all amounts included in such  
31                   total which are exempt from taxation by this State  
32                   either by reason of its statutes or Constitution or by  
33                   reason of the Constitution, treaties or statutes of the  
34                   United States; provided that, in the case of any  
35                   statute of this State that exempts income derived from  
36                   bonds or other obligations from the tax imposed under

1           this Act, the amount exempted shall be the interest net  
2           of bond premium amortization;

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

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

18          (M) For any taxpayer that is a financial  
19          organization within the meaning of Section 304(c) of  
20          this Act, an amount included in such total as interest  
21          income from a loan or loans made by such taxpayer to a  
22          borrower, to the extent that such a loan is secured by  
23          property which is eligible for the Enterprise Zone  
24          Investment Credit. To determine the portion of a loan  
25          or loans that is secured by property eligible for a  
26          Section 201(f) investment credit to the borrower, the  
27          entire principal amount of the loan or loans between  
28          the taxpayer and the borrower should be divided into  
29          the basis of the Section 201(f) investment credit  
30          property which secures the loan or loans, using for  
31          this purpose the original basis of such property on the  
32          date that it was placed in service in the Enterprise  
33          Zone. The subtraction modification available to  
34          taxpayer in any year under this subsection shall be  
35          that portion of the total interest paid by the borrower  
36          with respect to such loan attributable to the eligible

1 property as calculated under the previous sentence;

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

27 (N) Two times any contribution made during the  
28 taxable year to a designated zone organization to the  
29 extent that the contribution (i) qualifies as a  
30 charitable contribution under subsection (c) of  
31 Section 170 of the Internal Revenue Code and (ii) must,  
32 by its terms, be used for a project approved by the  
33 Department of Commerce and Economic Opportunity under  
34 Section 11 of the Illinois Enterprise Zone Act;

35 (O) An amount equal to: (i) 85% for taxable years  
36 ending on or before December 31, 1992, or, a percentage

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

27 (P) An amount equal to any contribution made to a  
28 job training project established pursuant to the Tax  
29 Increment Allocation Redevelopment Act;

30 (Q) An amount equal to the amount of the deduction  
31 used to compute the federal income tax credit for  
32 restoration of substantial amounts held under claim of  
33 right for the taxable year pursuant to Section 1341 of  
34 the Internal Revenue Code of 1986;

35 (R) In the case of an attorney-in-fact with respect  
36 to whom an interinsurer or a reciprocal insurer has

1 made the election under Section 835 of the Internal  
2 Revenue Code, 26 U.S.C. 835, an amount equal to the  
3 excess, if any, of the amounts paid or incurred by that  
4 interinsurer or reciprocal insurer in the taxable year  
5 to the attorney-in-fact over the deduction allowed to  
6 that interinsurer or reciprocal insurer with respect  
7 to the attorney-in-fact under Section 835(b) of the  
8 Internal Revenue Code for the taxable year;

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

19 (T) For taxable years 2001 and thereafter, for the  
20 taxable year in which the bonus depreciation deduction  
21 (30% of the adjusted basis of the qualified property)  
22 is taken on the taxpayer's federal income tax return  
23 under subsection (k) of Section 168 of the Internal  
24 Revenue Code and for each applicable taxable year  
25 thereafter, an amount equal to "x", where:

26 (1) "y" equals the amount of the depreciation  
27 deduction taken for the taxable year on the  
28 taxpayer's federal income tax return on property  
29 for which the bonus depreciation deduction (30% of  
30 the adjusted basis of the qualified property) was  
31 taken in any year under subsection (k) of Section  
32 168 of the Internal Revenue Code, but not including  
33 the bonus depreciation deduction; and

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

36 The aggregate amount deducted under this



1           subparagraph in all taxable years for any one piece of  
2           property may not exceed the amount of the bonus  
3           depreciation deduction (30% of the adjusted basis of  
4           the qualified property) taken on that property on the  
5           taxpayer's federal income tax return under subsection  
6           (k) of Section 168 of the Internal Revenue Code;

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

14          The taxpayer is allowed to take the deduction under  
15          this subparagraph only once with respect to any one  
16          piece of property;

17          (V) The amount of: (i) any interest income (net of  
18          the deductions allocable thereto) taken into account  
19          for the taxable year with respect to a transaction with  
20          a taxpayer that is required to make an addition  
21          modification with respect to such transaction under  
22          Section           203(a)(2)(D-17),           203(b)(2)(E-12),  
23          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
24          the amount of such addition modification and (ii) any  
25          income from intangible property (net of the deductions  
26          allocable thereto) taken into account for the taxable  
27          year with respect to a transaction with a taxpayer that  
28          is required to make an addition modification with  
29          respect to such transaction under Section  
30          203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
31          203(d)(2)(D-8), but not to exceed the amount of such  
32          addition modification;

33          (W) An amount equal to the interest income taken  
34          into account for the taxable year (net of the  
35          deductions allocable thereto) with respect to  
36          transactions with a foreign person who would be a

1 member of the taxpayer's unitary business group but for  
2 the fact that the foreign person's business activity  
3 outside the United States is 80% or more of that  
4 person's total business activity, but not to exceed the  
5 addition modification required to be made for the same  
6 taxable year under Section 203(b)(2)(E-12) for  
7 interest paid, accrued, or incurred, directly or  
8 indirectly, to the same foreign person; and

9 (X) An amount equal to the income from intangible  
10 property taken into account for the taxable year (net  
11 of the deductions allocable thereto) with respect to  
12 transactions with a foreign person who would be a  
13 member of the taxpayer's unitary business group but for  
14 the fact that the foreign person's business activity  
15 outside the United States is 80% or more of that  
16 person's total business activity, but not to exceed the  
17 addition modification required to be made for the same  
18 taxable year under Section 203(b)(2)(E-13) for  
19 intangible expenses and costs paid, accrued, or  
20 incurred, directly or indirectly, to the same foreign  
21 person.

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

26 (c) Trusts and estates.

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

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

34 (A) An amount equal to all amounts paid or accrued  
35 to the taxpayer as interest or dividends during the

1 taxable year to the extent excluded from gross income  
2 in the computation of taxable income;

3 (B) In the case of (i) an estate, \$600; (ii) a  
4 trust which, under its governing instrument, is  
5 required to distribute all of its income currently,  
6 \$300; and (iii) any other trust, \$100, but in each such  
7 case, only to the extent such amount was deducted in  
8 the computation of taxable income;

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

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

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

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

34 (ii) the addition modification relating to the  
35 net operating loss carried back or forward to the  
36 taxable year from any taxable year ending prior to

1 December 31, 1986 shall not exceed the amount of  
2 such carryback or carryforward;

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

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

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

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

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

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

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

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

7 (G-12) For taxable years ending on or after  
8 December 31, 2004, an amount equal to the amount  
9 otherwise allowed as a deduction in computing base  
10 income for interest paid, accrued, or incurred,  
11 directly or indirectly, to a foreign person who would  
12 be a member of the same unitary business group but for  
13 the fact that the foreign person's business activity  
14 outside the United States is 80% or more of the foreign  
15 person's total business activity. The addition  
16 modification required by this subparagraph shall be  
17 reduced to the extent that dividends were included in  
18 base income of the unitary group for the same taxable  
19 year and received by the taxpayer or by a member of the  
20 taxpayer's unitary business group (including amounts  
21 included in gross income pursuant to Sections 951  
22 through 964 of the Internal Revenue Code and amounts  
23 included in gross income under Section 78 of the  
24 Internal Revenue Code) with respect to the stock of the  
25 same person to whom the interest was paid, accrued, or  
26 incurred.

27 This paragraph shall not apply to the following:

28 (i) an item of interest paid, accrued, or  
29 incurred, directly or indirectly, to a foreign  
30 person who is subject in a foreign country or  
31 state, other than a state which requires mandatory  
32 unitary reporting, to a tax on or measured by net  
33 income with respect to such interest; or

34 (ii) an item of interest paid, accrued, or  
35 incurred, directly or indirectly, to a foreign  
36 person if the taxpayer can establish, based on a

1           preponderance of the evidence, both of the  
2           following:

3                   (a) the foreign person, during the same  
4                   taxable year, paid, accrued, or incurred, the  
5                   interest to a person that is not a related  
6                   member, and

7                   (b) the transaction giving rise to the  
8                   interest expense between the taxpayer and the  
9                   foreign person did not have as a principal  
10                  purpose the avoidance of Illinois income tax,  
11                  and is paid pursuant to a contract or agreement  
12                  that reflects an arm's-length interest rate  
13                  and terms; or

14                  (iii) the taxpayer can establish, based on  
15                  clear and convincing evidence, that the interest  
16                  paid, accrued, or incurred relates to a contract or  
17                  agreement entered into at arm's-length rates and  
18                  terms and the principal purpose for the payment is  
19                  not federal or Illinois tax avoidance; or

20                  (iv) an item of interest paid, accrued, or  
21                  incurred, directly or indirectly, to a foreign  
22                  person if the taxpayer establishes by clear and  
23                  convincing evidence that the adjustments are  
24                  unreasonable; or if the taxpayer and the Director  
25                  agree in writing to the application or use of an  
26                  alternative method of apportionment under Section  
27                  304(f).

28                  Nothing in this subsection shall preclude the  
29                  Director from making any other adjustment  
30                  otherwise allowed under Section 404 of this Act for  
31                  any tax year beginning after the effective date of  
32                  this amendment provided such adjustment is made  
33                  pursuant to regulation adopted by the Department  
34                  and such regulations provide methods and standards  
35                  by which the Department will utilize its authority  
36                  under Section 404 of this Act;

1 (G-13) For taxable years ending on or after  
2 December 31, 2004, an amount equal to the amount of  
3 intangible expenses and costs otherwise allowed as a  
4 deduction in computing base income, and that were paid,  
5 accrued, or incurred, directly or indirectly, to a  
6 foreign person who would be a member of the same  
7 unitary business group but for the fact that the  
8 foreign person's business activity outside the United  
9 States is 80% or more of that person's total business  
10 activity. The addition modification required by this  
11 subparagraph shall be reduced to the extent that  
12 dividends were included in base income of the unitary  
13 group for the same taxable year and received by the  
14 taxpayer or by a member of the taxpayer's unitary  
15 business group (including amounts included in gross  
16 income pursuant to Sections 951 through 964 of the  
17 Internal Revenue Code and amounts included in gross  
18 income under Section 78 of the Internal Revenue Code)  
19 with respect to the stock of the same person to whom  
20 the intangible expenses and costs were directly or  
21 indirectly paid, incurred, or accrued. The preceding  
22 sentence shall not apply to the extent that the same  
23 dividends caused a reduction to the addition  
24 modification required under Section 203(c)(2)(G-12) of  
25 this Act. As used in this subparagraph, the term  
26 "intangible expenses and costs" includes: (1)  
27 expenses, losses, and costs for or related to the  
28 direct or indirect acquisition, use, maintenance or  
29 management, ownership, sale, exchange, or any other  
30 disposition of intangible property; (2) losses  
31 incurred, directly or indirectly, from factoring  
32 transactions or discounting transactions; (3) royalty,  
33 patent, technical, and copyright fees; (4) licensing  
34 fees; and (5) other similar expenses and costs. For  
35 purposes of this subparagraph, "intangible property"  
36 includes patents, patent applications, trade names,

1 trademarks, service marks, copyrights, mask works,  
2 trade secrets, and similar types of intangible assets.

3 This paragraph shall not apply to the following:

4 (i) any item of intangible expenses or costs  
5 paid, accrued, or incurred, directly or  
6 indirectly, from a transaction with a foreign  
7 person who is subject in a foreign country or  
8 state, other than a state which requires mandatory  
9 unitary reporting, to a tax on or measured by net  
10 income with respect to such item; or

11 (ii) any item of intangible expense or cost  
12 paid, accrued, or incurred, directly or  
13 indirectly, if the taxpayer can establish, based  
14 on a preponderance of the evidence, both of the  
15 following:

16 (a) the foreign person during the same  
17 taxable year paid, accrued, or incurred, the  
18 intangible expense or cost to a person that is  
19 not a related member, and

20 (b) the transaction giving rise to the  
21 intangible expense or cost between the  
22 taxpayer and the foreign person did not have as  
23 a principal purpose the avoidance of Illinois  
24 income tax, and is paid pursuant to a contract  
25 or agreement that reflects arm's-length terms;  
26 or

27 (iii) any item of intangible expense or cost  
28 paid, accrued, or incurred, directly or  
29 indirectly, from a transaction with a foreign  
30 person if the taxpayer establishes by clear and  
31 convincing evidence, that the adjustments are  
32 unreasonable; or if the taxpayer and the Director  
33 agree in writing to the application or use of an  
34 alternative method of apportionment under Section  
35 304(f);

36 Nothing in this subsection shall preclude the



1 Director from making any other adjustment  
2 otherwise allowed under Section 404 of this Act for  
3 any tax year beginning after the effective date of  
4 this amendment provided such adjustment is made  
5 pursuant to regulation adopted by the Department  
6 and such regulations provide methods and standards  
7 by which the Department will utilize its authority  
8 under Section 404 of this Act;

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

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

22 (I) The valuation limitation amount;

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

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

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

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

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

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

32 (P) An amount equal to the amount of the deduction  
33 used to compute the federal income tax credit for  
34 restoration of substantial amounts held under claim of  
35 right for the taxable year pursuant to Section 1341 of  
36 the Internal Revenue Code of 1986;

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

34           (R) For taxable years 2001 and thereafter, for the  
35           taxable year in which the bonus depreciation deduction  
36           (30% of the adjusted basis of the qualified property)

1 is taken on the taxpayer's federal income tax return  
2 under subsection (k) of Section 168 of the Internal  
3 Revenue Code and for each applicable taxable year  
4 thereafter, an amount equal to "x", where:

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

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

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

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

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

32 (T) The amount of (i) any interest income (net of  
33 the deductions allocable thereto) taken into account  
34 for the taxable year with respect to a transaction with  
35 a taxpayer that is required to make an addition  
36 modification with respect to such transaction under

1           Section           203(a)(2)(D-17),           203(b)(2)(E-12),  
2           203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
3           the amount of such addition modification and (ii) any  
4           income from intangible property (net of the deductions  
5           allocable thereto) taken into account for the taxable  
6           year with respect to a transaction with a taxpayer that  
7           is required to make an addition modification with  
8           respect to such transaction under Section  
9           203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
10          203(d)(2)(D-8), but not to exceed the amount of such  
11          addition modification;

12           (U) An amount equal to the interest income taken  
13          into account for the taxable year (net of the  
14          deductions allocable thereto) with respect to  
15          transactions with a foreign person who would be a  
16          member of the taxpayer's unitary business group but for  
17          the fact the foreign person's business activity  
18          outside the United States is 80% or more of that  
19          person's total business activity, but not to exceed the  
20          addition modification required to be made for the same  
21          taxable year under Section 203(c)(2)(G-12) for  
22          interest paid, accrued, or incurred, directly or  
23          indirectly, to the same foreign person; and

24           (V) An amount equal to the income from intangible  
25          property taken into account for the taxable year (net  
26          of the deductions allocable thereto) with respect to  
27          transactions with a foreign person who would be a  
28          member of the taxpayer's unitary business group but for  
29          the fact that the foreign person's business activity  
30          outside the United States is 80% or more of that  
31          person's total business activity, but not to exceed the  
32          addition modification required to be made for the same  
33          taxable year under Section 203(c)(2)(G-13) for  
34          intangible expenses and costs paid, accrued, or  
35          incurred, directly or indirectly, to the same foreign  
36          person.

1           (3) Limitation. The amount of any modification  
2 otherwise required under this subsection shall, under  
3 regulations prescribed by the Department, be adjusted by  
4 any amounts included therein which were properly paid,  
5 credited, or required to be distributed, or permanently set  
6 aside for charitable purposes pursuant to Internal Revenue  
7 Code Section 642(c) during the taxable year.

8           (d) Partnerships.

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

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

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

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

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

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

29                   (D-5) 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;

35                   (D-6) 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 (D-5), then an amount equal to the  
6           aggregate amount of the deductions taken in all taxable  
7           years under subparagraph (O) 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          (D-7) For taxable years ending on or after December  
13          31, 2004, an amount equal to the amount otherwise  
14          allowed as a deduction in computing base income for  
15          interest paid, accrued, or incurred, directly or  
16          indirectly, to a foreign person who would be a member  
17          of the same unitary business group but for the fact the  
18          foreign person's business activity outside the United  
19          States is 80% or more of the foreign person's total  
20          business activity. The addition modification required  
21          by this subparagraph shall be reduced to the extent  
22          that dividends were included in base income of the  
23          unitary group for the same taxable year and received by  
24          the taxpayer or by a member of the taxpayer's unitary  
25          business group (including amounts included in gross  
26          income pursuant to Sections 951 through 964 of the  
27          Internal Revenue Code and amounts included in gross  
28          income under Section 78 of the Internal Revenue Code)  
29          with respect to the stock of the same person to whom  
30          the interest was paid, accrued, or incurred.

31          This paragraph shall not apply to the following:

32                 (i) an item of interest paid, accrued, or  
33                 incurred, directly or indirectly, to a foreign  
34                 person who is subject in a foreign country or  
35                 state, other than a state which requires mandatory  
36                 unitary reporting, to a tax on or measured by net

1 income with respect to such interest; or

2 (ii) an item of interest paid, accrued, or  
3 incurred, directly or indirectly, to a foreign  
4 person if the taxpayer can establish, based on a  
5 preponderance of the evidence, both of the  
6 following:

7 (a) the foreign person, during the same  
8 taxable year, paid, accrued, or incurred, the  
9 interest to a person that is not a related  
10 member, and

11 (b) the transaction giving rise to the  
12 interest expense between the taxpayer and the  
13 foreign person did not have as a principal  
14 purpose the avoidance of Illinois income tax,  
15 and is paid pursuant to a contract or agreement  
16 that reflects an arm's-length interest rate  
17 and terms; or

18 (iii) the taxpayer can establish, based on  
19 clear and convincing evidence, that the interest  
20 paid, accrued, or incurred relates to a contract or  
21 agreement entered into at arm's-length rates and  
22 terms and the principal purpose for the payment is  
23 not federal or Illinois tax avoidance; or

24 (iv) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a foreign  
26 person if the taxpayer establishes by clear and  
27 convincing evidence that the adjustments are  
28 unreasonable; or if the taxpayer and the Director  
29 agree in writing to the application or use of an  
30 alternative method of apportionment under Section  
31 304(f).

32 Nothing in this subsection shall preclude the  
33 Director from making any other adjustment  
34 otherwise allowed under Section 404 of this Act for  
35 any tax year beginning after the effective date of  
36 this amendment provided such adjustment is made



1           pursuant to regulation adopted by the Department  
2           and such regulations provide methods and standards  
3           by which the Department will utilize its authority  
4           under Section 404 of this Act; and

5           (D-8) For taxable years ending on or after December  
6           31, 2004, an amount equal to the amount of intangible  
7           expenses and costs otherwise allowed as a deduction in  
8           computing base income, and that were paid, accrued, or  
9           incurred, directly or indirectly, to a foreign person  
10          who would be a member of the same unitary business  
11          group but for the fact that the foreign person's  
12          business activity outside the United States is 80% or  
13          more of that person's total business activity. The  
14          addition modification required by this subparagraph  
15          shall be reduced to the extent that dividends were  
16          included in base income of the unitary group for the  
17          same taxable year and received by the taxpayer or by a  
18          member of the taxpayer's unitary business group  
19          (including amounts included in gross income pursuant  
20          to Sections 951 through 964 of the Internal Revenue  
21          Code and amounts included in gross income under Section  
22          78 of the Internal Revenue Code) with respect to the  
23          stock of the same person to whom the intangible  
24          expenses and costs were directly or indirectly paid,  
25          incurred or accrued. The preceding sentence shall not  
26          apply to the extent that the same dividends caused a  
27          reduction to the addition modification required under  
28          Section 203(d)(2)(D-7) of this Act. As used in this  
29          subparagraph, the term "intangible expenses and costs"  
30          includes (1) expenses, losses, and costs for, or  
31          related to, the direct or indirect acquisition, use,  
32          maintenance or management, ownership, sale, exchange,  
33          or any other disposition of intangible property; (2)  
34          losses incurred, directly or indirectly, from  
35          factoring transactions or discounting transactions;  
36          (3) royalty, patent, technical, and copyright fees;

1 (4) licensing fees; and (5) other similar expenses and  
2 costs. For purposes of this subparagraph, "intangible  
3 property" includes patents, patent applications, trade  
4 names, trademarks, service marks, copyrights, mask  
5 works, trade secrets, and similar types of intangible  
6 assets;

7 This paragraph shall not apply to the following:

8 (i) any item of intangible expenses or costs  
9 paid, accrued, or incurred, directly or  
10 indirectly, from a transaction with a foreign  
11 person who is subject in a foreign country or  
12 state, other than a state which requires mandatory  
13 unitary reporting, to a tax on or measured by net  
14 income with respect to such item; or

15 (ii) any item of intangible expense or cost  
16 paid, accrued, or incurred, directly or  
17 indirectly, if the taxpayer can establish, based  
18 on a preponderance of the evidence, both of the  
19 following:

20 (a) the foreign person during the same  
21 taxable year paid, accrued, or incurred, the  
22 intangible expense or cost to a person that is  
23 not a related member, and

24 (b) the transaction giving rise to the  
25 intangible expense or cost between the  
26 taxpayer and the foreign person did not have as  
27 a principal purpose the avoidance of Illinois  
28 income tax, and is paid pursuant to a contract  
29 or agreement that reflects arm's-length terms;  
30 or

31 (iii) any item of intangible expense or cost  
32 paid, accrued, or incurred, directly or  
33 indirectly, from a transaction with a foreign  
34 person if the taxpayer establishes by clear and  
35 convincing evidence, that the adjustments are  
36 unreasonable; or if the taxpayer and the Director

1           agree in writing to the application or use of an  
2           alternative method of apportionment under Section  
3           304(f);

4           Nothing in this subsection shall preclude the  
5           Director from making any other adjustment  
6           otherwise allowed under Section 404 of this Act for  
7           any tax year beginning after the effective date of  
8           this amendment provided such adjustment is made  
9           pursuant to regulation adopted by the Department  
10          and such regulations provide methods and standards  
11          by which the Department will utilize its authority  
12          under Section 404 of this Act;

13          and by deducting from the total so obtained the following  
14          amounts:

15                 (E) The valuation limitation amount;

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

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

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

35                 (I) An amount equal to all amounts of income  
36                 distributable to an entity subject to the Personal

1 Property Tax Replacement Income Tax imposed by  
2 subsections (c) and (d) of Section 201 of this Act  
3 including amounts distributable to organizations  
4 exempt from federal income tax by reason of Section  
5 501(a) of the Internal Revenue Code;

6 (J) With the exception of any amounts subtracted  
7 under subparagraph (G), an amount equal to the sum of  
8 all amounts disallowed as deductions by (i) Sections  
9 171(a) (2), and 265(2) of the Internal Revenue Code of  
10 1954, as now or hereafter amended, and all amounts of  
11 expenses allocable to interest and disallowed as  
12 deductions by Section 265(1) of the Internal Revenue  
13 Code, as now or hereafter amended; and (ii) for taxable  
14 years ending on or after August 13, 1999, Sections  
15 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the  
16 Internal Revenue Code; the provisions of this  
17 subparagraph are exempt from the provisions of Section  
18 250;

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

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

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

1           this subparagraph (M);

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

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

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

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

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

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

1 modification.

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

5 (Q) The amount of (i) any interest income (net of  
6 the deductions allocable thereto) taken into account  
7 for the taxable year with respect to a transaction with  
8 a taxpayer that is required to make an addition  
9 modification with respect to such transaction under  
10 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
11 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
12 the amount of such addition modification and (ii) any  
13 income from intangible property (net of the deductions  
14 allocable thereto) taken into account for the taxable  
15 year with respect to a transaction with a taxpayer that  
16 is required to make an addition modification with  
17 respect to such transaction under Section  
18 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
19 203(d)(2)(D-8), but not to exceed the amount of such  
20 addition modification;

21 (R) An amount equal to the interest income taken  
22 into account for the taxable year (net of the  
23 deductions allocable thereto) with respect to  
24 transactions with a foreign person who would be a  
25 member of the taxpayer's unitary business group but for  
26 the fact that the foreign person's business activity  
27 outside the United States is 80% or more of that  
28 person's total business activity, but not to exceed the  
29 addition modification required to be made for the same  
30 taxable year under Section 203(d)(2)(D-7) for interest  
31 paid, accrued, or incurred, directly or indirectly, to  
32 the same foreign person; and

33 (S) An amount equal to the income from intangible  
34 property taken into account for the taxable year (net  
35 of the deductions allocable thereto) with respect to  
36 transactions with a foreign person who would be a

1 member of the taxpayer's unitary business group but for  
2 the fact that the foreign person's business activity  
3 outside the United States is 80% or more of that  
4 person's total business activity, but not to exceed the  
5 addition modification required to be made for the same  
6 taxable year under Section 203(d)(2)(D-8) for  
7 intangible expenses and costs paid, accrued, or  
8 incurred, directly or indirectly, to the same foreign  
9 person.

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

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

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

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

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

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

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

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

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



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

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

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

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

34 (3) Recapture of business expenses on disposition of  
35 asset or business. Notwithstanding any other law to the  
36 contrary, if in prior years income from an asset or

1 business has been classified as business income and in a  
2 later year is demonstrated to be non-business income, then  
3 all expenses, without limitation, deducted in such later  
4 year and in the 2 immediately preceding taxable years  
5 related to that asset or business that generated the  
6 non-business income shall be added back and recaptured as  
7 business income in the year of the disposition of the asset  
8 or business. Such amount shall be apportioned to Illinois  
9 using the greater of the apportionment fraction computed  
10 for the business under Section 304 of this Act for the  
11 taxable year or the average of the apportionment fractions  
12 computed for the business under Section 304 of this Act for  
13 the taxable year and for the 2 immediately preceding  
14 taxable years.

15 (f) Valuation limitation amount.

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

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

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

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

33 (A) If the fair market value of property referred  
34 to in paragraph (1) was readily ascertainable on August  
35 1, 1969, the pre-August 1, 1969 appreciation amount for  
36 such property is the lesser of (i) the excess of such

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

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

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

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

25 (h) Legislative intention. Except as expressly provided by  
26 this Section there shall be no modifications or limitations on  
27 the amounts of income, gain, loss or deduction taken into  
28 account in determining gross income, adjusted gross income or  
29 taxable income for federal income tax purposes for the taxable  
30 year, or in the amount of such items entering into the  
31 computation of base income and net income under this Act for  
32 such taxable year, whether in respect of property values as of  
33 August 1, 1969 or otherwise.

34 (Source: P.A. 92-16, eff. 6-28-01; 92-244, eff. 8-3-01; 92-439,

1 eff. 8-17-01; 92-603, eff. 6-28-02; 92-626, eff. 7-11-02;  
2 92-651, eff. 7-11-02; 92-846, eff. 8-23-02; 93-812, eff.  
3 7-26-04; 93-840, eff. 7-30-04; revised 10-12-04.)

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.