



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB6721

by Rep. LaShawn K. Ford

SYNOPSIS AS INTRODUCED:

20 ILCS 1605/2.5	
20 ILCS 1605/9	from Ch. 120, par. 1159
20 ILCS 1605/19	from Ch. 120, par. 1169
20 ILCS 1605/20	from Ch. 120, par. 1170
20 ILCS 1605/20.1	from Ch. 120, par. 1170.1
20 ILCS 1605/20.2	
20 ILCS 1605/20.3 new	
20 ILCS 1605/27	from Ch. 120, par. 1177
35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/901	from Ch. 120, par. 9-901
105 ILCS 5/2-3.148 new	

Amends the Illinois Lottery Law. Creates the Lottery Supports Schools Fund. Provides that certain lottery revenues shall be deposited into the Fund. Provides that moneys in the fund shall be distributed to school districts based on the district's percentage of lottery sales. Amends the Illinois Income Tax Act. Beginning with the first taxable year after the taxable year in which a Management and Concession Agreement is entered into under the Illinois Lottery Law, increases the individual rate from 3% to 3.25% and the corporate rate from 4.8% to 5.2%. Provides that 100% of the net increase in collections shall be deposited into the Common School Fund. All changes are contingent upon Senate Bill 2595, as amended by House Amendment No. 4, becoming law. Effective immediately.

LRB095 22629 HLH 53036 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 5. If and only if Senate Bill 2595 of the 95th
5 General Assembly, as amended by House Amendment No. 4, becomes
6 law, then the Illinois Lottery Law is amended by changing
7 Sections 2.5, 9, 19, 20, 20.1, 20.2, and 27 and by adding
8 Section 20.3 as follows:

9 (20 ILCS 1605/2.5)

10 Sec. 2.5. Creation of the Illinois Education Trust Fund;
11 State Treasurer's investment of moneys. There is created in the
12 State Treasury the Illinois Education Trust Fund.
13 Notwithstanding any other statute to the contrary, the State
14 Treasurer is hereby authorized to and shall invest all moneys
15 deposited into the Illinois Education Trust Fund pursuant to
16 this amendatory Act of the 95th General Assembly. Permissible
17 investments of the Illinois Education Trust Fund shall be
18 identical to the investment authority granted to the Illinois
19 State Board of Investments pursuant to 40 ILCS 5/22A-112,
20 subject to the requirements and restrictions set forth in
21 Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and
22 1-115 of the Illinois Pension Code. Notwithstanding the
23 foregoing, the following shall not be considered permissible

1 investments of the Illinois Education Trust Fund; (i)
2 investments in venture capital, (ii) investments in hedge
3 funds, and (iii) investments in real estate.

4 Notwithstanding any other State law to the contrary, on or
5 before the last day of each fiscal year the State Comptroller
6 shall direct and the State Treasurer shall transfer from the
7 Illinois Education Trust Fund to the State Lottery Fund the
8 amount necessary to provide for the transfer of \$600,000,000 in
9 that fiscal year from the State Lottery Fund to the Lottery
10 Supports Schools Fund ~~Common School Fund~~ in accordance with the
11 provisions of Section 20.2 of this Act.

12 (Source: 95SB2595, HAM4.)

13 (20 ILCS 1605/9) (from Ch. 120, par. 1159)

14 Sec. 9. Duties of Superintendent. The Superintendent, as
15 administrative head of the Division, shall direct and supervise
16 all its administrative and technical activities and shall
17 report to the Director. In addition to the duties imposed upon
18 him or her elsewhere in this Act, it shall be the
19 Superintendent's duty:

20 a. To supervise and administer the operation of the lottery
21 in accordance with the provisions of this Act or such rules and
22 regulations of the Department adopted thereunder.

23 b. To attend meetings of the Board or to appoint a designee
24 to attend in his stead.

25 c. To employ and direct such personnel in accord with the

1 Personnel Code, as may be necessary to carry out the purposes
2 of this Act. The Superintendent may, subject to the approval of
3 the Director, use the services, personnel, or facilities of the
4 Department. In addition, the Superintendent may by agreement
5 secure such services as he or she may deem necessary from any
6 other department, agency, or unit of the State government, and
7 may employ and compensate such consultants and technical
8 assistants as may be required and is otherwise permitted by
9 law.

10 d. To license, in accordance with the provisions of
11 Sections 10 and 10.1 of this Act and the rules and regulations
12 of the Department adopted thereunder, or to ensure the
13 retention, pursuant to the terms of a Management and Concession
14 Agreement, as agents to sell lottery tickets such persons as in
15 his opinion will best serve the public convenience and promote
16 the sale of tickets or shares. Unless the lottery is operated
17 pursuant to the terms of a Management and Concession Agreement,
18 the Superintendent may require a bond from every licensed
19 agent, in such amount as provided in the rules and regulations
20 of the Department. Every licensed agent shall prominently
21 display his or her license, or a copy thereof, as provided in
22 the rules and regulations of the Department.

23 e. To suspend or revoke any license issued pursuant to this
24 Act or the rules and regulations promulgated by the Department
25 thereunder.

26 f. To confer regularly as necessary or desirable and not

1 less than once every month with the Lottery Control Board on
2 the operation and administration of the Lottery; to make
3 available for inspection by the Board or any member of the
4 Board, upon request, all books, records, files, and other
5 information and documents of his office; to advise the Board
6 and recommend such rules and regulations and such other matters
7 as he deems necessary and advisable to improve the operation
8 and administration of the lottery or the implementation and
9 oversight of a Management and Concession Agreement.

10 g. To enter into contracts for the operation of the
11 lottery, or any part thereof, and, unless the lottery is
12 operated pursuant to the terms of a Management and Concession
13 Agreement, to enter into contracts for the promotion of the
14 lottery on behalf of the Department, with any person, firm or
15 corporation, to perform any of the functions provided for in
16 this Act or the rules and regulations promulgated thereunder.
17 The Department shall not expend State funds on a contractual
18 basis for such functions unless those functions and
19 expenditures are expressly authorized by the General Assembly.

20 h. Unless the State has entered into a Management and
21 Concession Agreement, to enter into an agreement or agreements
22 with the management of state lotteries operated pursuant to the
23 laws of other states for the purpose of creating and operating
24 a multi-state lottery game wherein a separate and distinct
25 prize pool would be combined to award larger prizes to the
26 public than could be offered by the several state lotteries,

1 individually. No tickets or shares offered in connection with a
2 multi-state lottery game shall be sold within the State of
3 Illinois, except those offered by and through the Department.
4 No such agreement shall purport to pledge the full faith and
5 credit of the State of Illinois, nor shall the Department
6 expend State funds on a contractual basis in connection with
7 any such game unless such expenditures are expressly authorized
8 by the General Assembly, provided, however, that in the event
9 of error or omission by the Illinois State Lottery in the
10 conduct of the game, as determined by the multi-state game
11 directors, the Department shall be authorized to pay a prize
12 winner or winners the lesser of a disputed prize or \$1,000,000,
13 any such payment to be made solely from funds appropriated for
14 game prize purposes. The Department shall be authorized to
15 share in the ordinary operating expenses of any such
16 multi-state lottery game, from funds appropriated by the
17 General Assembly, and in the event the multi-state game control
18 offices are physically located within the State of Illinois,
19 the Department is authorized to advance start-up operating
20 costs not to exceed \$150,000, subject to proportionate
21 reimbursement of such costs by the other participating state
22 lotteries. The Department shall be authorized to share
23 proportionately in the costs of establishing a liability
24 reserve fund from funds appropriated by the General Assembly.
25 The Department is authorized to transfer prize award funds
26 attributable to Illinois sales of multi-state lottery game

1 tickets to the multi-state control office, or its designated
2 depository, for deposit to such game pool account or accounts
3 as may be established by the multi-state game directors, the
4 records of which account or accounts shall be available at all
5 times for inspection in an audit by the Auditor General of
6 Illinois and any other auditors pursuant to the laws of the
7 State of Illinois. No multi-state game prize awarded to a
8 nonresident of Illinois, with respect to a ticket or share
9 purchased in a state other than the State of Illinois, shall be
10 deemed to be a prize awarded under this Act for the purpose of
11 taxation under the Illinois Income Tax Act. All of the net
12 revenues accruing from the sale of multi-state lottery tickets
13 or shares shall be transferred into the Common School Fund
14 pursuant to Section 7.2. The Department shall promulgate such
15 rules as may be appropriate to implement the provisions of this
16 Section.

17 (h-1) In the event that the State enters into a Management
18 and Concession Agreement, to authorize a Concessionaire to
19 enter into an agreement or agreements with the management of
20 state lotteries operated pursuant to the laws of other states
21 for the purpose of creating and operating a multi-state lottery
22 game wherein a separate and distinct prize pool would be
23 combined to award larger prizes to the public than could be
24 offered by the several state lotteries individually. The
25 Superintendent shall not authorize the Concessionaire to take
26 such action unless the Illinois Gaming Board verifies that the

1 authorization derived from the agreement conforms to the
2 provisions of the Illinois Procurement Code and the State
3 Officials and Employees Ethics Act. No tickets or shares
4 offered in connection with a multi-state lottery game shall be
5 sold within the State of Illinois, except those offered by and
6 through the Concessionaire or technical operator pursuant to
7 the terms of the Management and Concession Agreement and this
8 amendatory Act of the 95th General Assembly. No such agreement
9 shall purport to pledge the full faith and credit of the State
10 of Illinois or to waive the sovereign immunity of the State of
11 Illinois, nor shall the Department expend State funds on a
12 contractual basis in connection with any such game unless such
13 expenditures are expressly authorized by the General Assembly.
14 To the extent authorized pursuant to the terms of a Management
15 and Concession Agreement, the Concessionaire shall be
16 authorized to share in the ordinary operating expenses of any
17 such multi-state lottery game, and in the event the multi-state
18 game control offices are physically located within the State of
19 Illinois, the Concessionaire is authorized to advance start-up
20 operating costs, subject to proportionate reimbursement of
21 such costs by the other participating state lotteries. The
22 Concessionaire shall be authorized to share proportionately in
23 the costs of establishing a liability reserve fund. The
24 Concessionaire is authorized to transfer prize award funds
25 attributable to Illinois sales of multi-state lottery game
26 tickets to the multi-state control office, or its designated

1 depository, for deposit to such game pool account or accounts
2 as may be established by the multi-state game directors, the
3 records of which account or accounts shall be available at all
4 times for inspection in an audit by the Illinois Gaming Board
5 and any auditors pursuant to the laws of the State of Illinois.
6 No multi-state game prize awarded to a nonresident of Illinois,
7 with respect to a ticket or share purchased in a state other
8 than the State of Illinois, shall be deemed to be a prize
9 awarded under this Act for the purpose of taxation under the
10 Illinois Income Tax Act. The Illinois Gaming Board and the
11 Department shall promulgate such rules as may be appropriate to
12 implement the provisions of this Section.

13 i. To make a continuous study and investigation of (1) the
14 operation and the administration of similar laws which may be
15 in effect in other states or countries, (2) any literature on
16 the subject which from time to time may be published or
17 available, (3) any Federal laws which may affect the operation
18 of the lottery, and (4) the reaction of Illinois citizens to
19 existing and potential features of the lottery with a view to
20 recommending or effecting changes that will tend to serve the
21 purposes of this Act.

22 j. To report monthly to the State Treasurer and the Lottery
23 Control Board a full and complete statement of lottery
24 revenues, prize disbursements and other expenses for each month
25 and the amounts to be transferred to the Common School Fund
26 pursuant to Section 7.2 or such other funds as are otherwise

1 authorized by Sections 20.2 and ~~Section~~ 21.2 of this Act, and
2 to make an annual report, which shall include a full and
3 complete statement of lottery revenues, prize disbursements
4 and other expenses, to the Governor and the Board. All reports
5 required by this subsection shall be public and copies of all
6 such reports shall be sent to the Speaker of the House, the
7 President of the Senate, and the minority leaders of both
8 houses.

9 k. If the State enters into a Management and Concession
10 Agreement, the Illinois Gaming Board shall assume the powers
11 and duties in this Section 9 to the extent they are applicable.
12 (Source: P.A. 94-776, eff. 5-19-06; 95SB2595, HAM4.)

13 (20 ILCS 1605/19) (from Ch. 120, par. 1169)

14 Sec. 19. Claiming prizes. The Division shall establish an
15 appropriate period for the claiming of prizes for each lottery
16 game offered. Each claim period shall be stated in game rules
17 and written play instructions issued by the Superintendent in
18 accordance with Section 7.1 of this Act or, if the State enters
19 into a Management and Concession Agreement pursuant to which a
20 Concessionaire shall manage or operate the Lottery, such rules
21 and written play instructions as may be issued in accordance
22 with the terms of the Management and Concession Agreement, but
23 subject to change by rule of the Illinois Gaming Board. Written
24 play instructions shall be made available to all players
25 through sales agents licensed to sell game tickets or shares.

1 Prizes for lottery games which involve the purchase of a
2 physical lottery ticket may be claimed only by presentation of
3 a valid winning lottery ticket that matches validation records
4 on file with the Lottery or, if the State enters into a
5 Management and Concession Agreement pursuant to which a
6 Concessionaire manages or operates the Lottery, the records on
7 file with that Concessionaire or technical operator, its
8 contractors and licensees; no claim may be honored which is
9 based on the assertion that the ticket was lost or stolen. No
10 lottery ticket which has been altered, mutilated, or fails to
11 pass validation tests shall be deemed to be a winning ticket.

12 If no claim is made for the money within the established
13 claim period, the prize may be included in the prize pool of
14 such special drawing or drawings as the Division may, from time
15 to time, designate, except, in the event the Lottery is
16 operated pursuant to the terms of a Management and Concession
17 Agreement, then the unclaimed prize money shall be transferred
18 to the Lottery Supports Schools Fund ~~Common School Fund~~.
19 Unclaimed multi-state game prize money may be included in the
20 multi-state prize pool for such special drawing or drawings as
21 the multi-state game directors may, from time to time,
22 designate, unless the lottery is operated pursuant to the terms
23 of a Management and Concession Agreement, in which case all
24 unclaimed prize money not included in the prize pool of a
25 special drawing shall be transferred to the Lottery Supports
26 Schools Fund ~~Common School Fund~~. Unless the lottery is operated

1 pursuant to the terms of a Management and Concession Agreement,
2 any bonuses offered by the Department to sales agents who sell
3 winning tickets or shares shall be payable to such agents
4 regardless of whether or not the prize money on the ticket or
5 share is claimed, provided that the agent can be identified as
6 the vendor of the winning ticket or share, and that the winning
7 ticket or share was sold on or after January 1, 1984.

8 (Source: P.A. 94-776, eff. 5-19-06; 95SB2595, HAM4.)

9 (20 ILCS 1605/20) (from Ch. 120, par. 1170)

10 Sec. 20. State Lottery Fund.

11 (a) There is created in the State Treasury a special fund
12 to be known as the "State Lottery Fund". Such fund shall
13 consist of all revenues received from (1) the sale of lottery
14 tickets or shares, (net of commissions, fees representing those
15 expenses that are directly proportionate to the sale of tickets
16 or shares at the agent location, and prizes of less than \$600
17 which have been validly paid at the agent level), (2)
18 application fees, and (3) all other sources including moneys
19 credited or transferred thereto from any other fund or source
20 pursuant to law and, if the State enters into a Management and
21 Concession Agreement, any moneys accruing to the State pursuant
22 to the terms of that Agreement. Interest earnings of the State
23 Lottery Fund shall be credited to the Common School Fund unless
24 the State enters into a Management and Concession Agreement. If
25 the State enters into a Management and Concession Agreement,

1 interest earnings of the State Lottery Fund shall be credited
2 to the Lottery Supports Schools Fund.

3 (b) The receipt and distribution of moneys under Section
4 21.5 of this Act shall be in accordance with Section 21.5.

5 (c) The receipt and distribution of moneys under Section
6 21.6 of this Act shall be in accordance with Section 21.6.

7 (d) The receipt and distribution of moneys under Section
8 21.7 of this Act shall be in accordance with Section 21.7.

9 (e) The receipt and distribution of moneys under Section
10 21.8 of this Act shall be in accordance with Section 21.8.

11 (Source: P.A. 94-120, eff. 7-6-05; 94-585, eff. 8-15-05;
12 95-331, eff. 8-21-07; 95-673, eff. 10-11-07; 95-674, eff.
13 10-11-07; 95SB2595, HAM4.)

14 (20 ILCS 1605/20.1) (from Ch. 120, par. 1170.1)

15 Sec. 20.1. Department account.

16 (a) The Department is authorized to pay validated prizes up
17 to \$25,000 from funds held by the Department in an account
18 separate and apart from all public moneys of the State. Moneys
19 in this account shall be administered by the Director
20 exclusively for the purposes of issuing payments to prize
21 winners authorized by this Section. Moneys in this account
22 shall be deposited by the Department into the Public
23 Treasurers' Investment Pool established under Section 17 of the
24 State Treasurer Act. The Department shall submit vouchers from
25 time to time as needed for reimbursement of this account from

1 moneys appropriated for prizes from the State Lottery Fund.
2 Investment income earned from this account shall be deposited
3 monthly by the Department into the Common School Fund. If the
4 State enters into a Management and Concession Agreement, then
5 investment income from the account shall be deposited into the
6 Lottery Supports Schools Fund. The Department shall file
7 quarterly fiscal reports specifying the activity of this
8 account as required under Section 16 of the State Comptroller
9 Act, and shall file quarterly with the General Assembly, the
10 Auditor General, the Comptroller, and the State Treasurer a
11 report indicating the costs associated with this activity.

12 (b) The Department is authorized to enter into an
13 interagency agreement with the Office of the Comptroller or any
14 other State agency to establish responsibilities, duties, and
15 procedures for complying with the Comptroller's Offset System
16 under Section 10.05 of the State Comptroller Act. All federal
17 and State tax reporting and withholding requirements relating
18 to prize winners under this Section shall be the responsibility
19 of the Department. Moneys from this account may not be used to
20 pay amounts to deferred prize winners. Moneys may not be
21 transferred from the State Lottery Fund to this account for
22 payment of prizes under this Section until procedures are
23 implemented to comply with the Comptroller's Offset System and
24 sufficient internal controls are in place to validate prizes.

25 (Source: P.A. 87-1197; 88-676, eff. 12-14-94.)

1 (20 ILCS 1605/20.2)

2 Sec. 20.2. Transfer of moneys from State Lottery Fund to
3 Common School Fund. If the State enters into a Management and
4 Concession Agreement, then notwithstanding ~~Notwithstanding~~ any
5 provision set forth in this Act or State law to the contrary,
6 on or before the last day of each fiscal year the State
7 Comptroller shall direct and the State Treasurer shall transfer
8 moneys in and revenues received by the State Lottery Fund to
9 the Lottery Supports Schools Fund, in accordance with Section
10 2.5 of this Act ~~Common School Fund.~~

11 (Source: 95SB2595, HAM4.)

12 (20 ILCS 1605/20.3 new)

13 Sec. 20.3. Lottery Supports Schools Fund. There is created
14 a Fund to be known as the Lottery Supports Schools Fund, which
15 is a non-appropriated trust fund held outside of the State
16 treasury. The Fund shall consist of moneys paid into it by the
17 Division as provided in this Law. The Illinois Gaming Board
18 shall certify each month to the State Board of Education the
19 proportion of lottery sales in each school district in relation
20 to statewide lottery sales. The moneys in the Lottery Supports
21 Schools Fund must be distributed monthly by the State Board of
22 Education to each school district based upon that school
23 district's portion of statewide lottery sales.

24 (20 ILCS 1605/27) (from Ch. 120, par. 1177)

1 Sec. 27. Contracts; investments; proceeds; Deferred
2 Lottery Prize Winners Trust Fund; disbursements; State Lottery
3 Fund; Lottery Concession Fund; Lottery Escrow Account.

4 (a) The State Treasurer may, with the consent of the
5 Director, contract with any person or corporation, including,
6 without limitation, a bank, banking house, trust company or
7 investment banking firm, to perform such financial functions,
8 activities or services in connection with operation of the
9 lottery as the State Treasurer and the Director may prescribe.

10 (b) All proceeds from investments made pursuant to
11 contracts executed by the State Treasurer, with the consent of
12 the Director, to perform financial functions, activities or
13 services in connection with operation of the lottery, shall be
14 deposited and held by the State Treasurer as ex-officio
15 custodian thereof, separate and apart from all public money or
16 funds of this State in a special trust fund outside the State
17 treasury. Such trust fund shall be known as the "Deferred
18 Lottery Prize Winners Trust Fund", and shall be administered by
19 the Director.

20 The Director shall, at such times and in such amounts as
21 shall be necessary, prepare and send to the State Comptroller
22 vouchers requesting payment from the Deferred Lottery Prize
23 Winners Trust Fund to deferred prize winners, in a manner that
24 will insure the timely payment of such amounts owed.

25 This Act shall constitute an irrevocable appropriation of
26 all amounts necessary for that purpose, and the irrevocable and

1 continuing authority for and direction to the Director and the
2 State Treasurer to make the necessary payments out of such
3 trust fund for that purpose. In the event that the State shall
4 enter into a Management and Concession Agreement, this Section
5 27(b) shall not apply to any prizes awarded after the closing
6 date of the Management and Concession Agreement.

7 (c) Moneys invested pursuant to subsection (a) of this
8 Section may be invested only in bonds, notes, certificates of
9 indebtedness, treasury bills, or other securities constituting
10 direct obligations of the United States of America and all
11 securities or obligations the prompt payment of principal and
12 interest of which is guaranteed by a pledge of the full faith
13 and credit of the United States of America. Interest earnings
14 on moneys in the Deferred Lottery Prize Winners Trust Fund
15 shall remain in such fund and be used to pay the winners of
16 lottery prizes deferred as to payment until such obligations
17 are discharged. Proceeds from bonds purchased and interest
18 accumulated as a result of a grand prize multi-state game
19 ticket that goes unclaimed will be transferred after the
20 termination of the relevant claim period directly from the
21 lottery's Deferred Lottery Prize Winners Trust Fund to each
22 respective multi-state partner state according to its
23 contribution ratio. All moneys invested pursuant to the terms
24 of any Management and Concession Agreement into which the State
25 may enter shall be subject to the provisions of this
26 subsection.

1 (c-5) If a deferred lottery prize is not claimed within the
2 claim period established by game rule, then the securities or
3 other instruments purchased to fund the prize shall be
4 liquidated and the liquidated amount shall be transferred to
5 the State Lottery Fund for disposition pursuant to Section 19
6 of this Act. In the event that the State shall enter into a
7 Management and Concession Agreement, this Section 27(c-5)
8 shall not apply to any prizes awarded after the closing date of
9 the Management and Concession Agreement.

10 (c-10) The Director may use a portion of the moneys in the
11 Deferred Lottery Prize Winners Trust Fund to purchase bonds to
12 pay a lifetime prize if the prize duration exceeds the length
13 of available securities. If the winner of a lifetime prize
14 exceeds his or her life expectancy as determined using
15 actuarial assumptions and the securities or moneys set aside to
16 pay the prize have been exhausted, moneys in the State Lottery
17 Fund shall be used to make payments to the winner for the
18 duration of the winner's life. In the event that the State
19 shall enter into a Management and Concession Agreement, this
20 Section 27(c-10) shall not apply to any prizes awarded after
21 the closing date of the Management and Concession Agreement.

22 (c-15) From time to time, the Director may request that the
23 State Comptroller transfer any excess moneys in the Deferred
24 Lottery Prize Winners Trust Fund to the Lottery Fund. In the
25 event that the State shall enter into a Management and
26 Concession Agreement, this Section 27(c-15) shall not apply to

1 any prizes awarded after the closing date of the Management and
2 Concession Agreement.

3 (c-20) In the event that the State shall enter into a
4 Management and Concession Agreement pursuant to which a
5 Concessionaire is authorized to manage or operate the Lottery,
6 there shall be created a fund to be known as the Lottery
7 Concession Trust Fund, which shall be a special
8 non-appropriated trust fund held outside of the State Treasury
9 and separate and apart from all public money and funds of this
10 State for the purpose of holding Concession revenues for the
11 purpose of transferring to the State its 20% share of gross
12 revenues after prize payouts. All proceeds from the sale of
13 Lottery tickets or shares and all other revenue from the
14 State's conduct of the Lottery as authorized under this
15 amendatory Act of the 95th General Assembly, including Lottery
16 revenues a Concessionaire may be eligible to receive under a
17 Management and Concession Agreement, with the exception of the
18 initial consideration distributed pursuant to Section 2.4,
19 shall be paid into the Fund. Within the Lottery Concession
20 Trust Fund, there shall be created sub-trusts for the purpose
21 of holding moneys for the exclusive benefit of the State and
22 recipients of Prize Claims.

23 The Fund shall begin to receive lottery proceeds and
24 revenues on the date that a Management and Concession Agreement
25 first becomes effective, and moneys in the Fund shall not at
26 any time during the term of such an agreement be appropriated

1 or diverted to any other use or purpose. The Fund shall be held
2 by an Illinois trustee designated pursuant to the Concession
3 and Management Agreement. All interest or other earnings
4 accruing or received on amounts in the Fund shall be credited
5 to and retained by the Fund. The Fund shall be held,
6 administered, invested, and disbursed in accordance with the
7 trust agreement and the Management and Concession Agreement.

8 The Illinois Gaming Board shall report quarterly to the
9 State Treasurer and the Governor a full and complete statement
10 of revenues into and expenses from the Lottery Concession Trust
11 Fund, which may be included in the reports required pursuant to
12 subsection (j) ~~(j-1)~~ of Section 9 of this Act. The statement
13 shall be public and copies shall be sent to the Speaker of the
14 House, the President of the Senate, and the Minority Leaders of
15 both houses.

16 (d) This amendatory Act of 1985 shall be construed
17 liberally to effect the purposes of the Illinois Lottery Law.

18 (Source: P.A. 89-466, eff. 6-13-96; 90-346, eff. 8-8-97;
19 95SB2595, HAM4.)

20 Section 10. If and only if Senate Bill 2595 of the 95th
21 General Assembly, as amended by House Amendment No. 4, becomes
22 law, then the Illinois Income Tax Act is amended by changing
23 Sections 201 and 901 as follows:

24 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

1 Sec. 201. Tax Imposed.

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

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

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

16 (2) In the case of an individual, trust or estate, for
17 taxable years beginning prior to July 1, 1989 and ending
18 after June 30, 1989, an amount equal to the sum of (i) 2
19 1/2% of the taxpayer's net income for the period prior to
20 July 1, 1989, as calculated under Section 202.3, and (ii)
21 3% of the taxpayer's net income for the period after June
22 30, 1989, as calculated under Section 202.3.

23 (3) In the case of an individual, trust or estate, for
24 taxable years beginning after June 30, 1989 and through the
25 taxable year in which a Management and Concession Agreement
26 is entered into under the Illinois Lottery Law, an amount

1 equal to 3% of the taxpayer's net income for the taxable
2 year.

3 (4) In the case of an individual, trust, or estate, for
4 taxable years beginning with the first taxable year after
5 the taxable year in which a Management and Concession
6 Agreement is entered into under the Illinois Lottery Law,
7 an amount equal to 3.25% of the taxpayer's net income for
8 the taxable year ~~(Blank)~~.

9 (5) (Blank).

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

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

20 (8) In the case of a corporation, for taxable years
21 beginning after June 30, 1989 and through the taxable year
22 in which a Management and Concession Agreement is entered
23 into under the Illinois Lottery Law, an amount equal to
24 4.8% of the taxpayer's net income for the taxable year.

25 (9) In the case of a corporation, for taxable years
26 beginning with the first taxable year after the taxable

1 year in which a Management and Concession Agreement is
2 entered into under the Illinois Lottery Law, an amount
3 equal to 5.2% of the taxpayer's net income for the taxable
4 year.

5 (c) Personal Property Tax Replacement Income Tax.
6 Beginning on July 1, 1979 and thereafter, in addition to such
7 income tax, there is also hereby imposed the Personal Property
8 Tax Replacement Income Tax measured by net income on every
9 corporation (including Subchapter S corporations), partnership
10 and trust, for each taxable year ending after June 30, 1979.
11 Such taxes are imposed on the privilege of earning or receiving
12 income in or as a resident of this State. The Personal Property
13 Tax Replacement Income Tax shall be in addition to the income
14 tax imposed by subsections (a) and (b) of this Section and in
15 addition to all other occupation or privilege taxes imposed by
16 this State or by any municipal corporation or political
17 subdivision thereof.

18 (d) Additional Personal Property Tax Replacement Income
19 Tax Rates. The personal property tax replacement income tax
20 imposed by this subsection and subsection (c) of this Section
21 in the case of a corporation, other than a Subchapter S
22 corporation and except as adjusted by subsection (d-1), shall
23 be an additional amount equal to 2.85% of such taxpayer's net
24 income for the taxable year, except that beginning on January
25 1, 1981, and thereafter, the rate of 2.85% specified in this
26 subsection shall be reduced to 2.5%, and in the case of a

1 partnership, trust or a Subchapter S corporation shall be an
2 additional amount equal to 1.5% of such taxpayer's net income
3 for the taxable year.

4 (d-1) Rate reduction for certain foreign insurers. In the
5 case of a foreign insurer, as defined by Section 35A-5 of the
6 Illinois Insurance Code, whose state or country of domicile
7 imposes on insurers domiciled in Illinois a retaliatory tax
8 (excluding any insurer whose premiums from reinsurance assumed
9 are 50% or more of its total insurance premiums as determined
10 under paragraph (2) of subsection (b) of Section 304, except
11 that for purposes of this determination premiums from
12 reinsurance do not include premiums from inter-affiliate
13 reinsurance arrangements), beginning with taxable years ending
14 on or after December 31, 1999, the sum of the rates of tax
15 imposed by subsections (b) and (d) shall be reduced (but not
16 increased) to the rate at which the total amount of tax imposed
17 under this Act, net of all credits allowed under this Act,
18 shall equal (i) the total amount of tax that would be imposed
19 on the foreign insurer's net income allocable to Illinois for
20 the taxable year by such foreign insurer's state or country of
21 domicile if that net income were subject to all income taxes
22 and taxes measured by net income imposed by such foreign
23 insurer's state or country of domicile, net of all credits
24 allowed or (ii) a rate of zero if no such tax is imposed on such
25 income by the foreign insurer's state of domicile. For the
26 purposes of this subsection (d-1), an inter-affiliate includes

1 a mutual insurer under common management.

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

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

8 (B) the privilege tax imposed by Section 409 of the
9 Illinois Insurance Code, the fire insurance company
10 tax imposed by Section 12 of the Fire Investigation
11 Act, and the fire department taxes imposed under
12 Section 11-10-1 of the Illinois Municipal Code,
13 equals 1.25% for taxable years ending prior to December 31,
14 2003, or 1.75% for taxable years ending on or after
15 December 31, 2003, of the net taxable premiums written for
16 the taxable year, as described by subsection (1) of Section
17 409 of the Illinois Insurance Code. This paragraph will in
18 no event increase the rates imposed under subsections (b)
19 and (d).

20 (2) Any reduction in the rates of tax imposed by this
21 subsection shall be applied first against the rates imposed
22 by subsection (b) and only after the tax imposed by
23 subsection (a) net of all credits allowed under this
24 Section other than the credit allowed under subsection (i)
25 has been reduced to zero, against the rates imposed by
26 subsection (d).

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

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

6 (1) A taxpayer shall be allowed a credit equal to .5%
7 of the basis of qualified property placed in service during
8 the taxable year, provided such property is placed in
9 service on or after July 1, 1984. There shall be allowed an
10 additional credit equal to .5% of the basis of qualified
11 property placed in service during the taxable year,
12 provided such property is placed in service on or after
13 July 1, 1986, and the taxpayer's base employment within
14 Illinois has increased by 1% or more over the preceding
15 year as determined by the taxpayer's employment records
16 filed with the Illinois Department of Employment Security.
17 Taxpayers who are new to Illinois shall be deemed to have
18 met the 1% growth in base employment for the first year in
19 which they file employment records with the Illinois
20 Department of Employment Security. The provisions added to
21 this Section by Public Act 85-1200 (and restored by Public
22 Act 87-895) shall be construed as declaratory of existing
23 law and not as a new enactment. If, in any year, the
24 increase in base employment within Illinois over the
25 preceding year is less than 1%, the additional credit shall
26 be limited to that percentage times a fraction, the

1 numerator of which is .5% and the denominator of which is
2 1%, but shall not exceed .5%. The investment credit shall
3 not be allowed to the extent that it would reduce a
4 taxpayer's liability in any tax year below zero, nor may
5 any credit for qualified property be allowed for any year
6 other than the year in which the property was placed in
7 service in Illinois. For tax years ending on or after
8 December 31, 1987, and on or before December 31, 1988, the
9 credit shall be allowed for the tax year in which the
10 property is placed in service, or, if the amount of the
11 credit exceeds the tax liability for that year, whether it
12 exceeds the original liability or the liability as later
13 amended, such excess may be carried forward and applied to
14 the tax liability of the 5 taxable years following the
15 excess credit years if the taxpayer (i) makes investments
16 which cause the creation of a minimum of 2,000 full-time
17 equivalent jobs in Illinois, (ii) is located in an
18 enterprise zone established pursuant to the Illinois
19 Enterprise Zone Act and (iii) is certified by the
20 Department of Commerce and Community Affairs (now
21 Department of Commerce and Economic Opportunity) as
22 complying with the requirements specified in clause (i) and
23 (ii) by July 1, 1986. The Department of Commerce and
24 Community Affairs (now Department of Commerce and Economic
25 Opportunity) shall notify the Department of Revenue of all
26 such certifications immediately. For tax years ending

1 after December 31, 1988, the credit shall be allowed for
2 the tax year in which the property is placed in service,
3 or, if the amount of the credit exceeds the tax liability
4 for that year, whether it exceeds the original liability or
5 the liability as later amended, such excess may be carried
6 forward and applied to the tax liability of the 5 taxable
7 years following the excess credit years. The credit shall
8 be applied to the earliest year for which there is a
9 liability. If there is credit from more than one tax year
10 that is available to offset a liability, earlier credit
11 shall be applied first.

12 (2) The term "qualified property" means property
13 which:

14 (A) is tangible, whether new or used, including
15 buildings and structural components of buildings and
16 signs that are real property, but not including land or
17 improvements to real property that are not a structural
18 component of a building such as landscaping, sewer
19 lines, local access roads, fencing, parking lots, and
20 other appurtenances;

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

26 (C) is acquired by purchase as defined in Section

1 179(d) of the Internal Revenue Code;

2 (D) is used in Illinois by a taxpayer who is
3 primarily engaged in manufacturing, or in mining coal
4 or fluorite, or in retailing, or was placed in service
5 on or after July 1, 2006 in a River Edge Redevelopment
6 Zone established pursuant to the River Edge
7 Redevelopment Zone Act; and

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

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

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

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

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

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

24 (8) Unless the investment credit is extended by law,
25 the basis of qualified property shall not include costs
26 incurred after December 31, 2008, except for costs incurred

1 pursuant to a binding contract entered into on or before
2 December 31, 2008.

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

19 For taxable years ending on or after December 31, 2000,
20 a partner that qualifies its partnership for a subtraction
21 under subparagraph (I) of paragraph (2) of subsection (d)
22 of Section 203 or a shareholder that qualifies a Subchapter
23 S corporation for a subtraction under subparagraph (S) of
24 paragraph (2) of subsection (b) of Section 203 shall be
25 allowed a credit under this subsection (e) equal to its
26 share of the credit earned under this subsection (e) during

1 the taxable year by the partnership or Subchapter S
2 corporation, determined in accordance with the
3 determination of income and distributive share of income
4 under Sections 702 and 704 and Subchapter S of the Internal
5 Revenue Code. This paragraph is exempt from the provisions
6 of Section 250.

7 (f) Investment credit; Enterprise Zone; River Edge
8 Redevelopment Zone.

9 (1) A taxpayer shall be allowed a credit against the
10 tax imposed by subsections (a) and (b) of this Section for
11 investment in qualified property which is placed in service
12 in an Enterprise Zone created pursuant to the Illinois
13 Enterprise Zone Act or, for property placed in service on
14 or after July 1, 2006, a River Edge Redevelopment Zone
15 established pursuant to the River Edge Redevelopment Zone
16 Act. For partners, shareholders of Subchapter S
17 corporations, and owners of limited liability companies,
18 if the liability company is treated as a partnership for
19 purposes of federal and State income taxation, there shall
20 be allowed a credit under this subsection (f) to be
21 determined in accordance with the determination of income
22 and distributive share of income under Sections 702 and 704
23 and Subchapter S of the Internal Revenue Code. The credit
24 shall be .5% of the basis for such property. The credit
25 shall be available only in the taxable year in which the
26 property is placed in service in the Enterprise Zone or

1 River Edge Redevelopment Zone and shall not be allowed to
2 the extent that it would reduce a taxpayer's liability for
3 the tax imposed by subsections (a) and (b) of this Section
4 to below zero. For tax years ending on or after December
5 31, 1985, the credit shall be allowed for the tax year in
6 which the property is placed in service, or, if the amount
7 of the credit exceeds the tax liability for that year,
8 whether it exceeds the original liability or the liability
9 as later amended, such excess may be carried forward and
10 applied to the tax liability of the 5 taxable years
11 following the excess credit year. The credit shall be
12 applied to the earliest year for which there is a
13 liability. If there is credit from more than one tax year
14 that is available to offset a liability, the credit
15 accruing first in time shall be applied first.

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

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

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

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

26 (D) is used in the Enterprise Zone or River Edge

1 Redevelopment Zone by the taxpayer; and

2 (E) has not been previously used in Illinois in
3 such a manner and by such a person as would qualify for
4 the credit provided by this subsection (f) or
5 subsection (e).

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

9 (4) If the basis of the property for federal income tax
10 depreciation purposes is increased after it has been placed
11 in service in the Enterprise Zone or River Edge
12 Redevelopment Zone by the taxpayer, the amount of such
13 increase shall be deemed property placed in service on the
14 date of such increase in basis.

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

17 (6) If during any taxable year, any property ceases to
18 be qualified property in the hands of the taxpayer within
19 48 months after being placed in service, or the situs of
20 any qualified property is moved outside the Enterprise Zone
21 or River Edge Redevelopment Zone within 48 months after
22 being placed in service, the tax imposed under subsections
23 (a) and (b) of this Section 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 (6), 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 (7) There shall be allowed an additional credit equal
9 to 0.5% of the basis of qualified property placed in
10 service during the taxable year in a River Edge
11 Redevelopment Zone, provided such property is placed in
12 service on or after July 1, 2006, and the taxpayer's base
13 employment within Illinois has increased by 1% or more over
14 the preceding year as determined by the taxpayer's
15 employment records filed with the Illinois Department of
16 Employment Security. Taxpayers who are new to Illinois
17 shall be deemed to have met the 1% growth in base
18 employment for the first year in which they file employment
19 records with the Illinois Department of Employment
20 Security. If, in any year, the increase in base employment
21 within Illinois over the preceding year is less than 1%,
22 the additional credit shall be limited to that percentage
23 times a fraction, the numerator of which is 0.5% and the
24 denominator of which is 1%, but shall not exceed 0.5%.

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

1 (1) A taxpayer conducting a trade or business in an
2 enterprise zone or a High Impact Business designated by the
3 Department of Commerce and Economic Opportunity or for
4 taxable years ending on or after December 31, 2006, in a
5 River Edge Redevelopment Zone conducting a trade or
6 business in a federally designated Foreign Trade Zone or
7 Sub-Zone shall be allowed a credit against the tax imposed
8 by subsections (a) and (b) of this Section in the amount of
9 \$500 per eligible employee hired to work in the zone during
10 the taxable year.

11 (2) To qualify for the credit:

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

16 (B) the taxpayer's total employment within the
17 enterprise zone, River Edge Redevelopment Zone, or
18 federally designated Foreign Trade Zone or Sub-Zone
19 must increase by 5 or more full-time employees beyond
20 the total employed in that zone at the end of the
21 previous tax year for which a jobs tax credit under
22 this Section was taken, or beyond the total employed by
23 the taxpayer as of December 31, 1985, whichever is
24 later; and

25 (C) the eligible employees must be employed 180
26 consecutive days in order to be deemed hired for

1 purposes of this subsection.

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

3 (A) Certified by the Department of Commerce and
4 Economic Opportunity as "eligible for services"
5 pursuant to regulations promulgated in accordance with
6 Title II of the Job Training Partnership Act, Training
7 Services for the Disadvantaged or Title III of the Job
8 Training Partnership Act, Employment and Training
9 Assistance for Dislocated Workers Program.

10 (B) Hired after the enterprise zone, River Edge
11 Redevelopment Zone, or federally designated Foreign
12 Trade Zone or Sub-Zone was designated or the trade or
13 business was located in that zone, whichever is later.

14 (C) Employed in the enterprise zone, River Edge
15 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
16 An employee is employed in an enterprise zone or
17 federally designated Foreign Trade Zone or Sub-Zone if
18 his services are rendered there or it is the base of
19 operations for the services performed.

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

22 (4) For tax years ending on or after December 31, 1985
23 and prior to December 31, 1988, the credit shall be allowed
24 for the tax year in which the eligible employees are hired.
25 For tax years ending on or after December 31, 1988, the
26 credit shall be allowed for the tax year immediately

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

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

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

16 (h) Investment credit; High Impact Business.

17 (1) Subject to subsections (b) and (b-5) of Section 5.5
18 of the Illinois Enterprise Zone Act, a taxpayer shall be
19 allowed a credit against the tax imposed by subsections (a)
20 and (b) of this Section for investment in qualified
21 property which is placed in service by a Department of
22 Commerce and Economic Opportunity designated High Impact
23 Business. The credit shall be .5% of the basis for such
24 property. The credit shall not be available (i) until the
25 minimum investments in qualified property set forth in
26 subdivision (a)(3)(A) of Section 5.5 of the Illinois

1 Enterprise Zone Act have been satisfied or (ii) until the
2 time authorized in subsection (b-5) of the Illinois
3 Enterprise Zone Act for entities designated as High Impact
4 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
5 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
6 Act, and shall not be allowed to the extent that it would
7 reduce a taxpayer's liability for the tax imposed by
8 subsections (a) and (b) of this Section to below zero. The
9 credit applicable to such investments shall be taken in the
10 taxable year in which such investments have been completed.
11 The credit for additional investments beyond the minimum
12 investment by a designated high impact business authorized
13 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
14 Enterprise Zone Act shall be available only in the taxable
15 year in which the property is placed in service and shall
16 not be allowed to the extent that it would reduce a
17 taxpayer's liability for the tax imposed by subsections (a)
18 and (b) of this Section to below zero. For tax years ending
19 on or after December 31, 1987, the credit shall be allowed
20 for the tax year in which the property is placed in
21 service, or, if the amount of the credit exceeds the tax
22 liability for that year, whether it exceeds the original
23 liability or the liability as later amended, such excess
24 may be carried forward and applied to the tax liability of
25 the 5 taxable years following the excess credit year. The
26 credit shall be applied to the earliest year for which

1 there is a liability. If there is credit from more than one
2 tax year that is available to offset a liability, the
3 credit accruing first in time shall be applied first.

4 Changes made in this subdivision (h) (1) by Public Act
5 88-670 restore changes made by Public Act 85-1182 and
6 reflect existing law.

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

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

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

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code; and

17 (D) is not eligible for the Enterprise Zone
18 Investment Credit provided by subsection (f) of this
19 Section.

20 (3) The basis of qualified property shall be the basis
21 used to compute the depreciation deduction for federal
22 income tax purposes.

23 (4) If the basis of the property for federal income tax
24 depreciation purposes is increased after it has been placed
25 in service in a federally designated Foreign Trade Zone or
26 Sub-Zone located in Illinois by the taxpayer, the amount of

1 such increase shall be deemed property placed in service on
2 the date of such increase in basis.

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

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

23 (7) Beginning with tax years ending after December 31,
24 1996, if a taxpayer qualifies for the credit under this
25 subsection (h) and thereby is granted a tax abatement and
26 the taxpayer relocates its entire facility in violation of

1 the explicit terms and length of the contract under Section
2 18-183 of the Property Tax Code, the tax imposed under
3 subsections (a) and (b) of this Section shall be increased
4 for the taxable year in which the taxpayer relocated its
5 facility by an amount equal to the amount of credit
6 received by the taxpayer under this subsection (h).

7 (i) Credit for Personal Property Tax Replacement Income
8 Tax. For tax years ending prior to December 31, 2003, a credit
9 shall be allowed against the tax imposed by subsections (a) and
10 (b) of this Section for the tax imposed by subsections (c) and
11 (d) of this Section. This credit shall be computed by
12 multiplying the tax imposed by subsections (c) and (d) of this
13 Section by a fraction, the numerator of which is base income
14 allocable to Illinois and the denominator of which is Illinois
15 base income, and further multiplying the product by the tax
16 rate imposed by subsections (a) and (b) of this Section.

17 Any credit earned on or after December 31, 1986 under this
18 subsection which is unused in the year the credit is computed
19 because it exceeds the tax liability imposed by subsections (a)
20 and (b) for that year (whether it exceeds the original
21 liability or the liability as later amended) may be carried
22 forward and applied to the tax liability imposed by subsections
23 (a) and (b) of the 5 taxable years following the excess credit
24 year, provided that no credit may be carried forward to any
25 year ending on or after December 31, 2003. This credit shall be
26 applied first to the earliest year for which there is a

1 liability. If there is a credit under this subsection from more
2 than one tax year that is available to offset a liability the
3 earliest credit arising under this subsection shall be applied
4 first.

5 If, during any taxable year ending on or after December 31,
6 1986, the tax imposed by subsections (c) and (d) of this
7 Section for which a taxpayer has claimed a credit under this
8 subsection (i) is reduced, the amount of credit for such tax
9 shall also be reduced. Such reduction shall be determined by
10 recomputing the credit to take into account the reduced tax
11 imposed by subsections (c) and (d). If any portion of the
12 reduced amount of credit has been carried to a different
13 taxable year, an amended return shall be filed for such taxable
14 year to reduce the amount of credit claimed.

15 (j) Training expense credit. Beginning with tax years
16 ending on or after December 31, 1986 and prior to December 31,
17 2003, a taxpayer shall be allowed a credit against the tax
18 imposed by subsections (a) and (b) under this Section for all
19 amounts paid or accrued, on behalf of all persons employed by
20 the taxpayer in Illinois or Illinois residents employed outside
21 of Illinois by a taxpayer, for educational or vocational
22 training in semi-technical or technical fields or semi-skilled
23 or skilled fields, which were deducted from gross income in the
24 computation of taxable income. The credit against the tax
25 imposed by subsections (a) and (b) shall be 1.6% of such
26 training expenses. For partners, shareholders of subchapter S

1 corporations, and owners of limited liability companies, if the
2 liability company is treated as a partnership for purposes of
3 federal and State income taxation, there shall be allowed a
4 credit under this subsection (j) to be determined in accordance
5 with the determination of income and distributive share of
6 income under Sections 702 and 704 and subchapter S of the
7 Internal Revenue Code.

8 Any credit allowed under this subsection which is unused in
9 the year the credit is earned may be carried forward to each of
10 the 5 taxable years following the year for which the credit is
11 first computed until it is used. This credit shall be applied
12 first to the earliest year for which there is a liability. If
13 there is a credit under this subsection from more than one tax
14 year that is available to offset a liability the earliest
15 credit arising under this subsection shall be applied first. No
16 carryforward credit may be claimed in any tax year ending on or
17 after December 31, 2003.

18 (k) Research and development credit.

19 For tax years ending after July 1, 1990 and prior to
20 December 31, 2003, and beginning again for tax years ending on
21 or after December 31, 2004, a taxpayer shall be allowed a
22 credit against the tax imposed by subsections (a) and (b) of
23 this Section for increasing research activities in this State.
24 The credit allowed against the tax imposed by subsections (a)
25 and (b) shall be equal to 6 1/2% of the qualifying expenditures
26 for increasing research activities in this State. For partners,

1 shareholders of subchapter S corporations, and owners of
2 limited liability companies, if the liability company is
3 treated as a partnership for purposes of federal and State
4 income taxation, there shall be allowed a credit under this
5 subsection to be determined in accordance with the
6 determination of income and distributive share of income under
7 Sections 702 and 704 and subchapter S of the Internal Revenue
8 Code.

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

22 Any credit in excess of the tax liability for the taxable
23 year may be carried forward. A taxpayer may elect to have the
24 unused credit shown on its final completed return carried over
25 as a credit against the tax liability for the following 5
26 taxable years or until it has been fully used, whichever occurs

1 first; provided that no credit earned in a tax year ending
2 prior to December 31, 2003 may be carried forward to any year
3 ending on or after December 31, 2003.

4 If an unused credit is carried forward to a given year from
5 2 or more earlier years, that credit arising in the earliest
6 year will be applied first against the tax liability for the
7 given year. If a tax liability for the given year still
8 remains, the credit from the next earliest year will then be
9 applied, and so on, until all credits have been used or no tax
10 liability for the given year remains. Any remaining unused
11 credit or credits then will be carried forward to the next
12 following year in which a tax liability is incurred, except
13 that no credit can be carried forward to a year which is more
14 than 5 years after the year in which the expense for which the
15 credit is given was incurred.

16 No inference shall be drawn from this amendatory Act of the
17 91st General Assembly in construing this Section for taxable
18 years beginning before January 1, 1999.

19 (1) Environmental Remediation Tax Credit.

20 (i) For tax years ending after December 31, 1997 and on
21 or before December 31, 2001, a taxpayer shall be allowed a
22 credit against the tax imposed by subsections (a) and (b)
23 of this Section for certain amounts paid for unreimbursed
24 eligible remediation costs, as specified in this
25 subsection. For purposes of this Section, "unreimbursed
26 eligible remediation costs" means costs approved by the

1 Illinois Environmental Protection Agency ("Agency") under
2 Section 58.14 of the Environmental Protection Act that were
3 paid in performing environmental remediation at a site for
4 which a No Further Remediation Letter was issued by the
5 Agency and recorded under Section 58.10 of the
6 Environmental Protection Act. The credit must be claimed
7 for the taxable year in which Agency approval of the
8 eligible remediation costs is granted. The credit is not
9 available to any taxpayer if the taxpayer or any related
10 party caused or contributed to, in any material respect, a
11 release of regulated substances on, in, or under the site
12 that was identified and addressed by the remedial action
13 pursuant to the Site Remediation Program of the
14 Environmental Protection Act. After the Pollution Control
15 Board rules are adopted pursuant to the Illinois
16 Administrative Procedure Act for the administration and
17 enforcement of Section 58.9 of the Environmental
18 Protection Act, determinations as to credit availability
19 for purposes of this Section shall be made consistent with
20 those rules. For purposes of this Section, "taxpayer"
21 includes a person whose tax attributes the taxpayer has
22 succeeded to under Section 381 of the Internal Revenue Code
23 and "related party" includes the persons disallowed a
24 deduction for losses by paragraphs (b), (c), and (f)(1) of
25 Section 267 of the Internal Revenue Code by virtue of being
26 a related taxpayer, as well as any of its partners. The

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

15 (ii) A credit allowed under this subsection that is
16 unused in the year the credit is earned may be carried
17 forward to each of the 5 taxable years following the year
18 for which the credit is first earned until it is used. The
19 term "unused credit" does not include any amounts of
20 unreimbursed eligible remediation costs in excess of the
21 maximum credit per site authorized under paragraph (i).
22 This credit shall be applied first to the earliest year for
23 which there is a liability. If there is a credit under this
24 subsection from more than one tax year that is available to
25 offset a liability, the earliest credit arising under this
26 subsection shall be applied first. A credit allowed under

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

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

17 (m) Education expense credit. Beginning with tax years
18 ending after December 31, 1999, a taxpayer who is the custodian
19 of one or more qualifying pupils shall be allowed a credit
20 against the tax imposed by subsections (a) and (b) of this
21 Section for qualified education expenses incurred on behalf of
22 the qualifying pupils. The credit shall be equal to 25% of
23 qualified education expenses, but in no event may the total
24 credit under this subsection claimed by a family that is the
25 custodian of qualifying pupils exceed \$500. In no event shall a
26 credit under this subsection reduce the taxpayer's liability

1 under this Act to less than zero. This subsection is exempt
2 from the provisions of Section 250 of this Act.

3 For purposes of this subsection:

4 "Qualifying pupils" means individuals who (i) are
5 residents of the State of Illinois, (ii) are under the age of
6 21 at the close of the school year for which a credit is
7 sought, and (iii) during the school year for which a credit is
8 sought were full-time pupils enrolled in a kindergarten through
9 twelfth grade education program at any school, as defined in
10 this subsection.

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

15 "School" means any public or nonpublic elementary or
16 secondary school in Illinois that is in compliance with Title
17 VI of the Civil Rights Act of 1964 and attendance at which
18 satisfies the requirements of Section 26-1 of the School Code,
19 except that nothing shall be construed to require a child to
20 attend any particular public or nonpublic school to qualify for
21 the credit under this Section.

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

25 (n) River Edge Redevelopment Zone site remediation tax
26 credit.

1 (i) For tax years ending on or after December 31, 2006,
2 a taxpayer shall be allowed a credit against the tax
3 imposed by subsections (a) and (b) of this Section for
4 certain amounts paid for unreimbursed eligible remediation
5 costs, as specified in this subsection. For purposes of
6 this Section, "unreimbursed eligible remediation costs"
7 means costs approved by the Illinois Environmental
8 Protection Agency ("Agency") under Section 58.14a of the
9 Environmental Protection Act that were paid in performing
10 environmental remediation at a site within a River Edge
11 Redevelopment Zone for which a No Further Remediation
12 Letter was issued by the Agency and recorded under Section
13 58.10 of the Environmental Protection Act. The credit must
14 be claimed for the taxable year in which Agency approval of
15 the eligible remediation costs is granted. The credit is
16 not available to any taxpayer if the taxpayer or any
17 related party caused or contributed to, in any material
18 respect, a release of regulated substances on, in, or under
19 the site that was identified and addressed by the remedial
20 action pursuant to the Site Remediation Program of the
21 Environmental Protection Act. Determinations as to credit
22 availability for purposes of this Section shall be made
23 consistent with rules adopted by the Pollution Control
24 Board pursuant to the Illinois Administrative Procedure
25 Act for the administration and enforcement of Section 58.9
26 of the Environmental Protection Act. For purposes of this

1 Section, "taxpayer" includes a person whose tax attributes
2 the taxpayer has succeeded to under Section 381 of the
3 Internal Revenue Code and "related party" includes the
4 persons disallowed a deduction for losses by paragraphs
5 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
6 Code by virtue of being a related taxpayer, as well as any
7 of its partners. The credit allowed against the tax imposed
8 by subsections (a) and (b) shall be equal to 25% of the
9 unreimbursed eligible remediation costs in excess of
10 \$100,000 per site.

11 (ii) A credit allowed under this subsection that is
12 unused in the year the credit is earned may be carried
13 forward to each of the 5 taxable years following the year
14 for which the credit is first earned until it is used. This
15 credit shall be applied first to the earliest year for
16 which there is a liability. If there is a credit under this
17 subsection from more than one tax year that is available to
18 offset a liability, the earliest credit arising under this
19 subsection shall be applied first. A credit allowed under
20 this subsection may be sold to a buyer as part of a sale of
21 all or part of the remediation site for which the credit
22 was granted. The purchaser of a remediation site and the
23 tax credit shall succeed to the unused credit and remaining
24 carry-forward period of the seller. To perfect the
25 transfer, the assignor shall record the transfer in the
26 chain of title for the site and provide written notice to

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

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

10 (iv) This subsection is exempt from the provisions of
11 Section 250.

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

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 increase

1 in the income tax imposed by subsections (a) and (b) of Section
2 201 of this Act in accordance with this amendatory Act of the
3 95th General Assembly shall not be used to calculate the amount
4 transferred to the Local Governmental Distributive Fund (ii)
5 minus, beginning July 1, 2003 and ending June 30, 2004,
6 \$6,666,666, and beginning July 1, 2004, zero. Net revenue
7 realized for a month shall be defined as the revenue from the
8 tax imposed by subsections (a) and (b) of Section 201 of this
9 Act which is deposited in the General Revenue Fund, the
10 Educational Assistance Fund and the Income Tax Surcharge Local
11 Government Distributive Fund during the month minus the amount
12 paid out of the General Revenue Fund in State warrants during
13 that same month as refunds to taxpayers for overpayment of
14 liability under the tax imposed by subsections (a) and (b) of
15 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), of Section 201 of this Act into a fund in the State
21 treasury known as the Income Tax Refund Fund. The
22 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 fiscal year 2009, the Annual Percentage shall be 9.75%. For
11 all other fiscal years, the Annual Percentage shall be
12 calculated as a fraction, the numerator of which shall be
13 the amount of refunds approved for payment by the
14 Department during the preceding fiscal year as a result of
15 overpayment of tax liability under subsections (a) and
16 (b) (1), (2), and (3) of Section 201 of this Act plus the
17 amount of such refunds remaining approved but unpaid at the
18 end of the preceding fiscal year, minus the amounts
19 transferred into the Income Tax Refund Fund from the
20 Tobacco Settlement Recovery Fund, and the denominator of
21 which shall be the amounts which will be collected pursuant
22 to subsections (a) and (b) (1), (2), and (3) of Section 201
23 of this Act during the preceding fiscal year; except that
24 in State fiscal year 2002, the Annual Percentage shall in
25 no event exceed 7.6%. The Director of Revenue shall certify
26 the Annual Percentage to the Comptroller on the last

1 business day of the fiscal year immediately preceding the
2 fiscal year for which it is to be 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 fiscal year 2009, the Annual Percentage shall be 17.5%. For
23 all other fiscal years, the Annual Percentage shall be
24 calculated as a fraction, the numerator of which shall be
25 the amount of refunds approved for payment by the
26 Department during the preceding fiscal year as a result of

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

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

19 (d) Expenditures from Income Tax Refund Fund.

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

1 subsection (d).

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

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

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

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

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

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

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

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

1 January 31, 1993, of the amounts collected pursuant to
2 subsections (a) and (b) of Section 201 of the Illinois Income
3 Tax Act, minus deposits into the Income Tax Refund Fund, the
4 Department shall deposit 3.0% into the Income Tax Surcharge
5 Local Government Distributive Fund in the State Treasury.
6 Beginning February 1, 1993 and continuing through June 30,
7 1993, of the amounts collected pursuant to subsections (a) and
8 (b) of Section 201 of the Illinois Income Tax Act, minus
9 deposits into the Income Tax Refund Fund, the Department shall
10 deposit 4.4% into the Income Tax Surcharge Local Government
11 Distributive Fund in the State Treasury. Beginning July 1,
12 1993, and continuing through June 30, 1994, of the amounts
13 collected under subsections (a) and (b) of Section 201 of this
14 Act, minus deposits into the Income Tax Refund Fund, the
15 Department shall deposit 1.475% into the Income Tax Surcharge
16 Local Government Distributive Fund in the State Treasury.

17 (f) Deposits into the Common School Fund. On January 1 of
18 the first taxable year after the taxable year in which a
19 Management and Concession Agreement is entered into under the
20 Illinois Lottery Law and thereafter, of the amounts collected
21 pursuant to subsections (a) and (b) of Section 201 of this Act,
22 minus deposits into the Income Tax Refund Fund, the Department
23 shall deposit into the Common School Fund in the State treasury
24 100% of the amount attributable to the increase in the amounts
25 collected pursuant to subsections (a) and (b) of Section 201 of
26 this Act under this amendatory Act of the 95th General

1 Assembly.

2 (Source: P.A. 94-91, eff. 7-1-05; 94-839, eff. 6-6-06; 95-707,
3 eff. 1-11-08; 95-744, eff. 7-18-08.)

4 Section 15. If and only if Senate Bill 2595 of the 95th
5 General Assembly, as amended by House Amendment No. 4, becomes
6 law, then the School Code is amended by adding Section 2-3.148
7 as follows:

8 (105 ILCS 5/2-3.148 new)

9 Sec. 2-3.148. Distributions from the Lottery Supports
10 Schools Fund. The State Board of Education shall make
11 distributions from the Lottery Supports Schools Fund as
12 provided in Section 20.2 of the Illinois Lottery Law; however,
13 the State Board of Education shall not take into account these
14 distributions when computing State aid under Section 18-8.05 of
15 this Code.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.