



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB5104

by Rep. Shane Cultra

SYNOPSIS AS INTRODUCED:

See Index

Amends the State Finance Act, the Illinois Income Tax Act, and the Property Tax Code. In the Property Tax Code, creates the standard homestead exemption in an amount equal to \$150,000 and repeals Sections concerning various other homestead exemptions. In the Illinois Income Tax Act, increases the rate of tax on individuals and on trusts and estates from 3% to 5.7% and requires that the additional revenue generated from the increased rate must be deposited into the Homestead Property Tax Replacement Fund. Creates that Fund in the State Finance Act and requires that, from the moneys in that Fund, the Department of Revenue must make grants to taxing districts in the State in the amount of any decreased property tax revenue due to the implementation of the standard homestead exemption. Amends the State Mandates Act to require implementation without reimbursement. Makes various corresponding changes. Effective immediately, except that certain provisions concerning the repeal of homestead exemptions take effect January 1, 2009.

LRB095 17793 BDD 43872 b

CORRECTIONAL
BUDGET AND
IMPACT NOTE ACT
MAY APPLY

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

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 3. The State Mandates Act is amended by changing
5 Section 8.28 as follows:

6 (30 ILCS 805/8.28)

7 Sec. 8.28. Exempt mandate.

8 (a) Notwithstanding Sections 6 and 8 of this Act, no
9 reimbursement by the State is required for the implementation
10 of any mandate created by Public Act 93-654, 93-677, 93-679,
11 93-689, 93-734, 93-753, 93-910, 93-917, 93-1036, 93-1038,
12 93-1079, or 93-1090.

13 (b) Notwithstanding Sections 6 and 8 of this Act, no
14 reimbursement by the State is required for the implementation
15 of any mandate created by the standard homestead exemption
16 under Section 15-167 of the Property Tax Code, the Senior
17 Citizens Assessment Freeze Homestead Exemption under Section
18 15-172 of the Property Tax Code, the General Homestead
19 Exemption under Section 15-175 of the Property Tax Code, the
20 alternative General Homestead Exemption under Section 15-176
21 of the Property Tax Code, the Homestead Improvements Exemption
22 under Section 15-180 of the Property Tax Code, and by Public
23 Act 93-715.

1 (Source: P.A. 95-331, eff. 8-21-07.)

2 Section 5. The State Finance Act is amended by adding
3 Sections 5.708 and 6z-80 as follows:

4 (30 ILCS 105/5.708 new)

5 Sec. 5.708. The Homestead Property Tax Replacement Fund.

6 (30 ILCS 105/6z-80 new)

7 Sec. 6z-80. The Homestead Property Tax Replacement Fund.

8 (a) The Homestead Property Tax Replacement Fund is created
9 as a special fund in the State treasury. From appropriations to
10 the Department of Revenue from the Fund, the Department shall
11 make grants of the amounts certified under subsection (b) of
12 this Section to taxing districts in the State for the purpose
13 of reimbursing the taxing districts for revenue lost due to the
14 implementation of the standard homestead exemption under
15 Section 15-167 of the Property Tax Code.

16 (b) No later than February 25th of each year beginning in
17 2010, for each taxing district in the State, the Department of
18 Revenue shall certify an amount that is the difference between
19 (i) the amount of property taxes levied by the district in the
20 previous taxable year and (ii) the amount that the district
21 would have levied if not for the implementation of the standard
22 homestead exemption under Section 15-167 of the Property Tax
23 Code and the repeal of the homestead exemptions under Section

1 20 of this amendatory Act of the 95th General Assembly.

2 (c) Moneys received for the purposes of this Section,
3 including the deposit of income tax proceeds under subsection
4 (f) of Section 901 of the Illinois Income Tax Act and all other
5 gifts, grants, and awards from any public or private entity,
6 must be deposited into the Fund. Any interest earnings that are
7 attributable to moneys in the Fund must be deposited into the
8 Fund.

9
10 Section 10. The Illinois Income Tax Act is amended by
11 changing Sections 201 and 901 and by adding Section 202.5 as
12 follows:

13 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

14 Sec. 201. Tax Imposed.

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

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

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

5 (2) In the case of an individual, trust or estate, for
6 taxable years beginning prior to July 1, 1989 and ending
7 after June 30, 1989, an amount equal to the sum of (i) 2
8 1/2% of the taxpayer's net income for the period prior to
9 July 1, 1989, as calculated under Section 202.3, and (ii)
10 3% of the taxpayer's net income for the period after June
11 30, 1989, as calculated under Section 202.3.

12 (3) In the case of an individual, trust or estate, for
13 taxable years beginning after June 30, 1989 and ending on
14 or before December 31, 2008, an amount equal to 3% of the
15 taxpayer's net income for the taxable year.

16 (4) In the case of an individual, trust, or estate, for
17 taxable years beginning prior to January 1, 2009 and ending
18 after December 31, 2008, an amount equal to the sum of (i)
19 3% of the taxpayer's net income for the period prior to
20 January 1, 2009, as calculated under Section 202.5, and
21 (ii) 5.7% of the taxpayer's net income for the period after
22 December 31, 2008, as calculated under Section 202.5
23 ~~(Blank)~~.

24 (5) In the case of an individual, trust or estate, for
25 taxable years beginning after December 31, 2008, an amount
26 equal to 5.7% of the taxpayer's net income for the taxable

1 year ~~(Blank)~~.

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

5 (7) In the case of a corporation, for taxable years
6 beginning prior to July 1, 1989 and ending after June 30,
7 1989, an amount equal to the sum of (i) 4% of the
8 taxpayer's net income for the period prior to July 1, 1989,
9 as calculated under Section 202.3, and (ii) 4.8% of the
10 taxpayer's net income for the period after June 30, 1989,
11 as calculated under Section 202.3.

12 (8) In the case of a corporation, for taxable years
13 beginning after June 30, 1989, an amount equal to 4.8% of
14 the taxpayer's net income for the taxable year.

15 (c) Personal Property Tax Replacement Income Tax.
16 Beginning on July 1, 1979 and thereafter, in addition to such
17 income tax, there is also hereby imposed the Personal Property
18 Tax Replacement Income Tax measured by net income on every
19 corporation (including Subchapter S corporations), partnership
20 and trust, for each taxable year ending after June 30, 1979.
21 Such taxes are imposed on the privilege of earning or receiving
22 income in or as a resident of this State. The Personal Property
23 Tax Replacement Income Tax shall be in addition to the income
24 tax imposed by subsections (a) and (b) of this Section and in
25 addition to all other occupation or privilege taxes imposed by
26 this State or by any municipal corporation or political

1 subdivision thereof.

2 (d) Additional Personal Property Tax Replacement Income
3 Tax Rates. The personal property tax replacement income tax
4 imposed by this subsection and subsection (c) of this Section
5 in the case of a corporation, other than a Subchapter S
6 corporation and except as adjusted by subsection (d-1), shall
7 be an additional amount equal to 2.85% of such taxpayer's net
8 income for the taxable year, except that beginning on January
9 1, 1981, and thereafter, the rate of 2.85% specified in this
10 subsection shall be reduced to 2.5%, and in the case of a
11 partnership, trust or a Subchapter S corporation shall be an
12 additional amount equal to 1.5% of such taxpayer's net income
13 for the taxable year.

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

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

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

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

18 (B) the privilege tax imposed by Section 409 of the
19 Illinois Insurance Code, the fire insurance company
20 tax imposed by Section 12 of the Fire Investigation
21 Act, and the fire department taxes imposed under
22 Section 11-10-1 of the Illinois Municipal Code,

23 equals 1.25% for taxable years ending prior to December 31,
24 2003, or 1.75% for taxable years ending on or after
25 December 31, 2003, of the net taxable premiums written for
26 the taxable year, as described by subsection (1) of Section

1 409 of the Illinois Insurance Code. This paragraph will in
2 no event increase the rates imposed under subsections (b)
3 and (d).

4 (2) Any reduction in the rates of tax imposed by this
5 subsection shall be applied first against the rates imposed
6 by subsection (b) and only after the tax imposed by
7 subsection (a) net of all credits allowed under this
8 Section other than the credit allowed under subsection (i)
9 has been reduced to zero, against the rates imposed by
10 subsection (d).

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

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

16 (1) A taxpayer shall be allowed a credit equal to .5%
17 of the basis of qualified property placed in service during
18 the taxable year, provided such property is placed in
19 service on or after July 1, 1984. There shall be allowed an
20 additional credit equal to .5% of the basis of qualified
21 property placed in service during the taxable year,
22 provided such property is placed in service on or after
23 July 1, 1986, and the taxpayer's base employment within
24 Illinois has increased by 1% or more over the preceding
25 year as determined by the taxpayer's employment records
26 filed with the Illinois Department of Employment Security.

1 Taxpayers who are new to Illinois shall be deemed to have
2 met the 1% growth in base employment for the first year in
3 which they file employment records with the Illinois
4 Department of Employment Security. The provisions added to
5 this Section by Public Act 85-1200 (and restored by Public
6 Act 87-895) shall be construed as declaratory of existing
7 law and not as a new enactment. If, in any year, the
8 increase in base employment within Illinois over the
9 preceding year is less than 1%, the additional credit shall
10 be limited to that percentage times a fraction, the
11 numerator of which is .5% and the denominator of which is
12 1%, but shall not exceed .5%. The investment credit shall
13 not be allowed to the extent that it would reduce a
14 taxpayer's liability in any tax year below zero, nor may
15 any credit for qualified property be allowed for any year
16 other than the year in which the property was placed in
17 service in Illinois. For tax years ending on or after
18 December 31, 1987, and on or before December 31, 1988, the
19 credit shall be allowed for the tax year in which the
20 property is placed in service, or, if the amount of the
21 credit exceeds the tax liability for that year, whether it
22 exceeds the original liability or the liability as later
23 amended, such excess may be carried forward and applied to
24 the tax liability of the 5 taxable years following the
25 excess credit years if the taxpayer (i) makes investments
26 which cause the creation of a minimum of 2,000 full-time

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

22 (2) The term "qualified property" means property
23 which:

24 (A) is tangible, whether new or used, including
25 buildings and structural components of buildings and
26 signs that are real property, but not including land or

1 improvements to real property that are not a structural
2 component of a building such as landscaping, sewer
3 lines, local access roads, fencing, parking lots, and
4 other appurtenances;

5 (B) is depreciable pursuant to Section 167 of the
6 Internal Revenue Code, except that "3-year property"
7 as defined in Section 168(c)(2)(A) of that Code is not
8 eligible for the credit provided by this subsection
9 (e);

10 (C) is acquired by purchase as defined in Section
11 179(d) of the Internal Revenue Code;

12 (D) is used in Illinois by a taxpayer who is
13 primarily engaged in manufacturing, or in mining coal
14 or fluorite, or in retailing, or was placed in service
15 on or after July 1, 2006 in a River Edge Redevelopment
16 Zone established pursuant to the River Edge
17 Redevelopment Zone Act; and

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

22 (3) For purposes of this subsection (e),
23 "manufacturing" means the material staging and production
24 of tangible personal property by procedures commonly
25 regarded as manufacturing, processing, fabrication, or
26 assembling which changes some existing material into new

1 shapes, new qualities, or new combinations. For purposes of
2 this subsection (e) the term "mining" shall have the same
3 meaning as the term "mining" in Section 613(c) of the
4 Internal Revenue Code. For purposes of this subsection (e),
5 the term "retailing" means the sale of tangible personal
6 property or services rendered in conjunction with the sale
7 of tangible consumer goods or commodities.

8 (4) The basis of qualified property shall be the basis
9 used to compute the depreciation deduction for federal
10 income tax purposes.

11 (5) If the basis of the property for federal income tax
12 depreciation purposes is increased after it has been placed
13 in service in Illinois by the taxpayer, the amount of such
14 increase shall be deemed property placed in service on the
15 date of such increase in basis.

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

18 (7) If during any taxable year, any property ceases to
19 be qualified property in the hands of the taxpayer within
20 48 months after being placed in service, or the situs of
21 any qualified property is moved outside Illinois within 48
22 months after being placed in service, the Personal Property
23 Tax Replacement Income Tax for such taxable year shall be
24 increased. Such increase shall be determined by (i)
25 recomputing the investment credit which would have been
26 allowed for the year in which credit for such property was

1 originally allowed by eliminating such property from such
2 computation and, (ii) subtracting such recomputed credit
3 from the amount of credit previously allowed. For the
4 purposes of this paragraph (7), a reduction of the basis of
5 qualified property resulting from a redetermination of the
6 purchase price shall be deemed a disposition of qualified
7 property to the extent of such reduction.

8 (8) Unless the investment credit is extended by law,
9 the basis of qualified property shall not include costs
10 incurred after December 31, 2008, except for costs incurred
11 pursuant to a binding contract entered into on or before
12 December 31, 2008.

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

1 that taxable year. The election to pass through the credits
2 shall be irrevocable.

3 For taxable years ending on or after December 31, 2000,
4 a partner that qualifies its partnership for a subtraction
5 under subparagraph (I) of paragraph (2) of subsection (d)
6 of Section 203 or a shareholder that qualifies a Subchapter
7 S corporation for a subtraction under subparagraph (S) of
8 paragraph (2) of subsection (b) of Section 203 shall be
9 allowed a credit under this subsection (e) equal to its
10 share of the credit earned under this subsection (e) during
11 the taxable year by the partnership or Subchapter S
12 corporation, determined in accordance with the
13 determination of income and distributive share of income
14 under Sections 702 and 704 and Subchapter S of the Internal
15 Revenue Code. This paragraph is exempt from the provisions
16 of Section 250.

17 (f) Investment credit; Enterprise Zone; River Edge
18 Redevelopment Zone.

19 (1) A taxpayer shall be allowed a credit against the
20 tax imposed by subsections (a) and (b) of this Section for
21 investment in qualified property which is placed in service
22 in an Enterprise Zone created pursuant to the Illinois
23 Enterprise Zone Act or, for property placed in service on
24 or after July 1, 2006, a River Edge Redevelopment Zone
25 established pursuant to the River Edge Redevelopment Zone
26 Act. For partners, shareholders of Subchapter S

1 corporations, and owners of limited liability companies,
2 if the liability company is treated as a partnership for
3 purposes of federal and State income taxation, there shall
4 be allowed a credit under this subsection (f) to be
5 determined in accordance with the determination of income
6 and distributive share of income under Sections 702 and 704
7 and Subchapter S of the Internal Revenue Code. The credit
8 shall be .5% of the basis for such property. The credit
9 shall be available only in the taxable year in which the
10 property is placed in service in the Enterprise Zone or
11 River Edge Redevelopment Zone and shall not be allowed to
12 the extent that it would reduce a taxpayer's liability for
13 the tax imposed by subsections (a) and (b) of this Section
14 to below zero. For tax years ending on or after December
15 31, 1985, the credit shall be allowed for the tax year in
16 which the property is placed in service, or, if the amount
17 of the credit exceeds the tax liability for that year,
18 whether it exceeds the original liability or the liability
19 as later amended, such excess may be carried forward and
20 applied to the tax liability of the 5 taxable years
21 following the excess credit year. The credit shall be
22 applied to the earliest year for which there is a
23 liability. If there is credit from more than one tax year
24 that is available to offset a liability, the credit
25 accruing first in time shall be applied first.

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

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

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

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code;

10 (D) is used in the Enterprise Zone or River Edge
11 Redevelopment Zone by the taxpayer; and

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

16 (3) The basis of qualified property shall be the basis
17 used to compute the depreciation deduction for federal
18 income tax purposes.

19 (4) If the basis of the property for federal income tax
20 depreciation purposes is increased after it has been placed
21 in service in the Enterprise Zone or River Edge
22 Redevelopment Zone by the taxpayer, the amount of such
23 increase shall be deemed property placed in service on the
24 date of such increase in basis.

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

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

18 (7) There shall be allowed an additional credit equal
19 to 0.5% of the basis of qualified property placed in
20 service during the taxable year in a River Edge
21 Redevelopment Zone, provided such property is placed in
22 service on or after July 1, 2006, and the taxpayer's base
23 employment within Illinois has increased by 1% or more over
24 the preceding year as determined by the taxpayer's
25 employment records filed with the Illinois Department of
26 Employment Security. Taxpayers who are new to Illinois

1 shall be deemed to have met the 1% growth in base
2 employment for the first year in which they file employment
3 records with the Illinois Department of Employment
4 Security. If, in any year, the increase in base employment
5 within Illinois over the preceding year is less than 1%,
6 the additional credit shall be limited to that percentage
7 times a fraction, the numerator of which is 0.5% and the
8 denominator of which is 1%, but shall not exceed 0.5%.

9 (g) Jobs Tax Credit; Enterprise Zone, River Edge
10 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

11 (1) A taxpayer conducting a trade or business in an
12 enterprise zone or a High Impact Business designated by the
13 Department of Commerce and Economic Opportunity or for
14 taxable years ending on or after December 31, 2006, in a
15 River Edge Redevelopment Zone conducting a trade or
16 business in a federally designated Foreign Trade Zone or
17 Sub-Zone shall be allowed a credit against the tax imposed
18 by subsections (a) and (b) of this Section in the amount of
19 \$500 per eligible employee hired to work in the zone during
20 the taxable year.

21 (2) To qualify for the credit:

22 (A) the taxpayer must hire 5 or more eligible
23 employees to work in an enterprise zone, River Edge
24 Redevelopment Zone, or federally designated Foreign
25 Trade Zone or Sub-Zone during the taxable year;

26 (B) the taxpayer's total employment within the

1 enterprise zone, River Edge Redevelopment Zone, or
2 federally designated Foreign Trade Zone or Sub-Zone
3 must increase by 5 or more full-time employees beyond
4 the total employed in that zone at the end of the
5 previous tax year for which a jobs tax credit under
6 this Section was taken, or beyond the total employed by
7 the taxpayer as of December 31, 1985, whichever is
8 later; and

9 (C) the eligible employees must be employed 180
10 consecutive days in order to be deemed hired for
11 purposes of this subsection.

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

13 (A) Certified by the Department of Commerce and
14 Economic Opportunity as "eligible for services"
15 pursuant to regulations promulgated in accordance with
16 Title II of the Job Training Partnership Act, Training
17 Services for the Disadvantaged or Title III of the Job
18 Training Partnership Act, Employment and Training
19 Assistance for Dislocated Workers Program.

20 (B) Hired after the enterprise zone, River Edge
21 Redevelopment Zone, or federally designated Foreign
22 Trade Zone or Sub-Zone was designated or the trade or
23 business was located in that zone, whichever is later.

24 (C) Employed in the enterprise zone, River Edge
25 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
26 An employee is employed in an enterprise zone or

1 federally designated Foreign Trade Zone or Sub-Zone if
2 his services are rendered there or it is the base of
3 operations for the services performed.

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

6 (4) For tax years ending on or after December 31, 1985
7 and prior to December 31, 1988, the credit shall be allowed
8 for the tax year in which the eligible employees are hired.
9 For tax years ending on or after December 31, 1988, the
10 credit shall be allowed for the tax year immediately
11 following the tax year in which the eligible employees are
12 hired. If the amount of the credit exceeds the tax
13 liability for that year, whether it exceeds the original
14 liability or the liability as later amended, such excess
15 may be carried forward and applied to the tax liability of
16 the 5 taxable years following the excess credit year. The
17 credit shall be applied to the earliest year for which
18 there is a liability. If there is credit from more than one
19 tax year that is available to offset a liability, earlier
20 credit shall be applied first.

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

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

26 (h) Investment credit; High Impact Business.

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

1 taxpayer's liability for the tax imposed by subsections (a)
2 and (b) of this Section to below zero. For tax years ending
3 on or after December 31, 1987, the credit shall be allowed
4 for the tax year in which the property is placed in
5 service, or, if the amount of the credit exceeds the tax
6 liability for that year, whether it exceeds the original
7 liability or the liability as later amended, such excess
8 may be carried forward and applied to the tax liability of
9 the 5 taxable years following the excess credit year. The
10 credit shall be applied to the earliest year for which
11 there is a liability. If there is credit from more than one
12 tax year that is available to offset a liability, the
13 credit accruing first in time shall be applied first.

14 Changes made in this subdivision (h) (1) by Public Act
15 88-670 restore changes made by Public Act 85-1182 and
16 reflect existing law.

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

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

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

25 (C) is acquired by purchase as defined in Section
26 179(d) of the Internal Revenue Code; and

1 (D) is not eligible for the Enterprise Zone
2 Investment Credit provided by subsection (f) of this
3 Section.

4 (3) The basis of qualified property shall be the basis
5 used to compute the depreciation deduction for federal
6 income tax purposes.

7 (4) If the basis of the property for federal income tax
8 depreciation purposes is increased after it has been placed
9 in service in a federally designated Foreign Trade Zone or
10 Sub-Zone located in Illinois by the taxpayer, the amount of
11 such increase shall be deemed property placed in service on
12 the date of such increase in basis.

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

15 (6) If during any taxable year ending on or before
16 December 31, 1996, any property ceases to be qualified
17 property in the hands of the taxpayer within 48 months
18 after being placed in service, or the situs of any
19 qualified property is moved outside Illinois within 48
20 months after being placed in service, the tax imposed under
21 subsections (a) and (b) of this Section for such taxable
22 year shall be increased. Such increase shall be determined
23 by (i) recomputing the investment credit which would have
24 been allowed for the year in which credit for such property
25 was originally allowed by eliminating such property from
26 such computation, and (ii) subtracting such recomputed

1 credit from the amount of credit previously allowed. For
2 the purposes of this paragraph (6), a reduction of the
3 basis of qualified property resulting from a
4 redetermination of the purchase price shall be deemed a
5 disposition of qualified property to the extent of such
6 reduction.

7 (7) Beginning with tax years ending after December 31,
8 1996, if a taxpayer qualifies for the credit under this
9 subsection (h) and thereby is granted a tax abatement and
10 the taxpayer relocates its entire facility in violation of
11 the explicit terms and length of the contract under Section
12 18-183 of the Property Tax Code, the tax imposed under
13 subsections (a) and (b) of this Section shall be increased
14 for the taxable year in which the taxpayer relocated its
15 facility by an amount equal to the amount of credit
16 received by the taxpayer under this subsection (h).

17 (i) Credit for Personal Property Tax Replacement Income
18 Tax. For tax years ending prior to December 31, 2003, a credit
19 shall be allowed against the tax imposed by subsections (a) and
20 (b) of this Section for the tax imposed by subsections (c) and
21 (d) of this Section. This credit shall be computed by
22 multiplying the tax imposed by subsections (c) and (d) of this
23 Section by a fraction, the numerator of which is base income
24 allocable to Illinois and the denominator of which is Illinois
25 base income, and further multiplying the product by the tax
26 rate imposed by subsections (a) and (b) of this Section.

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

15 If, during any taxable year ending on or after December 31,
16 1986, the tax imposed by subsections (c) and (d) of this
17 Section for which a taxpayer has claimed a credit under this
18 subsection (i) is reduced, the amount of credit for such tax
19 shall also be reduced. Such reduction shall be determined by
20 recomputing the credit to take into account the reduced tax
21 imposed by subsections (c) and (d). If any portion of the
22 reduced amount of credit has been carried to a different
23 taxable year, an amended return shall be filed for such taxable
24 year to reduce the amount of credit claimed.

25 (j) Training expense credit. Beginning with tax years
26 ending on or after December 31, 1986 and prior to December 31,

1 2003, a taxpayer shall be allowed a credit against the tax
2 imposed by subsections (a) and (b) under this Section for all
3 amounts paid or accrued, on behalf of all persons employed by
4 the taxpayer in Illinois or Illinois residents employed outside
5 of Illinois by a taxpayer, for educational or vocational
6 training in semi-technical or technical fields or semi-skilled
7 or skilled fields, which were deducted from gross income in the
8 computation of taxable income. The credit against the tax
9 imposed by subsections (a) and (b) shall be 1.6% of such
10 training expenses. For partners, shareholders of subchapter S
11 corporations, and owners of limited liability companies, if the
12 liability company is treated as a partnership for purposes of
13 federal and State income taxation, there shall be allowed a
14 credit under this subsection (j) to be determined in accordance
15 with the determination of income and distributive share of
16 income under Sections 702 and 704 and subchapter S of the
17 Internal Revenue Code.

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

1 after December 31, 2003.

2 (k) Research and development credit.

3 For tax years ending after July 1, 1990 and prior to
4 December 31, 2003, and beginning again for tax years ending on
5 or after December 31, 2004, a taxpayer shall be allowed a
6 credit against the tax imposed by subsections (a) and (b) of
7 this Section for increasing research activities in this State.
8 The credit allowed against the tax imposed by subsections (a)
9 and (b) shall be equal to 6 1/2% of the qualifying expenditures
10 for increasing research activities in this State. For partners,
11 shareholders of subchapter S corporations, and owners of
12 limited liability companies, if the liability company is
13 treated as a partnership for purposes of federal and State
14 income taxation, there shall be allowed a credit under this
15 subsection to be determined in accordance with the
16 determination of income and distributive share of income under
17 Sections 702 and 704 and subchapter S of the Internal Revenue
18 Code.

19 For purposes of this subsection, "qualifying expenditures"
20 means the qualifying expenditures as defined for the federal
21 credit for increasing research activities which would be
22 allowable under Section 41 of the Internal Revenue Code and
23 which are conducted in this State, "qualifying expenditures for
24 increasing research activities in this State" means the excess
25 of qualifying expenditures for the taxable year in which
26 incurred over qualifying expenditures for the base period,

1 "qualifying expenditures for the base period" means the average
2 of the qualifying expenditures for each year in the base
3 period, and "base period" means the 3 taxable years immediately
4 preceding the taxable year for which the determination is being
5 made.

6 Any credit in excess of the tax liability for the taxable
7 year may be carried forward. A taxpayer may elect to have the
8 unused credit shown on its final completed return carried over
9 as a credit against the tax liability for the following 5
10 taxable years or until it has been fully used, whichever occurs
11 first; provided that no credit earned in a tax year ending
12 prior to December 31, 2003 may be carried forward to any year
13 ending on or after December 31, 2003.

14 If an unused credit is carried forward to a given year from
15 2 or more earlier years, that credit arising in the earliest
16 year will be applied first against the tax liability for the
17 given year. If a tax liability for the given year still
18 remains, the credit from the next earliest year will then be
19 applied, and so on, until all credits have been used or no tax
20 liability for the given year remains. Any remaining unused
21 credit or credits then will be carried forward to the next
22 following year in which a tax liability is incurred, except
23 that no credit can be carried forward to a year which is more
24 than 5 years after the year in which the expense for which the
25 credit is given was incurred.

26 No inference shall be drawn from this amendatory Act of the

1 91st General Assembly in construing this Section for taxable
2 years beginning before January 1, 1999.

3 (1) Environmental Remediation Tax Credit.

4 (i) For tax years ending after December 31, 1997 and on
5 or before December 31, 2001, a taxpayer shall be allowed a
6 credit against the tax imposed by subsections (a) and (b)
7 of this Section for certain amounts paid for unreimbursed
8 eligible remediation costs, as specified in this
9 subsection. For purposes of this Section, "unreimbursed
10 eligible remediation costs" means costs approved by the
11 Illinois Environmental Protection Agency ("Agency") under
12 Section 58.14 of the Environmental Protection Act that were
13 paid in performing environmental remediation at a site for
14 which a No Further Remediation Letter was issued by the
15 Agency and recorded under Section 58.10 of the
16 Environmental Protection Act. The credit must be claimed
17 for the taxable year in which Agency approval of the
18 eligible remediation costs is granted. The credit is not
19 available to any taxpayer if the taxpayer or any related
20 party caused or contributed to, in any material respect, a
21 release of regulated substances on, in, or under the site
22 that was identified and addressed by the remedial action
23 pursuant to the Site Remediation Program of the
24 Environmental Protection Act. After the Pollution Control
25 Board rules are adopted pursuant to the Illinois
26 Administrative Procedure Act for the administration and

1 enforcement of Section 58.9 of the Environmental
2 Protection Act, determinations as to credit availability
3 for purposes of this Section shall be made consistent with
4 those rules. For purposes of this Section, "taxpayer"
5 includes a person whose tax attributes the taxpayer has
6 succeeded to under Section 381 of the Internal Revenue Code
7 and "related party" includes the persons disallowed a
8 deduction for losses by paragraphs (b), (c), and (f)(1) of
9 Section 267 of the Internal Revenue Code by virtue of being
10 a related taxpayer, as well as any of its partners. The
11 credit allowed against the tax imposed by subsections (a)
12 and (b) shall be equal to 25% of the unreimbursed eligible
13 remediation costs in excess of \$100,000 per site, except
14 that the \$100,000 threshold shall not apply to any site
15 contained in an enterprise zone as determined by the
16 Department of Commerce and Community Affairs (now
17 Department of Commerce and Economic Opportunity). The
18 total credit allowed shall not exceed \$40,000 per year with
19 a maximum total of \$150,000 per site. For partners and
20 shareholders of subchapter S corporations, there shall be
21 allowed a credit under this subsection to be determined in
22 accordance with the determination of income and
23 distributive share of income under Sections 702 and 704 and
24 subchapter S of the Internal Revenue Code.

25 (ii) A credit allowed under this subsection that is
26 unused in the year the credit is earned may be carried

1 forward to each of the 5 taxable years following the year
2 for which the credit is first earned until it is used. The
3 term "unused credit" does not include any amounts of
4 unreimbursed eligible remediation costs in excess of the
5 maximum credit per site authorized under paragraph (i).
6 This credit shall be applied first to the earliest year for
7 which there is a liability. If there is a credit under this
8 subsection from more than one tax year that is available to
9 offset a liability, the earliest credit arising under this
10 subsection shall be applied first. A credit allowed under
11 this subsection may be sold to a buyer as part of a sale of
12 all or part of the remediation site for which the credit
13 was granted. The purchaser of a remediation site and the
14 tax credit shall succeed to the unused credit and remaining
15 carry-forward period of the seller. To perfect the
16 transfer, the assignor shall record the transfer in the
17 chain of title for the site and provide written notice to
18 the Director of the Illinois Department of Revenue of the
19 assignor's intent to sell the remediation site and the
20 amount of the tax credit to be transferred as a portion of
21 the sale. In no event may a credit be transferred to any
22 taxpayer if the taxpayer or a related party would not be
23 eligible under the provisions of subsection (i).

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

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

13 For purposes of this subsection:

14 "Qualifying pupils" means individuals who (i) are
15 residents of the State of Illinois, (ii) are under the age of
16 21 at the close of the school year for which a credit is
17 sought, and (iii) during the school year for which a credit is
18 sought were full-time pupils enrolled in a kindergarten through
19 twelfth grade education program at any school, as defined in
20 this subsection.

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

25 "School" means any public or nonpublic elementary or
26 secondary school in Illinois that is in compliance with Title

1 VI of the Civil Rights Act of 1964 and attendance at which
2 satisfies the requirements of Section 26-1 of the School Code,
3 except that nothing shall be construed to require a child to
4 attend any particular public or nonpublic school to qualify for
5 the credit under this Section.

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

9 (n) River Edge Redevelopment Zone site remediation tax
10 credit.

11 (i) For tax years ending on or after December 31, 2006,
12 a taxpayer shall be allowed a credit against the tax
13 imposed by subsections (a) and (b) of this Section for
14 certain amounts paid for unreimbursed eligible remediation
15 costs, as specified in this subsection. For purposes of
16 this Section, "unreimbursed eligible remediation costs"
17 means costs approved by the Illinois Environmental
18 Protection Agency ("Agency") under Section 58.14a of the
19 Environmental Protection Act that were paid in performing
20 environmental remediation at a site within a River Edge
21 Redevelopment Zone for which a No Further Remediation
22 Letter was issued by the Agency and recorded under Section
23 58.10 of the Environmental Protection Act. The credit must
24 be claimed for the taxable year in which Agency approval of
25 the eligible remediation costs is granted. The credit is
26 not available to any taxpayer if the taxpayer or any

1 related party caused or contributed to, in any material
2 respect, a release of regulated substances on, in, or under
3 the site that was identified and addressed by the remedial
4 action pursuant to the Site Remediation Program of the
5 Environmental Protection Act. Determinations as to credit
6 availability for purposes of this Section shall be made
7 consistent with rules adopted by the Pollution Control
8 Board pursuant to the Illinois Administrative Procedure
9 Act for the administration and enforcement of Section 58.9
10 of the Environmental Protection Act. For purposes of this
11 Section, "taxpayer" includes a person whose tax attributes
12 the taxpayer has succeeded to under Section 381 of the
13 Internal Revenue Code and "related party" includes the
14 persons disallowed a deduction for losses by paragraphs
15 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
16 Code by virtue of being a related taxpayer, as well as any
17 of its partners. The credit allowed against the tax imposed
18 by subsections (a) and (b) shall be equal to 25% of the
19 unreimbursed eligible remediation costs in excess of
20 \$100,000 per site.

21 (ii) A credit allowed under this subsection that is
22 unused in the year the credit is earned may be carried
23 forward to each of the 5 taxable years following the year
24 for which the credit is first earned until it is used. This
25 credit shall be applied first to the earliest year for
26 which there is a liability. If there is a credit under this

1 subsection from more than one tax year that is available to
2 offset a liability, the earliest credit arising under this
3 subsection shall be applied first. A credit allowed under
4 this subsection may be sold to a buyer as part of a sale of
5 all or part of the remediation site for which the credit
6 was granted. The purchaser of a remediation site and the
7 tax credit shall succeed to the unused credit and remaining
8 carry-forward period of the seller. To perfect the
9 transfer, the assignor shall record the transfer in the
10 chain of title for the site and provide written notice to
11 the Director of the Illinois Department of Revenue of the
12 assignor's intent to sell the remediation site and the
13 amount of the tax credit to be transferred as a portion of
14 the sale. In no event may a credit be transferred to any
15 taxpayer if the taxpayer or a related party would not be
16 eligible under the provisions of subsection (i).

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

20 (iv) This subsection is exempt from the provisions of
21 Section 250.

22 (Source: P.A. 94-1021, eff. 7-12-06; 95-454, eff. 8-27-07.)

23 (35 ILCS 5/202.5 new)

24 Sec. 202.5. Net income attributable to the period prior to
25 January 1, 2009 and net income attributable to the period after

1 December 31, 2008.

2 (a) In general. With respect to the taxable year of a
3 taxpayer beginning prior to January 1, 2009 and ending after
4 December 31, 2008, net income for the period after December 31,
5 2008 is that amount that bears the same ratio to the taxpayer's
6 net income for the entire taxable year as the number of days in
7 that year after December 31, 2008 bears to the total number of
8 days in that year, and the net income for the period prior to
9 January 1, 2009 is that amount that bears the same ratio to the
10 taxpayer's net income for the entire taxable year as the number
11 of days in that year prior to January 1, 2009 bears to the
12 total number of days in that year.

13 (b) Election to attribute income and deduction items
14 specifically to the respective portions of a taxable year prior
15 to January 1, 2009 and after December 31, 2008. In the case of
16 a taxpayer with a taxable year beginning prior to January 1,
17 2009 and ending after December 31, 2008, the taxpayer may
18 elect, instead of the procedure established in subsection (a)
19 of this Section, to determine net income on a specific
20 accounting basis for the 2 portions of his or her taxable year:

21 (i) from the beginning of the taxable year through
22 December 31, 2008; and

23 (ii) from January 1, 2009 through the end of the
24 taxable year.

25 If the taxpayer elects specific accounting under this
26 subsection, there shall be taken into account in computing base

1 income for each of the 2 portions of the taxable year only
2 those items earned, received, paid, incurred or accrued in each
3 such period. The standard exemption provided by Section 204
4 must be divided between the respective periods in amounts that
5 bear the same ratio to the total exemption allowable under
6 Section 204 (determined without regard to this Section) as the
7 total number of days in each such period bears to the total
8 number of days in the taxable year. The election provided by
9 this subsection must be made in form and manner that the
10 Department requires by rule, but must be made no later than the
11 due date (including any extensions thereof) for the filing of
12 the return for the taxable year, and is irrevocable.

13 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

14 Sec. 901. Collection Authority.

15 (a) In general.

16 The Department shall collect the taxes imposed by this Act.
17 The Department shall collect certified past due child support
18 amounts under Section 2505-650 of the Department of Revenue Law
19 (20 ILCS 2505/2505-650). Except as provided in subsections (c)
20 and (e) of this Section, money collected pursuant to
21 subsections (a) and (b) of Section 201 of this Act shall be
22 paid into the General Revenue Fund in the State treasury; money
23 collected pursuant to subsections (c) and (d) of Section 201 of
24 this Act shall be paid into the Personal Property Tax
25 Replacement Fund, a special fund in the State Treasury; and

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

8 (b) Local Governmental Distributive Fund.

9 Beginning August 1, 1969, and continuing through June 30,
10 1994, the Treasurer shall transfer each month from the General
11 Revenue Fund to a special fund in the State treasury, to be
12 known as the "Local Government Distributive Fund", an amount
13 equal to 1/12 of the net revenue realized from the tax imposed
14 by subsections (a) and (b) of Section 201 of this Act during
15 the preceding month. Beginning July 1, 1994, and continuing
16 through June 30, 1995, the Treasurer shall transfer each month
17 from the General Revenue Fund to the Local Government
18 Distributive Fund an amount equal to 1/11 of the net revenue
19 realized from the tax imposed by subsections (a) and (b) of
20 Section 201 of this Act during the preceding month. Beginning
21 July 1, 1995, the Treasurer shall transfer each month from the
22 General Revenue Fund to the Local Government Distributive Fund
23 an amount equal to the net of (i) 1/10 of the net revenue
24 realized from the tax imposed by subsections (a) and (b) of
25 Section 201 of the Illinois Income Tax Act during the preceding
26 month , except that the net revenue attributable to the

1 increase in the income tax imposed by subsections (a) and (b)
2 of Section 201 of this Act in accordance with this amendatory
3 Act of the 95th General Assembly are not included in the
4 calculation of the amount transferred to the Local Governmental
5 Distributive Fund (ii) minus, beginning July 1, 2003 and ending
6 June 30, 2004, \$6,666,666, and beginning July 1, 2004, zero.
7 Net revenue realized for a month shall be defined as the
8 revenue from the tax imposed by subsections (a) and (b) of
9 Section 201 of this Act which is deposited in the General
10 Revenue Fund, the Educational Assistance Fund and the Income
11 Tax Surcharge Local Government Distributive Fund during the
12 month minus the amount paid out of the General Revenue Fund in
13 State warrants during that same month as refunds to taxpayers
14 for overpayment of liability under the tax imposed by
15 subsections (a) and (b) of Section 201 of this Act.

16 (c) Deposits Into Income Tax Refund Fund.

17 (1) Beginning on January 1, 1989 and thereafter, the
18 Department shall deposit a percentage of the amounts
19 collected pursuant to subsections (a) and (b)(1), (2), ~~and~~
20 (3), (4), and (5), of Section 201 of this Act into a fund
21 in the State treasury known as the Income Tax Refund Fund.
22 The Department shall deposit 6% of such amounts during the
23 period beginning January 1, 1989 and ending on June 30,
24 1989. Beginning with State fiscal year 1990 and for each
25 fiscal year thereafter, the percentage deposited into the
26 Income Tax Refund Fund during a fiscal year shall be the

1 Annual Percentage. For fiscal years 1999 through 2001, the
2 Annual Percentage shall be 7.1%. For fiscal year 2003, the
3 Annual Percentage shall be 8%. For fiscal year 2004, the
4 Annual Percentage shall be 11.7%. Upon the effective date
5 of this amendatory Act of the 93rd General Assembly, the
6 Annual Percentage shall be 10% for fiscal year 2005. For
7 fiscal year 2006, the Annual Percentage shall be 9.75%. For
8 fiscal year 2007, the Annual Percentage shall be 9.75%. For
9 fiscal year 2008, the Annual Percentage shall be 7.75%. For
10 all other fiscal years, the Annual Percentage shall be
11 calculated as a fraction, the numerator of which shall be
12 the amount of refunds approved for payment by the
13 Department during the preceding fiscal year as a result of
14 overpayment of tax liability under subsections (a) and
15 (b) (1), (2), ~~and (3)~~, (4), and (5), of Section 201 of this
16 Act plus the amount of such refunds remaining approved but
17 unpaid at the end of the preceding fiscal year, minus the
18 amounts transferred into the Income Tax Refund Fund from
19 the Tobacco Settlement Recovery Fund, and the denominator
20 of which shall be the amounts which will be collected
21 pursuant to subsections (a) and (b) (1), (2), ~~and (3)~~, (4),
22 and (5), of Section 201 of this Act during the preceding
23 fiscal year; except that in State fiscal year 2002, the
24 Annual Percentage shall in no event exceed 7.6%. The
25 Director of Revenue shall certify the Annual Percentage to
26 the Comptroller on the last business day of the fiscal year

1 immediately preceding the fiscal year for which it is to be
2 effective.

3 (2) Beginning on January 1, 1989 and thereafter, the
4 Department shall deposit a percentage of the amounts
5 collected pursuant to subsections (a) and (b)(6), (7), and
6 (8), (c) and (d) of Section 201 of this Act into a fund in
7 the State treasury known as the Income Tax Refund Fund. The
8 Department shall deposit 18% of such amounts during the
9 period beginning January 1, 1989 and ending on June 30,
10 1989. Beginning with State fiscal year 1990 and for each
11 fiscal year thereafter, the percentage deposited into the
12 Income Tax Refund Fund during a fiscal year shall be the
13 Annual Percentage. For fiscal years 1999, 2000, and 2001,
14 the Annual Percentage shall be 19%. For fiscal year 2003,
15 the Annual Percentage shall be 27%. For fiscal year 2004,
16 the Annual Percentage shall be 32%. Upon the effective date
17 of this amendatory Act of the 93rd General Assembly, the
18 Annual Percentage shall be 24% for fiscal year 2005. For
19 fiscal year 2006, the Annual Percentage shall be 20%. For
20 fiscal year 2007, the Annual Percentage shall be 17.5%. For
21 fiscal year 2008, the Annual Percentage shall be 15.5%. For
22 all other fiscal years, the Annual Percentage shall be
23 calculated as a fraction, the numerator of which shall be
24 the amount of refunds approved for payment by the
25 Department during the preceding fiscal year as a result of
26 overpayment of tax liability under subsections (a) and

1 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
2 Act plus the amount of such refunds remaining approved but
3 unpaid at the end of the preceding fiscal year, and the
4 denominator of which shall be the amounts which will be
5 collected pursuant to subsections (a) and (b) (6), (7), and
6 (8), (c) and (d) of Section 201 of this Act during the
7 preceding fiscal year; except that in State fiscal year
8 2002, the Annual Percentage shall in no event exceed 23%.
9 The Director of Revenue shall certify the Annual Percentage
10 to the Comptroller on the last business day of the fiscal
11 year immediately preceding the fiscal year for which it is
12 to be effective.

13 (3) The Comptroller shall order transferred and the
14 Treasurer shall transfer from the Tobacco Settlement
15 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
16 in January, 2001, (ii) \$35,000,000 in January, 2002, and
17 (iii) \$35,000,000 in January, 2003.

18 (d) Expenditures from Income Tax Refund Fund.

19 (1) Beginning January 1, 1989, money in the Income Tax
20 Refund Fund shall be expended exclusively for the purpose
21 of paying refunds resulting from overpayment of tax
22 liability under Section 201 of this Act, for paying rebates
23 under Section 208.1 in the event that the amounts in the
24 Homeowners' Tax Relief Fund are insufficient for that
25 purpose, and for making transfers pursuant to this
26 subsection (d).

1 (2) The Director shall order payment of refunds
2 resulting from overpayment of tax liability under Section
3 201 of this Act from the Income Tax Refund Fund only to the
4 extent that amounts collected pursuant to Section 201 of
5 this Act and transfers pursuant to this subsection (d) and
6 item (3) of subsection (c) have been deposited and retained
7 in the Fund.

8 (3) As soon as possible after the end of each fiscal
9 year, the Director shall order transferred and the State
10 Treasurer and State Comptroller shall transfer from the
11 Income Tax Refund Fund to the Personal Property Tax
12 Replacement Fund an amount, certified by the Director to
13 the Comptroller, equal to the excess of the amount
14 collected pursuant to subsections (c) and (d) of Section
15 201 of this Act deposited into the Income Tax Refund Fund
16 during the fiscal year over the amount of refunds resulting
17 from overpayment of tax liability under subsections (c) and
18 (d) of Section 201 of this Act paid from the Income Tax
19 Refund Fund during the fiscal year.

20 (4) As soon as possible after the end of each fiscal
21 year, the Director shall order transferred and the State
22 Treasurer and State Comptroller shall transfer from the
23 Personal Property Tax Replacement Fund to the Income Tax
24 Refund Fund an amount, certified by the Director to the
25 Comptroller, equal to the excess of the amount of refunds
26 resulting from overpayment of tax liability under

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

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

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

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

21 On July 1, 1991, and thereafter, of the amounts collected
22 pursuant to subsections (a) and (b) of Section 201 of this Act,
23 minus deposits into the Income Tax Refund Fund, the Department
24 shall deposit 7.3% into the Education Assistance Fund in the
25 State Treasury. Beginning July 1, 1991, and continuing through
26 January 31, 1993, of the amounts collected pursuant to

1 subsections (a) and (b) of Section 201 of the Illinois Income
2 Tax Act, minus deposits into the Income Tax Refund Fund, the
3 Department shall deposit 3.0% into the Income Tax Surcharge
4 Local Government Distributive Fund in the State Treasury.
5 Beginning February 1, 1993 and continuing through June 30,
6 1993, of the amounts collected pursuant to subsections (a) and
7 (b) of Section 201 of the Illinois Income Tax Act, minus
8 deposits into the Income Tax Refund Fund, the Department shall
9 deposit 4.4% into the Income Tax Surcharge Local Government
10 Distributive Fund in the State Treasury. Beginning July 1,
11 1993, and continuing through June 30, 1994, of the amounts
12 collected under subsections (a) and (b) of Section 201 of this
13 Act, minus deposits into the Income Tax Refund Fund, the
14 Department shall deposit 1.475% into the Income Tax Surcharge
15 Local Government Distributive Fund in the State Treasury.

16 (f) Deposits into the Homestead Property Tax Replacement
17 Fund. On January 1, 2009 and thereafter, of the amounts
18 collected pursuant to subsections (a) and (b) of Section 201 of
19 this Act, minus deposits into the Income Tax Refund Fund, the
20 Department shall deposit into the Homestead Property Tax
21 Replacement Fund the amount that is attributable to the
22 increase in the amounts collected under subsections (a) and (b)
23 of Section 201 of this Act under this amendatory Act of the
24 95th General Assembly.

25 (Source: P.A. 94-91, eff. 7-1-05; 94-839, eff. 6-6-06; 95-707,
26 eff. 1-11-08.)

1 Section 15. The Property Tax Code is amended by changing
2 Sections 14-20, 15-10, 20-178, and 31-25 and by adding Section
3 15-163 as follows:

4 (35 ILCS 200/14-20)

5 Sec. 14-20. Certificate of error; counties of less than
6 3,000,000. In any county with less than 3,000,000 inhabitants,
7 if, at any time before judgment or order of sale is entered in
8 any proceeding to collect or to enjoin the collection of taxes
9 based upon any assessment of any property, the chief county
10 assessment officer discovers an error or mistake in the
11 assessment (other than errors of judgment as to the valuation
12 of the property), he or she shall issue to the person
13 erroneously assessed a certificate setting forth the nature of
14 the error and the cause or causes of the error. ~~In any county
15 with less than 3,000,000 inhabitants, if an owner fails to file
16 an application for the Senior Citizens Assessment Freeze
17 Homestead Exemption provided in Section 15-172 during the
18 previous assessment year and qualifies for the exemption, the
19 Chief County Assessment Officer pursuant to this Section, or
20 the Board of Review pursuant to Section 16-75, shall issue a
21 certificate of error setting forth the correct taxable
22 valuation of the property.~~ The certificate, when properly
23 endorsed by the majority of the board of review, showing their
24 concurrence, and not otherwise, may be used in evidence in any

1 court of competent jurisdiction, and when so introduced in
2 evidence, shall become a part of the court record and shall not
3 be removed from the files except on an order of the court.

4 (Source: P.A. 90-552, eff. 12-12-97; 91-377, eff. 7-30-99.)

5 (35 ILCS 200/15-10)

6 Sec. 15-10. Exempt property; procedures for certification.
7 All property granted an exemption by the Department pursuant to
8 the requirements of Section 15-5 and described in the Sections
9 following Section 15-30 and preceding Section 16-5, to the
10 extent therein limited, is exempt from taxation. In order to
11 maintain that exempt status, the titleholder or the owner of
12 the beneficial interest of any property that is exempt must
13 file with the chief county assessment officer, on or before
14 January 31 of each year ~~(May 31 in the case of property~~
15 ~~exempted by Section 15-170)~~, an affidavit stating whether there
16 has been any change in the ownership or use of the property or
17 the status of the owner-resident, ~~or that a disabled veteran~~
18 ~~who qualifies under Section 15-165 owned and used the property~~
19 as of January 1 of that year. The nature of any change shall be
20 stated in the affidavit. Failure to file an affidavit shall, in
21 the discretion of the assessment officer, constitute cause to
22 terminate the exemption of that property, notwithstanding any
23 other provision of this Code. Owners of 5 or more such exempt
24 parcels within a county may file a single annual affidavit in
25 lieu of an affidavit for each parcel. The assessment officer,

1 upon request, shall furnish an affidavit form to the owners, in
2 which the owner may state whether there has been any change in
3 the ownership or use of the property or status of the owner or
4 resident as of January 1 of that year. The owner of 5 or more
5 exempt parcels shall list all the properties giving the same
6 information for each parcel as required of owners who file
7 individual affidavits.

8 However, titleholders or owners of the beneficial interest
9 in any property exempted under any of the following provisions
10 are not required to submit an annual filing under this Section:

11 (1) Section 15-45 (burial grounds) in counties of less
12 than 3,000,000 inhabitants and owned by a not-for-profit
13 organization.

14 (2) Section 15-40.

15 (3) Section 15-50 (United States property).

16 If there is a change in use or ownership, however, notice
17 must be filed pursuant to Section 15-20.

18 An application for the standard homestead exemption must be
19 filed in accordance with Section 15-167. ~~homestead exemptions~~
20 ~~shall be filed as provided in Section 15-170 (senior citizens~~
21 ~~homestead exemption), Section 15-172 (senior citizens~~
22 ~~assessment freeze homestead exemption), and Sections 15-175~~
23 ~~(general homestead exemption), 15-176 (general alternative~~
24 ~~homestead exemption), and 15-177 (long-time occupant homestead~~
25 ~~exemption), respectively.~~

26 (Source: P.A. 95-644, eff. 10-12-07.)

1 (35 ILCS 200/15-163 new)

2 Sec. 15-163. Standard homestead exemption.

3 (a) Beginning with the 2009 taxable year, homestead
4 property is entitled to an annual homestead exemption of
5 \$150,000.

6 (b) If married persons maintain and reside in separate
7 residences qualifying as homestead property, each residence is
8 entitled to receive 50% of the total reduction in equalized
9 assessed valuation provided by this Section.

10 (c) In a cooperative where a homestead exemption has been
11 granted, the cooperative association or its management firm
12 shall credit the savings resulting from that exemption only to
13 the apportioned tax liability of the owner who qualified for
14 the exemption. Any person who willfully refuses to so credit
15 the savings is guilty of a Class B misdemeanor.

16 (d) In all counties, the assessor or chief county
17 assessment officer may determine the eligibility of
18 residential property to receive the homestead exemption and the
19 amount of the exemption by application, visual inspection,
20 questionnaire or other reasonable methods. The determination
21 shall be made in accordance with guidelines established by the
22 Department, provided that the taxpayer applying for an
23 additional general exemption under this Section shall submit to
24 the chief county assessment officer an application with an
25 affidavit of the applicant's total household income, age,

1 marital status (and, if married, the name and address of the
2 applicant's spouse, if known), and principal dwelling place of
3 members of the household on January 1 of the taxable year. The
4 Department shall issue guidelines establishing a method for
5 verifying the accuracy of the affidavits filed by applicants
6 under this paragraph. The applications shall be clearly marked
7 as applications for the Standard General Homestead Exemption.

8 (e) In the event of a sale of homestead property the
9 homestead exemption remains in effect for the remainder of the
10 assessment year of the sale. The assessor or chief county
11 assessment officer may require the new owner of the property to
12 apply for the homestead exemption for the following assessment
13 year.

14 (f) As used in this Section:

15 "Homestead property" includes (i) residential property
16 that is occupied by its owner or owners as his, her, or their
17 principal dwelling place, or (ii) that is a leasehold interest
18 on which a single family residence is situated, that is
19 occupied as a residence by a person who has an ownership
20 interest therein, legal or equitable or as a lessee, and on
21 which the person is liable for the payment of property taxes.

22 (35 ILCS 200/20-178)

23 Sec. 20-178. Certificate of error; refund; interest. When
24 the county collector makes any refunds due on certificates of
25 error issued under Sections 14-15 through 14-25 that have been

1 either certified or adjudicated, the county collector shall pay
2 the taxpayer interest on the amount of the refund at the rate
3 of 0.5% per month.

4 No interest shall be due under this Section for any time
5 prior to 60 days after the effective date of this amendatory
6 Act of the 91st General Assembly. For certificates of error
7 issued prior to the effective date of this amendatory Act of
8 the 91st General Assembly, the county collector shall pay the
9 taxpayer interest from 60 days after the effective date of this
10 amendatory Act of the 91st General Assembly until the date the
11 refund is paid. For certificates of error issued on or after
12 the effective date of this amendatory Act of the 91st General
13 Assembly, interest shall be paid from 60 days after the
14 certificate of error is issued by the chief county assessment
15 officer to the date the refund is made. To cover the cost of
16 interest, the county collector shall proportionately reduce
17 the distribution of taxes collected for each taxing district in
18 which the property is situated.

19 This Section shall not apply to any certificate of error
20 granting a homestead exemption under Section 15-167, 15-170,
21 15-172, 15-175, 15-176, or 15-177.

22 (Source: P.A. 95-644, eff. 10-12-07.)

23 (35 ILCS 200/31-25)

24 Sec. 31-25. Transfer declaration. At the time a deed, a
25 document transferring a controlling interest in real property,

1 or trust document is presented for recordation, or within 3
2 business days after the transfer is effected, whichever is
3 earlier, there shall also be presented to the recorder or
4 registrar of titles a declaration, signed by at least one of
5 the sellers and also signed by at least one of the buyers in
6 the transaction or by the attorneys or agents for the sellers
7 or buyers. The declaration shall state information including,
8 but not limited to: (a) the value of the real property or
9 beneficial interest in real property located in Illinois so
10 transferred; (b) the parcel identifying number of the property;
11 (c) the legal description of the property; (d) the date of the
12 deed, the date the transfer was effected, or the date of the
13 trust document; (e) the type of deed, transfer, or trust
14 document; (f) the address of the property; (g) the type of
15 improvement, if any, on the property; (h) information as to
16 whether the transfer is between related individuals or
17 corporate affiliates or is a compulsory transaction; (i) the
18 lot size or acreage; (j) the value of personal property sold
19 with the real estate; (k) the year the contract was initiated
20 if an installment sale; (l) any homestead exemptions under
21 Article 15 of the Property Tax Code, ~~as provided in Sections~~
22 ~~15-170, 15-172, 15-175, and 15-176~~ as reflected on the most
23 recent annual tax bill; and (m) the name, address, and
24 telephone number of the person preparing the declaration.
25 Except as provided in Section 31-45, a deed, a document
26 transferring a controlling interest in real property, or trust

1 document shall not be accepted for recordation unless it is
2 accompanied by a declaration containing all the information
3 requested in the declaration. When the declaration is signed by
4 an attorney or agent on behalf of sellers or buyers who have
5 the power of direction to deal with the title to the real
6 estate under a land trust agreement, the trustee being the mere
7 repository of record legal title with a duty of conveying the
8 real estate only when and if directed in writing by the
9 beneficiary or beneficiaries having the power of direction, the
10 attorneys or agents executing the declaration on behalf of the
11 sellers or buyers need identify only the land trust that is the
12 repository of record legal title and not the beneficiary or
13 beneficiaries having the power of direction under the land
14 trust agreement. The declaration form shall be prescribed by
15 the Department and shall contain sales information questions.
16 For sales occurring during a period in which the provisions of
17 Section 17-10 require the Department to adjust sale prices for
18 seller paid points and prevailing cost of cash, the declaration
19 form shall contain questions regarding the financing of the
20 sale. The subject of the financing questions shall include any
21 direct seller participation in the financing of the sale or
22 information on financing that is unconventional so as to affect
23 the fair cash value received by the seller. The intent of the
24 sales and financing questions is to aid in the reduction in the
25 number of buyers required to provide financing information
26 necessary for the adjustment outlined in Section 17-10. For

1 sales occurring during a period in which the provisions of
2 Section 17-10 require the Department to adjust sale prices for
3 seller paid points and prevailing cost of cash, the declaration
4 form shall include, at a minimum, the following data: (a)
5 seller paid points, (b) the sales price, (c) type of financing
6 (conventional, VA, FHA, seller-financed, or other), (d) down
7 payment, (e) term, (f) interest rate, (g) type and description
8 of interest rate (fixed, adjustable or renegotiable), and (h)
9 an appropriate place for the inclusion of special facts or
10 circumstances, if any. The Department shall provide an adequate
11 supply of forms to each recorder and registrar of titles in the
12 State.

13 (Source: P.A. 93-657, eff. 6-1-04; 94-489, eff. 8-8-05.)

14 (35 ILCS 200/15-165 rep.)

15 (35 ILCS 200/15-167 rep.)

16 (35 ILCS 200/15-168 rep.)

17 (35 ILCS 200/15-169 rep.)

18 (35 ILCS 200/15-170 rep.)

19 (35 ILCS 200/15-172 rep.)

20 (35 ILCS 200/15-175 rep.)

21 (35 ILCS 200/15-176 rep.)

22 (35 ILCS 200/15-177 rep.)

23 (35 ILCS 200/15-180 rep.)

24 Section 20. The Property Tax Code is amended by repealing
25 Sections 15-165, 15-167, 15-168, 15-169, 15-170, 15-172,

1 15-175, 15-176, 15-177, and 15-180.

2 Section 99. Effective date. This Act takes effect upon
3 becoming law, except that Secs. 14-20 and 15-10 of Section 10
4 and Section 15 take effect on January 1, 2009.

1		INDEX
2		Statutes amended in order of appearance
3	30 ILCS 805/8.28	
4	30 ILCS 105/5.708 new	
5	30 ILCS 105/6z-80 new	
6	35 ILCS 5/201	from Ch. 120, par. 2-201
7	35 ILCS 5/202.5 new	
8	35 ILCS 5/901	from Ch. 120, par. 9-901
9	35 ILCS 200/14-20	
10	35 ILCS 200/15-10	
11	35 ILCS 200/15-163 new	
12	35 ILCS 200/20-178	
13	35 ILCS 200/31-25	
14	35 ILCS 200/15-165 rep.	
15	35 ILCS 200/15-167 rep.	
16	35 ILCS 200/15-168 rep.	
17	35 ILCS 200/15-169 rep.	
18	35 ILCS 200/15-170 rep.	
19	35 ILCS 200/15-172 rep.	
20	35 ILCS 200/15-175 rep.	
21	35 ILCS 200/15-176 rep.	
22	35 ILCS 200/15-177 rep.	
23	35 ILCS 200/15-180 rep.	