



Sen. Emil Jones Jr.

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1 AMENDMENT TO SENATE BILL 1

2 AMENDMENT NO. _____. Amend Senate Bill 1 by replacing
3 everything after the enacting clause with the following:

4 "Article 1. SHORT TITLE AND CONSTRUCTION

5 Section 101. Short title. This Act may be cited as the
6 Illinois Gross Receipts Tax Act.

7 Section 102. Construction. Except as otherwise expressly
8 provided or clearly appearing from the context, any term used
9 in this Act has the same meaning as when used in a comparable
10 context in the Illinois Income Tax Act as in effect for the
11 taxable year.

12 ARTICLE 2. TAX IMPOSED, RATE, AND BASE

13 Section 201. Tax imposed.

1 (a) A tax is hereby imposed on each taxpayer for the
2 privilege of doing business in this State equal to the Illinois
3 gross receipts of the taxpayer, multiplied by the rates
4 determined under Section 203 of this Act and reduced by any
5 credit allowed under Section 204.

6 (b) The tax imposed under this Act applies to taxable years
7 ending on or after December 31, 2008.

8 (c) The tax imposed under this Act is a tax on the taxpayer
9 and may not be separately billed or invoiced to another person.

10 (d) It is the purpose of Section 201 of this Act to impose
11 a tax upon the privilege of doing business in this State, so
12 far as the same may be done under the Constitution and statutes
13 of the United States and the Constitution of the State of
14 Illinois. If any clause, sentence, Section, provision, part, or
15 exemption included in this Act, or the application thereof to
16 any person or circumstance, is adjudged to be unconstitutional,
17 it is the intent of the General Assembly that the remainder of
18 this Act, or its application to persons or circumstances other
19 than those to which it has been held invalid, shall not be
20 affected thereby.

21 Section 202. Gross receipts and Illinois gross receipts.

22 (a) Gross receipts. For purposes of this Act, "gross
23 receipts" means the total amount realized by a taxpayer,
24 without deduction for the cost of goods sold or other expenses
25 incurred, that is included in gross income of the taxpayer,

1 without exclusion or exemption except as provided in this
2 Section, and including the fair market value of any property
3 and any services received and any debt transferred or forgiven
4 as consideration.

5 (1) Gross receipts include, but are not limited to:

6 (A) Amounts realized from the sale, exchange, or
7 other disposition of the taxpayer's property to or with
8 another;

9 (B) Amounts realized from the taxpayer's
10 performance of services for another;

11 (C) Amounts realized from another's use or
12 possession of the taxpayer's property or capital; and

13 (D) Any combination of the foregoing amounts.

14 (2) "Gross receipts" does not include the following
15 amounts:

16 (A) Receipts from sales at retail of food for human
17 consumption that is to be consumed off the premises
18 where it is sold (other than alcoholic beverages, soft
19 drinks, and food that has been prepared for immediate
20 consumption) and nonprescription medicines, drugs,
21 medical appliances, modifications to a motor vehicle
22 for the purpose of rendering it usable by a disabled
23 person, and urine or blood testing materials used by
24 diabetics, for human use, to the extent such sales are
25 (or would be absent a specific exemption or exclusion)
26 subject to tax at the 1% rate under Section 2-10 of the

1 Retailers' Occupation Tax Act;

2 (A-1) Receipts from the transfer of the following
3 items for human use under a prescription, but only when
4 the items are transferred incident to a retail service
5 transaction: medicines, drugs, medical appliances,
6 modifications to a motor vehicle for the purpose of
7 rendering it usable by a disabled person, and insulin,
8 urine or blood testing materials, syringes, and
9 needles used by diabetics;

10 (B) Amounts received by an individual as dividends
11 or other distributions from earnings and profits of
12 corporations, partnerships, limited liability
13 companies, trusts, and other business entities and
14 distributive or proportionate shares of receipts and
15 income from a partnership, Subchapter S corporation,
16 or trust and, in the case of an individual owner of a
17 disregarded entity, gross receipts of the disregarded
18 entity;

19 (C) Receipts of an individual from the sale,
20 exchange, or other disposition of an asset described in
21 Section 1221 of the Internal Revenue Code, without
22 regard to the length of time the taxpayer held the
23 asset;

24 (D) Proceeds attributable to the recovery of
25 principal from the repayment, maturity, transfer, or
26 redemption of the principal of a loan (including any

1 account receivable held by any taxpayer other than a
2 person to whom subparagraph (D) of paragraph (3) of
3 this subsection (a) applies), bond, mutual fund,
4 certificate of deposit, or marketable instrument, or
5 amounts in excess of the net income realized on a
6 notional principal contract;

7 (E) The principal amount received under a
8 repurchase agreement or on account of any transaction
9 properly characterized as a loan to the taxpayer;

10 (F) Contributions received by a trust, plan, or
11 other arrangement, any of which is described in Section
12 501(a) of the Internal Revenue Code, or to which Title
13 26, Subtitle A, Chapter 1, Subchapter (D) of the
14 Internal Revenue Code applies;

15 (G) Compensation, whether current or deferred, and
16 whether in cash or in kind, received or to be received
17 by an employee, former employee, or the employee's
18 legal successor for services rendered to or for an
19 employer, including reimbursements received by or for
20 an individual for medical or education expenses,
21 health insurance premiums, or employee expenses, or on
22 account of a dependent care spending account, legal
23 services plan, any cafeteria plan described in section
24 125 of the Internal Revenue Code, or any similar
25 employee reimbursement;

26 (H) Proceeds received from the issuance of the

1 taxpayer's own stock or other evidence of ownership,
2 from the issuance of options, warrants, puts, or calls
3 on the taxpayer's own stock or other evidence of
4 ownership, or from the sale of the taxpayer's treasury
5 stock;

6 (I) Proceeds from payments from life insurance
7 policies;

8 (J) Damages received as the result of litigation in
9 excess of amounts that, if received without
10 litigation, would be gross receipts;

11 (K) In the case of an agent, property, money, and
12 other amounts received or acquired by the agent on
13 behalf of another in excess of the agent's commission,
14 fee, or other remuneration. For purposes of this
15 subparagraph, "agent" means a person authorized by
16 another person to act on its behalf to undertake a
17 transaction for the other, and includes a person who
18 receives a fee to sell financial instruments on behalf
19 of another person or a person who retains only a
20 commission from a transaction with the other proceeds
21 from the transaction being remitted to another person.

22 (L) Tax refunds, other tax benefit recoveries, and
23 reimbursements for the tax imposed under this chapter
24 made by entities that are part of the same unitary
25 business group;

26 (M) Pension reversions;

1 (N) Contributions to capital;

2 (O) Sales, occupation, use, excise, or other taxes
3 or fees collected by the taxpayer from a purchaser and
4 which the taxpayer is required by law to collect
5 directly from a purchaser and remit to a local, state,
6 or national tax authority;

7 (P) Property, money, and other amounts received by
8 a professional employer organization from a client
9 employer, in excess of the administrative fee charged
10 by the professional employer organization to the
11 client employer;

12 (Q) Amounts received from pari-mutuel wagering
13 subject to tax under Section 27 of the Illinois Horse
14 Racing Act of 1975 or would be subject to such tax if
15 the wagering were conducted within this State;

16 (R) Amounts received from conduct of gambling
17 games subject to tax under Section 13 of the Riverboat
18 Gambling Act or would be subject to such tax if the
19 gambling were conducted within this State;

20 (S) Gross receipts from the conduct of a lottery
21 under the Illinois Lottery Law;

22 (T) Amounts received from means-tested medical
23 assistance programs administered by the Department of
24 Healthcare and Family Services, including the
25 Children's Health Insurance Program Act, the Covering
26 All Kids Health Insurance Program Act, the Veterans

1 Health Insurance Program Act, and health benefits
2 under the Illinois Public Aid Code:

3 (i) by an individual, or by a partnership,
4 Subchapter S corporation or disregarded entity
5 entirely owned by one or more individuals, or by a
6 hospital, as defined in Section 3 of the Hospital
7 Licensing Act, for any medical services; or

8 (ii) by any taxpayer, for outpatient medical
9 services;

10 (U) Receipts from a sale, exchange, or other
11 disposition of "qualifying investment securities",
12 within the meaning of Section 1501(a)(11.5) of the
13 Illinois Income Tax Act, or of an asset other than the
14 stock in trade or inventory of the taxpayer;

15 (V) Insurance premiums, to the extent subject to
16 tax under Section 409 of the Illinois Insurance Code;
17 and

18 (W) Amounts which are exempt from gross receipts
19 taxation by this State either by reason of its statutes
20 or Constitution or by reason of the Constitution,
21 treaties or statutes of the United States.

22 (3) In calculating gross receipts, the following shall
23 be deducted to the extent included as a gross receipt in
24 the current taxable year or reported as taxable gross
25 receipts in a prior taxable year:

26 (A) Cash discounts allowed and taken;

1 (B) Returns and allowances;

2 (C) Bad debts. For the purposes of this paragraph,
3 "bad debts" mean any debts that have become worthless
4 or uncollectible between the preceding and current
5 taxable years, have been uncollected for at least six
6 months, and may be claimed as a deduction under section
7 166 of the Internal Revenue Code and the regulations
8 adopted pursuant thereto, or that could be claimed as
9 such if the taxpayer kept its accounts on the accrual
10 basis. "Bad debts" does not include uncollectible
11 amounts on property that remains in the possession of
12 the taxpayer until the full purchase price is paid,
13 expenses in attempting to collect any account
14 receivable or for any portion of the debt recovered,
15 and repossessed property; and

16 (D) Any amount realized from the sale of an account
17 receivable by the taxpayer originating the account
18 receivable but only to the extent the receipts from the
19 underlying transaction giving rise to the account
20 receivable were included in the gross receipts of the
21 taxpayer.

22 (b) Illinois gross receipts. The Illinois gross receipts of
23 the taxpayer shall include:

24 (1) Gross rents and royalties from real property
25 located in this State;

26 (2) Gross rents and royalties from tangible personal

1 property, to the extent the tangible personal property is
2 located or used in this State;

3 (3) Gross receipts from the sale of electricity and
4 electric transmission and distribution services, if the
5 meter at which the quantity of electricity sold or
6 delivered to the purchaser is measured, is located in this
7 State;

8 (4) Gross receipts from the sale of
9 telecommunications, broadcast, internet, or cable
10 services, if the location of the equipment at which the
11 services are received by the purchaser is located in this
12 State. In the event this may not be a defined location, as
13 in the case of mobile phones, paging systems, or maritime
14 systems, the equipment is deemed to be the purchaser's
15 place of primary use as defined in the Mobile
16 Telecommunications Sourcing Conformity Act. For
17 air-to-ground systems and the like, the location of a
18 purchaser's primary use of the equipment is deemed to be as
19 defined by telephone number, authorization code, or
20 location to which bills are sent by the taxpayer to the
21 purchaser;

22 (5) Gross receipts from the sale of real property
23 located in this State;

24 (6) Gross receipts from the sale of tangible personal
25 property received in this State by the purchaser. In the
26 case of delivery of tangible personal property by common

1 carrier or by other means of transportation, the place at
2 which such property is ultimately received after all
3 transportation has been completed shall be considered the
4 place where the purchaser receives the property. For
5 purposes of this section, the phrase "delivery of tangible
6 personal property by common carrier or by other means of
7 transportation" includes the situation in which a
8 purchaser accepts the property in this state and then
9 transports the property directly or by other means to a
10 location outside this State. Direct delivery in this state,
11 other than for purposes of transportation, to a person or
12 firm designated by a purchaser constitutes delivery to the
13 purchaser in this State, and direct delivery outside this
14 State to a person or firm designated by a purchaser does
15 not constitute delivery to the purchaser in this State,
16 regardless of where title passes or other conditions of
17 sale;

18 (7) Gross receipts from the sale, exchange,
19 disposition, or other grant of the right to use trademarks,
20 trade names, patents, copyrights, and similar intellectual
21 property, to the extent that the receipts are based on the
22 amount of use of the property in this State. If the
23 receipts are not based on the amount of use of the
24 property, but rather on the right to use the property, and
25 the payor has the right to use the property in this State,
26 then the receipts from the sale, exchange, disposition, or

1 other grant of the right to use such property are Illinois
2 gross receipts to the extent the receipts are based on the
3 right to use the property in this State;

4 (8) Gross receipts from the sale of transportation
5 services by a common or contract carrier, in proportion to
6 the mileage traveled by the carrier during the taxable year
7 on roadways, waterways, airways, and railways in this State
8 to the mileage traveled by the carrier during the taxable
9 year on roadways, waterways, airways, and railways
10 everywhere;

11 (9) Gross receipts from interest and dividends, and
12 gross receipts derived from "qualifying investment
13 securities" within the meaning of Section 1501(a)(11.5) of
14 the Illinois Income Tax Act, if the payor is a resident of
15 this State (in the case of an individual, trust or estate)
16 or if the payor's commercial domicile is in this State (for
17 all other payors); provided that, unless the taxpayer has
18 actual knowledge to the contrary as shown in its books and
19 records, the mailing address of the payor used in
20 connection with the transaction in which the gross receipts
21 are derived shall be deemed to show the state of residence
22 or commercial domicile of the payor;

23 (10) Gross receipts from the sale of all other
24 services, and all other gross receipts for which no express
25 provision is made in this section, in the proportion that
26 the purchaser's benefit in this State with respect to what

1 was purchased bears to the purchaser's benefit everywhere
2 with respect to what was purchased. The physical location
3 where the purchaser ultimately uses or receives the benefit
4 of what was purchased shall be paramount in determining the
5 proportion of the benefit in this State to the benefit
6 everywhere; and

7 (11) If the provisions of paragraphs (1) to (10) of
8 this subsection do not fairly represent the extent of a
9 taxpayer's activity in this State, the taxpayer may
10 request, or the Department may require or permit, an
11 alternative method to effectuate an equitable allocation
12 of the taxpayer's gross receipts to this State.

13 Section 203. Rate.

14 (a) Illinois gross receipts from sales, leases, or rentals
15 of tangible personal property, or from construction contracts
16 pursuant to which tangible personal property is incorporated
17 into a structure or improvement on and becomes a part of real
18 property, are taxed at the rate of 0.85%.

19 (b) All other Illinois gross receipts are taxed at the rate
20 of 1.95%.

21 (c) For purposes of determining whether the tax imposed by
22 this Act is imposed at the rate under subsection (a), "sales of
23 tangible personal property" means the type of transactions that
24 either:

25 (1) occur in Illinois and are subject to the Retailers'

1 Occupation Tax Act or would be but for the fact that the
2 transactions are:

3 (A) exempt as sales for resale;

4 (B) exempt as occasional sales; or

5 (C) exempt under a specific product or use-based
6 exemption or exclusion or any other specific exemption
7 or exclusion contained in the Retailers' Occupation
8 Tax Act; or

9 (2) do not occur in Illinois but would be subject to
10 the Retailers' Occupation Tax Act if they occurred in
11 Illinois, or would be if they occurred in Illinois but for
12 the fact that the transactions are:

13 (A) exempt as sales for resale;

14 (B) exempt as occasional sales; or

15 (C) exempt under a specific product or use-based
16 exemption or exclusion or any other specific exemption
17 or exclusion contained in the Retailers' Occupation
18 Tax Act.

19 Section 204. Credits.

20 (a) For each taxable year, each taxpayer that is a
21 corporation is allowed a credit for any Illinois income tax
22 liability incurred for the taxable year under Section 201(b)(8)
23 of the Illinois Income Tax Act, after taking into account any
24 credits allowed against that liability under Article 2 of the
25 Illinois Income Tax Act.

1 (b) The credits allowed under this Section may not reduce
2 the taxpayers liability under this Act to less than zero. No
3 carryover of excess credits may be made to other taxable years.

4 Section 205. Exempt organizations. The following
5 organizations are exempt from the tax imposed by this Act:

6 (a) an organization that is exempt from the federal income
7 tax by reason of Section 501(a) of the Internal Revenue Code is
8 taxed only on those Illinois gross receipts taken into account
9 in computing its unrelated business taxable income as
10 determined under Section 512 of the Internal Revenue Code;

11 (b) the government of the United States, of any foreign
12 country, or of any of the states or of any agency,
13 instrumentality, or political subdivision of such a
14 government; and

15 (c) any taxpayer whose Illinois gross receipts for the
16 taxable year total \$2,000,000 or less. For short taxable years,
17 the \$2,000,000 amount is an amount equal to: (i) \$2,000,000
18 multiplied by the number of days in the short taxable year;
19 divided by (ii) 365. The General Assembly has established the
20 exemption in this subsection for purposes of administrative
21 convenience and to avoid additional expenses in the collection
22 or enforcement of the Gross Receipts Tax on behalf of the
23 taxpayer, entity, or Department.

1 Section 301. Taxable years. For purposes of this Act, the
2 taxable year of a taxpayer is the taxable year used by the
3 taxpayer for federal income tax purposes. In the case of a
4 disregarded entity, the taxable year is the taxable year of its
5 owner. The taxable year of any other taxpayer is its annual
6 accounting period if it is a fiscal or calendar year and, in
7 all other cases, is the calendar year.

8 Section 302. Method of accounting. A taxpayer's method of
9 accounting for gross receipts for a taxable year must be the
10 same as the taxpayer's method of accounting for federal income
11 tax purposes for the taxable year. A disregarded entity must
12 use the method of accounting used by its owner.

13 Section 303. Combined reporting. The members of a unitary
14 business group who are required to file a combined Illinois
15 income tax return under Section 502(e) of the Illinois Income
16 Tax Act are treated as a single taxpayer and must file a
17 combined return under this Act.

18 Section 304. Reallocation of items. If it appears to the
19 Director that any agreement, understanding, or arrangement
20 exists between any persons that causes any taxpayer's Illinois
21 gross receipts to be improperly or inaccurately reflected, then
22 the Director may adjust those gross receipts and any factor

1 taken into account in allocating gross receipts to this State
2 to such extent as may reasonably be required to determine the
3 gross receipts of the taxpayer that are properly allocable to
4 this State.

5 ARTICLE 4. RETURNS AND NOTICES

6 Section 401. Returns and notices.

7 (a) Except as provided by the Department by rule, each
8 taxpayer qualified to do business in this State at any time
9 during a taxable year shall make a return under this Act for
10 that taxable year.

11 (b) Each taxpayer shall keep such records, render such
12 statements, make such returns and notices, and comply with such
13 rules that the Department may from time to time adopt. Whenever
14 in the judgment of the Director it is necessary, he or she may
15 require any person, by notice served upon that person or by
16 rule, to make such returns and notices, render such statements,
17 or keep such records, as the Director deems sufficient to show
18 whether or not that person is liable for tax under this Act.

19 Section 402. Time and place for filing returns.

20 (a) Returns required by this Act must be filed at such
21 place that the Department may require by rule.

22 (b) A return due under this Act for any taxable year must
23 be filed on or before the due date (including extensions) for

1 filing of the taxpayer's Illinois income tax return for the
2 same taxable year under the Illinois Income Tax Act. If no
3 Illinois income tax return is due then the return must be filed
4 as follows:

5 (1) Except as provided in item (3), returns of
6 individuals, partnerships, trusts, and estates must be
7 filed on or before the 15th day of the fourth month
8 following the close of the taxable year.

9 (2) Corporate returns must be filed on or before the
10 15th day of the third month following the close of the
11 taxable year.

12 (3) Organizations that are exempt from the federal
13 income tax by reason of Section 501(a) of the Internal
14 Revenue Code shall file returns required by this Act on or
15 before the 15th day of the 5th month following the close of
16 the taxable year.

17 (4) The return of a disregarded entity must be filed on
18 or before the due date under items (1), (2), or (3) of the
19 disregarded entity's owner.

20 (c) If the taxpayer has been granted an extension or
21 extensions of time within which to file its Illinois income tax
22 return or its federal income tax return for any taxable year,
23 then the filing of a copy of such extension or extensions with
24 the Department shall automatically extend the due date of the
25 return with respect to the tax imposed by this Act for an
26 equivalent period (plus an additional month beyond the federal

1 extension in the case of corporations) if the requirements of
2 Section 502 are met.

3 (d) The Department may prescribe forms allowing taxpayers
4 to file a return due under this Act as part of the return due
5 under the Illinois Income Tax Act for the same taxable year.

6 (e) The Department may require electronic filing of any
7 return due under this Act.

8 Section 403. Signing of returns and notices.

9 (a) Signature presumed authentic. The fact that an
10 individual's name is signed to a return or notice is prima
11 facie evidence for all purposes that the document was actually
12 signed by that individual. If a return is prepared by an income
13 tax return preparer for a taxpayer, then that preparer shall
14 sign the return as the preparer of that return. If a return is
15 transmitted to the Department electronically, then the
16 Department may presume that the electronic return originator
17 has obtained and is transmitting a valid signature document
18 pursuant to the rules adopted by the Department for the
19 electronic filing of tax returns, or the Department may
20 authorize electronic return originators to maintain the
21 signature documents and associated documentation, subject to
22 the Department's right of inspection at any time without
23 notice, rather than transmitting those documents to the
24 Department, and the Department may process the return.

25 (b) Corporations. A return or notice required of a

1 corporation must be signed by the president, vice-president,
2 treasurer or any other officer duly authorized so to act or, in
3 the case of a limited liability company, by a manager or
4 member. In the case of a return or notice made for a
5 corporation by a fiduciary, the fiduciary shall sign the
6 document. The fact that an individual's name is signed to a
7 return or notice is prima facie evidence that the individual is
8 authorized to sign the document on behalf of the taxpayer.

9 (c) Partnerships. A return or notice of a partnership must
10 be signed by any one of the partners or, in the case of a
11 limited liability company, by a manager or member. The fact
12 that a person's name is signed to a return or notice is prima
13 facie evidence that the individual is authorized to sign the
14 document on behalf of the partnership or limited liability
15 company.

16 (d) Failure to sign a return. If a taxpayer fails to sign a
17 return within 30 days after proper notice and demand for
18 signature by the Department, the return is considered valid,
19 and any amount shown to be due on the return is deemed
20 assessed. Any overpayment of tax shown on the face of an
21 unsigned return is considered forfeited if, after notice and
22 demand for signature by the Department, the taxpayer fails to
23 provide a signature and 3 years have passed from the date the
24 return was filed.

25 Section 404. Verification. Each return or notice required

1 to be filed under this Act must contain or be verified by a
2 written declaration that it is made under the penalties of
3 perjury. A taxpayer's signing a fraudulent return under this
4 Act is perjury, as defined in Section 32-2 of the Criminal Code
5 of 1961.

6 Section 405. Changes affecting federal income tax. A person
7 shall notify the Department if the federal income tax liability
8 of that person for any year is altered by amendment of that
9 person's federal income tax return or as a result of any other
10 recomputation or redetermination of federal income tax
11 liability and the alteration reflects a change or settlement
12 with respect to any item or items affecting the computation of
13 that person's Illinois gross receipts tax for any year under
14 this Act. The notification must be in the form of an amended
15 return or such other form as the Department may by require by
16 rule, must contain the person's name and address and any other
17 information that the Department may by rule require, must be
18 signed by the person or his or her duly authorized
19 representative, and must be filed not later than 120 days after
20 the alteration has been agreed to or finally determined for
21 federal income tax purposes or after any federal income tax
22 deficiency or refund, tentative carryback adjustment,
23 abatement, or credit resulting therefrom has been assessed or
24 paid, whichever occurs first.

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ARTICLE 5. PAYMENTS

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Section 501. Payment on due date of return. Each taxpayer required to file a return under this Act shall, without assessment, notice, or demand, pay any tax due thereon to the Department at the place fixed by rules adopted by the Department for filing on or before the date fixed for filing the return (determined without regard to any extension of time for filing the return). In making payment as provided in this Section, there remains payable only the balance of the tax remaining due after giving effect to payments of estimated tax made by the taxpayer under Article 6 of this Act for the taxable year and to tentative payments under Section 502 of this Act for the taxable year, which payments are deemed to have been paid on account of the tax imposed by this Act for the taxable year.

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Section 502. Tentative payments.

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(a) In connection with any extension provided under Section 402 of the time for filing a return, the taxpayer shall file a tentative tax return and pay, on or before the date required by law for the filing of the return (determined without regard to any extensions of time for such filing), the amount properly estimated as his or her tax for the taxable year.

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(b) Interest and penalty on any amount of tax due and unpaid for the period of any extension is payable as provided

1 by the Uniform Penalty and Interest Act.

2 Section 503. Electronic funds transfers. The Department
3 may, by rule, require any taxpayer to make payments due under
4 this Act by electronic funds transfer.

5 ARTICLE 6. PAYMENT OF ESTIMATED TAX

6 Section 601. Payment of estimated tax.

7 (a) For taxable years ending on or after December 31, 2008,
8 each taxpayer is required to pay estimated tax for the taxable
9 year, in the form and manner that the Department requires by
10 rule.

11 (b) The estimated tax must be paid in 4 equal installments
12 for each taxable year as follows:

13 (1) the first installment is due on April 15;

14 (2) the second installment is due on June 15;

15 (3) the third installment is due on September 15;

16 (4) for individuals and disregarded entities owned by
17 individuals, the fourth installment is due on January 15 of
18 the following taxable year; and

19 (5) for all other taxpayers, the fourth installment is
20 due on December 15

21 (c) Application to short taxable years. The application of
22 this Section to taxable years of less than 12 months is in
23 accordance with rules adopted by the Department.

1 (d) In the application of this Section to the case of a
2 taxable year beginning on any date other than January 1, there
3 must be substituted, for the months specified in subsection
4 (b), the months that correspond thereto.

5 (e) Any installment of estimated tax may be paid before the
6 date prescribed for its payment.

7 Section 602. Failure to pay estimated tax.

8 (a) In case of any underpayment of estimated tax by a
9 taxpayer, except as provided in subsection (d), the taxpayer is
10 liable to a penalty in an amount determined at the rate
11 prescribed by Section 3-3 of the Uniform Penalty and Interest
12 Act upon the amount of the underpayment, determined under
13 subsection (b), for each required installment.

14 (b) For purposes of subsection (a), the amount of the
15 underpayment is the excess of:

16 (1) the amount of the installment that would be
17 required to be paid under subsection (c); less

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

20 (c) Amount of required installments.

21 (1) Amount.

22 (A) In general. Except as provided in paragraph
23 (2), the amount of any required installment is 25% of
24 the required annual payment.

25 (B) Required annual payment. For purposes of

1 subparagraph must be recaptured by increasing the
2 amount of the next required installment determined
3 under paragraph (1) by the amount of such reduction
4 and by increasing subsequent required installments
5 to the extent that the reduction has not previously
6 been recaptured under this clause.

7 (B) Determination of annualized Illinois gross
8 receipts installment. In the case of any required
9 installment, the annualized Illinois gross receipts
10 installment is the excess, if any, of:

11 (i) an amount equal to the applicable
12 percentage of the tax for the taxable year computed
13 by placing on an annualized basis the Illinois
14 gross receipts for months in the taxable year
15 ending before the due date for the installment;
16 over

17 (ii) the aggregate amount of any prior
18 required installments for the taxable year.

19 (C) Applicable percentage. The applicable
20 percentage for each required installment is as
21 follows:

22 (i) for the first required installment, the
23 applicable percentage is 22.5% (20% for taxable
24 years ending prior to December 31, 2009);

25 (ii) for the second required installment, the
26 applicable percentage is 45% (40% for taxable

1 years ending prior to December 31, 2009);

2 (iii) for the third required installment, the
3 applicable percentage is 67.5% (60% for taxable
4 years ending prior to December 31, 2009); and

5 (v) for the fourth required installment, the
6 applicable percentage is 90% (80% for taxable
7 years ending prior to December 31, 2009).

8 (E) Annualized Illinois gross receipts. Illinois
9 gross receipts shall be placed on an annualized basis
10 by multiplying by 12 the gross receipts:

11 (i) for the first 3 months of the taxable year,
12 in the case of the installment required to be paid
13 in the 4th month;

14 (ii) for the first 3 months or for the first 5
15 months of the taxable year, in the case of the
16 installment required to be paid in the 6th month;

17 (iii) for the first 6 months or for the first 8
18 months of the taxable year, in the case of the
19 installment required to be paid in the 9th month;
20 and

21 (iv) for the first 9 months or for the first 11
22 months of the taxable year, in the case of the
23 installment required to be paid in the 12th month
24 of the taxable year,

25 then dividing the resulting amount by the number of
26 months in the taxable year (3, 5, 6, 8, 9, or 11 as the

1 case may be).

2 (d) Exceptions. Notwithstanding the provisions of the
3 preceding subsections, the penalty imposed by subsection (a) is
4 imposed if the taxpayer was not required to file an Illinois
5 gross receipts tax return under this Act for the preceding
6 taxable year.

7 (e) Definition of tax. For purposes of subsections (b) and
8 (c), the term "tax" means the tax imposed under Article 2 of
9 this Act.

10 (f) Short taxable year. The application of this Section to
11 taxable years of less than 12 months must be in accordance with
12 rules adopted by the Department.

13 Section 603. Reporting and paying with estimated income
14 tax. If, under Section 402(d) of this Act, the Department has
15 provided forms requiring the reporting of the tax due under
16 this Act on the taxpayer's Illinois income tax return for the
17 same taxable year, the Department may provide by rule that
18 Section 602 does not apply, the payments due under Section 601
19 are due on the same dates as estimated income tax payments and
20 that, for purposes of the computation of penalty for failure to
21 pay estimated tax under Section 804 of the Illinois Income Tax
22 Act for a taxable year, the amount of each required installment
23 under Section 804(c) of the Illinois Income Tax Act are
24 increased by the payment required under Section 601 of this Act
25 at the time that the required installment was due, and any

1 payment made under Section 601 of this Act is treated as a
2 payment of estimated tax under Section 803 of the Illinois
3 Income Tax Act.

4 ARTICLE 7. PROCEDURE AND ADMINISTRATION

5 Section 701. Collection authority. The Department shall
6 collect the taxes imposed by this Act and shall deposit the
7 amounts collected under this Act into the General Revenue Fund
8 in the State treasury.

9 Section 702. Notice and demand.

10 (a) In general. Except as provided in subsection (b), the
11 Director shall, as soon as practicable after an amount payable
12 under this Act is deemed assessed (as provided in Section 703
13 of this Act), give notice to each person liable for any unpaid
14 portion of such assessment, stating the amount unpaid and
15 demanding payment thereof. In the case of tax deemed assessed
16 with the filing of a return, the Director shall give notice no
17 later than 3 years after the date the return was filed. Upon
18 receipt of any notice and demand there must be paid, at the
19 place and time stated in the notice, the amount stated in the
20 notice. The notice must be left at the dwelling or usual place
21 of business of the person or shall be sent by mail to the
22 person's last known address.

23 (b) Judicial review. In the case of a deficiency deemed

1 assessed under Section 703(a)(2) of this Act, after the filing
2 of a protest, notice and demand shall not be made with respect
3 to the assessment until all proceedings in court for the review
4 of the assessment have terminated or the time for the taking
5 thereof has expired without the proceedings being instituted.

6 (c) Action for recovery of taxes. At any time that the
7 Department might commence proceedings for a levy under Section
8 909 of this Act, regardless of whether a notice of lien was
9 filed under the provisions of Section 903 of this Act, it may
10 bring an action in any court of competent jurisdiction within
11 or without this State in the name of the people of this State
12 to recover the amount of any taxes, penalties, and interest due
13 and unpaid under this Act. In such action, the certificate of
14 the Department showing the amount of the delinquency is prima
15 facie evidence of the correctness of the amount, its
16 assessment, and of the compliance by the Department with all
17 the provisions of this Act.

18 (d) Sales or transfers outside the usual course of
19 business; Report; payment of tax; rights and duties of
20 purchaser or transferee; penalty. If any taxpayer, outside the
21 usual course of its business, sells or transfers the major part
22 of any one or more of (i) the stock of goods which it is engaged
23 in the business of selling, (ii) the furniture or fixtures,
24 (iii) the machinery and equipment, or (iv) the real property of
25 any business that is subject to the provisions of this Act, the
26 purchaser or transferee of the assets shall, no later than 10

1 business days after the sale or transfer, file a notice of sale
2 or transfer of business assets with the Chicago office of the
3 Department disclosing the name and address of the seller or
4 transferor, the name and address of the purchaser or
5 transferee, the date of the sale or transfer, a copy of the
6 sales contract and financing agreements, which must include a
7 description of the property sold or transferred, the amount of
8 the purchase price or a statement of other consideration for
9 the sale or transfer and the terms for payment of the purchase
10 price, and such other information as the Department may
11 reasonably require. If the purchaser or transferee fails to
12 file the notice of sale with the Department within the
13 prescribed time, the purchaser or transferee is personally
14 liable to the Department for the amount owed by the seller or
15 transferor but unpaid, up to the amount of the reasonable value
16 of the property acquired by the purchaser or transferee. The
17 purchaser or transferee shall pay the Department the amount of
18 tax, penalties, and interest owed by the seller or transferor
19 under this Act, to the extent they have not been paid by the
20 seller or transferor. The seller or transferor, or the
21 purchaser or transferee, at least 10 business days before the
22 date of the sale or transfer, may notify the Department of the
23 intended sale or transfer and request the Department to make a
24 determination as to whether the seller or transferor owes any
25 tax, penalty, or interest due under this Act. The Department
26 shall take such steps as may be appropriate to comply with the

1 request.

2 Any order issued by the Department pursuant to this Section
3 to withhold from the purchase price must be issued within 10
4 business days after the Department receives notification of a
5 sale as provided in this Section. The purchaser or transferee
6 shall withhold any portion of the purchase price that may be
7 directed by the Department, but not to exceed a minimum amount
8 varying by type of business, as determined by the Department
9 pursuant to regulations, plus twice the outstanding unpaid
10 liabilities and twice the average liability of preceding
11 filings times the number of unfiled returns that were not filed
12 when due, to cover the amount of all tax, penalty, and interest
13 due and unpaid by the seller or transferor under this Act or,
14 if the payment of money or property is not involved, shall
15 withhold the performance of the condition that constitutes the
16 consideration for the sale or transfer. Within 60 business days
17 after issuance of the initial order to withhold, the Department
18 shall provide written notice to the purchaser or transferee of
19 the actual amount of all taxes, penalties, and interest then
20 due and whether additional amounts may become due as a result
21 of unpaid taxes required to be withheld by an employer, returns
22 that were not filed when due, pending assessments and audits
23 not completed.

24 The purchaser or transferee shall continue to withhold the
25 amount directed to be withheld by the initial order or any
26 lesser amount that is specified by the final withholding order

1 or to withhold the performance of the condition that
2 constitutes the consideration for the sale or transfer until
3 the purchaser or transferee receives from the Department a
4 certificate showing that no unpaid tax, penalty, or interest is
5 due from the seller or transferor under this Act. The purchaser
6 or transferee is relieved of any duty to continue to withhold
7 from the purchase price and of any liability for tax, penalty,
8 or interest due from the seller or transferor if the Department
9 fails to notify the purchaser or transferee in the manner
10 provided under this Section of the amount to be withheld within
11 10 business days after the sale or transfer has been reported
12 to the Department or within 60 business days after issuance of
13 the initial order to withhold, as the case may be. The
14 Department has the right to determine amounts claimed on an
15 estimated basis to allow for periods for which returns were not
16 filed when due, pending assessments and audits not completed,
17 however the purchaser or transferee is personally liable only
18 for the actual amount due when determined.

19 If the seller or transferor has failed to pay the tax,
20 penalty, and interest due under this Act, and the Department
21 makes timely claim therefor against the purchaser or transferee
22 as provided in this Section, then the purchaser or transferee
23 shall pay to the Department the amount so withheld from the
24 purchase price. If the purchaser or transferee fails to comply
25 with the requirements of this Section, the purchaser or
26 transferee is personally liable to the Department for the

1 amount owed hereunder by the seller or transferor up to the
2 amount of the reasonable value of the property acquired by the
3 purchaser or transferee.

4 Any person who acquires any property or rights thereto
5 that, at the time of acquisition, is subject to a valid lien in
6 favor of the Department is personally liable to the Department
7 for a sum equal to the amount of taxes, penalties, and
8 interests secured by the lien, but not to exceed the reasonable
9 value of the property acquired.

10 Section 703. Assessment.

11 (a) In general.

12 (1) Returns. The amount of tax that is shown to be due
13 on the return is deemed assessed on the date of filing of
14 the return (including any amended returns showing an
15 increase of tax). In the event that the amount of tax is
16 understated on the taxpayer's return due to a mathematical
17 error, the Department shall notify the taxpayer that the
18 amount of tax in excess of that shown on the return is due
19 and has been assessed. The notice of additional tax due
20 must be issued no later than 3 years after the date the
21 return was filed. The notice of additional tax due is not
22 considered to be a notice of deficiency nor does the
23 taxpayer have any right of protest. In the case of a return
24 properly filed without the computation of the tax, the tax
25 computed by the Department is deemed to be assessed on the

1 date when payment is due.

2 (2) Notice of deficiency. If a notice of deficiency has
3 been issued, the amount of the deficiency is deemed
4 assessed on the date provided in section 704(d) if no
5 protest is filed or, if a protest is filed, then upon the
6 date when the decision of the Department becomes final.

7 (3) Payments. Any amount paid as tax or in respect of
8 tax paid under this Act, other than amounts paid as
9 estimated tax under Article 6, are deemed to be assessed
10 upon the date of receipt of payment, notwithstanding any
11 other provisions of this Act.

12 (b) Limitations on assessment. No deficiency may be
13 assessed with respect to a taxable year for which a return was
14 filed unless a notice of deficiency for that year was issued
15 not later than the date prescribed in Section 705.

16 Section 704. Deficiencies and overpayments.

17 (a) Examination of return. As soon as practicable after a
18 return is filed, the Department shall examine it to determine
19 the correct amount of tax. If the Department finds that the
20 amount of tax shown on the return is less than the correct
21 amount, it shall issue a notice of deficiency to the taxpayer
22 that sets forth the amount of tax and penalties proposed to be
23 assessed. If the Department finds that the tax paid is more
24 than the correct amount, it shall credit or refund the
25 overpayment as provided by Section 709. The findings of the

1 Department under this subsection are prima facie correct and
2 are prima facie evidence of the correctness of the amount of
3 tax and penalties due.

4 (b) No return filed. If the taxpayer fails to file a tax
5 return, the Department shall determine the amount of tax due
6 according to its best judgment and information, which amount so
7 fixed by the Department is prima facie correct and is prima
8 facie evidence of the correctness of the amount of tax due. The
9 Department shall issue a notice of deficiency to the taxpayer,
10 which sets forth the amount of tax and penalties proposed to be
11 assessed.

12 (c) Notice of deficiency. A notice of deficiency issued
13 under this Act must set forth the adjustments giving rise to
14 the proposed assessment and the reasons therefor.

15 (d) Assessment when no protest. Upon the expiration of 60
16 days (150 days if the taxpayer is outside the United States)
17 after the date on which it was issued, a notice of deficiency
18 constitutes an assessment of the amount of tax and penalties
19 specified therein, except only for such amounts as to which the
20 taxpayer has filed a protest with the Department, as provided
21 in Section 708.

22 Section 705. Limitations on notices of deficiency.

23 (a) In general. Except as otherwise provided in this Act:

24 (1) a notice of deficiency must be issued not later
25 than 3 years after the date the return was filed; and

1 (2) no deficiency may be assessed or collected with
2 respect to the year for which the return was filed unless
3 the notice is issued within that period.

4 (b) No return or fraudulent return. If no return is filed
5 or a false and fraudulent return is filed with intent to evade
6 the tax imposed by this Act, a notice of deficiency may be
7 issued at any time.

8 (c) Failure to report federal change. If a taxpayer fails
9 to notify the Department in any case where notification is
10 required by Section 405, a notice of deficiency may be issued
11 at any time for the taxable year for which the notification is
12 required, but the amount of any proposed assessment set forth
13 in the notice is limited to the amount of any deficiency
14 resulting under this Act from giving effect to the item or
15 items required to be reported.

16 (d) Report of federal change. In any case where
17 notification of an alteration is given as required by Section
18 405, a notice of deficiency may be issued at any time within 2
19 years after the date the notification is given, but the amount
20 of any proposed assessment set forth in such notice is limited
21 to the amount of any deficiency resulting under this Act from
22 giving effect to the item or items reflected in the reported
23 alteration.

24 (e) Change in Illinois income tax liability. In any case
25 where the taxpayer's Illinois income tax liability for a
26 taxable year is reduced, a notice of deficiency for any

1 additional tax due under this Act as the result of the
2 reduction in the credit allowable under Section 204(a) may be
3 issued at any time within 2 years after the Illinois income tax
4 overpayment is refunded or credited to the taxpayer.

5 (f) Extension by agreement. If, before the expiration of
6 the time set forth in this Section for the issuance of a notice
7 of deficiency, both the Department and the taxpayer have
8 consented in writing to its issuance after such time, such
9 notice may be issued at any time prior to the expiration of the
10 period agreed upon. The period so agreed upon may be extended
11 by subsequent agreements in writing made before the expiration
12 of the period previously agreed upon. If the return required
13 under this Act is filed using the same form as the taxpayer's
14 return required under the Illinois Income Tax Act, as allowed
15 in Section 402(d) of this Act, an agreement under Section
16 905(f) of the Illinois Income Tax Act to extend the time set
17 forth for the issuance of a notice of deficiency under that Act
18 extends the time for issuance of a notice of deficiency under
19 this Section.

20 (g) Erroneous refunds. In any case in which there has been
21 an erroneous refund of tax payable under this Act, a notice of
22 deficiency may be issued at any time within 2 years from the
23 making of the refund, or within 5 years from the making of the
24 refund if it appears that any part of the refund was induced by
25 fraud or the misrepresentation of a material fact, but the
26 amount of any proposed assessment set forth in the notice is

1 limited to the amount of the erroneous refund.

2 (h) Time return deemed filed. For purposes of this Section,
3 a tax return filed before the last day prescribed by law
4 (including any extension thereof) is deemed to have been filed
5 on that last day.

6 (i) Request for prompt determination of liability. For
7 purposes of subsection (a)(1), in the case of a tax return
8 required under this Act by a corporation, the period referred
9 to in that subsection is 18 months after a written request for
10 prompt determination of liability is filed with the Department
11 (at such time and in such form and manner as the Department
12 shall by regulations prescribe) by the corporation, but not
13 more than 3 years after the date the return was filed. This
14 subsection does not apply unless:

15 (1) the written request notifies the Department that
16 the corporation contemplates dissolution at or before the
17 expiration of the 18-month period, the dissolution is begun
18 in good faith before the expiration of the 18-month period,
19 and the dissolution is completed;

20 (2) the written request notifies the Department that a
21 dissolution has in good faith been begun and the
22 dissolution is completed; or

23 (3) A dissolution has been completed at the time the
24 written request is made.

25 (j) Transferee liability. A notice of deficiency may be
26 issued to a transferee relative to a liability asserted under

1 Section 1203 during time periods defined as follows:

2 (1) Initial transferee. In the case of the liability of
3 an initial transferee, up to 2 years after the expiration
4 of the period of limitation for assessment against the
5 transferor, except that if a court proceeding for review of
6 the assessment against the transferor has begun, then up to
7 2 years after the return of the certified copy of the
8 judgment in the court proceeding.

9 (2) Transferee of transferee. In the case of the
10 liability of a transferee, up to 2 years after the
11 expiration of the period of limitation for assessment
12 against the preceding transferee, but not more than 3 years
13 after the expiration of the period of limitation for
14 assessment against the initial transferor; except that if,
15 before the expiration of the period of limitation for the
16 assessment of the liability of the transferee, a court
17 proceeding for the collection of the tax or liability in
18 respect thereof has been begun against the initial
19 transferor or the last preceding transferee, as the case
20 may be, then the period of limitation for assessment of the
21 liability of the transferee expires 2 years after the
22 return of the certified copy of the judgment in the court
23 proceeding.

24 Section 706. Further notices of deficiency restricted. If a
25 protest has been filed with respect to a notice of deficiency

1 issued by the Department with respect to a taxable year and the
2 decision of the Department on the protest has become final, the
3 Department is barred from issuing a further or additional
4 notice of deficiency for that taxable year, except in the case
5 of fraud, mathematical error, a return that is not considered
6 processable, as the term is defined in Section 3-2 of the
7 Uniform Penalty and Interest Act, or as provided in Section
8 705(d).

9 Section 707. Waiver of restrictions on assessment. The
10 taxpayer at any time, whether or not a notice of deficiency has
11 been issued, has the right to waive the restrictions on
12 assessment and collection of the whole or any part of any
13 proposed assessment under this Act by a signed notice in
14 writing filed with the Department in the form and manner that
15 the Department may provide by rule.

16 Section 708. Procedure on protest.

17 (a) Time for protest. Within 60 days (150 days if the
18 taxpayer is outside the United States) after the issuance of a
19 notice of deficiency, the taxpayer may file with the Department
20 a written protest against the proposed assessment in the form
21 and manner that the Department may provide by rule, setting
22 forth the grounds on which the protest is based. If a protest
23 is filed, the Department shall reconsider the proposed
24 assessment and, if the taxpayer has so requested, shall grant

1 the taxpayer or his or her authorized representative a hearing.

2 (b) Notice of decision. As soon as practical after the
3 reconsideration and hearing, if any, the Department shall issue
4 a notice of decision by mailing the notice by certified or
5 registered mail. The notice must set forth briefly the
6 Department's findings of fact and the basis of decision in each
7 case decided in whole or in part adversely to the taxpayer.

8 (c) Request for rehearing. Within 30 days after the mailing
9 of a notice of decision, the taxpayer may file with a
10 Department a written request for rehearing in the form and
11 manner that the Department may provide by rule, setting forth
12 the grounds on which the rehearing is requested. In any such
13 case, the Department shall, in its discretion, grant either a
14 rehearing or Departmental review unless, within 10 days of
15 receipt of the request, it issues a denial of the request by
16 mailing the denial to the taxpayer by certified or registered
17 mail. If rehearing or Departmental review is granted, as soon
18 as practical after the rehearing or Departmental review, the
19 Department shall issue a notice of final decision as provided
20 in subsection (b).

21 (d) Finality of decision. The action of the Department on
22 the taxpayer's protest becomes final:

23 (1) 30 days after the issuance of a notice of decision
24 as provided in subsection (b); or

25 (2) if a timely request for rehearing was made, upon
26 the issuance of a denial of the request or the issuance of

1 a notice of final decision, as provided in subsection (c).

2 Section 709. Credits and refunds.

3 (a) In general. In the case of any overpayment, the
4 Department may credit the amount of the overpayment, including
5 any interest allowed thereon, against any liability in respect
6 of the tax imposed by this Act or any other act administered by
7 the Department or against any liability of the taxpayer
8 collectible by the Department, regardless of whether other
9 collection remedies are closed to the Department on the part of
10 the person who made the overpayment and shall refund any
11 balance to that person. The Department shall apply overpayments
12 to liabilities in the order provided in Section 911.3 of the
13 Illinois Income Tax Act.

14 (b) Credits against estimated tax. The Department may adopt
15 rules providing for the crediting against the estimated tax for
16 any taxable year of the amount determined by the taxpayer or
17 the Department to be an overpayment of the tax imposed by this
18 Act for a preceding taxable year.

19 (c) Interest on overpayment. Interest is allowed and paid
20 at the rate and in the manner set forth under Section 3-2 of
21 the Uniform Penalty and Interest Act upon any overpayment in
22 respect of the tax imposed by this Act. For purposes of this
23 subsection, no amount of tax, for any taxable year, may be
24 treated as having been paid before the date on which the tax
25 return for that year was due under Section 402, without regard

1 to any extension of the time for filing the return.

2 (d) Refund claim. Every claim for refund must be filed with
3 the Department in writing in the form and manner that the
4 Department may provide by rule, and must state the specific
5 grounds upon which it is founded.

6 (e) Notice of denial. As soon as practical after a claim
7 for refund is filed, the Department shall examine it and either
8 issue a notice of refund, abatement, or credit to the claimant
9 or issue a notice of denial. If the Department has failed to
10 approve or deny the claim before the expiration of 6 months
11 after the date the claim was filed, then the claimant may
12 nevertheless thereafter file with the Department a written
13 protest in the form and manner that the Department may provide
14 by rule. If a protest is filed, the Department shall consider
15 the claim and, if the taxpayer has so requested, shall grant
16 the taxpayer or the taxpayer's authorized representative a
17 hearing within 6 months after the date the request is filed.

18 (f) Effect of denial. A denial of a claim for refund
19 becomes final 60 days after the date of issuance of the notice
20 of the denial except for those amounts denied as to which the
21 claimant has filed a protest with the Department, as provided
22 by Section 710.

23 (g) An overpayment of tax shown on the face of an unsigned
24 return is considered forfeited to the State if, after notice
25 and demand for signature by the Department, the taxpayer fails
26 to provide a signature and 3 years have passed after the date

1 the return was filed. An overpayment of tax refunded to a
2 taxpayer whose return was filed electronically is considered an
3 erroneous refund under Section 712 of this Act if, after proper
4 notice and demand by the Department, the taxpayer fails to
5 provide a required signature document. A notice and demand for
6 signature in the case of a return reflecting an overpayment may
7 be made by first class mail.

8 Section 710. Procedure on denial of claim for refund.

9 (a) Time for protest. Within 60 days after the denial of
10 the claim, the claimant may file with the Department a written
11 protest against the denial in the form and manner that the
12 Department may provide by rule, setting forth the grounds on
13 which such protest is based. If a protest is filed, the
14 Department shall reconsider the denial and, if the taxpayer has
15 so requested, shall grant the taxpayer or his authorized
16 representative a hearing.

17 (b) Notice of decision. As soon as practicable after the
18 reconsideration and hearing, if any, the Department shall issue
19 a notice of decision by mailing the notice by certified or
20 registered mail. Such notice must set forth briefly the
21 Department's findings of fact and the basis of decision in each
22 case decided in whole or in part adversely to the claimant.

23 (c) Request for rehearing. Within 30 days after the mailing
24 of a notice of decision, the claimant may file with the
25 Department a written request for rehearing in the form and

1 manner that the Department may provide by rule, setting forth
2 the grounds on which rehearing is requested. In any such case,
3 the Department shall, in its discretion, grant either a
4 rehearing or Departmental review unless, within 10 days of
5 receipt of the request, it issues a denial of the request by
6 mailing the denial to the claimant by certified or registered
7 mail. If rehearing or Departmental review is granted, as soon
8 as practical after the rehearing or Departmental review, the
9 Department shall issue a notice of final decision as provided
10 in subsection (b).

11 (d) Finality of decision. The action of the Department on
12 the claimant's protest becomes final:

13 (1) 30 days after issuance of a notice of decision as
14 provided in subsection (b); or

15 (2) if a timely request for rehearing was made, upon
16 the issuance of a denial of the request or the issuance of
17 a notice of final decision as provided in subsection (c).

18 Section 711. Limitations on claims for refund.

19 (a) In general. Except as otherwise provided in this Act:

20 (1) A claim for refund must be filed no later than 3
21 years after the date that the return was filed or one year
22 after the date that the tax was paid, whichever is the
23 later; and

24 (2) No credit or refund is allowed or made with respect
25 to the year for which the claim was filed unless the claim

1 is filed within such period.

2 (b) Federal changes. In any case where notification of an
3 alteration is required by Section 405, a claim for refund may
4 be filed within 2 years after the date on which the
5 notification was due (regardless of whether such notice was
6 given), but the amount recoverable pursuant to a claim filed
7 under this Section is limited to the amount of any overpayment
8 resulting under this Act from giving effect to the item or
9 items reflected in the alteration required to be reported.

10 (c) Change in Illinois income tax liability. In any case
11 where the taxpayer's Illinois income tax liability for a
12 taxable year is increased, a claim for refund or credit of any
13 overpayment under this Act attributable to the resulting
14 increase in the credit allowable under Section 204(a) may be
15 filed at any time within 2 years after the increase in Illinois
16 income tax is paid.

17 (d) Extension by agreement. If, before the expiration of
18 the time prescribed in this Section for the filing of a claim
19 for refund, both the Department and the claimant have consented
20 in writing to its filing after that time, the claim may be
21 filed at any time prior to the expiration of the period agreed
22 upon. The period so agreed upon may be extended by subsequent
23 agreements in writing made before the expiration of the period
24 previously agreed upon. An agreement under Section 911(c) of
25 the Illinois Income Tax Act to extend the time prescribed for
26 the filing of a refund claim under that Act extends the time

1 for filing of a refund claim under this Section.

2 (e) Limit on amount of credit or refund.

3 (1) Limit where claim filed within 3-year period. If
4 the claim was filed by the claimant during the 3-year
5 period set forth in subsection (a), then the amount of the
6 credit or refund may not exceed the portion of the tax paid
7 within the period, immediately preceding the filing of the
8 claim, equal to 3 years plus the period of any extension of
9 time for filing the return.

10 (2) Limit where claim not filed within 3-year period.
11 If the claim was not filed within such 3-year period, then
12 the amount of the credit or refund may not exceed the
13 portion of the tax paid during the one year immediately
14 preceding the filing of the claim.

15 (f) Time return deemed filed. For purposes of this Section,
16 a tax return filed before the last day prescribed by law for
17 the filing of the return (including any extensions thereof) is
18 deemed to have been filed on that last day.

19 (g) No claim for refund based on the taxpayer's taking a
20 credit for estimated tax payments as provided by Article 6 of
21 this Act or for any amount paid by a taxpayer pursuant to
22 Section 502 of this Act may be filed unless the return for the
23 taxable year for which the payments were made was filed not
24 more than 3 years after the due date, as provided by Section
25 402, of the return for the taxable year.

1 Section 712. Recovery of erroneous refund. An erroneous
2 refund is considered to be a deficiency of tax on the date made
3 and is deemed to be assessed and must be collected as provided
4 in Sections 703 and 704.

5 Section 713. Access to books and records. All books and
6 records and other papers and documents that are required by
7 this Act to be kept must, at all times during business hours of
8 the day, be subject to inspection by the Department or its duly
9 authorized agents and employees. If, during the course of any
10 audit, investigation, or hearing, the Department determines
11 that a taxpayer lacks necessary documentary evidence, the
12 Department is authorized to notify the taxpayer, in writing, to
13 produce the evidence. The taxpayer has 60 days, subject to the
14 right of the Department to extend this period either on request
15 for good cause shown or on its own motion, after the date the
16 notice is personally delivered or sent to the taxpayer by
17 certified or registered mail in which to obtain and produce the
18 evidence for the Department's inspection. The failure to
19 provide the requested evidence within the 60-day period
20 precludes the taxpayer from providing the evidence at a later
21 date during the audit, investigation, or hearing.

22 Section 714. Conduct of investigations and hearings. For
23 the purpose of administering and enforcing the provisions of
24 this Act, the Department, or any officer or employee of the

1 Department designated, in writing, by the Director may hold
2 investigations and hearings concerning any matters covered by
3 this Act and may examine any books, papers, records, or
4 memoranda bearing upon such matters, and may require the
5 attendance of any person, or any officer or employee of such
6 person, having knowledge of such matters, and may take
7 testimony and require proof for its information. In the conduct
8 of any investigation or hearing, neither the Department nor any
9 officer or employee thereof is bound by the technical rules of
10 evidence, and no informality in any proceeding, or in the
11 manner of taking testimony, invalidates any order, decision,
12 rule or regulation made or approved or confirmed by the
13 Department. The Director, or any officer or employee of the
14 Department authorized by the Director has power to administer
15 oaths to such persons. The books, papers, records, and
16 memoranda of the Department, or parts thereof, may be proved in
17 any hearing, investigation, or legal proceeding by a reproduced
18 copy thereof or by a computer print-out of Department records,
19 under the certificate of the Director. If reproduced copies of
20 the Department's books, papers, records, or memoranda are
21 offered as proof, then the Director must certify that those
22 copies are true and exact copies of the records on file with
23 the Department. If computer print-outs of records of the
24 Department are offered as proof, then the Director must certify
25 that those computer print-outs are true and exact
26 representations of records properly entered into standard

1 electronic computing equipment, in the regular course of the
2 Department's business, at or reasonably near the time of the
3 occurrence of the facts recorded, from trustworthy and reliable
4 information. The reproduced copy shall, without further proof,
5 be admitted into evidence before the Department or in any legal
6 proceeding.

7 Section 715. Immunity of witnesses. No person is excused
8 from testifying or from producing any books, papers, records,
9 or memoranda in any investigation or upon any hearing, when
10 ordered to do so by the Department or any officer or employee
11 thereof, upon the ground that the testimony or evidence,
12 documentary or otherwise, may tend to incriminate him or her or
13 subject him or her to a criminal penalty, but no person may be
14 prosecuted or subjected to any criminal penalty for, or on
15 account of, any transaction made or thing concerning which he
16 or she may testify or produce evidence, documentary or
17 otherwise, before the Department or an officer or employee
18 thereof; provided, that the immunity extends only to a natural
19 person who, in obedience to a subpoena, gives testimony under
20 oath or produces evidence, documentary or otherwise, under
21 oath. No person so testifying is exempt from prosecution and
22 punishment for perjury committed in so testifying.

23 Section 716. Production of witnesses and records.

24 (a) Subpoenas. The Department or any officer or employee of

1 the Department designated in writing by the Director, shall at
2 its or his or her own instance, or on the written request of
3 any other party to the proceeding, issue subpoenas requiring
4 the attendance of and the giving of testimony by witnesses, and
5 subpoenas duces tecum requiring the production of books,
6 papers, records, or memoranda. All subpoenas and subpoenas
7 duces tecum issued under this Act may be served by any person
8 of full age.

9 (b) Fees. The fees of witnesses for attendance and travel
10 are the same as the fees of witnesses before a Circuit Court of
11 this State, such fees to be paid when the witness is excused
12 from further attendance. When the witness is subpoenaed at the
13 instance of the Department or any officer or employee thereof,
14 the fees must be paid in the same manner as other expenses of
15 the Department, and when the witness is subpoenaed at the
16 instance of any other party to any such proceeding, the
17 Department may require that the cost of service of the subpoena
18 or subpoenas duces tecum and the fee of the witness be borne by
19 the party at whose instance the witness is summoned. In such
20 case, the Department, in its discretion, may require a deposit
21 to cover the cost of the service and witness fees. A subpoena
22 or subpoena duces tecum so issued must be served in the same
23 manner as a subpoena issued out of a court.

24 (c) Judicial enforcement. Any Circuit Court of this State,
25 upon the application of the Department or any officer or
26 employee thereof, or upon the application of any other party to

1 the proceeding may, in its discretion, compel the attendance of
2 witnesses, the production of books, papers, records, or
3 memoranda and the giving of testimony before the Department or
4 any officer or employee thereof conducting an investigation or
5 holding a hearing authorized by this Act, by an attachment for
6 contempt, or otherwise, in the same manner as production of
7 evidence may be compelled before the Court.

8 Section 717. Confidentiality and information sharing.

9 (a) Confidentiality. Except as provided in this Section,
10 all information received by the Department from returns filed
11 under this Act, or from any investigation conducted under the
12 provisions of this Act, are confidential, except for official
13 purposes within the Department or enforcement of any civil or
14 criminal penalty or sanction imposed by this Act or by another
15 statute imposing a State tax, and any person who divulges any
16 such information in any manner, except for such purposes and
17 pursuant to order of the Director or in accordance with a
18 proper judicial order, is guilty of a Class A misdemeanor. The
19 provisions of this subsection, however, are not applicable to a
20 licensed attorney representing the taxpayer if an appeal or a
21 protest has been filed on behalf of the taxpayer.

22 (b) Public information. Nothing contained in this Act
23 prevents the Director from publishing or making available to
24 the public the names and addresses of persons filing returns
25 under this Act, or from publishing or making available

1 reasonable statistics concerning the operation of the tax
2 wherein the contents of returns are grouped into aggregates in
3 such a way that the information contained in any individual
4 return is not be disclosed.

5 (c) Governmental agencies. The Director may make available
6 to the Secretary of the Treasury of the United States or his or
7 her delegate, or the proper officer or his or her delegate of
8 any other state imposing a tax upon or measured by gross
9 receipts or income, for exclusively official purposes
10 information received by the Department in the administration of
11 this Act, but only if the United States or such other state, as
12 the case may be, grants the Department substantially similar
13 privileges. The Director may make available to any State
14 agency, including the Illinois Supreme Court, that licenses
15 persons to engage in any occupation information that a person
16 licensed by that agency has failed to file returns under this
17 Act or pay the tax, penalty, and interest shown therein or has
18 failed to pay any final assessment of tax, penalty, or interest
19 due under this Act.

20 The Director may make available to any State agency,
21 including the Illinois Supreme Court, information regarding
22 whether a bidder, contractor, or an affiliate of a bidder or
23 contractor has failed to file returns under this Act or pay the
24 tax, penalty, and interest shown therein or has failed to pay
25 any final assessment of tax, penalty, or interest due under
26 this Act, for the limited purpose of enforcing bidder and

1 contractor certifications. For purposes of this Section, the
2 term "affiliate" means any entity that (1) directly,
3 indirectly, or constructively controls another entity, (2) is
4 directly, indirectly, or constructively controlled by another
5 entity, or (3) is subject to the control of a common entity.
6 For purposes of this subsection (a), an entity controls another
7 entity if it owns, directly or individually, more than 10% of
8 the voting securities of that entity. As used in this
9 subsection (a), the term "voting security" means a security
10 that (1) confers upon the holder the right to vote for the
11 election of members of the board of directors or similar
12 governing body of the business or (2) is convertible into, or
13 entitles the holder to receive upon its exercise, a security
14 that confers such a right to vote. A general partnership
15 interest is a voting security.

16 The Director may make available to any State agency,
17 including the Illinois Supreme Court, units of local
18 government, and school districts information regarding whether
19 a bidder or contractor is an affiliate of a person who is not
20 collecting and remitting Illinois Use taxes, for the limited
21 purpose of enforcing bidder and contractor certifications.

22 The Director may also make available to the Secretary of
23 State information that a corporation that has been issued a
24 certificate of incorporation by the Secretary of State has
25 failed to file returns under this Act or pay the tax, penalty,
26 and interest shown therein or has failed to pay any final

1 assessment of tax, penalty, or interest due under this Act. An
2 assessment is final when all proceedings in court for review of
3 the assessment have terminated or the time for the taking
4 thereof has expired without the proceedings being instituted.

5 (d) The Director shall make available for public inspection
6 in the Department's principal office and for publication, at
7 cost, administrative decisions issued under this Act. These
8 decisions are to be made available in a manner so that the
9 following taxpayer information is not disclosed:

10 (1) The names, addresses, and identification numbers
11 of the taxpayer, related entities, and employees.

12 (2) At the sole discretion of the Director, trade
13 secrets or other confidential information identified as
14 such by the taxpayer, no later than 30 days after receipt
15 of an administrative decision, by any means that the
16 Department shall provide by rule.

17 The Director shall determine the appropriate extent of the
18 deletions allowed in paragraph (2). If the taxpayer does not
19 submit deletions, then the Director shall make only the
20 deletions specified in paragraph (1). The Director shall make
21 available for public inspection and publication an
22 administrative decision within 180 days after the issuance of
23 the administrative decision. The term "administrative
24 decision" has the same meaning as defined in Section 3-101 of
25 Article III of the Code of Civil Procedure. Costs collected
26 under this Section must be paid into the Tax Compliance and

1 Administration Fund.

2 (e) Nothing contained in this Act prevents the Director
3 from divulging information to any person pursuant to a request
4 or authorization made by the taxpayer or by an authorized
5 representative of the taxpayer.

6 Section 718. Place of hearings. All hearings provided for
7 in this Act with respect to or concerning a taxpayer having its
8 commercial domicile in this State must be held at the
9 Department's office nearest to the location of such residence
10 or domicile, except that, if the taxpayer has its commercial
11 domicile in Cook County, the hearing must be held in Cook
12 County. If the taxpayer does not have its commercial domicile
13 in this State, the hearing must be held in Cook County.

14 ARTICLE 8. PENALTIES AND INTEREST

15 Section 801. Penalties and interest.

16 (a) Penalties and interest imposed by the Uniform Penalty
17 and Interest Act with respect to the obligations of a taxpayer
18 under this Act must be paid upon notice and demand and, except
19 as provided in subsection (b), must be assessed, collected, and
20 paid in the same manner as the tax imposed by this Act, and any
21 reference in this Act to the tax imposed by this Act refers
22 also to interest and penalties imposed by the Uniform Penalty
23 and Interest Act.

1 (b) If, pursuant to Section 402(d) of this Act, the
2 Department has provided forms requiring the reporting of the
3 tax due under this Act on the taxpayer's Illinois income tax
4 return for the same taxable year, failure to file the returns
5 due for a taxable year under this Act and under the Illinois
6 Income Tax Act are treated as a single instance of failure to
7 file a return and failure to timely pay the taxes shown due, or
8 required to be shown due, for a taxable year under this Act and
9 the Illinois Income Tax Act on that form are treated as a
10 failure to timely pay only a single liability.

11 (c) Assessment procedures.

12 (1) Interest is deemed to be assessed upon the
13 assessment of the tax to which the interest relates.

14 (2) Penalties for late payment or underpayment are
15 deemed to be assessed upon assessment of the tax to which
16 the penalty relates.

17 ARTICLE 9. LIENS AND JEOPARDY ASSESSMENTS

18 Section 901. Lien for tax.

19 (a) If any taxpayer neglects or refuses to pay the tax due
20 under this Act after demand, then the amount (including any
21 interest, additional amount, addition to tax, or assessable
22 penalty, together with any costs that may accrue in addition
23 thereto) is a lien in favor of the State of Illinois upon all
24 property and rights to property, whether real or personal,

1 belonging to that person.

2 (b) Unless another date is specifically fixed by law, the
3 lien imposed by subsection (a) of this Section arises at the
4 time the assessment is made and continues until the liability
5 for the amount so assessed (or a judgment against the taxpayer
6 arising out of such liability) is satisfied or becomes
7 unenforceable by reason of lapse of time.

8 (c) Deficiency procedure. If the lien arises from an
9 assessment pursuant to a notice of deficiency, then the lien
10 does not attach and the notice referred to in this Section may
11 not be filed until all proceedings in court for review of the
12 assessment have terminated or the time for the taking thereof
13 has expired without the proceedings being instituted.

14 (d) Notice of lien. The lien created by assessment
15 terminates unless a notice of lien is filed, as provided in
16 Section 903, within 3 years after the date all proceedings in
17 court for the review of the assessment have terminated or the
18 time for the taking thereof has expired without the proceedings
19 being instituted. If the lien results from the filing of a
20 return without payment of the tax or penalty shown therein to
21 be due, then the lien terminates unless a notice of lien is
22 filed within 3 years after the date the return was filed with
23 the Department. For the purposes of this subsection (c), a tax
24 return filed before the last day prescribed by law, including
25 any extension thereof, is deemed to have been filed on that
26 last day.

1 Section 902. Jeopardy Assessments.

2 (a) Jeopardy assessment and lien.

3 (1) Assessment. If the Department finds that a taxpayer
4 is about to conceal property or to do any other act tending
5 to prejudice or to render wholly or partly ineffectual
6 proceedings to collect any amount of tax or penalties
7 imposed under this Act unless court proceedings are brought
8 without delay or if the Department finds that the
9 collection of that amount will be jeopardized by delay, the
10 Department shall give the taxpayer notice of those findings
11 and shall make demand for immediate return and payment of
12 that amount, whereupon that amount is deemed to be assessed
13 and becomes immediately due and payable.

14 (2) Filing of lien. If the taxpayer, within 5 days
15 after such notice (or within such extension of time as the
16 Department may grant), does not comply with the notice or
17 show to the Department that the findings in such notice are
18 erroneous, then the Department may file a notice of
19 jeopardy assessment lien in the office of the recorder of
20 the county in which any property of the taxpayer may be
21 located and shall notify the taxpayer of the filing. The
22 jeopardy assessment lien has the same scope and effect as a
23 statutory lien under this Act. The taxpayer is liable for
24 the filing fee incurred by the Department for filing the
25 lien and the filing fee incurred by the Department to file

1 the release of that lien. The filing fees must be paid to
2 the Department in addition to payment of the tax, penalty,
3 and interest included in the amount of the lien.

4 (b) Termination of taxable year. In the case of a tax for a
5 current taxable year, the Director shall declare the taxable
6 period of the taxpayer immediately terminated and his or her
7 notice and demand for a return and immediate payment of the tax
8 relates to the period declared terminated, including therein
9 income accrued and deductions incurred up to the date of
10 termination if not otherwise properly includible or deductible
11 in respect of the taxable year.

12 (c) Protest. If the taxpayer believes that he or she does
13 not owe some or all of the amount for which the jeopardy
14 assessment lien against him or her has been filed or that no
15 jeopardy to the revenue in fact exists, he or she may protest
16 within 20 days after being notified by the Department of the
17 filing of the jeopardy assessment lien and request a hearing,
18 whereupon the Department shall hold a hearing in conformity
19 with the provisions of section 908 and, pursuant thereto, shall
20 notify the taxpayer of its decision as to whether the jeopardy
21 assessment lien will be released.

22 Section 903. Filing and Priority of Liens.

23 (a) Filing with recorder. Nothing in this Article may be
24 construed to give the Department a preference over the rights
25 of any bona fide purchaser, holder of a security interest,

1 mechanics lienor, mortgagee, or judgment lien creditor arising
2 prior to the filing of a regular notice of lien or a notice of
3 jeopardy assessment lien in the office of the recorder in the
4 county in which the property subject to the lien is located.
5 For purposes of this Section, the term "bona fide," does not
6 include any mortgage of real or personal property or any other
7 credit transaction that results in the mortgagee or the holder
8 of the security acting as trustee for unsecured creditors of
9 the taxpayer mentioned in the notice of lien who executed the
10 chattel or real property mortgage or the document evidencing
11 the credit transaction. The lien is inferior to the lien of
12 general taxes, special assessments, and special taxes
13 heretofore or hereafter levied by any political subdivision of
14 this State.

15 (b) Filing with registrar. In case title to land to be
16 affected by the notice of lien or notice of jeopardy assessment
17 lien is registered under the provisions of the Registered
18 Titles (Torrens) Act the notice must be filed in the office of
19 the registrar of titles of the county within which the property
20 subject to the lien is situated and must be entered upon the
21 register of titles as a memorial of charge upon each folium of
22 the register of titles affected by such notice, and the
23 Department does not have a preference over the rights of any
24 bona fide purchaser, mortgagee, judgment creditor, or other
25 lien holder arising prior to the registration of the notice.

26 (c) Index. The recorder of each county shall procure a file

1 labeled "State Tax Lien Notices" and an index book labeled
2 "State Tax Lien Index." When notice of any lien or jeopardy
3 assessment lien is presented to him or her for filing, he or
4 she shall file it in numerical order in the file and shall
5 enter it alphabetically in the index. The entry must show the
6 name and last known address of the person named in the notice,
7 the serial number of the notice, the date and hour of filing,
8 whether it is a regular lien or a jeopardy assessment lien, and
9 the amount of tax and penalty due and unpaid, plus the amount
10 of interest due at the time when the notice of lien or jeopardy
11 assessment is filed.

12 (d) No recorder or registrar of titles of any county may
13 require that the Department pay any costs or fees in connection
14 with recordation of any notice or other document filed by the
15 Department under this Act at the time the notice or other
16 document is presented for recordation. The recorder or
17 registrar of each county, in order to receive payment for fees
18 or costs incurred by the Department, may present the Department
19 with monthly statements indicating the amount of fees and costs
20 incurred by the Department and for which no payment has been
21 received.

22 (e) The taxpayer is liable for the filing fee incurred by
23 the Department for filing the lien and the filing fee incurred
24 by the Department to file the release of that lien. The filing
25 fees must be paid to the Department in addition to payment of
26 the tax, penalty, and interest included in the amount of the

1 lien.

2 Section 904. Duration of lien. The lien provided under this
3 Article 9 continues for 20 years from the date of filing the
4 notice of lien under the provisions of Section 903 unless
5 sooner released or otherwise discharged.

6 Section 905. Release of liens.

7 (a) In general. Upon payment by the taxpayer to the
8 Department in cash or by guaranteed remittance of an amount
9 representing the filing fees and charges for the lien and the
10 filing fees and charges for the release of that lien, the
11 Department shall release all or any portion of the property
12 subject to any lien provided for in this Act and file that
13 complete or partial release of lien with the recorder of the
14 county where that lien was filed if it determines that the
15 release will not endanger or jeopardize the collection of the
16 amount secured thereby.

17 (b) Judicial determination. If, on judicial review, the
18 final judgment of the court is that the taxpayer does not owe
19 some or all of the amount secured by the lien against him or
20 her, or that no jeopardy to the revenue exists, then the
21 Department shall release its lien to the extent of that finding
22 of nonliability or to the extent of that finding of no jeopardy
23 to the revenue. The taxpayer is, however, liable for the filing
24 fee paid by the Department to file the lien and the filing fee

1 required to file a release of the lien. The filing fees must be
2 paid to the Department.

3 (c) Payment. The Department shall also release its jeopardy
4 assessment lien against the taxpayer if the tax and penalty
5 covered by the lien, plus any interest that may be due and an
6 amount representing the filing fee to file the lien and the
7 filing fee required to file a release of that lien, are paid by
8 the taxpayer to the Department in cash or by guaranteed
9 remittance.

10 (d) Certificate of release. The Department shall issue a
11 certificate of complete or partial release of the lien upon
12 payment by the taxpayer to the Department in cash or by
13 guaranteed remittance of an amount representing the filing fee
14 paid by the Department to file the lien and the filing fee
15 required to file the release of that lien:

16 (1) to the extent that the fair market value of any
17 property subject to the lien exceeds the amount of the lien
18 plus the amount of all prior liens upon the property;

19 (2) to the extent that the lien becomes unenforceable;

20 (3) to the extent that the amount of the lien is paid
21 by the person whose property is subject to the lien,
22 together with any interest and penalty which may become due
23 under this Act between the date when the notice of lien is
24 filed and the date when the amount of the lien is paid;

25 (4) to the extent that there is furnished to the
26 Department, on a form to be approved and with a surety or

1 sureties satisfactory to the Department, a bond that is
2 conditioned upon the payment of the amount of the lien,
3 together with any interest which may become due under this
4 Act after the notice of lien is filed, but before the
5 amount thereof is fully paid; and

6 (5) to the extent and under the circumstances specified
7 in this Section. A certificate of complete or partial
8 release of any lien is held to be conclusive that the lien
9 upon the property covered by the certificate is
10 extinguished to the extent indicated by the certificate.
11 The release of lien must be issued to the person, or his or
12 her agent, against whom the lien was obtained and must
13 contain in legible letters a statement as follows:

14 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL BE
15 FILED WITH THE RECORDER OR THE REGISTRAR OF TITLES, IN
16 WHOSE OFFICE, THE LIEN WAS FILED.

17 (e) Filing. When a certificate of complete or partial
18 release of lien issued by the Department is presented for
19 filing in the office of the recorder or registrar of titles
20 where a notice of lien or notice of jeopardy assessment lien
21 was filed:

22 (1) the recorder, in the case of nonregistered
23 property, shall permanently attach the certificate of
24 release to the notice of lien or notice of jeopardy

1 assessment lien and shall enter the certificate of release
2 and the date in the "State Tax Lien Index" on the line
3 where the notice of lien or notice of jeopardy assessment
4 lien is entered; and

5 (2) In the case of registered property, the registrar
6 of titles shall file and enter upon each folium of the
7 register of titles affected thereby a memorial of the
8 certificate of release, which when so entered, acts as a
9 release pro tanto of any memorial of the notice of lien or
10 notice of jeopardy assessment lien previously filed and
11 registered.

12 Section 906. Nonliability for costs. The Department is not
13 be required to furnish any bond nor to make a deposit for or
14 pay any costs or fees of any court or officer thereof in any
15 legal proceedings pursuant to the provisions of this Act.

16 Section 907. Claim to property. Whenever any process,
17 issued from any court for the enforcement or collection of any
18 liability created by this Act, is levied by any sheriff or
19 other authorized person upon any personal property, and the
20 property is claimed by any person other than the defendant as
21 exempt from enforcement of a judgment thereon by virtue of the
22 exemption laws of this State, then it is the duty of the person
23 making the claim to give notice in writing of his or her claim
24 and of his or her intention to prosecute the same to the

1 sheriff or other person within 10 days after the making of the
2 levy. On receiving such a notice, the sheriff or other person
3 shall proceed in accordance with the provisions of Part 2 of
4 Article XII of the Code of Civil Procedure, as amended. The
5 giving of the notice within the 10-day period is a condition
6 precedent to any judicial action against the sheriff or other
7 authorized person for wrongfully levying, seizing, or selling
8 the property and any such person who fails to give notice
9 within the time is forever barred from bringing any judicial
10 action against the sheriff or other person for injury or
11 damages to or conversion of the property.

12 Section 908. Foreclosure on real property. In addition to
13 any other remedy provided for by the laws of this State, and
14 provided that no hearing or proceedings for review provided by
15 this Act is pending and the time for the taking thereof has
16 expired, the Department may foreclose in the circuit court any
17 lien on real property for any tax or penalty imposed by this
18 Act to the same extent and in the same manner as in the
19 enforcement of other liens. The proceedings to foreclose may
20 not be instituted more than 5 years after the filing of the
21 notice of lien under the provisions of Section 903. The
22 process, practice, and procedure for the foreclosure is the
23 same as provided in the Civil Practice Law, as amended.

24 Section 909. Demand and seizure. In addition to any other

1 remedy provided for by the laws of this State, if the tax
2 imposed by this Act is not paid within the time required by
3 this Act, the Department, or some person designated by it, may
4 cause a demand to be made on the taxpayer for the payment
5 thereof. If the tax remains unpaid for 10 days after such a
6 demand has been made and no proceedings have been taken to
7 review the same, then the Department may issue a warrant
8 directed to any sheriff or other person authorized to serve
9 process, commanding the sheriff or other person to levy upon
10 the property and rights to property (whether real or personal,
11 tangible or intangible) of the taxpayer, without exemption,
12 found within his or her jurisdiction, for the payment of the
13 amount thereof with the added penalties, interest, and the cost
14 of executing the warrant. The term "levy" includes the power of
15 distraint and seizure by any means. In any case in which the
16 warrant to levy has been issued, the sheriff or other person to
17 whom the warrant was directed may seize and sell the property
18 or rights to property. The warrant must be returned to the
19 Department together with the money collected by virtue thereof
20 within the time therein specified, which may not be less than
21 20 nor more than 90 days after the date of the warrant. The
22 sheriff or other person to whom the warrant is directed shall
23 proceed in the same manner as prescribed by law in respect to
24 the enforcement against property upon judgments by a court, and
25 is entitled to the same fees for his or her services in
26 executing the warrant, to be collected in the same manner. The

1 Department, or some officer, employee or agent designated by
2 it, is hereby authorized to bid for and purchase any property
3 sold under the provisions of this Section. No proceedings for a
4 levy under this Section may be commenced more than 20 years
5 after the latest date for filing of the notice of lien under
6 the provisions of Section 903, without regard to whether the
7 notice was actually filed.

8 Any officer or employee of the Department designated in
9 writing by the Director is authorized to serve process under
10 this Section to levy upon accounts or other intangible assets
11 of a taxpayer held by a financial organization, as defined in
12 Section 1501 of the Illinois Income Tax Act. In addition to any
13 other provisions of this Section, any officer or employee of
14 the Department designated in writing by the Director may levy
15 upon the following property and rights to property belonging to
16 a taxpayer: contractual payments, accounts and notes
17 receivable and other evidences of debt, and interest on bonds
18 by serving a notice of levy on the person making the payment.
19 The levy may not be made until the Department has caused a
20 demand to be made on the taxpayer in the manner provided in
21 this Section. A lien obtained hereunder has priority over any
22 subsequent lien obtained pursuant to Section 12-808 of the Code
23 of Civil Procedure.

24 In any case where property or rights to property have been
25 seized by an officer of the Department of State Police, or
26 successor agency thereto, under the authority of a warrant to

1 levy issued by the Department of Revenue, the Department of
2 Revenue may take possession of and may sell the property or
3 rights to property and the Department of Revenue may contract
4 with third persons to conduct sales of the property or rights
5 to the property. In the conduct of these sales, the Department
6 of Revenue shall proceed in the same manner as is prescribed by
7 law for proceeding against property to enforce judgments that
8 are entered by a circuit court of this State. If, in the
9 Department of Revenue's opinion, no offer to purchase at the
10 sale is acceptable and the State's interest would be better
11 served by retaining the property for sale at a later date, then
12 the Department may decline to accept any bid and may retain the
13 property for sale at a later date.

14 Section 910. Redemption by State. The provisions of Section
15 5g of the Retailers' Occupation Tax Act (relating to time for
16 redemption by the State of real estate sold at judicial or
17 execution sale) as in effect on the effective date of this Act,
18 or as subsequently amended, apply for purposes of this Act as
19 if those Sections were set forth herein in their entirety.

20 ARTICLE 10. JUDICIAL REVIEW

21 Section 1001. Administrative Review Law. The provisions of
22 the Administrative Review Law, and the rules adopted pursuant
23 thereto, apply to and govern all proceedings for the judicial

1 review of final actions of the Department referred to in
2 Sections 708(d) and 710(d). These final actions constitute
3 "administrative decisions", as defined in Section 3-101 of the
4 Code of Civil Procedure.

5 Section 1002. Venue. The Circuit Court of the county where
6 the taxpayer has his or her residence or commercial domicile,
7 or of Cook County in those cases where the taxpayer does not
8 have his or her residence or commercial domicile in this State,
9 has the power to review all final administrative decisions of
10 the Department in administering the provisions of this Act.

11 Section 1003. Service, certification, and dismissal.

12 (a) Service. Service upon the Director or the Assistant
13 Director of summons issued in an action to review a final
14 administrative decision of the Department is service upon the
15 Department.

16 (b) Certification. The Department shall certify the record
17 of its proceedings if the taxpayer pays to it the sum of \$0.75
18 per page of testimony taken before the Department and \$0.25 per
19 page of all other matters contained in the record, except that
20 these charges may be waived if the Department is satisfied that
21 the aggrieved party is a poor person who cannot afford to pay
22 the charges.

23 (c) Dismissal. If payment for the record is not made by the
24 taxpayer within 30 days after notice from the Department or the

1 Attorney General of the cost thereof, the court in which the
2 proceeding is pending, on motion of the Department, shall
3 dismiss the complaint and shall enter judgment against the
4 taxpayer and in favor of the Department in accordance with the
5 final action of the Department, together with interest on any
6 deficiency to the date of entry of the judgment, and also for
7 costs.

8 Section 1004. Modification of assessment. An assessment
9 reviewed under this Article is deemed confirmed or abated
10 consistent with the final decision in the proceeding.

11 ARTICLE 11. CRIMES

12 Section 1101. Willful and fraudulent acts. Any person who
13 is subject to the provisions of this Act and who willfully
14 fails to file a return, who files a fraudulent return, or who
15 willfully attempts in any other manner to evade or defeat any
16 tax imposed by this Act or the payment thereof or any
17 accountant or other agent who knowingly enters false
18 information on the return of any taxpayer under this Act, is,
19 in addition to other penalties, be guilty of a Class 4 felony
20 for the first offense and a Class 3 felony for each subsequent
21 offense. Any person who is subject to this Act and who
22 willfully violates any rule or regulation of the Department for
23 the administration and enforcement of this Act or who fails to

1 keep books and records as required in this Act is, in addition
2 to other penalties, guilty of a Class A misdemeanor. Any person
3 whose commercial domicile or whose residence is in this State
4 and who is charged with a violation under this Section must be
5 tried in the county where his or her commercial domicile or his
6 or her residence is located unless he or she asserts a right to
7 be tried in another venue. A prosecution for any act in
8 violation of this Section may be commenced at any time within 5
9 years after the commission of that act.

10 Section 1102. Willful failure to pay over. Any person who
11 accepts money that is due to the Department under this Act from
12 a taxpayer for the purpose of acting as the taxpayer's agent to
13 make the payment to the Department, but who willfully fails to
14 remit that payment to the Department when due, is guilty of a
15 Class A misdemeanor. Any such person who purports to make that
16 payment by issuing or delivering a check or other order upon a
17 real or fictitious depository for the payment of money, knowing
18 that it will not be paid by the depository, is guilty of a
19 deceptive practice in violation of Section 17-1 of the Criminal
20 Code of 1961, as amended. Any person whose commercial domicile
21 or whose residence is in this State and who is charged with a
22 violation under this Section must be tried in the county where
23 his or her commercial domicile or his or her residence is
24 located unless he or she asserts a right to be tried in another
25 venue. A prosecution for any act in violation of this Section

1 may be commenced at any time within 5 years after the
2 commission of that act.

3 ARTICLE 12. MISCELLANEOUS PROVISIONS

4 Section 1201. Adoption of Rules. The Department is
5 authorized to make, adopt, and enforce such reasonable rules
6 and regulations, and to prescribe such forms, relating to the
7 administration and enforcement of the provisions of this Act,
8 as it may deem appropriate.

9 Section 1202. Notice. If notice is required by this Act,
10 then the notice must, if not otherwise provided, be given or
11 issued by mailing it by registered or certified mail addressed
12 to the person concerned at his or her last known address.

13 Section 1203. Transferees. The liability of a transferee of
14 property of a taxpayer for any tax, penalty, or interest due
15 the Department under this Act, must be assessed, paid, and
16 collected in the same manner and subject to the same provisions
17 as in the case of the tax to which the liability relates,
18 except that the period of limitations for the issuance of a
19 notice of deficiency with respect to the liability is as
20 provided in Section 705(g). The term "transferee" includes
21 donee, heir, legatee, distributee, and bulk purchaser under
22 Section 702(d).

1 Section 1204. Identifying numbers. If required by rules
2 adopted by the Department, any taxpayer required under this Act
3 to make a return, statement, or other document must include in
4 the return, statement, or other document any identifying number
5 as may be prescribed for securing proper identification of that
6 person.

7 Section 1205. Amounts less than \$1.

8 (a) Payments, refunds, etc. The Department may by rule
9 provide that, if a total amount of less than \$1 is payable,
10 refundable, or creditable, then the amount may be disregarded
11 or, alternatively, is disregarded if it is less than \$0.50 and
12 is increased to \$1 if it is \$0.50 or more.

13 (b) Rounding. The Department may by rule provide that any
14 amount that is required to be shown or reported on any return
15 or other document under this Act is if such amount is not a
16 whole-dollar amount, increased to the nearest whole-dollar
17 amount in any case where the fractional part of a dollar is
18 \$0.50 or more and decreased to the nearest whole-dollar amount
19 where the fractional part of a dollar is less than \$0.50.

20 Section 1206. Administrative Procedure Act; application.
21 The Illinois Administrative Procedure Act is hereby expressly
22 adopted and applies to all administrative rules and procedures
23 of the Department of Revenue under this Act, except that: (1)

1 paragraph (b) of Section 5-10 of the Illinois Administrative
2 Procedure Act does not apply to final orders, decisions, and
3 opinions of the Department; (2) subparagraph (a)(2) of Section
4 5-10 of the Illinois Administrative Procedure Act does not
5 apply to forms established by the Department for use under this
6 Act; and (3) the provisions of Section 10-45 of the Illinois
7 Administrative Procedure Act regarding proposals for decision
8 are excluded and not applicable to the Department under this
9 Act.

10 ARTICLE 13. DEFINITIONS

11 Section 1301. Definitions.

12 (a) In general. When used in this Act, where not otherwise
13 distinctly expressed or manifestly incompatible with the
14 intent thereof:

15 "Disregarded entity" means any entity whose existence
16 separate from the existence of its owner is disregarded for
17 federal income tax purposes, including, without limitation, a
18 single-member limited liability company that has not elected to
19 be treated as a corporation, a qualified Subchapter S
20 subsidiary under Section 1361 of the Internal Revenue Code, and
21 a qualified REIT subsidiary under Section 856 of the Internal
22 Revenue Code.

23 "Insurance company" has the same meaning as when used in
24 Section 304(b) of the Illinois Income Tax Act.

1 "Taxpayer" means any individual, trust, estate,
2 partnership, association, firm, company, corporation, limited
3 liability company, disregarded entity, or fiduciary engaged in
4 a trade or business conducted, in whole or in part, within this
5 State. In the case of members of unitary business group
6 required to join in the filing of a combined return under the
7 Illinois Income Tax Act, "taxpayer" means the combined group.

8 "Unitary business group" has the same meaning as in Section
9 1501(a) (27) of the Illinois Income Tax Act, and includes any
10 disregarded entity whose owner is included in that unitary
11 business group.

12 (b) Other definitions.

13 (1) Words denoting number, gender, and so forth, when
14 used in this Act, where not otherwise distinctly expressed
15 or manifestly incompatible with the intent thereof:

16 (A) words importing the singular include and apply
17 to several persons, parties or things;

18 (B) words importing the plural include the
19 singular; and

20 (C) words importing the masculine gender include
21 the feminine as well.

22 (2) "Company" or "association" as including successors
23 and assigns. The word "company" or "association", when used
24 in reference to a corporation, is deemed to embrace the
25 words "successors and assigns of the company or
26 association", and in like manner as if these last-named

1 words, or words of similar import, were expressed.

2 (3) Other terms. Any term used in any Section of this
3 Act with respect to the application of, or in connection
4 with, the provisions of any other Section of this Act have
5 the same meaning as in the other Section.

6 Section 1302. Arrangement and captions. No inference,
7 implication, or presumption of legislative construction may be
8 drawn or made by reason of the location or grouping of any
9 particular Section or provision of this Act, nor may any
10 caption be given any legal effect.

11 ARTICLE 90. AMENDATORY PROVISIONS

12 Section 90-5. The Illinois Income Tax Act is amended by
13 changing Sections 201, 501, and 901 and by adding Section 218
14 as follows:

15 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

16 Sec. 201. Tax Imposed.

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

1 corporation or political subdivision thereof.

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

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

9 (2) In the case of an individual, trust or estate, for
10 taxable years beginning prior to July 1, 1989 and ending
11 after June 30, 1989, an amount equal to the sum of (i) 2
12 1/2% of the taxpayer's net income for the period prior to
13 July 1, 1989, as calculated under Section 202.3, and (ii)
14 3% of the taxpayer's net income for the period after June
15 30, 1989, as calculated under Section 202.3.

16 (3) In the case of an individual, trust or estate, for
17 taxable years beginning after June 30, 1989, an amount
18 equal to 3% of the taxpayer's net income for the taxable
19 year.

20 (4) (Blank).

21 (5) (Blank).

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

25 (7) In the case of a corporation, for taxable years
26 beginning prior to July 1, 1989 and ending after June 30,

1 1989, an amount equal to the sum of (i) 4% of the
2 taxpayer's net income for the period prior to July 1, 1989,
3 as calculated under Section 202.3, and (ii) 4.8% of the
4 taxpayer's net income for the period after June 30, 1989,
5 as calculated under Section 202.3.

6 (8) In the case of a corporation, for taxable years
7 beginning after June 30, 1989, an amount equal to 4.8% of
8 the taxpayer's net income for the taxable year; provided
9 that:

10 (A) for taxable years ending on or after December
11 31, 2008, in the case of any corporation that is
12 subject to tax under the Illinois Gross Receipts Tax
13 Act, has greater than \$1,000,000 in Illinois gross
14 receipts for the taxable year, and has no item of
15 income includable in its base income that is not also
16 included in gross receipts under Section 202(a) of the
17 Illinois Gross Receipts Tax Act, the amount is zero;
18 and

19 (B) for taxable years ending after December 31,
20 2011, the amount is zero if, after the effective date
21 of this amendatory Act of the 95th General Assembly and
22 prior to January 1, 2011, the General Assembly has
23 enacted a new statewide tax or taxes, or enacted an
24 increase to one or more existing statewide taxes, for
25 the express purpose of producing revenues sufficient
26 to replace the revenues under this paragraph for those

1 taxable years.

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

15 (d) Additional Personal Property Tax Replacement Income
16 Tax Rates. The personal property tax replacement income tax
17 imposed by this subsection and subsection (c) of this Section
18 in the case of a corporation, other than a Subchapter S
19 corporation and except as adjusted by subsection (d-1), shall
20 be an additional amount equal to 2.85% of such taxpayer's net
21 income for the taxable year, except that beginning on January
22 1, 1981, and thereafter, the rate of 2.85% specified in this
23 subsection shall be reduced to 2.5%, and in the case of a
24 partnership, trust or a Subchapter S corporation shall be an
25 additional amount equal to 1.5% of such taxpayer's net income
26 for the taxable year.

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

25 (1) For the purposes of subsection (d-1), in no event
26 shall the sum of the rates of tax imposed by subsections

1 (b) and (d) be reduced below the rate at which the sum of:

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

5 (B) the privilege tax imposed by Section 409 of the
6 Illinois Insurance Code, the fire insurance company
7 tax imposed by Section 12 of the Fire Investigation
8 Act, and the fire department taxes imposed under
9 Section 11-10-1 of the Illinois Municipal Code,

10 equals 1.25% for taxable years ending prior to December 31,
11 2003, or 1.75% for taxable years ending on or after
12 December 31, 2003, of the net taxable premiums written for
13 the taxable year, as described by subsection (1) of Section
14 409 of the Illinois Insurance Code. This paragraph will in
15 no event increase the rates imposed under subsections (b)
16 and (d).

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

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

26 (e) Investment credit. A taxpayer shall be allowed a credit

1 against the Personal Property Tax Replacement Income Tax for
2 investment in qualified property.

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

1 taxpayer's liability in any tax year below zero, nor may
2 any credit for qualified property be allowed for any year
3 other than the year in which the property was placed in
4 service in Illinois. For tax years ending on or after
5 December 31, 1987, and on or before December 31, 1988, the
6 credit shall be allowed for the tax year in which the
7 property is placed in service, or, if the amount of the
8 credit exceeds the tax liability for that year, whether it
9 exceeds the original liability or the liability as later
10 amended, such excess may be carried forward and applied to
11 the tax liability of the 5 taxable years following the
12 excess credit years if the taxpayer (i) makes investments
13 which cause the creation of a minimum of 2,000 full-time
14 equivalent jobs in Illinois, (ii) is located in an
15 enterprise zone established pursuant to the Illinois
16 Enterprise Zone Act and (iii) is certified by the
17 Department of Commerce and Community Affairs (now
18 Department of Commerce and Economic Opportunity) as
19 complying with the requirements specified in clause (i) and
20 (ii) by July 1, 1986. The Department of Commerce and
21 Community Affairs (now Department of Commerce and Economic
22 Opportunity) shall notify the Department of Revenue of all
23 such certifications immediately. For tax years ending
24 after December 31, 1988, the credit shall be allowed for
25 the tax year in which the property is placed in service,
26 or, if the amount of the credit exceeds the tax liability

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

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

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

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

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

25 (D) is used in Illinois by a taxpayer who is
26 primarily engaged in manufacturing, or in mining coal

1 or fluorite, or in retailing, or was placed in service
2 on or after July 1, 2006 in a River Edge Redevelopment
3 Zone established pursuant to the River Edge
4 Redevelopment Zone Act; and

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

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

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

24 (5) If the basis of the property for federal income tax
25 depreciation purposes is increased after it has been placed
26 in service in Illinois by the taxpayer, the amount of such

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

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

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

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

26 (9) Each taxable year ending before December 31, 2000,

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

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

1 under Sections 702 and 704 and Subchapter S of the Internal
2 Revenue Code. This paragraph is exempt from the provisions
3 of Section 250.

4 (f) Investment credit; Enterprise Zone; River Edge
5 Redevelopment Zone.

6 (1) A taxpayer shall be allowed a credit against the
7 tax imposed by subsections (a) and (b) of this Section for
8 investment in qualified property which is placed in service
9 in an Enterprise Zone created pursuant to the Illinois
10 Enterprise Zone Act or, for property placed in service on
11 or after July 1, 2006, a River Edge Redevelopment Zone
12 established pursuant to the River Edge Redevelopment Zone
13 Act. For partners, shareholders of Subchapter S
14 corporations, and owners of limited liability companies,
15 if the liability company is treated as a partnership for
16 purposes of federal and State income taxation, there shall
17 be allowed a credit under this subsection (f) to be
18 determined in accordance with the determination of income
19 and distributive share of income under Sections 702 and 704
20 and Subchapter S of the Internal Revenue Code. The credit
21 shall be .5% of the basis for such property. The credit
22 shall be available only in the taxable year in which the
23 property is placed in service in the Enterprise Zone or
24 River Edge Redevelopment Zone and shall not be allowed to
25 the extent that it would reduce a taxpayer's liability for
26 the tax imposed by subsections (a) and (b) of this Section

1 to below zero. For tax years ending on or after December
2 31, 1985, the credit shall be allowed for the tax year in
3 which the property is placed in service, or, if the amount
4 of the credit exceeds the tax liability for that year,
5 whether it exceeds the original liability or the liability
6 as later amended, such excess may be carried forward and
7 applied to the tax liability of the 5 taxable years
8 following the excess credit year. The credit shall be
9 applied to the earliest year for which there is a
10 liability. If there is credit from more than one tax year
11 that is available to offset a liability, the credit
12 accruing first in time shall be applied first.

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

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

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

21 (C) is acquired by purchase as defined in Section
22 179(d) of the Internal Revenue Code;

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

25 (E) has not been previously used in Illinois in
26 such a manner and by such a person as would qualify for

1 the credit provided by this subsection (f) or
2 subsection (e).

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

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

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

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

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

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

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

24 (1) A taxpayer conducting a trade or business in an
25 enterprise zone or a High Impact Business designated by the
26 Department of Commerce and Economic Opportunity or for

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

8 (2) To qualify for the credit:

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

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

22 (C) the eligible employees must be employed 180
23 consecutive days in order to be deemed hired for
24 purposes of this subsection.

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

26 (A) Certified by the Department of Commerce and

1 Economic Opportunity as "eligible for services"
2 pursuant to regulations promulgated in accordance with
3 Title II of the Job Training Partnership Act, Training
4 Services for the Disadvantaged or Title III of the Job
5 Training Partnership Act, Employment and Training
6 Assistance for Dislocated Workers Program.

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

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

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

19 (4) For tax years ending on or after December 31, 1985
20 and prior to December 31, 1988, the credit shall be allowed
21 for the tax year in which the eligible employees are hired.
22 For tax years ending on or after December 31, 1988, the
23 credit shall be allowed for the tax year immediately
24 following the tax year in which the eligible employees are
25 hired. If the amount of the credit exceeds the tax
26 liability for that year, whether it exceeds the original

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

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

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

13 (h) Investment credit; High Impact Business.

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

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

1 Changes made in this subdivision (h) (1) by Public Act
2 88-670 restore changes made by Public Act 85-1182 and
3 reflect existing law.

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

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

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

12 (C) is acquired by purchase as defined in Section
13 179(d) of the Internal Revenue Code; and

14 (D) is not eligible for the Enterprise Zone
15 Investment Credit provided by subsection (f) of this
16 Section.

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

20 (4) If the basis of the property for federal income tax
21 depreciation purposes is increased after it has been placed
22 in service in a federally designated Foreign Trade Zone or
23 Sub-Zone located in Illinois by the taxpayer, the amount of
24 such increase shall be deemed property placed in service on
25 the date of such increase in basis.

26 (5) The term "placed in service" shall have the same

1 meaning as under Section 46 of the Internal Revenue Code.

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

20 (7) Beginning with tax years ending after December 31,
21 1996, if a taxpayer qualifies for the credit under this
22 subsection (h) and thereby is granted a tax abatement and
23 the taxpayer relocates its entire facility in violation of
24 the explicit terms and length of the contract under Section
25 18-183 of the Property Tax Code, the tax imposed under
26 subsections (a) and (b) of this Section shall be increased

1 for the taxable year in which the taxpayer relocated its
2 facility by an amount equal to the amount of credit
3 received by the taxpayer under this subsection (h).

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

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

1 first.

2 If, during any taxable year ending on or after December 31,
3 1986, the tax imposed by subsections (c) and (d) of this
4 Section for which a taxpayer has claimed a credit under this
5 subsection (i) is reduced, the amount of credit for such tax
6 shall also be reduced. Such reduction shall be determined by
7 recomputing the credit to take into account the reduced tax
8 imposed by subsections (c) and (d). If any portion of the
9 reduced amount of credit has been carried to a different
10 taxable year, an amended return shall be filed for such taxable
11 year to reduce the amount of credit claimed.

12 (j) Training expense credit. Beginning with tax years
13 ending on or after December 31, 1986 and prior to December 31,
14 2003, a taxpayer shall be allowed a credit against the tax
15 imposed by subsections (a) and (b) under this Section for all
16 amounts paid or accrued, on behalf of all persons employed by
17 the taxpayer in Illinois or Illinois residents employed outside
18 of Illinois by a taxpayer, for educational or vocational
19 training in semi-technical or technical fields or semi-skilled
20 or skilled fields, which were deducted from gross income in the
21 computation of taxable income. The credit against the tax
22 imposed by subsections (a) and (b) shall be 1.6% of such
23 training expenses. For partners, shareholders of subchapter S
24 corporations, and owners of limited liability companies, if the
25 liability company is treated as a partnership for purposes of
26 federal and State income taxation, there shall be allowed a

1 credit under this subsection (j) to be determined in accordance
2 with the determination of income and distributive share of
3 income under Sections 702 and 704 and subchapter S of the
4 Internal Revenue Code.

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

15 (k) Research and development credit.

16 For tax years ending after July 1, 1990 and prior to
17 December 31, 2003, and beginning again for tax years ending on
18 or after December 31, 2004, a taxpayer shall be allowed a
19 credit against the tax imposed by subsections (a) and (b) of
20 this Section for increasing research activities in this State.
21 The credit allowed against the tax imposed by subsections (a)
22 and (b) shall be equal to 6 1/2% of the qualifying expenditures
23 for increasing research activities in this State. For partners,
24 shareholders of subchapter S corporations, and owners of
25 limited liability companies, if the liability company is
26 treated as a partnership for purposes of federal and State

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

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

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

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

13 No inference shall be drawn from this amendatory Act of the
14 91st General Assembly in construing this Section for taxable
15 years beginning before January 1, 1999.

16 (1) Environmental Remediation Tax Credit.

17 (i) For tax years ending after December 31, 1997 and on
18 or before December 31, 2001, a taxpayer shall be allowed a
19 credit against the tax imposed by subsections (a) and (b)
20 of this Section for certain amounts paid for unreimbursed
21 eligible remediation costs, as specified in this
22 subsection. For purposes of this Section, "unreimbursed
23 eligible remediation costs" means costs approved by the
24 Illinois Environmental Protection Agency ("Agency") under
25 Section 58.14 of the Environmental Protection Act that were
26 paid in performing environmental remediation at a site for

1 which a No Further Remediation Letter was issued by the
2 Agency and recorded under Section 58.10 of the
3 Environmental Protection Act. The credit must be claimed
4 for the taxable year in which Agency approval of the
5 eligible remediation costs is granted. The credit is not
6 available to any taxpayer if the taxpayer or any related
7 party caused or contributed to, in any material respect, a
8 release of regulated substances on, in, or under the site
9 that was identified and addressed by the remedial action
10 pursuant to the Site Remediation Program of the
11 Environmental Protection Act. After the Pollution Control
12 Board rules are adopted pursuant to the Illinois
13 Administrative Procedure Act for the administration and
14 enforcement of Section 58.9 of the Environmental
15 Protection Act, determinations as to credit availability
16 for purposes of this Section shall be made consistent with
17 those rules. For purposes of this Section, "taxpayer"
18 includes a person whose tax attributes the taxpayer has
19 succeeded to under Section 381 of the Internal Revenue Code
20 and "related party" includes the persons disallowed a
21 deduction for losses by paragraphs (b), (c), and (f)(1) of
22 Section 267 of the Internal Revenue Code by virtue of being
23 a related taxpayer, as well as any of its partners. The
24 credit allowed against the tax imposed by subsections (a)
25 and (b) shall be equal to 25% of the unreimbursed eligible
26 remediation costs in excess of \$100,000 per site, except

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

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

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

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

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

26 For purposes of this subsection:

1 "Qualifying pupils" means individuals who (i) are
2 residents of the State of Illinois, (ii) are under the age of
3 21 at the close of the school year for which a credit is
4 sought, and (iii) during the school year for which a credit is
5 sought were full-time pupils enrolled in a kindergarten through
6 twelfth grade education program at any school, as defined in
7 this subsection.

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

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

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

22 (n) River Edge Redevelopment Zone site remediation tax
23 credit.

24 (i) For tax years ending on or after December 31, 2006,
25 a taxpayer shall be allowed a credit against the tax
26 imposed by subsections (a) and (b) of this Section for

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

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

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

1 the sale. In no event may a credit be transferred to any
2 taxpayer if the taxpayer or a related party would not be
3 eligible under the provisions of subsection (i).

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

7 (iv) This subsection is exempt from the provisions of
8 Section 250.

9 (Source: P.A. 93-29, eff. 6-20-03; 93-840, eff. 7-30-04;
10 93-871, eff. 8-6-04; 94-1021, eff. 7-12-06.)

11 (35 ILCS 5/218 new)

12 Sec. 218. Credit for gross receipts tax paid.

13 (a) If the credit allowed by Section 204 of the Illinois
14 Gross Receipts Tax Act reduces a corporation's liability under
15 that Act to zero, that corporation is allowed a credit against
16 the taxes imposed under subsections (a) and (b) of Section 201
17 of this Act.

18 (b) The credit allowed under this Section is the excess, if
19 any, of the credit under Section 204 of the Illinois Gross
20 Receipts Tax Act, determined without regard to subsection (b)
21 of that Section, over the taxpayer's liability under the
22 Illinois Gross Receipts Tax Act computed without excluding from
23 gross receipts any item described in subparagraphs (A), (A-1),
24 (M), (Q), (R), (S), (T), (U), or (V) of Section 202(a)(2) of
25 that Act.

1 (35 ILCS 5/501) (from Ch. 120, par. 5-501)

2 Sec. 501. Notice or Regulations Requiring Records,
3 Statements and Special Returns.

4 (a) In general. Every person liable for any tax imposed by
5 this Act shall keep such records, render such statements, make
6 such returns and notices, and comply with such rules and
7 regulations as the Department may from time to time prescribe.
8 Whenever in the judgment of the Director it is necessary, he
9 may require any person, by notice served upon such person or by
10 regulations, to make such returns and notices, render such
11 statements, or keep such records, as the Director deems
12 sufficient to show whether or not such person is liable for tax
13 under this Act.

14 (b) Reportable transactions. For each taxable year in which
15 a taxpayer is required to make a disclosure statement under
16 Treasury Regulations Section 1.6011-4 (26 CFR 1.6011-4)
17 (including any taxpayer that is a member of a consolidated
18 group required to make such disclosure) with respect to a
19 reportable transaction (including a listed transaction) in
20 which the taxpayer participated in a taxable year for which a
21 return is required under Section 502 of this Act, such taxpayer
22 shall file a copy of such disclosure with the Department.
23 Disclosure under this subsection is required to be made by any
24 taxpayer that is a member of a unitary business group that
25 includes any person required to make a disclosure statement

1 under Treasury Regulations Section 1.6011-4. Disclosure under
2 this subsection is required with respect to any transaction
3 entered into after February 28, 2000 that becomes a listed
4 transaction at any time, and shall be made in the manner
5 prescribed by the Department. With respect to transactions in
6 which the taxpayer participated for taxable years ending before
7 December 31, 2004, disclosure shall be made by the due date
8 (including extensions) of the first return required under
9 Section 502 of this Act due after the effective date of this
10 amendatory Act of the 93rd General Assembly. With respect to
11 transactions in which the taxpayer participated for taxable
12 years ending on and after December 31, 2004, disclosure shall
13 be made in the time and manner prescribed in Treasury
14 Regulations Section 1.6011-4(e). Notwithstanding the above, no
15 disclosure is required for transactions entered into after
16 February 28, 2000 and before January 1, 2005 (i) if the
17 taxpayer has filed an amended Illinois income tax return which
18 reverses the tax benefits of the potential tax avoidance
19 transaction, or (ii) as a result of a federal audit the
20 Internal Revenue Service has determined the tax treatment of
21 the transaction and an Illinois amended return has been filed
22 to reflect the federal treatment.

23 (c) The Department may require electronic filing of any
24 return due under this Act.

25 (Source: P.A. 93-840, eff. 7-30-04.)

1 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

2 Sec. 901. Collection Authority.

3 (a) In general.

4 The Department shall collect the taxes imposed by this Act.
5 The Department shall collect certified past due child support
6 amounts under Section 2505-650 of the Department of Revenue Law
7 (20 ILCS 2505/2505-650). Except as provided in subsections (c)
8 and (e) of this Section, money collected pursuant to
9 subsections (a) and (b) of Section 201 of this Act shall be
10 paid into the General Revenue Fund in the State treasury; money
11 collected pursuant to subsections (c) and (d) of Section 201 of
12 this Act shall be paid into the Personal Property Tax
13 Replacement Fund, a special fund in the State Treasury; and
14 money collected under Section 2505-650 of the Department of
15 Revenue Law (20 ILCS 2505/2505-650) shall be paid into the
16 Child Support Enforcement Trust Fund, a special fund outside
17 the State Treasury, or to the State Disbursement Unit
18 established under Section 10-26 of the Illinois Public Aid
19 Code, as directed by the Department of Healthcare and Family
20 Services.

21 (b) Local Governmental Distributive Fund.

22 Beginning August 1, 1969, and continuing through June 30,
23 1994, the Treasurer shall transfer each month from the General
24 Revenue Fund to a special fund in the State treasury, to be
25 known as the "Local Government Distributive Fund", an amount
26 equal to 1/12 of the net revenue realized from the tax imposed

1 by subsections (a) and (b) of Section 201 of this Act during
2 the preceding month. Beginning July 1, 1994, and continuing
3 through June 30, 1995, the Treasurer shall transfer each month
4 from the General Revenue Fund to the Local Government
5 Distributive Fund an amount equal to 1/11 of the net revenue
6 realized from the tax imposed by subsections (a) and (b) of
7 Section 201 of this Act during the preceding month. Beginning
8 July 1, 1995, the Treasurer shall transfer each month from the
9 General Revenue Fund to the Local Government Distributive Fund
10 an amount equal to the net of (i) 1/10 of the net revenue
11 realized from the tax imposed by subsections (a) and (b) of
12 Section 201 of the Illinois Income Tax Act during the preceding
13 month (ii) minus, beginning July 1, 2003 and ending June 30,
14 2004, \$6,666,666, and beginning July 1, 2004, zero. Net revenue
15 realized for a month shall be defined as the revenue from the
16 tax imposed by subsections (a) and (b) of Section 201 of this
17 Act which is deposited in the General Revenue Fund, the
18 Educational Assistance Fund and the Income Tax Surcharge Local
19 Government Distributive Fund during the month minus the amount
20 paid out of the General Revenue Fund in State warrants during
21 that same month as refunds to taxpayers for overpayment of
22 liability under the tax imposed by subsections (a) and (b) of
23 Section 201 of this Act; provided that, for purposes of this
24 subsection, for State fiscal years 2008 and following, if the
25 total net revenues realized for the fiscal year are less than
26 the total net revenues realized for State fiscal year 2007

1 under this subsection, the net revenues for the last month of
2 the fiscal year shall be increased by the excess of the net
3 revenues realized during State fiscal year 2007 over the net
4 revenues realized during that fiscal year.

5 (c) Deposits Into Income Tax Refund Fund.

6 (1) Beginning on January 1, 1989 and thereafter, the
7 Department shall deposit a percentage of the amounts
8 collected pursuant to subsections (a) and (b)(1), (2), and
9 (3), of Section 201 of this Act into a fund in the State
10 treasury known as the Income Tax Refund Fund. The
11 Department shall deposit 6% of such amounts during the
12 period beginning January 1, 1989 and ending on June 30,
13 1989. Beginning with State fiscal year 1990 and for each
14 fiscal year thereafter, the percentage deposited into the
15 Income Tax Refund Fund during a fiscal year shall be the
16 Annual Percentage. For fiscal years 1999 through 2001, the
17 Annual Percentage shall be 7.1%. For fiscal year 2003, the
18 Annual Percentage shall be 8%. For fiscal year 2004, the
19 Annual Percentage shall be 11.7%. Upon the effective date
20 of this amendatory Act of the 93rd General Assembly, the
21 Annual Percentage shall be 10% for fiscal year 2005. For
22 fiscal year 2006, the Annual Percentage shall be 9.75%. For
23 fiscal year 2007, the Annual Percentage shall be 9.75%. For
24 all other fiscal years, the Annual Percentage shall be
25 calculated as a fraction, the numerator of which shall be
26 the amount of refunds approved for payment by the

1 Department during the preceding fiscal year as a result of
2 overpayment of tax liability under subsections (a) and
3 (b) (1), (2), and (3) of Section 201 of this Act plus the
4 amount of such refunds remaining approved but unpaid at the
5 end of the preceding fiscal year, minus the amounts
6 transferred into the Income Tax Refund Fund from the
7 Tobacco Settlement Recovery Fund, and the denominator of
8 which shall be the amounts which will be collected pursuant
9 to subsections (a) and (b) (1), (2), and (3) of Section 201
10 of this Act during the preceding fiscal year; except that
11 in State fiscal year 2002, the Annual Percentage shall in
12 no event exceed 7.6%. The Director of Revenue shall certify
13 the Annual Percentage to the Comptroller on the last
14 business day of the fiscal year immediately preceding the
15 fiscal year for which it is to be effective.

16 (2) Beginning on January 1, 1989 and thereafter, the
17 Department shall deposit a percentage of the amounts
18 collected pursuant to subsections (a) and (b) (6), (7), and
19 (8), (c) and (d) of Section 201 of this Act into a fund in
20 the State treasury known as the Income Tax Refund Fund. The
21 Department shall deposit 18% of such amounts during the
22 period beginning January 1, 1989 and ending on June 30,
23 1989. Beginning with State fiscal year 1990 and for each
24 fiscal year thereafter, the percentage deposited into the
25 Income Tax Refund Fund during a fiscal year shall be the
26 Annual Percentage. For fiscal years 1999, 2000, and 2001,

1 the Annual Percentage shall be 19%. For fiscal year 2003,
2 the Annual Percentage shall be 27%. For fiscal year 2004,
3 the Annual Percentage shall be 32%. Upon the effective date
4 of this amendatory Act of the 93rd General Assembly, the
5 Annual Percentage shall be 24% for fiscal year 2005. For
6 fiscal year 2006, the Annual Percentage shall be 20%. For
7 fiscal year 2007, the Annual Percentage shall be 17.5%. For
8 all other fiscal years, the Annual Percentage shall be
9 calculated as a fraction, the numerator of which shall be
10 the amount of refunds approved for payment by the
11 Department during the preceding fiscal year as a result of
12 overpayment of tax liability under subsections (a) and
13 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
14 Act plus the amount of such refunds remaining approved but
15 unpaid at the end of the preceding fiscal year, and the
16 denominator of which shall be the amounts which will be
17 collected pursuant to subsections (a) and (b) (6), (7), and
18 (8), (c) and (d) of Section 201 of this Act during the
19 preceding fiscal year; except that in State fiscal year
20 2002, the Annual Percentage shall in no event exceed 23%.
21 The Director of Revenue shall certify the Annual Percentage
22 to the Comptroller on the last business day of the fiscal
23 year immediately preceding the fiscal year for which it is
24 to be effective.

25 (3) The Comptroller shall order transferred and the
26 Treasurer shall transfer from the Tobacco Settlement

1 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
2 in January, 2001, (ii) \$35,000,000 in January, 2002, and
3 (iii) \$35,000,000 in January, 2003.

4 (d) Expenditures from Income Tax Refund Fund.

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

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

21 (3) 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 Income Tax Refund Fund to the Personal Property Tax
25 Replacement Fund an amount, certified by the Director to
26 the Comptroller, equal to the excess of the amount

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

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

19 (4.5) As soon as possible after the end of fiscal year
20 1999 and of each fiscal year thereafter, the Director shall
21 order transferred and the State Treasurer and State
22 Comptroller shall transfer from the Income Tax Refund Fund
23 to the General Revenue Fund any surplus remaining in the
24 Income Tax Refund Fund as of the end of such fiscal year;
25 excluding for fiscal years 2000, 2001, and 2002 amounts
26 attributable to transfers under item (3) of subsection (c)

1 less refunds resulting from the earned income tax credit.

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

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

8 On July 1, 1991, and thereafter, of the amounts collected
9 pursuant to subsections (a) and (b) of Section 201 of this Act,
10 minus deposits into the Income Tax Refund Fund, the Department
11 shall deposit 7.3% into the Education Assistance Fund in the
12 State Treasury. Beginning July 1, 1991, and continuing through
13 January 31, 1993, of the amounts collected pursuant to
14 subsections (a) and (b) of Section 201 of the Illinois Income
15 Tax Act, minus deposits into the Income Tax Refund Fund, the
16 Department shall deposit 3.0% into the Income Tax Surcharge
17 Local Government Distributive Fund in the State Treasury.
18 Beginning February 1, 1993 and continuing through June 30,
19 1993, of the amounts collected pursuant to subsections (a) and
20 (b) of Section 201 of the Illinois Income Tax Act, minus
21 deposits into the Income Tax Refund Fund, the Department shall
22 deposit 4.4% into the Income Tax Surcharge Local Government
23 Distributive Fund in the State Treasury. Beginning July 1,
24 1993, and continuing through June 30, 1994, of the amounts
25 collected under subsections (a) and (b) of Section 201 of this
26 Act, minus deposits into the Income Tax Refund Fund, the

1 Department shall deposit 1.475% into the Income Tax Surcharge
2 Local Government Distributive Fund in the State Treasury.

3 (Source: P.A. 93-32, eff. 6-20-03; 93-839, eff. 7-30-04; 94-91,
4 eff. 7-1-05; 94-839, eff. 6-6-06.)

5 Section 90-10. The Uniform Penalty and Interest Act is
6 amended by changing Section 3-3 as follows:

7 (35 ILCS 735/3-3) (from Ch. 120, par. 2603-3)

8 Sec. 3-3. Penalty for failure to file or pay.

9 (a) This subsection (a) is applicable before January 1,
10 1996. A penalty of 5% of the tax required to be shown due on a
11 return shall be imposed for failure to file the tax return on
12 or before the due date prescribed for filing determined with
13 regard for any extension of time for filing (penalty for late
14 filing or nonfiling). If any unprocessable return is corrected
15 and filed within 21 days after notice by the Department, the
16 late filing or nonfiling penalty shall not apply. If a penalty
17 for late filing or nonfiling is imposed in addition to a
18 penalty for late payment, the total penalty due shall be the
19 sum of the late filing penalty and the applicable late payment
20 penalty. Beginning on the effective date of this amendatory Act
21 of 1995, in the case of any type of tax return required to be
22 filed more frequently than annually, when the failure to file
23 the tax return on or before the date prescribed for filing
24 (including any extensions) is shown to be nonfraudulent and has

1 not occurred in the 2 years immediately preceding the failure
2 to file on the prescribed due date, the penalty imposed by
3 Section 3-3(a) shall be abated.

4 (a-5) This subsection (a-5) is applicable to returns due on
5 and after January 1, 1996 and on or before December 31, 2000. A
6 penalty equal to 2% of the tax required to be shown due on a
7 return, up to a maximum amount of \$250, determined without
8 regard to any part of the tax that is paid on time or by any
9 credit that was properly allowable on the date the return was
10 required to be filed, shall be imposed for failure to file the
11 tax return on or before the due date prescribed for filing
12 determined with regard for any extension of time for filing.
13 However, if any return is not filed within 30 days after notice
14 of nonfiling mailed by the Department to the last known address
15 of the taxpayer contained in Department records, an additional
16 penalty amount shall be imposed equal to the greater of \$250 or
17 2% of the tax shown on the return. However, the additional
18 penalty amount may not exceed \$5,000 and is determined without
19 regard to any part of the tax that is paid on time or by any
20 credit that was properly allowable on the date the return was
21 required to be filed (penalty for late filing or nonfiling). If
22 any unprocessable return is corrected and filed within 30 days
23 after notice by the Department, the late filing or nonfiling
24 penalty shall not apply. If a penalty for late filing or
25 nonfiling is imposed in addition to a penalty for late payment,
26 the total penalty due shall be the sum of the late filing

1 penalty and the applicable late payment penalty. In the case of
2 any type of tax return required to be filed more frequently
3 than annually, when the failure to file the tax return on or
4 before the date prescribed for filing (including any
5 extensions) is shown to be nonfraudulent and has not occurred
6 in the 2 years immediately preceding the failure to file on the
7 prescribed due date, the penalty imposed by Section 3-3(a-5)
8 shall be abated.

9 (a-10) This subsection (a-10) is applicable to returns due
10 on and after January 1, 2001. A penalty equal to 2% of the tax
11 required to be shown due on a return, up to a maximum amount of
12 \$250, reduced by any tax that is paid on time or by any credit
13 that was properly allowable on the date the return was required
14 to be filed, shall be imposed for failure to file the tax
15 return on or before the due date prescribed for filing
16 determined with regard for any extension of time for filing.
17 However, if any return is not filed within 30 days after notice
18 of nonfiling mailed by the Department to the last known address
19 of the taxpayer contained in Department records, an additional
20 penalty amount shall be imposed equal to the greater of \$250 or
21 2% of the tax shown on the return. However, the additional
22 penalty amount may not exceed \$5,000 and is determined without
23 regard to any part of the tax that is paid on time or by any
24 credit that was properly allowable on the date the return was
25 required to be filed (penalty for late filing or nonfiling). If
26 any unprocessable return is corrected and filed within 30 days

1 after notice by the Department, the late filing or nonfiling
2 penalty shall not apply. If a penalty for late filing or
3 nonfiling is imposed in addition to a penalty for late payment,
4 the total penalty due shall be the sum of the late filing
5 penalty and the applicable late payment penalty. In the case of
6 any type of tax return required to be filed more frequently
7 than annually, when the failure to file the tax return on or
8 before the date prescribed for filing (including any
9 extensions) is shown to be nonfraudulent and has not occurred
10 in the 2 years immediately preceding the failure to file on the
11 prescribed due date, the penalty imposed by Section 3-3(a-10)
12 shall be abated.

13 (b) This subsection is applicable before January 1, 1998. A
14 penalty of 15% of the tax shown on the return or the tax
15 required to be shown due on the return shall be imposed for
16 failure to pay:

17 (1) the tax shown due on the return on or before the
18 due date prescribed for payment of that tax, an amount of
19 underpayment of estimated tax, or an amount that is
20 reported in an amended return other than an amended return
21 timely filed as required by subsection (b) of Section 506
22 of the Illinois Income Tax Act (penalty for late payment or
23 nonpayment of admitted liability); or

24 (2) the full amount of any tax required to be shown due
25 on a return and which is not shown (penalty for late
26 payment or nonpayment of additional liability), within 30

1 days after a notice of arithmetic error, notice and demand,
2 or a final assessment is issued by the Department. In the
3 case of a final assessment arising following a protest and
4 hearing, the 30-day period shall not begin until all
5 proceedings in court for review of the final assessment
6 have terminated or the period for obtaining a review has
7 expired without proceedings for a review having been
8 instituted. In the case of a notice of tax liability that
9 becomes a final assessment without a protest and hearing,
10 the penalty provided in this paragraph (2) shall be imposed
11 at the expiration of the period provided for the filing of
12 a protest.

13 (b-5) This subsection is applicable to returns due on and
14 after January 1, 1998 and on or before December 31, 2000. A
15 penalty of 20% of the tax shown on the return or the tax
16 required to be shown due on the return shall be imposed for
17 failure to pay:

18 (1) the tax shown due on the return on or before the
19 due date prescribed for payment of that tax, an amount of
20 underpayment of estimated tax, or an amount that is
21 reported in an amended return other than an amended return
22 timely filed as required by subsection (b) of Section 506
23 of the Illinois Income Tax Act (penalty for late payment or
24 nonpayment of admitted liability); or

25 (2) the full amount of any tax required to be shown due
26 on a return and which is not shown (penalty for late

1 payment or nonpayment of additional liability), within 30
2 days after a notice of arithmetic error, notice and demand,
3 or a final assessment is issued by the Department. In the
4 case of a final assessment arising following a protest and
5 hearing, the 30-day period shall not begin until all
6 proceedings in court for review of the final assessment
7 have terminated or the period for obtaining a review has
8 expired without proceedings for a review having been
9 instituted. In the case of a notice of tax liability that
10 becomes a final assessment without a protest and hearing,
11 the penalty provided in this paragraph (2) shall be imposed
12 at the expiration of the period provided for the filing of
13 a protest.

14 (b-10) This subsection (b-10) is applicable to returns due
15 on and after January 1, 2001 and on or before December 31,
16 2003. A penalty shall be imposed for failure to pay:

17 (1) the tax shown due on a return on or before the due
18 date prescribed for payment of that tax, an amount of
19 underpayment of estimated tax, or an amount that is
20 reported in an amended return other than an amended return
21 timely filed as required by subsection (b) of Section 506
22 of the Illinois Income Tax Act (penalty for late payment or
23 nonpayment of admitted liability). The amount of penalty
24 imposed under this subsection (b-10) (1) shall be 2% of any
25 amount that is paid no later than 30 days after the due
26 date, 5% of any amount that is paid later than 30 days

1 after the due date and not later than 90 days after the due
2 date, 10% of any amount that is paid later than 90 days
3 after the due date and not later than 180 days after the
4 due date, and 15% of any amount that is paid later than 180
5 days after the due date. If notice and demand is made for
6 the payment of any amount of tax due and if the amount due
7 is paid within 30 days after the date of the notice and
8 demand, then the penalty for late payment or nonpayment of
9 admitted liability under this subsection (b-10)(1) on the
10 amount so paid shall not accrue for the period after the
11 date of the notice and demand.

12 (2) the full amount of any tax required to be shown due
13 on a return and that is not shown (penalty for late payment
14 or nonpayment of additional liability), within 30 days
15 after a notice of arithmetic error, notice and demand, or a
16 final assessment is issued by the Department. In the case
17 of a final assessment arising following a protest and
18 hearing, the 30-day period shall not begin until all
19 proceedings in court for review of the final assessment
20 have terminated or the period for obtaining a review has
21 expired without proceedings for a review having been
22 instituted. The amount of penalty imposed under this
23 subsection (b-10)(2) shall be 20% of any amount that is not
24 paid within the 30-day period. In the case of a notice of
25 tax liability that becomes a final assessment without a
26 protest and hearing, the penalty provided in this

1 subsection (b-10) (2) shall be imposed at the expiration of
2 the period provided for the filing of a protest.

3 (b-15) This subsection (b-15) is applicable to returns due
4 on and after January 1, 2004 and on or before December 31,
5 2004. A penalty shall be imposed for failure to pay the tax
6 shown due or required to be shown due on a return on or before
7 the due date prescribed for payment of that tax, an amount of
8 underpayment of estimated tax, or an amount that is reported in
9 an amended return other than an amended return timely filed as
10 required by subsection (b) of Section 506 of the Illinois
11 Income Tax Act (penalty for late payment or nonpayment of
12 admitted liability). The amount of penalty imposed under this
13 subsection (b-15) (1) shall be 2% of any amount that is paid no
14 later than 30 days after the due date, 10% of any amount that
15 is paid later than 30 days after the due date and not later
16 than 90 days after the due date, 15% of any amount that is paid
17 later than 90 days after the due date and not later than 180
18 days after the due date, and 20% of any amount that is paid
19 later than 180 days after the due date. If notice and demand is
20 made for the payment of any amount of tax due and if the amount
21 due is paid within 30 days after the date of this notice and
22 demand, then the penalty for late payment or nonpayment of
23 admitted liability under this subsection (b-15) (1) on the
24 amount so paid shall not accrue for the period after the date
25 of the notice and demand.

26 (b-20) This subsection (b-20) is applicable to returns due

1 on and after January 1, 2005.

2 (1) A penalty shall be imposed for failure to pay,
3 prior to the due date for payment, any amount of tax the
4 payment of which is required to be made prior to the filing
5 of a return or without a return (penalty for late payment
6 or nonpayment of estimated or accelerated tax). The amount
7 of penalty imposed under this paragraph (1) shall be 2% of
8 any amount that is paid no later than 30 days after the due
9 date and 10% of any amount that is paid later than 30 days
10 after the due date.

11 (2) A penalty shall be imposed for failure to pay the
12 tax shown due or required to be shown due on a return on or
13 before the due date prescribed for payment of that tax or
14 an amount that is reported in an amended return other than
15 an amended return timely filed as required by subsection
16 (b) of Section 506 of the Illinois Income Tax Act (penalty
17 for late payment or nonpayment of tax). The amount of
18 penalty imposed under this paragraph (2) shall be 2% of any
19 amount that is paid no later than 30 days after the due
20 date, 10% of any amount that is paid later than 30 days
21 after the due date and prior to the date the Department has
22 initiated an audit or investigation of the taxpayer, and
23 20% of any amount that is paid after the date the
24 Department has initiated an audit or investigation of the
25 taxpayer; provided that the penalty shall be reduced to 15%
26 if the entire amount due is paid not later than 30 days

1 after the Department has provided the taxpayer with an
2 amended return (following completion of an occupation,
3 use, or excise tax audit) or a form for waiver of
4 restrictions on assessment (following completion of an
5 income tax or gross receipts tax audit); provided further
6 that the reduction to 15% shall be rescinded if the
7 taxpayer makes any claim for refund or credit of the tax,
8 penalties, or interest determined to be due upon audit,
9 except in the case of a claim filed pursuant to subsection
10 (b) of Section 506 of the Illinois Income Tax Act or to
11 claim a carryover of a loss or credit, the availability of
12 which was not determined in the audit. For purposes of this
13 paragraph (2), any overpayment reported on an original
14 return that has been allowed as a refund or credit to the
15 taxpayer shall be deemed to have not been paid on or before
16 the due date for payment and any amount paid under protest
17 pursuant to the provisions of the State Officers and
18 Employees Money Disposition Act shall be deemed to have
19 been paid after the Department has initiated an audit and
20 more than 30 days after the Department has provided the
21 taxpayer with an amended return (following completion of an
22 occupation, use, or excise tax audit) or a form for waiver
23 of restrictions on assessment (following completion of an
24 income tax or gross receipts tax audit).

25 (3) The penalty imposed under this subsection (b-20)
26 shall be deemed assessed at the time the tax upon which the

1 penalty is computed is assessed, except that, if the
2 reduction of the penalty imposed under paragraph (2) of
3 this subsection (b-20) to 15% is rescinded because a claim
4 for refund or credit has been filed, the increase in
5 penalty shall be deemed assessed at the time the claim for
6 refund or credit is filed.

7 (c) For purposes of the late payment penalties, the basis
8 of the penalty shall be the tax shown or required to be shown
9 on a return, whichever is applicable, reduced by any part of
10 the tax which is paid on time and by any credit which was
11 properly allowable on the date the return was required to be
12 filed.

13 (d) A penalty shall be applied to the tax required to be
14 shown even if that amount is less than the tax shown on the
15 return.

16 (e) This subsection (e) is applicable to returns due before
17 January 1, 2001. If both a subsection (b)(1) or (b-5)(1)
18 penalty and a subsection (b)(2) or (b-5)(2) penalty are
19 assessed against the same return, the subsection (b)(2) or
20 (b-5)(2) penalty shall be assessed against only the additional
21 tax found to be due.

22 (e-5) This subsection (e-5) is applicable to returns due on
23 and after January 1, 2001. If both a subsection (b-10)(1)
24 penalty and a subsection (b-10)(2) penalty are assessed against
25 the same return, the subsection (b-10)(2) penalty shall be
26 assessed against only the additional tax found to be due.

1 (f) If the taxpayer has failed to file the return, the
2 Department shall determine the correct tax according to its
3 best judgment and information, which amount shall be prima
4 facie evidence of the correctness of the tax due.

5 (g) The time within which to file a return or pay an amount
6 of tax due without imposition of a penalty does not extend the
7 time within which to file a protest to a notice of tax
8 liability or a notice of deficiency.

9 (h) No return shall be determined to be unprocessable
10 because of the omission of any information requested on the
11 return pursuant to Section 2505-575 of the Department of
12 Revenue Law (20 ILCS 2505/2505-575).

13 (i) If a taxpayer has a tax liability that is eligible for
14 amnesty under the Tax Delinquency Amnesty Act and the taxpayer
15 fails to satisfy the tax liability during the amnesty period
16 provided for in that Act, then the penalty imposed by the
17 Department under this Section shall be imposed in an amount
18 that is 200% of the amount that would otherwise be imposed
19 under this Section.

20 (Source: P.A. 92-742, eff. 7-25-02; 93-26, eff. 6-20-03; 93-32,
21 eff. 6-20-03; 93-1068, eff. 1-15-05.)

22 ARTICLE 93.

23 Section 93-5. The School Code is amended by changing
24 Sections 1A-4, 10-20.20, 14-13.01, 17-1.5, 18-8.05, 18-17,

1 21-27, and 27A-4 and adding Sections 2-3.25p, 2-3.53b, 2-3.142,
2 2-3.143, 2-3.144, 2-3.145, and 22-45 as follows:

3 (105 ILCS 5/1A-4) (from Ch. 122, par. 1A-4)

4 Sec. 1A-4. Powers and duties of the Board.

5 A. (Blank).

6 B. The Board shall determine the qualifications of and
7 appoint a chief education officer, to be known as the State
8 Superintendent of Education, who may be proposed by the
9 Governor and who shall serve at the pleasure of the Board and
10 pursuant to a performance-based contract linked to statewide
11 student performance and academic improvement within Illinois
12 schools. Upon expiration or buyout of the contract of the State
13 Superintendent of Education in office on the effective date of
14 this amendatory Act of the 93rd General Assembly, a State
15 Superintendent of Education shall be appointed by a State Board
16 of Education that includes the 7 new Board members who were
17 appointed to fill seats of members whose terms were terminated
18 on the effective date of this amendatory Act of the 93rd
19 General Assembly. Thereafter, a State Superintendent of
20 Education must, at a minimum, be appointed at the beginning of
21 each term of a Governor after that Governor has made
22 appointments to the Board. A performance-based contract issued
23 for the employment of a State Superintendent of Education
24 entered into on or after the effective date of this amendatory
25 Act of the 93rd General Assembly must expire no later than

1 February 1, 2007, and subsequent contracts must expire no later
2 than February 1 each 4 years thereafter. No contract shall be
3 extended or renewed beyond February 1, 2007 and February 1 each
4 4 years thereafter, but a State Superintendent of Education
5 shall serve until his or her successor is appointed. Each
6 contract entered into on or before January 8, 2007 with a State
7 Superintendent of Education must provide that the State Board
8 of Education may terminate the contract for cause, and the
9 State Board of Education shall not thereafter be liable for
10 further payments under the contract. With regard to this
11 amendatory Act of the 93rd General Assembly, it is the intent
12 of the General Assembly that, beginning with the Governor who
13 takes office on the second Monday of January, 2007, a State
14 Superintendent of Education be appointed at the beginning of
15 each term of a Governor after that Governor has made
16 appointments to the Board. The State Superintendent of
17 Education shall not serve as a member of the State Board of
18 Education. The Board shall set the compensation of the State
19 Superintendent of Education who shall serve as the Board's
20 chief executive officer. The Board shall also establish the
21 duties, powers and responsibilities of the State
22 Superintendent, which shall be included in the State
23 Superintendent's performance-based contract along with the
24 goals and indicators of student performance and academic
25 improvement used to measure the performance and effectiveness
26 of the State Superintendent. The State Board of Education may

1 delegate to the State Superintendent of Education the authority
2 to act on the Board's behalf, provided such delegation is made
3 pursuant to adopted board policy or the powers delegated are
4 ministerial in nature. The State Board may not delegate
5 authority under this Section to the State Superintendent to (1)
6 nonrecognize school districts, (2) withhold State payments as a
7 penalty, or (3) make final decisions under the contested case
8 provisions of the Illinois Administrative Procedure Act unless
9 otherwise provided by law.

10 C. The powers and duties of the State Board of Education
11 shall encompass all duties delegated to the Office of
12 Superintendent of Public Instruction on January 12, 1975,
13 except as the law providing for such powers and duties is
14 thereafter amended, and such other powers and duties as the
15 General Assembly shall designate. The Board shall be
16 responsible for the educational policies and guidelines for
17 public schools, pre-school through grade 12 and Vocational
18 Education in the State of Illinois. The Board shall analyze the
19 present and future aims, needs, and requirements of education
20 in the State of Illinois and recommend to the General Assembly
21 the powers which should be exercised by the Board. The Board
22 shall recommend the passage and the legislation necessary to
23 determine the appropriate relationship between the Board and
24 local boards of education and the various State agencies and
25 shall recommend desirable modifications in the laws which
26 affect schools.

1 D. Two members of the Board shall be appointed by the
2 chairperson to serve on a standing joint Education Committee, 2
3 others shall be appointed from the Board of Higher Education, 2
4 others shall be appointed by the chairperson of the Illinois
5 Community College Board, and 2 others shall be appointed by the
6 chairperson of the Human Resource Investment Council. The
7 Committee shall be responsible for making recommendations
8 concerning the submission of any workforce development plan or
9 workforce training program required by federal law or under any
10 block grant authority. The Committee will be responsible for
11 developing policy on matters of mutual concern to elementary,
12 secondary and higher education such as Occupational and Career
13 Education, Teacher Preparation and Certification, Educational
14 Finance, Articulation between Elementary, Secondary and Higher
15 Education and Research and Planning. The joint Education
16 Committee shall meet at least quarterly and submit an annual
17 report of its findings, conclusions, and recommendations to the
18 State Board of Education, the Board of Higher Education, the
19 Illinois Community College Board, the Human Resource
20 Investment Council, the Governor, and the General Assembly. All
21 meetings of this Committee shall be official meetings for
22 reimbursement under this Act. On the effective date of this
23 amendatory Act of the 95th General Assembly, the Joint
24 Education Committee is abolished.

25 E. Five members of the Board shall constitute a quorum. A
26 majority vote of the members appointed, confirmed and serving

1 on the Board is required to approve any action, except that the
2 7 new Board members who were appointed to fill seats of members
3 whose terms were terminated on the effective date of this
4 amendatory act of the 93rd General Assembly may vote to approve
5 actions when appointed and serving.

6 The Board shall prepare and submit to the General Assembly
7 and the Governor on or before January 14, 1976 and annually
8 thereafter a report or reports of its findings and
9 recommendations. Such annual report shall contain a separate
10 section which provides a critique and analysis of the status of
11 education in Illinois and which identifies its specific
12 problems and recommends express solutions therefor. Such
13 annual report also shall contain the following information for
14 the preceding year ending on June 30: each act or omission of a
15 school district of which the State Board of Education has
16 knowledge as a consequence of scheduled, approved visits and
17 which constituted a failure by the district to comply with
18 applicable State or federal laws or regulations relating to
19 public education, the name of such district, the date or dates
20 on which the State Board of Education notified the school
21 district of such act or omission, and what action, if any, the
22 school district took with respect thereto after being notified
23 thereof by the State Board of Education. The report shall also
24 include the statewide high school dropout rate by grade level,
25 sex and race and the annual student dropout rate of and the
26 number of students who graduate from, transfer from or

1 otherwise leave bilingual programs. The Auditor General shall
2 annually perform a compliance audit of the State Board of
3 Education's performance of the reporting duty imposed by this
4 amendatory Act of 1986. A regular system of communication with
5 other directly related State agencies shall be implemented.

6 The requirement for reporting to the General Assembly shall
7 be satisfied by filing copies of the report with the Speaker,
8 the Minority Leader and the Clerk of the House of
9 Representatives and the President, the Minority Leader and the
10 Secretary of the Senate and the Legislative Council, as
11 required by Section 3.1 of the General Assembly Organization
12 Act, and filing such additional copies with the State
13 Government Report Distribution Center for the General Assembly
14 as is required under paragraph (t) of Section 7 of the State
15 Library Act.

16 F. Upon appointment of the 7 new Board members who were
17 appointed to fill seats of members whose terms were terminated
18 on the effective date of this amendatory Act of the 93rd
19 General Assembly, the Board shall review all of its current
20 rules in an effort to streamline procedures, improve
21 efficiency, and eliminate unnecessary forms and paperwork.

22 (Source: P.A. 93-1036, eff. 9-14-04.)

23 (105 ILCS 5/2-3.25p new)

24 Sec. 2-3.25p. Targeted intervention strategies.

25 (a) The State Board of Education is authorized to make

1 rules necessary to define and implement strategies to support
2 school districts. Moneys appropriated under this Section must
3 be used to undertake targeted interventions in eligible schools
4 to improve student achievement.

5 (b) School districts with schools that remain on academic
6 watch status after a third annual calculation are eligible to
7 participate in targeted intervention strategies. The State
8 Board of Education shall select participating schools through a
9 prioritization process that considers the following, in
10 addition to other factors defined by Board rule:

11 (1) the number of years the school has remained in
12 academic watch status; and

13 (2) the overall percentage of students in the school
14 with State assessment scores demonstrating proficiency.

15 (c) The State Board of Education shall provide school
16 districts with schools eligible to participate the opportunity
17 to accept or decline participation in targeted intervention
18 strategies designed in cooperation with the school district,
19 the State Board of Education, and a designated State
20 Intervention Team.

21 (d) If a school district with schools eligible to
22 participate in an intervention strategy declines
23 participation, then that school district must demonstrate
24 academic improvement within the eligible schools over a 2-year
25 period as measured by the State Board of Education. If a school
26 district cannot demonstrate such improvement, the State Board

1 of Education is authorized to take actions as set forth in
2 subsection (b) of Section 2-3.25f of this Code.

3 (e) State Intervention Teams established under this
4 Section shall work with school districts to identify other
5 State, federal, and local funds that may be used to carry out
6 targeted intervention strategies as identified in the targeted
7 intervention plan developed under this Section.

8 (f) Subject to appropriation, the State Board of Education
9 shall make funds available to school districts implementing
10 targeted intervention strategies as identified in the targeted
11 intervention plan developed under this Section.

12 (g) A school district participating in targeted
13 intervention strategies shall be assigned a State Intervention
14 Team, assembled by the State Board of Education, that includes
15 an academic improvement specialist appointed by the State Board
16 of Education and representatives from various State agencies,
17 including, as appropriate, the Department of Human Services,
18 the Department of Healthcare and Family Services, the
19 Department of State Police, and the Department of Children and
20 Family Services, among others.

21 (h) A State Intervention Team shall cooperate with
22 representatives of the participating school district, which
23 may include the school board, district superintendent, school
24 administration, school professional staff, school parents, and
25 the school community.

26 (i) In cooperation with the other members of the State

1 Intervention Team and those entities listed in subsection (h)
2 of this Section, the academic improvement specialist shall
3 develop a targeted intervention plan in accordance with rules
4 adopted by the State Board of Education.

5 (j) The targeted intervention plan must be completed within
6 60 days after the designation of the academic improvement
7 specialist and formation of the rest of the State Intervention
8 Team and must be filed with the State Board of Education.

9 (1) The academic improvement specialist is responsible
10 for creating the plan, in consultation with the other
11 members of the State Intervention Team.

12 (2) The academic improvement specialist shall attempt
13 to reach consensus on the plan with representatives from
14 the school district.

15 (k) The targeted intervention plan developed under this
16 Section may include the following, among other appropriate
17 strategies for school improvement:

18 (1) A plan for school participation in an extended
19 school year or summer school services or both for
20 low-achieving students.

21 (2) A plan to implement after-school tutoring and
22 alternative enrichment activities for low-achieving
23 students.

24 (3) A plan to increase the integration of technology in
25 classroom instruction and the use of technology to
26 encourage parental and community involvement.

1 (4) Improvements to services made available to
2 students, parents, and guardians through the school
3 library.

4 (5) Professional development opportunities available
5 to school and district administrators and teachers.

6 (6) Improvements to school curriculum and school
7 materials, including textbooks, software, and other
8 technology.

9 (1) The targeted intervention plan developed under this
10 Section shall cover a minimum of 2 school years and must
11 identify strategies for academic improvement that can be
12 sustained by the school district in subsequent years.

13 (m) The academic improvement specialist, in cooperation
14 with the State Board of Education, shall assess the
15 participating schools' progress throughout the course of the
16 intervention period, including the participating schools'
17 capacity to sustain academic improvement without participation
18 in the program.

19 (105 ILCS 5/2-3.53b new)

20 Sec. 2-3.53b. New superintendent mentoring program.

21 (a) Beginning on July 1, 2008 and subject to an annual
22 appropriation by the General Assembly, to establish a new
23 superintendent mentoring program for new superintendents. Any
24 individual who begins serving as a superintendent in this State
25 on or after July 1, 2008 and has not previously served as a

1 school district superintendent in this State shall participate
2 in the new superintendent mentoring program for the duration of
3 his or her first 2 school years as a superintendent and must
4 complete the program in accordance with the requirements
5 established by the State Board of Education by rule. The new
6 superintendent mentoring program shall match an experienced
7 superintendent who meets the requirements of subsection (b) of
8 this Section with each new superintendent in his or her first 2
9 school years in that position in order to assist the new
10 superintendent in the development of his or her professional
11 growth and to provide guidance during the new superintendent's
12 first 2 school years of service.

13 (b) Any individual who has actively served as a school
14 district superintendent in this State for 3 or more years and
15 who has demonstrated success as an instructional leader, as
16 determined by the State Board of Education by rule, is eligible
17 to apply to be a mentor under the new superintendent mentoring
18 program. Mentors shall complete mentoring training through a
19 provider selected by the State Board of Education and shall
20 meet any other requirements set forth by the State Board and by
21 the school district employing the mentor.

22 (c) Under the new superintendent mentoring program, a
23 provider selected by the State Board of Education shall assign
24 a mentor to a new superintendent based on (i) similarity of
25 grade level or type of school district, (ii) learning needs of
26 the new superintendent, and (iii) geographical proximity of the

1 mentor to the new superintendent. The new superintendent, in
2 collaboration with the mentor, shall identify areas for
3 improvement of the new superintendent's professional growth,
4 including, but not limited to, each of the following:

5 (1) Analyzing data and applying it to practice.

6 (2) Aligning professional development and
7 instructional programs.

8 (3) Building a professional learning community.

9 (4) Effective school board relations.

10 (5) Facilitating effective meetings.

11 (6) Developing distributive leadership practices.

12 (7) Facilitating organizational change.

13 The mentor must not be required to provide an evaluation of
14 the new superintendent on the basis of the mentoring
15 relationship.

16 (d) From January 1, 2009 until May 15, 2009 and from
17 January 1 until May 15 each year thereafter, each mentor and
18 each new superintendent shall complete a survey of progress of
19 the new superintendent on a form developed by the school
20 district. On or before September 1, 2009 and on or before
21 September 1 of each year thereafter, the provider selected by
22 the State Board of Education shall submit a detailed annual
23 report to the State Board of how the appropriation for the new
24 superintendent mentoring program was spent, details on each
25 mentor-mentee relationship, and a qualitative evaluation of
26 the outcomes. The provider shall develop a verification form

1 that each new superintendent and his or her mentor must
2 complete and submit to the provider to certify completion of
3 each year of the new superintendent mentoring program by July
4 15 immediately following the school year just completed.

5 (e) The requirements of this Section do not apply to any
6 individual who has previously served as an assistant
7 superintendent in a school district in this State acting under
8 an administrative certificate for 5 or more years and who, on
9 or after July 1, 2008, begins serving as a superintendent in
10 the school district where he or she had served as an assistant
11 superintendent immediately prior to being named
12 superintendent, although such an individual may choose to
13 participate in the new superintendent mentoring program or may
14 be required to participate by the school district. The
15 requirements of this Section do not apply to any superintendent
16 or chief executive officer of a school district organized under
17 Article 34 of this Code.

18 (f) The State Board may adopt any rules that are necessary
19 for the implementation of this Section.

20 (105 ILCS 5/2-3.142 new)

21 Sec. 2-3.142. Teacher and school leadership preparation.
22 The State Board of Education shall comply with Section 9.33 of
23 the Board of Higher Education Act. The State Board may adopt
24 any rules that are necessary to carry out its responsibilities
25 under Section 9.33 of the Board of Higher Education Act.

1 (105 ILCS 5/2-3.143 new)

2 Sec. 2-3.143. Rural Learning Initiative.

3 (a) Subject to appropriation, the State Board of Education
4 shall by rule establish a Rural Learning Initiative to upgrade
5 computer lab facilities and associated components, upgrade
6 classroom materials, and fund professional development.

7 (b) The State Board of Education shall select the
8 participating school districts and schools based on each
9 district's or school's need. In selecting participants, the
10 State Board shall consider all of the following criteria:

11 (1) The district's size, student population, and
12 location.

13 (2) Documented teacher shortages in critical areas for
14 which teaching and learning could be provided by access to
15 the Illinois Virtual High School.

16 (3) Limited access to advanced placement courses.

17 (4) Low rates of satisfactory performance on
18 assessment instruments under Section 2-3.64 of this Code.

19 (5) The methods the district or school will use to
20 measure the outcomes of the grant in the district or
21 school.

22 (6) Whether the district or school has limited system
23 capabilities, resource needs, and professional development
24 support.

1 (105 ILCS 5/2-3.144 new)

2 Sec. 2-3.144. Small school support grant pilot program.

3 (a) Subject to appropriation, by the beginning of the
4 2007-2008 school year or as soon as possible thereafter, the
5 State Board of Education shall by rule establish a small school
6 support grant pilot program to provide grants to school
7 districts with at least one school that meets the criteria
8 outlined in this Section and enable those districts to create
9 small school projects serving no more than 500 students. The
10 small school support grant pilot program is subject to
11 appropriation.

12 (b) School districts selected to receive funds under this
13 Section shall create a small school community within a school
14 that is separate from the school's larger student body.

15 (c) Grants under this Section shall be awarded pursuant to
16 application to the State Board of Education. The form and
17 manner of applications and the criteria for the award of grants
18 shall be prescribed by the State Board of Education. Any school
19 district with at least one school with an enrollment that
20 exceeds 2,000 students or an enrollment at any grade level of
21 500 or more students may apply for grant funds.

22 (d) In year one, a maximum of 25 eligible school districts
23 may receive grants under this Section to fund activities
24 related to planning their small school projects, and no one
25 grant may exceed \$250,000.

26 If a district receiving year-one planning funds is approved

1 to proceed and implement a small school project, then the
2 district may qualify for 4-year, \$1,000 per pupil
3 implementation funds to fund the costs of implementing the
4 small school project, including additional staff,
5 administrative, and other operational expenses associated with
6 offering a small school project. Prior to approving
7 implementation funds, the State Board of Education may require
8 districts to submit planning phase progress reports, which may
9 include, among other information, the school enrollment
10 policy, the school administration's objectives, assessment
11 tools used to track student progress, and both a community and
12 parental participation plan. School districts participating in
13 the program must provide quarterly progress reports to the
14 State Board of Education based on Board rule. The State Board
15 of Education is authorized to evaluate schools participating in
16 the program to determine the effectiveness of the program on
17 educational outcomes.

18 (105 ILCS 5/2-3.145 new)

19 Sec. 2-3.145. Expansion of full-day kindergarten. Subject
20 to appropriation, there is created a program of assistance to
21 school districts in order to expand half-day kindergarten to
22 full-day kindergarten. The State Board of Education shall
23 administer this program, whereby school districts are selected
24 to receive grants, after submission to the State Board of a
25 completed application by a deadline established by the State

1 Superintendent of Education, in descending order according to a
2 district's low-income concentration level, as that term is
3 defined in subsection (H) of paragraph (1.10) of Section
4 18-8.05 of this Code, as long as funds appropriated for a given
5 fiscal year remain available. The program shall provide for
6 grants of only one fiscal year, and a district may receive such
7 a grant only once. The amount of grant funds a recipient
8 district is awarded shall equal 50% of the State share of the
9 foundation level of support under Section 18-8.05 of this Code
10 for the current school year multiplied by the number of
11 half-day kindergarten students in the district at the time the
12 district submits its application. The grant funds must be used
13 for operational, not capital development, purposes. A grant
14 recipient must focus on integrating full-day kindergarten into
15 the district's core offerings. The State Board shall adopt such
16 rules as may be necessary for the implementation of this
17 Section, including the application procedures and requirements
18 for receipt of the grant funds and the proper use of grant
19 funds.

20 (105 ILCS 5/10-20.20) (from Ch. 122, par. 10-20.20)

21 Sec. 10-20.20. Protection from suit.→ To indemnify and
22 protect school districts, members of school boards, employees,
23 volunteer personnel authorized in Sections 10-22.34, 10-22.34a
24 and 10-22.34b of this Code, mentors of certified staff as
25 authorized in Article 21A and Sections 2-3.53a, 2-3.53b, and

1 34-18.33 of this Code, and student teachers against civil
2 rights damage claims and suits, constitutional rights damage
3 claims and suits and death and bodily injury and property
4 damage claims and suits, including defense thereof, when
5 damages are sought for negligent or wrongful acts alleged to
6 have been committed in the scope of employment or under the
7 direction of the board or related to any mentoring services
8 provided to certified staff of the school district. Such
9 indemnification and protection shall extend to persons who were
10 members of school boards, employees of school boards,
11 authorized volunteer personnel, mentors of certified staff, or
12 student teachers at the time of the incident from which a claim
13 arises. No agent may be afforded indemnification or protection
14 unless he was a member of a school board, an employee of a
15 board, an authorized volunteer, a mentor of certified staff, or
16 a student teacher at the time of the incident from which the
17 claim arises.

18 (Source: P.A. 79-210.)

19 (105 ILCS 5/14-13.01) (from Ch. 122, par. 14-13.01)

20 Sec. 14-13.01. Reimbursement payable by State; Amounts.
21 Reimbursement for furnishing special educational facilities in
22 a recognized school to the type of children defined in Section
23 14-1.02 shall be paid to the school districts in accordance
24 with Section 14-12.01 for each school year ending June 30 by
25 the State Comptroller out of any money in the treasury

1 appropriated for such purposes on the presentation of vouchers
2 by the State Board of Education.

3 The reimbursement shall be limited to funds expended for
4 construction and maintenance of special education facilities
5 designed and utilized to house instructional programs,
6 diagnostic services, other special education services for
7 children with disabilities and reimbursement as provided in
8 Section 14-13.01. There shall be no reimbursement for
9 construction and maintenance of any administrative facility
10 separated from special education facilities designed and
11 utilized to house instructional programs, diagnostic services
12 and other special education services for children with
13 disabilities.

14 (a) For children who have not been identified as eligible
15 for special education and for eligible children with physical
16 disabilities, including all eligible children whose placement
17 has been determined under Section 14-8.02 in hospital or home
18 instruction, 1/2 of the teacher's salary but not more than
19 \$1,000 annually per child or \$8,000 per teacher for the
20 1985-1986 school year through the 2005-2006 school year and
21 \$1,000 per child or \$13,170 per teacher for the 2006-2007
22 school year and for each school year ~~and~~ thereafter, whichever
23 is less. Children to be included in any reimbursement under
24 this paragraph must regularly receive a minimum of one hour of
25 instruction each school day, or in lieu thereof of a minimum of
26 5 hours of instruction in each school week in order to qualify

1 for full reimbursement under this Section. If the attending
2 physician for such a child has certified that the child should
3 not receive as many as 5 hours of instruction in a school week,
4 however, reimbursement under this paragraph on account of that
5 child shall be computed proportionate to the actual hours of
6 instruction per week for that child divided by 5.

7 (b) For children described in Section 14-1.02, 4/5 of the
8 cost of transportation for each such child, whom the State
9 Superintendent of Education determined in advance requires
10 special transportation service in order to take advantage of
11 special educational facilities. Transportation costs shall be
12 determined in the same fashion as provided in Section 29-5. For
13 purposes of this subsection (b), the dates for processing
14 claims specified in Section 29-5 shall apply.

15 (c) For each professional worker excluding those included
16 in subparagraphs (a), (d), (e), and (f) of this Section, the
17 annual sum of \$8,000 for the 1985-1986 school year through the
18 2005-2006 school year and \$13,170 for the 2006-2007 school year
19 and for each school year ~~and~~ thereafter.

20 (d) For one full time qualified director of the special
21 education program of each school district which maintains a
22 fully approved program of special education the annual sum of
23 \$8,000 for the 1985-1986 school year through the 2005-2006
24 school year and \$13,170 for the 2006-2007 school year and for
25 each school year ~~and~~ thereafter. Districts participating in a
26 joint agreement special education program shall not receive

1 such reimbursement if reimbursement is made for a director of
2 the joint agreement program.

3 (e) For each school psychologist as defined in Section
4 14-1.09 the annual sum of \$8,000 for the 1985-1986 school year
5 through the 2005-2006 school year and \$13,170 for the 2006-2007
6 school year and for each school year ~~and~~ thereafter.

7 (f) For each qualified teacher working in a fully approved
8 program for children of preschool age who are deaf or
9 hard-of-hearing the annual sum of \$8,000 for the 1985-1986
10 school year through the 2005-2006 school year and \$13,170 for
11 the 2006-2007 school year and for each school year ~~and~~
12 thereafter.

13 (g) For readers, working with blind or partially seeing
14 children 1/2 of their salary but not more than \$400 annually
15 per child. Readers may be employed to assist such children and
16 shall not be required to be certified but prior to employment
17 shall meet standards set up by the State Board of Education.

18 (h) For necessary non-certified employees working in any
19 class or program for children defined in this Article, 1/2 of
20 the salary paid or \$2,800 annually per employee through the
21 2005-2006 school year and \$4,610 per employee for the 2006-2007
22 school year and for each school year thereafter, whichever is
23 less.

24 The State Board of Education shall set standards and
25 prescribe rules for determining the allocation of
26 reimbursement under this section on less than a full time basis

1 and for less than a school year.

2 When any school district eligible for reimbursement under
3 this Section operates a school or program approved by the State
4 Superintendent of Education for a number of days in excess of
5 the adopted school calendar but not to exceed 235 school days,
6 such reimbursement shall be increased by 1/185 of the amount or
7 rate paid hereunder for each day such school is operated in
8 excess of 185 days per calendar year.

9 Notwithstanding any other provision of law, any school
10 district receiving a payment under this Section or under
11 Section 14-7.02, 14-7.02b, or 29-5 of this Code may classify
12 all or a portion of the funds that it receives in a particular
13 fiscal year or from general State aid pursuant to Section
14 18-8.05 of this Code as funds received in connection with any
15 funding program for which it is entitled to receive funds from
16 the State in that fiscal year (including, without limitation,
17 any funding program referenced in this Section), regardless of
18 the source or timing of the receipt. The district may not
19 classify more funds as funds received in connection with the
20 funding program than the district is entitled to receive in
21 that fiscal year for that program. Any classification by a
22 district must be made by a resolution of its board of
23 education. The resolution must identify the amount of any
24 payments or general State aid to be classified under this
25 paragraph and must specify the funding program to which the
26 funds are to be treated as received in connection therewith.

1 This resolution is controlling as to the classification of
2 funds referenced therein. A certified copy of the resolution
3 must be sent to the State Superintendent of Education. The
4 resolution shall still take effect even though a copy of the
5 resolution has not been sent to the State Superintendent of
6 Education in a timely manner. No classification under this
7 paragraph by a district shall affect the total amount or timing
8 of money the district is entitled to receive under this Code.
9 No classification under this paragraph by a district shall in
10 any way relieve the district from or affect any requirements
11 that otherwise would apply with respect to that funding
12 program, including any accounting of funds by source, reporting
13 expenditures by original source and purpose, reporting
14 requirements, or requirements of providing services.

15 (Source: P.A. 92-568, eff. 6-26-02; 93-1022, eff. 8-24-04.)

16 (105 ILCS 5/17-1.5)

17 Sec. 17-1.5. Limitation of administrative costs.

18 (a) It is the purpose of this Section to establish
19 limitations on the growth of administrative expenditures in
20 order to maximize the proportion of school district resources
21 available for ~~the~~ instructional programs ~~program~~, building
22 maintenance, and safety services for the students of each
23 district and to commit to ensuring district resources are
24 maximized to improve student and school achievement.

25 (b) Definitions. For the purposes of this Section:

1 "Administrative expenditures" mean the annual expenditures
2 of school districts properly attributable to expenditure
3 functions defined by the rules of the State Board of Education
4 as: 2320 (Executive Administration Services); 2330 (Special
5 Area Administration Services); 2490 (Other Support Services -
6 School Administration); 2510 (Direction of Business Support
7 Services); 2570 (Internal Services); and 2610 (Direction of
8 Central Support Services); provided, however, that
9 "administrative expenditures" shall not include early
10 retirement or other pension system obligations required by
11 State law.

12 "School district" means all school districts having a
13 population of less than 500,000.

14 (c) For the 1998-99 school year and each school year
15 thereafter, each school district shall undertake budgetary and
16 expenditure control actions so that the increase in
17 administrative expenditures for that school year over the prior
18 school year does not exceed 5%. School districts with
19 administrative expenditures per pupil in the 25th percentile
20 and below for all districts of the same type, as defined by the
21 State Board of Education, may waive the limitation imposed
22 under this Section for any year following a public hearing and
23 with the affirmative vote of at least two-thirds of the members
24 of the school board of the district. Any district waiving the
25 limitation shall notify the State Board within 45 days of such
26 action.

1 (d) School districts shall file with the State Board of
2 Education by November 15, 1998 and by each November 15th
3 thereafter a one-page report that lists (i) the actual
4 administrative expenditures for the prior year from the
5 district's audited Annual Financial Report, and (ii) the
6 projected administrative expenditures for the current year
7 from the budget adopted by the school board pursuant to Section
8 17-1 of this Code.

9 If a school district that is ineligible to waive the
10 limitation imposed by subsection (c) of this Section by board
11 action exceeds the limitation solely because of circumstances
12 beyond the control of the district and the district has
13 exhausted all available and reasonable remedies to comply with
14 the limitation, the district may request a waiver pursuant to
15 Section 2-3.25g. The waiver application shall specify the
16 amount, nature, and reason for the relief requested, as well as
17 all remedies the district has exhausted to comply with the
18 limitation. Any emergency relief so requested shall apply only
19 to the specific school year for which the request is made. The
20 State Board of Education shall analyze all such waivers
21 submitted and shall recommend that the General Assembly
22 disapprove any such waiver requested that is not due solely to
23 circumstances beyond the control of the district and for which
24 the district has not exhausted all available and reasonable
25 remedies to comply with the limitation. The State
26 Superintendent shall have no authority to impose any sanctions

1 pursuant to this Section for any expenditures for which a
2 waiver has been requested until such waiver has been reviewed
3 by the General Assembly.

4 If the report and information required under this
5 subsection (d) are not provided by the school district in a
6 timely manner, or are subsequently determined by the State
7 Superintendent of Education to be incomplete or inaccurate, the
8 State Superintendent shall notify the district in writing of
9 reporting deficiencies. The school district shall, within 60
10 days of the notice, address the reporting deficiencies
11 identified.

12 (d-5) Notwithstanding any other provision of this Section,
13 for a school district receiving general State financial aid due
14 to the district under Section 18-8.05 of this Code in any
15 school year, the school district's administrative expenditures
16 may not exceed 5% for that school year.

17 (e) If the State Superintendent determines that a school
18 district has failed to comply with the administrative
19 expenditure limitation imposed in subsection (c) or (d-5) of
20 this Section, the State Superintendent shall notify the
21 district of the violation and direct the district to undertake
22 corrective action to bring the district's budget into
23 compliance with the administrative expenditure limitation. The
24 district shall, within 60 days of the notice, provide adequate
25 assurance to the State Superintendent that appropriate
26 corrective actions have been or will be taken. If the district

1 fails to provide adequate assurance or fails to undertake the
2 necessary corrective actions, the State Superintendent may
3 impose progressive sanctions against the district that may
4 culminate in withholding all subsequent payments of general
5 State aid due the district under Section 18-8.05 of this Code
6 until the assurance is provided or the corrective actions
7 taken.

8 (f) The State Superintendent shall publish a list each year
9 of the school districts that violate the limitation imposed by
10 subsection (c) or (d-5) of this Section and a list of the
11 districts that waive the limitation by board action as provided
12 in subsection (c) of this Section.

13 (Source: P.A. 90-548, eff. 1-1-98; 90-653, eff. 7-29-98.)

14 (105 ILCS 5/18-8.05)

15 (Text of Section before amendment by P.A. 94-1105)

16 Sec. 18-8.05. Basis for apportionment of general State
17 financial aid and supplemental general State aid to the common
18 schools for the 1998-1999 and subsequent school years.

19 (A) General Provisions.

20 (1) The provisions of this Section apply to the 1998-1999
21 and subsequent school years. The system of general State
22 financial aid provided for in this Section is designed to
23 assure that, through a combination of State financial aid and
24 required local resources, the financial support provided each

1 pupil in Average Daily Attendance equals or exceeds a
2 prescribed per pupil Foundation Level. This formula approach
3 imputes a level of per pupil Available Local Resources and
4 provides for the basis to calculate a per pupil level of
5 general State financial aid that, when added to Available Local
6 Resources, equals or exceeds the Foundation Level. The amount
7 of per pupil general State financial aid for school districts,
8 in general, varies in inverse relation to Available Local
9 Resources. Per pupil amounts are based upon each school
10 district's Average Daily Attendance as that term is defined in
11 this Section.

12 (2) In addition to general State financial aid, school
13 districts with specified levels or concentrations of pupils
14 from low income households are eligible to receive supplemental
15 general State financial aid grants as provided pursuant to
16 subsection (H). The supplemental State aid grants provided for
17 school districts under subsection (H) shall be appropriated for
18 distribution to school districts as part of the same line item
19 in which the general State financial aid of school districts is
20 appropriated under this Section.

21 (3) To receive financial assistance under this Section,
22 school districts are required to file claims with the State
23 Board of Education, subject to the following requirements:

24 (a) Any school district which fails for any given
25 school year to maintain school as required by law, or to
26 maintain a recognized school is not eligible to file for

1 such school year any claim upon the Common School Fund. In
2 case of nonrecognition of one or more attendance centers in
3 a school district otherwise operating recognized schools,
4 the claim of the district shall be reduced in the
5 proportion which the Average Daily Attendance in the
6 attendance center or centers bear to the Average Daily
7 Attendance in the school district. A "recognized school"
8 means any public school which meets the standards as
9 established for recognition by the State Board of
10 Education. A school district or attendance center not
11 having recognition status at the end of a school term is
12 entitled to receive State aid payments due upon a legal
13 claim which was filed while it was recognized.

14 (b) School district claims filed under this Section are
15 subject to Sections 18-9, 18-10, and 18-12, except as
16 otherwise provided in this Section.

17 (c) If a school district operates a full year school
18 under Section 10-19.1, the general State aid to the school
19 district shall be determined by the State Board of
20 Education in accordance with this Section as near as may be
21 applicable.

22 (d) (Blank).

23 (e) School district expenditures are subject to
24 subsection (d-5) of Section 17-1.5 of this Code, if
25 applicable.

26 (4) Except as provided in subsections (H) and (L), the

1 board of any district receiving any of the grants provided for
2 in this Section may apply those funds to any fund so received
3 for which that board is authorized to make expenditures by law.

4 School districts are not required to exert a minimum
5 Operating Tax Rate in order to qualify for assistance under
6 this Section.

7 (5) As used in this Section the following terms, when
8 capitalized, shall have the meaning ascribed herein:

9 (a) "Average Daily Attendance": A count of pupil
10 attendance in school, averaged as provided for in
11 subsection (C) and utilized in deriving per pupil financial
12 support levels.

13 (b) "Available Local Resources": A computation of
14 local financial support, calculated on the basis of Average
15 Daily Attendance and derived as provided pursuant to
16 subsection (D).

17 (c) "Corporate Personal Property Replacement Taxes":
18 Funds paid to local school districts pursuant to "An Act in
19 relation to the abolition of ad valorem personal property
20 tax and the replacement of revenues lost thereby, and
21 amending and repealing certain Acts and parts of Acts in
22 connection therewith", certified August 14, 1979, as
23 amended (Public Act 81-1st S.S.-1).

24 (d) "Foundation Level": A prescribed level of per pupil
25 financial support as provided for in subsection (B).

26 (e) "Operating Tax Rate": All school district property

1 taxes extended for all purposes, except Bond and Interest,
2 Summer School, Rent, Capital Improvement, and Vocational
3 Education Building purposes.

4 (B) Foundation Level.

5 (1) The Foundation Level is a figure established by the
6 State representing the minimum level of per pupil financial
7 support that should be available to provide for the basic
8 education of each pupil in Average Daily Attendance. As set
9 forth in this Section, each school district is assumed to exert
10 a sufficient local taxing effort such that, in combination with
11 the aggregate of general State financial aid provided the
12 district, an aggregate of State and local resources are
13 available to meet the basic education needs of pupils in the
14 district.

15 (2) For the 1998-1999 school year, the Foundation Level of
16 support is \$4,225. For the 1999-2000 school year, the
17 Foundation Level of support is \$4,325. For the 2000-2001 school
18 year, the Foundation Level of support is \$4,425. For the
19 2001-2002 school year and 2002-2003 school year, the Foundation
20 Level of support is \$4,560. For the 2003-2004 school year, the
21 Foundation Level of support is \$4,810. For the 2004-2005 school
22 year, the Foundation Level of support is \$4,964. For the
23 2005-2006 school year, the Foundation Level of support is
24 \$5,164. For the 2006-2007 school year, the Foundation Level of
25 support is \$5,334.

1 (3) For the 2007-2008 ~~2006-2007~~ school year and each school
2 year thereafter, the Foundation Level of support is \$6,058
3 ~~\$5,334~~ or such greater amount as may be established by law by
4 the General Assembly.

5 (C) Average Daily Attendance.

6 (1) For purposes of calculating general State aid pursuant
7 to subsection (E), an Average Daily Attendance figure shall be
8 utilized. The Average Daily Attendance figure for formula
9 calculation purposes shall be the monthly average of the actual
10 number of pupils in attendance of each school district, as
11 further averaged for the best 3 months of pupil attendance for
12 each school district. In compiling the figures for the number
13 of pupils in attendance, school districts and the State Board
14 of Education shall, for purposes of general State aid funding,
15 conform attendance figures to the requirements of subsection
16 (F).

17 (2) The Average Daily Attendance figures utilized in
18 subsection (E) shall be the requisite attendance data for the
19 school year immediately preceding the school year for which
20 general State aid is being calculated or the average of the
21 attendance data for the 3 preceding school years, whichever is
22 greater. The Average Daily Attendance figures utilized in
23 subsection (H) shall be the requisite attendance data for the
24 school year immediately preceding the school year for which
25 general State aid is being calculated.

1 (D) Available Local Resources.

2 (1) For purposes of calculating general State aid pursuant
3 to subsection (E), a representation of Available Local
4 Resources per pupil, as that term is defined and determined in
5 this subsection, shall be utilized. Available Local Resources
6 per pupil shall include a calculated dollar amount representing
7 local school district revenues from local property taxes and
8 from Corporate Personal Property Replacement Taxes, expressed
9 on the basis of pupils in Average Daily Attendance. Calculation
10 of Available Local Resources shall exclude any tax amnesty
11 funds received as a result of Public Act 93-26.

12 (2) In determining a school district's revenue from local
13 property taxes, the State Board of Education shall utilize the
14 equalized assessed valuation of all taxable property of each
15 school district as of September 30 of the previous year. The
16 equalized assessed valuation utilized shall be obtained and
17 determined as provided in subsection (G).

18 (3) For school districts maintaining grades kindergarten
19 through 12, local property tax revenues per pupil shall be
20 calculated as the product of the applicable equalized assessed
21 valuation for the district multiplied by 3.00%, and divided by
22 the district's Average Daily Attendance figure. For school
23 districts maintaining grades kindergarten through 8, local
24 property tax revenues per pupil shall be calculated as the
25 product of the applicable equalized assessed valuation for the

1 district multiplied by 2.30%, and divided by the district's
2 Average Daily Attendance figure. For school districts
3 maintaining grades 9 through 12, local property tax revenues
4 per pupil shall be the applicable equalized assessed valuation
5 of the district multiplied by 1.05%, and divided by the
6 district's Average Daily Attendance figure.

7 For partial elementary unit districts created pursuant to
8 Article 11E of this Code, local property tax revenues per pupil
9 shall be calculated as the product of the equalized assessed
10 valuation for property within the elementary and high school
11 classification of the partial elementary unit district
12 multiplied by 2.06% and divided by the Average Daily Attendance
13 figure for grades kindergarten through 8, plus the product of
14 the equalized assessed valuation for property within the high
15 school only classification of the partial elementary unit
16 district multiplied by 0.94% and divided by the Average Daily
17 Attendance figure for grades 9 through 12.

18 (4) The Corporate Personal Property Replacement Taxes paid
19 to each school district during the calendar year 2 years before
20 the calendar year in which a school year begins, divided by the
21 Average Daily Attendance figure for that district, shall be
22 added to the local property tax revenues per pupil as derived
23 by the application of the immediately preceding paragraph (3).
24 The sum of these per pupil figures for each school district
25 shall constitute Available Local Resources as that term is
26 utilized in subsection (E) in the calculation of general State

1 aid.

2 (E) Computation of General State Aid.

3 (1) For each school year, the amount of general State aid
4 allotted to a school district shall be computed by the State
5 Board of Education as provided in this subsection.

6 (2) For any school district for which Available Local
7 Resources per pupil is less than the product of 0.93 times the
8 Foundation Level, general State aid for that district shall be
9 calculated as an amount equal to the Foundation Level minus
10 Available Local Resources, multiplied by the Average Daily
11 Attendance of the school district.

12 (3) For any school district for which Available Local
13 Resources per pupil is equal to or greater than the product of
14 0.93 times the Foundation Level and less than the product of
15 1.75 times the Foundation Level, the general State aid per
16 pupil shall be a decimal proportion of the Foundation Level
17 derived using a linear algorithm. Under this linear algorithm,
18 the calculated general State aid per pupil shall decline in
19 direct linear fashion from 0.07 times the Foundation Level for
20 a school district with Available Local Resources equal to the
21 product of 0.93 times the Foundation Level, to 0.05 times the
22 Foundation Level for a school district with Available Local
23 Resources equal to the product of 1.75 times the Foundation
24 Level. The allocation of general State aid for school districts
25 subject to this paragraph 3 shall be the calculated general

1 State aid per pupil figure multiplied by the Average Daily
2 Attendance of the school district.

3 (4) For any school district for which Available Local
4 Resources per pupil equals or exceeds the product of 1.75 times
5 the Foundation Level, the general State aid for the school
6 district shall be calculated as the product of \$218 multiplied
7 by the Average Daily Attendance of the school district.

8 (5) The amount of general State aid allocated to a school
9 district for the 1999-2000 school year meeting the requirements
10 set forth in paragraph (4) of subsection (G) shall be increased
11 by an amount equal to the general State aid that would have
12 been received by the district for the 1998-1999 school year by
13 utilizing the Extension Limitation Equalized Assessed
14 Valuation as calculated in paragraph (4) of subsection (G) less
15 the general State aid allotted for the 1998-1999 school year.
16 This amount shall be deemed a one time increase, and shall not
17 affect any future general State aid allocations.

18 (F) Compilation of Average Daily Attendance.

19 (1) Each school district shall, by July 1 of each year,
20 submit to the State Board of Education, on forms prescribed by
21 the State Board of Education, attendance figures for the school
22 year that began in the preceding calendar year. The attendance
23 information so transmitted shall identify the average daily
24 attendance figures for each month of the school year. Beginning
25 with the general State aid claim form for the 2002-2003 school

1 year, districts shall calculate Average Daily Attendance as
2 provided in subdivisions (a), (b), and (c) of this paragraph
3 (1).

4 (a) In districts that do not hold year-round classes,
5 days of attendance in August shall be added to the month of
6 September and any days of attendance in June shall be added
7 to the month of May.

8 (b) In districts in which all buildings hold year-round
9 classes, days of attendance in July and August shall be
10 added to the month of September and any days of attendance
11 in June shall be added to the month of May.

12 (c) In districts in which some buildings, but not all,
13 hold year-round classes, for the non-year-round buildings,
14 days of attendance in August shall be added to the month of
15 September and any days of attendance in June shall be added
16 to the month of May. The average daily attendance for the
17 year-round buildings shall be computed as provided in
18 subdivision (b) of this paragraph (1). To calculate the
19 Average Daily Attendance for the district, the average
20 daily attendance for the year-round buildings shall be
21 multiplied by the days in session for the non-year-round
22 buildings for each month and added to the monthly
23 attendance of the non-year-round buildings.

24 Except as otherwise provided in this Section, days of
25 attendance by pupils shall be counted only for sessions of not
26 less than 5 clock hours of school work per day under direct

1 supervision of: (i) teachers, or (ii) non-teaching personnel or
2 volunteer personnel when engaging in non-teaching duties and
3 supervising in those instances specified in subsection (a) of
4 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils
5 of legal school age and in kindergarten and grades 1 through
6 12.

7 Days of attendance by tuition pupils shall be accredited
8 only to the districts that pay the tuition to a recognized
9 school.

10 (2) Days of attendance by pupils of less than 5 clock hours
11 of school shall be subject to the following provisions in the
12 compilation of Average Daily Attendance.

13 (a) Pupils regularly enrolled in a public school for
14 only a part of the school day may be counted on the basis
15 of 1/6 day for every class hour of instruction of 40
16 minutes or more attended pursuant to such enrollment,
17 unless a pupil is enrolled in a block-schedule format of 80
18 minutes or more of instruction, in which case the pupil may
19 be counted on the basis of the proportion of minutes of
20 school work completed each day to the minimum number of
21 minutes that school work is required to be held that day.

22 (b) Days of attendance may be less than 5 clock hours
23 on the opening and closing of the school term, and upon the
24 first day of pupil attendance, if preceded by a day or days
25 utilized as an institute or teachers' workshop.

26 (c) A session of 4 or more clock hours may be counted

1 as a day of attendance upon certification by the regional
2 superintendent, and approved by the State Superintendent
3 of Education to the extent that the district has been
4 forced to use daily multiple sessions.

5 (d) A session of 3 or more clock hours may be counted
6 as a day of attendance (1) when the remainder of the school
7 day or at least 2 hours in the evening of that day is
8 utilized for an in-service training program for teachers,
9 up to a maximum of 5 days per school year of which a
10 maximum of 4 days of such 5 days may be used for
11 parent-teacher conferences, provided a district conducts
12 an in-service training program for teachers which has been
13 approved by the State Superintendent of Education; or, in
14 lieu of 4 such days, 2 full days may be used, in which
15 event each such day may be counted as a day of attendance;
16 and (2) when days in addition to those provided in item (1)
17 are scheduled by a school pursuant to its school
18 improvement plan adopted under Article 34 or its revised or
19 amended school improvement plan adopted under Article 2,
20 provided that (i) such sessions of 3 or more clock hours
21 are scheduled to occur at regular intervals, (ii) the
22 remainder of the school days in which such sessions occur
23 are utilized for in-service training programs or other
24 staff development activities for teachers, and (iii) a
25 sufficient number of minutes of school work under the
26 direct supervision of teachers are added to the school days

1 between such regularly scheduled sessions to accumulate
2 not less than the number of minutes by which such sessions
3 of 3 or more clock hours fall short of 5 clock hours. Any
4 full days used for the purposes of this paragraph shall not
5 be considered for computing average daily attendance. Days
6 scheduled for in-service training programs, staff
7 development activities, or parent-teacher conferences may
8 be scheduled separately for different grade levels and
9 different attendance centers of the district.

10 (e) A session of not less than one clock hour of
11 teaching hospitalized or homebound pupils on-site or by
12 telephone to the classroom may be counted as 1/2 day of
13 attendance, however these pupils must receive 4 or more
14 clock hours of instruction to be counted for a full day of
15 attendance.

16 (f) A session of at least 4 clock hours may be counted
17 as a day of attendance for first grade pupils, and pupils
18 in full day kindergartens, and a session of 2 or more hours
19 may be counted as 1/2 day of attendance by pupils in
20 kindergartens which provide only 1/2 day of attendance.

21 (g) For children with disabilities who are below the
22 age of 6 years and who cannot attend 2 or more clock hours
23 because of their disability or immaturity, a session of not
24 less than one clock hour may be counted as 1/2 day of
25 attendance; however for such children whose educational
26 needs so require a session of 4 or more clock hours may be

1 counted as a full day of attendance.

2 (h) A recognized kindergarten which provides for only
3 1/2 day of attendance by each pupil shall not have more
4 than 1/2 day of attendance counted in any one day. However,
5 kindergartens may count 2 1/2 days of attendance in any 5
6 consecutive school days. When a pupil attends such a
7 kindergarten for 2 half days on any one school day, the
8 pupil shall have the following day as a day absent from
9 school, unless the school district obtains permission in
10 writing from the State Superintendent of Education.
11 Attendance at kindergartens which provide for a full day of
12 attendance by each pupil shall be counted the same as
13 attendance by first grade pupils. Only the first year of
14 attendance in one kindergarten shall be counted, except in
15 case of children who entered the kindergarten in their
16 fifth year whose educational development requires a second
17 year of kindergarten as determined under the rules and
18 regulations of the State Board of Education.

19 (i) On the days when the Prairie State Achievement
20 Examination is administered under subsection (c) of
21 Section 2-3.64 of this Code, the day of attendance for a
22 pupil whose school day must be shortened to accommodate
23 required testing procedures may be less than 5 clock hours
24 and shall be counted towards the 176 days of actual pupil
25 attendance required under Section 10-19 of this Code,
26 provided that a sufficient number of minutes of school work

1 in excess of 5 clock hours are first completed on other
2 school days to compensate for the loss of school work on
3 the examination days.

4 (G) Equalized Assessed Valuation Data.

5 (1) For purposes of the calculation of Available Local
6 Resources required pursuant to subsection (D), the State Board
7 of Education shall secure from the Department of Revenue the
8 value as equalized or assessed by the Department of Revenue of
9 all taxable property of every school district, together with
10 (i) the applicable tax rate used in extending taxes for the
11 funds of the district as of September 30 of the previous year
12 and (ii) the limiting rate for all school districts subject to
13 property tax extension limitations as imposed under the
14 Property Tax Extension Limitation Law.

15 The Department of Revenue shall add to the equalized
16 assessed value of all taxable property of each school district
17 situated entirely or partially within a county that is or was
18 subject to the alternative general homestead exemption
19 provisions of Section 15-176 of the Property Tax Code (a) an
20 amount equal to the total amount by which the homestead
21 exemption allowed under Section 15-176 of the Property Tax Code
22 for real property situated in that school district exceeds the
23 total amount that would have been allowed in that school
24 district if the maximum reduction under Section 15-176 was (i)
25 \$4,500 in Cook County or \$3,500 in all other counties in tax

1 year 2003 or (ii) \$5,000 in all counties in tax year 2004 and
2 thereafter and (b) an amount equal to the aggregate amount for
3 the taxable year of all additional exemptions under Section
4 15-175 of the Property Tax Code for owners with a household
5 income of \$30,000 or less. The county clerk of any county that
6 is or was subject to the alternative general homestead
7 exemption provisions of Section 15-176 of the Property Tax Code
8 shall annually calculate and certify to the Department of
9 Revenue for each school district all homestead exemption
10 amounts under Section 15-176 of the Property Tax Code and all
11 amounts of additional exemptions under Section 15-175 of the
12 Property Tax Code for owners with a household income of \$30,000
13 or less. It is the intent of this paragraph that if the general
14 homestead exemption for a parcel of property is determined
15 under Section 15-176 of the Property Tax Code rather than
16 Section 15-175, then the calculation of Available Local
17 Resources shall not be affected by the difference, if any,
18 between the amount of the general homestead exemption allowed
19 for that parcel of property under Section 15-176 of the
20 Property Tax Code and the amount that would have been allowed
21 had the general homestead exemption for that parcel of property
22 been determined under Section 15-175 of the Property Tax Code.
23 It is further the intent of this paragraph that if additional
24 exemptions are allowed under Section 15-175 of the Property Tax
25 Code for owners with a household income of less than \$30,000,
26 then the calculation of Available Local Resources shall not be

1 affected by the difference, if any, because of those additional
2 exemptions.

3 This equalized assessed valuation, as adjusted further by
4 the requirements of this subsection, shall be utilized in the
5 calculation of Available Local Resources.

6 (2) The equalized assessed valuation in paragraph (1) shall
7 be adjusted, as applicable, in the following manner:

8 (a) For the purposes of calculating State aid under
9 this Section, with respect to any part of a school district
10 within a redevelopment project area in respect to which a
11 municipality has adopted tax increment allocation
12 financing pursuant to the Tax Increment Allocation
13 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11
14 of the Illinois Municipal Code or the Industrial Jobs
15 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the
16 Illinois Municipal Code, no part of the current equalized
17 assessed valuation of real property located in any such
18 project area which is attributable to an increase above the
19 total initial equalized assessed valuation of such
20 property shall be used as part of the equalized assessed
21 valuation of the district, until such time as all
22 redevelopment project costs have been paid, as provided in
23 Section 11-74.4-8 of the Tax Increment Allocation
24 Redevelopment Act or in Section 11-74.6-35 of the
25 Industrial Jobs Recovery Law. For the purpose of the
26 equalized assessed valuation of the district, the total

1 initial equalized assessed valuation or the current
2 equalized assessed valuation, whichever is lower, shall be
3 used until such time as all redevelopment project costs
4 have been paid.

5 (b) The real property equalized assessed valuation for
6 a school district shall be adjusted by subtracting from the
7 real property value as equalized or assessed by the
8 Department of Revenue for the district an amount computed
9 by dividing the amount of any abatement of taxes under
10 Section 18-170 of the Property Tax Code by 3.00% for a
11 district maintaining grades kindergarten through 12, by
12 2.30% for a district maintaining grades kindergarten
13 through 8, or by 1.05% for a district maintaining grades 9
14 through 12 and adjusted by an amount computed by dividing
15 the amount of any abatement of taxes under subsection (a)
16 of Section 18-165 of the Property Tax Code by the same
17 percentage rates for district type as specified in this
18 subparagraph (b).

19 (3) For the 1999-2000 school year and each school year
20 thereafter, if a school district meets all of the criteria of
21 this subsection (G) (3), the school district's Available Local
22 Resources shall be calculated under subsection (D) using the
23 district's Extension Limitation Equalized Assessed Valuation
24 as calculated under this subsection (G) (3).

25 For purposes of this subsection (G) (3) the following terms
26 shall have the following meanings:

1 "Budget Year": The school year for which general State
2 aid is calculated and awarded under subsection (E).

3 "Base Tax Year": The property tax levy year used to
4 calculate the Budget Year allocation of general State aid.

5 "Preceding Tax Year": The property tax levy year
6 immediately preceding the Base Tax Year.

7 "Base Tax Year's Tax Extension": The product of the
8 equalized assessed valuation utilized by the County Clerk
9 in the Base Tax Year multiplied by the limiting rate as
10 calculated by the County Clerk and defined in the Property
11 Tax Extension Limitation Law.

12 "Preceding Tax Year's Tax Extension": The product of
13 the equalized assessed valuation utilized by the County
14 Clerk in the Preceding Tax Year multiplied by the Operating
15 Tax Rate as defined in subsection (A).

16 "Extension Limitation Ratio": A numerical ratio,
17 certified by the County Clerk, in which the numerator is
18 the Base Tax Year's Tax Extension and the denominator is
19 the Preceding Tax Year's Tax Extension.

20 "Operating Tax Rate": The operating tax rate as defined
21 in subsection (A).

22 If a school district is subject to property tax extension
23 limitations as imposed under the Property Tax Extension
24 Limitation Law, the State Board of Education shall calculate
25 the Extension Limitation Equalized Assessed Valuation of that
26 district. For the 1999-2000 school year, the Extension

1 Limitation Equalized Assessed Valuation of a school district as
2 calculated by the State Board of Education shall be equal to
3 the product of the district's 1996 Equalized Assessed Valuation
4 and the district's Extension Limitation Ratio. For the
5 2000-2001 school year and each school year thereafter, the
6 Extension Limitation Equalized Assessed Valuation of a school
7 district as calculated by the State Board of Education shall be
8 equal to the product of the Equalized Assessed Valuation last
9 used in the calculation of general State aid and the district's
10 Extension Limitation Ratio. If the Extension Limitation
11 Equalized Assessed Valuation of a school district as calculated
12 under this subsection (G)(3) is less than the district's
13 equalized assessed valuation as calculated pursuant to
14 subsections (G)(1) and (G)(2), then for purposes of calculating
15 the district's general State aid for the Budget Year pursuant
16 to subsection (E), that Extension Limitation Equalized
17 Assessed Valuation shall be utilized to calculate the
18 district's Available Local Resources under subsection (D).

19 Partial elementary unit districts created in accordance
20 with Article 11E of this Code shall not be eligible for the
21 adjustment in this subsection (G)(3) until the fifth year
22 following the effective date of the reorganization.

23 (4) For the purposes of calculating general State aid for
24 the 1999-2000 school year only, if a school district
25 experienced a triennial reassessment on the equalized assessed
26 valuation used in calculating its general State financial aid

1 apportionment for the 1998-1999 school year, the State Board of
2 Education shall calculate the Extension Limitation Equalized
3 Assessed Valuation that would have been used to calculate the
4 district's 1998-1999 general State aid. This amount shall equal
5 the product of the equalized assessed valuation used to
6 calculate general State aid for the 1997-1998 school year and
7 the district's Extension Limitation Ratio. If the Extension
8 Limitation Equalized Assessed Valuation of the school district
9 as calculated under this paragraph (4) is less than the
10 district's equalized assessed valuation utilized in
11 calculating the district's 1998-1999 general State aid
12 allocation, then for purposes of calculating the district's
13 general State aid pursuant to paragraph (5) of subsection (E),
14 that Extension Limitation Equalized Assessed Valuation shall
15 be utilized to calculate the district's Available Local
16 Resources.

17 (5) For school districts having a majority of their
18 equalized assessed valuation in any county except Cook, DuPage,
19 Kane, Lake, McHenry, or Will, if the amount of general State
20 aid allocated to the school district for the 1999-2000 school
21 year under the provisions of subsection (E), (H), and (J) of
22 this Section is less than the amount of general State aid
23 allocated to the district for the 1998-1999 school year under
24 these subsections, then the general State aid of the district
25 for the 1999-2000 school year only shall be increased by the
26 difference between these amounts. The total payments made under

1 this paragraph (5) shall not exceed \$14,000,000. Claims shall
2 be prorated if they exceed \$14,000,000.

3 (H) Supplemental General State Aid.

4 (1) In addition to the general State aid a school district
5 is allotted pursuant to subsection (E), qualifying school
6 districts shall receive a grant, paid in conjunction with a
7 district's payments of general State aid, for supplemental
8 general State aid based upon the concentration level of
9 children from low-income households within the school
10 district. Supplemental State aid grants provided for school
11 districts under this subsection shall be appropriated for
12 distribution to school districts as part of the same line item
13 in which the general State financial aid of school districts is
14 appropriated under this Section. If the appropriation in any
15 fiscal year for general State aid and supplemental general
16 State aid is insufficient to pay the amounts required under the
17 general State aid and supplemental general State aid
18 calculations, then the State Board of Education shall ensure
19 that each school district receives the full amount due for
20 general State aid and the remainder of the appropriation shall
21 be used for supplemental general State aid, which the State
22 Board of Education shall calculate and pay to eligible
23 districts on a prorated basis.

24 (1.5) This paragraph (1.5) applies only to those school
25 years preceding the 2003-2004 school year. For purposes of this

1 subsection (H), the term "Low-Income Concentration Level"
2 shall be the low-income eligible pupil count from the most
3 recently available federal census divided by the Average Daily
4 Attendance of the school district. If, however, (i) the
5 percentage decrease from the 2 most recent federal censuses in
6 the low-income eligible pupil count of a high school district
7 with fewer than 400 students exceeds by 75% or more the
8 percentage change in the total low-income eligible pupil count
9 of contiguous elementary school districts, whose boundaries
10 are coterminous with the high school district, or (ii) a high
11 school district within 2 counties and serving 5 elementary
12 school districts, whose boundaries are coterminous with the
13 high school district, has a percentage decrease from the 2 most
14 recent federal censuses in the low-income eligible pupil count
15 and there is a percentage increase in the total low-income
16 eligible pupil count of a majority of the elementary school
17 districts in excess of 50% from the 2 most recent federal
18 censuses, then the high school district's low-income eligible
19 pupil count from the earlier federal census shall be the number
20 used as the low-income eligible pupil count for the high school
21 district, for purposes of this subsection (H). The changes made
22 to this paragraph (1) by Public Act 92-28 shall apply to
23 supplemental general State aid grants for school years
24 preceding the 2003-2004 school year that are paid in fiscal
25 year 1999 or thereafter and to any State aid payments made in
26 fiscal year 1994 through fiscal year 1998 pursuant to

1 subsection 1(n) of Section 18-8 of this Code (which was
2 repealed on July 1, 1998), and any high school district that is
3 affected by Public Act 92-28 is entitled to a recomputation of
4 its supplemental general State aid grant or State aid paid in
5 any of those fiscal years. This recomputation shall not be
6 affected by any other funding.

7 (1.10) This paragraph (1.10) applies to the 2003-2004
8 school year and each school year thereafter. For purposes of
9 this subsection (H), the term "Low-Income Concentration Level"
10 shall, for each fiscal year, be the low-income eligible pupil
11 count as of July 1 of the immediately preceding fiscal year (as
12 determined by the Department of Human Services based on the
13 number of pupils who are eligible for at least one of the
14 following low income programs: Medicaid, the Children's Health
15 Insurance Program, ~~KidCare~~, TANF, or Food Stamps, excluding
16 pupils who are eligible for services provided by the Department
17 of Children and Family Services, averaged over the 2
18 immediately preceding fiscal years for fiscal year 2004 and
19 over the 3 immediately preceding fiscal years for each fiscal
20 year thereafter) divided by the Average Daily Attendance of the
21 school district.

22 (2) Supplemental general State aid pursuant to this
23 subsection (H) shall be provided as follows for the 1998-1999,
24 1999-2000, and 2000-2001 school years only:

25 (a) For any school district with a Low Income
26 Concentration Level of at least 20% and less than 35%, the

1 grant for any school year shall be \$800 multiplied by the
2 low income eligible pupil count.

3 (b) For any school district with a Low Income
4 Concentration Level of at least 35% and less than 50%, the
5 grant for the 1998-1999 school year shall be \$1,100
6 multiplied by the low income eligible pupil count.

7 (c) For any school district with a Low Income
8 Concentration Level of at least 50% and less than 60%, the
9 grant for the 1998-99 school year shall be \$1,500
10 multiplied by the low income eligible pupil count.

11 (d) For any school district with a Low Income
12 Concentration Level of 60% or more, the grant for the
13 1998-99 school year shall be \$1,900 multiplied by the low
14 income eligible pupil count.

15 (e) For the 1999-2000 school year, the per pupil amount
16 specified in subparagraphs (b), (c), and (d) immediately
17 above shall be increased to \$1,243, \$1,600, and \$2,000,
18 respectively.

19 (f) For the 2000-2001 school year, the per pupil
20 amounts specified in subparagraphs (b), (c), and (d)
21 immediately above shall be \$1,273, \$1,640, and \$2,050,
22 respectively.

23 (2.5) Supplemental general State aid pursuant to this
24 subsection (H) shall be provided as follows for the 2002-2003
25 school year:

26 (a) For any school district with a Low Income

1 Concentration Level of less than 10%, the grant for each
2 school year shall be \$355 multiplied by the low income
3 eligible pupil count.

4 (b) For any school district with a Low Income
5 Concentration Level of at least 10% and less than 20%, the
6 grant for each school year shall be \$675 multiplied by the
7 low income eligible pupil count.

8 (c) For any school district with a Low Income
9 Concentration Level of at least 20% and less than 35%, the
10 grant for each school year shall be \$1,330 multiplied by
11 the low income eligible pupil count.

12 (d) For any school district with a Low Income
13 Concentration Level of at least 35% and less than 50%, the
14 grant for each school year shall be \$1,362 multiplied by
15 the low income eligible pupil count.

16 (e) For any school district with a Low Income
17 Concentration Level of at least 50% and less than 60%, the
18 grant for each school year shall be \$1,680 multiplied by
19 the low income eligible pupil count.

20 (f) For any school district with a Low Income
21 Concentration Level of 60% or more, the grant for each
22 school year shall be \$2,080 multiplied by the low income
23 eligible pupil count.

24 (2.10) Except as otherwise provided, supplemental general
25 State aid pursuant to this subsection (H) shall be provided as
26 follows for the 2003-2004 school year and each school year

1 thereafter:

2 (a) For any school district with a Low Income
3 Concentration Level of 15% or less, the grant for each
4 school year shall be \$355 multiplied by the low income
5 eligible pupil count.

6 (b) For any school district with a Low Income
7 Concentration Level greater than 15%, the grant for each
8 school year shall be \$294.25 added to the product of \$2,700
9 and the square of the Low Income Concentration Level, all
10 multiplied by the low income eligible pupil count.

11 For the 2003-2004 school year, 2004-2005 school year,
12 2005-2006 school year, and 2006-2007 school year only, the
13 grant shall be no less than the grant for the 2002-2003 school
14 year. For the 2007-2008 school year only, the grant shall be no
15 less than the grant for the 2002-2003 school year multiplied by
16 0.66. For the 2008-2009 school year only, the grant shall be no
17 less than the grant for the 2002-2003 school year multiplied by
18 0.33. Notwithstanding the provisions of this paragraph to the
19 contrary, if for any school year supplemental general State aid
20 grants are prorated as provided in paragraph (1) of this
21 subsection (H), then the grants under this paragraph shall be
22 prorated.

23 For the 2003-2004 school year only, the grant shall be no
24 greater than the grant received during the 2002-2003 school
25 year added to the product of 0.25 multiplied by the difference
26 between the grant amount calculated under subsection (a) or (b)

1 of this paragraph (2.10), whichever is applicable, and the
2 grant received during the 2002-2003 school year. For the
3 2004-2005 school year only, the grant shall be no greater than
4 the grant received during the 2002-2003 school year added to
5 the product of 0.50 multiplied by the difference between the
6 grant amount calculated under subsection (a) or (b) of this
7 paragraph (2.10), whichever is applicable, and the grant
8 received during the 2002-2003 school year. For the 2005-2006
9 school year only, the grant shall be no greater than the grant
10 received during the 2002-2003 school year added to the product
11 of 0.75 multiplied by the difference between the grant amount
12 calculated under subsection (a) or (b) of this paragraph
13 (2.10), whichever is applicable, and the grant received during
14 the 2002-2003 school year.

15 (3) School districts with an Average Daily Attendance of
16 more than 1,000 and less than 50,000 that qualify for
17 supplemental general State aid pursuant to this subsection
18 shall submit a plan to the State Board of Education prior to
19 October 30 of each year for the use of the funds resulting from
20 this grant of supplemental general State aid for the
21 improvement of instruction in which priority is given to
22 meeting the education needs of disadvantaged children. Such
23 plan shall be submitted in accordance with rules and
24 regulations promulgated by the State Board of Education.

25 (4) School districts with an Average Daily Attendance of
26 50,000 or more that qualify for supplemental general State aid

1 pursuant to this subsection shall be required to distribute
2 from funds available pursuant to this Section, no less than
3 \$261,000,000 in accordance with the following requirements:

4 (a) The required amounts shall be distributed to the
5 attendance centers within the district in proportion to the
6 number of pupils enrolled at each attendance center who are
7 eligible to receive free or reduced-price lunches or
8 breakfasts under the federal Child Nutrition Act of 1966
9 and under the National School Lunch Act during the
10 immediately preceding school year.

11 (b) The distribution of these portions of supplemental
12 and general State aid among attendance centers according to
13 these requirements shall not be compensated for or
14 contravened by adjustments of the total of other funds
15 appropriated to any attendance centers, and the Board of
16 Education shall utilize funding from one or several sources
17 in order to fully implement this provision annually prior
18 to the opening of school.

19 (c) Each attendance center shall be provided by the
20 school district a distribution of noncategorical funds and
21 other categorical funds to which an attendance center is
22 entitled under law in order that the general State aid and
23 supplemental general State aid provided by application of
24 this subsection supplements rather than supplants the
25 noncategorical funds and other categorical funds provided
26 by the school district to the attendance centers.

1 (d) Any funds made available under this subsection that
2 by reason of the provisions of this subsection are not
3 required to be allocated and provided to attendance centers
4 may be used and appropriated by the board of the district
5 for any lawful school purpose.

6 (e) Funds received by an attendance center pursuant to
7 this subsection shall be used by the attendance center at
8 the discretion of the principal and local school council
9 for programs to improve educational opportunities at
10 qualifying schools through the following programs and
11 services: early childhood education, reduced class size or
12 improved adult to student classroom ratio, enrichment
13 programs, remedial assistance, attendance improvement, and
14 other educationally beneficial expenditures which
15 supplement the regular and basic programs as determined by
16 the State Board of Education. Funds provided shall not be
17 expended for any political or lobbying purposes as defined
18 by board rule.

19 (f) Each district subject to the provisions of this
20 subdivision (H) (4) shall submit an acceptable plan to meet
21 the educational needs of disadvantaged children, in
22 compliance with the requirements of this paragraph, to the
23 State Board of Education prior to July 15 of each year.
24 This plan shall be consistent with the decisions of local
25 school councils concerning the school expenditure plans
26 developed in accordance with part 4 of Section 34-2.3. The

1 State Board shall approve or reject the plan within 60 days
2 after its submission. If the plan is rejected, the district
3 shall give written notice of intent to modify the plan
4 within 15 days of the notification of rejection and then
5 submit a modified plan within 30 days after the date of the
6 written notice of intent to modify. Districts may amend
7 approved plans pursuant to rules promulgated by the State
8 Board of Education.

9 Upon notification by the State Board of Education that
10 the district has not submitted a plan prior to July 15 or a
11 modified plan within the time period specified herein, the
12 State aid funds affected by that plan or modified plan
13 shall be withheld by the State Board of Education until a
14 plan or modified plan is submitted.

15 If the district fails to distribute State aid to
16 attendance centers in accordance with an approved plan, the
17 plan for the following year shall allocate funds, in
18 addition to the funds otherwise required by this
19 subsection, to those attendance centers which were
20 underfunded during the previous year in amounts equal to
21 such underfunding.

22 For purposes of determining compliance with this
23 subsection in relation to the requirements of attendance
24 center funding, each district subject to the provisions of
25 this subsection shall submit as a separate document by
26 December 1 of each year a report of expenditure data for

1 the prior year in addition to any modification of its
2 current plan. If it is determined that there has been a
3 failure to comply with the expenditure provisions of this
4 subsection regarding contravention or supplanting, the
5 State Superintendent of Education shall, within 60 days of
6 receipt of the report, notify the district and any affected
7 local school council. The district shall within 45 days of
8 receipt of that notification inform the State
9 Superintendent of Education of the remedial or corrective
10 action to be taken, whether by amendment of the current
11 plan, if feasible, or by adjustment in the plan for the
12 following year. Failure to provide the expenditure report
13 or the notification of remedial or corrective action in a
14 timely manner shall result in a withholding of the affected
15 funds.

16 The State Board of Education shall promulgate rules and
17 regulations to implement the provisions of this
18 subsection. No funds shall be released under this
19 subdivision (H) (4) to any district that has not submitted a
20 plan that has been approved by the State Board of
21 Education.

22 (I) (Blank).

23 (J) Supplementary Grants in Aid.

24 (1) Notwithstanding any other provisions of this Section,

1 the amount of the aggregate general State aid in combination
2 with supplemental general State aid under this Section for
3 which each school district is eligible shall be no less than
4 the amount of the aggregate general State aid entitlement that
5 was received by the district under Section 18-8 (exclusive of
6 amounts received under subsections 5(p) and 5(p-5) of that
7 Section) for the 1997-98 school year, pursuant to the
8 provisions of that Section as it was then in effect. If a
9 school district qualifies to receive a supplementary payment
10 made under this subsection (J), the amount of the aggregate
11 general State aid in combination with supplemental general
12 State aid under this Section which that district is eligible to
13 receive for each school year shall be no less than the amount
14 of the aggregate general State aid entitlement that was
15 received by the district under Section 18-8 (exclusive of
16 amounts received under subsections 5(p) and 5(p-5) of that
17 Section) for the 1997-1998 school year, pursuant to the
18 provisions of that Section as it was then in effect.

19 (2) If, as provided in paragraph (1) of this subsection
20 (J), a school district is to receive aggregate general State
21 aid in combination with supplemental general State aid under
22 this Section for the 1998-99 school year and any subsequent
23 school year that in any such school year is less than the
24 amount of the aggregate general State aid entitlement that the
25 district received for the 1997-98 school year, the school
26 district shall also receive, from a separate appropriation made

1 for purposes of this subsection (J), a supplementary payment
2 that is equal to the amount of the difference in the aggregate
3 State aid figures as described in paragraph (1).

4 (3) (Blank).

5 (K) Grants to Laboratory and Alternative Schools.

6 In calculating the amount to be paid to the governing board
7 of a public university that operates a laboratory school under
8 this Section or to any alternative school that is operated by a
9 regional superintendent of schools, the State Board of
10 Education shall require by rule such reporting requirements as
11 it deems necessary.

12 As used in this Section, "laboratory school" means a public
13 school which is created and operated by a public university and
14 approved by the State Board of Education. The governing board
15 of a public university which receives funds from the State
16 Board under this subsection (K) may not increase the number of
17 students enrolled in its laboratory school from a single
18 district, if that district is already sending 50 or more
19 students, except under a mutual agreement between the school
20 board of a student's district of residence and the university
21 which operates the laboratory school. A laboratory school may
22 not have more than 1,000 students, excluding students with
23 disabilities in a special education program.

24 As used in this Section, "alternative school" means a
25 public school which is created and operated by a Regional

1 Superintendent of Schools and approved by the State Board of
2 Education. Such alternative schools may offer courses of
3 instruction for which credit is given in regular school
4 programs, courses to prepare students for the high school
5 equivalency testing program or vocational and occupational
6 training. A regional superintendent of schools may contract
7 with a school district or a public community college district
8 to operate an alternative school. An alternative school serving
9 more than one educational service region may be established by
10 the regional superintendents of schools of the affected
11 educational service regions. An alternative school serving
12 more than one educational service region may be operated under
13 such terms as the regional superintendents of schools of those
14 educational service regions may agree.

15 Each laboratory and alternative school shall file, on forms
16 provided by the State Superintendent of Education, an annual
17 State aid claim which states the Average Daily Attendance of
18 the school's students by month. The best 3 months' Average
19 Daily Attendance shall be computed for each school. The general
20 State aid entitlement shall be computed by multiplying the
21 applicable Average Daily Attendance by the Foundation Level as
22 determined under this Section.

23 (L) Payments, Additional Grants in Aid and Other Requirements.

24 (1) For a school district operating under the financial
25 supervision of an Authority created under Article 34A, the

1 general State aid otherwise payable to that district under this
2 Section, but not the supplemental general State aid, shall be
3 reduced by an amount equal to the budget for the operations of
4 the Authority as certified by the Authority to the State Board
5 of Education, and an amount equal to such reduction shall be
6 paid to the Authority created for such district for its
7 operating expenses in the manner provided in Section 18-11. The
8 remainder of general State school aid for any such district
9 shall be paid in accordance with Article 34A when that Article
10 provides for a disposition other than that provided by this
11 Article.

12 (2) (Blank).

13 (3) Summer school. Summer school payments shall be made as
14 provided in Section 18-4.3.

15 (M) Education Funding Advisory Board.

16 The Education Funding Advisory Board, hereinafter in this
17 subsection (M) referred to as the "Board", is hereby created.
18 The Board shall consist of 5 members who are appointed by the
19 Governor, by and with the advice and consent of the Senate. The
20 members appointed shall include representatives of education,
21 business, and the general public. One of the members so
22 appointed shall be designated by the Governor at the time the
23 appointment is made as the chairperson of the Board. The
24 initial members of the Board may be appointed any time after
25 the effective date of this amendatory Act of 1997. The regular

1 term of each member of the Board shall be for 4 years from the
2 third Monday of January of the year in which the term of the
3 member's appointment is to commence, except that of the 5
4 initial members appointed to serve on the Board, the member who
5 is appointed as the chairperson shall serve for a term that
6 commences on the date of his or her appointment and expires on
7 the third Monday of January, 2002, and the remaining 4 members,
8 by lots drawn at the first meeting of the Board that is held
9 after all 5 members are appointed, shall determine 2 of their
10 number to serve for terms that commence on the date of their
11 respective appointments and expire on the third Monday of
12 January, 2001, and 2 of their number to serve for terms that
13 commence on the date of their respective appointments and
14 expire on the third Monday of January, 2000. All members
15 appointed to serve on the Board shall serve until their
16 respective successors are appointed and confirmed. Vacancies
17 shall be filled in the same manner as original appointments. If
18 a vacancy in membership occurs at a time when the Senate is not
19 in session, the Governor shall make a temporary appointment
20 until the next meeting of the Senate, when he or she shall
21 appoint, by and with the advice and consent of the Senate, a
22 person to fill that membership for the unexpired term. If the
23 Senate is not in session when the initial appointments are
24 made, those appointments shall be made as in the case of
25 vacancies.

26 The Education Funding Advisory Board shall be deemed

1 established, and the initial members appointed by the Governor
2 to serve as members of the Board shall take office, on the date
3 that the Governor makes his or her appointment of the fifth
4 initial member of the Board, whether those initial members are
5 then serving pursuant to appointment and confirmation or
6 pursuant to temporary appointments that are made by the
7 Governor as in the case of vacancies.

8 The State Board of Education shall provide such staff
9 assistance to the Education Funding Advisory Board as is
10 reasonably required for the proper performance by the Board of
11 its responsibilities.

12 For school years after the 2000-2001 school year, the
13 Education Funding Advisory Board, in consultation with the
14 State Board of Education, shall make recommendations as
15 provided in this subsection (M) to the General Assembly for the
16 foundation level under subdivision (B)(3) of this Section and
17 for the supplemental general State aid grant level under
18 subsection (H) of this Section for districts with high
19 concentrations of children from poverty. The recommended
20 foundation level shall be determined based on a methodology
21 which incorporates the basic education expenditures of
22 low-spending schools exhibiting high academic performance. The
23 Education Funding Advisory Board shall make such
24 recommendations to the General Assembly on January 1 of odd
25 numbered years, beginning January 1, 2001.

1 (N) (Blank).

2 (O) References.

3 (1) References in other laws to the various subdivisions of
4 Section 18-8 as that Section existed before its repeal and
5 replacement by this Section 18-8.05 shall be deemed to refer to
6 the corresponding provisions of this Section 18-8.05, to the
7 extent that those references remain applicable.

8 (2) References in other laws to State Chapter 1 funds shall
9 be deemed to refer to the supplemental general State aid
10 provided under subsection (H) of this Section.

11 (P) Public Act 93-838 and Public Act 93-808 make inconsistent
12 changes to this Section. Under Section 6 of the Statute on
13 Statutes there is an irreconcilable conflict between Public Act
14 93-808 and Public Act 93-838. Public Act 93-838, being the last
15 acted upon, is controlling. The text of Public Act 93-838 is
16 the law regardless of the text of Public Act 93-808.

17 (Source: P.A. 93-21, eff. 7-1-03; 93-715, eff. 7-12-04; 93-808,
18 eff. 7-26-04; 93-838, eff. 7-30-04; 93-875, eff. 8-6-04; 94-69,
19 eff. 7-1-05; 94-438, eff. 8-4-05; 94-835, eff. 6-6-06; 94-1019,
20 eff. 7-10-06; revised 8-3-06.)

21 (Text of Section after amendment by P.A. 94-1105)

22 Sec. 18-8.05. Basis for apportionment of general State
23 financial aid and supplemental general State aid to the common

1 schools for the 1998-1999 and subsequent school years.

2 (A) General Provisions.

3 (1) The provisions of this Section apply to the 1998-1999
4 and subsequent school years. The system of general State
5 financial aid provided for in this Section is designed to
6 assure that, through a combination of State financial aid and
7 required local resources, the financial support provided each
8 pupil in Average Daily Attendance equals or exceeds a
9 prescribed per pupil Foundation Level. This formula approach
10 imputes a level of per pupil Available Local Resources and
11 provides for the basis to calculate a per pupil level of
12 general State financial aid that, when added to Available Local
13 Resources, equals or exceeds the Foundation Level. The amount
14 of per pupil general State financial aid for school districts,
15 in general, varies in inverse relation to Available Local
16 Resources. Per pupil amounts are based upon each school
17 district's Average Daily Attendance as that term is defined in
18 this Section.

19 (2) In addition to general State financial aid, school
20 districts with specified levels or concentrations of pupils
21 from low income households are eligible to receive supplemental
22 general State financial aid grants as provided pursuant to
23 subsection (H). The supplemental State aid grants provided for
24 school districts under subsection (H) shall be appropriated for
25 distribution to school districts as part of the same line item

1 in which the general State financial aid of school districts is
2 appropriated under this Section.

3 (3) To receive financial assistance under this Section,
4 school districts are required to file claims with the State
5 Board of Education, subject to the following requirements:

6 (a) Any school district which fails for any given
7 school year to maintain school as required by law, or to
8 maintain a recognized school is not eligible to file for
9 such school year any claim upon the Common School Fund. In
10 case of nonrecognition of one or more attendance centers in
11 a school district otherwise operating recognized schools,
12 the claim of the district shall be reduced in the
13 proportion which the Average Daily Attendance in the
14 attendance center or centers bear to the Average Daily
15 Attendance in the school district. A "recognized school"
16 means any public school which meets the standards as
17 established for recognition by the State Board of
18 Education. A school district or attendance center not
19 having recognition status at the end of a school term is
20 entitled to receive State aid payments due upon a legal
21 claim which was filed while it was recognized.

22 (b) School district claims filed under this Section are
23 subject to Sections 18-9 and 18-12, except as otherwise
24 provided in this Section.

25 (c) If a school district operates a full year school
26 under Section 10-19.1, the general State aid to the school

1 district shall be determined by the State Board of
2 Education in accordance with this Section as near as may be
3 applicable.

4 (d) (Blank).

5 (e) School district expenditures are subject to
6 subsection (d-5) of Section 17-1.5 of this Code, if
7 applicable.

8 (4) Except as provided in subsections (H) and (L), the
9 board of any district receiving any of the grants provided for
10 in this Section may apply those funds to any fund so received
11 for which that board is authorized to make expenditures by law.

12 School districts are not required to exert a minimum
13 Operating Tax Rate in order to qualify for assistance under
14 this Section.

15 (5) As used in this Section the following terms, when
16 capitalized, shall have the meaning ascribed herein:

17 (a) "Average Daily Attendance": A count of pupil
18 attendance in school, averaged as provided for in
19 subsection (C) and utilized in deriving per pupil financial
20 support levels.

21 (b) "Available Local Resources": A computation of
22 local financial support, calculated on the basis of Average
23 Daily Attendance and derived as provided pursuant to
24 subsection (D).

25 (c) "Corporate Personal Property Replacement Taxes":
26 Funds paid to local school districts pursuant to "An Act in

1 relation to the abolition of ad valorem personal property
2 tax and the replacement of revenues lost thereby, and
3 amending and repealing certain Acts and parts of Acts in
4 connection therewith", certified August 14, 1979, as
5 amended (Public Act 81-1st S.S.-1).

6 (d) "Foundation Level": A prescribed level of per pupil
7 financial support as provided for in subsection (B).

8 (e) "Operating Tax Rate": All school district property
9 taxes extended for all purposes, except Bond and Interest,
10 Summer School, Rent, Capital Improvement, and Vocational
11 Education Building purposes.

12 (B) Foundation Level.

13 (1) The Foundation Level is a figure established by the
14 State representing the minimum level of per pupil financial
15 support that should be available to provide for the basic
16 education of each pupil in Average Daily Attendance. As set
17 forth in this Section, each school district is assumed to exert
18 a sufficient local taxing effort such that, in combination with
19 the aggregate of general State financial aid provided the
20 district, an aggregate of State and local resources are
21 available to meet the basic education needs of pupils in the
22 district.

23 (2) For the 1998-1999 school year, the Foundation Level of
24 support is \$4,225. For the 1999-2000 school year, the
25 Foundation Level of support is \$4,325. For the 2000-2001 school

1 year, the Foundation Level of support is \$4,425. For the
2 2001-2002 school year and 2002-2003 school year, the Foundation
3 Level of support is \$4,560. For the 2003-2004 school year, the
4 Foundation Level of support is \$4,810. For the 2004-2005 school
5 year, the Foundation Level of support is \$4,964. For the
6 2005-2006 school year, the Foundation Level of support is
7 \$5,164. For the 2006-2007 school year, the Foundation Level of
8 support is \$5,334.

9 (3) For the 2007-2008 ~~2006-2007~~ school year and each school
10 year thereafter, the Foundation Level of support is \$6,058
11 ~~\$5,334~~ or such greater amount as may be established by law by
12 the General Assembly.

13 (C) Average Daily Attendance.

14 (1) For purposes of calculating general State aid pursuant
15 to subsection (E), an Average Daily Attendance figure shall be
16 utilized. The Average Daily Attendance figure for formula
17 calculation purposes shall be the monthly average of the actual
18 number of pupils in attendance of each school district, as
19 further averaged for the best 3 months of pupil attendance for
20 each school district. In compiling the figures for the number
21 of pupils in attendance, school districts and the State Board
22 of Education shall, for purposes of general State aid funding,
23 conform attendance figures to the requirements of subsection
24 (F).

25 (2) The Average Daily Attendance figures utilized in

1 subsection (E) shall be the requisite attendance data for the
2 school year immediately preceding the school year for which
3 general State aid is being calculated or the average of the
4 attendance data for the 3 preceding school years, whichever is
5 greater. The Average Daily Attendance figures utilized in
6 subsection (H) shall be the requisite attendance data for the
7 school year immediately preceding the school year for which
8 general State aid is being calculated.

9 (D) Available Local Resources.

10 (1) For purposes of calculating general State aid pursuant
11 to subsection (E), a representation of Available Local
12 Resources per pupil, as that term is defined and determined in
13 this subsection, shall be utilized. Available Local Resources
14 per pupil shall include a calculated dollar amount representing
15 local school district revenues from local property taxes and
16 from Corporate Personal Property Replacement Taxes, expressed
17 on the basis of pupils in Average Daily Attendance. Calculation
18 of Available Local Resources shall exclude any tax amnesty
19 funds received as a result of Public Act 93-26.

20 (2) In determining a school district's revenue from local
21 property taxes, the State Board of Education shall utilize the
22 equalized assessed valuation of all taxable property of each
23 school district as of September 30 of the previous year. The
24 equalized assessed valuation utilized shall be obtained and
25 determined as provided in subsection (G).

1 (3) For school districts maintaining grades kindergarten
2 through 12, local property tax revenues per pupil shall be
3 calculated as the product of the applicable equalized assessed
4 valuation for the district multiplied by 3.00%, and divided by
5 the district's Average Daily Attendance figure. For school
6 districts maintaining grades kindergarten through 8, local
7 property tax revenues per pupil shall be calculated as the
8 product of the applicable equalized assessed valuation for the
9 district multiplied by 2.30%, and divided by the district's
10 Average Daily Attendance figure. For school districts
11 maintaining grades 9 through 12, local property tax revenues
12 per pupil shall be the applicable equalized assessed valuation
13 of the district multiplied by 1.05%, and divided by the
14 district's Average Daily Attendance figure.

15 For partial elementary unit districts created pursuant to
16 Article 11E of this Code, local property tax revenues per pupil
17 shall be calculated as the product of the equalized assessed
18 valuation for property within the elementary and high school
19 classification of the partial elementary unit district
20 multiplied by 2.06% and divided by the Average Daily Attendance
21 figure for grades kindergarten through 8, plus the product of
22 the equalized assessed valuation for property within the high
23 school only classification of the partial elementary unit
24 district multiplied by 0.94% and divided by the Average Daily
25 Attendance figure for grades 9 through 12.

26 (4) The Corporate Personal Property Replacement Taxes paid

1 to each school district during the calendar year 2 years before
2 the calendar year in which a school year begins, divided by the
3 Average Daily Attendance figure for that district, shall be
4 added to the local property tax revenues per pupil as derived
5 by the application of the immediately preceding paragraph (3).
6 The sum of these per pupil figures for each school district
7 shall constitute Available Local Resources as that term is
8 utilized in subsection (E) in the calculation of general State
9 aid.

10 (E) Computation of General State Aid.

11 (1) For each school year, the amount of general State aid
12 allotted to a school district shall be computed by the State
13 Board of Education as provided in this subsection.

14 (2) For any school district for which Available Local
15 Resources per pupil is less than the product of 0.93 times the
16 Foundation Level, general State aid for that district shall be
17 calculated as an amount equal to the Foundation Level minus
18 Available Local Resources, multiplied by the Average Daily
19 Attendance of the school district.

20 (3) For any school district for which Available Local
21 Resources per pupil is equal to or greater than the product of
22 0.93 times the Foundation Level and less than the product of
23 1.75 times the Foundation Level, the general State aid per
24 pupil shall be a decimal proportion of the Foundation Level
25 derived using a linear algorithm. Under this linear algorithm,

1 the calculated general State aid per pupil shall decline in
2 direct linear fashion from 0.07 times the Foundation Level for
3 a school district with Available Local Resources equal to the
4 product of 0.93 times the Foundation Level, to 0.05 times the
5 Foundation Level for a school district with Available Local
6 Resources equal to the product of 1.75 times the Foundation
7 Level. The allocation of general State aid for school districts
8 subject to this paragraph 3 shall be the calculated general
9 State aid per pupil figure multiplied by the Average Daily
10 Attendance of the school district.

11 (4) For any school district for which Available Local
12 Resources per pupil equals or exceeds the product of 1.75 times
13 the Foundation Level, the general State aid for the school
14 district shall be calculated as the product of \$218 multiplied
15 by the Average Daily Attendance of the school district.

16 (5) The amount of general State aid allocated to a school
17 district for the 1999-2000 school year meeting the requirements
18 set forth in paragraph (4) of subsection (G) shall be increased
19 by an amount equal to the general State aid that would have
20 been received by the district for the 1998-1999 school year by
21 utilizing the Extension Limitation Equalized Assessed
22 Valuation as calculated in paragraph (4) of subsection (G) less
23 the general State aid allotted for the 1998-1999 school year.
24 This amount shall be deemed a one time increase, and shall not
25 affect any future general State aid allocations.

1 (F) Compilation of Average Daily Attendance.

2 (1) Each school district shall, by July 1 of each year,
3 submit to the State Board of Education, on forms prescribed by
4 the State Board of Education, attendance figures for the school
5 year that began in the preceding calendar year. The attendance
6 information so transmitted shall identify the average daily
7 attendance figures for each month of the school year. Beginning
8 with the general State aid claim form for the 2002-2003 school
9 year, districts shall calculate Average Daily Attendance as
10 provided in subdivisions (a), (b), and (c) of this paragraph
11 (1).

12 (a) In districts that do not hold year-round classes,
13 days of attendance in August shall be added to the month of
14 September and any days of attendance in June shall be added
15 to the month of May.

16 (b) In districts in which all buildings hold year-round
17 classes, days of attendance in July and August shall be
18 added to the month of September and any days of attendance
19 in June shall be added to the month of May.

20 (c) In districts in which some buildings, but not all,
21 hold year-round classes, for the non-year-round buildings,
22 days of attendance in August shall be added to the month of
23 September and any days of attendance in June shall be added
24 to the month of May. The average daily attendance for the
25 year-round buildings shall be computed as provided in
26 subdivision (b) of this paragraph (1). To calculate the

1 Average Daily Attendance for the district, the average
2 daily attendance for the year-round buildings shall be
3 multiplied by the days in session for the non-year-round
4 buildings for each month and added to the monthly
5 attendance of the non-year-round buildings.

6 Except as otherwise provided in this Section, days of
7 attendance by pupils shall be counted only for sessions of not
8 less than 5 clock hours of school work per day under direct
9 supervision of: (i) teachers, or (ii) non-teaching personnel or
10 volunteer personnel when engaging in non-teaching duties and
11 supervising in those instances specified in subsection (a) of
12 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils
13 of legal school age and in kindergarten and grades 1 through
14 12.

15 Days of attendance by tuition pupils shall be accredited
16 only to the districts that pay the tuition to a recognized
17 school.

18 (2) Days of attendance by pupils of less than 5 clock hours
19 of school shall be subject to the following provisions in the
20 compilation of Average Daily Attendance.

21 (a) Pupils regularly enrolled in a public school for
22 only a part of the school day may be counted on the basis
23 of 1/6 day for every class hour of instruction of 40
24 minutes or more attended pursuant to such enrollment,
25 unless a pupil is enrolled in a block-schedule format of 80
26 minutes or more of instruction, in which case the pupil may

1 be counted on the basis of the proportion of minutes of
2 school work completed each day to the minimum number of
3 minutes that school work is required to be held that day.

4 (b) Days of attendance may be less than 5 clock hours
5 on the opening and closing of the school term, and upon the
6 first day of pupil attendance, if preceded by a day or days
7 utilized as an institute or teachers' workshop.

8 (c) A session of 4 or more clock hours may be counted
9 as a day of attendance upon certification by the regional
10 superintendent, and approved by the State Superintendent
11 of Education to the extent that the district has been
12 forced to use daily multiple sessions.

13 (d) A session of 3 or more clock hours may be counted
14 as a day of attendance (1) when the remainder of the school
15 day or at least 2 hours in the evening of that day is
16 utilized for an in-service training program for teachers,
17 up to a maximum of 5 days per school year of which a
18 maximum of 4 days of such 5 days may be used for
19 parent-teacher conferences, provided a district conducts
20 an in-service training program for teachers which has been
21 approved by the State Superintendent of Education; or, in
22 lieu of 4 such days, 2 full days may be used, in which
23 event each such day may be counted as a day of attendance;
24 and (2) when days in addition to those provided in item (1)
25 are scheduled by a school pursuant to its school
26 improvement plan adopted under Article 34 or its revised or

1 amended school improvement plan adopted under Article 2,
2 provided that (i) such sessions of 3 or more clock hours
3 are scheduled to occur at regular intervals, (ii) the
4 remainder of the school days in which such sessions occur
5 are utilized for in-service training programs or other
6 staff development activities for teachers, and (iii) a
7 sufficient number of minutes of school work under the
8 direct supervision of teachers are added to the school days
9 between such regularly scheduled sessions to accumulate
10 not less than the number of minutes by which such sessions
11 of 3 or more clock hours fall short of 5 clock hours. Any
12 full days used for the purposes of this paragraph shall not
13 be considered for computing average daily attendance. Days
14 scheduled for in-service training programs, staff
15 development activities, or parent-teacher conferences may
16 be scheduled separately for different grade levels and
17 different attendance centers of the district.

18 (e) A session of not less than one clock hour of
19 teaching hospitalized or homebound pupils on-site or by
20 telephone to the classroom may be counted as 1/2 day of
21 attendance, however these pupils must receive 4 or more
22 clock hours of instruction to be counted for a full day of
23 attendance.

24 (f) A session of at least 4 clock hours may be counted
25 as a day of attendance for first grade pupils, and pupils
26 in full day kindergartens, and a session of 2 or more hours

1 may be counted as 1/2 day of attendance by pupils in
2 kindergartens which provide only 1/2 day of attendance.

3 (g) For children with disabilities who are below the
4 age of 6 years and who cannot attend 2 or more clock hours
5 because of their disability or immaturity, a session of not
6 less than one clock hour may be counted as 1/2 day of
7 attendance; however for such children whose educational
8 needs so require a session of 4 or more clock hours may be
9 counted as a full day of attendance.

10 (h) A recognized kindergarten which provides for only
11 1/2 day of attendance by each pupil shall not have more
12 than 1/2 day of attendance counted in any one day. However,
13 kindergartens may count 2 1/2 days of attendance in any 5
14 consecutive school days. When a pupil attends such a
15 kindergarten for 2 half days on any one school day, the
16 pupil shall have the following day as a day absent from
17 school, unless the school district obtains permission in
18 writing from the State Superintendent of Education.
19 Attendance at kindergartens which provide for a full day of
20 attendance by each pupil shall be counted the same as
21 attendance by first grade pupils. Only the first year of
22 attendance in one kindergarten shall be counted, except in
23 case of children who entered the kindergarten in their
24 fifth year whose educational development requires a second
25 year of kindergarten as determined under the rules and
26 regulations of the State Board of Education.

1 (i) On the days when the Prairie State Achievement
2 Examination is administered under subsection (c) of
3 Section 2-3.64 of this Code, the day of attendance for a
4 pupil whose school day must be shortened to accommodate
5 required testing procedures may be less than 5 clock hours
6 and shall be counted towards the 176 days of actual pupil
7 attendance required under Section 10-19 of this Code,
8 provided that a sufficient number of minutes of school work
9 in excess of 5 clock hours are first completed on other
10 school days to compensate for the loss of school work on
11 the examination days.

12 (G) Equalized Assessed Valuation Data.

13 (1) For purposes of the calculation of Available Local
14 Resources required pursuant to subsection (D), the State Board
15 of Education shall secure from the Department of Revenue the
16 value as equalized or assessed by the Department of Revenue of
17 all taxable property of every school district, together with
18 (i) the applicable tax rate used in extending taxes for the
19 funds of the district as of September 30 of the previous year
20 and (ii) the limiting rate for all school districts subject to
21 property tax extension limitations as imposed under the
22 Property Tax Extension Limitation Law.

23 The Department of Revenue shall add to the equalized
24 assessed value of all taxable property of each school district
25 situated entirely or partially within a county that is or was

1 subject to the alternative general homestead exemption
2 provisions of Section 15-176 of the Property Tax Code (a) an
3 amount equal to the total amount by which the homestead
4 exemption allowed under Section 15-176 of the Property Tax Code
5 for real property situated in that school district exceeds the
6 total amount that would have been allowed in that school
7 district if the maximum reduction under Section 15-176 was (i)
8 \$4,500 in Cook County or \$3,500 in all other counties in tax
9 year 2003 or (ii) \$5,000 in all counties in tax year 2004 and
10 thereafter and (b) an amount equal to the aggregate amount for
11 the taxable year of all additional exemptions under Section
12 15-175 of the Property Tax Code for owners with a household
13 income of \$30,000 or less. The county clerk of any county that
14 is or was subject to the alternative general homestead
15 exemption provisions of Section 15-176 of the Property Tax Code
16 shall annually calculate and certify to the Department of
17 Revenue for each school district all homestead exemption
18 amounts under Section 15-176 of the Property Tax Code and all
19 amounts of additional exemptions under Section 15-175 of the
20 Property Tax Code for owners with a household income of \$30,000
21 or less. It is the intent of this paragraph that if the general
22 homestead exemption for a parcel of property is determined
23 under Section 15-176 of the Property Tax Code rather than
24 Section 15-175, then the calculation of Available Local
25 Resources shall not be affected by the difference, if any,
26 between the amount of the general homestead exemption allowed

1 for that parcel of property under Section 15-176 of the
2 Property Tax Code and the amount that would have been allowed
3 had the general homestead exemption for that parcel of property
4 been determined under Section 15-175 of the Property Tax Code.
5 It is further the intent of this paragraph that if additional
6 exemptions are allowed under Section 15-175 of the Property Tax
7 Code for owners with a household income of less than \$30,000,
8 then the calculation of Available Local Resources shall not be
9 affected by the difference, if any, because of those additional
10 exemptions.

11 This equalized assessed valuation, as adjusted further by
12 the requirements of this subsection, shall be utilized in the
13 calculation of Available Local Resources.

14 (2) The equalized assessed valuation in paragraph (1) shall
15 be adjusted, as applicable, in the following manner:

16 (a) For the purposes of calculating State aid under
17 this Section, with respect to any part of a school district
18 within a redevelopment project area in respect to which a
19 municipality has adopted tax increment allocation
20 financing pursuant to the Tax Increment Allocation
21 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11
22 of the Illinois Municipal Code or the Industrial Jobs
23 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the
24 Illinois Municipal Code, no part of the current equalized
25 assessed valuation of real property located in any such
26 project area which is attributable to an increase above the

1 total initial equalized assessed valuation of such
2 property shall be used as part of the equalized assessed
3 valuation of the district, until such time as all
4 redevelopment project costs have been paid, as provided in
5 Section 11-74.4-8 of the Tax Increment Allocation
6 Redevelopment Act or in Section 11-74.6-35 of the
7 Industrial Jobs Recovery Law. For the purpose of the
8 equalized assessed valuation of the district, the total
9 initial equalized assessed valuation or the current
10 equalized assessed valuation, whichever is lower, shall be
11 used until such time as all redevelopment project costs
12 have been paid.

13 (b) The real property equalized assessed valuation for
14 a school district shall be adjusted by subtracting from the
15 real property value as equalized or assessed by the
16 Department of Revenue for the district an amount computed
17 by dividing the amount of any abatement of taxes under
18 Section 18-170 of the Property Tax Code by 3.00% for a
19 district maintaining grades kindergarten through 12, by
20 2.30% for a district maintaining grades kindergarten
21 through 8, or by 1.05% for a district maintaining grades 9
22 through 12 and adjusted by an amount computed by dividing
23 the amount of any abatement of taxes under subsection (a)
24 of Section 18-165 of the Property Tax Code by the same
25 percentage rates for district type as specified in this
26 subparagraph (b).

1 (3) For the 1999-2000 school year and each school year
2 thereafter, if a school district meets all of the criteria of
3 this subsection (G) (3), the school district's Available Local
4 Resources shall be calculated under subsection (D) using the
5 district's Extension Limitation Equalized Assessed Valuation
6 as calculated under this subsection (G) (3).

7 For purposes of this subsection (G) (3) the following terms
8 shall have the following meanings:

9 "Budget Year": The school year for which general State
10 aid is calculated and awarded under subsection (E).

11 "Base Tax Year": The property tax levy year used to
12 calculate the Budget Year allocation of general State aid.

13 "Preceding Tax Year": The property tax levy year
14 immediately preceding the Base Tax Year.

15 "Base Tax Year's Tax Extension": The product of the
16 equalized assessed valuation utilized by the County Clerk
17 in the Base Tax Year multiplied by the limiting rate as
18 calculated by the County Clerk and defined in the Property
19 Tax Extension Limitation Law.

20 "Preceding Tax Year's Tax Extension": The product of
21 the equalized assessed valuation utilized by the County
22 Clerk in the Preceding Tax Year multiplied by the Operating
23 Tax Rate as defined in subsection (A).

24 "Extension Limitation Ratio": A numerical ratio,
25 certified by the County Clerk, in which the numerator is
26 the Base Tax Year's Tax Extension and the denominator is

1 the Preceding Tax Year's Tax Extension.

2 "Operating Tax Rate": The operating tax rate as defined
3 in subsection (A).

4 If a school district is subject to property tax extension
5 limitations as imposed under the Property Tax Extension
6 Limitation Law, the State Board of Education shall calculate
7 the Extension Limitation Equalized Assessed Valuation of that
8 district. For the 1999-2000 school year, the Extension
9 Limitation Equalized Assessed Valuation of a school district as
10 calculated by the State Board of Education shall be equal to
11 the product of the district's 1996 Equalized Assessed Valuation
12 and the district's Extension Limitation Ratio. For the
13 2000-2001 school year and each school year thereafter, the
14 Extension Limitation Equalized Assessed Valuation of a school
15 district as calculated by the State Board of Education shall be
16 equal to the product of the Equalized Assessed Valuation last
17 used in the calculation of general State aid and the district's
18 Extension Limitation Ratio. If the Extension Limitation
19 Equalized Assessed Valuation of a school district as calculated
20 under this subsection (G)(3) is less than the district's
21 equalized assessed valuation as calculated pursuant to
22 subsections (G)(1) and (G)(2), then for purposes of calculating
23 the district's general State aid for the Budget Year pursuant
24 to subsection (E), that Extension Limitation Equalized
25 Assessed Valuation shall be utilized to calculate the
26 district's Available Local Resources under subsection (D).

1 Partial elementary unit districts created in accordance
2 with Article 11E of this Code shall not be eligible for the
3 adjustment in this subsection (G)(3) until the fifth year
4 following the effective date of the reorganization.

5 (4) For the purposes of calculating general State aid for
6 the 1999-2000 school year only, if a school district
7 experienced a triennial reassessment on the equalized assessed
8 valuation used in calculating its general State financial aid
9 apportionment for the 1998-1999 school year, the State Board of
10 Education shall calculate the Extension Limitation Equalized
11 Assessed Valuation that would have been used to calculate the
12 district's 1998-1999 general State aid. This amount shall equal
13 the product of the equalized assessed valuation used to
14 calculate general State aid for the 1997-1998 school year and
15 the district's Extension Limitation Ratio. If the Extension
16 Limitation Equalized Assessed Valuation of the school district
17 as calculated under this paragraph (4) is less than the
18 district's equalized assessed valuation utilized in
19 calculating the district's 1998-1999 general State aid
20 allocation, then for purposes of calculating the district's
21 general State aid pursuant to paragraph (5) of subsection (E),
22 that Extension Limitation Equalized Assessed Valuation shall
23 be utilized to calculate the district's Available Local
24 Resources.

25 (5) For school districts having a majority of their
26 equalized assessed valuation in any county except Cook, DuPage,

1 Kane, Lake, McHenry, or Will, if the amount of general State
2 aid allocated to the school district for the 1999-2000 school
3 year under the provisions of subsection (E), (H), and (J) of
4 this Section is less than the amount of general State aid
5 allocated to the district for the 1998-1999 school year under
6 these subsections, then the general State aid of the district
7 for the 1999-2000 school year only shall be increased by the
8 difference between these amounts. The total payments made under
9 this paragraph (5) shall not exceed \$14,000,000. Claims shall
10 be prorated if they exceed \$14,000,000.

11 (H) Supplemental General State Aid.

12 (1) In addition to the general State aid a school district
13 is allotted pursuant to subsection (E), qualifying school
14 districts shall receive a grant, paid in conjunction with a
15 district's payments of general State aid, for supplemental
16 general State aid based upon the concentration level of
17 children from low-income households within the school
18 district. Supplemental State aid grants provided for school
19 districts under this subsection shall be appropriated for
20 distribution to school districts as part of the same line item
21 in which the general State financial aid of school districts is
22 appropriated under this Section. If the appropriation in any
23 fiscal year for general State aid and supplemental general
24 State aid is insufficient to pay the amounts required under the
25 general State aid and supplemental general State aid

1 calculations, then the State Board of Education shall ensure
2 that each school district receives the full amount due for
3 general State aid and the remainder of the appropriation shall
4 be used for supplemental general State aid, which the State
5 Board of Education shall calculate and pay to eligible
6 districts on a prorated basis.

7 (1.5) This paragraph (1.5) applies only to those school
8 years preceding the 2003-2004 school year. For purposes of this
9 subsection (H), the term "Low-Income Concentration Level"
10 shall be the low-income eligible pupil count from the most
11 recently available federal census divided by the Average Daily
12 Attendance of the school district. If, however, (i) the
13 percentage decrease from the 2 most recent federal censuses in
14 the low-income eligible pupil count of a high school district
15 with fewer than 400 students exceeds by 75% or more the
16 percentage change in the total low-income eligible pupil count
17 of contiguous elementary school districts, whose boundaries
18 are coterminous with the high school district, or (ii) a high
19 school district within 2 counties and serving 5 elementary
20 school districts, whose boundaries are coterminous with the
21 high school district, has a percentage decrease from the 2 most
22 recent federal censuses in the low-income eligible pupil count
23 and there is a percentage increase in the total low-income
24 eligible pupil count of a majority of the elementary school
25 districts in excess of 50% from the 2 most recent federal
26 censuses, then the high school district's low-income eligible

1 pupil count from the earlier federal census shall be the number
2 used as the low-income eligible pupil count for the high school
3 district, for purposes of this subsection (H). The changes made
4 to this paragraph (1) by Public Act 92-28 shall apply to
5 supplemental general State aid grants for school years
6 preceding the 2003-2004 school year that are paid in fiscal
7 year 1999 or thereafter and to any State aid payments made in
8 fiscal year 1994 through fiscal year 1998 pursuant to
9 subsection 1(n) of Section 18-8 of this Code (which was
10 repealed on July 1, 1998), and any high school district that is
11 affected by Public Act 92-28 is entitled to a recomputation of
12 its supplemental general State aid grant or State aid paid in
13 any of those fiscal years. This recomputation shall not be
14 affected by any other funding.

15 (1.10) This paragraph (1.10) applies to the 2003-2004
16 school year and each school year thereafter. For purposes of
17 this subsection (H), the term "Low-Income Concentration Level"
18 shall, for each fiscal year, be the low-income eligible pupil
19 count as of July 1 of the immediately preceding fiscal year (as
20 determined by the Department of Human Services based on the
21 number of pupils who are eligible for at least one of the
22 following low income programs: Medicaid, the Children's Health
23 Insurance Program, ~~KidCare~~, TANF, or Food Stamps, excluding
24 pupils who are eligible for services provided by the Department
25 of Children and Family Services, averaged over the 2
26 immediately preceding fiscal years for fiscal year 2004 and

1 over the 3 immediately preceding fiscal years for each fiscal
2 year thereafter) divided by the Average Daily Attendance of the
3 school district.

4 (2) Supplemental general State aid pursuant to this
5 subsection (H) shall be provided as follows for the 1998-1999,
6 1999-2000, and 2000-2001 school years only:

7 (a) For any school district with a Low Income
8 Concentration Level of at least 20% and less than 35%, the
9 grant for any school year shall be \$800 multiplied by the
10 low income eligible pupil count.

11 (b) For any school district with a Low Income
12 Concentration Level of at least 35% and less than 50%, the
13 grant for the 1998-1999 school year shall be \$1,100
14 multiplied by the low income eligible pupil count.

15 (c) For any school district with a Low Income
16 Concentration Level of at least 50% and less than 60%, the
17 grant for the 1998-99 school year shall be \$1,500
18 multiplied by the low income eligible pupil count.

19 (d) For any school district with a Low Income
20 Concentration Level of 60% or more, the grant for the
21 1998-99 school year shall be \$1,900 multiplied by the low
22 income eligible pupil count.

23 (e) For the 1999-2000 school year, the per pupil amount
24 specified in subparagraphs (b), (c), and (d) immediately
25 above shall be increased to \$1,243, \$1,600, and \$2,000,
26 respectively.

1 (f) For the 2000-2001 school year, the per pupil
2 amounts specified in subparagraphs (b), (c), and (d)
3 immediately above shall be \$1,273, \$1,640, and \$2,050,
4 respectively.

5 (2.5) Supplemental general State aid pursuant to this
6 subsection (H) shall be provided as follows for the 2002-2003
7 school year:

8 (a) For any school district with a Low Income
9 Concentration Level of less than 10%, the grant for each
10 school year shall be \$355 multiplied by the low income
11 eligible pupil count.

12 (b) For any school district with a Low Income
13 Concentration Level of at least 10% and less than 20%, the
14 grant for each school year shall be \$675 multiplied by the
15 low income eligible pupil count.

16 (c) For any school district with a Low Income
17 Concentration Level of at least 20% and less than 35%, the
18 grant for each school year shall be \$1,330 multiplied by
19 the low income eligible pupil count.

20 (d) For any school district with a Low Income
21 Concentration Level of at least 35% and less than 50%, the
22 grant for each school year shall be \$1,362 multiplied by
23 the low income eligible pupil count.

24 (e) For any school district with a Low Income
25 Concentration Level of at least 50% and less than 60%, the
26 grant for each school year shall be \$1,680 multiplied by

1 the low income eligible pupil count.

2 (f) For any school district with a Low Income
3 Concentration Level of 60% or more, the grant for each
4 school year shall be \$2,080 multiplied by the low income
5 eligible pupil count.

6 (2.10) Except as otherwise provided, supplemental general
7 State aid pursuant to this subsection (H) shall be provided as
8 follows for the 2003-2004 school year and each school year
9 thereafter:

10 (a) For any school district with a Low Income
11 Concentration Level of 15% or less, the grant for each
12 school year shall be \$355 multiplied by the low income
13 eligible pupil count.

14 (b) For any school district with a Low Income
15 Concentration Level greater than 15%, the grant for each
16 school year shall be \$294.25 added to the product of \$2,700
17 and the square of the Low Income Concentration Level, all
18 multiplied by the low income eligible pupil count.

19 For the 2003-2004 school year, 2004-2005 school year,
20 2005-2006 school year, and 2006-2007 school year only, the
21 grant shall be no less than the grant for the 2002-2003 school
22 year. For the 2007-2008 school year only, the grant shall be no
23 less than the grant for the 2002-2003 school year multiplied by
24 0.66. For the 2008-2009 school year only, the grant shall be no
25 less than the grant for the 2002-2003 school year multiplied by
26 0.33. Notwithstanding the provisions of this paragraph to the

1 contrary, if for any school year supplemental general State aid
2 grants are prorated as provided in paragraph (1) of this
3 subsection (H), then the grants under this paragraph shall be
4 prorated.

5 For the 2003-2004 school year only, the grant shall be no
6 greater than the grant received during the 2002-2003 school
7 year added to the product of 0.25 multiplied by the difference
8 between the grant amount calculated under subsection (a) or (b)
9 of this paragraph (2.10), whichever is applicable, and the
10 grant received during the 2002-2003 school year. For the
11 2004-2005 school year only, the grant shall be no greater than
12 the grant received during the 2002-2003 school year added to
13 the product of 0.50 multiplied by the difference between the
14 grant amount calculated under subsection (a) or (b) of this
15 paragraph (2.10), whichever is applicable, and the grant
16 received during the 2002-2003 school year. For the 2005-2006
17 school year only, the grant shall be no greater than the grant
18 received during the 2002-2003 school year added to the product
19 of 0.75 multiplied by the difference between the grant amount
20 calculated under subsection (a) or (b) of this paragraph
21 (2.10), whichever is applicable, and the grant received during
22 the 2002-2003 school year.

23 (3) School districts with an Average Daily Attendance of
24 more than 1,000 and less than 50,000 that qualify for
25 supplemental general State aid pursuant to this subsection
26 shall submit a plan to the State Board of Education prior to

1 October 30 of each year for the use of the funds resulting from
2 this grant of supplemental general State aid for the
3 improvement of instruction in which priority is given to
4 meeting the education needs of disadvantaged children. Such
5 plan shall be submitted in accordance with rules and
6 regulations promulgated by the State Board of Education.

7 (4) School districts with an Average Daily Attendance of
8 50,000 or more that qualify for supplemental general State aid
9 pursuant to this subsection shall be required to distribute
10 from funds available pursuant to this Section, no less than
11 \$261,000,000 in accordance with the following requirements:

12 (a) The required amounts shall be distributed to the
13 attendance centers within the district in proportion to the
14 number of pupils enrolled at each attendance center who are
15 eligible to receive free or reduced-price lunches or
16 breakfasts under the federal Child Nutrition Act of 1966
17 and under the National School Lunch Act during the
18 immediately preceding school year.

19 (b) The distribution of these portions of supplemental
20 and general State aid among attendance centers according to
21 these requirements shall not be compensated for or
22 contravened by adjustments of the total of other funds
23 appropriated to any attendance centers, and the Board of
24 Education shall utilize funding from one or several sources
25 in order to fully implement this provision annually prior
26 to the opening of school.

1 (c) Each attendance center shall be provided by the
2 school district a distribution of noncategorical funds and
3 other categorical funds to which an attendance center is
4 entitled under law in order that the general State aid and
5 supplemental general State aid provided by application of
6 this subsection supplements rather than supplants the
7 noncategorical funds and other categorical funds provided
8 by the school district to the attendance centers.

9 (d) Any funds made available under this subsection that
10 by reason of the provisions of this subsection are not
11 required to be allocated and provided to attendance centers
12 may be used and appropriated by the board of the district
13 for any lawful school purpose.

14 (e) Funds received by an attendance center pursuant to
15 this subsection shall be used by the attendance center at
16 the discretion of the principal and local school council
17 for programs to improve educational opportunities at
18 qualifying schools through the following programs and
19 services: early childhood education, reduced class size or
20 improved adult to student classroom ratio, enrichment
21 programs, remedial assistance, attendance improvement, and
22 other educationally beneficial expenditures which
23 supplement the regular and basic programs as determined by
24 the State Board of Education. Funds provided shall not be
25 expended for any political or lobbying purposes as defined
26 by board rule.

1 (f) Each district subject to the provisions of this
2 subdivision (H) (4) shall submit an acceptable plan to meet
3 the educational needs of disadvantaged children, in
4 compliance with the requirements of this paragraph, to the
5 State Board of Education prior to July 15 of each year.
6 This plan shall be consistent with the decisions of local
7 school councils concerning the school expenditure plans
8 developed in accordance with part 4 of Section 34-2.3. The
9 State Board shall approve or reject the plan within 60 days
10 after its submission. If the plan is rejected, the district
11 shall give written notice of intent to modify the plan
12 within 15 days of the notification of rejection and then
13 submit a modified plan within 30 days after the date of the
14 written notice of intent to modify. Districts may amend
15 approved plans pursuant to rules promulgated by the State
16 Board of Education.

17 Upon notification by the State Board of Education that
18 the district has not submitted a plan prior to July 15 or a
19 modified plan within the time period specified herein, the
20 State aid funds affected by that plan or modified plan
21 shall be withheld by the State Board of Education until a
22 plan or modified plan is submitted.

23 If the district fails to distribute State aid to
24 attendance centers in accordance with an approved plan, the
25 plan for the following year shall allocate funds, in
26 addition to the funds otherwise required by this

1 subsection, to those attendance centers which were
2 underfunded during the previous year in amounts equal to
3 such underfunding.

4 For purposes of determining compliance with this
5 subsection in relation to the requirements of attendance
6 center funding, each district subject to the provisions of
7 this subsection shall submit as a separate document by
8 December 1 of each year a report of expenditure data for
9 the prior year in addition to any modification of its
10 current plan. If it is determined that there has been a
11 failure to comply with the expenditure provisions of this
12 subsection regarding contravention or supplanting, the
13 State Superintendent of Education shall, within 60 days of
14 receipt of the report, notify the district and any affected
15 local school council. The district shall within 45 days of
16 receipt of that notification inform the State
17 Superintendent of Education of the remedial or corrective
18 action to be taken, whether by amendment of the current
19 plan, if feasible, or by adjustment in the plan for the
20 following year. Failure to provide the expenditure report
21 or the notification of remedial or corrective action in a
22 timely manner shall result in a withholding of the affected
23 funds.

24 The State Board of Education shall promulgate rules and
25 regulations to implement the provisions of this
26 subsection. No funds shall be released under this

1 subdivision (H) (4) to any district that has not submitted a
2 plan that has been approved by the State Board of
3 Education.

4 (I) (Blank).

5 (J) Supplementary Grants in Aid.

6 (1) Notwithstanding any other provisions of this Section,
7 the amount of the aggregate general State aid in combination
8 with supplemental general State aid under this Section for
9 which each school district is eligible shall be no less than
10 the amount of the aggregate general State aid entitlement that
11 was received by the district under Section 18-8 (exclusive of
12 amounts received under subsections 5(p) and 5(p-5) of that
13 Section) for the 1997-98 school year, pursuant to the
14 provisions of that Section as it was then in effect. If a
15 school district qualifies to receive a supplementary payment
16 made under this subsection (J), the amount of the aggregate
17 general State aid in combination with supplemental general
18 State aid under this Section which that district is eligible to
19 receive for each school year shall be no less than the amount
20 of the aggregate general State aid entitlement that was
21 received by the district under Section 18-8 (exclusive of
22 amounts received under subsections 5(p) and 5(p-5) of that
23 Section) for the 1997-1998 school year, pursuant to the
24 provisions of that Section as it was then in effect.

1 (2) If, as provided in paragraph (1) of this subsection
2 (J), a school district is to receive aggregate general State
3 aid in combination with supplemental general State aid under
4 this Section for the 1998-99 school year and any subsequent
5 school year that in any such school year is less than the
6 amount of the aggregate general State aid entitlement that the
7 district received for the 1997-98 school year, the school
8 district shall also receive, from a separate appropriation made
9 for purposes of this subsection (J), a supplementary payment
10 that is equal to the amount of the difference in the aggregate
11 State aid figures as described in paragraph (1).

12 (3) (Blank).

13 (K) Grants to Laboratory and Alternative Schools.

14 In calculating the amount to be paid to the governing board
15 of a public university that operates a laboratory school under
16 this Section or to any alternative school that is operated by a
17 regional superintendent of schools, the State Board of
18 Education shall require by rule such reporting requirements as
19 it deems necessary.

20 As used in this Section, "laboratory school" means a public
21 school which is created and operated by a public university and
22 approved by the State Board of Education. The governing board
23 of a public university which receives funds from the State
24 Board under this subsection (K) may not increase the number of
25 students enrolled in its laboratory school from a single

1 district, if that district is already sending 50 or more
2 students, except under a mutual agreement between the school
3 board of a student's district of residence and the university
4 which operates the laboratory school. A laboratory school may
5 not have more than 1,000 students, excluding students with
6 disabilities in a special education program.

7 As used in this Section, "alternative school" means a
8 public school which is created and operated by a Regional
9 Superintendent of Schools and approved by the State Board of
10 Education. Such alternative schools may offer courses of
11 instruction for which credit is given in regular school
12 programs, courses to prepare students for the high school
13 equivalency testing program or vocational and occupational
14 training. A regional superintendent of schools may contract
15 with a school district or a public community college district
16 to operate an alternative school. An alternative school serving
17 more than one educational service region may be established by
18 the regional superintendents of schools of the affected
19 educational service regions. An alternative school serving
20 more than one educational service region may be operated under
21 such terms as the regional superintendents of schools of those
22 educational service regions may agree.

23 Each laboratory and alternative school shall file, on forms
24 provided by the State Superintendent of Education, an annual
25 State aid claim which states the Average Daily Attendance of
26 the school's students by month. The best 3 months' Average

1 Daily Attendance shall be computed for each school. The general
2 State aid entitlement shall be computed by multiplying the
3 applicable Average Daily Attendance by the Foundation Level as
4 determined under this Section.

5 (L) Payments, Additional Grants in Aid and Other Requirements.

6 (1) For a school district operating under the financial
7 supervision of an Authority created under Article 34A, the
8 general State aid otherwise payable to that district under this
9 Section, but not the supplemental general State aid, shall be
10 reduced by an amount equal to the budget for the operations of
11 the Authority as certified by the Authority to the State Board
12 of Education, and an amount equal to such reduction shall be
13 paid to the Authority created for such district for its
14 operating expenses in the manner provided in Section 18-11. The
15 remainder of general State school aid for any such district
16 shall be paid in accordance with Article 34A when that Article
17 provides for a disposition other than that provided by this
18 Article.

19 (2) (Blank).

20 (3) Summer school. Summer school payments shall be made as
21 provided in Section 18-4.3.

22 (M) Education Funding Advisory Board.

23 The Education Funding Advisory Board, hereinafter in this
24 subsection (M) referred to as the "Board", is hereby created.

1 The Board shall consist of 5 members who are appointed by the
2 Governor, by and with the advice and consent of the Senate. The
3 members appointed shall include representatives of education,
4 business, and the general public. One of the members so
5 appointed shall be designated by the Governor at the time the
6 appointment is made as the chairperson of the Board. The
7 initial members of the Board may be appointed any time after
8 the effective date of this amendatory Act of 1997. The regular
9 term of each member of the Board shall be for 4 years from the
10 third Monday of January of the year in which the term of the
11 member's appointment is to commence, except that of the 5
12 initial members appointed to serve on the Board, the member who
13 is appointed as the chairperson shall serve for a term that
14 commences on the date of his or her appointment and expires on
15 the third Monday of January, 2002, and the remaining 4 members,
16 by lots drawn at the first meeting of the Board that is held
17 after all 5 members are appointed, shall determine 2 of their
18 number to serve for terms that commence on the date of their
19 respective appointments and expire on the third Monday of
20 January, 2001, and 2 of their number to serve for terms that
21 commence on the date of their respective appointments and
22 expire on the third Monday of January, 2000. All members
23 appointed to serve on the Board shall serve until their
24 respective successors are appointed and confirmed. Vacancies
25 shall be filled in the same manner as original appointments. If
26 a vacancy in membership occurs at a time when the Senate is not

1 in session, the Governor shall make a temporary appointment
2 until the next meeting of the Senate, when he or she shall
3 appoint, by and with the advice and consent of the Senate, a
4 person to fill that membership for the unexpired term. If the
5 Senate is not in session when the initial appointments are
6 made, those appointments shall be made as in the case of
7 vacancies.

8 The Education Funding Advisory Board shall be deemed
9 established, and the initial members appointed by the Governor
10 to serve as members of the Board shall take office, on the date
11 that the Governor makes his or her appointment of the fifth
12 initial member of the Board, whether those initial members are
13 then serving pursuant to appointment and confirmation or
14 pursuant to temporary appointments that are made by the
15 Governor as in the case of vacancies.

16 The State Board of Education shall provide such staff
17 assistance to the Education Funding Advisory Board as is
18 reasonably required for the proper performance by the Board of
19 its responsibilities.

20 For school years after the 2000-2001 school year, the
21 Education Funding Advisory Board, in consultation with the
22 State Board of Education, shall make recommendations as
23 provided in this subsection (M) to the General Assembly for the
24 foundation level under subdivision (B)(3) of this Section and
25 for the supplemental general State aid grant level under
26 subsection (H) of this Section for districts with high

1 concentrations of children from poverty. The recommended
2 foundation level shall be determined based on a methodology
3 which incorporates the basic education expenditures of
4 low-spending schools exhibiting high academic performance. The
5 Education Funding Advisory Board shall make such
6 recommendations to the General Assembly on January 1 of odd
7 numbered years, beginning January 1, 2001.

8 (N) (Blank).

9 (O) References.

10 (1) References in other laws to the various subdivisions of
11 Section 18-8 as that Section existed before its repeal and
12 replacement by this Section 18-8.05 shall be deemed to refer to
13 the corresponding provisions of this Section 18-8.05, to the
14 extent that those references remain applicable.

15 (2) References in other laws to State Chapter 1 funds shall
16 be deemed to refer to the supplemental general State aid
17 provided under subsection (H) of this Section.

18 (P) Public Act 93-838 and Public Act 93-808 make inconsistent
19 changes to this Section. Under Section 6 of the Statute on
20 Statutes there is an irreconcilable conflict between Public Act
21 93-808 and Public Act 93-838. Public Act 93-838, being the last
22 acted upon, is controlling. The text of Public Act 93-838 is
23 the law regardless of the text of Public Act 93-808.

1 (Source: P.A. 93-21, eff. 7-1-03; 93-715, eff. 7-12-04; 93-808,
2 eff. 7-26-04; 93-838, eff. 7-30-04; 93-875, eff. 8-6-04; 94-69,
3 eff. 7-1-05; 94-438, eff. 8-4-05; 94-835, eff. 6-6-06; 94-1019,
4 eff. 7-10-06; 94-1105, eff. 6-1-07; revised 2-18-07.)

5 (105 ILCS 5/18-17) (from Ch. 122, par. 18-17)

6 Sec. 18-17. The State Board of Education shall provide the
7 loan of secular textbooks listed for use by the State Board of
8 Education free of charge to any student in this State who is
9 enrolled in grades kindergarten through 12 at a public school,
10 ~~or~~ at a school other than a public school which is in
11 compliance with the compulsory attendance laws of this State
12 and Title VI of the Civil Rights Act of 1964 and is recognized
13 by the State Board of Education in accordance with Section
14 2-3.25o of this Code, or at a residential school operated by
15 the Department of Human Services under Section 10 of the
16 Disabled Persons Rehabilitation Act or the Department of
17 Juvenile Justice under Article 2.5 of Chapter III of the
18 Unified Code of Corrections. The foregoing service shall be
19 provided directly to the students at their request or at the
20 request of their parents or guardians.

21 The goal of the loan program shall be to ensure that,
22 insofar as possible, all students have access to textbooks that
23 are no more than 6 years old on average in public schools for
24 the teaching and learning of science, social sciences, physical
25 development and health, and social and emotional learning.

1 Each fiscal year's appropriation for the loan of secular
2 textbooks under this Section shall be designated for use in
3 specific grade levels, in accordance with the following
4 replacement cycle:

5 (1) Grades 9 through 12 in Fiscal Year 2008.

6 (2) Grades kindergarten through 4 in Fiscal Year 2009.

7 (3) Grades 5 through 8 in Fiscal Year 2010.

8 (4) Thereafter, beginning with Fiscal Year 2011, the
9 replacement cycle shall be repeated.

10 Each school district shall maintain an average textbook age
11 of 6 years or less for each grade level served; provided that
12 (i) school districts are not required to meet the average
13 textbook age for a given grade level until the end of the first
14 school year during which replacement is available in accordance
15 with the replacement schedule provided in this Section, and
16 (ii) school districts that make adequate yearly progress under
17 Section 2-3.25a of this Code for each of the 3 preceding school
18 years are exempt from this requirement.

19 The State Board of Education shall adopt appropriate
20 regulations to administer this Section and to facilitate the
21 equitable participation of all students eligible for benefits
22 hereunder, including provisions authorizing the exchange,
23 trade or transfer of loaned secular textbooks between schools
24 or school districts for students enrolled in such schools or
25 districts. The bonding requirements of Sections 28-1 and 28-2
26 of this Code do not apply to the loan of secular textbooks

1 under this Section. After secular textbooks have been on loan
2 under this Section for a period of 5 years or more, such
3 textbooks may be disposed of by school districts in such manner
4 as their respective school boards shall determine following
5 written notification to the State Board of Education and
6 expiration of a reasonable waiting period not to exceed 30
7 days. Loaned textbooks may not be disposed of out-of-State or
8 sold without the prior approval of the State Board of
9 Education.

10 As used in this Section in the context of items eligible to
11 be loaned, "textbook" means any book or book substitute which a
12 pupil uses as a text or text substitute in a particular class
13 or program. It shall include books, reusable workbooks,
14 manuals, whether bound or in loose leaf form, and instructional
15 computer software, intended as a principal source of study
16 material for a given class or group of students. "Textbook"
17 also includes science curriculum materials in a kit format that
18 includes pre-packaged consumable materials if (i) it is shown
19 that the materials serve as a textbook substitute, (ii) the
20 materials are for use by pupils as a principal learning
21 resource, (iii) each component of the materials is integrally
22 necessary to teach the requirements of the intended course,
23 (iv) the kit includes teacher guidance materials, and (v) the
24 purchase of individual consumable materials is not allowed.
25 Software licensing fees are allowed under this Section for
26 licenses of 5 years or greater.

1 The State Board of Education shall, by rule, specify those
2 items included in the definition of "textbook" in this Section
3 that must be included in each school district's calculation of
4 the average textbook age.

5 (Source: P.A. 93-212, eff. 7-18-03; 94-927, eff. 1-1-07.)

6 (105 ILCS 5/21-27)

7 Sec. 21-27. The Illinois Teaching Excellence Program. The
8 Illinois Teaching Excellence Program is hereby established to
9 provide categorical funding for monetary incentives and
10 bonuses for teachers and school counselors who are employed by
11 school districts and who hold a Master Certificate. The State
12 Board of Education shall allocate and distribute to each school
13 district an amount as annually appropriated by the General
14 Assembly from federal funds for the Illinois Teaching
15 Excellence Program. The State Board of Education's annual
16 budget must set out by separate line item the appropriation for
17 the program. Unless otherwise provided by appropriation, each
18 school district's annual allocation shall be the sum of the
19 amounts earned for the following incentives and bonuses:

20 (1) An annual payment of \$3,000 to be paid to (A) each
21 teacher who successfully completes the program leading to
22 and who receives a Master Certificate and is employed as a
23 teacher by a school district and (B) each school counselor
24 who successfully completes the program leading to and who
25 receives a Master Certificate and is employed as a school

1 counselor by a school district. The school district shall
2 distribute this payment to each eligible teacher or school
3 counselor as a single payment or in not more than 3
4 payments.

5 (2) An annual incentive equal to \$1,000 shall be paid
6 to each teacher who holds a Master Certificate, who is
7 employed as a teacher by a school district, and who agrees,
8 in writing, to provide 60 hours of mentoring during that
9 year to classroom teachers. This mentoring may include,
10 either singly or in combination, (i) providing high quality
11 professional development for new and experienced teachers,
12 and (ii) assisting National Board for Professional
13 Teaching Standards (NBPTS) candidates through the NBPTS
14 certification process. The school district shall
15 distribute 50% of each annual incentive payment upon
16 completion of 30 hours of the required mentoring and the
17 remaining 50% of the incentive upon completion of the
18 required 60 hours of mentoring. Credit may not be granted
19 by a school district for mentoring or related services
20 provided during a regular school day or during the total
21 number of days of required service for the school year.

22 (3) An annual incentive equal to \$3,000 shall be paid
23 to each teacher who holds a Master Certificate, who is
24 employed as a teacher by a school district, and who agrees,
25 in writing, to provide 60 hours of mentoring during that
26 year to classroom teachers in schools on academic early

1 warning status or in schools in which 50% or more of the
2 students receive free or reduced price lunches, or both.
3 The school district shall distribute 50% of each annual
4 incentive payment upon completion of 30 hours of the
5 required mentoring and the remaining 50% of the incentive
6 upon completion of the required 60 hours of mentoring.
7 Credit may not be granted by a school district for
8 mentoring or related services provided during a regular
9 school day or during the total number of days of required
10 service for the school year.

11 (4) Subject to appropriation, a one-time incentive
12 equal to the application fee expense for National Board for
13 Professional Teaching Standards certification for a group
14 of 3 or more teachers from the same targeted intervention
15 school, as specified in Section 2-3.25p of this Code, who
16 undertake to achieve Master Certification and an
17 additional one-time incentive of \$1,000 for each teacher
18 when all teachers in the group receive a Master
19 Certificate. Subject to appropriations for this purpose,
20 the State Board of Education may make grants to
21 organizations to provide outreach and support services to
22 assist teachers in receiving a Master Certificate.

23 Each regional superintendent of schools shall provide
24 information about the Master Certificate Program of the
25 National Board for Professional Teaching Standards (NBPTS) and
26 this amendatory Act of the 91st General Assembly to each

1 individual seeking to register or renew a certificate under
2 Section 21-14 of this Code.

3 (Source: P.A. 93-470, eff. 8-8-03; 94-105, eff. 7-1-05; 94-901,
4 eff. 6-22-06.)

5 (105 ILCS 5/22-45 new)

6 Sec. 22-45. Illinois Education Roundtable.

7 (a) There is created the Illinois Education Roundtable. The
8 Illinois Education Roundtable may include the following
9 members:

10 (1) The Governor or his or her designee.

11 (2) Two members of the House of Representatives, one
12 appointed by the Speaker of the House and one appointed by
13 the Minority Leader of the House.

14 (3) Two members of the Senate, one appointed by the
15 President of the Senate and one appointed by the Minority
16 Leader of the Senate.

17 (4) Persons appointed by the Governor, which may
18 include the following:

19 (A) Representatives of business in this State.

20 (B) Representatives of municipalities and counties
21 in this State.

22 (C) Representatives of prekindergarten through
23 grade 20 teachers, parents, and administrators in this
24 State, including representatives of professional
25 organizations, associations, and labor unions.

1 (5) Representatives from the following State agencies,
2 boards, commissions, and councils:

3 (A) The Board of Higher Education.

4 (B) The State Board of Education.

5 (C) The Illinois Community College Board.

6 (D) The Illinois Student Assistance Commission.

7 (E) The Illinois Workforce Investment Board.

8 (F) The Department of Commerce and Economic
9 Opportunity.

10 (G) The Illinois Early Learning Council.

11 Members who are appointed shall serve for terms expiring on
12 July 1 of the third calendar year following their appointments
13 or until their successors are appointed and have qualified to
14 serve. Vacancies shall be filled in the same manner as original
15 appointments, and any member so appointed shall serve during
16 the remainder of the term for which the vacancy occurred. The
17 Governor or his or her designee shall serve as chairperson of
18 the Illinois Education Roundtable.

19 (b) The Illinois Education Roundtable may do the following:

20 (1) support the academic achievement of students at all
21 levels by structuring a comprehensive and collaborative
22 statewide strategy to improve education;

23 (2) disseminate information regarding collaborative
24 prekindergarten through grade 20 best practices in
25 educational and workforce development;

26 (3) coordinate the activities of existing educational

1 and workforce development agencies, with a focus on
2 integrating a student's education from pre-school through
3 graduate and professional education;

4 (4) establish an integrated, interconnected approach
5 to developing and implementing a prekindergarten through
6 grade 20 educational policy agenda for this State; and

7 (5) advise the Governor, the General Assembly, the
8 State's education and higher education agencies, and the
9 State's workforce and economic development boards and
10 agencies on polices related to lifelong learning for
11 Illinois students and families.

12 (c) The chairperson of the Illinois Education Roundtable
13 may authorize the creation of working groups focusing on areas
14 of interest to Illinois educational and workforce development.
15 Working groups may address, without limitation, the following:

16 (1) Preparation, recruitment, and certification of
17 highly qualified teachers.

18 (2) Mentoring and induction of highly qualified
19 teachers.

20 (3) The diversity of highly qualified teachers.

21 (4) Highly qualified administrators.

22 (5) Illinois birth through age 3 education,
23 prekindergarten, and early childhood education:

24 (6) The assessment, alignment, outreach, and network
25 of college and workforce readiness efforts.

26 (7) Alternative routes to college access.

1 (8) Research data and accountability.

2 (9) Routes to school district consolidation.

3 (105 ILCS 5/27A-4)

4 Sec. 27A-4. General Provisions.

5 (a) The General Assembly does not intend to alter or amend
6 the provisions of any court-ordered desegregation plan in
7 effect for any school district. A charter school shall be
8 subject to all federal and State laws and constitutional
9 provisions prohibiting discrimination on the basis of
10 disability, race, creed, color, gender, national origin,
11 religion, ancestry, marital status, or need for special
12 education services.

13 (b) The total number of charter schools operating under
14 this Article at any one time shall not exceed 120 ~~60~~. Not more
15 than 60 ~~30~~ charter schools shall operate at any one time in any
16 city having a population exceeding 500,000; not more than 30 ~~15~~
17 charter schools shall operate at any one time in the counties
18 of DuPage, Kane, Lake, McHenry, Will, and that portion of Cook
19 County that is located outside a city having a population
20 exceeding 500,000, with not more than one charter school that
21 has been initiated by a board of education, or by an
22 intergovernmental agreement between or among boards of
23 education, operating at any one time in the school district
24 where the charter school is located; and not more than 30 ~~15~~
25 charter schools shall operate at any one time in the remainder

1 of the State, with not more than one charter school that has
2 been initiated by a board of education, or by an
3 intergovernmental agreement between or among boards of
4 education, operating at any one time in the school district
5 where the charter school is located.

6 For purposes of implementing this Section, the State Board
7 shall assign a number to each charter submission it receives
8 under Section 27A-6 for its review and certification, based on
9 the chronological order in which the submission is received by
10 it. The State Board shall promptly notify local school boards
11 when the maximum numbers of certified charter schools
12 authorized to operate have been reached.

13 (c) No charter shall be granted under this Article that
14 would convert any existing private, parochial, or non-public
15 school to a charter school.

16 (d) Enrollment in a charter school shall be open to any
17 pupil who resides within the geographic boundaries of the area
18 served by the local school board, provided that the board of
19 education in a city having a population exceeding 500,000 may
20 designate attendance boundaries for no more than one-third of
21 the charter schools permitted in the city if the board of
22 education determines that attendance boundaries are needed to
23 relieve overcrowding or to better serve low-income and at-risk
24 students. Students residing within an attendance boundary may
25 be given priority for enrollment, but must not be required to
26 attend the charter school.

1 (e) Nothing in this Article shall prevent 2 or more local
2 school boards from jointly issuing a charter to a single shared
3 charter school, provided that all of the provisions of this
4 Article are met as to those local school boards.

5 (f) No local school board shall require any employee of the
6 school district to be employed in a charter school.

7 (g) No local school board shall require any pupil residing
8 within the geographic boundary of its district to enroll in a
9 charter school.

10 (h) If there are more eligible applicants for enrollment in
11 a charter school than there are spaces available, successful
12 applicants shall be selected by lottery. However, priority
13 shall be given to siblings of pupils enrolled in the charter
14 school and to pupils who were enrolled in the charter school
15 the previous school year, unless expelled for cause, and
16 priority may be given to pupils residing within the charter
17 school's attendance boundary, if a boundary has been designated
18 by the board of education in a city having a population
19 exceeding 500,000. Dual enrollment at both a charter school and
20 a public school or non-public school shall not be allowed. A
21 pupil who is suspended or expelled from a charter school shall
22 be deemed to be suspended or expelled from the public schools
23 of the school district in which the pupil resides.

24 (i) (Blank).

25 (j) Notwithstanding any other provision of law to the
26 contrary, a school district in a city having a population

1 exceeding 500,000 shall not have a duty to collectively bargain
2 with an exclusive representative of its employees over
3 decisions to grant or deny a charter school proposal under
4 Section 27A-8 of this Code, decisions to renew or revoke a
5 charter under Section 27A-9 of this Code, and the impact of
6 these decisions, provided that nothing in this Section shall
7 have the effect of negating, abrogating, replacing, reducing,
8 diminishing, or limiting in any way employee rights,
9 guarantees, or privileges granted in Sections 2, 3, 7, 8, 10,
10 14, and 15 of the Illinois Educational Labor Relations Act.

11 (Source: P.A. 92-16, eff. 6-28-01; 93-3, eff. 4-16-03; 93-861,
12 eff. 1-1-05.)

13 Section 93-10. The Education for Homeless Children Act is
14 amended by adding Section 1-33 as follows:

15 (105 ILCS 45/1-33 new)

16 Sec. 1-33. Education of Homeless Children and Youth State
17 Grant Program.

18 (a) It is the purpose and intent of this Section to
19 establish a State grant program that parallels and supplements,
20 but operates independently of, the federal grant program
21 allocating funds for assistance under Subtitle B of Title VII
22 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431
23 et seq.) and to establish a State grant program to support
24 school districts throughout the State in facilitating the

1 enrollment, attendance, and success of homeless children and
2 youth.

3 (b) Subject to appropriation, the State Board of Education
4 shall award competitive grants under an Education of Homeless
5 Children and Youth State Grant Program to applicant school
6 districts in accordance with this Section. Services provided by
7 school districts through the use of grant funds may not replace
8 the regular academic program and must be designed to expand
9 upon or improve services provided for homeless students as part
10 of the school's regular academic program.

11 (c) A school district that desires to receive a grant under
12 this Section shall submit an application to the State Board of
13 Education at such time, in such manner, and containing or
14 accompanied by such information as the State Board of Education
15 may reasonably require.

16 (d) Grants must be awarded on the basis of the need of the
17 school district for assistance under this Section and the
18 quality of the applications submitted.

19 (1) In determining need under this subsection (d), the
20 State Board of Education may consider the number of
21 homeless children and youths enrolled in preschool,
22 elementary school, and secondary school within the school
23 district and shall consider the needs of such children and
24 youths and the ability of the district to meet such needs.
25 The State Board of Education may also consider the
26 following:

1 (A) The extent to which the proposed use of funds
2 will facilitate the enrollment, retention, and
3 educational success of homeless children and youths.

4 (B) The extent to which the application (i)
5 reflects coordination with other local and State
6 agencies that serve homeless children and youths and
7 (ii) describes how the applicant will meet the
8 requirements of this Act and the federal
9 McKinney-Vento Homeless Education Assistance
10 Improvements Act of 2001.

11 (C) The extent to which the applicant exhibits in
12 the application and in current practice a commitment to
13 education for all homeless children and youths.

14 (D) Such other criteria as the State Board
15 determines is appropriate.

16 (2) In determining the quality of applications under
17 this subsection (d), the State Board of Education shall
18 consider the following:

19 (A) The applicant's assessment of needs and the
20 likelihood that the program presented in the
21 application will meet such needs.

22 (B) The types, intensity, and coordination of the
23 services to be provided under the program.

24 (C) The involvement of parents or guardians of
25 homeless children or youths in the education of these
26 children.

1 (D) The extent to which homeless children and
2 youths are effectively integrated within the regular
3 education program.

4 (E) The quality of the applicant's evaluation plan
5 for the program.

6 (F) The extent to which services provided will be
7 coordinated with other services available to homeless
8 children and youths and their families.

9 (G) Such other measures as the State Board
10 considers indicative of a high-quality program, such
11 as the extent to which the school district will provide
12 case management or related services to unaccompanied
13 youths.

14 (e) Grants awarded under this Section shall be for terms
15 not to exceed 3 years, but subject to annual appropriation for
16 this program. School districts shall use funds awarded under
17 this Section only for those activities set forth in Section
18 723(d) of Subtitle B of Title VII of the McKinney-Vento
19 Homeless Assistance Act (42 U.S.C. 11433(d)).

20 (f) The State Board of Education may adopt any rules,
21 consistent with the requirements of this Section, that are
22 necessary to implement and administer the Education of Homeless
23 Children and Youth State Grant Program.

24 Section 93-15. The School Construction Law is amended by
25 adding Section 5-105 as follows:

1 (105 ILCS 230/5-105 new)

2 Sec. 5-105. Early childhood construction grants.

3 (a) Subject to appropriation, the Capital Development
4 Board is authorized to make construction grants to early
5 childhood providers, including school districts, non-profit
6 and for-profit community-based entities, license-exempt
7 entities, and faith-based schools. These grants shall be paid
8 out of moneys appropriated for that purpose from the School
9 Infrastructure Fund. An early childhood provider must provide
10 matching funds in an amount equal to the amount of the grant
11 under this Section. An early childhood provider has no
12 entitlement to a grant under this Section.

13 (b) The Capital Development Board shall adopt rules to
14 implement this Section. The rules may specify the following:

15 (1) the manner of applying for grants;

16 (2) project eligibility requirements;

17 (3) restrictions on the use of grant moneys;

18 (4) the manner in which recipients must account for the
19 use of grant moneys; and

20 (5) any other provision that the Capital Development
21 Board deems necessary to prioritize applications.

22 Early childhood construction grants shall be prioritized
23 in the following order:

24 (i) Projects that expand physical capacity in order to
25 serve additional children.

1 (ii) Projects to address health, life, and safety
2 issues, projects to bring non-compliant sites into
3 licensing compliance, projects that meet guidelines of the
4 federal Americans with Disabilities Act of 1990, or
5 projects that implement a birth to age 3 program.

6 (c) In each fiscal year in which early childhood
7 construction grants are awarded, 20% of the total amount
8 awarded must be awarded to early childhood providers located
9 within a municipality with a population of more than 500,000,
10 provided that those providers comply with the requirements of
11 this Section and the rules adopted under this Section.

12 Section 93-20. The Board of Higher Education Act is amended
13 by adding Section 9.33 as follows:

14 (110 ILCS 205/9.33 new)

15 Sec. 9.33. Teacher and school leadership preparation.

16 (a) Using funds appropriated for this purpose, the Board of
17 Higher Education, in conjunction with the State Board of
18 Education and the Illinois Community College Board, shall work
19 to strengthen teacher and school leadership preparation
20 programs and foster linkages to new teacher mentoring and
21 induction to better prepare graduates to teach in
22 low-performing and hard-to-staff schools, reduce teacher
23 attrition, and improve student achievement.

24 (b) The Board of Higher Education and the State Board of

1 Education shall jointly develop a pilot program to establish
2 high quality Professional Development Schools, in compliance
3 with National Council for Accreditation of Teacher Education
4 (NCATE) standards for professional development schools and
5 guidelines established by the Board of Higher Education and the
6 State Board of Education. Professional Development School
7 guidelines shall include without limitation all of the
8 following principles:

9 (1) University and prekindergarten through grade 12
10 educators shall share governance of Professional
11 Development Schools through collaborative planning and
12 decision-making to address the needs of prekindergarten
13 through grade 12 programs and teacher preparation
14 programs.

15 (2) University faculty must be integrated into
16 clinical settings, especially those campus-based faculty
17 in the arts and sciences, educational foundations, and
18 educational psychology coursework.

19 (3) Professional Development Schools shall support
20 school improvement efforts and other statewide
21 prekindergarten through grade 12 reform initiatives.

22 (4) Teacher candidates must be provided with extensive
23 and intensive clinical experiences.

24 (5) Professional Development Schools shall collect
25 extensive qualitative and quantitative assessment data
26 relating to experiences, attitudes, student achievement,

1 and candidate readiness.

2 (6) Professional Development Schools shall collect
3 longitudinal data to track teacher graduates into their
4 classrooms and assess teacher effectiveness through
5 value-added evaluation of student achievement in the
6 classroom.

7 (7) Prekindergarten through grade 12 teachers and
8 university faculty shall establish and sustain a rigorous,
9 ongoing induction and mentoring system.

10 (8) Master teachers and administrators, who have
11 demonstrated exemplary teaching and leadership related to
12 student learning, shall provide a variety of support
13 services, such as modeling and coaching.

14 (9) Professional Development Schools shall reflect the
15 most current site-appropriate research. Faculty, teachers,
16 and candidates shall collaboratively engage in action
17 research for both the school and the college classroom.

18 (10) Best technological practices must be implemented
19 as effective instructional, planning, and management
20 tools.

21 (11) Professional Development Schools shall provide
22 experiences working with diverse learning styles; this
23 includes opportunities to interact with parents and the
24 broader community.

25 (12) Multiple universities may work collaboratively at
26 a Professional Development School.

1 (13) Information from Professional Development Schools
2 shall be submitted to the State Board of Education's
3 Teacher Certification Data Warehouse data collection
4 system.

5 The State Board of Education shall require
6 performance-based assessments measuring candidates' knowledge
7 in content and pedagogy, as demonstrated by successfully
8 passing the following assessments at predetermined checkpoints
9 for certification and degree completion:

10 (A) the basic skills test, required prior to
11 admission to a college of education.

12 (B) the content area test or tests, required prior
13 to student teaching placement; and

14 (C) the pedagogy test, required prior to
15 completion of student teaching.

16 (c) The Board of Higher Education and the Illinois
17 Community College Board shall work with universities and
18 community colleges to develop and implement effective
19 admission, transfer, and advisement policies for Associate of
20 Arts in Teaching graduates to promote the success of these
21 future teacher candidates.

22 (d) The Board of Higher Education, the State Board of
23 Education, and the Illinois Community College Board shall
24 develop a statewide system, including student unit records, to
25 assess and inform schools, school districts, community
26 colleges, universities, and the State on student, teacher,

1 school, and teacher preparation program performance. This
2 system shall include value-added learning at each level.

3 (e) The Board of Higher Education may adopt any rules that
4 are necessary to carry out its responsibilities under this
5 Section.

6 Section 93-25. The Public Community College Act is amended
7 by adding Section 2-24 as follows:

8 (110 ILCS 805/2-24 new)

9 Sec. 2-24. Teacher and school leadership preparation. The
10 State Board shall comply with Section 9.33 of the Board of
11 Higher Education Act. The State Board may adopt any rules that
12 are necessary to carry out its responsibilities under Section
13 9.33 of the Board of Higher Education Act.

14 (110 ILCS 205/9.10 rep.)

15 Section 93-30. The Board of Higher Education Act is amended
16 by repealing Section 9.10.

17 Section 93-95. No acceleration or delay. Where this Act
18 makes changes in a statute that is represented in this Act by
19 text that is not yet or no longer in effect (for example, a
20 Section represented by multiple versions), the use of that text
21 does not accelerate or delay the taking effect of (i) the
22 changes made by this Act or (ii) provisions derived from any

1 other Public Act.

2 ARTICLE 96.

3 Section 96-5. The Property Tax Code is amended by changing
4 Sections 18-255, 20-15, and 21-30 and by adding Section 18-178
5 as follows:

6 (35 ILCS 200/18-178 new)

7 Sec. 18-178. Education Property Tax Relief Program.
8 Beginning with taxes levied in 2007 and payable in 2008, the
9 county clerk shall determine the final extension for education
10 purposes for all taxable property in each school district
11 located entirely in the county or for the taxable property of
12 that portion of a school district located in the county,
13 according to the maximum rate, levy, and extension authorized
14 under the Property Tax Extension Limitation Law, the Truth in
15 Taxation Law, and any other provision in this Code. The county
16 clerk shall then reduce the extension for education purposes
17 for each school district or portion of a school district in the
18 county by the amount of the Education Property Tax Relief
19 Payment paid by the Illinois State Board of Education to each
20 school district under the Education Property Tax Relief Law and
21 certified to the county clerk for that school district or
22 portion of a school district by the Department. After the final
23 extension for education purposes has been determined and

1 reduced, the county clerk shall notify the Department. The
2 county clerk shall determine the prorated portion of the
3 certified Education Property Tax Relief Payment for districts
4 with boundaries located in 2 or more counties. The clerk shall
5 allocate the Education Property Tax Relief Payment based on the
6 most current final equalized assessed valuation data. The
7 extension amount for education purposes, as originally
8 calculated before reduction, is the final extension for
9 education purposes and shall be used for all other purposes,
10 including determining the maximum rate, levy, and extension
11 authorized under the Property Tax Extension Limitation Law, the
12 Truth in Taxation Law, and any other provision in this Code and
13 the School Code.

14 (35 ILCS 200/18-255)

15 Sec. 18-255. Abstract of assessments and extensions. When
16 the collector's books are completed, the county clerk shall
17 make a complete statement of the assessment and extensions, in
18 conformity to the instructions of the Department. The clerk
19 shall certify the statement to the Department. Beginning with
20 the 2007 levy year and thereafter, the Department shall require
21 the statement to include a separate column listing the amount
22 of any extension that is reduced under Section 18-178 of this
23 Code.

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

1 (35 ILCS 200/20-15)

2 Sec. 20-15. Information on bill or separate statement. The
3 amount of tax liability due and the rates shown on each
4 individual tax bill pursuant to this Section are subject to the
5 reduction provided under Section 18-178 of this Code. There
6 shall be printed on each bill, or on a separate slip which
7 shall be mailed with the bill:

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

18 (b) a separate statement for each of the taxing
19 districts of the dollar amount of tax due which is
20 allocable to a tax levied under the Illinois Pension Code
21 or to any other tax levied by a municipality or township
22 for public pension or retirement purposes,

23 (c) the total tax rate,

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

25 (e) the amount by which the total tax and the tax
26 allocable to each taxing district differs from the

1 taxpayer's last prior tax bill, and

2 (f) the amount of tax reduced under Section 18-178 of
3 the Code, entitled the Education Property Tax Relief
4 Program.

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

8 In all counties the statement shall also provide:

9 (1) the property index number or other suitable
10 description,

11 (2) the assessment of the property,

12 (3) the equalization factors imposed by the county and
13 by the Department, and

14 (4) the equalized assessment resulting from the
15 application of the equalization factors to the basic
16 assessment.

17 In all counties which do not classify property for purposes
18 of taxation, for property on which a single family residence is
19 situated the statement shall also include a statement to
20 reflect the fair cash value determined for the property. In all
21 counties which classify property for purposes of taxation in
22 accordance with Section 4 of Article IX of the Illinois
23 Constitution, for parcels of residential property in the lowest
24 assessment classification the statement shall also include a
25 statement to reflect the fair cash value determined for the
26 property.

1 In all counties, the statement shall include information
2 that certain taxpayers may be eligible for the Senior Citizens
3 and Disabled Persons Property Tax Relief and Pharmaceutical
4 Assistance Act and that applications are available from the
5 Illinois Department of Revenue.

6 In counties which use the estimated or accelerated billing
7 methods, these statements shall only be provided with the final
8 installment of taxes due. The provisions of this Section create
9 a mandatory statutory duty. They are not merely directory or
10 discretionary. The failure or neglect of the collector to mail
11 the bill, or the failure of the taxpayer to receive the bill,
12 shall not affect the validity of any tax, or the liability for
13 the payment of any tax.

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

15 (35 ILCS 200/21-30)

16 Sec. 21-30. Accelerated billing. Except as provided in this
17 Section, Section 9-260, and Section 21-40, in counties with
18 3,000,000 or more inhabitants, by January 31 annually,
19 estimated tax bills setting out the first installment of
20 property taxes for the preceding year, payable in that year,
21 shall be prepared and mailed. The first installment of taxes on
22 the estimated tax bills shall be computed at 50% of the total
23 of each tax bill for the preceding year. If, prior to the
24 preparation of the estimated tax bills, a certificate of error
25 has been either approved by a court on or before November 30 of

1 the preceding year or certified pursuant to Section 14-15 on or
2 before November 30 of the preceding year, then the first
3 installment of taxes on the estimated tax bills shall be
4 computed at 50% of the total taxes for the preceding year as
5 corrected by the certificate of error. By June 30 annually,
6 actual tax bills shall be prepared and mailed. These bills
7 shall set out total taxes due and the amount of estimated taxes
8 billed in the first installment, and shall state the balance of
9 taxes due for that year as represented by the sum derived from
10 subtracting the amount of the first installment from the total
11 taxes due for that year, subject to the reduction of taxes
12 calculated under Section 18-178 of this Code. The second
13 installment shall also include the full amount of tax reduced
14 on each individual bill under Section 18-178 of this Code.

15 The county board may provide by ordinance, in counties with
16 3,000,000 or more inhabitants, for taxes to be paid in 4
17 installments. For the levy year for which the ordinance is
18 first effective and each subsequent year, estimated tax bills
19 setting out the first, second, and third installment of taxes
20 for the preceding year, payable in that year, shall be prepared
21 and mailed not later than the date specified by ordinance. Each
22 installment on estimated tax bills shall be computed at 25% of
23 the total of each tax bill for the preceding year. By the date
24 specified in the ordinance, actual tax bills shall be prepared
25 and mailed. These bills shall set out total taxes due and the
26 amount of estimated taxes billed in the first, second, and

1 third installments and shall state the balance of taxes due for
2 that year as represented by the sum derived from subtracting
3 the amount of the estimated installments from the total taxes
4 due for that year.

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

10 (Source: P.A. 93-560, eff. 8-20-03; 94-312, eff. 7-25-05.)

11 Section 96-10. The School Code is amended by adding Article
12 37 as follows:

13 (105 ILCS 5/Art. 37 heading new)

14 ARTICLE 37. EDUCATION PROPERTY TAX RELIEF LAW

15 (105 ILCS 5/37-1 new)

16 Sec. 37-1. Short title. This Article may be cited as the
17 Education Property Tax Relief Law.

18 (105 ILCS 5/37-5 new)

19 Sec. 37-5. Definitions. As used in this Law:

20 "Agency" means the Illinois State Board of Education.

21 "Alternate Method Districts" means those school districts
22 that have a Median Multiplier in the bottom one-third (ranked

1 from highest to lowest) as compared to the school districts
2 within their respective District Type.

3 "Average Daily Attendance" means the count of pupil
4 attendance in school, averaged as provided for in Section
5 18-8.05 of this Code, that is used in the calculation of the
6 most recent finalized year's General State Aid, also as
7 calculated per Section 18-8.05 of this Code.

8 "District Type" means a unit district, elementary
9 district, or high school district, as such terms are defined in
10 Section 11E-10 of this Code.

11 "Equalized Assessed Valuation Per Pupil" means the
12 quotient determined by dividing the equalized assessed
13 valuation of the taxable property of a school district (using
14 the Tax Year) by the school district's Average Daily
15 Attendance.

16 "Equalized Assessed Valuation Scale Composite" means the
17 product determined by multiplying the Median Multiplier by the
18 Operating Tax Levy.

19 "Median Equalized Assessed Valuation Per Pupil" means the
20 median Equalized Assessed Valuation Per Pupil of school
21 districts for each District Type.

22 "Median Multiplier" means the quotient determined by
23 dividing the Median Equalized Assessed Valuation Per Pupil by
24 the Equalized Assessed Valuation Per Pupil for each school
25 district.

26 "Operating Tax Levy" means all school district property

1 taxes in a Tax Year extended for all purposes, except bond and
2 interest, summer school, rent, capital improvement, and
3 vocational education building purposes.

4 "Relevant Total Amount Available" means the amount set
5 forth in in item (2) of Section 37-15 of this Law divided by
6 the Total Amount Available for each District Type. The Total
7 Amount Available for each District Type means the product of
8 (A) the total Equalized Assessed Valuation for a District Type
9 divided by the total Equalized Assessed Valuation for all
10 District Types; and (B) the amount set forth in item (2) of
11 Section 37-15.

12 "Tax Year" means, for the first fiscal year during which
13 moneys are disbursed pursuant to this Law, the 2004 tax year
14 and, for subsequent years, the most recent tax year for which
15 data is available.

16 "Total Equalized Assessed Valuation Scale Composite" means
17 the sum determined by adding the Equalized Assessed Valuation
18 Scale Composite of all districts in a District Type.

19 (105 ILCS 5/37-10 new)

20 Sec. 37-10. Calculation of the Education Property Tax
21 Relief Payment.

22 (a) The Agency shall calculate a payment for each school
23 district, other than a school district organized under Article
24 34 of this Code, in the following manner:

25 (1) School districts shall be separated by District

1 Type;

2 (2) For all school districts within a District Type,
3 the Agency shall, using the Tax Year, calculate the
4 Equalized Assessed Valuation Per Pupil;

5 (3) The Agency shall calculate the Median Equalized
6 Assessed Valuation Per Pupil;

7 (4) For each District Type, the Agency shall calculate
8 the Median Multiplier;

9 (5) The Agency shall determine which school districts
10 within each District Type are Alternate Method Districts;

11 (6) Each Alternate Method District shall receive, as a
12 payment, an amount equal to that district's Average Daily
13 Attendance multiplied by \$250; and

14 (7) For each school district in each District Type
15 other than Alternate Method Districts, the Agency shall:

16 (A) divide the Equalized Assessed Valuation Scale
17 Composite for the district by the Total Equalized
18 Assessed Valuation Scale Composite of all districts in
19 the district's District Type; and

20 (B) multiply the quotient in item (a) (7) (A) by the
21 Relevant Total Amount Available less the amount
22 calculated in item (a) (6) for each District Type.

23 (b) Notwithstanding anything to the contrary in this Law, a
24 school district may not receive, pursuant to this Law, an
25 amount greater than 50% of the district's Operating Tax Levy.

1 (105 ILCS 5/37-15 new)

2 Sec. 37-15. Education Property Tax Relief. Subject to
3 appropriation, the Agency shall make the following payments:

4 (1) School districts organized under Article 34 of the
5 School Code shall receive a payment of \$200,000,000. The
6 payment shall be divided equally in 2 installments and
7 shall be payable on March 1 and September 1 of each year.

8 (2) The total amount available to school districts
9 subject to Section 37-10 of this Law is \$800,000,000, and
10 those districts shall receive their payments in 2 equal
11 installments and shall be payable on March 1 and September
12 1 of each year.

13 (105 ILCS 5/37-20 new)

14 Sec. 37-20. Certification of Payment.

15 (a) The Agency shall, by January 1 of each year, certify to
16 the Illinois Department of Revenue the payments due to each
17 school district under this Law. If a school district's
18 boundaries are located in 2 or more counties, the certification
19 shall identify each county in which the school district is
20 located.

21 (b) The Department of Revenue shall, by January 15 of each
22 year, certify the payment due to each school district to the
23 county clerk of the county in which the school district is
24 located.

1 ARTICLE 99. SEVERABILITY; EFFECTIVE DATE

2 Section 99-5. Severability. The provisions of this Act are
3 severable under Section 1.31 of the Statute on Statutes.

4 Section 99-10. Effective date. This Act takes effect upon
5 becoming law.".