

1 AN ACT concerning State government.

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

4 ARTICLE 1. SHORT TITLE; PURPOSE

5 Section 1-1. Short title. This Act may be cited as the
6 FY2008 Budget Implementation Act.

7 Section 1-5. Purpose. It is the purpose of this Act to make
8 changes in State programs that are necessary to implement the
9 FY2008 budget.

10 ARTICLE 3. STATE SERVICES ASSURANCE ACT FOR 2008

11 Section 3-1. Short title. This Article may be cited as the
12 State Services Assurance Act for FY2008, and references in this
13 Article to "this Act" mean this Article.

14 Section 3-5. Definitions. For the purposes of this Act:

15 "Frontline staff" means State employees in the RC 6, RC 9,
16 RC 10, RC 14, RC 28, RC 42, RC 62, RC 63, and CU 500 bargaining
17 units in titles represented by AFSCME as of June 1, 2007.

18 "On-board frontline staff" means frontline staff in paid
19 status.

1 Section 3-10. Legislative intent and policy. The General
2 Assembly finds that State government delivers a myriad of
3 services that are necessary for the health, welfare, safety,
4 and quality of life of all Illinois residents. Because State
5 services are used by many Illinois citizens who cannot speak
6 the English language fluently, there is a need for bilingual
7 State employees. The number of workers in State government who
8 speak a language other than English is inadequate, leaving
9 those workers who do speak another language overworked and
10 incapable of meeting the rising demand for their services.

11 In response to this crisis, it is the intent of the General
12 Assembly in FY 2008 to ensure the hiring and retention of
13 additional bilingual frontline staff in State agencies where
14 public services are most used. These additions take into
15 account our State's current revenue crisis, and are a first
16 step. Raising bilingual staffing to meet higher national
17 standards to fully ensure the effective delivery of essential
18 services is the long-term goal of the General Assembly.

19 Section 3-15. Staffing standards. On or before July 1, 2008
20 each named agency shall increase and maintain the number of
21 bilingual on-board frontline staff over the levels that it
22 maintained on June 30, 2007 as follows:

- 23 (1) The Department of Corrections shall have at least
24 40 additional bilingual on-board frontline staff.

1 (2) Mental health and developmental centers operated
2 by the Department of Human Services shall have at least 20
3 additional bilingual on-board frontline staff.

4 (3) Family and Community Resource Centers operated by
5 the Department of Human Services shall have at least 100
6 additional bilingual on-board frontline staff.

7 (4) The Department of Children and Family Services
8 shall have at least 40 additional bilingual on-board
9 frontline staff.

10 (5) The Department of Veterans Affairs shall have at
11 least 5 additional bilingual on-board frontline staff.

12 (6) The Environmental Protection Agency shall have at
13 least 5 additional bilingual on-board frontline staff.

14 (7) The Department of Employment Security shall have at
15 least 10 additional bilingual on-board frontline staff.

16 (8) The Department of Natural Resources shall have at
17 least 5 additional bilingual on-board frontline staff.

18 (9) The Department of Public Health shall have at least
19 5 additional bilingual on-board frontline staff.

20 (10) The Department of State Police shall have at least
21 5 additional bilingual on-board frontline staff.

22 (11) The Department of Juvenile Justice shall have at
23 least 25 additional bilingual on-board frontline staff.

24 Section 3-20. Accountability. On or before April 1, 2008
25 and each year thereafter, each executive branch agency, board,

1 and commission shall prepare and submit a report to the General
2 Assembly on the staffing level of bilingual employees. The
3 report shall provide data from the previous month, including
4 but not limited to each employees name, job title, job
5 description, and languages spoken.

6 ARTICLE 5. AMENDATORY PROVISIONS

7 Section 5-1. The State Employees Group Insurance Act of
8 1971 is amended by changing Section 10 as follows:

9 (5 ILCS 375/10) (from Ch. 127, par. 530)

10 Sec. 10. Payments by State; premiums.

11 (a) The State shall pay the cost of basic non-contributory
12 group life insurance and, subject to member paid contributions
13 set by the Department or required by this Section, the basic
14 program of group health benefits on each eligible member,
15 except a member, not otherwise covered by this Act, who has
16 retired as a participating member under Article 2 of the
17 Illinois Pension Code but is ineligible for the retirement
18 annuity under Section 2-119 of the Illinois Pension Code, and
19 part of each eligible member's and retired member's premiums
20 for health insurance coverage for enrolled dependents as
21 provided by Section 9. The State shall pay the cost of the
22 basic program of group health benefits only after benefits are
23 reduced by the amount of benefits covered by Medicare for all

1 members and dependents who are eligible for benefits under
2 Social Security or the Railroad Retirement system or who had
3 sufficient Medicare-covered government employment, except that
4 such reduction in benefits shall apply only to those members
5 and dependents who (1) first become eligible for such Medicare
6 coverage on or after July 1, 1992; or (2) are Medicare-eligible
7 members or dependents of a local government unit which began
8 participation in the program on or after July 1, 1992; or (3)
9 remain eligible for, but no longer receive Medicare coverage
10 which they had been receiving on or after July 1, 1992. The
11 Department may determine the aggregate level of the State's
12 contribution on the basis of actual cost of medical services
13 adjusted for age, sex or geographic or other demographic
14 characteristics which affect the costs of such programs.

15 The cost of participation in the basic program of group
16 health benefits for the dependent or survivor of a living or
17 deceased retired employee who was formerly employed by the
18 University of Illinois in the Cooperative Extension Service and
19 would be an annuitant but for the fact that he or she was made
20 ineligible to participate in the State Universities Retirement
21 System by clause (4) of subsection (a) of Section 15-107 of the
22 Illinois Pension Code shall not be greater than the cost of
23 participation that would otherwise apply to that dependent or
24 survivor if he or she were the dependent or survivor of an
25 annuitant under the State Universities Retirement System.

26 (a-1) Beginning January 1, 1998, for each person who

1 becomes a new SERS annuitant and participates in the basic
2 program of group health benefits, the State shall contribute
3 toward the cost of the annuitant's coverage under the basic
4 program of group health benefits an amount equal to 5% of that
5 cost for each full year of creditable service upon which the
6 annuitant's retirement annuity is based, up to a maximum of
7 100% for an annuitant with 20 or more years of creditable
8 service. The remainder of the cost of a new SERS annuitant's
9 coverage under the basic program of group health benefits shall
10 be the responsibility of the annuitant. In the case of a new
11 SERS annuitant who has elected to receive an alternative
12 retirement cancellation payment under Section 14-108.5 of the
13 Illinois Pension Code in lieu of an annuity, for the purposes
14 of this subsection the annuitant shall be deemed to be
15 receiving a retirement annuity based on the number of years of
16 creditable service that the annuitant had established at the
17 time of his or her termination of service under SERS.

18 (a-2) Beginning January 1, 1998, for each person who
19 becomes a new SERS survivor and participates in the basic
20 program of group health benefits, the State shall contribute
21 toward the cost of the survivor's coverage under the basic
22 program of group health benefits an amount equal to 5% of that
23 cost for each full year of the deceased employee's or deceased
24 annuitant's creditable service in the State Employees'
25 Retirement System of Illinois on the date of death, up to a
26 maximum of 100% for a survivor of an employee or annuitant with

1 20 or more years of creditable service. The remainder of the
2 cost of the new SERS survivor's coverage under the basic
3 program of group health benefits shall be the responsibility of
4 the survivor. In the case of a new SERS survivor who was the
5 dependent of an annuitant who elected to receive an alternative
6 retirement cancellation payment under Section 14-108.5 of the
7 Illinois Pension Code in lieu of an annuity, for the purposes
8 of this subsection the deceased annuitant's creditable service
9 shall be determined as of the date of termination of service
10 rather than the date of death.

11 (a-3) Beginning January 1, 1998, for each person who
12 becomes a new SERS annuitant and participates in the basic
13 program of group health benefits, the State shall contribute
14 toward the cost of the annuitant's coverage under the basic
15 program of group health benefits an amount equal to 5% of that
16 cost for each full year of creditable service upon which the
17 annuitant's retirement annuity is based, up to a maximum of
18 100% for an annuitant with 20 or more years of creditable
19 service. The remainder of the cost of a new SERS annuitant's
20 coverage under the basic program of group health benefits shall
21 be the responsibility of the annuitant.

22 (a-4) (Blank).

23 (a-5) Beginning January 1, 1998, for each person who
24 becomes a new SERS survivor and participates in the basic
25 program of group health benefits, the State shall contribute
26 toward the cost of the survivor's coverage under the basic

1 program of group health benefits an amount equal to 5% of that
2 cost for each full year of the deceased employee's or deceased
3 annuitant's creditable service in the State Universities
4 Retirement System on the date of death, up to a maximum of 100%
5 for a survivor of an employee or annuitant with 20 or more
6 years of creditable service. The remainder of the cost of the
7 new SURS survivor's coverage under the basic program of group
8 health benefits shall be the responsibility of the survivor.

9 (a-6) Beginning July 1, 1998, for each person who becomes a
10 new TRS State annuitant and participates in the basic program
11 of group health benefits, the State shall contribute toward the
12 cost of the annuitant's coverage under the basic program of
13 group health benefits an amount equal to 5% of that cost for
14 each full year of creditable service as a teacher as defined in
15 paragraph (2), (3), or (5) of Section 16-106 of the Illinois
16 Pension Code upon which the annuitant's retirement annuity is
17 based, up to a maximum of 100%; except that the State
18 contribution shall be 12.5% per year (rather than 5%) for each
19 full year of creditable service as a regional superintendent or
20 assistant regional superintendent of schools. The remainder of
21 the cost of a new TRS State annuitant's coverage under the
22 basic program of group health benefits shall be the
23 responsibility of the annuitant.

24 (a-7) Beginning July 1, 1998, for each person who becomes a
25 new TRS State survivor and participates in the basic program of
26 group health benefits, the State shall contribute toward the

1 cost of the survivor's coverage under the basic program of
2 group health benefits an amount equal to 5% of that cost for
3 each full year of the deceased employee's or deceased
4 annuitant's creditable service as a teacher as defined in
5 paragraph (2), (3), or (5) of Section 16-106 of the Illinois
6 Pension Code on the date of death, up to a maximum of 100%;
7 except that the State contribution shall be 12.5% per year
8 (rather than 5%) for each full year of the deceased employee's
9 or deceased annuitant's creditable service as a regional
10 superintendent or assistant regional superintendent of
11 schools. The remainder of the cost of the new TRS State
12 survivor's coverage under the basic program of group health
13 benefits shall be the responsibility of the survivor.

14 (a-8) A new SERS annuitant, new SERS survivor, new SURS
15 annuitant, new SURS survivor, new TRS State annuitant, or new
16 TRS State survivor may waive or terminate coverage in the
17 program of group health benefits. Any such annuitant or
18 survivor who has waived or terminated coverage may enroll or
19 re-enroll in the program of group health benefits only during
20 the annual benefit choice period, as determined by the
21 Director; except that in the event of termination of coverage
22 due to nonpayment of premiums, the annuitant or survivor may
23 not re-enroll in the program.

24 (a-9) No later than May 1 of each calendar year, the
25 Director of Central Management Services shall certify in
26 writing to the Executive Secretary of the State Employees'

1 Retirement System of Illinois the amounts of the Medicare
2 supplement health care premiums and the amounts of the health
3 care premiums for all other retirees who are not Medicare
4 eligible.

5 A separate calculation of the premiums based upon the
6 actual cost of each health care plan shall be so certified.

7 The Director of Central Management Services shall provide
8 to the Executive Secretary of the State Employees' Retirement
9 System of Illinois such information, statistics, and other data
10 as he or she may require to review the premium amounts
11 certified by the Director of Central Management Services.

12 The Department of Healthcare and Family Services, or any
13 successor agency designated to procure healthcare contracts
14 pursuant to this Act, is authorized to establish funds,
15 separate accounts provided by any bank or banks as defined by
16 the Illinois Banking Act, or separate accounts provided by any
17 savings and loan association or associations as defined by the
18 Illinois Savings and Loan Act of 1985 to be held by the
19 Director, outside the State treasury, for the purpose of
20 receiving the transfer of moneys from the Local Government
21 Health Insurance Reserve Fund. The Department may promulgate
22 rules further defining the methodology for the transfers. Any
23 interest earned by moneys in the funds or accounts shall inure
24 to the Local Government Health Insurance Reserve Fund. The
25 transferred moneys, and interest accrued thereon, shall be used
26 exclusively for transfers to administrative service

1 organizations or their financial institutions for payments of
2 claims to claimants and providers under the self-insurance
3 health plan. The transferred moneys, and interest accrued
4 thereon, shall not be used for any other purpose including, but
5 not limited to, reimbursement of administration fees due the
6 administrative service organization pursuant to its contract
7 or contracts with the Department.

8 (b) State employees who become eligible for this program on
9 or after January 1, 1980 in positions normally requiring actual
10 performance of duty not less than 1/2 of a normal work period
11 but not equal to that of a normal work period, shall be given
12 the option of participating in the available program. If the
13 employee elects coverage, the State shall contribute on behalf
14 of such employee to the cost of the employee's benefit and any
15 applicable dependent supplement, that sum which bears the same
16 percentage as that percentage of time the employee regularly
17 works when compared to normal work period.

18 (c) The basic non-contributory coverage from the basic
19 program of group health benefits shall be continued for each
20 employee not in pay status or on active service by reason of
21 (1) leave of absence due to illness or injury, (2) authorized
22 educational leave of absence or sabbatical leave, or (3)
23 military leave with pay and benefits. This coverage shall
24 continue until expiration of authorized leave and return to
25 active service, but not to exceed 24 months for leaves under
26 item (1) or (2). This 24-month limitation and the requirement

1 of returning to active service shall not apply to persons
2 receiving ordinary or accidental disability benefits or
3 retirement benefits through the appropriate State retirement
4 system or benefits under the Workers' Compensation or
5 Occupational Disease Act.

6 (d) The basic group life insurance coverage shall continue,
7 with full State contribution, where such person is (1) absent
8 from active service by reason of disability arising from any
9 cause other than self-inflicted, (2) on authorized educational
10 leave of absence or sabbatical leave, or (3) on military leave
11 with pay and benefits.

12 (e) Where the person is in non-pay status for a period in
13 excess of 30 days or on leave of absence, other than by reason
14 of disability, educational or sabbatical leave, or military
15 leave with pay and benefits, such person may continue coverage
16 only by making personal payment equal to the amount normally
17 contributed by the State on such person's behalf. Such payments
18 and coverage may be continued: (1) until such time as the
19 person returns to a status eligible for coverage at State
20 expense, but not to exceed 24 months, (2) until such person's
21 employment or annuitant status with the State is terminated, or
22 (3) for a maximum period of 4 years for members on military
23 leave with pay and benefits and military leave without pay and
24 benefits (exclusive of any additional service imposed pursuant
25 to law).

26 (f) The Department shall establish by rule the extent to

1 which other employee benefits will continue for persons in
2 non-pay status or who are not in active service.

3 (g) The State shall not pay the cost of the basic
4 non-contributory group life insurance, program of health
5 benefits and other employee benefits for members who are
6 survivors as defined by paragraphs (1) and (2) of subsection
7 (q) of Section 3 of this Act. The costs of benefits for these
8 survivors shall be paid by the survivors or by the University
9 of Illinois Cooperative Extension Service, or any combination
10 thereof. However, the State shall pay the amount of the
11 reduction in the cost of participation, if any, resulting from
12 the amendment to subsection (a) made by this amendatory Act of
13 the 91st General Assembly.

14 (h) Those persons occupying positions with any department
15 as a result of emergency appointments pursuant to Section 8b.8
16 of the Personnel Code who are not considered employees under
17 this Act shall be given the option of participating in the
18 programs of group life insurance, health benefits and other
19 employee benefits. Such persons electing coverage may
20 participate only by making payment equal to the amount normally
21 contributed by the State for similarly situated employees. Such
22 amounts shall be determined by the Director. Such payments and
23 coverage may be continued until such time as the person becomes
24 an employee pursuant to this Act or such person's appointment
25 is terminated.

26 (i) Any unit of local government within the State of

1 Illinois may apply to the Director to have its employees,
2 annuitants, and their dependents provided group health
3 coverage under this Act on a non-insured basis. To participate,
4 a unit of local government must agree to enroll all of its
5 employees, who may select coverage under either the State group
6 health benefits plan or a health maintenance organization that
7 has contracted with the State to be available as a health care
8 provider for employees as defined in this Act. A unit of local
9 government must remit the entire cost of providing coverage
10 under the State group health benefits plan or, for coverage
11 under a health maintenance organization, an amount determined
12 by the Director based on an analysis of the sex, age,
13 geographic location, or other relevant demographic variables
14 for its employees, except that the unit of local government
15 shall not be required to enroll those of its employees who are
16 covered spouses or dependents under this plan or another group
17 policy or plan providing health benefits as long as (1) an
18 appropriate official from the unit of local government attests
19 that each employee not enrolled is a covered spouse or
20 dependent under this plan or another group policy or plan, and
21 (2) at least 85% of the employees are enrolled and the unit of
22 local government remits the entire cost of providing coverage
23 to those employees, except that a participating school district
24 must have enrolled at least 85% of its full-time employees who
25 have not waived coverage under the district's group health plan
26 by participating in a component of the district's cafeteria

1 plan. A participating school district is not required to enroll
2 a full-time employee who has waived coverage under the
3 district's health plan, provided that an appropriate official
4 from the participating school district attests that the
5 full-time employee has waived coverage by participating in a
6 component of the district's cafeteria plan. For the purposes of
7 this subsection, "participating school district" includes a
8 unit of local government whose primary purpose is education as
9 defined by the Department's rules.

10 Employees of a participating unit of local government who
11 are not enrolled due to coverage under another group health
12 policy or plan may enroll in the event of a qualifying change
13 in status, special enrollment, special circumstance as defined
14 by the Director, or during the annual Benefit Choice Period. A
15 participating unit of local government may also elect to cover
16 its annuitants. Dependent coverage shall be offered on an
17 optional basis, with the costs paid by the unit of local
18 government, its employees, or some combination of the two as
19 determined by the unit of local government. The unit of local
20 government shall be responsible for timely collection and
21 transmission of dependent premiums.

22 The Director shall annually determine monthly rates of
23 payment, subject to the following constraints:

- 24 (1) In the first year of coverage, the rates shall be
25 equal to the amount normally charged to State employees for
26 elected optional coverages or for enrolled dependents

1 coverages or other contributory coverages, or contributed
2 by the State for basic insurance coverages on behalf of its
3 employees, adjusted for differences between State
4 employees and employees of the local government in age,
5 sex, geographic location or other relevant demographic
6 variables, plus an amount sufficient to pay for the
7 additional administrative costs of providing coverage to
8 employees of the unit of local government and their
9 dependents.

10 (2) In subsequent years, a further adjustment shall be
11 made to reflect the actual prior years' claims experience
12 of the employees of the unit of local government.

13 In the case of coverage of local government employees under
14 a health maintenance organization, the Director shall annually
15 determine for each participating unit of local government the
16 maximum monthly amount the unit may contribute toward that
17 coverage, based on an analysis of (i) the age, sex, geographic
18 location, and other relevant demographic variables of the
19 unit's employees and (ii) the cost to cover those employees
20 under the State group health benefits plan. The Director may
21 similarly determine the maximum monthly amount each unit of
22 local government may contribute toward coverage of its
23 employees' dependents under a health maintenance organization.

24 Monthly payments by the unit of local government or its
25 employees for group health benefits plan or health maintenance
26 organization coverage shall be deposited in the Local

1 Government Health Insurance Reserve Fund.

2 The Local Government Health Insurance Reserve Fund is
3 hereby created as a nonappropriated trust fund to be held
4 outside the State Treasury, with the State Treasurer as
5 custodian. The Local Government Health Insurance Reserve Fund
6 shall be a continuing fund not subject to fiscal year
7 limitations. All revenues arising from the administration of
8 the health benefits program established under this Section
9 shall be deposited into the Local Government Health Insurance
10 Reserve Fund. Any interest earned on moneys in the Local
11 Government Health Insurance Reserve Fund shall be deposited
12 into the Fund. All expenditures from this Fund shall be used
13 for payments for health care benefits for local government and
14 rehabilitation facility employees, annuitants, and dependents,
15 and to reimburse the Department or its administrative service
16 organization for all expenses incurred in the administration of
17 benefits. No other State funds may be used for these purposes.

18 A local government employer's participation or desire to
19 participate in a program created under this subsection shall
20 not limit that employer's duty to bargain with the
21 representative of any collective bargaining unit of its
22 employees.

23 (j) Any rehabilitation facility within the State of
24 Illinois may apply to the Director to have its employees,
25 annuitants, and their eligible dependents provided group
26 health coverage under this Act on a non-insured basis. To

1 participate, a rehabilitation facility must agree to enroll all
2 of its employees and remit the entire cost of providing such
3 coverage for its employees, except that the rehabilitation
4 facility shall not be required to enroll those of its employees
5 who are covered spouses or dependents under this plan or
6 another group policy or plan providing health benefits as long
7 as (1) an appropriate official from the rehabilitation facility
8 attests that each employee not enrolled is a covered spouse or
9 dependent under this plan or another group policy or plan, and
10 (2) at least 85% of the employees are enrolled and the
11 rehabilitation facility remits the entire cost of providing
12 coverage to those employees. Employees of a participating
13 rehabilitation facility who are not enrolled due to coverage
14 under another group health policy or plan may enroll in the
15 event of a qualifying change in status, special enrollment,
16 special circumstance as defined by the Director, or during the
17 annual Benefit Choice Period. A participating rehabilitation
18 facility may also elect to cover its annuitants. Dependent
19 coverage shall be offered on an optional basis, with the costs
20 paid by the rehabilitation facility, its employees, or some
21 combination of the 2 as determined by the rehabilitation
22 facility. The rehabilitation facility shall be responsible for
23 timely collection and transmission of dependent premiums.

24 The Director shall annually determine quarterly rates of
25 payment, subject to the following constraints:

26 (1) In the first year of coverage, the rates shall be

1 equal to the amount normally charged to State employees for
2 elected optional coverages or for enrolled dependents
3 coverages or other contributory coverages on behalf of its
4 employees, adjusted for differences between State
5 employees and employees of the rehabilitation facility in
6 age, sex, geographic location or other relevant
7 demographic variables, plus an amount sufficient to pay for
8 the additional administrative costs of providing coverage
9 to employees of the rehabilitation facility and their
10 dependents.

11 (2) In subsequent years, a further adjustment shall be
12 made to reflect the actual prior years' claims experience
13 of the employees of the rehabilitation facility.

14 Monthly payments by the rehabilitation facility or its
15 employees for group health benefits shall be deposited in the
16 Local Government Health Insurance Reserve Fund.

17 (k) Any domestic violence shelter or service within the
18 State of Illinois may apply to the Director to have its
19 employees, annuitants, and their dependents provided group
20 health coverage under this Act on a non-insured basis. To
21 participate, a domestic violence shelter or service must agree
22 to enroll all of its employees and pay the entire cost of
23 providing such coverage for its employees. A participating
24 domestic violence shelter may also elect to cover its
25 annuitants. Dependent coverage shall be offered on an optional
26 basis, with employees, or some combination of the 2 as

1 determined by the domestic violence shelter or service. The
2 domestic violence shelter or service shall be responsible for
3 timely collection and transmission of dependent premiums.

4 The Director shall annually determine rates of payment,
5 subject to the following constraints:

6 (1) In the first year of coverage, the rates shall be
7 equal to the amount normally charged to State employees for
8 elected optional coverages or for enrolled dependents
9 coverages or other contributory coverages on behalf of its
10 employees, adjusted for differences between State
11 employees and employees of the domestic violence shelter or
12 service in age, sex, geographic location or other relevant
13 demographic variables, plus an amount sufficient to pay for
14 the additional administrative costs of providing coverage
15 to employees of the domestic violence shelter or service
16 and their dependents.

17 (2) In subsequent years, a further adjustment shall be
18 made to reflect the actual prior years' claims experience
19 of the employees of the domestic violence shelter or
20 service.

21 Monthly payments by the domestic violence shelter or
22 service or its employees for group health insurance shall be
23 deposited in the Local Government Health Insurance Reserve
24 Fund.

25 (1) A public community college or entity organized pursuant
26 to the Public Community College Act may apply to the Director

1 initially to have only annuitants not covered prior to July 1,
2 1992 by the district's health plan provided health coverage
3 under this Act on a non-insured basis. The community college
4 must execute a 2-year contract to participate in the Local
5 Government Health Plan. Any annuitant may enroll in the event
6 of a qualifying change in status, special enrollment, special
7 circumstance as defined by the Director, or during the annual
8 Benefit Choice Period.

9 The Director shall annually determine monthly rates of
10 payment subject to the following constraints: for those
11 community colleges with annuitants only enrolled, first year
12 rates shall be equal to the average cost to cover claims for a
13 State member adjusted for demographics, Medicare
14 participation, and other factors; and in the second year, a
15 further adjustment of rates shall be made to reflect the actual
16 first year's claims experience of the covered annuitants.

17 (l-5) The provisions of subsection (l) become inoperative
18 on July 1, 1999.

19 (m) The Director shall adopt any rules deemed necessary for
20 implementation of this amendatory Act of 1989 (Public Act
21 86-978).

22 (n) Any child advocacy center within the State of Illinois
23 may apply to the Director to have its employees, annuitants,
24 and their dependents provided group health coverage under this
25 Act on a non-insured basis. To participate, a child advocacy
26 center must agree to enroll all of its employees and pay the

1 entire cost of providing coverage for its employees. A
2 participating child advocacy center may also elect to cover its
3 annuitants. Dependent coverage shall be offered on an optional
4 basis, with the costs paid by the child advocacy center, its
5 employees, or some combination of the 2 as determined by the
6 child advocacy center. The child advocacy center shall be
7 responsible for timely collection and transmission of
8 dependent premiums.

9 The Director shall annually determine rates of payment,
10 subject to the following constraints:

11 (1) In the first year of coverage, the rates shall be
12 equal to the amount normally charged to State employees for
13 elected optional coverages or for enrolled dependents
14 coverages or other contributory coverages on behalf of its
15 employees, adjusted for differences between State
16 employees and employees of the child advocacy center in
17 age, sex, geographic location, or other relevant
18 demographic variables, plus an amount sufficient to pay for
19 the additional administrative costs of providing coverage
20 to employees of the child advocacy center and their
21 dependents.

22 (2) In subsequent years, a further adjustment shall be
23 made to reflect the actual prior years' claims experience
24 of the employees of the child advocacy center.

25 Monthly payments by the child advocacy center or its
26 employees for group health insurance shall be deposited into

1 the Local Government Health Insurance Reserve Fund.
2 (Source: P.A. 94-839, eff. 6-6-06; 94-860, eff. 6-16-06;
3 95-331, eff. 8-21-07; 95-632, eff. 9-25-07.)

4 Section 5-5. The Mental Health and Developmental
5 Disabilities Administrative Act is amended by changing
6 Sections 18.4, 18.5, and 57.5 as follows:

7 (20 ILCS 1705/18.4)

8 Sec. 18.4. Community Mental Health Medicaid Trust Fund;
9 reimbursement.

10 (a) The Community Mental Health Medicaid Trust Fund is
11 hereby created in the State Treasury.

12 (b) ~~Amounts Except as otherwise provided in this Section,~~
13 ~~following repayment of interfund transfers under subsection~~
14 ~~(b-1),~~ amounts paid to the State during each State fiscal year
15 by the federal government under Title XIX or Title XXI of the
16 Social Security Act for services delivered by community mental
17 health providers, and any interest earned thereon, shall be
18 deposited as follows:

19 (1) The first \$75,000,000 shall be deposited directly
20 into the Community Mental Health Medicaid Trust Fund to be
21 used for the purchase of community mental health services;

22 (2) The next \$4,500,000 shall be deposited directly
23 into the Community Mental Health Medicaid Trust Fund to be
24 used by the Department of Human Services' Division of

1 Mental Health for the oversight and administration of
2 community mental health services and up to \$1,000,000 of
3 this amount may be used for support of community mental
4 health service initiatives; ~~and~~

5 (3) The next \$3,500,000 shall be deposited directly
6 into the General Revenue Fund;

7 (4) Any additional amounts shall be deposited 50% into
8 the Community Mental Health Medicaid Trust Fund to be used
9 for the purchase of community mental health services ~~and~~
10 ~~50% into the General Revenue Fund.~~

11 ~~(b-1) For State fiscal year 2005, the first \$73,000,000 in~~
12 ~~any funds paid to the State by the federal government under~~
13 ~~Title XIX or Title XXI of the Social Security Act for services~~
14 ~~delivered by community mental health services providers, and~~
15 ~~any interest earned thereon, shall be deposited directly into~~
16 ~~the Community Mental Health Medicaid Trust Fund before any~~
17 ~~deposits are made into the General Revenue Fund. The next~~
18 ~~\$25,000,000, less any deposits made prior to the effective date~~
19 ~~of this amendatory Act of the 94th General Assembly, shall be~~
20 ~~deposited into the General Revenue Fund. Amounts received in~~
21 ~~excess of \$98,000,000 shall be deposited 50% into the General~~
22 ~~Revenue Fund and 50% into the Community Mental Health Medicaid~~
23 ~~Trust Fund. At the direction of the Director of Healthcare and~~
24 ~~Family Services, on April 1, 2005, or as soon thereafter as~~
25 ~~practical, the Comptroller shall direct and the State Treasurer~~
26 ~~shall transfer amounts not to exceed \$14,000,000 into the~~

1 ~~Community Mental Health Medicaid Trust Fund from the Public Aid~~
2 ~~Recoveries Trust Fund.~~

3 ~~(b-2) For State fiscal year 2006, and in subsequent fiscal~~
4 ~~years until any transfers under subsection (b-1) are repaid,~~
5 ~~the first \$73,000,000 in any funds paid to the State by the~~
6 ~~federal government under Title XIX or Title XXI of the Social~~
7 ~~Security Act for services delivered by community mental health~~
8 ~~providers, and any interest earned thereon, shall be deposited~~
9 ~~directly into the Community Mental Health Medicaid Trust Fund.~~
10 ~~Then the next \$14,000,000, or such amount as was transferred~~
11 ~~under subsection (b-1) at the direction of the Director of~~
12 ~~Healthcare and Family Services, shall be deposited into the~~
13 ~~Public Aid Recoveries Trust Fund. Any additional amounts~~
14 ~~received shall be deposited in accordance with subsection (b).~~

15 (c) The Department shall reimburse community mental health
16 providers for services provided to eligible individuals.
17 Moneys in the Community Mental Health Medicaid Trust Fund may
18 be used for that purpose.

19 (d) As used in this Section:

20 "Community mental health provider" means a community
21 agency that is funded by the Department to provide a service.

22 "Service" means a mental health service provided pursuant
23 to the provisions of administrative rules adopted by the
24 Department and funded by the Department of Human Services'
25 Division of Mental Health.

26 (Source: P.A. 93-841, eff. 7-30-04; 94-58, eff. 6-17-05;

1 94-839, eff. 6-6-06.)

2 (20 ILCS 1705/18.5)

3 Sec. 18.5. Community Developmental Disability Services
4 Medicaid Trust Fund; reimbursement.

5 (a) The Community Developmental Disability Services
6 Medicaid Trust Fund is hereby created in the State treasury.

7 (b) Except as provided in subsection (b-5), any ~~Any~~ funds
8 in excess of \$16,700,000 in any fiscal year paid to the State
9 by the federal government under Title XIX or Title XXI of the
10 Social Security Act for services delivered by community
11 developmental disability services providers for services
12 relating to Developmental Training and Community Integrated
13 Living Arrangements as a result of the conversion of such
14 providers from a grant payment methodology to a fee-for-service
15 payment methodology, or any other funds paid to the State for
16 any subsequent revenue maximization initiatives performed by
17 such providers, and any interest earned thereon, shall be
18 deposited directly into the Community Developmental Disability
19 Services Medicaid Trust Fund. One-third of this amount shall be
20 used only to pay for Medicaid-reimbursed community
21 developmental disability services provided to eligible
22 individuals, and the remainder shall be transferred to the
23 General Revenue Fund.

24 (b-5) Beginning in State fiscal year 2008, any funds paid
25 to the State by the federal government under Title XIX or Title

1 XXI of the Social Security Act for services delivered through
2 the Children's Residential Waiver and the Children's In-Home
3 Support Waiver shall be deposited directly into the Community
4 Developmental Disability Services Medicaid Trust Fund and
5 shall not be subject to the transfer provisions of subsection
6 (b).

7 (c) For purposes of this Section:

8 "Medicaid-reimbursed developmental disability services"
9 means services provided by a community developmental
10 disability provider under an agreement with the Department that
11 is eligible for reimbursement under the federal Title XIX
12 program or Title XXI program.

13 "Provider" means a qualified entity as defined in the
14 State's Home and Community-Based Services Waiver for Persons
15 with Developmental Disabilities that is funded by the
16 Department to provide a Medicaid-reimbursed service.

17 "Revenue maximization alternatives" do not include
18 increases in funds paid to the State as a result of growth in
19 spending through service expansion or rate increases.

20 (Source: P.A. 93-841, eff. 7-30-04.)

21 (20 ILCS 1705/57.5)

22 Sec. 57.5. Autism diagnosis education program.

23 (a) Subject to appropriations, the Department shall
24 contract to establish an autism diagnosis education program for
25 young children. The Department shall establish the program at 3

1 different sites in the State. The program shall have the
2 following goals:

3 (1) Providing, to medical professionals and others
4 statewide, a systems development initiative that promotes
5 best practice standards for the diagnosis and treatment
6 planning for young children who have autism spectrum
7 disorders, for the purpose of helping existing systems of
8 care to build solid circles of expertise within their
9 ranks.

10 (2) Educating medical practitioners, school personnel,
11 day care providers, parents, and community service
12 providers (including, but not limited to, early
13 intervention and developmental disabilities providers)
14 throughout the State on appropriate diagnosis and
15 treatment of autism.

16 (3) Supporting systems of care for young children with
17 autism spectrum disorders.

18 (4) Working together with universities and
19 developmental disabilities providers to identify unmet
20 needs and resources.

21 (5) Encouraging and supporting research on optional
22 services for young children with autism spectrum
23 disorders.

24 In addition to the aforementioned items, on January 1,
25 2008, The Autism Program shall expand training and direct
26 services by deploying additional regional centers, outreach

1 centers, and community planning and network development
2 initiatives. The expanded Autism Program Service Network shall
3 consist of a comprehensive program of outreach and center
4 development utilizing model programs developed by The Autism
5 Program. This expansion shall span Illinois and support
6 consensus building, outreach, and service provision for
7 children with autism spectrums disorders and their families.

8 (b) Before January 1, 2006, the Department shall report to
9 the Governor and the General Assembly concerning the progress
10 of the autism diagnosis education program established under
11 this Section.

12 (Source: P.A. 93-395, eff. 7-29-03.)

13 Section 5-7. The Hospital Basic Services Preservation Act
14 is amended by changing Sections 5 and 20 as follows:

15 (20 ILCS 4050/5)

16 Sec. 5. Definitions. As used in this Act:

17 "Basic services" means emergency room and obstetrical
18 services provided within a hospital. "Basic services" is
19 limited to the emergency and obstetric units and services
20 provided by those units.

21 "Eligible expenses" means expenses for expanding
22 obstetrical or emergency units, updating equipment, repairing
23 essential equipment, and purchasing new equipment that will
24 increase the quality of basic services provided. "Eligible

1 expenses" does not include expenses related to cosmetic
2 upgrades, staff expansion or salary, or structural expansion of
3 any unit or department of a hospital other than obstetrical or
4 emergency units.

5 "Essential community hospital provider" means a facility
6 meeting criteria established by rule by the State Treasurer.

7 (Source: P.A. 94-648, eff. 1-1-06.)

8 (20 ILCS 4050/20)

9 Sec. 20. Responsibility of hospitals. Each hospital that
10 receives a loan collateralized under this Act shall take the
11 necessary measures, as defined by the State Treasurer by rule,
12 to account for all moneys and to ensure that they are spent on
13 the basic services for which the loan was approved. ~~Any~~
14 ~~hospital receiving a loan collateralized under this Act is not~~
15 ~~eligible for collateralization of another basic services loan~~
16 ~~under this Act within 10 years after the deposit of funds~~
17 ~~awarded under the first collateralized loan.~~

18 (Source: P.A. 94-648, eff. 1-1-06.)

19 Section 5-10. The State Finance Act is amended by changing
20 Sections 6z-65.5, 6z-66, 6z-67, 8.3, 8.27, 8g, 13.2, and 14.1
21 and by adding Sections 5.675, 5.676, 5.677, 5.678, 6z-69,
22 6z-70, and 25.5 as follows:

23 (30 ILCS 105/5.675 new)

1 Sec. 5.675. The Human Services Priority Capital Program
2 Fund.

3 (30 ILCS 105/5.676 new)

4 Sec. 5.676. The Predatory Lending Database Program Fund.

5 (30 ILCS 105/5.677 new)

6 Sec. 5.677. The Secretary of State Identification Security
7 and Theft Prevention Fund.

8 (30 ILCS 105/5.678 new)

9 Sec. 5.678. The Franchise Tax and License Fee Amnesty
10 Administration Fund.

11 (30 ILCS 105/6z-65.5)

12 Sec. 6z-65.5. SBE Federal Department of Education Fund. The
13 SBE Federal Department of Education Fund is created as a
14 federal trust fund in the State treasury. This fund is
15 established to receive funds from the federal Department of
16 Education, including non-indirect cost administrative funds
17 recovered from federal programs, for the specific purposes
18 established by the terms and conditions of federal awards.
19 Moneys in the SBE Federal Department of Education Fund shall be
20 used, subject to appropriation by the General Assembly, for
21 grants and contracts to local education agencies, colleges and
22 universities, and other State agencies and for administrative

1 expenses of the State Board of Education. However,
2 non-appropriated spending is allowed for the refund of
3 unexpended grant moneys to the federal government. The SBE
4 Federal Department of Education Fund shall serve as the
5 successor fund to the National Center for Education Statistics
6 Fund, and any balance remaining in the National Center for
7 Education Statistics Fund on the effective date of this
8 amendatory Act of the 94th General Assembly must be transferred
9 to the SBE Federal Department of Education Fund by the State
10 Treasurer. Any future deposits that would otherwise be made
11 into the National Center for Education Statistics Fund must
12 instead be made into the SBE Federal Department of Education
13 Fund.

14 On or after July 1, 2007, the State Board of Education
15 shall notify the State Comptroller of the amount of indirect
16 federal funds in the SBE Federal Department of Education Fund
17 to be transferred to the State Board of Education Special
18 Purpose Trust Fund. The State Comptroller shall direct and the
19 State Treasurer shall transfer this amount to the State Board
20 of Education Special Purpose Trust Fund as soon as practical
21 thereafter.

22 (Source: P.A. 93-838, eff. 7-30-04; 94-69, eff. 7-1-05.)

23 (30 ILCS 105/6z-66)

24 Sec. 6z-66. SBE Federal Agency Services Fund. The SBE
25 Federal Agency Services Fund is created as a federal trust fund

1 in the State treasury. This fund is established to receive
2 funds from all federal departments and agencies except the
3 Departments of Education and Agriculture (including among
4 others the Departments of Health and Human Services, Defense,
5 and Labor and the Corporation for National and Community
6 Service), including non-indirect cost administrative funds
7 recovered from federal programs, for the specific purposes
8 established by the terms and conditions of federal awards.
9 Moneys in the SBE Federal Agency Services Fund shall be used,
10 subject to appropriation by the General Assembly, for grants
11 and contracts to local education agencies, colleges and
12 universities, and other State agencies and for administrative
13 expenses of the State Board of Education. However,
14 non-appropriated spending is allowed for the refund of
15 unexpended grant moneys to the federal government. The SBE
16 Federal Agency Services Fund shall serve as the successor fund
17 to the SBE Department of Health and Human Services Fund, the
18 SBE Federal Department of Labor Federal Trust Fund, and the SBE
19 Federal National Community Service Fund; and any balance
20 remaining in the SBE Department of Health and Human Services
21 Fund, the SBE Federal Department of Labor Federal Trust Fund,
22 or the SBE Federal National Community Service Fund on the
23 effective date of this amendatory Act of the 94th General
24 Assembly must be transferred to the SBE Federal Agency Services
25 Fund by the State Treasurer. Any future deposits that would
26 otherwise be made into the SBE Department of Health and Human

1 Services Fund, the SBE Federal Department of Labor Federal
2 Trust Fund, or the SBE Federal National Community Service Fund
3 must instead be made into the SBE Federal Agency Services Fund.

4 On or after July 1, 2007, the State Board of Education
5 shall notify the State Comptroller of the amount of indirect
6 federal funds in the SBE Federal Agency Services Fund to be
7 transferred to the State Board of Education Special Purpose
8 Trust Fund. The State Comptroller shall direct and the State
9 Treasurer shall transfer this amount to the State Board of
10 Education Special Purpose Trust Fund as soon as practical
11 thereafter.

12 (Source: P.A. 93-838, eff. 7-30-04; 94-69, eff. 7-1-05.)

13 (30 ILCS 105/6z-67)

14 Sec. 6z-67. SBE Federal Department of Agriculture Fund. The
15 SBE Federal Department of Agriculture Fund is created as a
16 federal trust fund in the State treasury. This fund is
17 established to receive funds from the federal Department of
18 Agriculture, including non-indirect cost administrative funds
19 recovered from federal programs, for the specific purposes
20 established by the terms and conditions of federal awards.
21 Moneys in the SBE Federal Department of Agriculture Fund shall
22 be used, subject to appropriation by the General Assembly, for
23 grants and contracts to local education agencies, colleges and
24 universities, and other State agencies and for administrative
25 expenses of the State Board of Education. However,

1 non-appropriated spending is allowed for the refund of
2 unexpended grant moneys to the federal government.

3 On or after July 1, 2007, the State Board of Education
4 shall notify the State Comptroller of the amount of indirect
5 federal funds in the SBE Federal Department of Agriculture Fund
6 to be transferred to the State Board of Education Special
7 Purpose Trust Fund. The State Comptroller shall direct and the
8 State Treasurer shall transfer this amount to the State Board
9 of Education Special Purpose Trust Fund as soon as practical
10 thereafter.

11 (Source: P.A. 93-838, eff. 7-30-04; 94-69, eff. 7-1-05; 94-835,
12 eff. 6-6-06.)

13 (30 ILCS 105/6z-69 new)

14 Sec. 6z-69. Human Services Priority Capital Program Fund.
15 The Human Services Priority Capital Program Fund is created as
16 a special fund in the State treasury. Subject to appropriation,
17 the Department of Human Services shall use moneys in the Human
18 Services Priority Capital Program Fund to make grants to the
19 Illinois Facilities Fund, a not-for-profit corporation, to
20 make long term below market rate loans to nonprofit human
21 service providers working under contract to the State of
22 Illinois to assist those providers in meeting their capital
23 needs. The loans shall be for the purpose of such capital
24 needs, including but not limited to special use facilities,
25 requirements for serving the disabled, mentally ill, or

1 substance abusers, and medical and technology equipment. Loan
2 repayments shall be deposited into the Human Services Priority
3 Capital Program Fund. Interest income may be used to cover
4 expenses of the program. The Illinois Facilities Fund shall
5 report to the Department of Human Services and the General
6 Assembly by April 1, 2008 as to the use and earnings of the
7 program.

8 (30 ILCS 105/6z-70 new)

9 Sec. 6z-70. The Secretary of State Identification Security
10 and Theft Prevention Fund.

11 (a) The Secretary of State Identification Security and
12 Theft Prevention Fund is created as a special fund in the State
13 treasury. The Fund shall consist of any fund transfers, grants,
14 fees, or moneys from other sources received for the purpose of
15 funding identification security and theft prevention measures.

16 (b) All moneys in the Secretary of State Identification
17 Security and Theft Prevention Fund shall be used, subject to
18 appropriation, for any costs related to implementing
19 identification security and theft prevention measures.

20 (c) Notwithstanding any other provision of State law to the
21 contrary, on or after July 1, 2007, and until June 30, 2008, in
22 addition to any other transfers that may be provided for by
23 law, at the direction of and upon notification of the Secretary
24 of State, the State Comptroller shall direct and the State
25 Treasurer shall transfer amounts into the Secretary of State

1 Identification Security and Theft Prevention Fund from the
2 designated funds not exceeding the following totals:

3	<u>Lobbyist Registration Administration Fund</u>	<u>\$100,000</u>
4	<u>Registered Limited Liability Partnership Fund</u>	<u>\$75,000</u>
5	<u>Securities Investors Education Fund</u>	<u>\$500,000</u>
6	<u>Securities Audit and Enforcement Fund</u>	<u>\$5,725,000</u>
7	<u>Department of Business Services</u>	
8	<u>Special Operations Fund</u>	<u>\$3,000,000</u>
9	<u>Corporate Franchise Tax Refund Fund</u>	<u>\$3,000,000.</u>

10 (30 ILCS 105/8.3) (from Ch. 127, par. 144.3)

11 Sec. 8.3. Money in the Road Fund shall, if and when the
12 State of Illinois incurs any bonded indebtedness for the
13 construction of permanent highways, be set aside and used for
14 the purpose of paying and discharging annually the principal
15 and interest on that bonded indebtedness then due and payable,
16 and for no other purpose. The surplus, if any, in the Road Fund
17 after the payment of principal and interest on that bonded
18 indebtedness then annually due shall be used as follows:

19 first -- to pay the cost of administration of Chapters
20 2 through 10 of the Illinois Vehicle Code, except the cost
21 of administration of Articles I and II of Chapter 3 of that
22 Code; and

23 secondly -- for expenses of the Department of
24 Transportation for construction, reconstruction,
25 improvement, repair, maintenance, operation, and

1 administration of highways in accordance with the
2 provisions of laws relating thereto, or for any purpose
3 related or incident to and connected therewith, including
4 the separation of grades of those highways with railroads
5 and with highways and including the payment of awards made
6 by the Illinois Workers' Compensation Commission under the
7 terms of the Workers' Compensation Act or Workers'
8 Occupational Diseases Act for injury or death of an
9 employee of the Division of Highways in the Department of
10 Transportation; or for the acquisition of land and the
11 erection of buildings for highway purposes, including the
12 acquisition of highway right-of-way or for investigations
13 to determine the reasonably anticipated future highway
14 needs; or for making of surveys, plans, specifications and
15 estimates for and in the construction and maintenance of
16 flight strips and of highways necessary to provide access
17 to military and naval reservations, to defense industries
18 and defense-industry sites, and to the sources of raw
19 materials and for replacing existing highways and highway
20 connections shut off from general public use at military
21 and naval reservations and defense-industry sites, or for
22 the purchase of right-of-way, except that the State shall
23 be reimbursed in full for any expense incurred in building
24 the flight strips; or for the operating and maintaining of
25 highway garages; or for patrolling and policing the public
26 highways and conserving the peace; or for the operating

1 expenses of the Department relating to the administration
2 of public transportation programs; or for any of those
3 purposes or any other purpose that may be provided by law.

4 Appropriations for any of those purposes are payable from
5 the Road Fund. Appropriations may also be made from the Road
6 Fund for the administrative expenses of any State agency that
7 are related to motor vehicles or arise from the use of motor
8 vehicles.

9 Beginning with fiscal year 1980 and thereafter, no Road
10 Fund monies shall be appropriated to the following Departments
11 or agencies of State government for administration, grants, or
12 operations; but this limitation is not a restriction upon
13 appropriating for those purposes any Road Fund monies that are
14 eligible for federal reimbursement;

15 1. Department of Public Health;

16 2. Department of Transportation, only with respect to
17 subsidies for one-half fare Student Transportation and
18 Reduced Fare for Elderly;

19 3. Department of Central Management Services, except
20 for expenditures incurred for group insurance premiums of
21 appropriate personnel;

22 4. Judicial Systems and Agencies.

23 Beginning with fiscal year 1981 and thereafter, no Road
24 Fund monies shall be appropriated to the following Departments
25 or agencies of State government for administration, grants, or
26 operations; but this limitation is not a restriction upon

1 appropriating for those purposes any Road Fund monies that are
2 eligible for federal reimbursement:

3 1. Department of State Police, except for expenditures
4 with respect to the Division of Operations;

5 2. Department of Transportation, only with respect to
6 Intercity Rail Subsidies and Rail Freight Services.

7 Beginning with fiscal year 1982 and thereafter, no Road
8 Fund monies shall be appropriated to the following Departments
9 or agencies of State government for administration, grants, or
10 operations; but this limitation is not a restriction upon
11 appropriating for those purposes any Road Fund monies that are
12 eligible for federal reimbursement: Department of Central
13 Management Services, except for awards made by the Illinois
14 Workers' Compensation Commission under the terms of the
15 Workers' Compensation Act or Workers' Occupational Diseases
16 Act for injury or death of an employee of the Division of
17 Highways in the Department of Transportation.

18 Beginning with fiscal year 1984 and thereafter, no Road
19 Fund monies shall be appropriated to the following Departments
20 or agencies of State government for administration, grants, or
21 operations; but this limitation is not a restriction upon
22 appropriating for those purposes any Road Fund monies that are
23 eligible for federal reimbursement:

24 1. Department of State Police, except not more than 40%
25 of the funds appropriated for the Division of Operations;

26 2. State Officers.

1 Beginning with fiscal year 1984 and thereafter, no Road
2 Fund monies shall be appropriated to any Department or agency
3 of State government for administration, grants, or operations
4 except as provided hereafter; but this limitation is not a
5 restriction upon appropriating for those purposes any Road Fund
6 monies that are eligible for federal reimbursement. It shall
7 not be lawful to circumvent the above appropriation limitations
8 by governmental reorganization or other methods.
9 Appropriations shall be made from the Road Fund only in
10 accordance with the provisions of this Section.

11 Money in the Road Fund shall, if and when the State of
12 Illinois incurs any bonded indebtedness for the construction of
13 permanent highways, be set aside and used for the purpose of
14 paying and discharging during each fiscal year the principal
15 and interest on that bonded indebtedness as it becomes due and
16 payable as provided in the Transportation Bond Act, and for no
17 other purpose. The surplus, if any, in the Road Fund after the
18 payment of principal and interest on that bonded indebtedness
19 then annually due shall be used as follows:

20 first -- to pay the cost of administration of Chapters
21 2 through 10 of the Illinois Vehicle Code; and

22 secondly -- no Road Fund monies derived from fees,
23 excises, or license taxes relating to registration,
24 operation and use of vehicles on public highways or to
25 fuels used for the propulsion of those vehicles, shall be
26 appropriated or expended other than for costs of

1 administering the laws imposing those fees, excises, and
2 license taxes, statutory refunds and adjustments allowed
3 thereunder, administrative costs of the Department of
4 Transportation, including, but not limited to, the
5 operating expenses of the Department relating to the
6 administration of public transportation programs, payment
7 of debts and liabilities incurred in construction and
8 reconstruction of public highways and bridges, acquisition
9 of rights-of-way for and the cost of construction,
10 reconstruction, maintenance, repair, and operation of
11 public highways and bridges under the direction and
12 supervision of the State, political subdivision, or
13 municipality collecting those monies, and the costs for
14 patrolling and policing the public highways (by State,
15 political subdivision, or municipality collecting that
16 money) for enforcement of traffic laws. The separation of
17 grades of such highways with railroads and costs associated
18 with protection of at-grade highway and railroad crossing
19 shall also be permissible.

20 Appropriations for any of such purposes are payable from
21 the Road Fund or the Grade Crossing Protection Fund as provided
22 in Section 8 of the Motor Fuel Tax Law.

23 Except as provided in this paragraph, beginning with fiscal
24 year 1991 and thereafter, no Road Fund monies shall be
25 appropriated to the Department of State Police for the purposes
26 of this Section in excess of its total fiscal year 1990 Road

1 Fund appropriations for those purposes unless otherwise
2 provided in Section 5g of this Act. For fiscal years 2003,
3 2004, 2005, 2006, ~~and 2007,~~ and 2008 only, no Road Fund monies
4 shall be appropriated to the Department of State Police for the
5 purposes of this Section in excess of \$97,310,000. It shall not
6 be lawful to circumvent this limitation on appropriations by
7 governmental reorganization or other methods unless otherwise
8 provided in Section 5g of this Act.

9 In fiscal year 1994, no Road Fund monies shall be
10 appropriated to the Secretary of State for the purposes of this
11 Section in excess of the total fiscal year 1991 Road Fund
12 appropriations to the Secretary of State for those purposes,
13 plus \$9,800,000. It shall not be lawful to circumvent this
14 limitation on appropriations by governmental reorganization or
15 other method.

16 Beginning with fiscal year 1995 and thereafter, no Road
17 Fund monies shall be appropriated to the Secretary of State for
18 the purposes of this Section in excess of the total fiscal year
19 1994 Road Fund appropriations to the Secretary of State for
20 those purposes. It shall not be lawful to circumvent this
21 limitation on appropriations by governmental reorganization or
22 other methods.

23 Beginning with fiscal year 2000, total Road Fund
24 appropriations to the Secretary of State for the purposes of
25 this Section shall not exceed the amounts specified for the
26 following fiscal years:

1	Fiscal Year 2000	\$80,500,000;
2	Fiscal Year 2001	\$80,500,000;
3	Fiscal Year 2002	\$80,500,000;
4	Fiscal Year 2003	\$130,500,000;
5	Fiscal Year 2004	\$130,500,000;
6	Fiscal Year 2005	\$130,500,000;
7	Fiscal Year 2006	\$130,500,000;
8	Fiscal Year 2007	\$130,500,000;
9	Fiscal Year 2008 and	<u>\$130,500,000;</u>
10	<u>Fiscal Year 2009 and</u> each year thereafter	\$30,500,000.

11 It shall not be lawful to circumvent this limitation on
12 appropriations by governmental reorganization or other
13 methods.

14 No new program may be initiated in fiscal year 1991 and
15 thereafter that is not consistent with the limitations imposed
16 by this Section for fiscal year 1984 and thereafter, insofar as
17 appropriation of Road Fund monies is concerned.

18 Nothing in this Section prohibits transfers from the Road
19 Fund to the State Construction Account Fund under Section 5e of
20 this Act; nor to the General Revenue Fund, as authorized by
21 this amendatory Act of the 93rd General Assembly.

22 The additional amounts authorized for expenditure in this
23 Section by Public Acts 92-0600, 93-0025, 93-0839, and 94-91
24 shall be repaid to the Road Fund from the General Revenue Fund
25 in the next succeeding fiscal year that the General Revenue
26 Fund has a positive budgetary balance, as determined by

1 generally accepted accounting principles applicable to
2 government.

3 The additional amounts authorized for expenditure by the
4 Secretary of State and the Department of State Police in this
5 Section by this amendatory Act of the 94th General Assembly
6 shall be repaid to the Road Fund from the General Revenue Fund
7 in the next succeeding fiscal year that the General Revenue
8 Fund has a positive budgetary balance, as determined by
9 generally accepted accounting principles applicable to
10 government.

11 (Source: P.A. 93-25, eff. 6-20-03; 93-721, eff. 1-1-05; 93-839,
12 eff. 7-30-04; 94-91, eff. 7-1-05; 94-839, eff. 6-6-06.)

13 (30 ILCS 105/8.27) (from Ch. 127, par. 144.27)

14 Sec. 8.27. All receipts from federal financial
15 participation in the Foster Care and Adoption Services program
16 under Title IV-E of the federal Social Security Act, including
17 receipts for related indirect costs, shall be deposited in the
18 DCFS Children's Services Fund.

19 Eighty percent of the federal funds received by the
20 Illinois Department of Human Services under the Title IV-A
21 Emergency Assistance program as reimbursement for expenditures
22 made from the Illinois Department of Children and Family
23 Services appropriations for the costs of services in behalf of
24 Department of Children and Family Services clients shall be
25 deposited into the DCFS Children's Services Fund.

1 All receipts from federal financial participation in the
2 Child Welfare Services program under Title IV-B of the federal
3 Social Security Act, including receipts for related indirect
4 costs, shall be deposited into the DCFS Children's Services
5 Fund for those moneys received as reimbursement for services
6 provided on or after July 1, 1994.

7 In addition, as soon as may be practicable after the first
8 day of November, 1994, the Department of Children and Family
9 Services shall request the Comptroller to order transferred and
10 the Treasurer shall transfer the unexpended balance of the
11 Child Welfare Services Fund to the DCFS Children's Services
12 Fund. Upon completion of the transfer, the Child Welfare
13 Services Fund will be considered dissolved and any outstanding
14 obligations or liabilities of that fund will pass to the DCFS
15 Children's Services Fund.

16 For services provided on or after July 1, 2007, all federal
17 funds received pursuant to the John H. Chafee Foster Care
18 Independence Program shall be deposited into the DCFS
19 Children's Services Fund.

20 Monies in the Fund may be used by the Department, pursuant
21 to appropriation by the General Assembly, for the ordinary and
22 contingent expenses of the Department.

23 In fiscal year 1988 and in each fiscal year thereafter
24 through fiscal year 2000, the Comptroller shall order
25 transferred and the Treasurer shall transfer an amount of
26 \$16,100,000 from the DCFS Children's Services Fund to the

1 General Revenue Fund in the following manner: As soon as may be
2 practicable after the 15th day of September, December, March
3 and June, the Comptroller shall order transferred and the
4 Treasurer shall transfer, to the extent that funds are
5 available, 1/4 of \$16,100,000, plus any cumulative
6 deficiencies in such transfers for prior transfer dates during
7 such fiscal year. In no event shall any such transfer reduce
8 the available balance in the DCFS Children's Services Fund
9 below \$350,000.

10 In accordance with subsection (q) of Section 5 of the
11 Children and Family Services Act, disbursements from
12 individual children's accounts shall be deposited into the DCFS
13 Children's Services Fund.

14 Receipts from public and unsolicited private grants, fees
15 for training, and royalties earned from the publication of
16 materials owned by or licensed to the Department of Children
17 and Family Services shall be deposited into the DCFS Children's
18 Services Fund.

19 As soon as may be practical after September 1, 2005, upon
20 the request of the Department of Children and Family Services,
21 the Comptroller shall order transferred and the Treasurer shall
22 transfer the unexpended balance of the Department of Children
23 and Family Services Training Fund into the DCFS Children's
24 Services Fund. Upon completion of the transfer, the Department
25 of Children and Family Services Training Fund is dissolved and
26 any outstanding obligations or liabilities of that Fund pass to

1 the DCFS Children's Services Fund.

2 (Source: P.A. 94-91, eff. 7-1-05.)

3 (30 ILCS 105/8g)

4 Sec. 8g. Fund transfers.

5 (a) In addition to any other transfers that may be provided
6 for by law, as soon as may be practical after the effective
7 date of this amendatory Act of the 91st General Assembly, the
8 State Comptroller shall direct and the State Treasurer shall
9 transfer the sum of \$10,000,000 from the General Revenue Fund
10 to the Motor Vehicle License Plate Fund created by Senate Bill
11 1028 of the 91st General Assembly.

12 (b) In addition to any other transfers that may be provided
13 for by law, as soon as may be practical after the effective
14 date of this amendatory Act of the 91st General Assembly, the
15 State Comptroller shall direct and the State Treasurer shall
16 transfer the sum of \$25,000,000 from the General Revenue Fund
17 to the Fund for Illinois' Future created by Senate Bill 1066 of
18 the 91st General Assembly.

19 (c) In addition to any other transfers that may be provided
20 for by law, on August 30 of each fiscal year's license period,
21 the Illinois Liquor Control Commission shall direct and the
22 State Comptroller and State Treasurer shall transfer from the
23 General Revenue Fund to the Youth Alcoholism and Substance
24 Abuse Prevention Fund an amount equal to the number of retail
25 liquor licenses issued for that fiscal year multiplied by \$50.

1 (d) The payments to programs required under subsection (d)
2 of Section 28.1 of the Horse Racing Act of 1975 shall be made,
3 pursuant to appropriation, from the special funds referred to
4 in the statutes cited in that subsection, rather than directly
5 from the General Revenue Fund.

6 Beginning January 1, 2000, on the first day of each month,
7 or as soon as may be practical thereafter, the State
8 Comptroller shall direct and the State Treasurer shall transfer
9 from the General Revenue Fund to each of the special funds from
10 which payments are to be made under Section 28.1(d) of the
11 Horse Racing Act of 1975 an amount equal to 1/12 of the annual
12 amount required for those payments from that special fund,
13 which annual amount shall not exceed the annual amount for
14 those payments from that special fund for the calendar year
15 1998. The special funds to which transfers shall be made under
16 this subsection (d) include, but are not necessarily limited
17 to, the Agricultural Premium Fund; the Metropolitan Exposition
18 Auditorium and Office Building Fund; the Fair and Exposition
19 Fund; the Standardbred Breeders Fund; the Thoroughbred
20 Breeders Fund; and the Illinois Veterans' Rehabilitation Fund.

21 (e) In addition to any other transfers that may be provided
22 for by law, as soon as may be practical after the effective
23 date of this amendatory Act of the 91st General Assembly, but
24 in no event later than June 30, 2000, the State Comptroller
25 shall direct and the State Treasurer shall transfer the sum of
26 \$15,000,000 from the General Revenue Fund to the Fund for

1 Illinois' Future.

2 (f) In addition to any other transfers that may be provided
3 for by law, as soon as may be practical after the effective
4 date of this amendatory Act of the 91st General Assembly, but
5 in no event later than June 30, 2000, the State Comptroller
6 shall direct and the State Treasurer shall transfer the sum of
7 \$70,000,000 from the General Revenue Fund to the Long-Term Care
8 Provider Fund.

9 (f-1) In fiscal year 2002, in addition to any other
10 transfers that may be provided for by law, at the direction of
11 and upon notification from the Governor, the State Comptroller
12 shall direct and the State Treasurer shall transfer amounts not
13 exceeding a total of \$160,000,000 from the General Revenue Fund
14 to the Long-Term Care Provider Fund.

15 (g) In addition to any other transfers that may be provided
16 for by law, on July 1, 2001, or as soon thereafter as may be
17 practical, the State Comptroller shall direct and the State
18 Treasurer shall transfer the sum of \$1,200,000 from the General
19 Revenue Fund to the Violence Prevention Fund.

20 (h) In each of fiscal years 2002 through 2004, but not
21 thereafter, in addition to any other transfers that may be
22 provided for by law, the State Comptroller shall direct and the
23 State Treasurer shall transfer \$5,000,000 from the General
24 Revenue Fund to the Tourism Promotion Fund.

25 (i) On or after July 1, 2001 and until May 1, 2002, in
26 addition to any other transfers that may be provided for by

1 law, at the direction of and upon notification from the
2 Governor, the State Comptroller shall direct and the State
3 Treasurer shall transfer amounts not exceeding a total of
4 \$80,000,000 from the General Revenue Fund to the Tobacco
5 Settlement Recovery Fund. Any amounts so transferred shall be
6 re-transferred by the State Comptroller and the State Treasurer
7 from the Tobacco Settlement Recovery Fund to the General
8 Revenue Fund at the direction of and upon notification from the
9 Governor, but in any event on or before June 30, 2002.

10 (i-1) On or after July 1, 2002 and until May 1, 2003, in
11 addition to any other transfers that may be provided for by
12 law, at the direction of and upon notification from the
13 Governor, the State Comptroller shall direct and the State
14 Treasurer shall transfer amounts not exceeding a total of
15 \$80,000,000 from the General Revenue Fund to the Tobacco
16 Settlement Recovery Fund. Any amounts so transferred shall be
17 re-transferred by the State Comptroller and the State Treasurer
18 from the Tobacco Settlement Recovery Fund to the General
19 Revenue Fund at the direction of and upon notification from the
20 Governor, but in any event on or before June 30, 2003.

21 (j) On or after July 1, 2001 and no later than June 30,
22 2002, in addition to any other transfers that may be provided
23 for by law, at the direction of and upon notification from the
24 Governor, the State Comptroller shall direct and the State
25 Treasurer shall transfer amounts not to exceed the following
26 sums into the Statistical Services Revolving Fund:

1	From the General Revenue Fund	\$8,450,000
2	From the Public Utility Fund	1,700,000
3	From the Transportation Regulatory Fund	2,650,000
4	From the Title III Social Security and	
5	Employment Fund	3,700,000
6	From the Professions Indirect Cost Fund	4,050,000
7	From the Underground Storage Tank Fund	550,000
8	From the Agricultural Premium Fund	750,000
9	From the State Pensions Fund	200,000
10	From the Road Fund	2,000,000
11	From the Health Facilities	
12	Planning Fund	1,000,000
13	From the Savings and Residential Finance	
14	Regulatory Fund	130,800
15	From the Appraisal Administration Fund	28,600
16	From the Pawnbroker Regulation Fund	3,600
17	From the Auction Regulation	
18	Administration Fund	35,800
19	From the Bank and Trust Company Fund.....	634,800
20	From the Real Estate License	
21	Administration Fund	313,600

22 (k) In addition to any other transfers that may be provided
 23 for by law, as soon as may be practical after the effective
 24 date of this amendatory Act of the 92nd General Assembly, the
 25 State Comptroller shall direct and the State Treasurer shall
 26 transfer the sum of \$2,000,000 from the General Revenue Fund to

1 the Teachers Health Insurance Security Fund.

2 (k-1) In addition to any other transfers that may be
3 provided for by law, on July 1, 2002, or as soon as may be
4 practical thereafter, the State Comptroller shall direct and
5 the State Treasurer shall transfer the sum of \$2,000,000 from
6 the General Revenue Fund to the Teachers Health Insurance
7 Security Fund.

8 (k-2) In addition to any other transfers that may be
9 provided for by law, on July 1, 2003, or as soon as may be
10 practical thereafter, the State Comptroller shall direct and
11 the State Treasurer shall transfer the sum of \$2,000,000 from
12 the General Revenue Fund to the Teachers Health Insurance
13 Security Fund.

14 (k-3) On or after July 1, 2002 and no later than June 30,
15 2003, in addition to any other transfers that may be provided
16 for by law, at the direction of and upon notification from the
17 Governor, the State Comptroller shall direct and the State
18 Treasurer shall transfer amounts not to exceed the following
19 sums into the Statistical Services Revolving Fund:

20	Appraisal Administration Fund	\$150,000
21	General Revenue Fund	10,440,000
22	Savings and Residential Finance	
23	Regulatory Fund	200,000
24	State Pensions Fund	100,000
25	Bank and Trust Company Fund	100,000
26	Professions Indirect Cost Fund	3,400,000

1	Public Utility Fund	2,081,200
2	Real Estate License Administration Fund	150,000
3	Title III Social Security and	
4	Employment Fund	1,000,000
5	Transportation Regulatory Fund	3,052,100
6	Underground Storage Tank Fund	50,000

7 (1) In addition to any other transfers that may be provided
 8 for by law, on July 1, 2002, or as soon as may be practical
 9 thereafter, the State Comptroller shall direct and the State
 10 Treasurer shall transfer the sum of \$3,000,000 from the General
 11 Revenue Fund to the Presidential Library and Museum Operating
 12 Fund.

13 (m) In addition to any other transfers that may be provided
 14 for by law, on July 1, 2002 and on the effective date of this
 15 amendatory Act of the 93rd General Assembly, or as soon
 16 thereafter as may be practical, the State Comptroller shall
 17 direct and the State Treasurer shall transfer the sum of
 18 \$1,200,000 from the General Revenue Fund to the Violence
 19 Prevention Fund.

20 (n) In addition to any other transfers that may be provided
 21 for by law, on July 1, 2003, or as soon thereafter as may be
 22 practical, the State Comptroller shall direct and the State
 23 Treasurer shall transfer the sum of \$6,800,000 from the General
 24 Revenue Fund to the DHS Recoveries Trust Fund.

25 (o) On or after July 1, 2003, and no later than June 30,
 26 2004, in addition to any other transfers that may be provided

1 for by law, at the direction of and upon notification from the
2 Governor, the State Comptroller shall direct and the State
3 Treasurer shall transfer amounts not to exceed the following
4 sums into the Vehicle Inspection Fund:

5 From the Underground Storage Tank Fund \$35,000,000.

6 (p) On or after July 1, 2003 and until May 1, 2004, in
7 addition to any other transfers that may be provided for by
8 law, at the direction of and upon notification from the
9 Governor, the State Comptroller shall direct and the State
10 Treasurer shall transfer amounts not exceeding a total of
11 \$80,000,000 from the General Revenue Fund to the Tobacco
12 Settlement Recovery Fund. Any amounts so transferred shall be
13 re-transferred from the Tobacco Settlement Recovery Fund to the
14 General Revenue Fund at the direction of and upon notification
15 from the Governor, but in any event on or before June 30, 2004.

16 (q) In addition to any other transfers that may be provided
17 for by law, on July 1, 2003, or as soon as may be practical
18 thereafter, the State Comptroller shall direct and the State
19 Treasurer shall transfer the sum of \$5,000,000 from the General
20 Revenue Fund to the Illinois Military Family Relief Fund.

21 (r) In addition to any other transfers that may be provided
22 for by law, on July 1, 2003, or as soon as may be practical
23 thereafter, the State Comptroller shall direct and the State
24 Treasurer shall transfer the sum of \$1,922,000 from the General
25 Revenue Fund to the Presidential Library and Museum Operating
26 Fund.

1 (s) In addition to any other transfers that may be provided
2 for by law, on or after July 1, 2003, the State Comptroller
3 shall direct and the State Treasurer shall transfer the sum of
4 \$4,800,000 from the Statewide Economic Development Fund to the
5 General Revenue Fund.

6 (t) In addition to any other transfers that may be provided
7 for by law, on or after July 1, 2003, the State Comptroller
8 shall direct and the State Treasurer shall transfer the sum of
9 \$50,000,000 from the General Revenue Fund to the Budget
10 Stabilization Fund.

11 (u) On or after July 1, 2004 and until May 1, 2005, in
12 addition to any other transfers that may be provided for by
13 law, at the direction of and upon notification from the
14 Governor, the State Comptroller shall direct and the State
15 Treasurer shall transfer amounts not exceeding a total of
16 \$80,000,000 from the General Revenue Fund to the Tobacco
17 Settlement Recovery Fund. Any amounts so transferred shall be
18 retransferred by the State Comptroller and the State Treasurer
19 from the Tobacco Settlement Recovery Fund to the General
20 Revenue Fund at the direction of and upon notification from the
21 Governor, but in any event on or before June 30, 2005.

22 (v) In addition to any other transfers that may be provided
23 for by law, on July 1, 2004, or as soon thereafter as may be
24 practical, the State Comptroller shall direct and the State
25 Treasurer shall transfer the sum of \$1,200,000 from the General
26 Revenue Fund to the Violence Prevention Fund.

1 (w) In addition to any other transfers that may be provided
2 for by law, on July 1, 2004, or as soon thereafter as may be
3 practical, the State Comptroller shall direct and the State
4 Treasurer shall transfer the sum of \$6,445,000 from the General
5 Revenue Fund to the Presidential Library and Museum Operating
6 Fund.

7 (x) In addition to any other transfers that may be provided
8 for by law, on January 15, 2005, or as soon thereafter as may
9 be practical, the State Comptroller shall direct and the State
10 Treasurer shall transfer to the General Revenue Fund the
11 following sums:

12 From the State Crime Laboratory Fund, \$200,000;

13 From the State Police Wireless Service Emergency Fund,
14 \$200,000;

15 From the State Offender DNA Identification System
16 Fund, \$800,000; and

17 From the State Police Whistleblower Reward and
18 Protection Fund, \$500,000.

19 (y) Notwithstanding any other provision of law to the
20 contrary, in addition to any other transfers that may be
21 provided for by law on June 30, 2005, or as soon as may be
22 practical thereafter, the State Comptroller shall direct and
23 the State Treasurer shall transfer the remaining balance from
24 the designated funds into the General Revenue Fund and any
25 future deposits that would otherwise be made into these funds
26 must instead be made into the General Revenue Fund:

- 1 (1) the Keep Illinois Beautiful Fund;
- 2 (2) the Metropolitan Fair and Exposition Authority
- 3 Reconstruction Fund;
- 4 (3) the New Technology Recovery Fund;
- 5 (4) the Illinois Rural Bond Bank Trust Fund;
- 6 (5) the ISBE School Bus Driver Permit Fund;
- 7 (6) the Solid Waste Management Revolving Loan Fund;
- 8 (7) the State Postsecondary Review Program Fund;
- 9 (8) the Tourism Attraction Development Matching Grant
- 10 Fund;
- 11 (9) the Patent and Copyright Fund;
- 12 (10) the Credit Enhancement Development Fund;
- 13 (11) the Community Mental Health and Developmental
- 14 Disabilities Services Provider Participation Fee Trust
- 15 Fund;
- 16 (12) the Nursing Home Grant Assistance Fund;
- 17 (13) the By-product Material Safety Fund;
- 18 (14) the Illinois Student Assistance Commission Higher
- 19 EdNet Fund;
- 20 (15) the DORS State Project Fund;
- 21 (16) the School Technology Revolving Fund;
- 22 (17) the Energy Assistance Contribution Fund;
- 23 (18) the Illinois Building Commission Revolving Fund;
- 24 (19) the Illinois Aquaculture Development Fund;
- 25 (20) the Homelessness Prevention Fund;
- 26 (21) the DCFS Refugee Assistance Fund;

1 (22) the Illinois Century Network Special Purposes
2 Fund; and

3 (23) the Build Illinois Purposes Fund.

4 (z) In addition to any other transfers that may be provided
5 for by law, on July 1, 2005, or as soon as may be practical
6 thereafter, the State Comptroller shall direct and the State
7 Treasurer shall transfer the sum of \$1,200,000 from the General
8 Revenue Fund to the Violence Prevention Fund.

9 (aa) In addition to any other transfers that may be
10 provided for by law, on July 1, 2005, or as soon as may be
11 practical thereafter, the State Comptroller shall direct and
12 the State Treasurer shall transfer the sum of \$9,000,000 from
13 the General Revenue Fund to the Presidential Library and Museum
14 Operating Fund.

15 (bb) In addition to any other transfers that may be
16 provided for by law, on July 1, 2005, or as soon as may be
17 practical thereafter, the State Comptroller shall direct and
18 the State Treasurer shall transfer the sum of \$6,803,600 from
19 the General Revenue Fund to the Securities Audit and
20 Enforcement Fund.

21 (cc) In addition to any other transfers that may be
22 provided for by law, on or after July 1, 2005 and until May 1,
23 2006, at the direction of and upon notification from the
24 Governor, the State Comptroller shall direct and the State
25 Treasurer shall transfer amounts not exceeding a total of
26 \$80,000,000 from the General Revenue Fund to the Tobacco

1 Settlement Recovery Fund. Any amounts so transferred shall be
2 re-transferred by the State Comptroller and the State Treasurer
3 from the Tobacco Settlement Recovery Fund to the General
4 Revenue Fund at the direction of and upon notification from the
5 Governor, but in any event on or before June 30, 2006.

6 (dd) In addition to any other transfers that may be
7 provided for by law, on April 1, 2005, or as soon thereafter as
8 may be practical, at the direction of the Director of Public
9 Aid (now Director of Healthcare and Family Services), the State
10 Comptroller shall direct and the State Treasurer shall transfer
11 from the Public Aid Recoveries Trust Fund amounts not to exceed
12 \$14,000,000 to the Community Mental Health Medicaid Trust Fund.

13 (ee) Notwithstanding any other provision of law, on July 1,
14 2006, or as soon thereafter as practical, the State Comptroller
15 shall direct and the State Treasurer shall transfer the
16 remaining balance from the Illinois Civic Center Bond Fund to
17 the Illinois Civic Center Bond Retirement and Interest Fund.

18 (ff) In addition to any other transfers that may be
19 provided for by law, on and after July 1, 2006 and until June
20 30, 2007, at the direction of and upon notification from the
21 Director of the Governor's Office of Management and Budget, the
22 State Comptroller shall direct and the State Treasurer shall
23 transfer amounts not exceeding a total of \$1,900,000 from the
24 General Revenue Fund to the Illinois Capital Revolving Loan
25 Fund.

26 (gg) In addition to any other transfers that may be

1 provided for by law, on and after July 1, 2006 and until May 1,
 2 2007, at the direction of and upon notification from the
 3 Governor, the State Comptroller shall direct and the State
 4 Treasurer shall transfer amounts not exceeding a total of
 5 \$80,000,000 from the General Revenue Fund to the Tobacco
 6 Settlement Recovery Fund. Any amounts so transferred shall be
 7 retransferred by the State Comptroller and the State Treasurer
 8 from the Tobacco Settlement Recovery Fund to the General
 9 Revenue Fund at the direction of and upon notification from the
 10 Governor, but in any event on or before June 30, 2007.

11 (hh) In addition to any other transfers that may be
 12 provided for by law, on and after July 1, 2006 and until June
 13 30, 2007, at the direction of and upon notification from the
 14 Governor, the State Comptroller shall direct and the State
 15 Treasurer shall transfer amounts from the Illinois Affordable
 16 Housing Trust Fund to the designated funds not exceeding the
 17 following amounts:

- 18 DCFS Children's Services Fund \$2,200,000
- 19 Department of Corrections Reimbursement
- 20 and Education Fund \$1,500,000
- 21 Supplemental Low-Income Energy
- 22 Assistance Fund \$75,000

23 (ii) In addition to any other transfers that may be
 24 provided for by law, on or before August 31, 2006, the Governor
 25 and the State Comptroller may agree to transfer the surplus
 26 cash balance from the General Revenue Fund to the Budget

1 Stabilization Fund and the Pension Stabilization Fund in equal
2 proportions. The determination of the amount of the surplus
3 cash balance shall be made by the Governor, with the
4 concurrence of the State Comptroller, after taking into account
5 the June 30, 2006 balances in the general funds and the actual
6 or estimated spending from the general funds during the lapse
7 period. Notwithstanding the foregoing, the maximum amount that
8 may be transferred under this subsection (ii) is \$50,000,000.

9 (jj) In addition to any other transfers that may be
10 provided for by law, on July 1, 2006, or as soon thereafter as
11 practical, the State Comptroller shall direct and the State
12 Treasurer shall transfer the sum of \$8,250,000 from the General
13 Revenue Fund to the Presidential Library and Museum Operating
14 Fund.

15 (kk) In addition to any other transfers that may be
16 provided for by law, on July 1, 2006, or as soon thereafter as
17 practical, the State Comptroller shall direct and the State
18 Treasurer shall transfer the sum of \$1,400,000 from the General
19 Revenue Fund to the Violence Prevention Fund.

20 (ll) In addition to any other transfers that may be
21 provided for by law, on the first day of each calendar quarter
22 of the fiscal year beginning July 1, 2006, or as soon
23 thereafter as practical, the State Comptroller shall direct and
24 the State Treasurer shall transfer from the General Revenue
25 Fund amounts equal to one-fourth of \$20,000,000 to the
26 Renewable Energy Resources Trust Fund.

1 (mm) In addition to any other transfers that may be
2 provided for by law, on July 1, 2006, or as soon thereafter as
3 practical, the State Comptroller shall direct and the State
4 Treasurer shall transfer the sum of \$1,320,000 from the General
5 Revenue Fund to the I-FLY Fund.

6 (nn) In addition to any other transfers that may be
7 provided for by law, on July 1, 2006, or as soon thereafter as
8 practical, the State Comptroller shall direct and the State
9 Treasurer shall transfer the sum of \$3,000,000 from the General
10 Revenue Fund to the African-American HIV/AIDS Response Fund.

11 (oo) In addition to any other transfers that may be
12 provided for by law, on and after July 1, 2006 and until June
13 30, 2007, at the direction of and upon notification from the
14 Governor, the State Comptroller shall direct and the State
15 Treasurer shall transfer amounts identified as net receipts
16 from the sale of all or part of the Illinois Student Assistance
17 Commission loan portfolio from the Student Loan Operating Fund
18 to the General Revenue Fund. The maximum amount that may be
19 transferred pursuant to this Section is \$38,800,000. In
20 addition, no transfer may be made pursuant to this Section that
21 would have the effect of reducing the available balance in the
22 Student Loan Operating Fund to an amount less than the amount
23 remaining unexpended and unreserved from the total
24 appropriations from the Fund estimated to be expended for the
25 fiscal year. The State Treasurer and Comptroller shall transfer
26 the amounts designated under this Section as soon as may be

1 practical after receiving the direction to transfer from the
2 Governor.

3 (pp) ~~(ee)~~ In addition to any other transfers that may be
4 provided for by law, on July 1, 2006, or as soon thereafter as
5 practical, the State Comptroller shall direct and the State
6 Treasurer shall transfer the sum of \$2,000,000 from the General
7 Revenue Fund to the Illinois Veterans Assistance Fund.

8 (qq) In addition to any other transfers that may be
9 provided for by law, on and after July 1, 2007 and until May 1,
10 2008, at the direction of and upon notification from the
11 Governor, the State Comptroller shall direct and the State
12 Treasurer shall transfer amounts not exceeding a total of
13 \$80,000,000 from the General Revenue Fund to the Tobacco
14 Settlement Recovery Fund. Any amounts so transferred shall be
15 retransferred by the State Comptroller and the State Treasurer
16 from the Tobacco Settlement Recovery Fund to the General
17 Revenue Fund at the direction of and upon notification from the
18 Governor, but in any event on or before June 30, 2008.

19 (rr) In addition to any other transfers that may be
20 provided for by law, on and after July 1, 2007 and until June
21 30, 2008, at the direction of and upon notification from the
22 Governor, the State Comptroller shall direct and the State
23 Treasurer shall transfer amounts from the Illinois Affordable
24 Housing Trust Fund to the designated funds not exceeding the
25 following amounts:

26 DCFS Children's Services Fund \$2,200,000

Department of Corrections Reimbursement

and Education Fund \$1,500,000

Supplemental Low-Income Energy

Assistance Fund \$75,000

(ss) In addition to any other transfers that may be provided for by law, on July 1, 2007, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer the sum of \$8,250,000 from the General Revenue Fund to the Presidential Library and Museum Operating Fund.

(tt) In addition to any other transfers that may be provided for by law, on July 1, 2007, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer the sum of \$1,400,000 from the General Revenue Fund to the Violence Prevention Fund.

(uu) In addition to any other transfers that may be provided for by law, on July 1, 2007, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer the sum of \$1,320,000 from the General Revenue Fund to the I-FLY Fund.

(vv) In addition to any other transfers that may be provided for by law, on July 1, 2007, or as soon thereafter as practical, the State Comptroller shall direct and the State Treasurer shall transfer the sum of \$3,000,000 from the General Revenue Fund to the African-American HIV/AIDS Response Fund.

(ww) In addition to any other transfers that may be

1 provided for by law, on July 1, 2007, or as soon thereafter as
2 practical, the State Comptroller shall direct and the State
3 Treasurer shall transfer the sum of \$3,500,000 from the General
4 Revenue Fund to the Predatory Lending Database Program Fund.

5 (xx) In addition to any other transfers that may be
6 provided for by law, on July 1, 2007, or as soon thereafter as
7 practical, the State Comptroller shall direct and the State
8 Treasurer shall transfer the sum of \$5,000,000 from the General
9 Revenue Fund to the Digital Divide Elimination Fund.

10 (yy) In addition to any other transfers that may be
11 provided for by law, on July 1, 2007, or as soon thereafter as
12 practical, the State Comptroller shall direct and the State
13 Treasurer shall transfer the sum of \$4,000,000 from the General
14 Revenue Fund to the Digital Divide Elimination Infrastructure
15 Fund.

16 (Source: P.A. 93-32, eff. 6-20-03; 93-648, eff. 1-8-04; 93-839,
17 eff. 7-30-04; 93-1067, eff. 1-15-05; 94-58, eff. 6-17-05;
18 94-91, eff. 7-1-05; 94-816, eff. 5-30-06; 94-839, eff. 6-6-06;
19 revised 8-3-06.)

20 (30 ILCS 105/13.2) (from Ch. 127, par. 149.2)

21 Sec. 13.2. Transfers among line item appropriations.

22 (a) Transfers among line item appropriations from the same
23 treasury fund for the objects specified in this Section may be
24 made in the manner provided in this Section when the balance
25 remaining in one or more such line item appropriations is

1 insufficient for the purpose for which the appropriation was
2 made.

3 (a-1) No transfers may be made from one agency to another
4 agency, nor may transfers be made from one institution of
5 higher education to another institution of higher education.

6 (a-2) Except as otherwise provided in this Section,
7 transfers may be made only among the objects of expenditure
8 enumerated in this Section, except that no funds may be
9 transferred from any appropriation for personal services, from
10 any appropriation for State contributions to the State
11 Employees' Retirement System, from any separate appropriation
12 for employee retirement contributions paid by the employer, nor
13 from any appropriation for State contribution for employee
14 group insurance. During State fiscal year 2005, an agency may
15 transfer amounts among its appropriations within the same
16 treasury fund for personal services, employee retirement
17 contributions paid by employer, and State Contributions to
18 retirement systems; notwithstanding and in addition to the
19 transfers authorized in subsection (c) of this Section, the
20 fiscal year 2005 transfers authorized in this sentence may be
21 made in an amount not to exceed 2% of the aggregate amount
22 appropriated to an agency within the same treasury fund. During
23 State fiscal year 2007, the Departments of Children and Family
24 Services, Corrections, Human Services, and Juvenile Justice
25 may transfer amounts among their respective appropriations
26 within the same treasury fund for personal services, employee

1 retirement contributions paid by employer, and State
2 contributions to retirement systems. Notwithstanding, and in
3 addition to, the transfers authorized in subsection (c) of this
4 Section, these transfers may be made in an amount not to exceed
5 2% of the aggregate amount appropriated to an agency within the
6 same treasury fund.

7 (a-3) Further, if an agency receives a separate
8 appropriation for employee retirement contributions paid by
9 the employer, any transfer by that agency into an appropriation
10 for personal services must be accompanied by a corresponding
11 transfer into the appropriation for employee retirement
12 contributions paid by the employer, in an amount sufficient to
13 meet the employer share of the employee contributions required
14 to be remitted to the retirement system.

15 (b) In addition to the general transfer authority provided
16 under subsection (c), the following agencies have the specific
17 transfer authority granted in this subsection:

18 The Department of Healthcare and Family Services is
19 authorized to make transfers representing savings attributable
20 to not increasing grants due to the births of additional
21 children from line items for payments of cash grants to line
22 items for payments for employment and social services for the
23 purposes outlined in subsection (f) of Section 4-2 of the
24 Illinois Public Aid Code.

25 The Department of Children and Family Services is
26 authorized to make transfers not exceeding 2% of the aggregate

1 amount appropriated to it within the same treasury fund for the
2 following line items among these same line items: Foster Home
3 and Specialized Foster Care and Prevention, Institutions and
4 Group Homes and Prevention, and Purchase of Adoption and
5 Guardianship Services.

6 The Department on Aging is authorized to make transfers not
7 exceeding 2% of the aggregate amount appropriated to it within
8 the same treasury fund for the following Community Care Program
9 line items among these same line items: Homemaker and Senior
10 Companion Services, Alternative Senior Services, Case
11 Coordination Units, and Adult Day Care Services.

12 The State Treasurer is authorized to make transfers among
13 line item appropriations from the Capital Litigation Trust
14 Fund, with respect to costs incurred in fiscal years 2002 and
15 2003 only, when the balance remaining in one or more such line
16 item appropriations is insufficient for the purpose for which
17 the appropriation was made, provided that no such transfer may
18 be made unless the amount transferred is no longer required for
19 the purpose for which that appropriation was made.

20 The State Board of Education is authorized to make
21 transfers from line item appropriations within the same
22 treasury fund for General State Aid and General State Aid -
23 Hold Harmless, provided that no such transfer may be made
24 unless the amount transferred is no longer required for the
25 purpose for which that appropriation was made, to the line item
26 appropriation for Transitional Assistance when the balance

1 remaining in such line item appropriation is insufficient for
2 the purpose for which the appropriation was made.

3 The State Board of Education is authorized to make
4 transfers between the following line item appropriations
5 within the same treasury fund: Disabled Student
6 Services/Materials (Section 14-13.01 of the School Code),
7 Disabled Student Transportation Reimbursement (Section
8 14-13.01 of the School Code), Disabled Student Tuition -
9 Private Tuition (Section 14-7.02 of the School Code),
10 Extraordinary Special Education (Section 14-7.02b of the
11 School Code), Reimbursement for Free Lunch/Breakfast Program,
12 Summer School Payments (Section 18-4.3 of the School Code), and
13 Transportation - Regular/Vocational Reimbursement (Section
14 29-5 of the School Code). Such transfers shall be made only
15 when the balance remaining in one or more such line item
16 appropriations is insufficient for the purpose for which the
17 appropriation was made and provided that no such transfer may
18 be made unless the amount transferred is no longer required for
19 the purpose for which that appropriation was made.

20 (c) The sum of such transfers for an agency in a fiscal
21 year shall not exceed 2% of the aggregate amount appropriated
22 to it within the same treasury fund for the following objects:
23 Personal Services; Extra Help; Student and Inmate
24 Compensation; State Contributions to Retirement Systems; State
25 Contributions to Social Security; State Contribution for
26 Employee Group Insurance; Contractual Services; Travel;

1 Commodities; Printing; Equipment; Electronic Data Processing;
2 Operation of Automotive Equipment; Telecommunications
3 Services; Travel and Allowance for Committed, Paroled and
4 Discharged Prisoners; Library Books; Federal Matching Grants
5 for Student Loans; Refunds; Workers' Compensation,
6 Occupational Disease, and Tort Claims; and, in appropriations
7 to institutions of higher education, Awards and Grants.
8 Notwithstanding the above, any amounts appropriated for
9 payment of workers' compensation claims to an agency to which
10 the authority to evaluate, administer and pay such claims has
11 been delegated by the Department of Central Management Services
12 may be transferred to any other expenditure object where such
13 amounts exceed the amount necessary for the payment of such
14 claims.

15 (c-1) Special provisions for State fiscal year 2003.
16 Notwithstanding any other provision of this Section to the
17 contrary, for State fiscal year 2003 only, transfers among line
18 item appropriations to an agency from the same treasury fund
19 may be made provided that the sum of such transfers for an
20 agency in State fiscal year 2003 shall not exceed 3% of the
21 aggregate amount appropriated to that State agency for State
22 fiscal year 2003 for the following objects: personal services,
23 except that no transfer may be approved which reduces the
24 aggregate appropriations for personal services within an
25 agency; extra help; student and inmate compensation; State
26 contributions to retirement systems; State contributions to

1 social security; State contributions for employee group
2 insurance; contractual services; travel; commodities;
3 printing; equipment; electronic data processing; operation of
4 automotive equipment; telecommunications services; travel and
5 allowance for committed, paroled, and discharged prisoners;
6 library books; federal matching grants for student loans;
7 refunds; workers' compensation, occupational disease, and tort
8 claims; and, in appropriations to institutions of higher
9 education, awards and grants.

10 (c-2) Special provisions for State fiscal year 2005.
11 Notwithstanding subsections (a), (a-2), and (c), for State
12 fiscal year 2005 only, transfers may be made among any line
13 item appropriations from the same or any other treasury fund
14 for any objects or purposes, without limitation, when the
15 balance remaining in one or more such line item appropriations
16 is insufficient for the purpose for which the appropriation was
17 made, provided that the sum of those transfers by a State
18 agency shall not exceed 4% of the aggregate amount appropriated
19 to that State agency for fiscal year 2005.

20 (d) Transfers among appropriations made to agencies of the
21 Legislative and Judicial departments and to the
22 constitutionally elected officers in the Executive branch
23 require the approval of the officer authorized in Section 10 of
24 this Act to approve and certify vouchers. Transfers among
25 appropriations made to the University of Illinois, Southern
26 Illinois University, Chicago State University, Eastern

1 Illinois University, Governors State University, Illinois
2 State University, Northeastern Illinois University, Northern
3 Illinois University, Western Illinois University, the Illinois
4 Mathematics and Science Academy and the Board of Higher
5 Education require the approval of the Board of Higher Education
6 and the Governor. Transfers among appropriations to all other
7 agencies require the approval of the Governor.

8 The officer responsible for approval shall certify that the
9 transfer is necessary to carry out the programs and purposes
10 for which the appropriations were made by the General Assembly
11 and shall transmit to the State Comptroller a certified copy of
12 the approval which shall set forth the specific amounts
13 transferred so that the Comptroller may change his records
14 accordingly. The Comptroller shall furnish the Governor with
15 information copies of all transfers approved for agencies of
16 the Legislative and Judicial departments and transfers
17 approved by the constitutionally elected officials of the
18 Executive branch other than the Governor, showing the amounts
19 transferred and indicating the dates such changes were entered
20 on the Comptroller's records.

21 (e) The State Board of Education, in consultation with the
22 State Comptroller, may transfer line item appropriations for
23 General State Aid from the Common School Fund to the Education
24 Assistance Fund.

25 (Source: P.A. 93-680, eff. 7-1-04; 93-839, eff. 7-30-04;
26 94-839, eff. 6-6-06.)

1 (30 ILCS 105/14.1) (from Ch. 127, par. 150.1)

2 Sec. 14.1. Appropriations for State contributions to the
3 State Employees' Retirement System; payroll requirements.

4 (a) Appropriations for State contributions to the State
5 Employees' Retirement System of Illinois shall be expended in
6 the manner provided in this Section. Except as otherwise
7 provided in subsection (a-1), at the time of each payment of
8 salary to an employee under the personal services line item,
9 payment shall be made to the State Employees' Retirement
10 System, from the amount appropriated for State contributions to
11 the State Employees' Retirement System, of an amount calculated
12 at the rate certified for the applicable fiscal year by the
13 Board of Trustees of the State Employees' Retirement System
14 under Section 14-135.08 of the Illinois Pension Code. If a line
15 item appropriation to an employer for this purpose is exhausted
16 or is unavailable due to any limitation on appropriations that
17 may apply, (including, but not limited to, limitations on
18 appropriations from the Road Fund under Section 8.3 of the
19 State Finance Act), the amounts shall be paid under the
20 continuing appropriation for this purpose contained in the
21 State Pension Funds Continuing Appropriation Act.

22 (a-1) Beginning on the effective date of this amendatory
23 Act of the 93rd General Assembly through the payment of the
24 final payroll from fiscal year 2004 appropriations,
25 appropriations for State contributions to the State Employees'

1 Retirement System of Illinois shall be expended in the manner
2 provided in this subsection (a-1). At the time of each payment
3 of salary to an employee under the personal services line item
4 from a fund other than the General Revenue Fund, payment shall
5 be made for deposit into the General Revenue Fund from the
6 amount appropriated for State contributions to the State
7 Employees' Retirement System of an amount calculated at the
8 rate certified for fiscal year 2004 by the Board of Trustees of
9 the State Employees' Retirement System under Section 14-135.08
10 of the Illinois Pension Code. This payment shall be made to the
11 extent that a line item appropriation to an employer for this
12 purpose is available or unexhausted. No payment from
13 appropriations for State contributions shall be made in
14 conjunction with payment of salary to an employee under the
15 personal services line item from the General Revenue Fund.

16 (b) Except during the period beginning on the effective
17 date of this amendatory Act of the 93rd General Assembly and
18 ending at the time of the payment of the final payroll from
19 fiscal year 2004 appropriations, the State Comptroller shall
20 not approve for payment any payroll voucher that (1) includes
21 payments of salary to eligible employees in the State
22 Employees' Retirement System of Illinois and (2) does not
23 include the corresponding payment of State contributions to
24 that retirement system at the full rate certified under Section
25 14-135.08 for that fiscal year for eligible employees, unless
26 the balance in the fund on which the payroll voucher is drawn

1 is insufficient to pay the total payroll voucher, or
2 unavailable due to any limitation on appropriations that may
3 apply, including, but not limited to, limitations on
4 appropriations from the Road Fund under Section 8.3 of the
5 State Finance Act. If the State Comptroller approves a payroll
6 voucher under this Section for which the fund balance is
7 insufficient to pay the full amount of the required State
8 contribution to the State Employees' Retirement System, the
9 Comptroller shall promptly so notify the Retirement System.

10 (c) Notwithstanding any other provisions of law, beginning
11 July 1, 2007, required State and employee contributions to the
12 State Employees' Retirement System of Illinois relating to
13 affected legislative staff employees shall be paid out of
14 moneys appropriated for that purpose to the Commission on
15 Government Forecasting and Accountability, rather than out of
16 the lump-sum appropriations otherwise made for the payroll and
17 other costs of those employees.

18 These payments must be made pursuant to payroll vouchers
19 submitted by the employing entity as part of the regular
20 payroll voucher process.

21 For the purpose of this subsection, "affected legislative
22 staff employees" means legislative staff employees paid out of
23 lump-sum appropriations made to the General Assembly, an
24 Officer of the General Assembly, or the Senate Operations
25 Commission, but does not include district-office staff or
26 employees of legislative support services agencies.

1 (Source: P.A. 93-665, eff. 3-5-04; 93-1067, eff. 1-15-05.)

2 (30 ILCS 105/25.5 new)

3 Sec. 25.5. FY2008 payment validation. All expenses
4 lawfully incurred during July of 2007 under an appropriation or
5 reappropriation included in Public Act 95-11 shall be paid by
6 the State Comptroller and State Treasurer at the time and in
7 the manner normally provided by law, notwithstanding that the
8 appropriation under that Public Act may have expired prior to
9 the actual date of payment due to the repeal of that Public
10 Act. Any otherwise lawful action of the State Comptroller, the
11 State Treasurer, or any public employee in the course of making
12 payment in accordance with this Section is hereby validated.

13 Section 5-13. The Budget Stabilization Act is amended by
14 changing Section 10 as follows:

15 (30 ILCS 122/10)

16 Sec. 10. Budget limitations.

17 (a) Except as provided in subsection (b-5), in ~~in~~ addition
18 to Section 50-5 of the State Budget Law of the Civil
19 Administrative Code of Illinois, the General Assembly's
20 appropriations and transfers or diversions as required by law
21 from general funds shall not exceed 99% of the estimated
22 general funds revenues for the fiscal year when revenue
23 estimates of the State's general funds revenues exceed the

1 prior fiscal year's estimated general funds revenues by more
2 than 4%.

3 (b) Except as provided in subsection (b-5), the ~~The~~ General
4 Assembly's appropriations and transfers or diversions as
5 required by law from general funds shall not exceed 98% of the
6 estimated general funds revenues for the fiscal year when
7 revenue estimates of the State's general funds revenues exceed
8 the prior fiscal year's estimated general funds revenues by
9 more than 4% for 2 or more consecutive fiscal years.

10 (b-5) The limitations on appropriations and transfers or
11 diversions set forth under subsections (a) and (b) do not apply
12 for State fiscal year 2008.

13 (c) For the purpose of this Act, "estimated general funds
14 revenues" include, for each budget year, all taxes, fees, and
15 other revenues expected to be deposited into the State's
16 general funds, including recurring transfers from other State
17 funds into the general funds.

18 Year-over-year comparisons used to determine the
19 percentage growth factor of estimated general funds revenues
20 shall exclude the sum of the following: (i) expected revenues
21 resulting from new taxes or fees or from tax or fee increases
22 during the first year of the change, (ii) expected revenues
23 resulting from one-time receipts or non-recurring transfers
24 in, (iii) expected proceeds resulting from borrowing, and (iv)
25 increases in federal grants that must be completely
26 appropriated based on the terms of the grants.

1 (Source: P.A. 93-660, eff. 7-1-04; 94-839, eff. 6-6-06.)

2 Section 5-15. The Illinois Income Tax Act is amended by
3 changing Sections 203, 304, 704A, 709.5, 901, 1001, 1007,
4 1405.5, 1405.6 and 1501 as follows:

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

6 Sec. 203. Base income defined.

7 (a) Individuals.

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

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

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

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

1 taxable year;

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

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

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

26 (D-10) For taxable years ending after December 31,

1 1997, an amount equal to any eligible remediation costs
2 that the individual deducted in computing adjusted
3 gross income and for which the individual claims a
4 credit under subsection (l) of Section 201;

5 (D-15) For taxable years 2001 and thereafter, an
6 amount equal to the bonus depreciation deduction taken
7 on the taxpayer's federal income tax return for the
8 taxable year under subsection (k) of Section 168 of the
9 Internal Revenue Code;

10 (D-16) If the taxpayer sells, transfers, abandons,
11 or otherwise disposes of property for which the
12 taxpayer was required in any taxable year to make an
13 addition modification under subparagraph (D-15), then
14 an amount equal to the aggregate amount of the
15 deductions taken in all taxable years under
16 subparagraph (Z) with respect to that property.

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which the
19 taxpayer may claim a depreciation deduction for
20 federal income tax purposes and for which the taxpayer
21 was allowed in any taxable year to make a subtraction
22 modification under subparagraph (Z), then an amount
23 equal to that subtraction modification.

24 The taxpayer is required to make the addition
25 modification under this subparagraph only once with
26 respect to any one piece of property;

1 (D-17) An amount equal to the amount otherwise
2 allowed as a deduction in computing base income for
3 interest paid, accrued, or incurred, directly or
4 indirectly, (i) for taxable years ending on or after
5 December 31, 2004, to a foreign person who would be a
6 member of the same unitary business group but for the
7 fact that foreign person's business activity outside
8 the United States is 80% or more of the foreign
9 person's total business activity and (ii) for taxable
10 years ending on or after December 31, 2008, to a person
11 who would be a member of the same unitary business
12 group but for the fact that the person is prohibited
13 under Section 1501(a)(27) from being included in the
14 unitary business group because he or she is ordinarily
15 required to apportion business income under different
16 subsections of Section 304. The addition modification
17 required by this subparagraph shall be reduced to the
18 extent that dividends were included in base income of
19 the unitary group for the same taxable year and
20 received by the taxpayer or by a member of the
21 taxpayer's unitary business group (including amounts
22 included in gross income under Sections 951 through 964
23 of the Internal Revenue Code and amounts included in
24 gross income under Section 78 of the Internal Revenue
25 Code) with respect to the stock of the same person to
26 whom the interest was paid, accrued, or incurred.

1 This paragraph shall not apply to the following:

2 (i) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a ~~foreign~~
4 person who is subject in a foreign country or
5 state, other than a state which requires mandatory
6 unitary reporting, to a tax on or measured by net
7 income with respect to such interest; or

8 (ii) an item of interest paid, accrued, or
9 incurred, directly or indirectly, to a ~~foreign~~
10 person if the taxpayer can establish, based on a
11 preponderance of the evidence, both of the
12 following:

13 (a) the ~~foreign~~ person, during the same
14 taxable year, paid, accrued, or incurred, the
15 interest to a person that is not a related
16 member, and

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

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract or

1 agreement entered into at arm's-length rates and
2 terms and the principal purpose for the payment is
3 not federal or Illinois tax avoidance; or

4 (iv) an item of interest paid, accrued, or
5 incurred, directly or indirectly, to a ~~foreign~~
6 person if the taxpayer establishes by clear and
7 convincing evidence that the adjustments are
8 unreasonable; or if the taxpayer and the Director
9 agree in writing to the application or use of an
10 alternative method of apportionment under Section
11 304(f).

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

21 (D-18) An amount equal to the amount of intangible
22 expenses and costs otherwise allowed as a deduction in
23 computing base income, and that were paid, accrued, or
24 incurred, directly or indirectly, (i) for taxable
25 years ending on or after December 31, 2004, to a
26 foreign person who would be a member of the same

1 unitary business group but for the fact that the
2 foreign person's business activity outside the United
3 States is 80% or more of that person's total business
4 activity and (ii) for taxable years ending on or after
5 December 31, 2008, to a person who would be a member of
6 the same unitary business group but for the fact that
7 the person is prohibited under Section 1501(a)(27)
8 from being included in the unitary business group
9 because he or she is ordinarily required to apportion
10 business income under different subsections of Section
11 304. The addition modification required by this
12 subparagraph shall be reduced to the extent that
13 dividends were included in base income of the unitary
14 group for the same taxable year and received by the
15 taxpayer or by a member of the taxpayer's unitary
16 business group (including amounts included in gross
17 income under Sections 951 through 964 of the Internal
18 Revenue Code and amounts included in gross income under
19 Section 78 of the Internal Revenue Code) with respect
20 to the stock of the same person to whom the intangible
21 expenses and costs were directly or indirectly paid,
22 incurred, or accrued. The preceding sentence does not
23 apply to the extent that the same dividends caused a
24 reduction to the addition modification required under
25 Section 203(a)(2)(D-17) of this Act. As used in this
26 subparagraph, the term "intangible expenses and costs"

1 includes (1) expenses, losses, and costs for, or
2 related to, the direct or indirect acquisition, use,
3 maintenance or management, ownership, sale, exchange,
4 or any other disposition of intangible property; (2)
5 losses incurred, directly or indirectly, from
6 factoring transactions or discounting transactions;
7 (3) royalty, patent, technical, and copyright fees;
8 (4) licensing fees; and (5) other similar expenses and
9 costs. For purposes of this subparagraph, "intangible
10 property" includes patents, patent applications, trade
11 names, trademarks, service marks, copyrights, mask
12 works, trade secrets, and similar types of intangible
13 assets.

14 This paragraph shall not apply to the following:

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

22 (ii) any item of intangible expense or cost
23 paid, accrued, or incurred, directly or
24 indirectly, if the taxpayer can establish, based
25 on a preponderance of the evidence, both of the
26 following:

1 (a) the ~~foreign~~ person during the same
2 taxable year paid, accrued, or incurred, the
3 intangible expense or cost to a person that is
4 not a related member, and

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

12 (iii) any item of intangible expense or cost
13 paid, accrued, or incurred, directly or
14 indirectly, from a transaction with a ~~foreign~~
15 person if the taxpayer establishes by clear and
16 convincing evidence, that the adjustments are
17 unreasonable; or if the taxpayer and the Director
18 agree in writing to the application or use of an
19 alternative method of apportionment under Section
20 304(f);

21 Nothing in this subsection shall preclude the
22 Director from making any other adjustment
23 otherwise allowed under Section 404 of this Act for
24 any tax year beginning after the effective date of
25 this amendment provided such adjustment is made
26 pursuant to regulation adopted by the Department

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

4 (D-19) For taxable years ending on or after
5 December 31, 2008, an amount equal to the amount of
6 insurance premium expenses and costs otherwise allowed
7 as a deduction in computing base income, and that were
8 paid, accrued, or incurred, directly or indirectly, to
9 a person who would be a member of the same unitary
10 business group but for the fact that the person is
11 prohibited under Section 1501(a)(27) from being
12 included in the unitary business group because he or
13 she is ordinarily required to apportion business
14 income under different subsections of Section 304. The
15 addition modification required by this subparagraph
16 shall be reduced to the extent that dividends were
17 included in base income of the unitary group for the
18 same taxable year and received by the taxpayer or by a
19 member of the taxpayer's unitary business group
20 (including amounts included in gross income under
21 Sections 951 through 964 of the Internal Revenue Code
22 and amounts included in gross income under Section 78
23 of the Internal Revenue Code) with respect to the stock
24 of the same person to whom the premiums ~~intangible~~
25 ~~expenses~~ and costs were directly or indirectly paid,
26 incurred, or accrued. The preceding sentence does not

1 apply to the extent that the same dividends caused a
2 reduction to the addition modification required under
3 Section 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of
4 this Act.

5 (D-20) For taxable years beginning on or after
6 January 1, 2002 and ending on or before December 31,
7 2006, in the case of a distribution from a qualified
8 tuition program under Section 529 of the Internal
9 Revenue Code, other than (i) a distribution from a
10 College Savings Pool created under Section 16.5 of the
11 State Treasurer Act or (ii) a distribution from the
12 Illinois Prepaid Tuition Trust Fund, an amount equal to
13 the amount excluded from gross income under Section
14 529(c)(3)(B). For taxable years beginning on or after
15 January 1, 2007, in the case of a distribution from a
16 qualified tuition program under Section 529 of the
17 Internal Revenue Code, other than (i) a distribution
18 from a College Savings Pool created under Section 16.5
19 of the State Treasurer Act, (ii) a distribution from
20 the Illinois Prepaid Tuition Trust Fund, or (iii) a
21 distribution from a qualified tuition program under
22 Section 529 of the Internal Revenue Code that (I)
23 adopts and determines that its offering materials
24 comply with the College Savings Plans Network's
25 disclosure principles and (II) has made reasonable
26 efforts to inform in-state residents of the existence

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

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

20 (D-21) For taxable years beginning on or after
21 January 1, 2007, in the case of transfer of moneys from
22 a qualified tuition program under Section 529 of the
23 Internal Revenue Code that is administered by the State
24 to an out-of-state program, an amount equal to the
25 amount of moneys previously deducted from base income
26 under subsection (a)(2)(Y) of this Section.

1 and by deducting from the total so obtained the sum of the
2 following amounts:

3 (E) For taxable years ending before December 31,
4 2001, any amount included in such total in respect of
5 any compensation (including but not limited to any
6 compensation paid or accrued to a serviceman while a
7 prisoner of war or missing in action) paid to a
8 resident by reason of being on active duty in the Armed
9 Forces of the United States and in respect of any
10 compensation paid or accrued to a resident who as a
11 governmental employee was a prisoner of war or missing
12 in action, and in respect of any compensation paid to a
13 resident in 1971 or thereafter for annual training
14 performed pursuant to Sections 502 and 503, Title 32,
15 United States Code as a member of the Illinois National
16 Guard or, beginning with taxable years ending on or
17 after December 31, 2007, the National Guard of any
18 other state. For taxable years ending on or after
19 December 31, 2001, any amount included in such total in
20 respect of any compensation (including but not limited
21 to any compensation paid or accrued to a serviceman
22 while a prisoner of war or missing in action) paid to a
23 resident by reason of being a member of any component
24 of the Armed Forces of the United States and in respect
25 of any compensation paid or accrued to a resident who
26 as a governmental employee was a prisoner of war or

1 missing in action, and in respect of any compensation
2 paid to a resident in 2001 or thereafter by reason of
3 being a member of the Illinois National Guard or,
4 beginning with taxable years ending on or after
5 December 31, 2007, the National Guard of any other
6 state. The provisions of this amendatory Act of the
7 92nd General Assembly are exempt from the provisions of
8 Section 250;

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

20 (G) The valuation limitation amount;

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

24 (I) An amount equal to all amounts included in such
25 total pursuant to the provisions of Section 111 of the
26 Internal Revenue Code as a recovery of items previously

1 deducted from adjusted gross income in the computation
2 of taxable income;

3 (J) An amount equal to those dividends included in
4 such total which were paid by a corporation which
5 conducts business operations in an Enterprise Zone or
6 zones created under the Illinois Enterprise Zone Act or
7 a River Edge Redevelopment Zone or zones created under
8 the River Edge Redevelopment Zone Act, and conducts
9 substantially all of its operations in an Enterprise
10 Zone or zones or a River Edge Redevelopment Zone or
11 zones. This subparagraph (J) is exempt from the
12 provisions of Section 250;

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

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

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

14 (N) An amount equal to all amounts included in such
15 total which are exempt from taxation by this State
16 either by reason of its statutes or Constitution or by
17 reason of the Constitution, treaties or statutes of the
18 United States; provided that, in the case of any
19 statute of this State ~~or, for taxable years ending on~~
20 ~~or after December 31, 2008, of the United States, any~~
21 ~~treaty of the United States, the Illinois~~
22 ~~Constitution, or the United States Constitution~~ that
23 exempts income derived from bonds or other obligations
24 from the tax imposed under this Act, the amount
25 exempted shall be the interest ~~income~~ net of bond
26 premium amortization, ~~and, for taxable years ending on~~

1 ~~or after December 31, 2008, interest expense incurred~~
2 ~~on indebtedness to carry the bond or other obligation,~~
3 ~~expenses incurred in producing the income to be~~
4 ~~deducted, and all other related expenses. The amount of~~
5 ~~expenses to be taken into account under this provision~~
6 ~~may not exceed the amount of income that is exempted;~~

7 (O) An amount equal to any contribution made to a
8 job training project established pursuant to the Tax
9 Increment Allocation Redevelopment Act;

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

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

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

22 (S) An amount, to the extent included in adjusted
23 gross income, equal to the amount of a contribution
24 made in the taxable year on behalf of the taxpayer to a
25 medical care savings account established under the
26 Medical Care Savings Account Act or the Medical Care

1 Savings Account Act of 2000 to the extent the
2 contribution is accepted by the account administrator
3 as provided in that Act;

4 (T) An amount, to the extent included in adjusted
5 gross income, equal to the amount of interest earned in
6 the taxable year on a medical care savings account
7 established under the Medical Care Savings Account Act
8 or the Medical Care Savings Account Act of 2000 on
9 behalf of the taxpayer, other than interest added
10 pursuant to item (D-5) of this paragraph (2);

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

17 (V) Beginning with tax years ending on or after
18 December 31, 1995 and ending with tax years ending on
19 or before December 31, 2004, an amount equal to the
20 amount paid by a taxpayer who is a self-employed
21 taxpayer, a partner of a partnership, or a shareholder
22 in a Subchapter S corporation for health insurance or
23 long-term care insurance for that taxpayer or that
24 taxpayer's spouse or dependents, to the extent that the
25 amount paid for that health insurance or long-term care
26 insurance may be deducted under Section 213 of the

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

18 (W) For taxable years beginning on or after January
19 1, 1998, all amounts included in the taxpayer's federal
20 gross income in the taxable year from amounts converted
21 from a regular IRA to a Roth IRA. This paragraph is
22 exempt from the provisions of Section 250;

23 (X) For taxable year 1999 and thereafter, an amount
24 equal to the amount of any (i) distributions, to the
25 extent includible in gross income for federal income
26 tax purposes, made to the taxpayer because of his or

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

1 this paragraph in gross income for federal income tax
2 purposes. This paragraph is exempt from the provisions
3 of Section 250;

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

22 (Z) For taxable years 2001 and thereafter, for the
23 taxable year in which the bonus depreciation deduction
24 is taken on the taxpayer's federal income tax return
25 under subsection (k) of Section 168 of the Internal
26 Revenue Code and for each applicable taxable year

1 thereafter, an amount equal to "x", where:

2 (1) "y" equals the amount of the depreciation
3 deduction taken for the taxable year on the
4 taxpayer's federal income tax return on property
5 for which the bonus depreciation deduction was
6 taken in any year under subsection (k) of Section
7 168 of the Internal Revenue Code, but not including
8 the bonus depreciation deduction;

9 (2) for taxable years ending on or before
10 December 31, 2005, "x" equals "y" multiplied by 30
11 and then divided by 70 (or "y" multiplied by
12 0.429); and

13 (3) for taxable years ending after December
14 31, 2005:

15 (i) for property on which a bonus
16 depreciation deduction of 30% of the adjusted
17 basis was taken, "x" equals "y" multiplied by
18 30 and then divided by 70 (or "y" multiplied by
19 0.429); and

20 (ii) for property on which a bonus
21 depreciation deduction of 50% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 1.0.

24 The aggregate amount deducted under this
25 subparagraph in all taxable years for any one piece of
26 property may not exceed the amount of the bonus

1 depreciation deduction taken on that property on the
2 taxpayer's federal income tax return under subsection
3 (k) of Section 168 of the Internal Revenue Code. This
4 subparagraph (Z) is exempt from the provisions of
5 Section 250;

6 (AA) If the taxpayer sells, transfers, abandons,
7 or otherwise disposes of property for which the
8 taxpayer was required in any taxable year to make an
9 addition modification under subparagraph (D-15), then
10 an amount equal to that addition modification.

11 If the taxpayer continues to own property through
12 the last day of the last tax year for which the
13 taxpayer may claim a depreciation deduction for
14 federal income tax purposes and for which the taxpayer
15 was required in any taxable year to make an addition
16 modification under subparagraph (D-15), then an amount
17 equal to that addition modification.

18 The taxpayer is allowed to take the deduction under
19 this subparagraph only once with respect to any one
20 piece of property.

21 This subparagraph (AA) is exempt from the
22 provisions of Section 250;

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

26 (CC) The amount of (i) any interest income (net of

1 the deductions allocable thereto) taken into account
2 for the taxable year with respect to a transaction with
3 a taxpayer that is required to make an addition
4 modification with respect to such transaction under
5 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
6 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
7 the amount of that addition modification, and (ii) any
8 income from intangible property (net of the deductions
9 allocable thereto) taken into account for the taxable
10 year with respect to a transaction with a taxpayer that
11 is required to make an addition modification with
12 respect to such transaction under Section
13 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
14 203(d)(2)(D-8), but not to exceed the amount of that
15 addition modification. This subparagraph (CC) is
16 exempt from the provisions of Section 250;

17 (DD) An amount equal to the interest income taken
18 into account for the taxable year (net of the
19 deductions allocable thereto) with respect to
20 transactions with (i) a foreign person who would be a
21 member of the taxpayer's unitary business group but for
22 the fact that the foreign person's business activity
23 outside the United States is 80% or more of that
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

1 group but for the fact that the person is prohibited
2 under Section 1501(a)(27) from being included in the
3 unitary business group because he or she is ordinarily
4 required to apportion business income under different
5 subsections of Section 304, but not to exceed the
6 addition modification required to be made for the same
7 taxable year under Section 203(a)(2)(D-17) for
8 interest paid, accrued, or incurred, directly or
9 indirectly, to the same person. This subparagraph (DD)
10 is exempt from the provisions of Section 250; and

11 (EE) An amount equal to the income from intangible
12 property taken into account for the taxable year (net
13 of the deductions allocable thereto) with respect to
14 transactions with (i) a foreign person who would be a
15 member of the taxpayer's unitary business group but for
16 the fact that the foreign person's business activity
17 outside the United States is 80% or more of that
18 person's total business activity and (ii) for taxable
19 years ending on or after December 31, 2008, to a person
20 who would be a member of the same unitary business
21 group but for the fact that the person is prohibited
22 under Section 1501(a)(27) from being included in the
23 unitary business group because he or she is ordinarily
24 required to apportion business income under different
25 subsections of Section 304, but not to exceed the
26 addition modification required to be made for the same

1 taxable year under Section 203(a)(2)(D-18) for
2 intangible expenses and costs paid, accrued, or
3 incurred, directly or indirectly, to the same foreign
4 person. This subparagraph (EE) is exempt from the
5 provisions of Section 250. ~~and~~

6 ~~(FF) An amount equal to the income from insurance~~
7 ~~premiums taken into account for the taxable year (net~~
8 ~~of the deductions allocable thereto) with respect to~~
9 ~~transactions with a person who would be a member of the~~
10 ~~same unitary business group but for the fact that the~~
11 ~~person is prohibited under Section 1501(a)(27) from~~
12 ~~being included in the unitary business group because he~~
13 ~~or she is ordinarily required to apportion business~~
14 ~~income under different subsections of Section 304, but~~
15 ~~not to exceed the addition modification required to be~~
16 ~~made for the same taxable year under Section~~
17 ~~203(a)(2)(D-18) for intangible expenses and costs~~
18 ~~paid, accrued, or incurred, directly or indirectly, to~~
19 ~~the same person.~~

20 (b) Corporations.

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

24 (2) Modifications. The taxable income referred to in
25 paragraph (1) shall be modified by adding thereto the sum

1 of the following amounts:

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

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

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

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

24 (E) For taxable years in which a net operating loss
25 carryback or carryforward from a taxable year ending
26 prior to December 31, 1986 is an element of taxable

1 income under paragraph (1) of subsection (e) or
2 subparagraph (E) of paragraph (2) of subsection (e),
3 the amount by which addition modifications other than
4 those provided by this subparagraph (E) exceeded
5 subtraction modifications in such earlier taxable
6 year, with the following limitations applied in the
7 order that they are listed:

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

16 (ii) the addition modification relating to the
17 net operating loss carried back or forward to the
18 taxable year from any taxable year ending prior to
19 December 31, 1986 shall not exceed the amount of
20 such carryback or carryforward;

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

1 subparagraph (E) for each such taxable year;

2 (E-5) For taxable years ending after December 31,
3 1997, an amount equal to any eligible remediation costs
4 that the corporation deducted in computing adjusted
5 gross income and for which the corporation claims a
6 credit under subsection (l) of Section 201;

7 (E-10) For taxable years 2001 and thereafter, an
8 amount equal to the bonus depreciation deduction taken
9 on the taxpayer's federal income tax return for the
10 taxable year under subsection (k) of Section 168 of the
11 Internal Revenue Code; ~~and~~

12 (E-11) If the taxpayer sells, transfers, abandons,
13 or otherwise disposes of property for which the
14 taxpayer was required in any taxable year to make an
15 addition modification under subparagraph (E-10), then
16 an amount equal to the aggregate amount of the
17 deductions taken in all taxable years under
18 subparagraph (T) with respect to that property.

19 If the taxpayer continues to own property through
20 the last day of the last tax year for which the
21 taxpayer may claim a depreciation deduction for
22 federal income tax purposes and for which the taxpayer
23 was allowed in any taxable year to make a subtraction
24 modification under subparagraph (T), then an amount
25 equal to that subtraction modification.

26 The taxpayer is required to make the addition

1 modification under this subparagraph only once with
2 respect to any one piece of property;

3 (E-12) An amount equal to the amount otherwise
4 allowed as a deduction in computing base income for
5 interest paid, accrued, or incurred, directly or
6 indirectly, (i) for taxable years ending on or after
7 December 31, 2004, to a foreign person who would be a
8 member of the same unitary business group but for the
9 fact the foreign person's business activity outside
10 the United States is 80% or more of the foreign
11 person's total business activity and (ii) for taxable
12 years ending on or after December 31, 2008, to a person
13 who would be a member of the same unitary business
14 group but for the fact that the person is prohibited
15 under Section 1501(a)(27) from being included in the
16 unitary business group because he or she is ordinarily
17 required to apportion business income under different
18 subsections of Section 304. The addition modification
19 required by this subparagraph shall be reduced to the
20 extent that dividends were included in base income of
21 the unitary group for the same taxable year and
22 received by the taxpayer or by a member of the
23 taxpayer's unitary business group (including amounts
24 included in gross income pursuant to Sections 951
25 through 964 of the Internal Revenue Code and amounts
26 included in gross income under Section 78 of the

1 Internal Revenue Code) with respect to the stock of the
2 same person to whom the interest was paid, accrued, or
3 incurred.

4 This paragraph shall not apply to the following:

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

11 (ii) an item of interest paid, accrued, or
12 incurred, directly or indirectly, to a ~~foreign~~
13 person if the taxpayer can establish, based on a
14 preponderance of the evidence, both of the
15 following:

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

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

1 (iii) the taxpayer can establish, based on
2 clear and convincing evidence, that the interest
3 paid, accrued, or incurred relates to a contract or
4 agreement entered into at arm's-length rates and
5 terms and the principal purpose for the payment is
6 not federal or Illinois tax avoidance; or

7 (iv) an item of interest paid, accrued, or
8 incurred, directly or indirectly, to a ~~foreign~~
9 person if the taxpayer establishes by clear and
10 convincing evidence that the adjustments are
11 unreasonable; or if the taxpayer and the Director
12 agree in writing to the application or use of an
13 alternative method of apportionment under Section
14 304(f).

15 Nothing in this subsection shall preclude the
16 Director from making any other adjustment
17 otherwise allowed under Section 404 of this Act for
18 any tax year beginning after the effective date of
19 this amendment provided such adjustment is made
20 pursuant to regulation adopted by the Department
21 and such regulations provide methods and standards
22 by which the Department will utilize its authority
23 under Section 404 of this Act;

24 (E-13) An amount equal to the amount of intangible
25 expenses and costs otherwise allowed as a deduction in
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable
2 years ending on or after December 31, 2004, to a
3 foreign person who would be a member of the same
4 unitary business group but for the fact that the
5 foreign person's business activity outside the United
6 States is 80% or more of that person's total business
7 activity and (ii) for taxable years ending on or after
8 December 31, 2008, to a person who would be a member of
9 the same unitary business group but for the fact that
10 the person is prohibited under Section 1501(a)(27)
11 from being included in the unitary business group
12 because he or she is ordinarily required to apportion
13 business income under different subsections of Section
14 304. The addition modification required by this
15 subparagraph shall be reduced to the extent that
16 dividends were included in base income of the unitary
17 group for the same taxable year and received by the
18 taxpayer or by a member of the taxpayer's unitary
19 business group (including amounts included in gross
20 income pursuant to Sections 951 through 964 of the
21 Internal Revenue Code and amounts included in gross
22 income under Section 78 of the Internal Revenue Code)
23 with respect to the stock of the same person to whom
24 the intangible expenses and costs were directly or
25 indirectly paid, incurred, or accrued. The preceding
26 sentence shall not apply to the extent that the same

1 dividends caused a reduction to the addition
2 modification required under Section 203(b)(2)(E-12) of
3 this Act. As used in this subparagraph, the term
4 "intangible expenses and costs" includes (1) expenses,
5 losses, and costs for, or related to, the direct or
6 indirect acquisition, use, maintenance or management,
7 ownership, sale, exchange, or any other disposition of
8 intangible property; (2) losses incurred, directly or
9 indirectly, from factoring transactions or discounting
10 transactions; (3) royalty, patent, technical, and
11 copyright fees; (4) licensing fees; and (5) other
12 similar expenses and costs. For purposes of this
13 subparagraph, "intangible property" includes patents,
14 patent applications, trade names, trademarks, service
15 marks, copyrights, mask works, trade secrets, and
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

18 (i) any item of intangible expenses or costs
19 paid, accrued, or incurred, directly or
20 indirectly, from a transaction with a ~~foreign~~
21 person who is subject in a foreign country or
22 state, other than a state which requires mandatory
23 unitary reporting, to a tax on or measured by net
24 income with respect to such item; or

25 (ii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

1 indirectly, if the taxpayer can establish, based
2 on a preponderance of the evidence, both of the
3 following:

4 (a) the ~~foreign~~ person during the same
5 taxable year paid, accrued, or incurred, the
6 intangible expense or cost to a person that is
7 not a related member, and

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

15 (iii) any item of intangible expense or cost
16 paid, accrued, or incurred, directly or
17 indirectly, from a transaction with a ~~foreign~~
18 person if the taxpayer establishes by clear and
19 convincing evidence, that the adjustments are
20 unreasonable; or if the taxpayer and the Director
21 agree in writing to the application or use of an
22 alternative method of apportionment under Section
23 304(f);

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act for

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

7 (E-14) For taxable years ending on or after
8 December 31, 2008, an amount equal to the amount of
9 insurance premium expenses and costs otherwise allowed
10 as a deduction in computing base income, and that were
11 paid, accrued, or incurred, directly or indirectly, to
12 a person who would be a member of the same unitary
13 business group but for the fact that the person is
14 prohibited under Section 1501(a)(27) from being
15 included in the unitary business group because he or
16 she is ordinarily required to apportion business
17 income under different subsections of Section 304. The
18 addition modification required by this subparagraph
19 shall be reduced to the extent that dividends were
20 included in base income of the unitary group for the
21 same taxable year and received by the taxpayer or by a
22 member of the taxpayer's unitary business group
23 (including amounts included in gross income under
24 Sections 951 through 964 of the Internal Revenue Code
25 and amounts included in gross income under Section 78
26 of the Internal Revenue Code) with respect to the stock

1 of the same person to whom the premiums ~~intangible~~
2 ~~expenses~~ and costs were directly or indirectly paid,
3 incurred, or accrued. The preceding sentence does not
4 apply to the extent that the same dividends caused a
5 reduction to the addition modification required under
6 Section 203(b)(2)(E-12) or Section 203(b)(2)(E-13)
7 ~~203(a)(2)(D-17)~~ of this Act;

8 (E-15) For taxable years beginning after December
9 31, 2008, any deduction for dividends paid ~~to a~~
10 ~~corporation~~ by a captive real estate investment trust
11 that is allowed to a real estate investment trust under
12 Section 857(b)(2)(B) of the Internal Revenue Code for
13 dividends paid;

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

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

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

21 (H) In the case of a regulated investment company,
22 an amount equal to the amount of exempt interest
23 dividends as defined in subsection (b) (5) of Section
24 852 of the Internal Revenue Code, paid to shareholders
25 for the taxable year;

26 (I) With the exception of any amounts subtracted

1 under subparagraph (J), an amount equal to the sum of
2 all amounts disallowed as deductions by (i) Sections
3 171(a) (2), and 265(a)(2) and amounts disallowed as
4 interest expense by Section 291(a)(3) of the Internal
5 Revenue Code, as now or hereafter amended, and all
6 amounts of expenses allocable to interest and
7 disallowed as deductions by Section 265(a)(1) of the
8 Internal Revenue Code, as now or hereafter amended; and
9 (ii) for taxable years ending on or after August 13,
10 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and
11 832(b)(5)(B)(i) of the Internal Revenue Code; the
12 provisions of this subparagraph are exempt from the
13 provisions of Section 250;

14 (J) An amount equal to all amounts included in such
15 total which are exempt from taxation by this State
16 either by reason of its statutes or Constitution or by
17 reason of the Constitution, treaties or statutes of the
18 United States; provided that, in the case of any
19 statute of this State ~~or, for taxable years ending on~~
20 ~~or after December 31, 2008, of the United States, any~~
21 ~~treaty of the United States, the Illinois~~
22 ~~Constitution, or the United States Constitution~~ that
23 exempts income derived from bonds or other obligations
24 from the tax imposed under this Act, the amount
25 exempted shall be the interest ~~income~~ net of bond
26 premium amortization, ~~and, for taxable years ending on~~

1 ~~or after December 31, 2008, interest expense incurred~~
2 ~~on indebtedness to carry the bond or other obligation,~~
3 ~~expenses incurred in producing the income to be~~
4 ~~deducted, and all other related expenses. The amount of~~
5 ~~expenses to be taken into account under this provision~~
6 ~~may not exceed the amount of income that is exempted;~~

7 (K) An amount equal to those dividends included in
8 such total which were paid by a corporation which
9 conducts business operations in an Enterprise Zone or
10 zones created under the Illinois Enterprise Zone Act or
11 a River Edge Redevelopment Zone or zones created under
12 the River Edge Redevelopment Zone Act and conducts
13 substantially all of its operations in an Enterprise
14 Zone or zones or a River Edge Redevelopment Zone or
15 zones. This subparagraph (K) is exempt from the
16 provisions of Section 250;

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

26 (M) For any taxpayer that is a financial

1 organization within the meaning of Section 304(c) of
2 this Act, an amount included in such total as interest
3 income from a loan or loans made by such taxpayer to a
4 borrower, to the extent that such a loan is secured by
5 property which is eligible for the Enterprise Zone
6 Investment Credit or the River Edge Redevelopment Zone
7 Investment Credit. To determine the portion of a loan
8 or loans that is secured by property eligible for a
9 Section 201(f) investment credit to the borrower, the
10 entire principal amount of the loan or loans between
11 the taxpayer and the borrower should be divided into
12 the basis of the Section 201(f) investment credit
13 property which secures the loan or loans, using for
14 this purpose the original basis of such property on the
15 date that it was placed in service in the Enterprise
16 Zone or the River Edge Redevelopment Zone. The
17 subtraction modification available to taxpayer in any
18 year under this subsection shall be that portion of the
19 total interest paid by the borrower with respect to
20 such loan attributable to the eligible property as
21 calculated under the previous sentence. This
22 subparagraph (M) is exempt from the provisions of
23 Section 250;

24 (M-1) For any taxpayer that is a financial
25 organization within the meaning of Section 304(c) of
26 this Act, an amount included in such total as interest

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

23 (N) Two times any contribution made during the
24 taxable year to a designated zone organization to the
25 extent that the contribution (i) qualifies as a
26 charitable contribution under subsection (c) of

1 Section 170 of the Internal Revenue Code and (ii) must,
2 by its terms, be used for a project approved by the
3 Department of Commerce and Economic Opportunity under
4 Section 11 of the Illinois Enterprise Zone Act or under
5 Section 10-10 of the River Edge Redevelopment Zone Act.
6 This subparagraph (N) is exempt from the provisions of
7 Section 250;

8 (O) An amount equal to: (i) 85% for taxable years
9 ending on or before December 31, 1992, or, a percentage
10 equal to the percentage allowable under Section
11 243(a)(1) of the Internal Revenue Code of 1986 for
12 taxable years ending after December 31, 1992, of the
13 amount by which dividends included in taxable income
14 and received from a corporation that is not created or
15 organized under the laws of the United States or any
16 state or political subdivision thereof, including, for
17 taxable years ending on or after December 31, 1988,
18 dividends received or deemed received or paid or deemed
19 paid under Sections 951 through 964 of the Internal
20 Revenue Code, exceed the amount of the modification
21 provided under subparagraph (G) of paragraph (2) of
22 this subsection (b) which is related to such dividends,
23 and including, for taxable years ending on or after
24 December 31, 2008, dividends received from a captive
25 real estate investment trust; plus (ii) 100% of the
26 amount by which dividends, included in taxable income

1 and received, including, for taxable years ending on or
2 after December 31, 1988, dividends received or deemed
3 received or paid or deemed paid under Sections 951
4 through 964 of the Internal Revenue Code and including,
5 for taxable years ending on or after December 31, 2008,
6 dividends received from a captive real estate
7 investment trust, from any such corporation specified
8 in clause (i) that would but for the provisions of
9 Section 1504 (b) (3) of the Internal Revenue Code be
10 treated as a member of the affiliated group which
11 includes the dividend recipient, exceed the amount of
12 the modification provided under subparagraph (G) of
13 paragraph (2) of this subsection (b) which is related
14 to such dividends. This subparagraph (O) is exempt from
15 the provisions of Section 250 of this Act;

16 (P) An amount equal to any contribution made to a
17 job training project established pursuant to the Tax
18 Increment Allocation Redevelopment Act;

19 (Q) An amount equal to the amount of the deduction
20 used to compute the federal income tax credit for
21 restoration of substantial amounts held under claim of
22 right for the taxable year pursuant to Section 1341 of
23 the Internal Revenue Code of 1986;

24 (R) On and after July 20, 1999, in the case of an
25 attorney-in-fact with respect to whom an interinsurer
26 or a reciprocal insurer has made the election under

1 Section 835 of the Internal Revenue Code, 26 U.S.C.
2 835, an amount equal to the excess, if any, of the
3 amounts paid or incurred by that interinsurer or
4 reciprocal insurer in the taxable year to the
5 attorney-in-fact over the deduction allowed to that
6 interinsurer or reciprocal insurer with respect to the
7 attorney-in-fact under Section 835(b) of the Internal
8 Revenue Code for the taxable year; the provisions of
9 this subparagraph are exempt from the provisions of
10 Section 250;

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

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

1 (1) "y" equals the amount of the depreciation
2 deduction taken for the taxable year on the
3 taxpayer's federal income tax return on property
4 for which the bonus depreciation deduction was
5 taken in any year under subsection (k) of Section
6 168 of the Internal Revenue Code, but not including
7 the bonus depreciation deduction;

8 (2) for taxable years ending on or before
9 December 31, 2005, "x" equals "y" multiplied by 30
10 and then divided by 70 (or "y" multiplied by
11 0.429); and

12 (3) for taxable years ending after December
13 31, 2005:

14 (i) for property on which a bonus
15 depreciation deduction of 30% of the adjusted
16 basis was taken, "x" equals "y" multiplied by
17 30 and then divided by 70 (or "y" multiplied by
18 0.429); and

19 (ii) for property on which a bonus
20 depreciation deduction of 50% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 1.0.

23 The aggregate amount deducted under this
24 subparagraph in all taxable years for any one piece of
25 property may not exceed the amount of the bonus
26 depreciation deduction taken on that property on the

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code. This
3 subparagraph (T) is exempt from the provisions of
4 Section 250;

5 (U) If the taxpayer sells, transfers, abandons, or
6 otherwise disposes of property for which the taxpayer
7 was required in any taxable year to make an addition
8 modification under subparagraph (E-10), then an amount
9 equal to that addition modification.

10 If the taxpayer continues to own property through
11 the last day of the last tax year for which the
12 taxpayer may claim a depreciation deduction for
13 federal income tax purposes and for which the taxpayer
14 was required in any taxable year to make an addition
15 modification under subparagraph (E-10), then an amount
16 equal to that addition modification.

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

20 This subparagraph (U) is exempt from the
21 provisions of Section 250;

22 (V) The amount of: (i) any interest income (net of
23 the deductions allocable thereto) taken into account
24 for the taxable year with respect to a transaction with
25 a taxpayer that is required to make an addition
26 modification with respect to such transaction under

1 Section 203(a) (2) (D-17), 203(b) (2) (E-12),
2 203(c) (2) (G-12), or 203(d) (2) (D-7), but not to exceed
3 the amount of such addition modification, ~~and~~ (ii) any
4 income from intangible property (net of the deductions
5 allocable thereto) taken into account for the taxable
6 year with respect to a transaction with a taxpayer that
7 is required to make an addition modification with
8 respect to such transaction under Section
9 203(a) (2) (D-18), 203(b) (2) (E-13), 203(c) (2) (G-13), or
10 203(d) (2) (D-8), but not to exceed the amount of such
11 addition modification, and (iii) any insurance premium
12 income (net of deductions allocable thereto) taken
13 into account for the taxable year with respect to a
14 transaction with a taxpayer that is required to make an
15 addition modification with respect to such transaction
16 under Section 203(a) (2) (D-19), Section
17 203(b) (2) (E-14), Section 203(c) (2) (G-14), or Section
18 203(d) (2) (D-9), but not to exceed the amount of that
19 addition modification. This subparagraph (V) is exempt
20 from the provisions of Section 250;

21 (W) An amount equal to the interest income taken
22 into account for the taxable year (net of the
23 deductions allocable thereto) with respect to
24 transactions with (i) a foreign person who would be a
25 member of the taxpayer's unitary business group but for
26 the fact that the foreign person's business activity

1 outside the United States is 80% or more of that
2 person's total business activity and (ii) for taxable
3 years ending on or after December 31, 2008, to a person
4 who would be a member of the same unitary business
5 group but for the fact that the person is prohibited
6 under Section 1501(a)(27) from being included in the
7 unitary business group because he or she is ordinarily
8 required to apportion business income under different
9 subsections of Section 304, but not to exceed the
10 addition modification required to be made for the same
11 taxable year under Section 203(b)(2)(E-12) for
12 interest paid, accrued, or incurred, directly or
13 indirectly, to the same person. This subparagraph (W)
14 is exempt from the provisions of Section 250; and

15 (X) An amount equal to the income from intangible
16 property taken into account for the taxable year (net
17 of the deductions allocable thereto) with respect to
18 transactions with (i) a foreign person who would be a
19 member of the taxpayer's unitary business group but for
20 the fact that the foreign person's business activity
21 outside the United States is 80% or more of that
22 person's total business activity and (ii) for taxable
23 years ending on or after December 31, 2008, to a person
24 who would be a member of the same unitary business
25 group but for the fact that the person is prohibited
26 under Section 1501(a)(27) from being included in the

1 unitary business group because he or she is ordinarily
2 required to apportion business income under different
3 subsections of Section 304, but not to exceed the
4 addition modification required to be made for the same
5 taxable year under Section 203(b)(2)(E-13) for
6 intangible expenses and costs paid, accrued, or
7 incurred, directly or indirectly, to the same foreign
8 person . This subparagraph (X) is exempt from the
9 provisions of Section 250. and

10 ~~(FF) An amount equal to the income from insurance~~
11 ~~premiums taken into account for the taxable year (net~~
12 ~~of the deductions allocable thereto) with respect to~~
13 ~~transactions with a person who would be a member of the~~
14 ~~same unitary business group but for the fact that the~~
15 ~~person is prohibited under Section 1501(a)(27) from~~
16 ~~being included in the unitary business group because he~~
17 ~~or she is ordinarily required to apportion business~~
18 ~~income under different subsections of Section 304, but~~
19 ~~not to exceed the addition modification required to be~~
20 ~~made for the same taxable year under Section~~
21 ~~203(a)(2)(D-18) for intangible expenses and costs~~
22 ~~paid, accrued, or incurred, directly or indirectly, to~~
23 ~~the same person.~~

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

1 the gross investment income for the taxable year.

2 (c) Trusts and estates.

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

6 (2) Modifications. Subject to the provisions of
7 paragraph (3), the taxable income referred to in paragraph
8 (1) shall be modified by adding thereto the sum of the
9 following amounts:

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

14 (B) In the case of (i) an estate, \$600; (ii) a
15 trust which, under its governing instrument, is
16 required to distribute all of its income currently,
17 \$300; and (iii) any other trust, \$100, but in each such
18 case, only to the extent such amount was deducted in
19 the computation of taxable income;

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

23 (D) The amount of any net operating loss deduction
24 taken in arriving at taxable income, other than a net
25 operating loss carried forward from a taxable year

1 ending prior to December 31, 1986;

2 (E) For taxable years in which a net operating loss
3 carryback or carryforward from a taxable year ending
4 prior to December 31, 1986 is an element of taxable
5 income under paragraph (1) of subsection (e) or
6 subparagraph (E) of paragraph (2) of subsection (e),
7 the amount by which addition modifications other than
8 those provided by this subparagraph (E) exceeded
9 subtraction modifications in such taxable year, with
10 the following limitations applied in the order that
11 they are listed:

12 (i) the addition modification relating to the
13 net operating loss carried back or forward to the
14 taxable year from any taxable year ending prior to
15 December 31, 1986 shall be reduced by the amount of
16 addition modification under this subparagraph (E)
17 which related to that net operating loss and which
18 was taken into account in calculating the base
19 income of an earlier taxable year, and

20 (ii) the addition modification relating to the
21 net operating loss carried back or forward to the
22 taxable year from any taxable year ending prior to
23 December 31, 1986 shall not exceed the amount of
24 such carryback or carryforward;

25 For taxable years in which there is a net operating
26 loss carryback or carryforward from more than one other

1 taxable year ending prior to December 31, 1986, the
2 addition modification provided in this subparagraph
3 (E) shall be the sum of the amounts computed
4 independently under the preceding provisions of this
5 subparagraph (E) for each such taxable year;

6 (F) For taxable years ending on or after January 1,
7 1989, an amount equal to the tax deducted pursuant to
8 Section 164 of the Internal Revenue Code if the trust
9 or estate is claiming the same tax for purposes of the
10 Illinois foreign tax credit under Section 601 of this
11 Act;

12 (G) An amount equal to the amount of the capital
13 gain deduction allowable under the Internal Revenue
14 Code, to the extent deducted from gross income in the
15 computation of taxable income;

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

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

26 (G-11) If the taxpayer sells, transfers, abandons,

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

7 If the taxpayer continues to own property through
8 the last day of the last tax year for which the
9 taxpayer may claim a depreciation deduction for
10 federal income tax purposes and for which the taxpayer
11 was allowed in any taxable year to make a subtraction
12 modification under subparagraph (R), then an amount
13 equal to that subtraction modification.

14 The taxpayer is required to make the addition
15 modification under this subparagraph only once with
16 respect to any one piece of property;

17 (G-12) An amount equal to the amount otherwise
18 allowed as a deduction in computing base income for
19 interest paid, accrued, or incurred, directly or
20 indirectly, (i) for taxable years ending on or after
21 December 31, 2004, to a foreign person who would be a
22 member of the same unitary business group but for the
23 fact that the foreign person's business activity
24 outside the United States is 80% or more of the foreign
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

1 who would be a member of the same unitary business
2 group but for the fact that the person is prohibited
3 under Section 1501(a)(27) from being included in the
4 unitary business group because he or she is ordinarily
5 required to apportion business income under different
6 subsections of Section 304. The addition modification
7 required by this subparagraph shall be reduced to the
8 extent that dividends were included in base income of
9 the unitary group for the same taxable year and
10 received by the taxpayer or by a member of the
11 taxpayer's unitary business group (including amounts
12 included in gross income pursuant to Sections 951
13 through 964 of the Internal Revenue Code and amounts
14 included in gross income under Section 78 of the
15 Internal Revenue Code) with respect to the stock of the
16 same person to whom the interest was paid, accrued, or
17 incurred.

18 This paragraph shall not apply to the following:

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

25 (ii) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a ~~foreign~~

1 person if the taxpayer can establish, based on a
2 preponderance of the evidence, both of the
3 following:

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

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

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

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

1 alternative method of apportionment under Section
2 304(f).

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

12 (G-13) An amount equal to the amount of intangible
13 expenses and costs otherwise allowed as a deduction in
14 computing base income, and that were paid, accrued, or
15 incurred, directly or indirectly, (i) for taxable
16 years ending on or after December 31, 2004, to a
17 foreign person who would be a member of the same
18 unitary business group but for the fact that the
19 foreign person's business activity outside the United
20 States is 80% or more of that person's total business
21 activity and (ii) for taxable years ending on or after
22 December 31, 2008, to a person who would be a member of
23 the same unitary business group but for the fact that
24 the person is prohibited under Section 1501(a)(27)
25 from being included in the unitary business group
26 because he or she is ordinarily required to apportion

1 business income under different subsections of Section
2 304. The addition modification required by this
3 subparagraph shall be reduced to the extent that
4 dividends were included in base income of the unitary
5 group for the same taxable year and received by the
6 taxpayer or by a member of the taxpayer's unitary
7 business group (including amounts included in gross
8 income pursuant to Sections 951 through 964 of the
9 Internal Revenue Code and amounts included in gross
10 income under Section 78 of the Internal Revenue Code)
11 with respect to the stock of the same person to whom
12 the intangible expenses and costs were directly or
13 indirectly paid, incurred, or accrued. The preceding
14 sentence shall not apply to the extent that the same
15 dividends caused a reduction to the addition
16 modification required under Section 203(c)(2)(G-12) of
17 this Act. As used in this subparagraph, the term
18 "intangible expenses and costs" includes: (1)
19 expenses, losses, and costs for or related to the
20 direct or indirect acquisition, use, maintenance or
21 management, ownership, sale, exchange, or any other
22 disposition of intangible property; (2) losses
23 incurred, directly or indirectly, from factoring
24 transactions or discounting transactions; (3) royalty,
25 patent, technical, and copyright fees; (4) licensing
26 fees; and (5) other similar expenses and costs. For

1 purposes of this subparagraph, "intangible property"
2 includes patents, patent applications, trade names,
3 trademarks, service marks, copyrights, mask works,
4 trade secrets, and similar types of intangible assets.

5 This paragraph shall not apply to the following:

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

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

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

22 (b) the transaction giving rise to the
23 intangible expense or cost between the
24 taxpayer and the ~~foreign~~ person did not have as
25 a principal purpose the avoidance of Illinois
26 income tax, and is paid pursuant to a contract

1 or agreement that reflects arm's-length terms;

2 or

3 (iii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a ~~foreign~~
6 person if the taxpayer establishes by clear and
7 convincing evidence, that the adjustments are
8 unreasonable; or if the taxpayer and the Director
9 agree in writing to the application or use of an
10 alternative method of apportionment under Section
11 304(f);

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

21 (G-14) For taxable years ending on or after
22 December 31, 2008, an amount equal to the amount of
23 insurance premium expenses and costs otherwise allowed
24 as a deduction in computing base income, and that were
25 paid, accrued, or incurred, directly or indirectly, to
26 a person who would be a member of the same unitary

1 business group but for the fact that the person is
2 prohibited under Section 1501(a)(27) from being
3 included in the unitary business group because he or
4 she is ordinarily required to apportion business
5 income under different subsections of Section 304. The
6 addition modification required by this subparagraph
7 shall be reduced to the extent that dividends were
8 included in base income of the unitary group for the
9 same taxable year and received by the taxpayer or by a
10 member of the taxpayer's unitary business group
11 (including amounts included in gross income under
12 Sections 951 through 964 of the Internal Revenue Code
13 and amounts included in gross income under Section 78
14 of the Internal Revenue Code) with respect to the stock
15 of the same person to whom the premiums ~~intangible~~
16 ~~expenses~~ and costs were directly or indirectly paid,
17 incurred, or accrued. The preceding sentence does not
18 apply to the extent that the same dividends caused a
19 reduction to the addition modification required under
20 Section 203(c)(2)(G-12) or Section 203(c)(2)(G-13)
21 ~~203(a)(2)(D-17)~~ of this Act.

22 and by deducting from the total so obtained the sum of the
23 following amounts:

24 (H) An amount equal to all amounts included in such
25 total pursuant to the provisions of Sections 402(a),
26 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the

1 Internal Revenue Code or included in such total as
2 distributions under the provisions of any retirement
3 or disability plan for employees of any governmental
4 agency or unit, or retirement payments to retired
5 partners, which payments are excluded in computing net
6 earnings from self employment by Section 1402 of the
7 Internal Revenue Code and regulations adopted pursuant
8 thereto;

9 (I) The valuation limitation amount;

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

13 (K) An amount equal to all amounts included in
14 taxable income as modified by subparagraphs (A), (B),
15 (C), (D), (E), (F) and (G) which are exempt from
16 taxation by this State either by reason of its statutes
17 or Constitution or by reason of the Constitution,
18 treaties or statutes of the United States; provided
19 that, in the case of any statute of this State ~~or, for~~
20 ~~taxable years ending on or after December 31, 2008, of~~
21 ~~the United States, any treaty of the United States, the~~
22 ~~Illinois Constitution, or the United States~~
23 ~~Constitution~~ that exempts income derived from bonds or
24 other obligations from the tax imposed under this Act,
25 the amount exempted shall be the interest income net of
26 bond premium amortization, ~~and, for taxable years~~

1 ~~ending on or after December 31, 2008, interest expense~~
2 ~~incurred on indebtedness to carry the bond or other~~
3 ~~obligation, expenses incurred in producing the income~~
4 ~~to be deducted, and all other related expenses. The~~
5 ~~amount of expenses to be taken into account under this~~
6 ~~provision may not exceed the amount of income that is~~
7 ~~exempted;~~

8 (L) With the exception of any amounts subtracted
9 under subparagraph (K), an amount equal to the sum of
10 all amounts disallowed as deductions by (i) Sections
11 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
12 as now or hereafter amended, and all amounts of
13 expenses allocable to interest and disallowed as
14 deductions by Section 265(1) of the Internal Revenue
15 Code of 1954, as now or hereafter amended; and (ii) for
16 taxable years ending on or after August 13, 1999,
17 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
18 the Internal Revenue Code; the provisions of this
19 subparagraph are exempt from the provisions of Section
20 250;

21 (M) An amount equal to those dividends included in
22 such total which were paid by a corporation which
23 conducts business operations in an Enterprise Zone or
24 zones created under the Illinois Enterprise Zone Act or
25 a River Edge Redevelopment Zone or zones created under
26 the River Edge Redevelopment Zone Act and conducts

1 substantially all of its operations in an Enterprise
2 Zone or Zones or a River Edge Redevelopment Zone or
3 zones. This subparagraph (M) is exempt from the
4 provisions of Section 250;

5 (N) An amount equal to any contribution made to a
6 job training project established pursuant to the Tax
7 Increment Allocation Redevelopment Act;

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

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

22 (Q) For taxable year 1999 and thereafter, an amount
23 equal to the amount of any (i) distributions, to the
24 extent includible in gross income for federal income
25 tax purposes, made to the taxpayer because of his or
26 her status as a victim of persecution for racial or

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

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

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

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

16 (2) for taxable years ending on or before
17 December 31, 2005, "x" equals "y" multiplied by 30
18 and then divided by 70 (or "y" multiplied by
19 0.429); and

20 (3) for taxable years ending after December
21 31, 2005:

22 (i) for property on which a bonus
23 depreciation deduction of 30% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 30 and then divided by 70 (or "y" multiplied by
26 0.429); and

1 (ii) for property on which a bonus
2 depreciation deduction of 50% of the adjusted
3 basis was taken, "x" equals "y" multiplied by
4 1.0.

5 The aggregate amount deducted under this
6 subparagraph in all taxable years for any one piece of
7 property may not exceed the amount of the bonus
8 depreciation deduction taken on that property on the
9 taxpayer's federal income tax return under subsection
10 (k) of Section 168 of the Internal Revenue Code. This
11 subparagraph (R) is exempt from the provisions of
12 Section 250;

13 (S) If the taxpayer sells, transfers, abandons, or
14 otherwise disposes of property for which the taxpayer
15 was required in any taxable year to make an addition
16 modification under subparagraph (G-10), then an amount
17 equal to that addition modification.

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which the
20 taxpayer may claim a depreciation deduction for
21 federal income tax purposes and for which the taxpayer
22 was required in any taxable year to make an addition
23 modification under subparagraph (G-10), then an amount
24 equal to that addition modification.

25 The taxpayer is allowed to take the deduction under
26 this subparagraph only once with respect to any one

1 piece of property.

2 This subparagraph (S) is exempt from the
3 provisions of Section 250;

4 (T) The amount of (i) any interest income (net of
5 the deductions allocable thereto) taken into account
6 for the taxable year with respect to a transaction with
7 a taxpayer that is required to make an addition
8 modification with respect to such transaction under
9 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
10 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
11 the amount of such addition modification and (ii) any
12 income from intangible property (net of the deductions
13 allocable thereto) taken into account for the taxable
14 year with respect to a transaction with a taxpayer that
15 is required to make an addition modification with
16 respect to such transaction under Section
17 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
18 203(d)(2)(D-8), but not to exceed the amount of such
19 addition modification. This subparagraph (T) is exempt
20 from the provisions of Section 250;

21 (U) An amount equal to the interest income taken
22 into account for the taxable year (net of the
23 deductions allocable thereto) with respect to
24 transactions with (i) a foreign person who would be a
25 member of the taxpayer's unitary business group but for
26 the fact the foreign person's business activity

1 outside the United States is 80% or more of that
2 person's total business activity and (ii) for taxable
3 years ending on or after December 31, 2008, to a person
4 who would be a member of the same unitary business
5 group but for the fact that the person is prohibited
6 under Section 1501(a)(27) from being included in the
7 unitary business group because he or she is ordinarily
8 required to apportion business income under different
9 subsections of Section 304, but not to exceed the
10 addition modification required to be made for the same
11 taxable year under Section 203(c)(2)(G-12) for
12 interest paid, accrued, or incurred, directly or
13 indirectly, to the same person. This subparagraph (U)
14 is exempt from the provisions of Section 250; and

15 (V) An amount equal to the income from intangible
16 property taken into account for the taxable year (net
17 of the deductions allocable thereto) with respect to
18 transactions with (i) a foreign person who would be a
19 member of the taxpayer's unitary business group but for
20 the fact that the foreign person's business activity
21 outside the United States is 80% or more of that
22 person's total business activity and (ii) for taxable
23 years ending on or after December 31, 2008, to a person
24 who would be a member of the same unitary business
25 group but for the fact that the person is prohibited
26 under Section 1501(a)(27) from being included in the

1 unitary business group because he or she is ordinarily
2 required to apportion business income under different
3 subsections of Section 304, but not to exceed the
4 addition modification required to be made for the same
5 taxable year under Section 203(c)(2)(G-13) for
6 intangible expenses and costs paid, accrued, or
7 incurred, directly or indirectly, to the same foreign
8 person. This subparagraph (V) is exempt from the
9 provisions of Section 250., and

10 ~~(FF) An amount equal to the income from insurance~~
11 ~~premiums taken into account for the taxable year (net~~
12 ~~of the deductions allocable thereto) with respect to~~
13 ~~transactions with a person who would be a member of the~~
14 ~~same unitary business group but for the fact that the~~
15 ~~person is prohibited under Section 1501(a)(27) from~~
16 ~~being included in the unitary business group because he~~
17 ~~or she is ordinarily required to apportion business~~
18 ~~income under different subsections of Section 304, but~~
19 ~~not to exceed the addition modification required to be~~
20 ~~made for the same taxable year under Section~~
21 ~~203(a)(2)(D-18) for intangible expenses and costs~~
22 ~~paid, accrued, or incurred, directly or indirectly, to~~
23 ~~the same person.~~

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

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

5 (d) Partnerships.

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

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

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

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

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

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

1 (D-5) For taxable years 2001 and thereafter, an
2 amount equal to the bonus depreciation deduction taken
3 on the taxpayer's federal income tax return for the
4 taxable year under subsection (k) of Section 168 of the
5 Internal Revenue Code;

6 (D-6) If the taxpayer sells, transfers, abandons,
7 or otherwise disposes of property for which the
8 taxpayer was required in any taxable year to make an
9 addition modification under subparagraph (D-5), then
10 an amount equal to the aggregate amount of the
11 deductions taken in all taxable years under
12 subparagraph (O) with respect to that property.

13 If the taxpayer continues to own property through
14 the last day of the last tax year for which the
15 taxpayer may claim a depreciation deduction for
16 federal income tax purposes and for which the taxpayer
17 was allowed in any taxable year to make a subtraction
18 modification under subparagraph (O), then an amount
19 equal to that subtraction modification.

20 The taxpayer is required to make the addition
21 modification under this subparagraph only once with
22 respect to any one piece of property;

23 (D-7) An amount equal to the amount otherwise
24 allowed as a deduction in computing base income for
25 interest paid, accrued, or incurred, directly or
26 indirectly, (i) for taxable years ending on or after

1 December 31, 2004, to a foreign person who would be a
2 member of the same unitary business group but for the
3 fact the foreign person's business activity outside
4 the United States is 80% or more of the foreign
5 person's total business activity and (ii) for taxable
6 years ending on or after December 31, 2008, to a person
7 who would be a member of the same unitary business
8 group but for the fact that the person is prohibited
9 under Section 1501(a)(27) from being included in the
10 unitary business group because he or she is ordinarily
11 required to apportion business income under different
12 subsections of Section 304. The addition modification
13 required by this subparagraph shall be reduced to the
14 extent that dividends were included in base income of
15 the unitary group for the same taxable year and
16 received by the taxpayer or by a member of the
17 taxpayer's unitary business group (including amounts
18 included in gross income pursuant to Sections 951
19 through 964 of the Internal Revenue Code and amounts
20 included in gross income under Section 78 of the
21 Internal Revenue Code) with respect to the stock of the
22 same person to whom the interest was paid, accrued, or
23 incurred.

24 This paragraph shall not apply to the following:

25 (i) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a ~~foreign~~

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

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

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

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

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

1 (iv) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a ~~foreign~~
3 person if the taxpayer establishes by clear and
4 convincing evidence that the adjustments are
5 unreasonable; or if the taxpayer and the Director
6 agree in writing to the application or use of an
7 alternative method of apportionment under Section
8 304(f).

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

18 (D-8) An amount equal to the amount of intangible
19 expenses and costs otherwise allowed as a deduction in
20 computing base income, and that were paid, accrued, or
21 incurred, directly or indirectly, (i) for taxable
22 years ending on or after December 31, 2004, to a
23 foreign person who would be a member of the same
24 unitary business group but for the fact that the
25 foreign person's business activity outside the United
26 States is 80% or more of that person's total business

1 activity and (ii) for taxable years ending on or after
2 December 31, 2008, to a person who would be a member of
3 the same unitary business group but for the fact that
4 the person is prohibited under Section 1501(a)(27)
5 from being included in the unitary business group
6 because he or she is ordinarily required to apportion
7 business income under different subsections of Section
8 304. The addition modification required by this
9 subparagraph shall be reduced to the extent that
10 dividends were included in base income of the unitary
11 group for the same taxable year and received by the
12 taxpayer or by a member of the taxpayer's unitary
13 business group (including amounts included in gross
14 income pursuant to Sections 951 through 964 of the
15 Internal Revenue Code and amounts included in gross
16 income under Section 78 of the Internal Revenue Code)
17 with respect to the stock of the same person to whom
18 the intangible expenses and costs were directly or
19 indirectly paid, incurred or accrued. The preceding
20 sentence shall not apply to the extent that the same
21 dividends caused a reduction to the addition
22 modification required under Section 203(d)(2)(D-7) of
23 this Act. As used in this subparagraph, the term
24 "intangible expenses and costs" includes (1) expenses,
25 losses, and costs for, or related to, the direct or
26 indirect acquisition, use, maintenance or management,

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

11 This paragraph shall not apply to the following:

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

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

24 (a) the ~~foreign~~ person during the same
25 taxable year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

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

9 (iii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, from a transaction with a ~~foreign~~
12 person if the taxpayer establishes by clear and
13 convincing evidence, that the adjustments are
14 unreasonable; or if the taxpayer and the Director
15 agree in writing to the application or use of an
16 alternative method of apportionment under Section
17 304(f);

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

1 (D-9) For taxable years ending on or after December
2 31, 2008, an amount equal to the amount of insurance
3 premium expenses and costs otherwise allowed as a
4 deduction in computing base income, and that were paid,
5 accrued, or incurred, directly or indirectly, to a
6 person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304. The
12 addition modification required by this subparagraph
13 shall be reduced to the extent that dividends were
14 included in base income of the unitary group for the
15 same taxable year and received by the taxpayer or by a
16 member of the taxpayer's unitary business group
17 (including amounts included in gross income under
18 Sections 951 through 964 of the Internal Revenue Code
19 and amounts included in gross income under Section 78
20 of the Internal Revenue Code) with respect to the stock
21 of the same person to whom the premiums ~~intangible~~
22 ~~expenses~~ and costs were directly or indirectly paid,
23 incurred, or accrued. The preceding sentence does not
24 apply to the extent that the same dividends caused a
25 reduction to the addition modification required under
26 Section 203(d)(2)(D-7) or Section 203(d)(2)(D-8)

1 ~~203(a)(2)(D-17)~~ of this Act.

2 and by deducting from the total so obtained the following
3 amounts:

4 (E) The valuation limitation amount;

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

8 (G) An amount equal to all amounts included in
9 taxable income as modified by subparagraphs (A), (B),
10 (C) and (D) which are exempt from taxation by this
11 State either by reason of its statutes or Constitution
12 or by reason of the Constitution, treaties or statutes
13 of the United States; provided that, in the case of any
14 statute of this State ~~or, for taxable years ending on~~
15 ~~or after December 31, 2008, of the United States, any~~
16 ~~treaty of the United States, the Illinois~~
17 ~~Constitution, or the United States Constitution that~~
18 exempts income derived from bonds or other obligations
19 from the tax imposed under this Act, the amount
20 exempted shall be the interest ~~income~~ net of bond
21 premium amortization, ~~and, for taxable years ending on~~
22 ~~or after December 31, 2008, interest expense incurred~~
23 ~~on indebtedness to carry the bond or other obligation,~~
24 ~~expenses incurred in producing the income to be~~
25 ~~deducted, and all other related expenses. The amount of~~
26 ~~expenses to be taken into account under this provision~~

1 ~~may not exceed the amount of income that is exempted;~~

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

8 (I) An amount equal to all amounts of income
9 distributable to an entity subject to the Personal
10 Property Tax Replacement Income Tax imposed by
11 subsections (c) and (d) of Section 201 of this Act
12 including amounts distributable to organizations
13 exempt from federal income tax by reason of Section
14 501(a) of the Internal Revenue Code;

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

1 250;

2 (K) An amount equal to those dividends included in
3 such total which were paid by a corporation which
4 conducts business operations in an Enterprise Zone or
5 zones created under the Illinois Enterprise Zone Act,
6 enacted by the 82nd General Assembly, or a River Edge
7 Redevelopment Zone or zones created under the River
8 Edge Redevelopment Zone Act and conducts substantially
9 all of its operations in an Enterprise Zone or Zones or
10 from a River Edge Redevelopment Zone or zones. This
11 subparagraph (K) is exempt from the provisions of
12 Section 250;

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

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

25 (N) An amount equal to the amount of the deduction
26 used to compute the federal income tax credit for

1 restoration of substantial amounts held under claim of
2 right for the taxable year pursuant to Section 1341 of
3 the Internal Revenue Code of 1986;

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

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

17 (2) for taxable years ending on or before
18 December 31, 2005, "x" equals "y" multiplied by 30
19 and then divided by 70 (or "y" multiplied by
20 0.429); and

21 (3) for taxable years ending after December
22 31, 2005:

23 (i) for property on which a bonus
24 depreciation deduction of 30% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 30 and then divided by 70 (or "y" multiplied by

1 0.429); and
2 (ii) for property on which a bonus
3 depreciation deduction of 50% of the adjusted
4 basis was taken, "x" equals "y" multiplied by
5 1.0.

6 The aggregate amount deducted under this
7 subparagraph in all taxable years for any one piece of
8 property may not exceed the amount of the bonus
9 depreciation deduction taken on that property on the
10 taxpayer's federal income tax return under subsection
11 (k) of Section 168 of the Internal Revenue Code. This
12 subparagraph (O) is exempt from the provisions of
13 Section 250;

14 (P) If the taxpayer sells, transfers, abandons, or
15 otherwise disposes of property for which the taxpayer
16 was required in any taxable year to make an addition
17 modification under subparagraph (D-5), then an amount
18 equal to that addition modification.

19 If the taxpayer continues to own property through
20 the last day of the last tax year for which the
21 taxpayer may claim a depreciation deduction for
22 federal income tax purposes and for which the taxpayer
23 was required in any taxable year to make an addition
24 modification under subparagraph (D-5), then an amount
25 equal to that addition modification.

26 The taxpayer is allowed to take the deduction under

1 this subparagraph only once with respect to any one
2 piece of property.

3 This subparagraph (P) is exempt from the
4 provisions of Section 250;

5 (Q) The amount of (i) any interest income (net of
6 the deductions allocable thereto) taken into account
7 for the taxable year with respect to a transaction with
8 a taxpayer that is required to make an addition
9 modification with respect to such transaction under
10 Section 203(a) (2) (D-17), 203(b) (2) (E-12),
11 203(c) (2) (G-12), or 203(d) (2) (D-7), but not to exceed
12 the amount of such addition modification and (ii) any
13 income from intangible property (net of the deductions
14 allocable thereto) taken into account for the taxable
15 year with respect to a transaction with a taxpayer that
16 is required to make an addition modification with
17 respect to such transaction under Section
18 203(a) (2) (D-18), 203(b) (2) (E-13), 203(c) (2) (G-13), or
19 203(d) (2) (D-8), but not to exceed the amount of such
20 addition modification. This subparagraph (Q) is exempt
21 from Section 250;

22 (R) An amount equal to the interest income taken
23 into account for the taxable year (net of the
24 deductions allocable thereto) with respect to
25 transactions with (i) a foreign person who would be a
26 member of the taxpayer's unitary business group but for

1 the fact that the foreign person's business activity
2 outside the United States is 80% or more of that
3 person's total business activity and (ii) for taxable
4 years ending on or after December 31, 2008, to a person
5 who would be a member of the same unitary business
6 group but for the fact that the person is prohibited
7 under Section 1501(a)(27) from being included in the
8 unitary business group because he or she is ordinarily
9 required to apportion business income under different
10 subsections of Section 304, but not to exceed the
11 addition modification required to be made for the same
12 taxable year under Section 203(d)(2)(D-7) for interest
13 paid, accrued, or incurred, directly or indirectly, to
14 the same person. This subparagraph (R) is exempt from
15 Section 250; and

16 (S) An amount equal to the income from intangible
17 property taken into account for the taxable year (net
18 of the deductions allocable thereto) with respect to
19 transactions with (i) a foreign person who would be a
20 member of the taxpayer's unitary business group but for
21 the fact that the foreign person's business activity
22 outside the United States is 80% or more of that
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(d)(2)(D-8) for
7 intangible expenses and costs paid, accrued, or
8 incurred, directly or indirectly, to the same ~~foreign~~
9 person. This subparagraph (S) is exempt from Section
10 250., and

11 ~~(FF) An amount equal to the income from insurance~~
12 ~~premiums taken into account for the taxable year (net~~
13 ~~of the deductions allocable thereto) with respect to~~
14 ~~transactions with a person who would be a member of the~~
15 ~~same unitary business group but for the fact that the~~
16 ~~person is prohibited under Section 1501(a)(27) from~~
17 ~~being included in the unitary business group because he~~
18 ~~or she is ordinarily required to apportion business~~
19 ~~income under different subsections of Section 304, but~~
20 ~~not to exceed the addition modification required to be~~
21 ~~made for the same taxable year under Section~~
22 ~~203(a)(2)(D-18) for intangible expenses and costs~~
23 ~~paid, accrued, or incurred, directly or indirectly, to~~
24 ~~the same person.~~

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

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

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

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

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

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

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

25 (D) Real estate investment trusts. In the case of a
26 real estate investment trust subject to the tax imposed

1 by Section 857 of the Internal Revenue Code, real
2 estate investment trust taxable income;

3 (E) Consolidated corporations. In the case of a
4 corporation which is a member of an affiliated group of
5 corporations filing a consolidated income tax return
6 for the taxable year for federal income tax purposes,
7 taxable income determined as if such corporation had
8 filed a separate return for federal income tax purposes
9 for the taxable year and each preceding taxable year
10 for which it was a member of an affiliated group. For
11 purposes of this subparagraph, the taxpayer's separate
12 taxable income shall be determined as if the election
13 provided by Section 243(b) (2) of the Internal Revenue
14 Code had been in effect for all such years;

15 (F) Cooperatives. In the case of a cooperative
16 corporation or association, the taxable income of such
17 organization determined in accordance with the
18 provisions of Section 1381 through 1388 of the Internal
19 Revenue Code;

20 (G) Subchapter S corporations. In the case of: (i)
21 a Subchapter S corporation for which there is in effect
22 an election for the taxable year under Section 1362 of
23 the Internal Revenue Code, the taxable income of such
24 corporation determined in accordance with Section
25 1363(b) of the Internal Revenue Code, except that
26 taxable income shall take into account those items

1 which are required by Section 1363(b)(1) of the
2 Internal Revenue Code to be separately stated; and (ii)
3 a Subchapter S corporation for which there is in effect
4 a federal election to opt out of the provisions of the
5 Subchapter S Revision Act of 1982 and have applied
6 instead the prior federal Subchapter S rules as in
7 effect on July 1, 1982, the taxable income of such
8 corporation determined in accordance with the federal
9 Subchapter S rules as in effect on July 1, 1982; and

10 (H) Partnerships. In the case of a partnership,
11 taxable income determined in accordance with Section
12 703 of the Internal Revenue Code, except that taxable
13 income shall take into account those items which are
14 required by Section 703(a)(1) to be separately stated
15 but which would be taken into account by an individual
16 in calculating his taxable income.

17 (3) Recapture of business expenses on disposition of
18 asset or business. Notwithstanding any other law to the
19 contrary, if in prior years income from an asset or
20 business has been classified as business income and in a
21 later year is demonstrated to be non-business income, then
22 all expenses, without limitation, deducted in such later
23 year and in the 2 immediately preceding taxable years
24 related to that asset or business that generated the
25 non-business income shall be added back and recaptured as
26 business income in the year of the disposition of the asset

1 or business. Such amount shall be apportioned to Illinois
2 using the greater of the apportionment fraction computed
3 for the business under Section 304 of this Act for the
4 taxable year or the average of the apportionment fractions
5 computed for the business under Section 304 of this Act for
6 the taxable year and for the 2 immediately preceding
7 taxable years.

8 (f) Valuation limitation amount.

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

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

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

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

26 (A) If the fair market value of property referred

1 to in paragraph (1) was readily ascertainable on August
2 1, 1969, the pre-August 1, 1969 appreciation amount for
3 such property is the lesser of (i) the excess of such
4 fair market value over the taxpayer's basis (for
5 determining gain) for such property on that date
6 (determined under the Internal Revenue Code as in
7 effect on that date), or (ii) the total gain realized
8 and reportable for federal income tax purposes in
9 respect of the sale, exchange or other disposition of
10 such property.

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

22 (C) The Department shall prescribe such
23 regulations as may be necessary to carry out the
24 purposes of this paragraph.

25 (g) Double deductions. Unless specifically provided

1 otherwise, nothing in this Section shall permit the same item
2 to be deducted more than once.

3 (h) Legislative intention. Except as expressly provided by
4 this Section there shall be no modifications or limitations on
5 the amounts of income, gain, loss or deduction taken into
6 account in determining gross income, adjusted gross income or
7 taxable income for federal income tax purposes for the taxable
8 year, or in the amount of such items entering into the
9 computation of base income and net income under this Act for
10 such taxable year, whether in respect of property values as of
11 August 1, 1969 or otherwise.

12 (Source: P.A. 94-776, eff. 5-19-06; 94-789, eff. 5-19-06;
13 94-1021, eff. 7-12-06; 94-1074, eff. 12-26-06; 95-23, eff.
14 8-3-07; 95-233, eff. 8-16-07; 95-286, eff. 8-20-07; 95-331,
15 eff. 8-21-07; revised 10-31-07.)

16 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

17 Sec. 304. Business income of persons other than residents.

18 (a) In general. The business income of a person other than
19 a resident shall be allocated to this State if such person's
20 business income is derived solely from this State. If a person
21 other than a resident derives business income from this State
22 and one or more other states, then, for tax years ending on or
23 before December 30, 1998, and except as otherwise provided by
24 this Section, such person's business income shall be

1 apportioned to this State by multiplying the income by a
2 fraction, the numerator of which is the sum of the property
3 factor (if any), the payroll factor (if any) and 200% of the
4 sales factor (if any), and the denominator of which is 4
5 reduced by the number of factors other than the sales factor
6 which have a denominator of zero and by an additional 2 if the
7 sales factor has a denominator of zero. For tax years ending on
8 or after December 31, 1998, and except as otherwise provided by
9 this Section, persons other than residents who derive business
10 income from this State and one or more other states shall
11 compute their apportionment factor by weighting their
12 property, payroll, and sales factors as provided in subsection
13 (h) of this Section.

14 (1) Property factor.

15 (A) The property factor is a fraction, the numerator of
16 which is the average value of the person's real and
17 tangible personal property owned or rented and used in the
18 trade or business in this State during the taxable year and
19 the denominator of which is the average value of all the
20 person's real and tangible personal property owned or
21 rented and used in the trade or business during the taxable
22 year.

23 (B) Property owned by the person is valued at its
24 original cost. Property rented by the person is valued at 8
25 times the net annual rental rate. Net annual rental rate is
26 the annual rental rate paid by the person less any annual

1 rental rate received by the person from sub-rentals.

2 (C) The average value of property shall be determined
3 by averaging the values at the beginning and ending of the
4 taxable year but the Director may require the averaging of
5 monthly values during the taxable year if reasonably
6 required to reflect properly the average value of the
7 person's property.

8 (2) Payroll factor.

9 (A) The payroll factor is a fraction, the numerator of
10 which is the total amount paid in this State during the
11 taxable year by the person for compensation, and the
12 denominator of which is the total compensation paid
13 everywhere during the taxable year.

14 (B) Compensation is paid in this State if:

15 (i) The individual's service is performed entirely
16 within this State;

17 (ii) The individual's service is performed both
18 within and without this State, but the service
19 performed without this State is incidental to the
20 individual's service performed within this State; or

21 (iii) Some of the service is performed within this
22 State and either the base of operations, or if there is
23 no base of operations, the place from which the service
24 is directed or controlled is within this State, or the
25 base of operations or the place from which the service
26 is directed or controlled is not in any state in which

1 some part of the service is performed, but the
2 individual's residence is in this State.

3 (iv) Compensation paid to nonresident professional
4 athletes.

5 (a) General. The Illinois source income of a
6 nonresident individual who is a member of a
7 professional athletic team includes the portion of the
8 individual's total compensation for services performed
9 as a member of a professional athletic team during the
10 taxable year which the number of duty days spent within
11 this State performing services for the team in any
12 manner during the taxable year bears to the total
13 number of duty days spent both within and without this
14 State during the taxable year.

15 (b) Travel days. Travel days that do not involve
16 either a game, practice, team meeting, or other similar
17 team event are not considered duty days spent in this
18 State. However, such travel days are considered in the
19 total duty days spent both within and without this
20 State.

21 (c) Definitions. For purposes of this subpart
22 (iv):

23 (1) The term "professional athletic team"
24 includes, but is not limited to, any professional
25 baseball, basketball, football, soccer, or hockey
26 team.

1 (2) The term "member of a professional
2 athletic team" includes those employees who are
3 active players, players on the disabled list, and
4 any other persons required to travel and who travel
5 with and perform services on behalf of a
6 professional athletic team on a regular basis.
7 This includes, but is not limited to, coaches,
8 managers, and trainers.

9 (3) Except as provided in items (C) and (D) of
10 this subpart (3), the term "duty days" means all
11 days during the taxable year from the beginning of
12 the professional athletic team's official
13 pre-season training period through the last game
14 in which the team competes or is scheduled to
15 compete. Duty days shall be counted for the year in
16 which they occur, including where a team's
17 official pre-season training period through the
18 last game in which the team competes or is
19 scheduled to compete, occurs during more than one
20 tax year.

21 (A) Duty days shall also include days on
22 which a member of a professional athletic team
23 performs service for a team on a date that does
24 not fall within the foregoing period (e.g.,
25 participation in instructional leagues, the
26 "All Star Game", or promotional "caravans").

1 Performing a service for a professional
2 athletic team includes conducting training and
3 rehabilitation activities, when such
4 activities are conducted at team facilities.

5 (B) Also included in duty days are game
6 days, practice days, days spent at team
7 meetings, promotional caravans, preseason
8 training camps, and days served with the team
9 through all post-season games in which the team
10 competes or is scheduled to compete.

11 (C) Duty days for any person who joins a
12 team during the period from the beginning of
13 the professional athletic team's official
14 pre-season training period through the last
15 game in which the team competes, or is
16 scheduled to compete, shall begin on the day
17 that person joins the team. Conversely, duty
18 days for any person who leaves a team during
19 this period shall end on the day that person
20 leaves the team. Where a person switches teams
21 during a taxable year, a separate duty-day
22 calculation shall be made for the period the
23 person was with each team.

24 (D) Days for which a member of a
25 professional athletic team is not compensated
26 and is not performing services for the team in

1 any manner, including days when such member of
2 a professional athletic team has been
3 suspended without pay and prohibited from
4 performing any services for the team, shall not
5 be treated as duty days.

6 (E) Days for which a member of a
7 professional athletic team is on the disabled
8 list and does not conduct rehabilitation
9 activities at facilities of the team, and is
10 not otherwise performing services for the team
11 in Illinois, shall not be considered duty days
12 spent in this State. All days on the disabled
13 list, however, are considered to be included in
14 total duty days spent both within and without
15 this State.

16 (4) The term "total compensation for services
17 performed as a member of a professional athletic
18 team" means the total compensation received during
19 the taxable year for services performed:

20 (A) from the beginning of the official
21 pre-season training period through the last
22 game in which the team competes or is scheduled
23 to compete during that taxable year; and

24 (B) during the taxable year on a date which
25 does not fall within the foregoing period
26 (e.g., participation in instructional leagues,

1 the "All Star Game", or promotional caravans).

2 This compensation shall include, but is not
3 limited to, salaries, wages, bonuses as described
4 in this subpart, and any other type of compensation
5 paid during the taxable year to a member of a
6 professional athletic team for services performed
7 in that year. This compensation does not include
8 strike benefits, severance pay, termination pay,
9 contract or option year buy-out payments,
10 expansion or relocation payments, or any other
11 payments not related to services performed for the
12 team.

13 For purposes of this subparagraph, "bonuses"
14 included in "total compensation for services
15 performed as a member of a professional athletic
16 team" subject to the allocation described in
17 Section 302(c)(1) are: bonuses earned as a result
18 of play (i.e., performance bonuses) during the
19 season, including bonuses paid for championship,
20 playoff or "bowl" games played by a team, or for
21 selection to all-star league or other honorary
22 positions; and bonuses paid for signing a
23 contract, unless the payment of the signing bonus
24 is not conditional upon the signee playing any
25 games for the team or performing any subsequent
26 services for the team or even making the team, the

1 signing bonus is payable separately from the
2 salary and any other compensation, and the signing
3 bonus is nonrefundable.

4 (3) Sales factor.

5 (A) The sales factor is a fraction, the numerator of
6 which is the total sales of the person in this State during
7 the taxable year, and the denominator of which is the total
8 sales of the person everywhere during the taxable year.

9 (B) Sales of tangible personal property are in this
10 State if:

11 (i) The property is delivered or shipped to a
12 purchaser, other than the United States government,
13 within this State regardless of the f. o. b. point or
14 other conditions of the sale; or

15 (ii) The property is shipped from an office, store,
16 warehouse, factory or other place of storage in this
17 State and either the purchaser is the United States
18 government or the person is not taxable in the state of
19 the purchaser; provided, however, that premises owned
20 or leased by a person who has independently contracted
21 with the seller for the printing of newspapers,
22 periodicals or books shall not be deemed to be an
23 office, store, warehouse, factory or other place of
24 storage for purposes of this Section. Sales of tangible
25 personal property are not in this State if the seller
26 and purchaser would be members of the same unitary

1 business group but for the fact that either the seller
2 or purchaser is a person with 80% or more of total
3 business activity outside of the United States and the
4 property is purchased for resale.

5 (B-1) Patents, copyrights, trademarks, and similar
6 items of intangible personal property.

7 (i) Gross receipts from the licensing, sale, or
8 other disposition of a patent, copyright, trademark,
9 or similar item of intangible personal property are in
10 this State to the extent the item is utilized in this
11 State during the year the gross receipts are included
12 in gross income.

13 (ii) Place of utilization.

14 (I) A patent is utilized in a state to the
15 extent that it is employed in production,
16 fabrication, manufacturing, or other processing in
17 the state or to the extent that a patented product
18 is produced in the state. If a patent is utilized
19 in more than one state, the extent to which it is
20 utilized in any one state shall be a fraction equal
21 to the gross receipts of the licensee or purchaser
22 from sales or leases of items produced,
23 fabricated, manufactured, or processed within that
24 state using the patent and of patented items
25 produced within that state, divided by the total of
26 such gross receipts for all states in which the

1 patent is utilized.

2 (II) A copyright is utilized in a state to the
3 extent that printing or other publication
4 originates in the state. If a copyright is utilized
5 in more than one state, the extent to which it is
6 utilized in any one state shall be a fraction equal
7 to the gross receipts from sales or licenses of
8 materials printed or published in that state
9 divided by the total of such gross receipts for all
10 states in which the copyright is utilized.

11 (III) Trademarks and other items of intangible
12 personal property governed by this paragraph (B-1)
13 are utilized in the state in which the commercial
14 domicile of the licensee or purchaser is located.

15 (iii) If the state of utilization of an item of
16 property governed by this paragraph (B-1) cannot be
17 determined from the taxpayer's books and records or
18 from the books and records of any person related to the
19 taxpayer within the meaning of Section 267(b) of the
20 Internal Revenue Code, 26 U.S.C. 267, the gross
21 receipts attributable to that item shall be excluded
22 from both the numerator and the denominator of the
23 sales factor.

24 (B-2) Gross receipts from the license, sale, or other
25 disposition of patents, copyrights, trademarks, and
26 similar items of intangible personal property may be

1 included in the numerator or denominator of the sales
2 factor only if gross receipts from licenses, sales, or
3 other disposition of such items comprise more than 50% of
4 the taxpayer's total gross receipts included in gross
5 income during the tax year and during each of the 2
6 immediately preceding tax years; provided that, when a
7 taxpayer is a member of a unitary business group, such
8 determination shall be made on the basis of the gross
9 receipts of the entire unitary business group.

10 (B-5) For taxable years ending on or after December 31,
11 2008, except as provided in subsections (ii) through (vii),
12 receipts from the sale of telecommunications service or
13 mobile telecommunications service are in this State if the
14 customer's service address is in this State.

15 (i) For purposes of this subparagraph (B-5), the
16 following terms have the following meanings:

17 "Ancillary services" means services that are
18 associated with or incidental to the provision of
19 "telecommunications services", including but not
20 limited to "detailed telecommunications billing",
21 "directory assistance", "vertical service", and "voice
22 mail services".

23 "Air-to-Ground Radiotelephone service" means a
24 radio service, as that term is defined in 47 CFR 22.99,
25 in which common carriers are authorized to offer and
26 provide radio telecommunications service for hire to

1 subscribers in aircraft.

2 "Call-by-call Basis" means any method of charging
3 for telecommunications services where the price is
4 measured by individual calls.

5 "Communications Channel" means a physical or
6 virtual path of communications over which signals are
7 transmitted between or among customer channel
8 termination points.

9 "Conference bridging service" means an "ancillary
10 service" that links two or more participants of an
11 audio or video conference call and may include the
12 provision of a telephone number. "Conference bridging
13 service" does not include the "telecommunications
14 services" used to reach the conference bridge.

15 "Customer Channel Termination Point" means the
16 location where the customer either inputs or receives
17 the communications.

18 "Detailed telecommunications billing service"
19 means an "ancillary service" of separately stating
20 information pertaining to individual calls on a
21 customer's billing statement.

22 "Directory assistance" means an "ancillary
23 service" of providing telephone number information,
24 and/or address information.

25 "Home service provider" means the facilities based
26 carrier or reseller with which the customer contracts

1 for the provision of mobile telecommunications
2 services.

3 "Mobile telecommunications service" means
4 commercial mobile radio service, as defined in Section
5 20.3 of Title 47 of the Code of Federal Regulations as
6 in effect on June 1, 1999.

7 "Place of primary use" means the street address
8 representative of where the customer's use of the
9 telecommunications service primarily occurs, which
10 must be the residential street address or the primary
11 business street address of the customer. In the case of
12 mobile telecommunications services, "place of primary
13 use" must be within the licensed service area of the
14 home service provider.

15 "Post-paid telecommunication service" means the
16 telecommunications service obtained by making a
17 payment on a call-by-call basis either through the use
18 of a credit card or payment mechanism such as a bank
19 card, travel card, credit card, or debit card, or by
20 charge made to a telephone number which is not
21 associated with the origination or termination of the
22 telecommunications service. A post-paid calling
23 service includes telecommunications service, except a
24 prepaid wireless calling service, that would be a
25 prepaid calling service except it is not exclusively a
26 telecommunication service.

1 "Prepaid telecommunication service" means the
2 right to access exclusively telecommunications
3 services, which must be paid for in advance and which
4 enables the origination of calls using an access number
5 or authorization code, whether manually or
6 electronically dialed, and that is sold in
7 predetermined units or dollars of which the number
8 declines with use in a known amount.

9 "Prepaid Mobile telecommunication service" means a
10 telecommunications service that provides the right to
11 utilize mobile wireless service as well as other
12 non-telecommunication services, including but not
13 limited to ancillary services, which must be paid for
14 in advance that is sold in predetermined units or
15 dollars of which the number declines with use in a
16 known amount.

17 "Private communication service" means a
18 telecommunication service that entitles the customer
19 to exclusive or priority use of a communications
20 channel or group of channels between or among
21 termination points, regardless of the manner in which
22 such channel or channels are connected, and includes
23 switching capacity, extension lines, stations, and any
24 other associated services that are provided in
25 connection with the use of such channel or channels.

26 "Service address" means:

1 (a) The location of the telecommunications
2 equipment to which a customer's call is charged and
3 from which the call originates or terminates,
4 regardless of where the call is billed or paid;

5 (b) If the location in line (a) is not known,
6 service address means the origination point of the
7 signal of the telecommunications services first
8 identified by either the seller's
9 telecommunications system or in information
10 received by the seller from its service provider
11 where the system used to transport such signals is
12 not that of the seller; and

13 (c) If the locations in line (a) and line (b)
14 are not known, the service address means the
15 location of the customer's place of primary use.

16 "Telecommunications service" means the electronic
17 transmission, conveyance, or routing of voice, data,
18 audio, video, or any other information or signals to a
19 point, or between or among points. The term
20 "telecommunications service" includes such
21 transmission, conveyance, or routing in which computer
22 processing applications are used to act on the form,
23 code or protocol of the content for purposes of
24 transmission, conveyance or routing without regard to
25 whether such service is referred to as voice over
26 Internet protocol services or is classified by the

1 Federal Communications Commission as enhanced or value
2 added. "Telecommunications service" does not include:

3 (a) Data processing and information services
4 that allow data to be generated, acquired, stored,
5 processed, or retrieved and delivered by an
6 electronic transmission to a purchaser when such
7 purchaser's primary purpose for the underlying
8 transaction is the processed data or information;

9 (b) Installation or maintenance of wiring or
10 equipment on a customer's premises;

11 (c) Tangible personal property;

12 (d) Advertising, including but not limited to
13 directory advertising.

14 (e) Billing and collection services provided
15 to third parties;

16 (f) Internet access service;

17 (g) Radio and television audio and video
18 programming services, regardless of the medium,
19 including the furnishing of transmission,
20 conveyance and routing of such services by the
21 programming service provider. Radio and television
22 audio and video programming services shall include
23 but not be limited to cable service as defined in
24 47 USC 522(6) and audio and video programming
25 services delivered by commercial mobile radio
26 service providers, as defined in 47 CFR 20.3;

1 (h) "Ancillary services"; or

2 (i) Digital products "delivered
3 electronically", including but not limited to
4 software, music, video, reading materials or ring
5 tones.

6 "Vertical service" means an "ancillary service"
7 that is offered in connection with one or more
8 "telecommunications services", which offers advanced
9 calling features that allow customers to identify
10 callers and to manage multiple calls and call
11 connections, including "conference bridging services".

12 "Voice mail service" means an "ancillary service"
13 that enables the customer to store, send or receive
14 recorded messages. "Voice mail service" does not
15 include any "vertical services" that the customer may
16 be required to have in order to utilize the "voice mail
17 service".

18 (ii) Receipts from the sale of telecommunications
19 service sold on an individual call-by-call basis are in
20 this State if either of the following applies:

21 (a) The call both originates and terminates in
22 this State.

23 (b) The call either originates or terminates
24 in this State and the service address is located in
25 this State.

26 (iii) Receipts from the sale of postpaid

1 telecommunications service at retail are in this State
2 if the origination point of the telecommunication
3 signal, as first identified by the service provider's
4 telecommunication system or as identified by
5 information received by the seller from its service
6 provider if the system used to transport
7 telecommunication signals is not the seller's, is
8 located in this State.

9 (iv) Receipts from the sale of prepaid
10 telecommunications service or prepaid mobile
11 telecommunications service at retail are in this State
12 if the purchaser obtains the prepaid card or similar
13 means of conveyance at a location in this State.
14 Receipts from recharging a prepaid telecommunications
15 service or mobile telecommunications service is in
16 this State if the purchaser's billing information
17 indicates a location in this State.

18 (v) Receipts from the sale of private
19 communication services are in this State as follows:

20 (a) 100% of receipts from charges imposed at
21 each channel termination point in this State.

22 (b) 100% of receipts from charges for the total
23 channel mileage between each channel termination
24 point in this State.

25 (c) 50% of the total receipts from charges for
26 service segments when those segments are between 2

1 customer channel termination points, 1 of which is
2 located in this State and the other is located
3 outside of this State, which segments are
4 separately charged.

5 (d) The receipts from charges for service
6 segments with a channel termination point located
7 in this State and in two or more other states, and
8 which segments are not separately billed, are in
9 this State based on a percentage determined by
10 dividing the number of customer channel
11 termination points in this State by the total
12 number of customer channel termination points.

13 (vi) Receipts from charges for ancillary services
14 for telecommunications service sold to customers at
15 retail are in this State if the customer's primary
16 place of use of telecommunications services associated
17 with those ancillary services is in this State. If the
18 seller of those ancillary services cannot determine
19 where the associated telecommunications are located,
20 then the ancillary services shall be based on the
21 location of the purchaser.

22 (vii) Receipts to access a carrier's network or
23 from the sale of telecommunication services or
24 ancillary services for resale are in this State as
25 follows:

26 (a) 100% of the receipts from access fees

1 attributable to intrastate telecommunications
2 service that both originates and terminates in
3 this State.

4 (b) 50% of the receipts from access fees
5 attributable to interstate telecommunications
6 service if the interstate call either originates
7 or terminates in this State.

8 (c) 100% of the receipts from interstate end
9 user access line charges, if the customer's
10 service address is in this State. As used in this
11 subdivision, "interstate end user access line
12 charges" includes, but is not limited to, the
13 surcharge approved by the federal communications
14 commission and levied pursuant to 47 CFR 69.

15 (d) Gross receipts from sales of
16 telecommunication services or from ancillary
17 services for telecommunications services sold to
18 other telecommunication service providers for
19 resale shall be sourced to this State using the
20 apportionment concepts used for non-resale
21 receipts of telecommunications services if the
22 information is readily available to make that
23 determination. If the information is not readily
24 available, then the taxpayer may use any other
25 reasonable and consistent method.

26 (C) For taxable years ending before December 31, 2008,

1 sales, other than sales governed by paragraphs (B), (B-1),
2 and (B-2), are in this State if:

3 (i) The income-producing activity is performed in
4 this State; or

5 (ii) The income-producing activity is performed
6 both within and without this State and a greater
7 proportion of the income-producing activity is
8 performed within this State than without this State,
9 based on performance costs.

10 (C-5) For taxable years ending on or after December 31,
11 2008, sales, other than sales governed by paragraphs (B),
12 (B-1), ~~and (B-2)~~, and (B-5), are in this State if any of
13 the following criteria are met ~~the purchaser is in this~~
14 ~~State or the sale is otherwise attributable to this State's~~
15 ~~marketplace. The following examples are illustrative:~~

16 (i) Sales from the sale or lease of real property
17 are in this State if the property is located in this
18 State.

19 (ii) Sales from the lease or rental of tangible
20 personal property are in this State if the property is
21 located in this State during the rental period. Sales
22 from the lease or rental of tangible personal property
23 that is characteristically moving property, including,
24 but not limited to, motor vehicles, rolling stock,
25 aircraft, vessels, or mobile equipment are in this
26 State to the extent that the property is used in this

1 State.

2 (iii) In the case of interest, net gains (but not
3 less than zero) and other items of income from
4 intangible personal property, the sale is in this State
5 if:

6 (a) in the case of a taxpayer who is a dealer
7 in the item of intangible personal property within
8 the meaning of Section 475 of the Internal Revenue
9 Code, the income or gain is received from a
10 customer in this State. For purposes of this
11 subparagraph, a customer is in this State if the
12 customer is an individual, trust or estate who is a
13 resident of this State and, for all other
14 customers, if the customer's commercial domicile
15 is in this State. Unless the dealer has actual
16 knowledge of the residence or commercial domicile
17 of a customer during a taxable year, the customer
18 shall be deemed to be a customer in this State if
19 the billing address of the customer, as shown in
20 the records of the dealer, is in this State; or

21 (b) in all other cases, if the
22 income-producing activity of the taxpayer is
23 performed in this State or, if the
24 income-producing activity of the taxpayer is
25 performed both within and without this State, if a
26 greater proportion of the income-producing

1 ~~activity of the taxpayer is performed within this~~
2 ~~State than in any other state, based on performance~~
3 ~~costs. Sales of intangible personal property are~~
4 ~~in this State if the purchaser realizes benefit~~
5 ~~from the property in this State. If the purchaser~~
6 ~~realizes benefit from the property both within and~~
7 ~~without this State, the gross receipts from the~~
8 ~~sale shall be divided among those states in which~~
9 ~~the taxpayer is taxable in proportion to the~~
10 ~~benefit in each state. If the proportionate~~
11 ~~benefit in this State cannot be determined, the~~
12 ~~sale shall be excluded from both the numerator and~~
13 ~~the denominator of the sales factor.~~

14 (iv) Sales of services are in this State if the
15 services are received in this State. For the purposes
16 of this section, gross receipts from the performance of
17 services provided to a corporation, partnership, or
18 trust may only be attributed to a state where that
19 corporation, partnership, or trust has a fixed place of
20 business. If the state where the services are received
21 is not readily determinable or is a state where the
22 corporation, partnership, or trust receiving the
23 service does not have a fixed place of business, the
24 services shall be deemed to be received at the location
25 of the office of the customer from which the services
26 were ordered in the regular course of the customer's

1 trade or business. If the ordering office cannot be
2 determined, the services shall be deemed to be received
3 at the office of the customer to which the services are
4 billed. If the taxpayer is not taxable in the state in
5 which the services are received, the sale must be
6 excluded from both the numerator and the denominator of
7 the sales factor. ~~the benefit of the service is~~
8 ~~realized in this State. If the benefit of the service~~
9 ~~is realized both within and without this State, the~~
10 ~~gross receipts from the sale shall be divided among~~
11 ~~those states in which the taxpayer is taxable in~~
12 ~~proportion to the benefit of service realized in each~~
13 ~~state. If the proportionate benefit in this State~~
14 ~~cannot be determined, the sale shall be excluded from~~
15 ~~both the numerator and the denominator of the sales~~
16 ~~factor.~~ The Department shall ~~may~~ adopt rules
17 prescribing where ~~the benefit of~~ specific types of
18 service are received, including, but not limited to,
19 ~~telecommunications,~~ broadcast, cable, advertising,
20 publishing, and utility service, ~~is realized.~~

21 (D) For taxable years ending on or after December 31,
22 1995, the following items of income shall not be included
23 in the numerator or denominator of the sales factor:
24 dividends; amounts included under Section 78 of the
25 Internal Revenue Code; and Subpart F income as defined in
26 Section 952 of the Internal Revenue Code. No inference

1 shall be drawn from the enactment of this paragraph (D) in
2 construing this Section for taxable years ending before
3 December 31, 1995.

4 (E) Paragraphs (B-1) and (B-2) shall apply to tax years
5 ending on or after December 31, 1999, provided that a
6 taxpayer may elect to apply the provisions of these
7 paragraphs to prior tax years. Such election shall be made
8 in the form and manner prescribed by the Department, shall
9 be irrevocable, and shall apply to all tax years; provided
10 that, if a taxpayer's Illinois income tax liability for any
11 tax year, as assessed under Section 903 prior to January 1,
12 1999, was computed in a manner contrary to the provisions
13 of paragraphs (B-1) or (B-2), no refund shall be payable to
14 the taxpayer for that tax year to the extent such refund is
15 the result of applying the provisions of paragraph (B-1) or
16 (B-2) retroactively. In the case of a unitary business
17 group, such election shall apply to all members of such
18 group for every tax year such group is in existence, but
19 shall not apply to any taxpayer for any period during which
20 that taxpayer is not a member of such group.

21 (b) Insurance companies.

22 (1) In general. Except as otherwise provided by
23 paragraph (2), business income of an insurance company for
24 a taxable year shall be apportioned to this State by
25 multiplying such income by a fraction, the numerator of
26 which is the direct premiums written for insurance upon

1 property or risk in this State, and the denominator of
2 which is the direct premiums written for insurance upon
3 property or risk everywhere. For purposes of this
4 subsection, the term "direct premiums written" means the
5 total amount of direct premiums written, assessments and
6 annuity considerations as reported for the taxable year on
7 the annual statement filed by the company with the Illinois
8 Director of Insurance in the form approved by the National
9 Convention of Insurance Commissioners or such other form as
10 may be prescribed in lieu thereof.

11 (2) Reinsurance. If the principal source of premiums
12 written by an insurance company consists of premiums for
13 reinsurance accepted by it, the business income of such
14 company shall be apportioned to this State by multiplying
15 such income by a fraction, the numerator of which is the
16 sum of (i) direct premiums written for insurance upon
17 property or risk in this State, plus (ii) premiums written
18 for reinsurance accepted in respect of property or risk in
19 this State, and the denominator of which is the sum of
20 (iii) direct premiums written for insurance upon property
21 or risk everywhere, plus (iv) premiums written for
22 reinsurance accepted in respect of property or risk
23 everywhere. For taxable years ending before December 31,
24 2008, for purposes of this paragraph, premiums written for
25 reinsurance accepted in respect of property or risk in this
26 State, whether or not otherwise determinable, may, at the

1 election of the company, be determined on the basis of the
2 proportion which premiums written for reinsurance accepted
3 from companies commercially domiciled in Illinois bears to
4 premiums written for reinsurance accepted from all
5 sources, or, alternatively, in the proportion which the sum
6 of the direct premiums written for insurance upon property
7 or risk in this State by each ceding company from which
8 reinsurance is accepted bears to the sum of the total
9 direct premiums written by each such ceding company for the
10 taxable year.

11 (c) Financial organizations.

12 (1) In general. For taxable years ending before
13 December 31, 2008, business income of a financial
14 organization shall be apportioned to this State by
15 multiplying such income by a fraction, the numerator of
16 which is its business income from sources within this
17 State, and the denominator of which is its business income
18 from all sources. For the purposes of this subsection, the
19 business income of a financial organization from sources
20 within this State is the sum of the amounts referred to in
21 subparagraphs (A) through (E) following, but excluding the
22 adjusted income of an international banking facility as
23 determined in paragraph (2):

24 (A) Fees, commissions or other compensation for
25 financial services rendered within this State;

26 (B) Gross profits from trading in stocks, bonds or

1 other securities managed within this State;

2 (C) Dividends, and interest from Illinois
3 customers, which are received within this State;

4 (D) Interest charged to customers at places of
5 business maintained within this State for carrying
6 debit balances of margin accounts, without deduction
7 of any costs incurred in carrying such accounts; and

8 (E) Any other gross income resulting from the
9 operation as a financial organization within this
10 State. In computing the amounts referred to in
11 paragraphs (A) through (E) of this subsection, any
12 amount received by a member of an affiliated group
13 (determined under Section 1504(a) of the Internal
14 Revenue Code but without reference to whether any such
15 corporation is an "includible corporation" under
16 Section 1504(b) of the Internal Revenue Code) from
17 another member of such group shall be included only to
18 the extent such amount exceeds expenses of the
19 recipient directly related thereto.

20 (2) International Banking Facility. For taxable years
21 ending before December 31, 2008:

22 (A) Adjusted Income. The adjusted income of an
23 international banking facility is its income reduced
24 by the amount of the floor amount.

25 (B) Floor Amount. The floor amount shall be the
26 amount, if any, determined by multiplying the income of

1 the international banking facility by a fraction, not
2 greater than one, which is determined as follows:

3 (i) The numerator shall be:

4 The average aggregate, determined on a
5 quarterly basis, of the financial organization's
6 loans to banks in foreign countries, to foreign
7 domiciled borrowers (except where secured
8 primarily by real estate) and to foreign
9 governments and other foreign official
10 institutions, as reported for its branches,
11 agencies and offices within the state on its
12 "Consolidated Report of Condition", Schedule A,
13 Lines 2.c., 5.b., and 7.a., which was filed with
14 the Federal Deposit Insurance Corporation and
15 other regulatory authorities, for the year 1980,
16 minus

17 The average aggregate, determined on a
18 quarterly basis, of such loans (other than loans of
19 an international banking facility), as reported by
20 the financial institution for its branches,
21 agencies and offices within the state, on the
22 corresponding Schedule and lines of the
23 Consolidated Report of Condition for the current
24 taxable year, provided, however, that in no case
25 shall the amount determined in this clause (the
26 subtrahend) exceed the amount determined in the

1 preceding clause (the minuend); and

2 (ii) the denominator shall be the average
3 aggregate, determined on a quarterly basis, of the
4 international banking facility's loans to banks in
5 foreign countries, to foreign domiciled borrowers
6 (except where secured primarily by real estate)
7 and to foreign governments and other foreign
8 official institutions, which were recorded in its
9 financial accounts for the current taxable year.

10 (C) Change to Consolidated Report of Condition and
11 in Qualification. In the event the Consolidated Report
12 of Condition which is filed with the Federal Deposit
13 Insurance Corporation and other regulatory authorities
14 is altered so that the information required for
15 determining the floor amount is not found on Schedule
16 A, lines 2.c., 5.b. and 7.a., the financial institution
17 shall notify the Department and the Department may, by
18 regulations or otherwise, prescribe or authorize the
19 use of an alternative source for such information. The
20 financial institution shall also notify the Department
21 should its international banking facility fail to
22 qualify as such, in whole or in part, or should there
23 be any amendment or change to the Consolidated Report
24 of Condition, as originally filed, to the extent such
25 amendment or change alters the information used in
26 determining the floor amount.

1 (3) For taxable years ending on or after December 31,
2 2008, the business income of a financial organization shall
3 be apportioned to this State by multiplying such income by
4 a fraction, the numerator of which is its gross receipts
5 from sources in this State or otherwise attributable to
6 this State's marketplace and the denominator of which is
7 its gross receipts everywhere during the taxable year.
8 "Gross receipts" for purposes of this subparagraph (3)
9 means gross income, including net taxable gain on
10 disposition of assets, including securities and money
11 market instruments, when derived from transactions and
12 activities in the regular course of the financial
13 organization's trade or business. ~~If a person derives~~
14 ~~business income from activities in addition to the~~
15 ~~provision of financial services, this subparagraph (3)~~
16 ~~shall apply only to its business income from financial~~
17 ~~services, and its other business income shall be~~
18 ~~apportioned to this State under the applicable provisions~~
19 ~~of this Section.~~ The following examples are illustrative:

20 (i) Receipts from the lease or rental of real or
21 tangible personal property are in this State if the
22 property is located in this State during the rental
23 period. Receipts from the lease or rental of tangible
24 personal property that is characteristically moving
25 property, including, but not limited to, motor
26 vehicles, rolling stock, aircraft, vessels, or mobile

1 equipment are from sources in this State to the extent
2 that the property is used in this State.

3 (ii) Interest income, commissions, fees, gains on
4 disposition, and other receipts from assets in the
5 nature of loans that are secured primarily by real
6 estate or tangible personal property are from sources
7 in this State if the security is located in this State.

8 (iii) Interest income, commissions, fees, gains on
9 disposition, and other receipts from consumer loans
10 that are not secured by real or tangible personal
11 property are from sources in this State if the debtor
12 is a resident of this State.

13 (iv) Interest income, commissions, fees, gains on
14 disposition, and other receipts from commercial loans
15 and installment obligations that are not secured by
16 real or tangible personal property are from sources in
17 this State if the proceeds of the loan are to be
18 applied in this State. If it cannot be determined where
19 the funds are to be applied, the income and receipts
20 are from sources in this State if the office of the
21 borrower from which the loan was negotiated in the
22 regular course of business is located in this State. If
23 the location of this office cannot be determined, the
24 income and receipts shall be excluded from the
25 numerator and denominator of the sales factor.

26 (v) Interest income, fees, gains on disposition,

1 service charges, merchant discount income, and other
2 receipts from credit card receivables are from sources
3 in this State if the card charges are regularly billed
4 to a customer in this State.

5 (vi) Receipts from the performance of services,
6 including, but not limited to, fiduciary, advisory,
7 and brokerage services, are in this State if the
8 services are received in this State within the meaning
9 of subparagraph (a) (3) (C-5) (iv) of this Section. ~~the~~
10 ~~benefit of the service is realized in this State. If~~
11 ~~the benefit of the service is realized both within and~~
12 ~~without this State, the gross receipts from the sale~~
13 ~~shall be divided among those states in which the~~
14 ~~taxpayer is taxable in proportion to the benefit of~~
15 ~~service realized in each state. If the proportionate~~
16 ~~benefit in this State cannot be determined, the sale~~
17 ~~shall be excluded from both the numerator and the~~
18 ~~denominator of the gross receipts factor.~~

19 (vii) Receipts from the issuance of travelers
20 checks and money orders are from sources in this State
21 if the checks and money orders are issued from a
22 location within this State.

23 (viii) Receipts from investment assets and
24 activities and trading assets and activities are
25 included in the receipts factor as follows:

26 (1) Interest, dividends, net gains (but not

1 less than zero) and other income from investment
2 assets and activities from trading assets and
3 activities shall be included in the receipts
4 factor. Investment assets and activities and
5 trading assets and activities include but are not
6 limited to: investment securities; trading account
7 assets; federal funds; securities purchased and
8 sold under agreements to resell or repurchase;
9 options; futures contracts; forward contracts;
10 notional principal contracts such as swaps;
11 equities; and foreign currency transactions. With
12 respect to the investment and trading assets and
13 activities described in subparagraphs (A) and (B)
14 of this paragraph, the receipts factor shall
15 include the amounts described in such
16 subparagraphs.

17 (A) The receipts factor shall include the
18 amount by which interest from federal funds
19 sold and securities purchased under resale
20 agreements exceeds interest expense on federal
21 funds purchased and securities sold under
22 repurchase agreements.

23 (B) The receipts factor shall include the
24 amount by which interest, dividends, gains and
25 other income from trading assets and
26 activities, including but not limited to

1 assets and activities in the matched book, in
2 the arbitrage book, and foreign currency
3 transactions, exceed amounts paid in lieu of
4 interest, amounts paid in lieu of dividends,
5 and losses from such assets and activities.

6 (2) The numerator of the receipts factor
7 includes interest, dividends, net gains (but not
8 less than zero), and other income from investment
9 assets and activities and from trading assets and
10 activities described in paragraph (1) of this
11 subsection that are attributable to this State.

12 (A) The amount of interest, dividends, net
13 gains (but not less than zero), and other
14 income from investment assets and activities
15 in the investment account to be attributed to
16 this State and included in the numerator is
17 determined by multiplying all such income from
18 such assets and activities by a fraction, the
19 numerator of which is the gross income from
20 such assets and activities which are properly
21 assigned to a fixed place of business of the
22 taxpayer within this State and the denominator
23 of which is the gross income from all such
24 assets and activities.

25 (B) The amount of interest from federal
26 funds sold and purchased and from securities

1 purchased under resale agreements and
2 securities sold under repurchase agreements
3 attributable to this State and included in the
4 numerator is determined by multiplying the
5 amount described in subparagraph (A) of
6 paragraph (1) of this subsection from such
7 funds and such securities by a fraction, the
8 numerator of which is the gross income from
9 such funds and such securities which are
10 properly assigned to a fixed place of business
11 of the taxpayer within this State and the
12 denominator of which is the gross income from
13 all such funds and such securities.

14 (C) The amount of interest, dividends,
15 gains, and other income from trading assets and
16 activities, including but not limited to
17 assets and activities in the matched book, in
18 the arbitrage book and foreign currency
19 transactions (but excluding amounts described
20 in subparagraphs (A) or (B) of this paragraph),
21 attributable to this State and included in the
22 numerator is determined by multiplying the
23 amount described in subparagraph (B) of
24 paragraph (1) of this subsection by a fraction,
25 the numerator of which is the gross income from
26 such trading assets and activities which are

1 properly assigned to a fixed place of business
2 of the taxpayer within this State and the
3 denominator of which is the gross income from
4 all such assets and activities.

5 (D) Properly assigned, for purposes of
6 this paragraph (2) of this subsection, means
7 the investment or trading asset or activity is
8 assigned to the fixed place of business with
9 which it has a preponderance of substantive
10 contacts. An investment or trading asset or
11 activity assigned by the taxpayer to a fixed
12 place of business without the State shall be
13 presumed to have been properly assigned if:

14 (i) the taxpayer has assigned, in the
15 regular course of its business, such asset
16 or activity on its records to a fixed place
17 of business consistent with federal or
18 state regulatory requirements;

19 (ii) such assignment on its records is
20 based upon substantive contacts of the
21 asset or activity to such fixed place of
22 business; and

23 (iii) the taxpayer uses such records
24 reflecting assignment of such assets or
25 activities for the filing of all state and
26 local tax returns for which an assignment

1 of such assets or activities to a fixed
2 place of business is required.

3 (E) The presumption of proper assignment
4 of an investment or trading asset or activity
5 provided in subparagraph (D) of paragraph (2)
6 of this subsection may be rebutted upon a
7 showing by the Department, supported by a
8 preponderance of the evidence, that the
9 preponderance of substantive contacts
10 regarding such asset or activity did not occur
11 at the fixed place of business to which it was
12 assigned on the taxpayer's records. If the
13 fixed place of business that has a
14 preponderance of substantive contacts cannot
15 be determined for an investment or trading
16 asset or activity to which the presumption in
17 subparagraph (D) of paragraph (2) of this
18 subsection does not apply or with respect to
19 which that presumption has been rebutted, that
20 asset or activity is properly assigned to the
21 state in which the taxpayer's commercial
22 domicile is located. For purposes of this
23 subparagraph (E), it shall be presumed,
24 subject to rebuttal, that taxpayer's
25 commercial domicile is in the state of the
26 United States or the District of Columbia to

1 which the greatest number of employees are
2 regularly connected with the management of the
3 investment or trading income or out of which
4 they are working, irrespective of where the
5 services of such employees are performed, as of
6 the last day of the taxable year. ~~In the case~~
7 ~~of a financial organization that accepts~~
8 ~~deposits, receipts from investments and from~~
9 ~~money market instruments are apportioned to~~
10 ~~this State based on the ratio that the total~~
11 ~~deposits of the financial organization~~
12 ~~(including all members of the financial~~
13 ~~organization's unitary group) from this State,~~
14 ~~its residents, (including businesses with an~~
15 ~~office or other place of business in this~~
16 ~~State), and its political subdivisions,~~
17 ~~agencies, and instrumentalities bear to total~~
18 ~~deposits everywhere. For purposes of this~~
19 ~~subdivision, deposits must be attributed to~~
20 ~~this State under the preceding sentence,~~
21 ~~whether or not the deposits are accepted or~~
22 ~~maintained by the financial organization at~~
23 ~~locations within this State. In the case of a~~
24 ~~financial organization that does not accept~~
25 ~~deposits, receipts from investments in~~
26 ~~securities and from money market instruments~~

1 ~~shall be excluded from the numerator and the~~
2 ~~denominator of the gross receipts factor.~~

3 (4) (Blank). ~~As used in subparagraph (3), "deposit"~~
4 ~~includes but is not limited to:~~

5 ~~(i) the unpaid balance of money or its equivalent~~
6 ~~received or held by a financial institution in the~~
7 ~~usual course of business and for which it has given or~~
8 ~~is obligated to give credit, either conditionally or~~
9 ~~unconditionally, to a commercial, checking, savings,~~
10 ~~time, or thrift account whether or not advance notice~~
11 ~~is required to withdraw the credited funds, or which is~~
12 ~~evidenced by its certificate of deposit, thrift~~
13 ~~certificate, investment certificate, or certificate of~~
14 ~~indebtedness, or other similar name, or a check or~~
15 ~~draft drawn against a deposit account and certified by~~
16 ~~the financial organization, or a letter of credit or a~~
17 ~~traveler's check on which the financial organization~~
18 ~~is primarily liable. However, without limiting the~~
19 ~~generality of the term "money or its equivalent", any~~
20 ~~such account or instrument must be regarded as~~
21 ~~evidencing the receipt of the equivalent of money when~~
22 ~~credited or issued in exchange for checks or drafts or~~
23 ~~for a promissory note upon which the person obtaining~~
24 ~~the credit or instrument is primarily or secondarily~~
25 ~~liable, or for a charge against a deposit account, or~~
26 ~~in settlement of checks, drafts, or other instruments~~

1 ~~forwarded to the bank for collection;~~

2 ~~(ii) trust funds received or held by the financial~~
3 ~~organization, whether held in the trust department or~~
4 ~~held or deposited in any other department of the~~
5 ~~financial organization;~~

6 ~~(iii) money received or held by a financial~~
7 ~~organization, or the credit given for money or its~~
8 ~~equivalent received or held by a financial~~
9 ~~organization, in the usual course of business for a~~
10 ~~special or specific purpose, regardless of the legal~~
11 ~~relationship so established. Under this paragraph,~~
12 ~~"deposit" includes, but is not limited to, escrow~~
13 ~~funds, funds held as security for an obligation due to~~
14 ~~the financial organization or others, including funds~~
15 ~~held as dealers reserves, or for securities loaned by~~
16 ~~the financial organization, funds deposited by a~~
17 ~~debtor to meet maturing obligations, funds deposited~~
18 ~~as advance payment on subscriptions to United States~~
19 ~~government securities, funds held for distribution or~~
20 ~~purchase of securities, funds held to meet its~~
21 ~~acceptances or letters of credit, and withheld taxes.~~
22 ~~It does not include funds received by the financial~~
23 ~~organization for immediate application to the~~
24 ~~reduction of an indebtedness to the receiving~~
25 ~~financial organization, or under condition that the~~
26 ~~receipt of the funds immediately reduces or~~

1 ~~extinguishes the indebtedness;~~

2 ~~(iv) outstanding drafts, including advice of~~
3 ~~another financial organization, cashier's checks,~~
4 ~~money orders, or other officer's checks issued in the~~
5 ~~usual course of business for any purpose, but not~~
6 ~~including those issued in payment for services,~~
7 ~~dividends, or purchases or other costs or expenses of~~
8 ~~the financial organization itself; and~~

9 ~~(v) money or its equivalent held as a credit~~
10 ~~balance by a financial organization on behalf of its~~
11 ~~customer if the entity is engaged in soliciting and~~
12 ~~holding such balances in the regular course of its~~
13 ~~business.~~

14 (5) (Blank). ~~As used in subparagraph (3), "money market~~
15 ~~instruments" includes but is not limited to:~~

16 ~~(i) Interest bearing deposits, federal funds sold~~
17 ~~and securities purchased under agreements to resell,~~
18 ~~commercial paper, banker's acceptances, and purchased~~
19 ~~certificates of deposit and similar instruments to the~~
20 ~~extent that the instruments are reflected as assets~~
21 ~~under generally accepted accounting principles.~~

22 ~~"Securities" means corporate stock, bonds, and~~
23 ~~other securities (including, for purposes of taxation~~
24 ~~of gains on securities and for purchases under~~
25 ~~agreements to resell, United States Treasury~~
26 ~~securities, obligations of United States government~~

1 ~~agencies and corporations, obligations of state and~~
2 ~~political subdivisions, the interest on which is~~
3 ~~exempt from Illinois income tax), participations in~~
4 ~~securities backed by mortgages held by United States or~~
5 ~~state government agencies, loan backed securities, and~~
6 ~~similar investments to the extent the investments are~~
7 ~~reflected as assets under generally accepted~~
8 ~~accounting principles.~~

9 ~~(ii) For purposes of subparagraph (3), "money~~
10 ~~market instruments" shall include investments in~~
11 ~~investment partnerships, trusts, pools, funds,~~
12 ~~investment companies, or any similar entity in~~
13 ~~proportion to the investment of the entity in money~~
14 ~~market instruments, and "securities" shall include~~
15 ~~investments in investment partnerships, trusts, pools,~~
16 ~~funds, investment companies, or any similar entity in~~
17 ~~proportion to the investment of the entity in~~
18 ~~securities.~~

19 (d) Transportation services. For taxable years ending
20 before December 31, 2008, business income derived from
21 furnishing transportation services shall be apportioned to
22 this State in accordance with paragraphs (1) and (2):

23 (1) Such business income (other than that derived from
24 transportation by pipeline) shall be apportioned to this
25 State by multiplying such income by a fraction, the
26 numerator of which is the revenue miles of the person in

1 this State, and the denominator of which is the revenue
2 miles of the person everywhere. For purposes of this
3 paragraph, a revenue mile is the transportation of 1
4 passenger or 1 net ton of freight the distance of 1 mile
5 for a consideration. Where a person is engaged in the
6 transportation of both passengers and freight, the
7 fraction above referred to shall be determined by means of
8 an average of the passenger revenue mile fraction and the
9 freight revenue mile fraction, weighted to reflect the
10 person's

11 (A) relative railway operating income from total
12 passenger and total freight service, as reported to the
13 Interstate Commerce Commission, in the case of
14 transportation by railroad, and

15 (B) relative gross receipts from passenger and
16 freight transportation, in case of transportation
17 other than by railroad.

18 (2) Such business income derived from transportation
19 by pipeline shall be apportioned to this State by
20 multiplying such income by a fraction, the numerator of
21 which is the revenue miles of the person in this State, and
22 the denominator of which is the revenue miles of the person
23 everywhere. For the purposes of this paragraph, a revenue
24 mile is the transportation by pipeline of 1 barrel of oil,
25 1,000 cubic feet of gas, or of any specified quantity of
26 any other substance, the distance of 1 mile for a

1 consideration.

2 (3) For taxable years ending on or after December 31,
3 2008, business income derived from providing
4 transportation services other than airline services shall
5 be apportioned to this State by using a fraction, (a) the
6 numerator of which shall be (i) all receipts from any
7 movement or shipment of people, goods, mail, oil, gas, or
8 any other substance (other than by airline) that both
9 originates and terminates in this State, plus (ii) that
10 portion of the person's gross receipts from movements or
11 shipments of people, goods, mail, oil, gas, or any other
12 substance (other than by airline) that originates in one
13 state or jurisdiction and terminates in another state or
14 jurisdiction ~~passing through, into, or out of this State,~~
15 that is determined by the ratio that the miles traveled in
16 this State bears to total miles everywhere ~~from point of~~
17 ~~origin to point of destination~~ and (b) the denominator of
18 which shall be all revenue derived from the movement or
19 shipment of people, goods, mail, oil, gas, or any other
20 substance (other than by airline). Where a taxpayer is
21 engaged in the transportation of both passengers and
22 freight, the fraction above referred to shall first be
23 determined separately for passenger miles and freight
24 miles. Then an average of the passenger miles fraction and
25 the freight miles fraction shall be weighted to reflect the
26 taxpayer's:

1 (A) relative railway operating income from total
2 passenger and total freight service, as reported to the
3 Surface Transportation Board, in the case of
4 transportation by railroad; and

5 (B) relative gross receipts from passenger and
6 freight transportation, in case of transportation
7 other than by railroad. ~~If a person derives business~~
8 ~~income from activities in addition to the provision of~~
9 ~~transportation services (other than by airline), this~~
10 ~~subsection shall apply only to its business income from~~
11 ~~transportation services and its other business income~~
12 ~~shall be apportioned to this State according to the~~
13 ~~applicable provisions of this Section.~~

14 (4) For taxable years ending on or after December 31,
15 2008, business income derived from furnishing airline
16 transportation services shall be apportioned to this State
17 by multiplying such income by a fraction, the numerator of
18 which is the revenue miles of the person in this State, and
19 the denominator of which is the revenue miles of the person
20 everywhere. For purposes of this paragraph, a revenue mile
21 is the transportation of one passenger or one net ton of
22 freight the distance of one mile for a consideration. If a
23 person is engaged in the transportation of both passengers
24 and freight, the fraction above referred to shall be
25 determined by means of an average of the passenger revenue
26 mile fraction and the freight revenue mile fraction,

1 weighted to reflect the person's relative gross receipts
2 from passenger and freight airline transportation. For
3 taxable years ending on or after December 31, 2008,
4 business income derived from providing airline services
5 shall be apportioned to this State by using a fraction, (a)
6 the numerator of which shall be arrivals of aircraft to and
7 departures from this State weighted as to cost of aircraft
8 by type and (b) the denominator of which shall be total
9 arrivals and departures of aircraft weighted as to cost of
10 aircraft by type. If a person derives business income from
11 activities in addition to the provision of airline
12 services, this subsection shall apply only to its business
13 income from airline services and its other business income
14 shall be apportioned to this State under the applicable
15 provisions of this Section.

16 (e) Combined apportionment. Where 2 or more persons are
17 engaged in a unitary business as described in subsection
18 (a)(27) of Section 1501, a part of which is conducted in this
19 State by one or more members of the group, the business income
20 attributable to this State by any such member or members shall
21 be apportioned by means of the combined apportionment method.

22 (f) Alternative allocation. If the allocation and
23 apportionment provisions of subsections (a) through (e) and of
24 subsection (h) do not fairly represent the extent of a person's
25 business activity in this State, the person may petition for,
26 or the Director may, without a petition, permit or require, in

1 respect of all or any part of the person's business activity,
2 if reasonable:

3 (1) Separate accounting;

4 (2) The exclusion of any one or more factors;

5 (3) The inclusion of one or more additional factors
6 which will fairly represent the person's business
7 activities in this State; or

8 (4) The employment of any other method to effectuate an
9 equitable allocation and apportionment of the person's
10 business income.

11 (g) Cross reference. For allocation of business income by
12 residents, see Section 301(a).

13 (h) For tax years ending on or after December 31, 1998, the
14 apportionment factor of persons who apportion their business
15 income to this State under subsection (a) shall be equal to:

16 (1) for tax years ending on or after December 31, 1998
17 and before December 31, 1999, $16 \frac{2}{3}\%$ of the property
18 factor plus $16 \frac{2}{3}\%$ of the payroll factor plus $66 \frac{2}{3}\%$ of
19 the sales factor;

20 (2) for tax years ending on or after December 31, 1999
21 and before December 31, 2000, $8 \frac{1}{3}\%$ of the property factor
22 plus $8 \frac{1}{3}\%$ of the payroll factor plus $83 \frac{1}{3}\%$ of the sales
23 factor;

24 (3) for tax years ending on or after December 31, 2000,
25 the sales factor.

26 If, in any tax year ending on or after December 31, 1998 and

1 before December 31, 2000, the denominator of the payroll,
2 property, or sales factor is zero, the apportionment factor
3 computed in paragraph (1) or (2) of this subsection for that
4 year shall be divided by an amount equal to 100% minus the
5 percentage weight given to each factor whose denominator is
6 equal to zero.

7 (Source: P.A. 94-247, eff. 1-1-06; 95-233, eff. 8-16-07.)

8 (35 ILCS 5/704A)

9 Sec. 704A. Employer's return and payment of tax withheld.

10 (a) In general, every employer who deducts and withholds or
11 is required to deduct and withhold tax under this Act on or
12 after January 1, 2008 shall make those payments and returns as
13 provided in this Section.

14 (b) Returns. Every employer shall, in the form and manner
15 required by the Department, make returns with respect to taxes
16 withheld or required to be withheld under this Article 7 for
17 each quarter beginning on or after January 1, 2008, on or
18 before the last day of the first month following the close of
19 that quarter.

20 (c) Payments. With respect to amounts withheld or required
21 to be withheld on or after January 1, 2008:

22 (1) Semi-weekly payments. For each calendar year, each
23 employer who withheld or was required to withhold more than
24 \$12,000 during the one-year period ending on June 30 of the
25 immediately preceding calendar year, payment must be made:

1 (A) on or before each Friday of the calendar year,
2 for taxes withheld or required to be withheld on the
3 immediately preceding Saturday, Sunday, Monday, or
4 Tuesday;

5 (B) on or before each Wednesday of the calendar
6 year, for taxes withheld or required to be withheld on
7 the immediately preceding Wednesday, Thursday, or
8 Friday.

9 (2) Semi-weekly payments. Any employer who withholds
10 or is required to withhold more than \$12,000 in any quarter
11 of a calendar year is required to make payments on the
12 dates set forth under item (1) of this subsection (c) for
13 each remaining quarter of that calendar year and for the
14 subsequent calendar year.

15 (3) Monthly payments. Each employer, other than an
16 employer described in items (1) or (2) of this subsection,
17 shall pay to the Department, on or before the 15th day of
18 each month the taxes withheld or required to be withheld
19 during the immediately preceding month.

20 (4) Payments with returns. Each employer shall pay to
21 the Department, on or before the due date for each return
22 required to be filed under this Section, any tax withheld
23 or required to be withheld during the period for which the
24 return is due and not previously paid to the Department.

25 (d) Regulatory authority. The Department may, by rule:

26 (1) If the aggregate amounts required to be withheld

1 under this Article 7 do not exceed \$1,000 for the calendar
2 year, permit employers, in lieu of the requirements of
3 subsections (b) and (c), to file annual returns due on or
4 before January 31 of the following year for taxes withheld
5 or required to be withheld during that calendar year and to
6 pay the taxes required to be shown on each such return no
7 later than the due date for such return.

8 (2) Provide that any payment required to be made under
9 subsection (c)(1) or (c)(2) is deemed to be timely to the
10 extent paid by electronic funds transfer on or before the
11 due date for deposit of federal income taxes withheld from,
12 or federal employment taxes due with respect to, the wages
13 from which the Illinois taxes were withheld.

14 (3) Designate one or more depositories to which payment
15 of taxes required to be withheld under this Article 7 must
16 be paid by some or all employers.

17 (4) Increase the threshold dollar amounts at which
18 employers are required to make semi-weekly payments under
19 subsection (c)(1) or (c)(2).

20 (e) Annual return and payment. Every employer who deducts
21 and withholds or is required to deduct and withhold tax from a
22 person engaged in domestic service employment, as that term is
23 defined in Section 3510 of the Internal Revenue Code, may
24 comply with the requirements of this Section with respect to
25 such employees by filing an annual return and paying the taxes
26 required to be deducted and withheld on or before the 15th day

1 of the fourth month following the close of the employer's
2 taxable year. The Department may allow the employer's return to
3 be submitted with the employer's individual income tax return
4 or to be submitted with a return due from the employer under
5 Section 1400.2 of the Unemployment Insurance Act.

6 (f) Magnetic media and electronic filing. Any W-2 Form
7 that, under the Internal Revenue Code and regulations
8 promulgated thereunder, is required to be submitted to the
9 Internal Revenue Service on magnetic media or electronically
10 must also be submitted to the Department on magnetic media or
11 electronically for Illinois purposes, if required by the
12 Department.

13 (Source: P.A. 95-8, eff. 6-29-07.)

14 (35 ILCS 5/709.5)

15 Sec. 709.5. Withholding by partnerships, Subchapter S
16 corporations, and trusts.

17 (a) In general. For each taxable year ending on or after
18 December 31, 2008, every partnership (other than a publicly
19 traded partnership under Section 7704 of the Internal Revenue
20 Code or investment partnership), Subchapter S corporation, and
21 trust must withhold from each nonresident partner,
22 shareholder, or beneficiary (other than a partner,
23 shareholder, or beneficiary who is exempt from tax under
24 Section 501(a) of the Internal Revenue Code or under Section
25 205 of this Act or who is included on a composite return filed

1 by the partnership or Subchapter S corporation for the taxable
2 year under subsection (f) of Section 502 of this Act) an amount
3 equal to the distributable share of the business income of the
4 partnership, Subchapter S corporation, or trust apportionable
5 to Illinois of that partner, shareholder, or beneficiary under
6 Sections 702 and 704 and Subchapter S of the Internal Revenue
7 Code, whether or not distributed, multiplied by the applicable
8 rates of tax for that partner or shareholder under subsections
9 (a) through (d) of Section 201 of this Act.

10 (b) Credit for taxes withheld. Any amount withheld under
11 subsection (a) of this Section and paid to the Department shall
12 be treated as a payment of the estimated tax liability or of
13 the liability for withholding under this Section of the
14 partner, shareholder, or beneficiary to whom the income is
15 distributable for the taxable year in which that person
16 incurred a liability under this Act with respect to that
17 income. The Department shall adopt rules pursuant to which a
18 partner, shareholder, or beneficiary may claim a credit against
19 its obligation for withholding under this Section for amounts
20 withheld under this Section with respect to income
21 distributable to it by a partnership, Subchapter S corporation,
22 or trust and allowing its partners, shareholders, or
23 beneficiaries to claim a credit under this subsection (b) for
24 those withheld amounts.

25 (c) Exemption from withholding.

26 (1) A partnership, Subchapter S corporation, or trust

1 shall not be required to withhold tax under subsection (a)
2 of this Section with respect to any nonresident partner,
3 shareholder, or beneficiary (other than an individual)
4 from whom the partnership, S corporation, or trust has
5 received a certificate, completed in the form and manner
6 prescribed by the Department, stating that such
7 nonresident partner, shareholder, or beneficiary shall:

8 (A) file all returns that the partner,
9 shareholder, or beneficiary is required to file under
10 Section 502 of this Act and make timely payment of all
11 taxes imposed under Section 201 of this Act or under
12 this Section on the partner, shareholder, or
13 beneficiary with respect to income of the partnership,
14 S corporation, or trust; and

15 (B) be subject to personal jurisdiction in this
16 State for purposes of the collection of income taxes,
17 together with related interest and penalties, imposed
18 on the partner, shareholder, or beneficiary with
19 respect to the income of the partnership, S
20 corporation, or trust.

21 (2) The Department may revoke the exemption provided by
22 this subsection (c) at any time that it determines that the
23 nonresident partner, shareholder, or beneficiary is not
24 abiding by the terms of the certificate. The Department
25 shall notify the partnership, S corporation, or trust that
26 it has revoked a certificate by notice left at the usual

1 place of business of the partnership, S corporation, or
2 trust or by mail to the last known address of the
3 partnership, S corporation, or trust.

4 (3) A partnership, S corporation, or trust that
5 receives a certificate under this subsection (c) properly
6 completed by a nonresident partner, shareholder, or
7 beneficiary shall not be required to withhold any amount
8 from that partner, shareholder, or beneficiary, the
9 payment of which would be due under Section 711(a-5) of
10 this Act after the receipt of the certificate and no
11 earlier than 60 days after the Department has notified the
12 partnership, S corporation, or trust that the certificate
13 has been revoked.

14 (4) Certificates received by a the partnership, S
15 corporation, or trust under this subsection (c) must be
16 retained by the partnership, S corporation, or trust and a
17 record of such certificates must be provided to the
18 Department, in a format in which the record is available
19 for review by the Department, upon request by the
20 Department. The Department may, by rule, require the record
21 of certificates to be maintained and provided to the
22 Department electronically.

23 (Source: P.A. 95-233, eff. 8-16-07.)

24 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

25 Sec. 901. Collection Authority.

1 (a) In general.

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

19 (b) Local Governmental Distributive Fund.

20 Beginning August 1, 1969, and continuing through June 30,
21 1994, the Treasurer shall transfer each month from the General
22 Revenue Fund to a special fund in the State treasury, to be
23 known as the "Local Government Distributive Fund", an amount
24 equal to 1/12 of the net revenue realized from the tax imposed
25 by subsections (a) and (b) of Section 201 of this Act during
26 the preceding month. Beginning July 1, 1994, and continuing

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

22 (c) Deposits Into Income Tax Refund Fund.

23 (1) Beginning on January 1, 1989 and thereafter, the
24 Department shall deposit a percentage of the amounts
25 collected pursuant to subsections (a) and (b) (1), (2), and
26 (3), of Section 201 of this Act into a fund in the State

1 treasury known as the Income Tax Refund Fund. The
2 Department shall deposit 6% of such amounts during the
3 period beginning January 1, 1989 and ending on June 30,
4 1989. Beginning with State fiscal year 1990 and for each
5 fiscal year thereafter, the percentage deposited into the
6 Income Tax Refund Fund during a fiscal year shall be the
7 Annual Percentage. For fiscal years 1999 through 2001, the
8 Annual Percentage shall be 7.1%. For fiscal year 2003, the
9 Annual Percentage shall be 8%. For fiscal year 2004, the
10 Annual Percentage shall be 11.7%. Upon the effective date
11 of this amendatory Act of the 93rd General Assembly, the
12 Annual Percentage shall be 10% for fiscal year 2005. For
13 fiscal year 2006, the Annual Percentage shall be 9.75%. For
14 fiscal year 2007, the Annual Percentage shall be 9.75%. For
15 fiscal year 2008, the Annual Percentage shall be 7.75%. For
16 all other fiscal years, the Annual Percentage shall be
17 calculated as a fraction, the numerator of which shall be
18 the amount of refunds approved for payment by the
19 Department during the preceding fiscal year as a result of
20 overpayment of tax liability under subsections (a) and
21 (b) (1), (2), and (3) of Section 201 of this Act plus the
22 amount of such refunds remaining approved but unpaid at the
23 end of the preceding fiscal year, minus the amounts
24 transferred into the Income Tax Refund Fund from the
25 Tobacco Settlement Recovery Fund, and the denominator of
26 which shall be the amounts which will be collected pursuant

1 to subsections (a) and (b) (1), (2), and (3) of Section 201
2 of this Act during the preceding fiscal year; except that
3 in State fiscal year 2002, the Annual Percentage shall in
4 no event exceed 7.6%. The Director of Revenue shall certify
5 the Annual Percentage to the Comptroller on the last
6 business day of the fiscal year immediately preceding the
7 fiscal year for which it is to be effective.

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

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

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

23 (d) Expenditures from Income Tax Refund Fund.

24 (1) Beginning January 1, 1989, money in the Income Tax
25 Refund Fund shall be expended exclusively for the purpose
26 of paying refunds resulting from overpayment of tax

1 liability under Section 201 of this Act, for paying rebates
2 under Section 208.1 in the event that the amounts in the
3 Homeowners' Tax Relief Fund are insufficient for that
4 purpose, and for making transfers pursuant to this
5 subsection (d).

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

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

25 (4) As soon as possible after the end of each fiscal
26 year, the Director shall order transferred and the State

1 Treasurer and State Comptroller shall transfer from the
2 Personal Property Tax Replacement Fund to the Income Tax
3 Refund Fund an amount, certified by the Director to the
4 Comptroller, equal to the excess of the amount of refunds
5 resulting from overpayment of tax liability under
6 subsections (c) and (d) of Section 201 of this Act paid
7 from the Income Tax Refund Fund during the fiscal year over
8 the amount collected pursuant to subsections (c) and (d) of
9 Section 201 of this Act deposited into the Income Tax
10 Refund Fund during the fiscal year.

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

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

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

26 On July 1, 1991, and thereafter, of the amounts collected

1 pursuant to subsections (a) and (b) of Section 201 of this Act,
2 minus deposits into the Income Tax Refund Fund, the Department
3 shall deposit 7.3% into the Education Assistance Fund in the
4 State Treasury. Beginning July 1, 1991, and continuing through
5 January 31, 1993, of the amounts collected pursuant to
6 subsections (a) and (b) of Section 201 of the Illinois Income
7 Tax Act, minus deposits into the Income Tax Refund Fund, the
8 Department shall deposit 3.0% into the Income Tax Surcharge
9 Local Government Distributive Fund in the State Treasury.
10 Beginning February 1, 1993 and continuing through June 30,
11 1993, of the amounts collected pursuant to subsections (a) and
12 (b) of Section 201 of the Illinois Income Tax Act, minus
13 deposits into the Income Tax Refund Fund, the Department shall
14 deposit 4.4% into the Income Tax Surcharge Local Government
15 Distributive Fund in the State Treasury. Beginning July 1,
16 1993, and continuing through June 30, 1994, of the amounts
17 collected under subsections (a) and (b) of Section 201 of this
18 Act, minus deposits into the Income Tax Refund Fund, the
19 Department shall deposit 1.475% into the Income Tax Surcharge
20 Local Government Distributive Fund in the State Treasury.

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

23 (35 ILCS 5/1001) (from Ch. 120, par. 10-1001)

24 Sec. 1001. Failure to File Tax Returns.

25 (a) Failure to file tax return. In case of failure to file

1 any tax return required under this Act on the date prescribed
2 therefor, (determined with regard to any extensions of time for
3 filing) there shall be added as a penalty the amount prescribed
4 by Section 3-3 of the Uniform Penalty and Interest Act.

5 (b) Failure to disclose reportable transaction. Any
6 taxpayer who fails to include on any return or statement any
7 information with respect to a reportable transaction that is
8 required under Section 501(b) of this Act to be included with
9 such return or statement shall pay a penalty in the amount
10 determined under this subsection ~~who fails to comply with the~~
11 ~~requirements of Section 501(b) of this Act shall pay a penalty~~
12 ~~in the amount determined under this subsection.~~ Such penalty
13 shall be deemed assessed upon the date of filing of the return
14 for the taxable year in which the taxpayer participates in the
15 reportable transaction. A taxpayer shall not be considered to
16 have complied with the requirements of Section 501(b) of this
17 Act unless the disclosure statement filed with the Department
18 includes all of the information required to be disclosed with
19 respect to a reportable transaction pursuant to Section 6011 of
20 the Internal Revenue Code, the regulations promulgated under
21 that statute, ~~Treasury Regulations Section 1.6011-4 (26 CFR~~
22 ~~1.6011-4)~~ and regulations promulgated by the Department under
23 Section 501(b) of this Act.

24 (1) Amount of penalty. Except as provided in paragraph

25 (2), the amount of the penalty under this subsection shall
26 be \$15,000 for each failure to comply with the requirements

1 of Section 501(b).

2 (2) Increase in penalty for listed transactions. In the
3 case of a failure to comply with the requirements of
4 Section 501(b) with respect to a "listed transaction", the
5 penalty under this subsection shall be \$30,000 for each
6 failure.

7 (3) Authority to rescind penalty. The Department may
8 rescind all or any portion of any penalty imposed by this
9 subsection with respect to any violation, if ~~any of the~~
10 ~~following apply:~~

11 (A) the violation is with respect to a reportable
12 transaction other than a listed transaction, and

13 (B) rescinding the penalty would promote
14 compliance with the requirements of this Act and
15 effective tax administration.

16 ~~(A) It is determined that failure to comply did not~~
17 ~~jeopardize the best interests of the State and is not~~
18 ~~due to any willful neglect or any intent not to comply;~~

19 ~~(B) The person on whom the penalty is imposed has a~~
20 ~~history of complying with the requirements of this Act;~~

21 ~~(C) It is shown that the violation is due to an~~
22 ~~unintentional mistake of fact;~~

23 ~~(D) Imposing the penalty would be against equity~~
24 ~~and good conscience;~~

25 ~~(E) Rescinding the penalty would promote~~
26 ~~compliance with the requirements of this Act and~~

1 ~~effective tax administration; or~~

2 ~~(F) The taxpayer can show that there was a~~
3 ~~reasonable cause for the failure to disclose and that~~
4 ~~the taxpayer acted in good faith.~~

5 A determination made under this subparagraph (3) may be
6 reviewed in any administrative or judicial proceeding.

7 (4) Coordination with other penalties. The penalty
8 imposed by this subsection is in addition to any penalty
9 imposed by this Act or the Uniform Penalty and Interest
10 Act. The doubling of penalties and interest authorized by
11 the Illinois Tax Delinquency Amnesty Act (P.A. 93-26) are
12 not applicable to the reportable penalties under
13 subsection (b).

14 (c) The total penalty imposed under subsection (b) of this
15 Section with respect to any taxable year shall not exceed 10%
16 of the increase in net income (or reduction in Illinois net
17 loss under Section 207 of this Act) that would result had the
18 taxpayer not participated in any reportable transaction
19 affecting its net income for such taxable year.

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

21 (35 ILCS 5/1007)

22 Sec. 1007. Failure to register tax shelter or maintain
23 list.

24 (a) Penalty Imposed. Any person that fails to comply with
25 the requirements of Section 1405.5 ~~or Section 1405.6~~ shall

1 incur a penalty as provided in subsection (b) ~~this Section~~. A
2 person shall not be in compliance with the requirements of
3 Section 1405.5 unless and until the required return
4 ~~registration~~ has been filed and that return contains all of the
5 information required to be included by the Secretary under
6 federal law. ~~with such registration under Section 6111 of the~~
7 ~~Internal Revenue Code or such Section 1405.5. A person shall~~
8 ~~not be in compliance with the requirements of Section 1405.6~~
9 ~~unless, at the time the required list is made available to the~~
10 ~~Department, such list contains all of the information required~~
11 ~~to be maintained under Section 6112 of the Internal Revenue~~
12 ~~Code or such Section 1405.6.~~

13 (b) Amount of Penalty. The following penalties apply:

14 (1) Except as provided in paragraph (2), the penalty
15 imposed under subsection (a) with respect to any failure is
16 \$15,000. ~~In the case of each failure to comply with the~~
17 ~~requirements of subsection (a), subsection (b), or~~
18 ~~subsection (c) of Section 1405.5, the penalty shall be~~
19 ~~\$15,000.~~

20 (2) If the failure is with respect to a listed
21 transaction under subsection (c) of Section 1405.5, the
22 penalty shall be \$100,000.

23 (3) In the case of each failure to comply with the
24 requirements of subsection (a) or subsection (b) of Section
25 1405.6, the penalty shall be \$15,000.

26 (4) If the failure is with respect to a listed

1 transaction under subsection (c) of Section 1405.6, the
2 penalty shall be \$100,000.

3 (c) Authority to rescind penalty. The Department may
4 rescind all or any portion of any penalty imposed by this
5 subsection with respect to any violation, if

6 (1) the violation is with respect to a reportable
7 transaction other than a listed transaction, and

8 (2) rescinding the penalty would promote compliance
9 with the requirements of this Act and effective tax
10 administration. ~~The Director of the Board of Appeals may~~
11 ~~rescind all or any portion of any penalty imposed by this~~
12 ~~Section with respect to any violation, if any of the~~
13 ~~following apply:~~

14 ~~(1) It is determined that failure to comply did not~~
15 ~~jeopardize the best interests of the State and is not due~~
16 ~~to any willful neglect or any intent not to comply;~~

17 ~~(2) The person on whom the penalty is imposed has a~~
18 ~~history of complying with the requirements of this Act;~~

19 ~~(3) It is shown that the violation is due to an~~
20 ~~unintentional mistake of fact;~~

21 ~~(4) Imposing the penalty would be against equity and~~
22 ~~good conscience;~~

23 ~~(5) Rescinding the penalty would promote compliance~~
24 ~~with the requirements of this Act and effective tax~~
25 ~~administration; or~~

26 ~~(6) The taxpayer can show that there was reasonable~~

1 ~~cause for the failure to disclose and that the taxpayer~~
2 ~~acted in good faith.~~

3 (d) Coordination with other penalties. The penalty imposed
4 by this Section is in addition to any penalty imposed by this
5 Act or the Uniform Penalty and Interest Act.

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

7 (35 ILCS 5/1405.5)

8 Sec. 1405.5. Registration of tax shelters.

9 (a) Federal tax shelter. Any material advisor ~~tax shelter~~
10 ~~organizer~~ required to make a return ~~register a tax shelter~~
11 under Section 6111 of the Internal Revenue Code with respect to
12 a reportable transaction shall send a duplicate of the return
13 ~~federal registration information~~ to the Department not later
14 than the day on which the return ~~registration~~ is required to be
15 filed under federal law. ~~Any person required to register under~~
16 ~~Section 6111 of the Internal Revenue Code who receives a tax~~
17 ~~registration number from the Secretary of the Treasury shall,~~
18 ~~within 30 days after request by the Department, file a~~
19 ~~statement of that registration number.~~

20 (b) (Blank). ~~Additional requirements for listed~~
21 ~~transactions. In addition to the requirements of subsection~~
22 ~~(a), for any transactions entered into on or after February 28,~~
23 ~~2000 that become listed transactions (as defined under Treasury~~
24 ~~Regulations Section 1.6011-4) at any time, those transactions~~
25 ~~shall be registered with the Department (in the form and manner~~

1 ~~prescribed by the Department) by the later of (i) 60 days after~~
2 ~~entering into the transaction, (ii) 60 days after the~~
3 ~~transaction becomes a listed transaction, or (iii) December 31,~~
4 ~~2004.~~

5 (c) Transactions ~~Tax shelters~~ subject to this Section. The
6 provisions of this Section apply to any reportable transaction
7 having a nexus with this State. For returns that must be filed
8 under this Section on or after January 1, 2008, a reportable
9 transaction has nexus with this State if, at the time the
10 transaction is entered into, the transaction has one or more
11 investors that is an Illinois taxpayer. For returns that must
12 be filed under this Section prior to January 1, 2008, a tax
13 shelter has a nexus with this State if it ~~herein described that~~
14 ~~additionally~~ satisfies any of the following conditions: (1) is
15 organized in this State; (2) is doing business in this State;
16 or (3) is deriving income from sources in this State.

17 (d) (Blank). ~~Tax shelter identification number. Any person~~
18 ~~required to file a return under this Act and required to~~
19 ~~include on the person's federal tax return a tax shelter~~
20 ~~identification number pursuant to Section 6111 of the Internal~~
21 ~~Revenue Code shall furnish such number upon filing of the~~
22 ~~person's Illinois return.~~

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

24 (35 ILCS 5/1405.6)

25 Sec. 1405.6. Investor lists.

1 (a) Federal abusive tax shelter. Any person required to
2 maintain a list under Section 6112 of the Internal Revenue Code
3 ~~and Treasury Regulations Section 301.6112-1 with respect to a~~
4 ~~potentially abusive tax shelter~~ shall furnish a duplicate of
5 such list to the Department not later than the earlier of the
6 time such list is required to be furnished to the Internal
7 Revenue Service for inspection under Section 6112 of the
8 Internal Revenue Code or the date of written request by the
9 Department under federal income tax law.

10 ~~The list required under this Section shall include the same~~
11 ~~information required with respect to a potentially abusive tax~~
12 ~~shelter under Treasury Regulations Section 301.6112-1 and any~~
13 ~~other information as the Department may require.~~

14 (b) (Blank). ~~Additional requirements for listed~~
15 ~~transactions. For transactions entered into on or after~~
16 ~~February 28, 2000 that become listed transactions (as defined~~
17 ~~under Treasury Regulations Section 1.6011-4) at any time, the~~
18 ~~list shall be furnished to the Department by the later of (i)~~
19 ~~60 days after entering into the transaction, (ii) 60 days after~~
20 ~~the transaction becomes a listed transaction, or (iii) December~~
21 ~~31, 2004.~~

22 (c) Transactions subject to this Section. The provisions of
23 this Section apply to any reportable transaction having a nexus
24 with this State. For lists that must be filed with the
25 Department on or after January 1, 2008, a reportable
26 transaction has nexus with this State if, at the time the

1 transaction is entered into, the transaction has one or more
2 investors that is an Illinois taxpayer. For lists that must be
3 filed with the Department prior to January 1, 2008, a
4 reportable transaction has nexus with this State if, at the
5 time the transaction is: ~~(d) Tax Shelters subject to this~~
6 ~~Section. The provisions of this Section apply to any tax~~
7 ~~shelter herein described that additionally satisfies any of the~~
8 ~~following conditions:~~

9 (1) Organized in this State;

10 (2) Doing Business in this State; or

11 (3) Deriving income from sources in this State.

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

13 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

14 Sec. 1501. Definitions.

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

18 (1) Business income. The term "business income" means
19 all income that may be treated as apportionable business
20 income under the Constitution of the United States.
21 Business income is net of the deductions allocable thereto.
22 Such term does not include compensation or the deductions
23 allocable thereto. For each taxable year beginning on or
24 after January 1, 2003, a taxpayer may elect to treat all
25 income other than compensation as business income. This

1 election shall be made in accordance with rules adopted by
2 the Department and, once made, shall be irrevocable.

3 (1.5) Captive real estate investment trust:

4 (A) The term "captive real estate investment trust"
5 means a corporation, trust, or association:

6 (i) that is considered a real estate investment
7 trust for the taxable year under Section 856 of the
8 Internal Revenue Code;

9 (ii) the certificates of beneficial interest or
10 shares of which are ~~that is~~ not regularly traded on an
11 established securities market; and

12 (iii) of which more than 50% of the voting power or
13 value of the beneficial interest or shares, at any time
14 during the last half of the taxable year, is owned or
15 controlled, directly, ~~or~~ indirectly, or
16 constructively, by a single person ~~entity that is~~
17 ~~subject to the provisions of Subchapter C of Chapter 1~~
18 ~~of the Internal Revenue Code.~~

19 (B) The term "captive real estate investment trust"
20 does not include:

21 (i) a real estate investment trust ~~corporation,~~
22 ~~trust, or association~~ of which more than 50% of the
23 voting power or value of the beneficial interest or
24 shares is owned or controlled, directly, indirectly,
25 or constructively, ~~at any time during which the~~
26 ~~corporation, trust, or association satisfies item~~

1 ~~(A) (iii) of this subsection (1.5),~~ by:

2 (a) a real estate investment trust, other than
3 a captive real estate investment trust ~~described~~
4 ~~in item (A) of this subsection;~~

5 (b) a person who is exempt from taxation under
6 Section 501 of the Internal Revenue Code, and who
7 is not required to treat income received from the
8 real estate investment trust as unrelated business
9 taxable income under Section 512 of the Internal
10 Revenue Code;

11 (c) a listed Australian property trust, if no
12 more than 50% of the voting power or value of the
13 beneficial interest or shares of that trust, at any
14 time during the last half of the taxable year, is
15 owned or controlled, directly or indirectly, by a
16 single person; or

17 (d) an entity organized as a trust, provided a
18 listed Australian property trust described in
19 subparagraph (c) owns or controls, directly or
20 indirectly, or constructively, 75% or more of the
21 voting power or value of the beneficial interests
22 or shares of such entity; or

23 (ii) during its first taxable year for which it
24 elects to be treated as a real estate investment trust
25 under Section 856(c) (1) of the Internal Revenue Code, a
26 real estate investment trust the certificates of

1 beneficial interest or shares of which are not
2 regularly traded on an established securities market,
3 but only if the certificates of beneficial interest or
4 shares of the real estate investment trust are
5 regularly traded on an established securities market
6 prior to the earlier of the due date (including
7 extensions) for filing its return under this Act for
8 that first taxable year or the date it actually files
9 that return.

10 ~~(c) a listed Australian property trust; or~~

11 ~~(d) a real estate investment trust that,~~
12 ~~subject to rules of the Secretary of State, is~~
13 ~~intended to become regularly traded on an~~
14 ~~established securities market and that satisfies~~
15 ~~the requirements of Sections 856(A)(5) and~~
16 ~~856(A)(6) of the Internal Revenue Code by reason of~~
17 ~~Section 856(H)(2) of the Internal Revenue Code.~~

18 (C) For the purposes of this subsection (1.5), the
19 constructive ownership rules prescribed under Section
20 318(a) ~~318(A)~~ of the Internal Revenue Code, as modified by
21 Section 856(d)(5) ~~856(D)(5)~~ of the Internal Revenue Code,
22 apply in determining the ownership of stock, assets, or net
23 profits of any person.

24 (2) Commercial domicile. The term "commercial
25 domicile" means the principal place from which the trade or
26 business of the taxpayer is directed or managed.

1 (3) Compensation. The term "compensation" means wages,
2 salaries, commissions and any other form of remuneration
3 paid to employees for personal services.

4 (4) Corporation. The term "corporation" includes
5 associations, joint-stock companies, insurance companies
6 and cooperatives. Any entity, including a limited
7 liability company formed under the Illinois Limited
8 Liability Company Act, shall be treated as a corporation if
9 it is so classified for federal income tax purposes.

10 (5) Department. The term "Department" means the
11 Department of Revenue of this State.

12 (6) Director. The term "Director" means the Director of
13 Revenue of this State.

14 (7) Fiduciary. The term "fiduciary" means a guardian,
15 trustee, executor, administrator, receiver, or any person
16 acting in any fiduciary capacity for any person.

17 (8) Financial organization.

18 (A) The term "financial organization" means any
19 bank, bank holding company, trust company, savings
20 bank, industrial bank, land bank, safe deposit
21 company, private banker, savings and loan association,
22 building and loan association, credit union, currency
23 exchange, cooperative bank, small loan company, sales
24 finance company, investment company, or any person
25 which is owned by a bank or bank holding company. For
26 the purpose of this Section a "person" will include

1 only those persons which a bank holding company may
2 acquire and hold an interest in, directly or
3 indirectly, under the provisions of the Bank Holding
4 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
5 where interests in any person must be disposed of
6 within certain required time limits under the Bank
7 Holding Company Act of 1956.

8 (B) For purposes of subparagraph (A) of this
9 paragraph, the term "bank" includes (i) any entity that
10 is regulated by the Comptroller of the Currency under
11 the National Bank Act, or by the Federal Reserve Board,
12 or by the Federal Deposit Insurance Corporation and
13 (ii) any federally or State chartered bank operating as
14 a credit card bank.

15 (C) For purposes of subparagraph (A) of this
16 paragraph, the term "sales finance company" has the
17 meaning provided in the following item (i) or (ii):

18 (i) A person primarily engaged in one or more
19 of the following businesses: the business of
20 purchasing customer receivables, the business of
21 making loans upon the security of customer
22 receivables, the business of making loans for the
23 express purpose of funding purchases of tangible
24 personal property or services by the borrower, or
25 the business of finance leasing. For purposes of
26 this item (i), "customer receivable" means:

1 (a) a retail installment contract or
2 retail charge agreement within the meaning of
3 the Sales Finance Agency Act, the Retail
4 Installment Sales Act, or the Motor Vehicle
5 Retail Installment Sales Act;

6 (b) an installment, charge, credit, or
7 similar contract or agreement arising from the
8 sale of tangible personal property or services
9 in a transaction involving a deferred payment
10 price payable in one or more installments
11 subsequent to the sale; or

12 (c) the outstanding balance of a contract
13 or agreement described in provisions (a) or (b)
14 of this item (i).

15 A customer receivable need not provide for
16 payment of interest on deferred payments. A sales
17 finance company may purchase a customer receivable
18 from, or make a loan secured by a customer
19 receivable to, the seller in the original
20 transaction or to a person who purchased the
21 customer receivable directly or indirectly from
22 that seller.

23 (ii) A corporation meeting each of the
24 following criteria:

25 (a) the corporation must be a member of an
26 "affiliated group" within the meaning of

1 Section 1504(a) of the Internal Revenue Code,
2 determined without regard to Section 1504(b)
3 of the Internal Revenue Code;

4 (b) more than 50% of the gross income of
5 the corporation for the taxable year must be
6 interest income derived from qualifying loans.
7 A "qualifying loan" is a loan made to a member
8 of the corporation's affiliated group that
9 originates customer receivables (within the
10 meaning of item (i)) or to whom customer
11 receivables originated by a member of the
12 affiliated group have been transferred, to the
13 extent the average outstanding balance of
14 loans from that corporation to members of its
15 affiliated group during the taxable year do not
16 exceed the limitation amount for that
17 corporation. The "limitation amount" for a
18 corporation is the average outstanding
19 balances during the taxable year of customer
20 receivables (within the meaning of item (i))
21 originated by all members of the affiliated
22 group. If the average outstanding balances of
23 the loans made by a corporation to members of
24 its affiliated group exceed the limitation
25 amount, the interest income of that
26 corporation from qualifying loans shall be

1 equal to its interest income from loans to
2 members of its affiliated groups times a
3 fraction equal to the limitation amount
4 divided by the average outstanding balances of
5 the loans made by that corporation to members
6 of its affiliated group;

7 (c) the total of all shareholder's equity
8 (including, without limitation, paid-in
9 capital on common and preferred stock and
10 retained earnings) of the corporation plus the
11 total of all of its loans, advances, and other
12 obligations payable or owed to members of its
13 affiliated group may not exceed 20% of the
14 total assets of the corporation at any time
15 during the tax year; and

16 (d) more than 50% of all interest-bearing
17 obligations of the affiliated group payable to
18 persons outside the group determined in
19 accordance with generally accepted accounting
20 principles must be obligations of the
21 corporation.

22 This amendatory Act of the 91st General Assembly is
23 declaratory of existing law.

24 (D) Subparagraphs (B) and (C) of this paragraph are
25 declaratory of existing law and apply retroactively,
26 for all tax years beginning on or before December 31,

1 1996, to all original returns, to all amended returns
2 filed no later than 30 days after the effective date of
3 this amendatory Act of 1996, and to all notices issued
4 on or before the effective date of this amendatory Act
5 of 1996 under subsection (a) of Section 903, subsection
6 (a) of Section 904, subsection (e) of Section 909, or
7 Section 912. A taxpayer that is a "financial
8 organization" that engages in any transaction with an
9 affiliate shall be a "financial organization" for all
10 purposes of this Act.

11 (E) For all tax years beginning on or before
12 December 31, 1996, a taxpayer that falls within the
13 definition of a "financial organization" under
14 subparagraphs (B) or (C) of this paragraph, but who
15 does not fall within the definition of a "financial
16 organization" under the Proposed Regulations issued by
17 the Department of Revenue on July 19, 1996, may
18 irrevocably elect to apply the Proposed Regulations
19 for all of those years as though the Proposed
20 Regulations had been lawfully promulgated, adopted,
21 and in effect for all of those years. For purposes of
22 applying subparagraphs (B) or (C) of this paragraph to
23 all of those years, the election allowed by this
24 subparagraph applies only to the taxpayer making the
25 election and to those members of the taxpayer's unitary
26 business group who are ordinarily required to

1 apportion business income under the same subsection of
2 Section 304 of this Act as the taxpayer making the
3 election. No election allowed by this subparagraph
4 shall be made under a claim filed under subsection (d)
5 of Section 909 more than 30 days after the effective
6 date of this amendatory Act of 1996.

7 (F) Finance Leases. For purposes of this
8 subsection, a finance lease shall be treated as a loan
9 or other extension of credit, rather than as a lease,
10 regardless of how the transaction is characterized for
11 any other purpose, including the purposes of any
12 regulatory agency to which the lessor is subject. A
13 finance lease is any transaction in the form of a lease
14 in which the lessee is treated as the owner of the
15 leased asset entitled to any deduction for
16 depreciation allowed under Section 167 of the Internal
17 Revenue Code.

18 (9) Fiscal year. The term "fiscal year" means an
19 accounting period of 12 months ending on the last day of
20 any month other than December.

21 (9.5) Fixed place of business. The term "fixed place of
22 business" has the same meaning as that term is given in
23 Section 864 of the Internal Revenue Code and the related
24 Treasury regulations.

25 (10) Includes and including. The terms "includes" and
26 "including" when used in a definition contained in this Act

1 shall not be deemed to exclude other things otherwise
2 within the meaning of the term defined.

3 (11) Internal Revenue Code. The term "Internal Revenue
4 Code" means the United States Internal Revenue Code of 1954
5 or any successor law or laws relating to federal income
6 taxes in effect for the taxable year.

7 (11.5) Investment partnership.

8 (A) The term "investment partnership" means any
9 entity that is treated as a partnership for federal
10 income tax purposes that meets the following
11 requirements:

12 (i) no less than 90% of the partnership's cost
13 of its total assets consists of qualifying
14 investment securities, deposits at banks or other
15 financial institutions, and office space and
16 equipment reasonably necessary to carry on its
17 activities as an investment partnership;

18 (ii) no less than 90% of its gross income
19 consists of interest, dividends, and gains from
20 the sale or exchange of qualifying investment
21 securities; and

22 (iii) the partnership is not a dealer in
23 qualifying investment securities.

24 (B) For purposes of this paragraph (11.5), the term
25 "qualifying investment securities" includes all of the
26 following:

1 (i) common stock, including preferred or debt
2 securities convertible into common stock, and
3 preferred stock;

4 (ii) bonds, debentures, and other debt
5 securities;

6 (iii) foreign and domestic currency deposits
7 secured by federal, state, or local governmental
8 agencies;

9 (iv) mortgage or asset-backed securities
10 secured by federal, state, or local governmental
11 agencies;

12 (v) repurchase agreements and loan
13 participations;

14 (vi) foreign currency exchange contracts and
15 forward and futures contracts on foreign
16 currencies;

17 (vii) stock and bond index securities and
18 futures contracts and other similar financial
19 securities and futures contracts on those
20 securities;

21 (viii) options for the purchase or sale of any
22 of the securities, currencies, contracts, or
23 financial instruments described in items (i) to
24 (vii), inclusive;

25 (ix) regulated futures contracts;

26 (x) commodities (not described in Section

1 1221(a)(1) of the Internal Revenue Code) or
2 futures, forwards, and options with respect to
3 such commodities, provided, however, that any item
4 of a physical commodity to which title is actually
5 acquired in the partnership's capacity as a dealer
6 in such commodity shall not be a qualifying
7 investment security;

8 (xi) derivatives; and

9 (xii) a partnership interest in another
10 partnership that is an investment partnership.

11 (12) Mathematical error. The term "mathematical error"
12 includes the following types of errors, omissions, or
13 defects in a return filed by a taxpayer which prevents
14 acceptance of the return as filed for processing:

15 (A) arithmetic errors or incorrect computations on
16 the return or supporting schedules;

17 (B) entries on the wrong lines;

18 (C) omission of required supporting forms or
19 schedules or the omission of the information in whole
20 or in part called for thereon; and

21 (D) an attempt to claim, exclude, deduct, or
22 improperly report, in a manner directly contrary to the
23 provisions of the Act and regulations thereunder any
24 item of income, exemption, deduction, or credit.

25 (13) Nonbusiness income. The term "nonbusiness income"
26 means all income other than business income or

1 compensation.

2 (14) Nonresident. The term "nonresident" means a
3 person who is not a resident.

4 (15) Paid, incurred and accrued. The terms "paid",
5 "incurred" and "accrued" shall be construed according to
6 the method of accounting upon the basis of which the
7 person's base income is computed under this Act.

8 (16) Partnership and partner. The term "partnership"
9 includes a syndicate, group, pool, joint venture or other
10 unincorporated organization, through or by means of which
11 any business, financial operation, or venture is carried
12 on, and which is not, within the meaning of this Act, a
13 trust or estate or a corporation; and the term "partner"
14 includes a member in such syndicate, group, pool, joint
15 venture or organization.

16 The term "partnership" includes any entity, including
17 a limited liability company formed under the Illinois
18 Limited Liability Company Act, classified as a partnership
19 for federal income tax purposes.

20 The term "partnership" does not include a syndicate,
21 group, pool, joint venture, or other unincorporated
22 organization established for the sole purpose of playing
23 the Illinois State Lottery.

24 (17) Part-year resident. The term "part-year resident"
25 means an individual who became a resident during the
26 taxable year or ceased to be a resident during the taxable

1 year. Under Section 1501(a)(20)(A)(i) residence commences
2 with presence in this State for other than a temporary or
3 transitory purpose and ceases with absence from this State
4 for other than a temporary or transitory purpose. Under
5 Section 1501(a)(20)(A)(ii) residence commences with the
6 establishment of domicile in this State and ceases with the
7 establishment of domicile in another State.

8 (18) Person. The term "person" shall be construed to
9 mean and include an individual, a trust, estate,
10 partnership, association, firm, company, corporation,
11 limited liability company, or fiduciary. For purposes of
12 Section 1301 and 1302 of this Act, a "person" means (i) an
13 individual, (ii) a corporation, (iii) an officer, agent, or
14 employee of a corporation, (iv) a member, agent or employee
15 of a partnership, or (v) a member, manager, employee,
16 officer, director, or agent of a limited liability company
17 who in such capacity commits an offense specified in
18 Section 1301 and 1302.

19 (18A) Records. The term "records" includes all data
20 maintained by the taxpayer, whether on paper, microfilm,
21 microfiche, or any type of machine-sensible data
22 compilation.

23 (19) Regulations. The term "regulations" includes
24 rules promulgated and forms prescribed by the Department.

25 (20) Resident. The term "resident" means:

26 (A) an individual (i) who is in this State for

1 other than a temporary or transitory purpose during the
2 taxable year; or (ii) who is domiciled in this State
3 but is absent from the State for a temporary or
4 transitory purpose during the taxable year;

5 (B) The estate of a decedent who at his or her
6 death was domiciled in this State;

7 (C) A trust created by a will of a decedent who at
8 his death was domiciled in this State; and

9 (D) An irrevocable trust, the grantor of which was
10 domiciled in this State at the time such trust became
11 irrevocable. For purpose of this subparagraph, a trust
12 shall be considered irrevocable to the extent that the
13 grantor is not treated as the owner thereof under
14 Sections 671 through 678 of the Internal Revenue Code.

15 (21) Sales. The term "sales" means all gross receipts
16 of the taxpayer not allocated under Sections 301, 302 and
17 303.

18 (22) State. The term "state" when applied to a
19 jurisdiction other than this State means any state of the
20 United States, the District of Columbia, the Commonwealth
21 of Puerto Rico, any Territory or Possession of the United
22 States, and any foreign country, or any political
23 subdivision of any of the foregoing. For purposes of the
24 foreign tax credit under Section 601, the term "state"
25 means any state of the United States, the District of
26 Columbia, the Commonwealth of Puerto Rico, and any

1 territory or possession of the United States, or any
2 political subdivision of any of the foregoing, effective
3 for tax years ending on or after December 31, 1989.

4 (23) Taxable year. The term "taxable year" means the
5 calendar year, or the fiscal year ending during such
6 calendar year, upon the basis of which the base income is
7 computed under this Act. "Taxable year" means, in the case
8 of a return made for a fractional part of a year under the
9 provisions of this Act, the period for which such return is
10 made.

11 (24) Taxpayer. The term "taxpayer" means any person
12 subject to the tax imposed by this Act.

13 (25) International banking facility. The term
14 international banking facility shall have the same meaning
15 as is set forth in the Illinois Banking Act or as is set
16 forth in the laws of the United States or regulations of
17 the Board of Governors of the Federal Reserve System.

18 (26) Income Tax Return Preparer.

19 (A) The term "income tax return preparer" means any
20 person who prepares for compensation, or who employs
21 one or more persons to prepare for compensation, any
22 return of tax imposed by this Act or any claim for
23 refund of tax imposed by this Act. The preparation of a
24 substantial portion of a return or claim for refund
25 shall be treated as the preparation of that return or
26 claim for refund.

1 (B) A person is not an income tax return preparer
2 if all he or she does is

3 (i) furnish typing, reproducing, or other
4 mechanical assistance;

5 (ii) prepare returns or claims for refunds for
6 the employer by whom he or she is regularly and
7 continuously employed;

8 (iii) prepare as a fiduciary returns or claims
9 for refunds for any person; or

10 (iv) prepare claims for refunds for a taxpayer
11 in response to any notice of deficiency issued to
12 that taxpayer or in response to any waiver of
13 restriction after the commencement of an audit of
14 that taxpayer or of another taxpayer if a
15 determination in the audit of the other taxpayer
16 directly or indirectly affects the tax liability
17 of the taxpayer whose claims he or she is
18 preparing.

19 (27) Unitary business group. The term "unitary
20 business group" means a group of persons related through
21 common ownership whose business activities are integrated
22 with, dependent upon and contribute to each other. The
23 group will not include those members whose business
24 activity outside the United States is 80% or more of any
25 such member's total business activity; for purposes of this
26 paragraph and clause (a)(3)(B)(ii) of Section 304,

1 business activity within the United States shall be
2 measured by means of the factors ordinarily applicable
3 under subsections (a), (b), (c), (d), or (h) of Section 304
4 except that, in the case of members ordinarily required to
5 apportion business income by means of the 3 factor formula
6 of property, payroll and sales specified in subsection (a)
7 of Section 304, including the formula as weighted in
8 subsection (h) of Section 304, such members shall not use
9 the sales factor in the computation and the results of the
10 property and payroll factor computations of subsection (a)
11 of Section 304 shall be divided by 2 (by one if either the
12 property or payroll factor has a denominator of zero). The
13 computation required by the preceding sentence shall, in
14 each case, involve the division of the member's property,
15 payroll, or revenue miles in the United States, insurance
16 premiums on property or risk in the United States, or
17 financial organization business income from sources within
18 the United States, as the case may be, by the respective
19 worldwide figures for such items. Common ownership in the
20 case of corporations is the direct or indirect control or
21 ownership of more than 50% of the outstanding voting stock
22 of the persons carrying on unitary business activity.
23 Unitary business activity can ordinarily be illustrated
24 where the activities of the members are: (1) in the same
25 general line (such as manufacturing, wholesaling,
26 retailing of tangible personal property, insurance,

1 transportation or finance); or (2) are steps in a
2 vertically structured enterprise or process (such as the
3 steps involved in the production of natural resources,
4 which might include exploration, mining, refining, and
5 marketing); and, in either instance, the members are
6 functionally integrated through the exercise of strong
7 centralized management (where, for example, authority over
8 such matters as purchasing, financing, tax compliance,
9 product line, personnel, marketing and capital investment
10 is not left to each member). In no event, however, will any
11 unitary business group include members which are
12 ordinarily required to apportion business income under
13 different subsections of Section 304 except that for tax
14 years ending on or after December 31, 1987 this prohibition
15 shall not apply to a unitary business group composed of one
16 or more taxpayers all of which apportion business income
17 pursuant to subsection (b) of Section 304, or all of which
18 apportion business income pursuant to subsection (d) of
19 Section 304, and a holding company of such single-factor
20 taxpayers (see definition of "financial organization" for
21 rule regarding holding companies of financial
22 organizations). If a unitary business group would, but for
23 the preceding sentence, include members that are
24 ordinarily required to apportion business income under
25 different subsections of Section 304, then for each
26 subsection of Section 304 for which there are two or more

1 members, there shall be a separate unitary business group
2 composed of such members. For purposes of the preceding two
3 sentences, a member is "ordinarily required to apportion
4 business income" under a particular subsection of Section
5 304 if it would be required to use the apportionment method
6 prescribed by such subsection except for the fact that it
7 derives business income solely from Illinois. As used in
8 this paragraph, the phrase "United States" means only the
9 50 states and the District of Columbia, but does not
10 include any territory or possession of the United States or
11 any area over which the United States has asserted
12 jurisdiction or claimed exclusive rights with respect to
13 the exploration for or exploitation of natural resources.

14 If the unitary business group members' accounting
15 periods differ, the common parent's accounting period or,
16 if there is no common parent, the accounting period of the
17 member that is expected to have, on a recurring basis, the
18 greatest Illinois income tax liability must be used to
19 determine whether to use the apportionment method provided
20 in subsection (a) or subsection (h) of Section 304. The
21 prohibition against membership in a unitary business group
22 for taxpayers ordinarily required to apportion income
23 under different subsections of Section 304 does not apply
24 to taxpayers required to apportion income under subsection
25 (a) and subsection (h) of Section 304. The provisions of
26 this amendatory Act of 1998 apply to tax years ending on or

1 after December 31, 1998.

2 (28) Subchapter S corporation. The term "Subchapter S
3 corporation" means a corporation for which there is in
4 effect an election under Section 1362 of the Internal
5 Revenue Code, or for which there is a federal election to
6 opt out of the provisions of the Subchapter S Revision Act
7 of 1982 and have applied instead the prior federal
8 Subchapter S rules as in effect on July 1, 1982.

9 (30) Foreign person. The term "foreign person" means
10 any person who is a nonresident alien individual and any
11 nonindividual entity, regardless of where created or
12 organized, whose business activity outside the United
13 States is 80% or more of the entity's total business
14 activity.

15 (b) Other definitions.

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

19 (A) Words importing the singular include and apply
20 to several persons, parties or things;

21 (B) Words importing the plural include the
22 singular; and

23 (C) Words importing the masculine gender include
24 the feminine as well.

25 (2) "Company" or "association" as including successors

1 and assigns. The word "company" or "association", when used
2 in reference to a corporation, shall be deemed to embrace
3 the words "successors and assigns of such company or
4 association", and in like manner as if these last-named
5 words, or words of similar import, were expressed.

6 (3) Other terms. Any term used in any Section of this
7 Act with respect to the application of, or in connection
8 with, the provisions of any other Section of this Act shall
9 have the same meaning as in such other Section.

10 (Source: P.A. 95-233, eff. 8-16-07.)

11 Section 5-16. The Use Tax Act is amended by changing
12 Section 3-50 as follows:

13 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

14 Sec. 3-50. Manufacturing and assembly exemption. The
15 manufacturing and assembling machinery and equipment exemption
16 includes machinery and equipment that replaces machinery and
17 equipment in an existing manufacturing facility as well as
18 machinery and equipment that are for use in an expanded or new
19 manufacturing facility. The machinery and equipment exemption
20 also includes machinery and equipment used in the general
21 maintenance or repair of exempt machinery and equipment or for
22 in-house manufacture of exempt machinery and equipment. For the
23 purposes of this exemption, terms have the following meanings:

24 (1) "Manufacturing process" means the production of an

1 article of tangible personal property, whether the article
2 is a finished product or an article for use in the process
3 of manufacturing or assembling a different article of
4 tangible personal property, by a procedure commonly
5 regarded as manufacturing, processing, fabricating, or
6 refining that changes some existing material into a
7 material with a different form, use, or name. In relation
8 to a recognized integrated business composed of a series of
9 operations that collectively constitute manufacturing, or
10 individually constitute manufacturing operations, the
11 manufacturing process commences with the first operation
12 or stage of production in the series and does not end until
13 the completion of the final product in the last operation
14 or stage of production in the series. For purposes of this
15 exemption, photoprocessing is a manufacturing process of
16 tangible personal property for wholesale or retail sale.

17 (2) "Assembling process" means the production of an
18 article of tangible personal property, whether the article
19 is a finished product or an article for use in the process
20 of manufacturing or assembling a different article of
21 tangible personal property, by the combination of existing
22 materials in a manner commonly regarded as assembling that
23 results in an article or material of a different form, use,
24 or name.

25 (3) "Machinery" means major mechanical machines or
26 major components of those machines contributing to a

1 manufacturing or assembling process.

2 (4) "Equipment" includes an independent device or tool
3 separate from machinery but essential to an integrated
4 manufacturing or assembly process; including computers
5 used primarily in a manufacturer's computer assisted
6 design, computer assisted manufacturing (CAD/CAM) system;
7 any subunit or assembly comprising a component of any
8 machinery or auxiliary, adjunct, or attachment parts of
9 machinery, such as tools, dies, jigs, fixtures, patterns,
10 and molds; and any parts that require periodic replacement
11 in the course of normal operation; but does not include
12 hand tools. Equipment includes chemicals or chemicals
13 acting as catalysts but only if the chemicals or chemicals
14 acting as catalysts effect a direct and immediate change
15 upon a product being manufactured or assembled for
16 wholesale or retail sale or lease.

17 (5) "Production related tangible personal property"
18 means all tangible personal property that is used or
19 consumed by the purchaser in a manufacturing facility in
20 which a manufacturing process takes place and includes,
21 without limitation, tangible personal property that is
22 purchased for incorporation into real estate within a
23 manufacturing facility and tangible personal property that
24 is used or consumed in activities such as research and
25 development, preproduction material handling, receiving,
26 quality control, inventory control, storage, staging, and

1 packaging for shipping and transportation purposes.
2 "Production related tangible personal property" does not
3 include (i) tangible personal property that is used, within
4 or without a manufacturing facility, in sales, purchasing,
5 accounting, fiscal management, marketing, personnel
6 recruitment or selection, or landscaping or (ii) tangible
7 personal property that is required to be titled or
8 registered with a department, agency, or unit of federal,
9 State, or local government.

10 The manufacturing and assembling machinery and equipment
11 exemption includes production related tangible personal
12 property that is purchased on or after July 1, 2007 and on or
13 before June 30, 2008. The exemption for production related
14 tangible personal property is subject to both of the following
15 limitations:

16 (1) The maximum amount of the exemption for any one
17 taxpayer may not exceed 5% of the purchase price of
18 production related tangible personal property that is
19 purchased on or after July 1, 2007 and on or before June
20 30, 2008. A credit under Section 3-85 of this Act may not
21 be earned by the purchase of production related tangible
22 personal property for which an exemption is received under
23 this Section.

24 (2) The maximum aggregate amount of the exemptions for
25 production related tangible personal property awarded
26 under this Act and the Retailers' Occupation Tax Act to all

1 taxpayers may not exceed \$10,000,000. If the claims for the
2 exemption exceed \$10,000,000, then the Department shall
3 reduce the amount of the exemption to each taxpayer on a
4 pro rata basis.

5 The Department may adopt rules to implement and administer the
6 exemption for production related tangible personal property.

7 The manufacturing and assembling machinery and equipment
8 exemption includes the sale of materials to a purchaser who
9 produces exempted types of machinery, equipment, or tools and
10 who rents or leases that machinery, equipment, or tools to a
11 manufacturer of tangible personal property. This exemption
12 also includes the sale of materials to a purchaser who
13 manufactures those materials into an exempted type of
14 machinery, equipment, or tools that the purchaser uses himself
15 or herself in the manufacturing of tangible personal property.
16 This exemption includes the sale of exempted types of machinery
17 or equipment to a purchaser who is not the manufacturer, but
18 who rents or leases the use of the property to a manufacturer.
19 The purchaser of the machinery and equipment who has an active
20 resale registration number shall furnish that number to the
21 seller at the time of purchase. A user of the machinery,
22 equipment, or tools without an active resale registration
23 number shall prepare a certificate of exemption for each
24 transaction stating facts establishing the exemption for that
25 transaction, and that certificate shall be available to the
26 Department for inspection or audit. The Department shall

1 prescribe the form of the certificate. Informal rulings,
2 opinions, or letters issued by the Department in response to an
3 inquiry or request for an opinion from any person regarding the
4 coverage and applicability of this exemption to specific
5 devices shall be published, maintained as a public record, and
6 made available for public inspection and copying. If the
7 informal ruling, opinion, or letter contains trade secrets or
8 other confidential information, where possible, the Department
9 shall delete that information before publication. Whenever
10 informal rulings, opinions, or letters contain a policy of
11 general applicability, the Department shall formulate and
12 adopt that policy as a rule in accordance with the Illinois
13 Administrative Procedure Act.

14 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

15 Section 5-17. The Retailers' Occupation Tax Act is amended
16 by changing Sections 2-5 and 2-45 as follows:

17 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

18 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
19 sale of the following tangible personal property are exempt
20 from the tax imposed by this Act:

21 (1) Farm chemicals.

22 (2) Farm machinery and equipment, both new and used,
23 including that manufactured on special order, certified by the
24 purchaser to be used primarily for production agriculture or

1 State or federal agricultural programs, including individual
2 replacement parts for the machinery and equipment, including
3 machinery and equipment purchased for lease, and including
4 implements of husbandry defined in Section 1-130 of the
5 Illinois Vehicle Code, farm machinery and agricultural
6 chemical and fertilizer spreaders, and nurse wagons required to
7 be registered under Section 3-809 of the Illinois Vehicle Code,
8 but excluding other motor vehicles required to be registered
9 under the Illinois Vehicle Code. Horticultural polyhouses or
10 hoop houses used for propagating, growing, or overwintering
11 plants shall be considered farm machinery and equipment under
12 this item (2). Agricultural chemical tender tanks and dry boxes
13 shall include units sold separately from a motor vehicle
14 required to be licensed and units sold mounted on a motor
15 vehicle required to be licensed, if the selling price of the
16 tender is separately stated.

17 Farm machinery and equipment shall include precision
18 farming equipment that is installed or purchased to be
19 installed on farm machinery and equipment including, but not
20 limited to, tractors, harvesters, sprayers, planters, seeders,
21 or spreaders. Precision farming equipment includes, but is not
22 limited to, soil testing sensors, computers, monitors,
23 software, global positioning and mapping systems, and other
24 such equipment.

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (7) is exempt from the
6 provisions of Section 2-70.

7 (3) Until July 1, 2003, distillation machinery and
8 equipment, sold as a unit or kit, assembled or installed by the
9 retailer, certified by the user to be used only for the
10 production of ethyl alcohol that will be used for consumption
11 as motor fuel or as a component of motor fuel for the personal
12 use of the user, and not subject to sale or resale.

13 (4) Until July 1, 2003 and beginning again September 1,
14 2004, graphic arts machinery and equipment, including repair
15 and replacement parts, both new and used, and including that
16 manufactured on special order or purchased for lease, certified
17 by the purchaser to be used primarily for graphic arts
18 production. Equipment includes chemicals or chemicals acting
19 as catalysts but only if the chemicals or chemicals acting as
20 catalysts effect a direct and immediate change upon a graphic
21 arts product.

22 (5) A motor vehicle of the first division, a motor vehicle
23 of the second division that is a self contained motor vehicle
24 designed or permanently converted to provide living quarters
25 for recreational, camping, or travel use, with direct walk
26 through access to the living quarters from the driver's seat,

1 or a motor vehicle of the second division that is of the van
2 configuration designed for the transportation of not less than
3 7 nor more than 16 passengers, as defined in Section 1-146 of
4 the Illinois Vehicle Code, that is used for automobile renting,
5 as defined in the Automobile Renting Occupation and Use Tax
6 Act. This paragraph is exempt from the provisions of Section
7 2-70. (Blank).

8 (6) Personal property sold by a teacher-sponsored student
9 organization affiliated with an elementary or secondary school
10 located in Illinois.

11 (7) Until July 1, 2003, proceeds of that portion of the
12 selling price of a passenger car the sale of which is subject
13 to the Replacement Vehicle Tax.

14 (8) Personal property sold to an Illinois county fair
15 association for use in conducting, operating, or promoting the
16 county fair.

17 (9) Personal property sold to a not-for-profit arts or
18 cultural organization that establishes, by proof required by
19 the Department by rule, that it has received an exemption under
20 Section 501(c)(3) of the Internal Revenue Code and that is
21 organized and operated primarily for the presentation or
22 support of arts or cultural programming, activities, or
23 services. These organizations include, but are not limited to,
24 music and dramatic arts organizations such as symphony
25 orchestras and theatrical groups, arts and cultural service
26 organizations, local arts councils, visual arts organizations,

1 and media arts organizations. On and after the effective date
2 of this amendatory Act of the 92nd General Assembly, however,
3 an entity otherwise eligible for this exemption shall not make
4 tax-free purchases unless it has an active identification
5 number issued by the Department.

6 (10) Personal property sold by a corporation, society,
7 association, foundation, institution, or organization, other
8 than a limited liability company, that is organized and
9 operated as a not-for-profit service enterprise for the benefit
10 of persons 65 years of age or older if the personal property
11 was not purchased by the enterprise for the purpose of resale
12 by the enterprise.

13 (11) Personal property sold to a governmental body, to a
14 corporation, society, association, foundation, or institution
15 organized and operated exclusively for charitable, religious,
16 or educational purposes, or to a not-for-profit corporation,
17 society, association, foundation, institution, or organization
18 that has no compensated officers or employees and that is
19 organized and operated primarily for the recreation of persons
20 55 years of age or older. A limited liability company may
21 qualify for the exemption under this paragraph only if the
22 limited liability company is organized and operated
23 exclusively for educational purposes. On and after July 1,
24 1987, however, no entity otherwise eligible for this exemption
25 shall make tax-free purchases unless it has an active
26 identification number issued by the Department.

1 (12) Tangible personal property sold to interstate
2 carriers for hire for use as rolling stock moving in interstate
3 commerce or to lessors under leases of one year or longer
4 executed or in effect at the time of purchase by interstate
5 carriers for hire for use as rolling stock moving in interstate
6 commerce and equipment operated by a telecommunications
7 provider, licensed as a common carrier by the Federal
8 Communications Commission, which is permanently installed in
9 or affixed to aircraft moving in interstate commerce.

10 (12-5) On and after July 1, 2003 and through June 30, 2004,
11 motor vehicles of the second division with a gross vehicle
12 weight in excess of 8,000 pounds that are subject to the
13 commercial distribution fee imposed under Section 3-815.1 of
14 the Illinois Vehicle Code. Beginning on July 1, 2004 and
15 through June 30, 2005, the use in this State of motor vehicles
16 of the second division: (i) with a gross vehicle weight rating
17 in excess of 8,000 pounds; (ii) that are subject to the
18 commercial distribution fee imposed under Section 3-815.1 of
19 the Illinois Vehicle Code; and (iii) that are primarily used
20 for commercial purposes. Through June 30, 2005, this exemption
21 applies to repair and replacement parts added after the initial
22 purchase of such a motor vehicle if that motor vehicle is used
23 in a manner that would qualify for the rolling stock exemption
24 otherwise provided for in this Act. For purposes of this
25 paragraph, "used for commercial purposes" means the
26 transportation of persons or property in furtherance of any

1 commercial or industrial enterprise whether for-hire or not.

2 (13) Proceeds from sales to owners, lessors, or shippers of
3 tangible personal property that is utilized by interstate
4 carriers for hire for use as rolling stock moving in interstate
5 commerce and equipment operated by a telecommunications
6 provider, licensed as a common carrier by the Federal
7 Communications Commission, which is permanently installed in
8 or affixed to aircraft moving in interstate commerce.

9 (14) Machinery and equipment that will be used by the
10 purchaser, or a lessee of the purchaser, primarily in the
11 process of manufacturing or assembling tangible personal
12 property for wholesale or retail sale or lease, whether the
13 sale or lease is made directly by the manufacturer or by some
14 other person, whether the materials used in the process are
15 owned by the manufacturer or some other person, or whether the
16 sale or lease is made apart from or as an incident to the
17 seller's engaging in the service occupation of producing
18 machines, tools, dies, jigs, patterns, gauges, or other similar
19 items of no commercial value on special order for a particular
20 purchaser.

21 (15) Proceeds of mandatory service charges separately
22 stated on customers' bills for purchase and consumption of food
23 and beverages, to the extent that the proceeds of the service
24 charge are in fact turned over as tips or as a substitute for
25 tips to the employees who participate directly in preparing,
26 serving, hosting or cleaning up the food or beverage function

1 with respect to which the service charge is imposed.

2 (16) Petroleum products sold to a purchaser if the seller
3 is prohibited by federal law from charging tax to the
4 purchaser.

5 (17) Tangible personal property sold to a common carrier by
6 rail or motor that receives the physical possession of the
7 property in Illinois and that transports the property, or
8 shares with another common carrier in the transportation of the
9 property, out of Illinois on a standard uniform bill of lading
10 showing the seller of the property as the shipper or consignor
11 of the property to a destination outside Illinois, for use
12 outside Illinois.

13 (18) Legal tender, currency, medallions, or gold or silver
14 coinage issued by the State of Illinois, the government of the
15 United States of America, or the government of any foreign
16 country, and bullion.

17 (19) Until July 1 2003, oil field exploration, drilling,
18 and production equipment, including (i) rigs and parts of rigs,
19 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
20 tubular goods, including casing and drill strings, (iii) pumps
21 and pump-jack units, (iv) storage tanks and flow lines, (v) any
22 individual replacement part for oil field exploration,
23 drilling, and production equipment, and (vi) machinery and
24 equipment purchased for lease; but excluding motor vehicles
25 required to be registered under the Illinois Vehicle Code.

26 (20) Photoprocessing machinery and equipment, including

1 repair and replacement parts, both new and used, including that
2 manufactured on special order, certified by the purchaser to be
3 used primarily for photoprocessing, and including
4 photoprocessing machinery and equipment purchased for lease.

5 (21) Until July 1, 2003, coal exploration, mining,
6 offhighway hauling, processing, maintenance, and reclamation
7 equipment, including replacement parts and equipment, and
8 including equipment purchased for lease, but excluding motor
9 vehicles required to be registered under the Illinois Vehicle
10 Code.

11 (22) Fuel and petroleum products sold to or used by an air
12 carrier, certified by the carrier to be used for consumption,
13 shipment, or storage in the conduct of its business as an air
14 common carrier, for a flight destined for or returning from a
15 location or locations outside the United States without regard
16 to previous or subsequent domestic stopovers.

17 (23) A transaction in which the purchase order is received
18 by a florist who is located outside Illinois, but who has a
19 florist located in Illinois deliver the property to the
20 purchaser or the purchaser's donee in Illinois.

21 (24) Fuel consumed or used in the operation of ships,
22 barges, or vessels that are used primarily in or for the
23 transportation of property or the conveyance of persons for
24 hire on rivers bordering on this State if the fuel is delivered
25 by the seller to the purchaser's barge, ship, or vessel while
26 it is afloat upon that bordering river.

1 (25) Except as provided in item (25-5) of this Section, a
2 motor vehicle sold in this State to a nonresident even though
3 the motor vehicle is delivered to the nonresident in this
4 State, if the motor vehicle is not to be titled in this State,
5 and if a drive-away permit is issued to the motor vehicle as
6 provided in Section 3-603 of the Illinois Vehicle Code or if
7 the nonresident purchaser has vehicle registration plates to
8 transfer to the motor vehicle upon returning to his or her home
9 state. The issuance of the drive-away permit or having the
10 out-of-state registration plates to be transferred is prima
11 facie evidence that the motor vehicle will not be titled in
12 this State.

13 (25-5) The exemption under item (25) does not apply if the
14 state in which the motor vehicle will be titled does not allow
15 a reciprocal exemption for a motor vehicle sold and delivered
16 in that state to an Illinois resident but titled in Illinois.
17 The tax collected under this Act on the sale of a motor vehicle
18 in this State to a resident of another state that does not
19 allow a reciprocal exemption shall be imposed at a rate equal
20 to the state's rate of tax on taxable property in the state in
21 which the purchaser is a resident, except that the tax shall
22 not exceed the tax that would otherwise be imposed under this
23 Act. At the time of the sale, the purchaser shall execute a
24 statement, signed under penalty of perjury, of his or her
25 intent to title the vehicle in the state in which the purchaser
26 is a resident within 30 days after the sale and of the fact of

1 the payment to the State of Illinois of tax in an amount
2 equivalent to the state's rate of tax on taxable property in
3 his or her state of residence and shall submit the statement to
4 the appropriate tax collection agency in his or her state of
5 residence. In addition, the retailer must retain a signed copy
6 of the statement in his or her records. Nothing in this item
7 shall be construed to require the removal of the vehicle from
8 this state following the filing of an intent to title the
9 vehicle in the purchaser's state of residence if the purchaser
10 titles the vehicle in his or her state of residence within 30
11 days after the date of sale. The tax collected under this Act
12 in accordance with this item (25-5) shall be proportionately
13 distributed as if the tax were collected at the 6.25% general
14 rate imposed under this Act.

15 (25-7) Beginning on July 1, 2007, no tax is imposed under
16 this Act on the sale of an aircraft, as defined in Section 3 of
17 the Illinois Aeronautics Act, if all of the following
18 conditions are met:

19 (1) the aircraft leaves this State within 15 days after
20 the later of either the issuance of the final billing for
21 the sale of the aircraft, or the authorized approval for
22 return to service, completion of the maintenance record
23 entry, and completion of the test flight and ground test
24 for inspection, as required by 14 C.F.R. 91.407;

25 (2) the aircraft is not based or registered in this
26 State after the sale of the aircraft; and

1 (3) the seller retains in his or her books and records
2 and provides to the Department a signed and dated
3 certification from the purchaser, on a form prescribed by
4 the Department, certifying that the requirements of this
5 item (25-7) are met. The certificate must also include the
6 name and address of the purchaser, the address of the
7 location where the aircraft is to be titled or registered,
8 the address of the primary physical location of the
9 aircraft, and other information that the Department may
10 reasonably require.

11 For purposes of this item (25-7):

12 "Based in this State" means hangared, stored, or otherwise
13 used, excluding post-sale customizations as defined in this
14 Section, for 10 or more days in each 12-month period
15 immediately following the date of the sale of the aircraft.

16 "Registered in this State" means an aircraft registered
17 with the Department of Transportation, Aeronautics Division,
18 or titled or registered with the Federal Aviation
19 Administration to an address located in this State.

20 This paragraph (25-7) is exempt from the provisions of
21 Section 2-70.

22 (26) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (27) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (27) is exempt from the provisions
4 of Section 2-70, and the exemption provided for under this item
5 (27) applies for all periods beginning May 30, 1995, but no
6 claim for credit or refund is allowed on or after January 1,
7 2008 (the effective date of Public Act 95-88) ~~this amendatory~~
8 ~~Act of the 95th General Assembly~~ for such taxes paid during the
9 period beginning May 30, 2000 and ending on January 1, 2008
10 ~~(the effective date of Public Act 95-88) this amendatory Act of~~
11 ~~the 95th General Assembly.~~

12 (28) Computers and communications equipment utilized for
13 any hospital purpose and equipment used in the diagnosis,
14 analysis, or treatment of hospital patients sold to a lessor
15 who leases the equipment, under a lease of one year or longer
16 executed or in effect at the time of the purchase, to a
17 hospital that has been issued an active tax exemption
18 identification number by the Department under Section 1g of
19 this Act.

20 (29) Personal property sold to a lessor who leases the
21 property, under a lease of one year or longer executed or in
22 effect at the time of the purchase, to a governmental body that
23 has been issued an active tax exemption identification number
24 by the Department under Section 1g of this Act.

25 (30) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

1 before December 31, 2004, personal property that is donated for
2 disaster relief to be used in a State or federally declared
3 disaster area in Illinois or bordering Illinois by a
4 manufacturer or retailer that is registered in this State to a
5 corporation, society, association, foundation, or institution
6 that has been issued a sales tax exemption identification
7 number by the Department that assists victims of the disaster
8 who reside within the declared disaster area.

9 (31) Beginning with taxable years ending on or after
10 December 31, 1995 and ending with taxable years ending on or
11 before December 31, 2004, personal property that is used in the
12 performance of infrastructure repairs in this State, including
13 but not limited to municipal roads and streets, access roads,
14 bridges, sidewalks, waste disposal systems, water and sewer
15 line extensions, water distribution and purification
16 facilities, storm water drainage and retention facilities, and
17 sewage treatment facilities, resulting from a State or
18 federally declared disaster in Illinois or bordering Illinois
19 when such repairs are initiated on facilities located in the
20 declared disaster area within 6 months after the disaster.

21 (32) Beginning July 1, 1999, game or game birds sold at a
22 "game breeding and hunting preserve area" or an "exotic game
23 hunting area" as those terms are used in the Wildlife Code or
24 at a hunting enclosure approved through rules adopted by the
25 Department of Natural Resources. This paragraph is exempt from
26 the provisions of Section 2-70.

1 (33) A motor vehicle, as that term is defined in Section
2 1-146 of the Illinois Vehicle Code, that is donated to a
3 corporation, limited liability company, society, association,
4 foundation, or institution that is determined by the Department
5 to be organized and operated exclusively for educational
6 purposes. For purposes of this exemption, "a corporation,
7 limited liability company, society, association, foundation,
8 or institution organized and operated exclusively for
9 educational purposes" means all tax-supported public schools,
10 private schools that offer systematic instruction in useful
11 branches of learning by methods common to public schools and
12 that compare favorably in their scope and intensity with the
13 course of study presented in tax-supported schools, and
14 vocational or technical schools or institutes organized and
15 operated exclusively to provide a course of study of not less
16 than 6 weeks duration and designed to prepare individuals to
17 follow a trade or to pursue a manual, technical, mechanical,
18 industrial, business, or commercial occupation.

19 (34) Beginning January 1, 2000, personal property,
20 including food, purchased through fundraising events for the
21 benefit of a public or private elementary or secondary school,
22 a group of those schools, or one or more school districts if
23 the events are sponsored by an entity recognized by the school
24 district that consists primarily of volunteers and includes
25 parents and teachers of the school children. This paragraph
26 does not apply to fundraising events (i) for the benefit of

1 private home instruction or (ii) for which the fundraising
2 entity purchases the personal property sold at the events from
3 another individual or entity that sold the property for the
4 purpose of resale by the fundraising entity and that profits
5 from the sale to the fundraising entity. This paragraph is
6 exempt from the provisions of Section 2-70.

7 (35) Beginning January 1, 2000 and through December 31,
8 2001, new or used automatic vending machines that prepare and
9 serve hot food and beverages, including coffee, soup, and other
10 items, and replacement parts for these machines. Beginning
11 January 1, 2002 and through June 30, 2003, machines and parts
12 for machines used in commercial, coin-operated amusement and
13 vending business if a use or occupation tax is paid on the
14 gross receipts derived from the use of the commercial,
15 coin-operated amusement and vending machines. This paragraph
16 is exempt from the provisions of Section 2-70.

17 (35-5) Beginning August 23, 2001 and through June 30, 2011,
18 food for human consumption that is to be consumed off the
19 premises where it is sold (other than alcoholic beverages, soft
20 drinks, and food that has been prepared for immediate
21 consumption) and prescription and nonprescription medicines,
22 drugs, medical appliances, and insulin, urine testing
23 materials, syringes, and needles used by diabetics, for human
24 use, when purchased for use by a person receiving medical
25 assistance under Article 5 of the Illinois Public Aid Code who
26 resides in a licensed long-term care facility, as defined in

1 the Nursing Home Care Act.

2 (36) Beginning August 2, 2001, computers and
3 communications equipment utilized for any hospital purpose and
4 equipment used in the diagnosis, analysis, or treatment of
5 hospital patients sold to a lessor who leases the equipment,
6 under a lease of one year or longer executed or in effect at
7 the time of the purchase, to a hospital that has been issued an
8 active tax exemption identification number by the Department
9 under Section 1g of this Act. This paragraph is exempt from the
10 provisions of Section 2-70.

11 (37) Beginning August 2, 2001, personal property sold to a
12 lessor who leases the property, under a lease of one year or
13 longer executed or in effect at the time of the purchase, to a
14 governmental body that has been issued an active tax exemption
15 identification number by the Department under Section 1g of
16 this Act. This paragraph is exempt from the provisions of
17 Section 2-70.

18 (38) Beginning on January 1, 2002 and through June 30,
19 2011, tangible personal property purchased from an Illinois
20 retailer by a taxpayer engaged in centralized purchasing
21 activities in Illinois who will, upon receipt of the property
22 in Illinois, temporarily store the property in Illinois (i) for
23 the purpose of subsequently transporting it outside this State
24 for use or consumption thereafter solely outside this State or
25 (ii) for the purpose of being processed, fabricated, or
26 manufactured into, attached to, or incorporated into other

1 tangible personal property to be transported outside this State
2 and thereafter used or consumed solely outside this State. The
3 Director of Revenue shall, pursuant to rules adopted in
4 accordance with the Illinois Administrative Procedure Act,
5 issue a permit to any taxpayer in good standing with the
6 Department who is eligible for the exemption under this
7 paragraph (38). The permit issued under this paragraph (38)
8 shall authorize the holder, to the extent and in the manner
9 specified in the rules adopted under this Act, to purchase
10 tangible personal property from a retailer exempt from the
11 taxes imposed by this Act. Taxpayers shall maintain all
12 necessary books and records to substantiate the use and
13 consumption of all such tangible personal property outside of
14 the State of Illinois.

15 (39) Beginning January 1, 2008, tangible personal property
16 used in the construction or maintenance of a community water
17 supply, as defined under Section 3.145 of the Environmental
18 Protection Act, that is operated by a not-for-profit
19 corporation that holds a valid water supply permit issued under
20 Title IV of the Environmental Protection Act. This paragraph is
21 exempt from the provisions of Section 2-70.

22 (Source: P.A. 94-1002, eff. 7-3-06; 95-88, eff. 1-1-08; 95-233,
23 eff. 8-16-07; 95-304, eff. 8-20-07; 95-538, eff. 1-1-08;
24 revised 9-11-07.)

25 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

1 Sec. 2-45. Manufacturing and assembly exemption. The
2 manufacturing and assembly machinery and equipment exemption
3 includes machinery and equipment that replaces machinery and
4 equipment in an existing manufacturing facility as well as
5 machinery and equipment that are for use in an expanded or new
6 manufacturing facility.

7 The machinery and equipment exemption also includes
8 machinery and equipment used in the general maintenance or
9 repair of exempt machinery and equipment or for in-house
10 manufacture of exempt machinery and equipment. For the purposes
11 of this exemption, terms have the following meanings:

12 (1) "Manufacturing process" means the production of an
13 article of tangible personal property, whether the article
14 is a finished product or an article for use in the process
15 of manufacturing or assembling a different article of
16 tangible personal property, by a procedure commonly
17 regarded as manufacturing, processing, fabricating, or
18 refining that changes some existing material or materials
19 into a material with a different form, use, or name. In
20 relation to a recognized integrated business composed of a
21 series of operations that collectively constitute
22 manufacturing, or individually constitute manufacturing
23 operations, the manufacturing process commences with the
24 first operation or stage of production in the series and
25 does not end until the completion of the final product in
26 the last operation or stage of production in the series.

1 For purposes of this exemption, photoprocessing is a
2 manufacturing process of tangible personal property for
3 wholesale or retail sale.

4 (2) "Assembling process" means the production of an
5 article of tangible personal property, whether the article
6 is a finished product or an article for use in the process
7 of manufacturing or assembling a different article of
8 tangible personal property, by the combination of existing
9 materials in a manner commonly regarded as assembling that
10 results in a material of a different form, use, or name.

11 (3) "Machinery" means major mechanical machines or
12 major components of those machines contributing to a
13 manufacturing or assembling process.

14 (4) "Equipment" includes an independent device or tool
15 separate from machinery but essential to an integrated
16 manufacturing or assembly process; including computers
17 used primarily in a manufacturer's computer assisted
18 design, computer assisted manufacturing (CAD/CAM) system;
19 any subunit or assembly comprising a component of any
20 machinery or auxiliary, adjunct, or attachment parts of
21 machinery, such as tools, dies, jigs, fixtures, patterns,
22 and molds; and any parts that require periodic replacement
23 in the course of normal operation; but does not include
24 hand tools. Equipment includes chemicals or chemicals
25 acting as catalysts but only if the chemicals or chemicals
26 acting as catalysts effect a direct and immediate change

1 upon a product being manufactured or assembled for
2 wholesale or retail sale or lease.

3 (5) "Production related tangible personal property"
4 means all tangible personal property that is used or
5 consumed by the purchaser in a manufacturing facility in
6 which a manufacturing process takes place and includes,
7 without limitation, tangible personal property that is
8 purchased for incorporation into real estate within a
9 manufacturing facility and tangible personal property that
10 is used or consumed in activities such as research and
11 development, preproduction material handling, receiving,
12 quality control, inventory control, storage, staging, and
13 packaging for shipping and transportation purposes.
14 "Production related tangible personal property" does not
15 include (i) tangible personal property that is used, within
16 or without a manufacturing facility, in sales, purchasing,
17 accounting, fiscal management, marketing, personnel
18 recruitment or selection, or landscaping or (ii) tangible
19 personal property that is required to be titled or
20 registered with a department, agency, or unit of federal,
21 State, or local government.

22 The manufacturing and assembling machinery and equipment
23 exemption includes production related tangible personal
24 property that is purchased on or after July 1, 2007 and on or
25 before June 30, 2008. The exemption for production related
26 tangible personal property is subject to both of the following

1 limitations:

2 (1) The maximum amount of the exemption for any one
3 taxpayer may not exceed 5% of the purchase price of
4 production related tangible personal property that is
5 purchased on or after July 1, 2007 and on or before June
6 30, 2008. A credit under Section 3-85 of this Act may not
7 be earned by the purchase of production related tangible
8 personal property for which an exemption is received under
9 this Section.

10 (2) The maximum aggregate amount of the exemptions for
11 production related tangible personal property awarded
12 under this Act and the Retailers' Occupation Tax Act to all
13 taxpayers may not exceed \$10,000,000. If the claims for the
14 exemption exceed \$10,000,000, then the Department shall
15 reduce the amount of the exemption to each taxpayer on a
16 pro rata basis.

17 The Department may adopt rules to implement and administer the
18 exemption for production related tangible personal property.

19 The manufacturing and assembling machinery and equipment
20 exemption includes the sale of materials to a purchaser who
21 produces exempted types of machinery, equipment, or tools and
22 who rents or leases that machinery, equipment, or tools to a
23 manufacturer of tangible personal property. This exemption
24 also includes the sale of materials to a purchaser who
25 manufactures those materials into an exempted type of
26 machinery, equipment, or tools that the purchaser uses himself

1 or herself in the manufacturing of tangible personal property.
2 The purchaser of the machinery and equipment who has an active
3 resale registration number shall furnish that number to the
4 seller at the time of purchase. A purchaser of the machinery,
5 equipment, and tools without an active resale registration
6 number shall furnish to the seller a certificate of exemption
7 for each transaction stating facts establishing the exemption
8 for that transaction, and that certificate shall be available
9 to the Department for inspection or audit. Informal rulings,
10 opinions, or letters issued by the Department in response to an
11 inquiry or request for an opinion from any person regarding the
12 coverage and applicability of this exemption to specific
13 devices shall be published, maintained as a public record, and
14 made available for public inspection and copying. If the
15 informal ruling, opinion, or letter contains trade secrets or
16 other confidential information, where possible, the Department
17 shall delete that information before publication. Whenever
18 informal rulings, opinions, or letters contain a policy of
19 general applicability, the Department shall formulate and
20 adopt that policy as a rule in accordance with the Illinois
21 Administrative Procedure Act.

22 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

23 Section 5-20. The School Code is amended by adding Sections
24 2-3.143, 2-3.146, 10-20.40, 10-20.41, and 21-29 and by changing
25 Sections 2-3.51.5, 2-3.127a, 2-3.131 (as added by Public Act

1 93-21), 7-14A, 11E-135, 14-13.01, and 18-8.05 as follows:

2 (105 ILCS 5/2-3.51.5)

3 Sec. 2-3.51.5. School Safety and Educational Improvement
4 Block Grant Program. To improve the level of education and
5 safety of students from kindergarten through grade 12 in school
6 districts and State-recognized, non-public schools. The State
7 Board of Education is authorized to fund a School Safety and
8 Educational Improvement Block Grant Program.

9 (1) For school districts, the ~~The~~ program shall provide
10 funding for school safety, textbooks and software, teacher
11 training and curriculum development, school improvements,
12 remediation programs under subsection (a) of Section 2-3.64,
13 school report cards under Section 10-17a, and criminal history
14 records checks under Sections 10-21.9 and 34-18.5. For
15 State-recognized, non-public schools, the program shall
16 provide funding for secular textbooks and software, criminal
17 history records checks, and health and safety mandates to the
18 extent that the funds are expended for purely secular purposes.

19 A school district or laboratory school as defined in Section
20 18-8 or 18-8.05 is not required to file an application in order
21 to receive the categorical funding to which it is entitled
22 under this Section. Funds for the School Safety and Educational
23 Improvement Block Grant Program shall be distributed to school
24 districts and laboratory schools based on the prior year's best
25 3 months average daily attendance. Funds for the School Safety

1 and Educational Improvement Block Grant Program shall be
2 distributed to State-recognized, non-public schools based on
3 the average daily attendance figure for the previous school
4 year provided to the State Board of Education. The State Board
5 of Education shall develop an application that requires
6 State-recognized, non-public schools to submit average daily
7 attendance figures. A State-recognized, non-public school must
8 submit the application and average daily attendance figure
9 prior to receiving funds under this Section. The State Board of
10 Education shall promulgate rules and regulations necessary for
11 the implementation of this program.

12 (2) Distribution of moneys to school districts and
13 State-recognized, non-public schools shall be made in 2
14 semi-annual installments, one payment on or before October 30,
15 and one payment prior to April 30, of each fiscal year.

16 (3) Grants under the School Safety and Educational
17 Improvement Block Grant Program shall be awarded provided there
18 is an appropriation for the program, and funding levels for
19 each district shall be prorated according to the amount of the
20 appropriation.

21 (4) The provisions of this Section are in the public
22 interest, are for the public benefit, and serve secular public
23 purposes.

24 (Source: P.A. 93-909, eff. 8-12-04.)

1 Sec. 2-3.127a. The State Board of Education Special Purpose
2 Trust Fund. The State Board of Education Special Purpose Trust
3 Fund is created as a special fund in the State treasury. The
4 State Board of Education shall deposit all indirect costs
5 recovered from federal programs into the State Board of
6 Education Special Purpose Trust Fund. These funds may be used
7 by the State Board of Education for its ordinary and contingent
8 expenses. Additionally and unless ~~Unless~~ specifically directed
9 to be deposited into other funds, all moneys received by the
10 State Board of Education from gifts, grants, or donations from
11 any source, public or private, shall be deposited into the
12 State Board of Education Special Purpose Trust Fund ~~this Fund~~.
13 These funds ~~Moneys in this Fund~~ shall be used, subject to
14 appropriation by the General Assembly, by the State Board of
15 Education for the purposes established by the gifts, grants, or
16 donations.

17 (Source: P.A. 94-69, eff. 7-1-05.)

18 (105 ILCS 5/2-3.131)

19 Sec. 2-3.131. Transitional assistance payments.

20 (a) If the amount that the State Board of Education will
21 pay to a school district from fiscal year 2004 appropriations,
22 as estimated by the State Board of Education on April 1, 2004,
23 is less than the amount that the State Board of Education paid
24 to the school district from fiscal year 2003 appropriations,
25 then, subject to appropriation, the State Board of Education

1 shall make a fiscal year 2004 transitional assistance payment
2 to the school district in an amount equal to the difference
3 between the estimated amount to be paid from fiscal year 2004
4 appropriations and the amount paid from fiscal year 2003
5 appropriations.

6 (b) If the amount that the State Board of Education will
7 pay to a school district from fiscal year 2005 appropriations,
8 as estimated by the State Board of Education on April 1, 2005,
9 is less than the amount that the State Board of Education paid
10 to the school district from fiscal year 2004 appropriations,
11 then the State Board of Education shall make a fiscal year 2005
12 transitional assistance payment to the school district in an
13 amount equal to the difference between the estimated amount to
14 be paid from fiscal year 2005 appropriations and the amount
15 paid from fiscal year 2004 appropriations.

16 (c) If the amount that the State Board of Education will
17 pay to a school district from fiscal year 2006 appropriations,
18 as estimated by the State Board of Education on April 1, 2006,
19 is less than the amount that the State Board of Education paid
20 to the school district from fiscal year 2005 appropriations,
21 then the State Board of Education shall make a fiscal year 2006
22 transitional assistance payment to the school district in an
23 amount equal to the difference between the estimated amount to
24 be paid from fiscal year 2006 appropriations and the amount
25 paid from fiscal year 2005 appropriations.

26 (d) If the amount that the State Board of Education will

1 pay to a school district from fiscal year 2007 appropriations,
2 as estimated by the State Board of Education on April 1, 2007,
3 is less than the amount that the State Board of Education paid
4 to the school district from fiscal year 2006 appropriations,
5 then the State Board of Education, subject to appropriation,
6 shall make a fiscal year 2007 transitional assistance payment
7 to the school district in an amount equal to the difference
8 between the estimated amount to be paid from fiscal year 2007
9 appropriations and the amount paid from fiscal year 2006
10 appropriations.

11 (e) Subject to appropriation, beginning on July 1, 2007,
12 the State Board of Education shall adjust prior year
13 information for the transitional assistance calculations under
14 this Section in the event of the creation or reorganization of
15 any school district pursuant to Article 11E of this Code, the
16 dissolution of an entire district and the annexation of all of
17 its territory to one or more other districts pursuant to
18 Article 7 of this Code, or a boundary change whereby the
19 enrollment of the annexing district increases by 90% or more as
20 a result of annexing territory detached from another district
21 pursuant to Article 7 of this Code.

22 (f) If the amount that the State Board of Education will
23 pay to a school district from fiscal year 2008 appropriations,
24 as estimated by the State Board of Education on April 1, 2008,
25 is less than the amount that the State Board of Education paid
26 to the school district from fiscal year 2007 appropriations,

1 then the State Board of Education, subject to appropriation,
2 shall make a fiscal year 2008 transitional assistance payment
3 to the school district in an amount equal to the difference
4 between the estimated amount to be paid from fiscal year 2008
5 appropriations and the amount paid from fiscal year 2007
6 appropriations.

7 (Source: P.A. 93-21, eff. 7-1-03; 93-838, eff. 7-30-04; 94-69,
8 eff. 7-1-05; 94-835, eff. 6-6-06.)

9 (105 ILCS 5/2-3.143 new)

10 Sec. 2-3.143. Lincoln's Challenge Academy study. The State
11 Board of Education shall conduct a study to consider the need
12 for an expansion of enrollment at or the replication of
13 services in other portions of this State for the Lincoln's
14 Challenge Academy as an alternative program for students who
15 have dropped out of traditional school.

16 (105 ILCS 5/2-3.146 new)

17 Sec. 2-3.146. Severely overcrowded schools grant program.
18 There is created a grant program, subject to appropriation, for
19 severely overcrowded schools. The State Board of Education
20 shall administer the program. Grant funds may be used for
21 purposes of relieving overcrowding. In order for a school
22 district to be eligible for a grant under this Section, (i) the
23 main administrative office of the district must be located in a
24 city of 85,000 or more in population, according to the 2000

1 U.S. Census, (ii) the school district must have a district-wide
2 percentage of low-income students of 70% or more, as identified
3 by the 2005-2006 School Report Cards published by the State
4 Board of Education, and (iii) the school district must not be
5 eligible for a fast growth grant under Section 18-8.10 of this
6 Code. The State Board of Education shall distribute the funds
7 on a proportional basis with no single district receiving more
8 than 75% of the funds in any given year. The State Board of
9 Education may adopt rules as needed for the implementation and
10 distribution of grants under this Section.

11 (105 ILCS 5/7-14A) (from Ch. 122, par. 7-14A)

12 Sec. 7-14A. Annexation Compensation. There shall be no
13 accounting made after a mere change in boundaries when no new
14 district is created, except that those districts whose
15 enrollment increases by 90% or more as a result of annexing
16 territory detached from another district pursuant to this
17 Article are eligible for supplementary State aid payments in
18 accordance with Section 11E-135 of this Code. Eligible annexing
19 districts shall apply to the State Board of Education for
20 supplementary State aid payments by submitting enrollment
21 figures for the year immediately preceding and the year
22 immediately following the effective date of the boundary change
23 for both the district gaining territory and the district losing
24 territory. Copies of any intergovernmental agreements between
25 the district gaining territory and the district losing

1 territory detailing any transfer of fund balances and staff
2 must also be submitted. In all instances of changes in
3 boundaries, ~~However,~~ the district losing territory shall not
4 count the average daily attendance of pupils living in the
5 territory during the year preceding the effective date of the
6 boundary change in its claim for reimbursement under Section
7 18-8 for the school year following the effective date of the
8 change in boundaries and the district receiving the territory
9 shall count the average daily attendance of pupils living in
10 the territory during the year preceding the effective date of
11 the boundary change in its claim for reimbursement under
12 Section 18-8 for the school year following the effective date
13 of the change in boundaries. The changes to this Section made
14 by this amendatory Act of the 95th General Assembly are
15 intended to be retroactive and applicable to any annexation
16 taking effect on or after July 1, 2004.

17 (Source: P.A. 84-1250.)

18 (105 ILCS 5/10-20.40 new)

19 Sec. 10-20.40. Report on contracts.

20 (a) This Section applies to all school districts, including
21 a school district organized under Article 34 of this Code.

22 (b) A school board must list on the district's Internet
23 website, if any, all contracts over \$25,000 and any contract
24 that the school board enters into with an exclusive bargaining
25 representative.

1 (c) Each year, in conjunction with the submission of the
2 Statement of Affairs to the State Board of Education prior to
3 December, 1 provided for in Section 10-17, each school district
4 shall submit to the State Board of Education an annual report
5 on all contracts over \$25,000 awarded by the school district
6 during the previous fiscal year. The report shall include at
7 least the following:

8 (1) the total number of all contracts awarded by the
9 school district;

10 (2) the total value of all contracts awarded;

11 (3) the number of contracts awarded to minority owned
12 businesses, female owned businesses, and businesses owned
13 by persons with disabilities, as defined in the Business
14 Enterprise for Minorities, Females and Persons with
15 Disabilities Act, and locally owned businesses; and

16 (4) the total value of contracts awarded to minority
17 owned businesses, female owned businesses, and businesses
18 owned by persons with disabilities, as defined in the
19 Business Enterprise for Minorities, Females and Persons
20 with Disabilities Act, and locally owned businesses.

21 The report shall be made available to the public, including
22 publication on the school district's Internet website, if any.

23 (105 ILCS 5/10-20.41 new)

24 Sec. 10-20.41. Pay for performance.

25 (a) Beginning with all newly-negotiated collective

1 bargaining agreements entered into after the effective date of
2 this amendatory Act of the 95th General Assembly, a school
3 board and the exclusive bargaining representative, if any, may
4 include a performance-based teacher compensation plan in the
5 subject of its collective bargaining agreement. Nothing in this
6 Section shall preclude the school board and the exclusive
7 bargaining representative from agreeing to and implementing a
8 new performance-based teacher compensation plan prior to the
9 termination of the current collective bargaining agreement.

10 (b) The new teacher compensation plan bargained and agreed
11 to by the school board and the exclusive bargaining
12 representative under subsection (a) of this Section shall
13 provide certificated personnel with base salaries and shall
14 also provide that any increases in the compensation of
15 individual teachers or groups of teachers beyond base salaries
16 shall be pursuant, but not limited to, any of the following
17 elements:

18 (1) Superior teacher evaluations based on multiple
19 evaluations of their classroom teaching.

20 (2) Evaluation of a teacher's student classroom-level
21 achievement growth as measured using a value-added model.
22 "Value-added" means the improvement gains in student
23 achievement that are made each year based on pre-test and
24 post-test outcomes.

25 (3) Evaluation of school-level achievement growth as
26 measured using a value-added model. "Value-added" means

1 the improvement gains in student achievement that are made
2 each year based on pre-test and post-test outcomes.

3 (4) Demonstration of superior, outstanding performance
4 by an individual teacher or groups of teachers through the
5 meeting of unique and specific teaching practice
6 objectives defined and agreed to in advance in any given
7 school year.

8 (5) Preparation for meeting and contribution to the
9 broader needs of the school organization (e.g., curriculum
10 development, family liaison and community outreach,
11 implementation of a professional development program for
12 faculty, and participation in school management).

13 (c) A school board and exclusive bargaining representative
14 that initiate their own performance-based teacher compensation
15 program shall submit the new plan to the State Board of
16 Education for review not later than 150 days before the plan is
17 to become effective. If the plan does not conform to this
18 Section, the State Board of Education shall return the plan to
19 the school board and the exclusive bargaining representative
20 for modification. The school board and the exclusive bargaining
21 representative shall then have 30 days after the plan is
22 returned to them to submit a modified plan.

23 (105 ILCS 5/11E-135)

24 Sec. 11E-135. Incentives. For districts reorganizing under
25 this Article and for a district or districts that annex all of

1 the territory of one or more entire other school districts in
2 accordance with Article 7 of this Code, the following payments
3 shall be made from appropriations made for these purposes:

4 (a)(1) For a combined school district, as defined in
5 Section 11E-20 of this Code, or for a unit district, as defined
6 in Section 11E-25 of this Code, for its first year of
7 existence, the general State aid and supplemental general State
8 aid calculated under Section 18-8.05 of this Code shall be
9 computed for the new district and for the previously existing
10 districts for which property is totally included within the new
11 district. If the computation on the basis of the previously
12 existing districts is greater, a supplementary payment equal to
13 the difference shall be made for the first 4 years of existence
14 of the new district.

15 (2) For a school district that annexes all of the territory
16 of one or more entire other school districts as defined in
17 Article 7 of this Code, for the first year during which the
18 change of boundaries attributable to the annexation becomes
19 effective for all purposes, as determined under Section 7-9 of
20 this Code, the general State aid and supplemental general State
21 aid calculated under Section 18-8.05 of this Code shall be
22 computed for the annexing district as constituted after the
23 annexation and for the annexing and each annexed district as
24 constituted prior to the annexation; and if the computation on
25 the basis of the annexing and annexed districts as constituted
26 prior to the annexation is greater, then a supplementary

1 payment equal to the difference shall be made for the first 4
2 years of existence of the annexing school district as
3 constituted upon the annexation.

4 (3) For 2 or more school districts that annex all of the
5 territory of one or more entire other school districts, as
6 defined in Article 7 of this Code, for the first year during
7 which the change of boundaries attributable to the annexation
8 becomes effective for all purposes, as determined under Section
9 7-9 of this Code, the general State aid and supplemental
10 general State aid calculated under Section 18-8.05 of this Code
11 shall be computed for each annexing district as constituted
12 after the annexation and for each annexing and annexed district
13 as constituted prior to the annexation; and if the aggregate of
14 the general State aid and supplemental general State aid as so
15 computed for the annexing districts as constituted after the
16 annexation is less than the aggregate of the general State aid
17 and supplemental general State aid as so computed for the
18 annexing and annexed districts, as constituted prior to the
19 annexation, then a supplementary payment equal to the
20 difference shall be made and allocated between or among the
21 annexing districts, as constituted upon the annexation, for the
22 first 4 years of their existence. The total difference payment
23 shall be allocated between or among the annexing districts in
24 the same ratio as the pupil enrollment from that portion of the
25 annexed district or districts that is annexed to each annexing
26 district bears to the total pupil enrollment from the entire

1 annexed district or districts, as such pupil enrollment is
2 determined for the school year last ending prior to the date
3 when the change of boundaries attributable to the annexation
4 becomes effective for all purposes. The amount of the total
5 difference payment and the amount thereof to be allocated to
6 the annexing districts shall be computed by the State Board of
7 Education on the basis of pupil enrollment and other data that
8 shall be certified to the State Board of Education, on forms
9 that it shall provide for that purpose, by the regional
10 superintendent of schools for each educational service region
11 in which the annexing and annexed districts are located.

12 (4) For a school district conversion, as defined in Section
13 11E-15 of this Code, or a multi-unit conversion, as defined in
14 subsection (b) of Section 11E-30 of this Code, if in their
15 first year of existence the newly created elementary districts
16 and the newly created high school district, from a school
17 district conversion, or the newly created elementary district
18 or districts and newly created combined high school - unit
19 district, from a multi-unit conversion, qualify for less
20 general State aid under Section 18-8.05 of this Code than would
21 have been payable under Section 18-8.05 for that same year to
22 the previously existing districts, then a supplementary
23 payment equal to that difference shall be made for the first 4
24 years of existence of the newly created districts. The
25 aggregate amount of each supplementary payment shall be
26 allocated among the newly created districts in the proportion

1 that the deemed pupil enrollment in each district during its
2 first year of existence bears to the actual aggregate pupil
3 enrollment in all of the districts during their first year of
4 existence. For purposes of each allocation:

5 (A) the deemed pupil enrollment of the newly created
6 high school district from a school district conversion
7 shall be an amount equal to its actual pupil enrollment for
8 its first year of existence multiplied by 1.25;

9 (B) the deemed pupil enrollment of each newly created
10 elementary district from a school district conversion
11 shall be an amount equal to its actual pupil enrollment for
12 its first year of existence reduced by an amount equal to
13 the product obtained when the amount by which the newly
14 created high school district's deemed pupil enrollment
15 exceeds its actual pupil enrollment for its first year of
16 existence is multiplied by a fraction, the numerator of
17 which is the actual pupil enrollment of the newly created
18 elementary district for its first year of existence and the
19 denominator of which is the actual aggregate pupil
20 enrollment of all of the newly created elementary districts
21 for their first year of existence;

22 (C) the deemed high school pupil enrollment of the
23 newly created combined high school - unit district from a
24 multi-unit conversion shall be an amount equal to its
25 actual grades 9 through 12 pupil enrollment for its first
26 year of existence multiplied by 1.25; and

1 (D) the deemed elementary pupil enrollment of each
2 newly created district from a multi-unit conversion shall
3 be an amount equal to each district's actual grade K
4 through 8 pupil enrollment for its first year of existence,
5 reduced by an amount equal to the product obtained when the
6 amount by which the newly created combined high school -
7 unit district's deemed high school pupil enrollment
8 exceeds its actual grade 9 through 12 pupil enrollment for
9 its first year of existence is multiplied by a fraction,
10 the numerator of which is the actual grade K through 8
11 pupil enrollment of each newly created district for its
12 first year of existence and the denominator of which is the
13 actual aggregate grade K through 8 pupil enrollment of all
14 such newly created districts for their first year of
15 existence.

16 The aggregate amount of each supplementary payment under
17 this subdivision (4) and the amount thereof to be allocated to
18 the newly created districts shall be computed by the State
19 Board of Education on the basis of pupil enrollment and other
20 data, which shall be certified to the State Board of Education,
21 on forms that it shall provide for that purpose, by the
22 regional superintendent of schools for each educational
23 service region in which the newly created districts are
24 located.

25 (5) For a partial elementary unit district, as defined in
26 subsection (a) or (c) of Section 11E-30 of this Code, if, in

1 the first year of existence, the newly created partial
2 elementary unit district qualifies for less general State aid
3 and supplemental general State aid under Section 18-8.05 of
4 this Code than would have been payable under that Section for
5 that same year to the previously existing districts that formed
6 the partial elementary unit district, then a supplementary
7 payment equal to that difference shall be made to the partial
8 elementary unit district for the first 4 years of existence of
9 that newly created district.

10 (6) For an elementary opt-in, as described in subsection
11 (d) of Section 11E-30 of this Code, the general State aid
12 difference shall be computed in accordance with paragraph (5)
13 of this subsection (a) as if the elementary opt-in was included
14 in an optional elementary unit district at the optional
15 elementary unit district's original effective date. If the
16 calculation in this paragraph (6) is less than that calculated
17 in paragraph (5) of this subsection (a) at the optional
18 elementary unit district's original effective date, then no
19 adjustments may be made. If the calculation in this paragraph
20 (6) is more than that calculated in paragraph (5) of this
21 subsection (a) at the optional elementary unit district's
22 original effective date, then the excess must be paid as
23 follows:

24 (A) If the effective date for the elementary opt-in is
25 one year after the effective date for the optional
26 elementary unit district, 100% of the calculated excess

1 shall be paid to the optional elementary unit district in
2 each of the first 4 years after the effective date of the
3 elementary opt-in.

4 (B) If the effective date for the elementary opt-in is
5 2 years after the effective date for the optional
6 elementary unit district, 75% of the calculated excess
7 shall be paid to the optional elementary unit district in
8 each of the first 4 years after the effective date of the
9 elementary opt-in.

10 (C) If the effective date for the elementary opt-in is
11 3 years after the effective date for the optional
12 elementary unit district, 50% of the calculated excess
13 shall be paid to the optional elementary unit district in
14 each of the first 4 years after the effective date of the
15 elementary opt-in.

16 (D) If the effective date for the elementary opt-in is
17 4 years after the effective date for the optional
18 elementary unit district, 25% of the calculated excess
19 shall be paid to the optional elementary unit district in
20 each of the first 4 years after the effective date of the
21 elementary opt-in.

22 (E) If the effective date for the elementary opt-in is
23 5 years after the effective date for the optional
24 elementary unit district, the optional elementary unit
25 district is not eligible for any additional incentives due
26 to the elementary opt-in.

1 (6.5) For a school district that annexes territory detached
2 from another school district whereby the enrollment of the
3 annexing district increases by 90% or more as a result of the
4 annexation, for the first year during which the change of
5 boundaries attributable to the annexation becomes effective
6 for all purposes as determined under Section 7-9 of this Code,
7 the general State aid and supplemental general State aid
8 calculated under this Section shall be computed for the
9 district gaining territory and the district losing territory as
10 constituted after the annexation and for the same districts as
11 constituted prior to the annexation; and if the aggregate of
12 the general State aid and supplemental general State aid as so
13 computed for the district gaining territory and the district
14 losing territory as constituted after the annexation is less
15 than the aggregate of the general State aid and supplemental
16 general State aid as so computed for the district gaining
17 territory and the district losing territory as constituted
18 prior to the annexation, then a supplementary payment shall be
19 made to the annexing district for the first 4 years of
20 existence after the annexation, equal to the difference
21 multiplied by the ratio of student enrollment in the territory
22 detached to the total student enrollment in the district losing
23 territory for the year prior to the effective date of the
24 annexation. The amount of the total difference and the
25 proportion paid to the annexing district shall be computed by
26 the State Board of Education on the basis of pupil enrollment

1 and other data that must be submitted to the State Board of
2 Education in accordance with Section 7-14A of this Code. The
3 changes to this Section made by this amendatory Act of the 95th
4 General Assembly are intended to be retroactive and applicable
5 to any annexation taking effect on or after July 1, 2004. For
6 annexations that are eligible for payments under this paragraph
7 (6.5) and that are effective on or after July 1, 2004, but
8 before the effective date of this amendatory Act of the 95th
9 General Assembly, the first required yearly payment under this
10 paragraph (6.5) shall be paid in the fiscal year of the
11 effective date of this amendatory Act of the 95th General
12 Assembly. Subsequent required yearly payments shall be paid in
13 subsequent fiscal years until the payment obligation under this
14 paragraph (6.5) is complete.

15 (7) Claims for financial assistance under this subsection
16 (a) may not be recomputed except as expressly provided under
17 Section 18-8.05 of this Code.

18 (8) Any supplementary payment made under this subsection
19 (a) must be treated as separate from all other payments made
20 pursuant to Section 18-8.05 of this Code.

21 (b) (1) After the formation of a combined school district,
22 as defined in Section 11E-20 of this Code, or a unit district,
23 as defined in Section 11E-25 of this Code, a computation shall
24 be made to determine the difference between the salaries
25 effective in each of the previously existing districts on June
26 30, prior to the creation of the new district. For the first 4

1 years after the formation of the new district, a supplementary
2 State aid reimbursement shall be paid to the new district equal
3 to the difference between the sum of the salaries earned by
4 each of the certificated members of the new district, while
5 employed in one of the previously existing districts during the
6 year immediately preceding the formation of the new district,
7 and the sum of the salaries those certificated members would
8 have been paid during the year immediately prior to the
9 formation of the new district if placed on the salary schedule
10 of the previously existing district with the highest salary
11 schedule.

12 (2) After the territory of one or more school districts is
13 annexed by one or more other school districts as defined in
14 Article 7 of this Code, a computation shall be made to
15 determine the difference between the salaries effective in each
16 annexed district and in the annexing district or districts as
17 they were each constituted on June 30 preceding the date when
18 the change of boundaries attributable to the annexation became
19 effective for all purposes, as determined under Section 7-9 of
20 this Code. For the first 4 years after the annexation, a
21 supplementary State aid reimbursement shall be paid to each
22 annexing district as constituted after the annexation equal to
23 the difference between the sum of the salaries earned by each
24 of the certificated members of the annexing district as
25 constituted after the annexation, while employed in an annexed
26 or annexing district during the year immediately preceding the

1 annexation, and the sum of the salaries those certificated
2 members would have been paid during the immediately preceding
3 year if placed on the salary schedule of whichever of the
4 annexing or annexed districts had the highest salary schedule
5 during the immediately preceding year.

6 (3) For each new high school district formed under a school
7 district conversion, as defined in Section 11E-15 of this Code,
8 the State shall make a supplementary payment for 4 years equal
9 to the difference between the sum of the salaries earned by
10 each certified member of the new high school district, while
11 employed in one of the previously existing districts, and the
12 sum of the salaries those certified members would have been
13 paid if placed on the salary schedule of the previously
14 existing district with the highest salary schedule.

15 (4) For each newly created partial elementary unit
16 district, the State shall make a supplementary payment for 4
17 years equal to the difference between the sum of the salaries
18 earned by each certified member of the newly created partial
19 elementary unit district, while employed in one of the
20 previously existing districts that formed the partial
21 elementary unit district, and the sum of the salaries those
22 certified members would have been paid if placed on the salary
23 schedule of the previously existing district with the highest
24 salary schedule. The salary schedules used in the calculation
25 shall be those in effect in the previously existing districts
26 for the school year prior to the creation of the new partial

1 elementary unit district.

2 (5) For an elementary district opt-in, as described in
3 subsection (d) of Section 11E-30 of this Code, the salary
4 difference incentive shall be computed in accordance with
5 paragraph (4) of this subsection (b) as if the opted-in
6 elementary district was included in the optional elementary
7 unit district at the optional elementary unit district's
8 original effective date. If the calculation in this paragraph
9 (5) is less than that calculated in paragraph (4) of this
10 subsection (b) at the optional elementary unit district's
11 original effective date, then no adjustments may be made. If
12 the calculation in this paragraph (5) is more than that
13 calculated in paragraph (4) of this subsection (b) at the
14 optional elementary unit district's original effective date,
15 then the excess must be paid as follows:

16 (A) If the effective date for the elementary opt-in is
17 one year after the effective date for the optional
18 elementary unit district, 100% of the calculated excess
19 shall be paid to the optional elementary unit district in
20 each of the first 4 years after the effective date of the
21 elementary opt-in.

22 (B) If the effective date for the elementary opt-in is
23 2 years after the effective date for the optional
24 elementary unit district, 75% of the calculated excess
25 shall be paid to the optional elementary unit district in
26 each of the first 4 years after the effective date of the

1 elementary opt-in.

2 (C) If the effective date for the elementary opt-in is
3 3 years after the effective date for the optional
4 elementary unit district, 50% of the calculated excess
5 shall be paid to the optional elementary unit district in
6 each of the first 4 years after the effective date of the
7 elementary opt-in.

8 (D) If the effective date for the elementary opt-in is
9 4 years after the effective date for the partial elementary
10 unit district, 25% of the calculated excess shall be paid
11 to the optional elementary unit district in each of the
12 first 4 years after the effective date of the elementary
13 opt-in.

14 (E) If the effective date for the elementary opt-in is
15 5 years after the effective date for the optional
16 elementary unit district, the optional elementary unit
17 district is not eligible for any additional incentives due
18 to the elementary opt-in.

19 (5.5) ~~(b-5)~~ After the formation of a cooperative high
20 school by 2 or more school districts under Section 10-22.22c of
21 this Code, a computation shall be made to determine the
22 difference between the salaries effective in each of the
23 previously existing high schools on June 30 prior to the
24 formation of the cooperative high school. For the first 4 years
25 after the formation of the cooperative high school, a
26 supplementary State aid reimbursement shall be paid to the

1 cooperative high school equal to the difference between the sum
2 of the salaries earned by each of the certificated members of
3 the cooperative high school while employed in one of the
4 previously existing high schools during the year immediately
5 preceding the formation of the cooperative high school and the
6 sum of the salaries those certificated members would have been
7 paid during the year immediately prior to the formation of the
8 cooperative high school if placed on the salary schedule of the
9 previously existing high school with the highest salary
10 schedule.

11 (5.10) After the annexation of territory detached from
12 another school district whereby the enrollment of the annexing
13 district increases by 90% or more as a result of the
14 annexation, a computation shall be made to determine the
15 difference between the salaries effective in the district
16 gaining territory and the district losing territory as they
17 each were constituted on June 30 preceding the date when the
18 change of boundaries attributable to the annexation became
19 effective for all purposes as determined under Section 7-9 of
20 this Code. For the first 4 years after the annexation, a
21 supplementary State aid reimbursement shall be paid to the
22 annexing district equal to the difference between the sum of
23 the salaries earned by each of the certificated members of the
24 annexing district as constituted after the annexation while
25 employed in the district gaining territory or the district
26 losing territory during the year immediately preceding the

1 annexation and the sum of the salaries those certificated
2 members would have been paid during such immediately preceding
3 year if placed on the salary schedule of whichever of the
4 district gaining territory or district losing territory had the
5 highest salary schedule during the immediately preceding year.
6 To be eligible for supplementary State aid reimbursement under
7 this Section, the intergovernmental agreement to be submitted
8 pursuant to Section 7-14A of this Code must show that staff
9 members were transferred from the control of the district
10 losing territory to the control of the district gaining
11 territory in the annexation. The changes to this Section made
12 by this amendatory Act of the 95th General Assembly are
13 intended to be retroactive and applicable to any annexation
14 taking effect on or after July 1, 2004. For annexations that
15 are eligible for payments under this paragraph (5.10) and that
16 are effective on or after July 1, 2004, but before the
17 effective date of this amendatory Act of the 95th General
18 Assembly, the first required yearly payment under this
19 paragraph (5.10) shall be paid in the fiscal year of the
20 effective date of this amendatory Act of the 95th General
21 Assembly. Subsequent required yearly payments shall be paid in
22 subsequent fiscal years until the payment obligation under this
23 paragraph (5.10) is complete.

24 (6) The supplementary State aid reimbursement under this
25 subsection (b) shall be treated as separate from all other
26 payments made pursuant to Section 18-8.05 of this Code. In the

1 case of the formation of a new district or cooperative high
2 school, reimbursement shall begin during the first year of
3 operation of the new district or cooperative high school, and
4 in the case of an annexation of the territory of one or more
5 school districts by one or more other school districts or the
6 annexation of territory detached from a school district whereby
7 the enrollment of the annexing district increases by 90% or
8 more as a result of the annexation, reimbursement shall begin
9 during the first year when the change in boundaries
10 attributable to the annexation ~~or division~~ becomes effective
11 for all purposes as determined pursuant to Section 7-9 of this
12 Code, except that for an annexation of territory detached from
13 a school district that is effective on or after July 1, 2004,
14 but before the effective date of this amendatory Act of the
15 95th General Assembly, whereby the enrollment of the annexing
16 district increases by 90% or more as a result of the
17 annexation, reimbursement shall begin during the fiscal year of
18 the effective date of this amendatory Act of the 95th General
19 Assembly. Each year that the new, annexing, or resulting
20 district or cooperative high school, as the case may be, is
21 entitled to receive reimbursement, the number of eligible
22 certified members who are employed on October 1 in the district
23 or cooperative high school shall be certified to the State
24 Board of Education on prescribed forms by October 15 and
25 payment shall be made on or before November 15 of that year.

26 (c) (1) For the first year after the formation of a combined

1 school district, as defined in Section 11E-20 of this Code or a
2 unit district, as defined in Section 11E-25 of this Code, a
3 computation shall be made totaling each previously existing
4 district's audited fund balances in the educational fund,
5 working cash fund, operations and maintenance fund, and
6 transportation fund for the year ending June 30 prior to the
7 referendum for the creation of the new district. The new
8 district shall be paid supplementary State aid equal to the sum
9 of the differences between the deficit of the previously
10 existing district with the smallest deficit and the deficits of
11 each of the other previously existing districts.

12 (2) For the first year after the annexation of all of the
13 territory of one or more entire school districts by another
14 school district, as defined in Article 7 of this Code,
15 computations shall be made, for the year ending June 30 prior
16 to the date that the change of boundaries attributable to the
17 annexation is allowed by the affirmative decision issued by the
18 regional board of school trustees under Section 7-6 of this
19 Code, notwithstanding any effort to seek administrative review
20 of the decision, totaling the annexing district's and totaling
21 each annexed district's audited fund balances in their
22 respective educational, working cash, operations and
23 maintenance, and transportation funds. The annexing district
24 as constituted after the annexation shall be paid supplementary
25 State aid equal to the sum of the differences between the
26 deficit of whichever of the annexing or annexed districts as

1 constituted prior to the annexation had the smallest deficit
2 and the deficits of each of the other districts as constituted
3 prior to the annexation.

4 (3) For the first year after the annexation of all of the
5 territory of one or more entire school districts by 2 or more
6 other school districts, as defined by Article 7 of this Code,
7 computations shall be made, for the year ending June 30 prior
8 to the date that the change of boundaries attributable to the
9 annexation is allowed by the affirmative decision of the
10 regional board of school trustees under Section 7-6 of this
11 Code, notwithstanding any action for administrative review of
12 the decision, totaling each annexing and annexed district's
13 audited fund balances in their respective educational, working
14 cash, operations and maintenance, and transportation funds.
15 The annexing districts as constituted after the annexation
16 shall be paid supplementary State aid, allocated as provided in
17 this paragraph (3), in an aggregate amount equal to the sum of
18 the differences between the deficit of whichever of the
19 annexing or annexed districts as constituted prior to the
20 annexation had the smallest deficit and the deficits of each of
21 the other districts as constituted prior to the annexation. The
22 aggregate amount of the supplementary State aid payable under
23 this paragraph (3) shall be allocated between or among the
24 annexing districts as follows:

25 (A) the regional superintendent of schools for each
26 educational service region in which an annexed district is

1 located prior to the annexation shall certify to the State
2 Board of Education, on forms that it shall provide for that
3 purpose, the value of all taxable property in each annexed
4 district, as last equalized or assessed by the Department
5 of Revenue prior to the annexation, and the equalized
6 assessed value of each part of the annexed district that
7 was annexed to or included as a part of an annexing
8 district;

9 (B) using equalized assessed values as certified by the
10 regional superintendent of schools under clause (A) of this
11 paragraph (3), the combined audited fund balance deficit of
12 each annexed district as determined under this Section
13 shall be apportioned between or among the annexing
14 districts in the same ratio as the equalized assessed value
15 of that part of the annexed district that was annexed to or
16 included as a part of an annexing district bears to the
17 total equalized assessed value of the annexed district; and

18 (C) the aggregate supplementary State aid payment
19 under this paragraph (3) shall be allocated between or
20 among, and shall be paid to, the annexing districts in the
21 same ratio as the sum of the combined audited fund balance
22 deficit of each annexing district as constituted prior to
23 the annexation, plus all combined audited fund balance
24 deficit amounts apportioned to that annexing district
25 under clause (B) of this subsection, bears to the aggregate
26 of the combined audited fund balance deficits of all of the

1 annexing and annexed districts as constituted prior to the
2 annexation.

3 (4) For the new elementary districts and new high school
4 district formed through a school district conversion, as
5 defined in subsection (b) of Section 11E-15 of this Code or the
6 new elementary district or districts and new combined high
7 school - unit district formed through a multi-unit conversion,
8 as defined in subsection (b) of Section 11E-30 of this Code, a
9 computation shall be made totaling each previously existing
10 district's audited fund balances in the educational fund,
11 working cash fund, operations and maintenance fund, and
12 transportation fund for the year ending June 30 prior to the
13 referendum establishing the new districts. In the first year of
14 the new districts, the State shall make a one-time
15 supplementary payment equal to the sum of the differences
16 between the deficit of the previously existing district with
17 the smallest deficit and the deficits of each of the other
18 previously existing districts. A district with a combined
19 balance among the 4 funds that is positive shall be considered
20 to have a deficit of zero. The supplementary payment shall be
21 allocated among the newly formed high school and elementary
22 districts in the manner provided by the petition for the
23 formation of the districts, in the form in which the petition
24 is approved by the regional superintendent of schools or State
25 Superintendent of Education under Section 11E-50 of this Code.

26 (5) For each newly created partial elementary unit

1 district, as defined in subsection (a) or (c) of Section 11E-30
2 of this Code, a computation shall be made totaling the audited
3 fund balances of each previously existing district that formed
4 the new partial elementary unit district in the educational
5 fund, working cash fund, operations and maintenance fund, and
6 transportation fund for the year ending June 30 prior to the
7 referendum for the formation of the partial elementary unit
8 district. In the first year of the new partial elementary unit
9 district, the State shall make a one-time supplementary payment
10 to the new district equal to the sum of the differences between
11 the deficit of the previously existing district with the
12 smallest deficit and the deficits of each of the other
13 previously existing districts. A district with a combined
14 balance among the 4 funds that is positive shall be considered
15 to have a deficit of zero.

16 (6) For an elementary opt-in as defined in subsection (d)
17 of Section 11E-30 of this Code, the deficit fund balance
18 incentive shall be computed in accordance with paragraph (5) of
19 this subsection (c) as if the opted-in elementary was included
20 in the optional elementary unit district at the optional
21 elementary unit district's original effective date. If the
22 calculation in this paragraph (6) is less than that calculated
23 in paragraph (5) of this subsection (c) at the optional
24 elementary unit district's original effective date, then no
25 adjustments may be made. If the calculation in this paragraph
26 (6) is more than that calculated in paragraph (5) of this

1 subsection (c) at the optional elementary unit district's
2 original effective date, then the excess must be paid as
3 follows:

4 (A) If the effective date for the elementary opt-in is
5 one year after the effective date for the optional
6 elementary unit district, 100% of the calculated excess
7 shall be paid to the optional elementary unit district in
8 the first year after the effective date of the elementary
9 opt-in.

10 (B) If the effective date for the elementary opt-in is
11 2 years after the effective date for the optional
12 elementary unit district, 75% of the calculated excess
13 shall be paid to the optional elementary unit district in
14 the first year after the effective date of the elementary
15 opt-in.

16 (C) If the effective date for the elementary opt-in is
17 3 years after the effective date for the optional
18 elementary unit district, 50% of the calculated excess
19 shall be paid to the optional elementary unit district in
20 the first year after the effective date of the elementary
21 opt-in.

22 (D) If the effective date for the elementary opt-in is
23 4 years after the effective date for the optional
24 elementary unit district, 25% of the calculated excess
25 shall be paid to the optional elementary unit district in
26 the first year after the effective date of the elementary

1 opt-in.

2 (E) If the effective date for the elementary opt-in is
3 5 years after the effective date for the optional
4 elementary unit district, the optional elementary unit
5 district is not eligible for any additional incentives due
6 to the elementary opt-in.

7 (6.5) For the first year after the annexation of territory
8 detached from another school district whereby the enrollment of
9 the annexing district increases by 90% or more as a result of
10 the annexation, a computation shall be made totaling the
11 audited fund balances of the district gaining territory and the
12 audited fund balances of the district losing territory in the
13 educational fund, working cash fund, operations and
14 maintenance fund, and transportation fund for the year ending
15 June 30 prior to the date that the change of boundaries
16 attributable to the annexation is allowed by the affirmative
17 decision of the regional board of school trustees under Section
18 7-6 of this Code, notwithstanding any action for administrative
19 review of the decision. The annexing district as constituted
20 after the annexation shall be paid supplementary State aid
21 equal to the difference between the deficit of whichever
22 district included in this calculation as constituted prior to
23 the annexation had the smallest deficit and the deficit of each
24 other district included in this calculation as constituted
25 prior to the annexation, multiplied by the ratio of equalized
26 assessed value of the territory detached to the total equalized

1 assessed value of the district losing territory. The regional
2 superintendent of schools for the educational service region in
3 which a district losing territory is located prior to the
4 annexation shall certify to the State Board of Education the
5 value of all taxable property in the district losing territory
6 and the value of all taxable property in the territory being
7 detached, as last equalized or assessed by the Department of
8 Revenue prior to the annexation. To be eligible for
9 supplementary State aid reimbursement under this Section, the
10 intergovernmental agreement to be submitted pursuant to
11 Section 7-14A of this Code must show that fund balances were
12 transferred from the district losing territory to the district
13 gaining territory in the annexation. The changes to this
14 Section made by this amendatory Act of the 95th General
15 Assembly are intended to be retroactive and applicable to any
16 annexation taking effect on or after July 1, 2004. For
17 annexations that are eligible for payments under this paragraph
18 (6.5) and that are effective on or after July 1, 2004, but
19 before the effective date of this amendatory Act of the 95th
20 General Assembly, the required payment under this paragraph
21 (6.5) shall be paid in the fiscal year of the effective date of
22 this amendatory Act of the 95th General Assembly.

23 (7) For purposes of any calculation required under
24 paragraph (1), (2), (3), (4), (5), ~~or~~ (6), or (6.5) of this
25 subsection (c), a district with a combined fund balance that is
26 positive shall be considered to have a deficit of zero. For

1 purposes of determining each district's audited fund balances
2 in its educational fund, working cash fund, operations and
3 maintenance fund, and transportation fund for the specified
4 year ending June 30, as provided in paragraphs (1), (2), (3),
5 (4), (5), ~~and~~ (6), and (6.5) of this subsection (c), the
6 balance of each fund shall be deemed decreased by an amount
7 equal to the amount of the annual property tax theretofore
8 levied in the fund by the district for collection and payment
9 to the district during the calendar year in which the June 30
10 fell, but only to the extent that the tax so levied in the fund
11 actually was received by the district on or before or comprised
12 a part of the fund on such June 30. For purposes of determining
13 each district's audited fund balances, a calculation shall be
14 made for each fund to determine the average for the 3 years
15 prior to the specified year ending June 30, as provided in
16 paragraphs (1), (2), (3), (4), (5), ~~and~~ (6), and (6.5) of this
17 subsection (c), of the district's expenditures in the
18 categories "purchased services", "supplies and materials", and
19 "capital outlay", as those categories are defined in rules of
20 the State Board of Education. If this 3-year average is less
21 than the district's expenditures in these categories for the
22 specified year ending June 30, as provided in paragraphs (1),
23 (2), (3), (4), (5), ~~and~~ (6), and (6.5) of this subsection (c),
24 then the 3-year average shall be used in calculating the
25 amounts payable under this Section in place of the amounts
26 shown in these categories for the specified year ending June

1 30, as provided in paragraphs (1), (2), (3), (4), (5), ~~and (6)~~,
2 and (6.5) of this subsection (c). Any deficit because of State
3 aid not yet received may not be considered in determining the
4 June 30 deficits. The same basis of accounting shall be used by
5 all previously existing districts and by all annexing or
6 annexed districts, as constituted prior to the annexation, in
7 making any computation required under paragraphs (1), (2), (3),
8 (4), (5), ~~and (6)~~, and (6.5) of this subsection (c).

9 (8) The supplementary State aid payments under this
10 subsection (c) shall be treated as separate from all other
11 payments made pursuant to Section 18-8.05 of this Code.

12 (d)(1) Following the formation of a combined school
13 district, as defined in Section 11E-20 of this Code, a new
14 elementary district or districts and a new high school district
15 formed through a school district conversion, as defined in
16 subsection (b) of Section 11E-15 of this Code, a new partial
17 elementary unit district, as defined in Section 11E-30 of this
18 Code, or a new elementary district or districts formed through
19 a multi-unit conversion, as defined in subsection (b) of
20 Section 11E-30 of this Code, or the annexation of all of the
21 territory of one or more entire school districts by one or more
22 other school districts, as defined in Article 7 of this Code, a
23 supplementary State aid reimbursement shall be paid for the
24 number of school years determined under the following table to
25 each new or annexing district equal to the sum of \$4,000 for
26 each certified employee who is employed by the district on a

1 full-time basis for the regular term of the school year:

2	Reorganized District's Rank	Reorganized District's Rank		
3	by type of district (unit,	in Average Daily Attendance		
4	high school, elementary)	By Quintile		
5	in Equalized Assessed Value			
6	Per Pupil by Quintile			
7				3rd, 4th,
8		1st	2nd	or 5th
9		Quintile	Quintile	Quintile
10	1st Quintile	1 year	1 year	1 year
11	2nd Quintile	1 year	2 years	2 years
12	3rd Quintile	2 years	3 years	3 years
13	4th Quintile	2 years	3 years	3 years
14	5th Quintile	2 years	3 years	3 years

15 The State Board of Education shall make a one-time calculation
 16 of a reorganized district's quintile ranks. The average daily
 17 attendance used in this calculation shall be the best 3 months'
 18 average daily attendance for the district's first year. The
 19 equalized assessed value per pupil shall be the district's real
 20 property equalized assessed value used in calculating the
 21 district's first-year general State aid claim, under Section
 22 18-8.05 of this Code, divided by the best 3 months' average
 23 daily attendance.

24 No annexing or resulting school district shall be entitled

1 to supplementary State aid under this subsection (d) unless the
2 district acquires at least 30% of the average daily attendance
3 of the district from which the territory is being detached or
4 divided.

5 If a district results from multiple reorganizations that
6 would otherwise qualify the district for multiple payments
7 under this subsection (d) in any year, then the district shall
8 receive a single payment only for that year based solely on the
9 most recent reorganization.

10 (2) For an elementary opt-in, as defined in subsection (d)
11 of Section 11E-30 of this Code, the full-time certified staff
12 incentive shall be computed in accordance with paragraph (1) of
13 this subsection (d), equal to the sum of \$4,000 for each
14 certified employee of the elementary district that opts-in who
15 is employed by the optional elementary unit district on a
16 full-time basis for the regular term of the school year. The
17 calculation from this paragraph (2) must be paid as follows:

18 (A) If the effective date for the elementary opt-in is
19 one year after the effective date for the optional
20 elementary unit district, 100% of the amount calculated in
21 this paragraph (2) shall be paid to the optional elementary
22 unit district for the number of years calculated in
23 paragraph (1) of this subsection (d) at the optional
24 elementary unit district's original effective date,
25 starting in the second year after the effective date of the
26 elementary opt-in.

1 (B) If the effective date for the elementary opt-in is
2 2 years after the effective date for the optional
3 elementary unit district, 75% of the amount calculated in
4 this paragraph (2) shall be paid to the optional elementary
5 unit district for the number of years calculated in
6 paragraph (1) of this subsection (d) at the optional
7 elementary unit district's original effective date,
8 starting in the second year after the effective date of the
9 elementary opt-in.

10 (C) If the effective date for the elementary opt-in is
11 3 years after the effective date for the optional
12 elementary unit district, 50% of the amount calculated in
13 this paragraph (2) shall be paid to the optional elementary
14 unit district for the number of years calculated in
15 paragraph (1) of this subsection (d) at the optional
16 elementary unit district's original effective date,
17 starting in the second year after the effective date of the
18 elementary opt-in.

19 (D) If the effective date for the elementary opt-in is
20 4 years after the effective date for the optional
21 elementary unit district, 25% of the amount calculated in
22 this paragraph (2) shall be paid to the optional elementary
23 unit district for the number of years calculated in
24 paragraph (1) of this subsection (d) at the optional
25 elementary unit district's original effective date,
26 starting in the second year after the effective date of the

1 elementary opt-in.

2 (E) If the effective date for the elementary opt-in is
3 5 years after the effective date for the optional
4 elementary unit district, the optional elementary unit
5 district is not eligible for any additional incentives due
6 to the elementary opt-in.

7 (2.5) ~~(a-5)~~ Following the formation of a cooperative high
8 school by 2 or more school districts under Section 10-22.22c of
9 this Code, a supplementary State aid reimbursement shall be
10 paid for 3 school years to the cooperative high school equal to
11 the sum of \$4,000 for each certified employee who is employed
12 by the cooperative high school on a full-time basis for the
13 regular term of any such school year. If a cooperative high
14 school results from multiple agreements that would otherwise
15 qualify the cooperative high school for multiple payments under
16 this Section in any year, the cooperative high school shall
17 receive a single payment for that year based solely on the most
18 recent agreement.

19 (2.10) Following the annexation of territory detached from
20 another school district whereby the enrollment of the annexing
21 district increases 90% or more as a result of the annexation, a
22 supplementary State aid reimbursement shall be paid to the
23 annexing district equal to the sum of \$4,000 for each certified
24 employee who is employed by the annexing district on a
25 full-time basis and shall be calculated in accordance with
26 subsection (a) of this Section. To be eligible for

1 supplementary State aid reimbursement under this Section, the
2 intergovernmental agreement to be submitted pursuant to
3 Section 7-14A of this Code must show that certified staff
4 members were transferred from the control of the district
5 losing territory to the control of the district gaining
6 territory in the annexation. The changes to this Section made
7 by this amendatory Act of the 95th General Assembly are
8 intended to be retroactive and applicable to any annexation
9 taking effect on or after July 1, 2004. For annexations that
10 are eligible for payments under this paragraph (2.10) and that
11 are effective on or after July 1, 2004, but before the
12 effective date of this amendatory Act of the 95th General
13 Assembly, the first required yearly payment under this
14 paragraph (2.10) shall be paid in the second fiscal year after
15 the effective date of this amendatory Act of the 95th General
16 Assembly. Any subsequent required yearly payments shall be paid
17 in subsequent fiscal years until the payment obligation under
18 this paragraph (2.10) is complete.

19 (3) The supplementary State aid reimbursement payable
20 under this subsection (d) shall be separate from and in
21 addition to all other payments made to the district pursuant to
22 any other Section of this Article.

23 (4) During May of each school year for which a
24 supplementary State aid reimbursement is to be paid to a new or
25 annexing school district or cooperative high school pursuant to
26 this subsection (d), the school board or governing board shall

1 certify to the State Board of Education, on forms furnished to
2 the school board or governing board by the State Board of
3 Education for purposes of this subsection (d), the number of
4 certified employees for which the district or cooperative high
5 school is entitled to reimbursement under this Section,
6 together with the names, certificate numbers, and positions
7 held by the certified employees.

8 (5) Upon certification by the State Board of Education to
9 the State Comptroller of the amount of the supplementary State
10 aid reimbursement to which a school district or cooperative
11 high school is entitled under this subsection (d), the State
12 Comptroller shall draw his or her warrant upon the State
13 Treasurer for the payment thereof to the school district or
14 cooperative high school and shall promptly transmit the payment
15 to the school district or cooperative high school through the
16 appropriate school treasurer.

17 (Source: P.A. 94-1019, eff. 7-10-06; incorporates P.A. 94-902,
18 eff. 7-1-06; revised 9-13-06.)

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 2006-2007 school year and
21 \$1,000 per child or \$9,000 per teacher for the 2007-2008 school
22 year and for each school year ~~and~~ thereafter, whichever is
23 less. Children to be included in any reimbursement under this
24 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 2006-2007 school year and \$9,000 for the 2007-2008 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 2006-2007
24 school year and \$9,000 for the 2007-2008 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 2006-2007 school year and \$9,000 for the 2007-2008
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 2006-2007 school year and \$9,000 for
11 the 2007-2008 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 2006-2007 school year and \$3,500 per employee for the 2007-2008
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 1/180 of the amount or
7 rate paid hereunder for each day such school is operated in
8 excess of 180 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. 95-415, eff. 8-24-07.)

16 (105 ILCS 5/18-8.05)

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

20 (A) General Provisions.

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

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

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

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

25 (a) Any school district which fails for any given
26 school year to maintain school as required by law, or to

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

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

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

23 (d) (Blank).

24 (4) Except as provided in subsections (H) and (L), the
25 board of any district receiving any of the grants provided for
26 in this Section may apply those funds to any fund so received

1 for which that board is authorized to make expenditures by law.

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

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

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

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

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

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

24 (e) "Operating Tax Rate": All school district property
25 taxes extended for all purposes, except Bond and Interest,
26 Summer School, Rent, Capital Improvement, and Vocational

1 Education Building purposes.

2 (B) Foundation Level.

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

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

24 (3) For the 2007-2008 ~~2006-2007~~ school year and each school
25 year thereafter, the Foundation Level of support is \$5,734

1 ~~\$5,334~~ or such greater amount as may be established by law by
2 the General Assembly.

3 (C) Average Daily Attendance.

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

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

24 (D) Available Local Resources.

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

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

17 (3) For school districts maintaining grades kindergarten
18 through 12, local property tax revenues per pupil shall be
19 calculated as the product of the applicable equalized assessed
20 valuation for the district multiplied by 3.00%, and divided by
21 the district's Average Daily Attendance figure. For school
22 districts maintaining grades kindergarten through 8, local
23 property tax revenues per pupil shall be calculated as the
24 product of the applicable equalized assessed valuation for the
25 district multiplied by 2.30%, and divided by the district's
26 Average Daily Attendance figure. For school districts

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

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

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

1 (E) Computation of General State Aid.

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

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

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

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

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

16 (F) Compilation of Average Daily Attendance.

17 (1) Each school district shall, by July 1 of each year,
18 submit to the State Board of Education, on forms prescribed by
19 the State Board of Education, attendance figures for the school
20 year that began in the preceding calendar year. The attendance
21 information so transmitted shall identify the average daily
22 attendance figures for each month of the school year. Beginning
23 with the general State aid claim form for the 2002-2003 school
24 year, districts shall calculate Average Daily Attendance as
25 provided in subdivisions (a), (b), and (c) of this paragraph

1 (1).

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

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

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

22 Except as otherwise provided in this Section, days of
23 attendance by pupils shall be counted only for sessions of not
24 less than 5 clock hours of school work per day under direct
25 supervision of: (i) teachers, or (ii) non-teaching personnel or
26 volunteer personnel when engaging in non-teaching duties and

1 supervising in those instances specified in subsection (a) of
2 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils
3 of legal school age and in kindergarten and grades 1 through
4 12.

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

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

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

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

24 (c) A session of 4 or more clock hours may be counted
25 as a day of attendance upon certification by the regional
26 superintendent, and approved by the State Superintendent

1 of Education to the extent that the district has been
2 forced to use daily multiple sessions.

3 (d) A session of 3 or more clock hours may be counted
4 as a day of attendance (1) when the remainder of the school
5 day or at least 2 hours in the evening of that day is
6 utilized for an in-service training program for teachers,
7 up to a maximum of 5 days per school year of which a
8 maximum of 4 days of such 5 days may be used for
9 parent-teacher conferences, provided a district conducts
10 an in-service training program for teachers which has been
11 approved by the State Superintendent of Education; or, in
12 lieu of 4 such days, 2 full days may be used, in which
13 event each such day may be counted as a day of attendance;
14 and (2) when days in addition to those provided in item (1)
15 are scheduled by a school pursuant to its school
16 improvement plan adopted under Article 34 or its revised or
17 amended school improvement plan adopted under Article 2,
18 provided that (i) such sessions of 3 or more clock hours
19 are scheduled to occur at regular intervals, (ii) the
20 remainder of the school days in which such sessions occur
21 are utilized for in-service training programs or other
22 staff development activities for teachers, and (iii) a
23 sufficient number of minutes of school work under the
24 direct supervision of teachers are added to the school days
25 between such regularly scheduled sessions to accumulate
26 not less than the number of minutes by which such sessions

1 of 3 or more clock hours fall short of 5 clock hours. Any
2 full days used for the purposes of this paragraph shall not
3 be considered for computing average daily attendance. Days
4 scheduled for in-service training programs, staff
5 development activities, or parent-teacher conferences may
6 be scheduled separately for different grade levels and
7 different attendance centers of the district.

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

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

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

26 (h) A recognized kindergarten which provides for only

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

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

1 the examination days.

2 (G) Equalized Assessed Valuation Data.

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

13 The Department of Revenue shall add to the equalized
14 assessed value of all taxable property of each school district
15 situated entirely or partially within a county that is or was
16 subject to the alternative general homestead exemption
17 provisions of Section 15-176 of the Property Tax Code (a) an
18 amount equal to the total amount by which the homestead
19 exemption allowed under Section 15-176 of the Property Tax Code
20 for real property situated in that school district exceeds the
21 total amount that would have been allowed in that school
22 district if the maximum reduction under Section 15-176 was (i)
23 \$4,500 in Cook County or \$3,500 in all other counties in tax
24 year 2003 or (ii) \$5,000 in all counties in tax year 2004 and
25 thereafter and (b) an amount equal to the aggregate amount for

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

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

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

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

1 used until such time as all redevelopment project costs
2 have been paid.

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

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

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

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

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

3 "Preceding Tax Year": The property tax levy year
4 immediately preceding the Base Tax Year.

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

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

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

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

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

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

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

21 (4) For the purposes of calculating general State aid for
22 the 1999-2000 school year only, if a school district
23 experienced a triennial reassessment on the equalized assessed
24 valuation used in calculating its general State financial aid
25 apportionment for the 1998-1999 school year, the State Board of
26 Education shall calculate the Extension Limitation Equalized

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

15 (5) For school districts having a majority of their
16 equalized assessed valuation in any county except Cook, DuPage,
17 Kane, Lake, McHenry, or Will, if the amount of general State
18 aid allocated to the school district for the 1999-2000 school
19 year under the provisions of subsection (E), (H), and (J) of
20 this Section is less than the amount of general State aid
21 allocated to the district for the 1998-1999 school year under
22 these subsections, then the general State aid of the district
23 for the 1999-2000 school year only shall be increased by the
24 difference between these amounts. The total payments made under
25 this paragraph (5) shall not exceed \$14,000,000. Claims shall
26 be prorated if they exceed \$14,000,000.

1 (H) Supplemental General State Aid.

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

22 (1.5) This paragraph (1.5) applies only to those school
23 years preceding the 2003-2004 school year. For purposes of this
24 subsection (H), the term "Low-Income Concentration Level"
25 shall be the low-income eligible pupil count from the most

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

1 affected by Public Act 92-28 is entitled to a recomputation of
2 its supplemental general State aid grant or State aid paid in
3 any of those fiscal years. This recomputation shall not be
4 affected by any other funding.

5 (1.10) This paragraph (1.10) applies to the 2003-2004
6 school year and each school year thereafter. For purposes of
7 this subsection (H), the term "Low-Income Concentration Level"
8 shall, for each fiscal year, be the low-income eligible pupil
9 count as of July 1 of the immediately preceding fiscal year (as
10 determined by the Department of Human Services based on the
11 number of pupils who are eligible for at least one of the
12 following low income programs: Medicaid, KidCare, TANF, or Food
13 Stamps, excluding pupils who are eligible for services provided
14 by the Department of Children and Family Services, averaged
15 over the 2 immediately preceding fiscal years for fiscal year
16 2004 and over the 3 immediately preceding fiscal years for each
17 fiscal year thereafter) divided by the Average Daily Attendance
18 of the school district.

19 (2) Supplemental general State aid pursuant to this
20 subsection (H) shall be provided as follows for the 1998-1999,
21 1999-2000, and 2000-2001 school years only:

22 (a) For any school district with a Low Income
23 Concentration Level of at least 20% and less than 35%, the
24 grant for any school year shall be \$800 multiplied by the
25 low income eligible pupil count.

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

1 Concentration Level of at least 35% and less than 50%, the
2 grant for the 1998-1999 school year shall be \$1,100
3 multiplied by the low income eligible pupil count.

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

8 (d) For any school district with a Low Income
9 Concentration Level of 60% or more, the grant for the
10 1998-99 school year shall be \$1,900 multiplied by the low
11 income eligible pupil count.

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

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

20 (2.5) Supplemental general State aid pursuant to this
21 subsection (H) shall be provided as follows for the 2002-2003
22 school year:

23 (a) For any school district with a Low Income
24 Concentration Level of less than 10%, the grant for each
25 school year shall be \$355 multiplied by the low income
26 eligible pupil count.

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

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

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

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

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

21 (2.10) Except as otherwise provided, supplemental general
22 State aid pursuant to this subsection (H) shall be provided as
23 follows for the 2003-2004 school year and each school year
24 thereafter:

25 (a) For any school district with a Low Income
26 Concentration Level of 15% or less, the grant for each

1 school year shall be \$355 multiplied by the low income
2 eligible pupil count.

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

8 For the 2003-2004 school year and each school year through
9 the 2007-2008 school year, ~~2004-2005 school year, 2005-2006~~
10 ~~school year, and 2006-2007 school year~~ only, the grant shall be
11 no less than the grant for the 2002-2003 school year. For the
12 2008-2009 ~~2007-2008~~ school year only, the grant shall be no
13 less than the grant for the 2002-2003 school year multiplied by
14 0.66. For the 2009-2010 ~~2008-2009~~ school year only, the grant
15 shall be no less than the grant for the 2002-2003 school year
16 multiplied by 0.33. Notwithstanding the provisions of this
17 paragraph to the contrary, if for any school year supplemental
18 general State aid grants are prorated as provided in paragraph
19 (1) of this subsection (H), then the grants under this
20 paragraph shall be prorated.

21 For the 2003-2004 school year only, the grant shall be no
22 greater than the grant received during the 2002-2003 school
23 year added to the product of 0.25 multiplied by the difference
24 between the grant amount calculated under subsection (a) or (b)
25 of this paragraph (2.10), whichever is applicable, and the
26 grant received during the 2002-2003 school year. For the

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

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

23 (4) School districts with an Average Daily Attendance of
24 50,000 or more that qualify for supplemental general State aid
25 pursuant to this subsection shall be required to distribute
26 from funds available pursuant to this Section, no less than

1 \$261,000,000 in accordance with the following requirements:

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

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

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

25 (d) Any funds made available under this subsection that
26 by reason of the provisions of this subsection are not

1 required to be allocated and provided to attendance centers
2 may be used and appropriated by the board of the district
3 for any lawful school purpose.

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

17 (f) Each district subject to the provisions of this
18 subdivision (H)(4) shall submit an acceptable plan to meet
19 the educational needs of disadvantaged children, in
20 compliance with the requirements of this paragraph, to the
21 State Board of Education prior to July 15 of each year.
22 This plan shall be consistent with the decisions of local
23 school councils concerning the school expenditure plans
24 developed in accordance with part 4 of Section 34-2.3. The
25 State Board shall approve or reject the plan within 60 days
26 after its submission. If the plan is rejected, the district

1 shall give written notice of intent to modify the plan
2 within 15 days of the notification of rejection and then
3 submit a modified plan within 30 days after the date of the
4 written notice of intent to modify. Districts may amend
5 approved plans pursuant to rules promulgated by the State
6 Board of Education.

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

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

20 For purposes of determining compliance with this
21 subsection in relation to the requirements of attendance
22 center funding, each district subject to the provisions of
23 this subsection shall submit as a separate document by
24 December 1 of each year a report of expenditure data for
25 the prior year in addition to any modification of its
26 current plan. If it is determined that there has been a

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

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

20 (I) (Blank).

21 (J) Supplementary Grants in Aid.

22 (1) Notwithstanding any other provisions of this Section,
23 the amount of the aggregate general State aid in combination
24 with supplemental general State aid under this Section for

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

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

1 State aid figures as described in paragraph (1).

2 (3) (Blank).

3 (K) Grants to Laboratory and Alternative Schools.

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

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

22 As used in this Section, "alternative school" means a
23 public school which is created and operated by a Regional
24 Superintendent of Schools and approved by the State Board of
25 Education. Such alternative schools may offer courses of

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

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

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

22 (1) For a school district operating under the financial
23 supervision of an Authority created under Article 34A, the
24 general State aid otherwise payable to that district under this
25 Section, but not the supplemental general State aid, shall be

1 reduced by an amount equal to the budget for the operations of
2 the Authority as certified by the Authority to the State Board
3 of Education, and an amount equal to such reduction shall be
4 paid to the Authority created for such district for its
5 operating expenses in the manner provided in Section 18-11. The
6 remainder of general State school aid for any such district
7 shall be paid in accordance with Article 34A when that Article
8 provides for a disposition other than that provided by this
9 Article.

10 (2) (Blank).

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

13 (M) Education Funding Advisory Board.

14 The Education Funding Advisory Board, hereinafter in this
15 subsection (M) referred to as the "Board", is hereby created.
16 The Board shall consist of 5 members who are appointed by the
17 Governor, by and with the advice and consent of the Senate. The
18 members appointed shall include representatives of education,
19 business, and the general public. One of the members so
20 appointed shall be designated by the Governor at the time the
21 appointment is made as the chairperson of the Board. The
22 initial members of the Board may be appointed any time after
23 the effective date of this amendatory Act of 1997. The regular
24 term of each member of the Board shall be for 4 years from the
25 third Monday of January of the year in which the term of the

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

24 The Education Funding Advisory Board shall be deemed
25 established, and the initial members appointed by the Governor
26 to serve as members of the Board shall take office, on the date

1 that the Governor makes his or her appointment of the fifth
2 initial member of the Board, whether those initial members are
3 then serving pursuant to appointment and confirmation or
4 pursuant to temporary appointments that are made by the
5 Governor as in the case of vacancies.

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

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

24 (N) (Blank).

1 (O) References.

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

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

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

16 (Source: P.A. 93-21, eff. 7-1-03; 93-715, eff. 7-12-04; 93-808,
17 eff. 7-26-04; 93-838, eff. 7-30-04; 93-875, eff. 8-6-04; 94-69,
18 eff. 7-1-05; 94-438, eff. 8-4-05; 94-835, eff. 6-6-06; 94-1019,
19 eff. 7-10-06; 94-1105, eff. 6-1-07; revised 2-18-07.)

20 (105 ILCS 5/21-29 new)

21 Sec. 21-29. Salary Incentive Program for Hard-to-Staff
22 Schools.

23 (a) The Salary Incentive Program for Hard-to-Staff Schools
24 is established to provide categorical funding for monetary

1 incentives and bonuses for teachers and school administrators
2 who are employed by school districts designated as
3 hard-to-staff by the State Board of Education. The State Board
4 of Education shall allocate and distribute to qualifying school
5 districts an amount as annually appropriated by the General
6 Assembly for the Salary Incentive Program for Hard-to-Staff
7 Schools. The State Board of Education's annual budget must set
8 out by separate line item the appropriation for the program.

9 (b) Unless otherwise provided by appropriation, each
10 school district's annual allocation under the Salary Incentive
11 Program for Hard-to-Staff Schools shall be the sum of the
12 following incentives and bonuses:

13 (1) An annual payment of \$3,000 to be paid to each
14 certificated teacher employed as a school teacher by a
15 school district. The school district shall distribute this
16 payment to each eligible teacher as a single payment or in
17 not more than 3 payments.

18 (2) An annual payment of \$5,000 to each certificated
19 principal that is employed as a school principal by a
20 school district. The school district shall distribute this
21 payment to each eligible principal as a single payment or
22 in not more than 3 payments.

23 (c) Each regional superintendent of schools shall provide
24 information about the Salary Incentive Program for
25 Hard-to-Staff Schools to each individual seeking to register or
26 renew a certificate.

1 Section 5-23. The Hospital Licensing Act is amended by
2 changing Section 8 as follows:

3 (210 ILCS 85/8) (from Ch. 111 1/2, par. 149)

4 Sec. 8. Facility plan review; fees.

5 (a) Before commencing construction of new facilities or
6 specified types of alteration or additions to an existing
7 hospital involving major construction, as defined by rule by
8 the Department, with an estimated cost greater than \$100,000,
9 architectural plans and specifications therefor shall be
10 submitted by the licensee to the Department for review and
11 approval. A hospital may submit architectural drawings and
12 specifications for other construction projects for Department
13 review according to subsection (b) that shall not be subject to
14 fees under subsection (d). The Department must give a hospital
15 that is planning to submit a construction project for review
16 the opportunity to discuss its plans and specifications with
17 the Department before the hospital formally submits the plans
18 and specifications for Department review. Review of drawings
19 and specifications shall be conducted by an employee of the
20 Department meeting the qualifications established by the
21 Department of Central Management Services class specifications
22 for such an individual's position or by a person contracting
23 with the Department who meets those class specifications. Final
24 approval of the plans and specifications for compliance with

1 design and construction standards shall be obtained from the
2 Department before the alteration, addition, or new
3 construction is begun. Subject to this Section 8, and prior to
4 January 1, 2012, the Department shall consider the re-licensing
5 of an existing hospital structure according to the standards
6 for an existing hospital, as set forth in the Department's
7 rules. Re-licensing under this provision shall occur only if
8 that facility operated as a licensed hospital on July 1, 2005,
9 has had no intervening use as other than a hospital, and exists
10 in a county with a population of less than 20,000 that does not
11 have another licensed hospital on the effective date of this
12 amendatory Act of the 95th General Assembly.

13 (b) The Department shall inform an applicant in writing
14 within 10 working days after receiving drawings and
15 specifications and the required fee, if any, from the applicant
16 whether the applicant's submission is complete or incomplete.
17 Failure to provide the applicant with this notice within 10
18 working days shall result in the submission being deemed
19 complete for purposes of initiating the 60-day review period
20 under this Section. If the submission is incomplete, the
21 Department shall inform the applicant of the deficiencies with
22 the submission in writing. If the submission is complete and
23 the required fee, if any, has been paid, the Department shall
24 approve or disapprove drawings and specifications submitted to
25 the Department no later than 60 days following receipt by the
26 Department. The drawings and specifications shall be of

1 sufficient detail, as provided by Department rule, to enable
2 the Department to render a determination of compliance with
3 design and construction standards under this Act. If the
4 Department finds that the drawings are not of sufficient detail
5 for it to render a determination of compliance, the plans shall
6 be determined to be incomplete and shall not be considered for
7 purposes of initiating the 60 day review period. If a
8 submission of drawings and specifications is incomplete, the
9 applicant may submit additional information. The 60-day review
10 period shall not commence until the Department determines that
11 a submission of drawings and specifications is complete or the
12 submission is deemed complete. If the Department has not
13 approved or disapproved the drawings and specifications within
14 60 days, the construction, major alteration, or addition shall
15 be deemed approved. If the drawings and specifications are
16 disapproved, the Department shall state in writing, with
17 specificity, the reasons for the disapproval. The entity
18 submitting the drawings and specifications may submit
19 additional information in response to the written comments from
20 the Department or request a reconsideration of the disapproval.
21 A final decision of approval or disapproval shall be made
22 within 45 days of the receipt of the additional information or
23 reconsideration request. If denied, the Department shall state
24 the specific reasons for the denial and the applicant may elect
25 to seek dispute resolution pursuant to Section 25 of the
26 Illinois Building Commission Act, which the Department must

1 participate in.

2 (c) The Department shall provide written approval for
3 occupancy pursuant to subsection (g) and shall not issue a
4 violation to a facility as a result of a licensure or complaint
5 survey based upon the facility's physical structure if:

6 (1) the Department reviewed and approved or deemed
7 approved the drawing and specifications for compliance
8 with design and construction standards;

9 (2) the construction, major alteration, or addition
10 was built as submitted;

11 (3) the law or rules have not been amended since the
12 original approval; and

13 (4) the conditions at the facility indicate that there
14 is a reasonable degree of safety provided for the patients.

15 (c-5) The Department shall not issue a violation to a
16 facility if the inspected aspects of the facility were
17 previously found to be in compliance with applicable standards,
18 the relevant law or rules have not been amended, conditions at
19 the facility reasonably protect the safety of its patients, and
20 alterations or new hazards have not been identified.

21 (d) The Department shall charge the following fees in
22 connection with its reviews conducted before June 30, 2004
23 under this Section:

24 (1) (Blank).

25 (2) (Blank).

26 (3) If the estimated dollar value of the major

1 construction is greater than \$500,000, the fee shall be
2 established by the Department pursuant to rules that
3 reflect the reasonable and direct cost of the Department in
4 conducting the architectural reviews required under this
5 Section. The estimated dollar value of the major
6 construction subject to review under this Section shall be
7 annually readjusted to reflect the increase in
8 construction costs due to inflation.

9 The fees provided in this subsection (d) shall not apply to
10 major construction projects involving facility changes that
11 are required by Department rule amendments or to projects
12 related to homeland security.

13 The fees provided in this subsection (d) shall also not
14 apply to major construction projects if 51% or more of the
15 estimated cost of the project is attributed to capital
16 equipment. For major construction projects where 51% or more of
17 the estimated cost of the project is attributed to capital
18 equipment, the Department shall by rule establish a fee that is
19 reasonably related to the cost of reviewing the project.

20 Disproportionate share hospitals and rural hospitals shall
21 only pay one-half of the fees required in this subsection (d).
22 For the purposes of this subsection (d), (i) "disproportionate
23 share hospital" means a hospital described in items (1) through
24 (5) of subsection (b) of Section 5-5.02 of the Illinois Public
25 Aid Code and (ii) "rural hospital" means a hospital that is (A)
26 located outside a metropolitan statistical area or (B) located

1 15 miles or less from a county that is outside a metropolitan
2 statistical area and is licensed to perform medical/surgical or
3 obstetrical services and has a combined total bed capacity of
4 75 or fewer beds in these 2 service categories as of July 14,
5 1993, as determined by the Department.

6 The Department shall not commence the facility plan review
7 process under this Section until the applicable fee has been
8 paid.

9 (e) All fees received by the Department under this Section
10 shall be deposited into the Health Facility Plan Review Fund, a
11 special fund created in the State treasury. All fees paid by
12 hospitals under subsection (d) shall be used only to cover the
13 direct and reasonable costs relating to the Department's review
14 of hospital projects under this Section. Moneys shall be
15 appropriated from that Fund to the Department only to pay the
16 costs of conducting reviews under this Section. None of the
17 moneys in the Health Facility Plan Review Fund shall be used to
18 reduce the amount of General Revenue Fund moneys appropriated
19 to the Department for facility plan reviews conducted pursuant
20 to this Section.

21 (f) (Blank).

22 (g) The Department shall conduct an on-site inspection of
23 the completed project no later than 15 business days after
24 notification from the applicant that the project has been
25 completed and all certifications required by the Department
26 have been received and accepted by the Department. The

1 Department may extend this deadline only if a federally
2 mandated survey time frame takes precedence. The Department
3 shall provide written approval for occupancy to the applicant
4 within 5 working days of the Department's final inspection,
5 provided the applicant has demonstrated substantial compliance
6 as defined by Department rule. Occupancy of new major
7 construction is prohibited until Department approval is
8 received, unless the Department has not acted within the time
9 frames provided in this subsection (g), in which case the
10 construction shall be deemed approved. Occupancy shall be
11 authorized after any required health inspection by the
12 Department has been conducted.

13 (h) The Department shall establish, by rule, a procedure to
14 conduct interim on-site review of large or complex construction
15 projects.

16 (i) The Department shall establish, by rule, an expedited
17 process for emergency repairs or replacement of like equipment.

18 (j) Nothing in this Section shall be construed to apply to
19 maintenance, upkeep, or renovation that does not affect the
20 structural integrity of the building, does not add beds or
21 services over the number for which the facility is licensed,
22 and provides a reasonable degree of safety for the patients.

23 (Source: P.A. 92-563, eff. 6-24-02; 92-803, eff. 8-16-02;
24 93-41, eff. 6-27-03.)

25 Section 5-25. The Illinois Public Aid Code is amended by

1 changing Sections 5-5.4, 5A-8, 5B-8, 5C-2, and 12-10.7 and by
2 adding Section 12-10.8 as follows:

3 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

4 Sec. 5-5.4. Standards of Payment - Department of Healthcare
5 and Family Services. The Department of Healthcare and Family
6 Services shall develop standards of payment of skilled nursing
7 and intermediate care services in facilities providing such
8 services under this Article which:

9 (1) Provide for the determination of a facility's payment
10 for skilled nursing and intermediate care services on a
11 prospective basis. The amount of the payment rate for all
12 nursing facilities certified by the Department of Public Health
13 under the Nursing Home Care Act as Intermediate Care for the
14 Developmentally Disabled facilities, Long Term Care for Under
15 Age 22 facilities, Skilled Nursing facilities, or Intermediate
16 Care facilities under the medical assistance program shall be
17 prospectively established annually on the basis of historical,
18 financial, and statistical data reflecting actual costs from
19 prior years, which shall be applied to the current rate year
20 and updated for inflation, except that the capital cost element
21 for newly constructed facilities shall be based upon projected
22 budgets. The annually established payment rate shall take
23 effect on July 1 in 1984 and subsequent years. No rate increase
24 and no update for inflation shall be provided on or after July
25 1, 1994 and before July 1, 2008, unless specifically provided

1 for in this Section. The changes made by Public Act 93-841
2 extending the duration of the prohibition against a rate
3 increase or update for inflation are effective retroactive to
4 July 1, 2004.

5 For facilities licensed by the Department of Public Health
6 under the Nursing Home Care Act as Intermediate Care for the
7 Developmentally Disabled facilities or Long Term Care for Under
8 Age 22 facilities, the rates taking effect on July 1, 1998
9 shall include an increase of 3%. For facilities licensed by the
10 Department of Public Health under the Nursing Home Care Act as
11 Skilled Nursing facilities or Intermediate Care facilities,
12 the rates taking effect on July 1, 1998 shall include an
13 increase of 3% plus \$1.10 per resident-day, as defined by the
14 Department. For facilities licensed by the Department of Public
15 Health under the Nursing Home Care Act as Intermediate Care
16 Facilities for the Developmentally Disabled or Long Term Care
17 for Under Age 22 facilities, the rates taking effect on January
18 1, 2006 shall include an increase of 3%.

19 For facilities licensed by the Department of Public Health
20 under the Nursing Home Care Act as Intermediate Care for the
21 Developmentally Disabled facilities or Long Term Care for Under
22 Age 22 facilities, the rates taking effect on July 1, 1999
23 shall include an increase of 1.6% plus \$3.00 per resident-day,
24 as defined by the Department. For facilities licensed by the
25 Department of Public Health under the Nursing Home Care Act as
26 Skilled Nursing facilities or Intermediate Care facilities,

1 the rates taking effect on July 1, 1999 shall include an
2 increase of 1.6% and, for services provided on or after October
3 1, 1999, shall be increased by \$4.00 per resident-day, as
4 defined by the Department.

5 For facilities licensed by the Department of Public Health
6 under the Nursing Home Care Act as Intermediate Care for the
7 Developmentally Disabled facilities or Long Term Care for Under
8 Age 22 facilities, the rates taking effect on July 1, 2000
9 shall include an increase of 2.5% per resident-day, as defined
10 by the Department. For facilities licensed by the Department of
11 Public Health under the Nursing Home Care Act as Skilled
12 Nursing facilities or Intermediate Care facilities, the rates
13 taking effect on July 1, 2000 shall include an increase of 2.5%
14 per resident-day, as defined by the Department.

15 For facilities licensed by the Department of Public Health
16 under the Nursing Home Care Act as skilled nursing facilities
17 or intermediate care facilities, a new payment methodology must
18 be implemented for the nursing component of the rate effective
19 July 1, 2003. The Department of Public Aid (now Healthcare and
20 Family Services) shall develop the new payment methodology
21 using the Minimum Data Set (MDS) as the instrument to collect
22 information concerning nursing home resident condition
23 necessary to compute the rate. The Department shall develop the
24 new payment methodology to meet the unique needs of Illinois
25 nursing home residents while remaining subject to the
26 appropriations provided by the General Assembly. A transition

1 period from the payment methodology in effect on June 30, 2003
2 to the payment methodology in effect on July 1, 2003 shall be
3 provided for a period not exceeding 3 years and 184 days after
4 implementation of the new payment methodology as follows:

5 (A) For a facility that would receive a lower nursing
6 component rate per patient day under the new system than
7 the facility received effective on the date immediately
8 preceding the date that the Department implements the new
9 payment methodology, the nursing component rate per
10 patient day for the facility shall be held at the level in
11 effect on the date immediately preceding the date that the
12 Department implements the new payment methodology until a
13 higher nursing component rate of reimbursement is achieved
14 by that facility.

15 (B) For a facility that would receive a higher nursing
16 component rate per patient day under the payment
17 methodology in effect on July 1, 2003 than the facility
18 received effective on the date immediately preceding the
19 date that the Department implements the new payment
20 methodology, the nursing component rate per patient day for
21 the facility shall be adjusted.

22 (C) Notwithstanding paragraphs (A) and (B), the
23 nursing component rate per patient day for the facility
24 shall be adjusted subject to appropriations provided by the
25 General Assembly.

26 For facilities licensed by the Department of Public Health

1 under the Nursing Home Care Act as Intermediate Care for the
2 Developmentally Disabled facilities or Long Term Care for Under
3 Age 22 facilities, the rates taking effect on March 1, 2001
4 shall include a statewide increase of 7.85%, as defined by the
5 Department.

6 Notwithstanding any other provision of this Section, for
7 facilities licensed by the Department of Public Health under
8 the Nursing Home Care Act as skilled nursing facilities or
9 intermediate care facilities, the numerator of the ratio used
10 by the Department of Healthcare and Family Services to compute
11 the rate payable under this Section using the Minimum Data Set
12 (MDS) methodology shall incorporate the following annual
13 amounts as the additional funds appropriated to the Department
14 specifically to pay for rates based on the MDS nursing
15 component methodology in excess of the funding in effect on
16 December 31, 2006:

17 (i) For rates taking effect January 1, 2007,
18 \$60,000,000.

19 (ii) For rates taking effect January 1, 2008,
20 \$110,000,000.

21 Notwithstanding any other provision of this Section, for
22 facilities licensed by the Department of Public Health under
23 the Nursing Home Care Act as skilled nursing facilities or
24 intermediate care facilities, the support component of the
25 rates taking effect on January 1, 2008 shall be computed using
26 the most recent cost reports on file with the Department of

1 Healthcare and Family Services no later than April 1, 2005,
2 updated for inflation to January 1, 2006.

3 For facilities licensed by the Department of Public Health
4 under the Nursing Home Care Act as Intermediate Care for the
5 Developmentally Disabled facilities or Long Term Care for Under
6 Age 22 facilities, the rates taking effect on April 1, 2002
7 shall include a statewide increase of 2.0%, as defined by the
8 Department. This increase terminates on July 1, 2002; beginning
9 July 1, 2002 these rates are reduced to the level of the rates
10 in effect on March 31, 2002, as defined by the Department.

11 For facilities licensed by the Department of Public Health
12 under the Nursing Home Care Act as skilled nursing facilities
13 or intermediate care facilities, the rates taking effect on
14 July 1, 2001 shall be computed using the most recent cost
15 reports on file with the Department of Public Aid no later than
16 April 1, 2000, updated for inflation to January 1, 2001. For
17 rates effective July 1, 2001 only, rates shall be the greater
18 of the rate computed for July 1, 2001 or the rate effective on
19 June 30, 2001.

20 Notwithstanding any other provision of this Section, for
21 facilities licensed by the Department of Public Health under
22 the Nursing Home Care Act as skilled nursing facilities or
23 intermediate care facilities, the Illinois Department shall
24 determine by rule the rates taking effect on July 1, 2002,
25 which shall be 5.9% less than the rates in effect on June 30,
26 2002.

1 Notwithstanding any other provision of this Section, for
2 facilities licensed by the Department of Public Health under
3 the Nursing Home Care Act as skilled nursing facilities or
4 intermediate care facilities, if the payment methodologies
5 required under Section 5A-12 and the waiver granted under 42
6 CFR 433.68 are approved by the United States Centers for
7 Medicare and Medicaid Services, the rates taking effect on July
8 1, 2004 shall be 3.0% greater than the rates in effect on June
9 30, 2004. These rates shall take effect only upon approval and
10 implementation of the payment methodologies required under
11 Section 5A-12.

12 Notwithstanding any other provisions of this Section, for
13 facilities licensed by the Department of Public Health under
14 the Nursing Home Care Act as skilled nursing facilities or
15 intermediate care facilities, the rates taking effect on
16 January 1, 2005 shall be 3% more than the rates in effect on
17 December 31, 2004.

18 Notwithstanding any other provisions of this Section, for
19 facilities licensed by the Department of Public Health under
20 the Nursing Home Care Act as intermediate care facilities that
21 are federally defined as Institutions for Mental Disease, a
22 socio-development component rate equal to 6.6% of the
23 facility's nursing component rate as of January 1, 2006 shall
24 be established and paid effective July 1, 2006. The
25 socio-development component of the rate shall be increased by a
26 factor of 2.53 on the first day of the month that begins at

1 least 45 days after the effective date of this amendatory Act
2 of the 95th General Assembly. The Illinois Department may by
3 rule adjust these socio-development component rates, but in no
4 case may such rates be diminished.

5 For facilities licensed by the Department of Public Health
6 under the Nursing Home Care Act as Intermediate Care for the
7 Developmentally Disabled facilities or as long-term care
8 facilities for residents under 22 years of age, the rates
9 taking effect on July 1, 2003 shall include a statewide
10 increase of 4%, as defined by the Department.

11 For facilities licensed by the Department of Public Health
12 under the Nursing Home Care Act as Intermediate Care for the
13 Developmentally Disabled facilities or Long Term Care for Under
14 Age 22 facilities, the rates taking effect on the first day of
15 the month that begins at least 45 days after the effective date
16 of this amendatory Act of the 95th General Assembly shall
17 include a statewide increase of 2.5%, as defined by the
18 Department.

19 Notwithstanding any other provision of this Section, for
20 facilities licensed by the Department of Public Health under
21 the Nursing Home Care Act as skilled nursing facilities or
22 intermediate care facilities, effective January 1, 2005,
23 facility rates shall be increased by the difference between (i)
24 a facility's per diem property, liability, and malpractice
25 insurance costs as reported in the cost report filed with the
26 Department of Public Aid and used to establish rates effective

1 July 1, 2001 and (ii) those same costs as reported in the
2 facility's 2002 cost report. These costs shall be passed
3 through to the facility without caps or limitations, except for
4 adjustments required under normal auditing procedures.

5 Rates established effective each July 1 shall govern
6 payment for services rendered throughout that fiscal year,
7 except that rates established on July 1, 1996 shall be
8 increased by 6.8% for services provided on or after January 1,
9 1997. Such rates will be based upon the rates calculated for
10 the year beginning July 1, 1990, and for subsequent years
11 thereafter until June 30, 2001 shall be based on the facility
12 cost reports for the facility fiscal year ending at any point
13 in time during the previous calendar year, updated to the
14 midpoint of the rate year. The cost report shall be on file
15 with the Department no later than April 1 of the current rate
16 year. Should the cost report not be on file by April 1, the
17 Department shall base the rate on the latest cost report filed
18 by each skilled care facility and intermediate care facility,
19 updated to the midpoint of the current rate year. In
20 determining rates for services rendered on and after July 1,
21 1985, fixed time shall not be computed at less than zero. The
22 Department shall not make any alterations of regulations which
23 would reduce any component of the Medicaid rate to a level
24 below what that component would have been utilizing in the rate
25 effective on July 1, 1984.

26 (2) Shall take into account the actual costs incurred by

1 facilities in providing services for recipients of skilled
2 nursing and intermediate care services under the medical
3 assistance program.

4 (3) Shall take into account the medical and psycho-social
5 characteristics and needs of the patients.

6 (4) Shall take into account the actual costs incurred by
7 facilities in meeting licensing and certification standards
8 imposed and prescribed by the State of Illinois, any of its
9 political subdivisions or municipalities and by the U.S.
10 Department of Health and Human Services pursuant to Title XIX
11 of the Social Security Act.

12 The Department of Healthcare and Family Services shall
13 develop precise standards for payments to reimburse nursing
14 facilities for any utilization of appropriate rehabilitative
15 personnel for the provision of rehabilitative services which is
16 authorized by federal regulations, including reimbursement for
17 services provided by qualified therapists or qualified
18 assistants, and which is in accordance with accepted
19 professional practices. Reimbursement also may be made for
20 utilization of other supportive personnel under appropriate
21 supervision.

22 (Source: P.A. 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697,
23 eff. 11-21-05; 94-838, eff. 6-6-06; 94-964, eff. 6-28-06;
24 95-12, eff. 7-2-07.)

25 (305 ILCS 5/5A-8) (from Ch. 23, par. 5A-8)

1 Sec. 5A-8. Hospital Provider Fund.

2 (a) There is created in the State Treasury the Hospital
3 Provider Fund. Interest earned by the Fund shall be credited to
4 the Fund. The Fund shall not be used to replace any moneys
5 appropriated to the Medicaid program by the General Assembly.

6 (b) The Fund is created for the purpose of receiving moneys
7 in accordance with Section 5A-6 and disbursing moneys only for
8 the following purposes, notwithstanding any other provision of
9 law:

10 (1) For making payments to hospitals as required under
11 Articles V, VI, and XIV of this Code and under the
12 Children's Health Insurance Program Act.

13 (2) For the reimbursement of moneys collected by the
14 Illinois Department from hospitals or hospital providers
15 through error or mistake in performing the activities
16 authorized under this Article and Article V of this Code.

17 (3) For payment of administrative expenses incurred by
18 the Illinois Department or its agent in performing the
19 activities authorized by this Article.

20 (4) For payments of any amounts which are reimbursable
21 to the federal government for payments from this Fund which
22 are required to be paid by State warrant.

23 (5) For making transfers, as those transfers are
24 authorized in the proceedings authorizing debt under the
25 Short Term Borrowing Act, but transfers made under this
26 paragraph (5) shall not exceed the principal amount of debt

1 issued in anticipation of the receipt by the State of
2 moneys to be deposited into the Fund.

3 (6) For making transfers to any other fund in the State
4 treasury, but transfers made under this paragraph (6) shall
5 not exceed the amount transferred previously from that
6 other fund into the Hospital Provider Fund.

7 (7) For State fiscal years 2004 and 2005 for making
8 transfers to the Health and Human Services Medicaid Trust
9 Fund, including 20% of the moneys received from hospital
10 providers under Section 5A-4 and transferred into the
11 Hospital Provider Fund under Section 5A-6. For State fiscal
12 year 2006 for making transfers to the Health and Human
13 Services Medicaid Trust Fund of up to \$130,000,000 per year
14 of the moneys received from hospital providers under
15 Section 5A-4 and transferred into the Hospital Provider
16 Fund under Section 5A-6. Transfers under this paragraph
17 shall be made within 7 days after the payments have been
18 received pursuant to the schedule of payments provided in
19 subsection (a) of Section 5A-4.

20 (7.5) For State fiscal year ~~years~~ 2007 ~~and 2008~~ for
21 making transfers of the moneys received from hospital
22 providers under Section 5A-4 and transferred into the
23 Hospital Provider Fund under Section 5A-6 to the designated
24 funds not exceeding the following amounts in that ~~any~~ State
25 fiscal year:

26 Health and Human Services

1	Medicaid Trust Fund	\$20,000,000
2	Long-Term Care Provider Fund	\$30,000,000
3	General Revenue Fund	\$80,000,000.

4 Transfers under this paragraph shall be made within 7
5 days after the payments have been received pursuant to the
6 schedule of payments provided in subsection (a) of Section
7 5A-4.

8 (7.8) For State fiscal year 2008, for making transfers
9 of the moneys received from hospital providers under
10 Section 5A-4 and transferred into the Hospital Provider
11 Fund under Section 5A-6 to the designated funds not
12 exceeding the following amounts in that State fiscal year:

13 Health and Human Services

14	<u>Medicaid Trust Fund</u>	<u>\$40,000,000</u>
15	<u>Long-Term Care Provider Fund</u>	<u>\$60,000,000</u>
16	<u>General Revenue Fund</u>	<u>\$160,000,000.</u>

17 Transfers under this paragraph shall be made within 7
18 days after the payments have been received pursuant to the
19 schedule of payments provided in subsection (a) of Section
20 5A-4.

21 (8) For making refunds to hospital providers pursuant
22 to Section 5A-10.

23 Disbursements from the Fund, other than transfers
24 authorized under paragraphs (5) and (6) of this subsection,
25 shall be by warrants drawn by the State Comptroller upon
26 receipt of vouchers duly executed and certified by the Illinois

1 Department.

2 (c) The Fund shall consist of the following:

3 (1) All moneys collected or received by the Illinois
4 Department from the hospital provider assessment imposed
5 by this Article.

6 (2) All federal matching funds received by the Illinois
7 Department as a result of expenditures made by the Illinois
8 Department that are attributable to moneys deposited in the
9 Fund.

10 (3) Any interest or penalty levied in conjunction with
11 the administration of this Article.

12 (4) Moneys transferred from another fund in the State
13 treasury.

14 (5) All other moneys received for the Fund from any
15 other source, including interest earned thereon.

16 (d) (Blank).

17 (Source: P.A. 93-659, eff. 2-3-04; 94-242, eff. 7-18-05;
18 94-839, eff. 6-6-06.)

19 (305 ILCS 5/5B-8) (from Ch. 23, par. 5B-8)

20 Sec. 5B-8. Long-Term Care Provider Fund.

21 (a) There is created in the State Treasury the Long-Term
22 Care Provider Fund. Interest earned by the Fund shall be
23 credited to the Fund. The Fund shall not be used to replace any
24 moneys appropriated to the Medicaid program by the General
25 Assembly.

1 (b) The Fund is created for the purpose of receiving and
2 disbursing moneys in accordance with this Article.
3 Disbursements from the Fund shall be made only as follows:

4 (1) For payments to skilled or intermediate nursing
5 facilities, including county nursing facilities but
6 excluding State-operated facilities, under Title XIX of
7 the Social Security Act and Article V of this Code.

8 (2) For the reimbursement of moneys collected by the
9 Illinois Department through error or mistake, and for
10 making required payments under Section 5-4.38(a)(1) if
11 there are no moneys available for such payments in the
12 Medicaid Long Term Care Provider Participation Fee Trust
13 Fund.

14 (3) For payment of administrative expenses incurred by
15 the Illinois Department or its agent in performing the
16 activities authorized by this Article.

17 (3.5) For reimbursement of expenses incurred by
18 long-term care facilities, and payment of administrative
19 expenses incurred by the Department of Public Health, in
20 relation to the conduct and analysis of background checks
21 for identified offenders under the Nursing Home Care Act.

22 (4) For payments of any amounts that are reimbursable
23 to the federal government for payments from this Fund that
24 are required to be paid by State warrant.

25 (5) For making transfers to the General Obligation Bond
26 Retirement and Interest Fund, as those transfers are

1 authorized in the proceedings authorizing debt under the
2 Short Term Borrowing Act, but transfers made under this
3 paragraph (5) shall not exceed the principal amount of debt
4 issued in anticipation of the receipt by the State of
5 moneys to be deposited into the Fund.

6 Disbursements from the Fund, other than transfers to the
7 General Obligation Bond Retirement and Interest Fund, shall be
8 by warrants drawn by the State Comptroller upon receipt of
9 vouchers duly executed and certified by the Illinois
10 Department.

11 (c) The Fund shall consist of the following:

12 (1) All moneys collected or received by the Illinois
13 Department from the long-term care provider assessment
14 imposed by this Article.

15 (2) All federal matching funds received by the Illinois
16 Department as a result of expenditures made by the Illinois
17 Department that are attributable to moneys deposited in the
18 Fund.

19 (3) Any interest or penalty levied in conjunction with
20 the administration of this Article.

21 (4) Any balance in the Medicaid Long Term Care Provider
22 Participation Fee Fund in the State Treasury. The balance
23 shall be transferred to the Fund upon certification by the
24 Illinois Department to the State Comptroller that all of
25 the disbursements required by Section 5-4.31(b) of this
26 Code have been made.

1 (5) All other monies received for the Fund from any
2 other source, including interest earned thereon.

3 (Source: P.A. 89-626, eff. 8-9-96.)

4 (305 ILCS 5/5C-2) (from Ch. 23, par. 5C-2)

5 Sec. 5C-2. Assessment; no local authorization to tax.

6 (a) For the privilege of engaging in the occupation of
7 developmentally disabled care provider, an assessment is
8 imposed upon each developmentally disabled care provider in an
9 amount equal to 6%, or the maximum allowed under federal
10 regulation, whichever is less, of its adjusted gross
11 developmentally disabled care revenue for the prior State
12 fiscal year. Notwithstanding any provision of any other Act to
13 the contrary, this assessment shall be construed as a tax, but
14 may not be added to the charges of an individual's nursing home
15 care that is paid for in whole, or in part, by a federal,
16 State, or combined federal-state medical care program, except
17 those individuals receiving Medicare Part B benefits solely.

18 (b) Nothing in this amendatory Act of 1995 shall be
19 construed to authorize any home rule unit or other unit of
20 local government to license for revenue or impose a tax or
21 assessment upon a developmentally disabled care provider or the
22 occupation of developmentally disabled care provider, or a tax
23 or assessment measured by the income or earnings of a
24 developmentally disabled care provider.

25 (Source: P.A. 88-88; 89-21, eff. 7-1-95.)

1 (305 ILCS 5/12-10.7)

2 Sec. 12-10.7. The Health and Human Services Medicaid Trust
3 Fund.

4 (a) The Health and Human Services Medicaid Trust Fund shall
5 consist of (i) moneys appropriated or transferred into the
6 Fund, pursuant to statute, (ii) federal financial
7 participation moneys received pursuant to expenditures from
8 the Fund, and (iii) the interest earned on moneys in the Fund.

9 (b) Subject to appropriation, the moneys in the Fund shall
10 be used by a State agency for such purposes as that agency may,
11 by the appropriation language, be directed.

12 (c) In addition to any other transfers that may be provided
13 for by law, on July 1, 2007, or as soon thereafter as
14 practical, the State Comptroller shall direct and the State
15 Treasurer shall transfer the sum of \$3,500,000 from the Health
16 and Human Services Medicaid Trust Fund to the Human Services
17 Priority Capital Program Fund.

18 (Source: P.A. 93-841, eff. 7-30-04.)

19 (305 ILCS 5/12-10.8 new)

20 Sec. 12-10.8. Mental health contracts. Subject to
21 appropriations available for these purposes, including,
22 without limitation, the FY08 appropriations to the Department
23 for federally defined Institutions for Mental Disease, the
24 Department of Healthcare and Family Services shall enter into a

1 contract for \$1,000,000 with the provider of community mental
2 health services that has more than 700 beds at over 30 service
3 locations in multiple counties for purposes of supporting the
4 implementation of time-limited resident review and rapid
5 reintegration targeted to residents of federally defined
6 Institutions for Mental Disease.

7 Section 5-30. The Illinois Affordable Housing Act is
8 amended by changing Section 8 as follows:

9 (310 ILCS 65/8) (from Ch. 67 1/2, par. 1258)

10 Sec. 8. Uses of Trust Fund.

11 (a) Subject to annual appropriation to the Funding Agent
12 and subject to the prior dedication, allocation, transfer and
13 use of Trust Fund Moneys as provided in Sections 8(b), 8(c) and
14 9 of this Act, the Trust Fund may be used to make grants,
15 mortgages, or other loans to acquire, construct, rehabilitate,
16 develop, operate, insure, and retain affordable single-family
17 and multi-family housing in this State for low-income and very
18 low-income households. The majority of monies appropriated to
19 the Trust Fund in any given year are to be used for affordable
20 housing for very low-income households. For the fiscal years
21 2007 and 2008 ~~year beginning July 1, 2006~~ only, the Department
22 of Human Services is authorized to receive appropriations and
23 spend moneys from the Illinois Affordable Housing Trust Fund
24 for the purpose of developing and coordinating public and

1 private resources targeted to meet the affordable housing needs
2 of low-income, very low-income, and special needs households in
3 the State of Illinois.

4 (b) For each fiscal year commencing with fiscal year 1994,
5 the Program Administrator shall certify from time to time to
6 the Funding Agent, the Comptroller and the State Treasurer
7 amounts, up to an aggregate in any fiscal year of \$10,000,000,
8 of Trust Fund Moneys expected to be used or pledged by the
9 Program Administrator during the fiscal year for the purposes
10 and uses specified in Sections 8(c) and 9 of this Act. Subject
11 to annual appropriation, upon receipt of such certification,
12 the Funding Agent and the Comptroller shall dedicate and the
13 State Treasurer shall transfer not less often than monthly to
14 the Program Administrator or its designated payee, without
15 requisition or further request therefor, all amounts
16 accumulated in the Trust Fund within the State Treasury and not
17 already transferred to the Loan Commitment Account prior to the
18 Funding Agent's receipt of such certification, until the
19 Program Administrator has received the aggregate amount
20 certified by the Program Administrator, to be used solely for
21 the purposes and uses authorized and provided in Sections 8(c)
22 and 9 of this Act. Neither the Comptroller nor the Treasurer
23 shall transfer, dedicate or allocate any of the Trust Fund
24 Moneys transferred or certified for transfer by the Program
25 Administrator as provided above to any other fund, nor shall
26 the Governor authorize any such transfer, dedication or

1 allocation, nor shall any of the Trust Fund Moneys so
2 dedicated, allocated or transferred be used, temporarily or
3 otherwise, for interfund borrowing, or be otherwise used or
4 appropriated, except as expressly authorized and provided in
5 Sections 8(c) and 9 of this Act for the purposes and subject to
6 the priorities, limitations and conditions provided for
7 therein until such obligations, uses and dedications as therein
8 provided, have been satisfied.

9 (c) Notwithstanding Section 5(b) of this Act, any Trust
10 Fund Moneys transferred to the Program Administrator pursuant
11 to Section 8(b) of this Act, or otherwise obtained, paid to or
12 held by or for the Program Administrator, or pledged pursuant
13 to resolution of the Program Administrator, for Affordable
14 Housing Program Trust Fund Bonds or Notes under the Illinois
15 Housing Development Act, and all proceeds, payments and
16 receipts from investments or use of such moneys, including any
17 residual or additional funds or moneys generated or obtained in
18 connection with any of the foregoing, may be held, pledged,
19 applied or dedicated by the Program Administrator as follows:

20 (1) as required by the terms of any pledge of or
21 resolution of the Program Administrator authorized under
22 Section 9 of this Act in connection with Affordable Housing
23 Program Trust Fund Bonds or Notes issued pursuant to the
24 Illinois Housing Development Act;

25 (2) to or for costs of issuance and administration and
26 the payments of any principal, interest, premium or other

1 amounts or expenses incurred or accrued in connection with
2 Affordable Housing Program Trust Fund Bonds or Notes,
3 including rate protection contracts and credit support
4 arrangements pertaining thereto, and, provided such
5 expenses, fees and charges are obligations, whether
6 recourse or nonrecourse, and whether financed with or paid
7 from the proceeds of Affordable Housing Program Trust Fund
8 Bonds or Notes, of the developers, mortgagors or other
9 users, the Program Administrator's expenses and servicing,
10 administration and origination fees and charges in
11 connection with any loans, mortgages, or developments
12 funded or financed or expected to be funded or financed, in
13 whole or in part, from the issuance of Affordable Housing
14 Program Trust Fund Bonds or Notes;

15 (3) to or for costs of issuance and administration and
16 the payments of principal, interest, premium, loan fees,
17 and other amounts or other obligations of the Program
18 Administrator, including rate protection contracts and
19 credit support arrangements pertaining thereto, for loans,
20 commercial paper or other notes or bonds issued by the
21 Program Administrator pursuant to the Illinois Housing
22 Development Act, provided that the proceeds of such loans,
23 commercial paper or other notes or bonds are paid or
24 expended in connection with, or refund or repay, loans,
25 commercial paper or other notes or bonds issued or made in
26 connection with bridge loans or loans for the construction,

1 renovation, redevelopment, restructuring, reorganization
2 of Affordable Housing and related expenses, including
3 development costs, technical assistance, or other amounts
4 to construct, preserve, improve, renovate, rehabilitate,
5 refinance, or assist Affordable Housing, including
6 financially troubled Affordable Housing, permanent or
7 other financing for which has been funded or financed or is
8 expected to be funded or financed in whole or in part by
9 the Program Administrator through the issuance of or use of
10 proceeds from Affordable Housing Program Trust Fund Bonds
11 or Notes;

12 (4) to or for direct expenditures or reimbursement for
13 development costs, technical assistance, or other amounts
14 to construct, preserve, improve, renovate, rehabilitate,
15 refinance, or assist Affordable Housing, including
16 financially troubled Affordable Housing, permanent or
17 other financing for which has been funded or financed or is
18 expected to be funded or financed in whole or in part by
19 the Program Administrator through the issuance of or use of
20 proceeds from Affordable Housing Program Trust Fund Bonds
21 or Notes; and

22 (5) for deposit into any residual, sinking, reserve or
23 revolving fund or pool established by the Program
24 Administrator, whether or not pledged to secure Affordable
25 Housing Program Trust Fund Bonds or Notes, to support or be
26 utilized for the issuance, redemption, or payment of the

1 principal, interest, premium or other amounts payable on or
2 with respect to any existing, additional or future
3 Affordable Housing Program Trust Fund Bonds or Notes, or to
4 or for any other expenditure authorized by this Section
5 8(c).

6 (d) All or a portion of the Trust Fund Moneys on deposit or
7 to be deposited in the Trust Fund not already certified for
8 transfer or transferred to the Program Administrator pursuant
9 to Section 8(b) of this Act may be used to secure the repayment
10 of Affordable Housing Program Trust Fund Bonds or Notes, or
11 otherwise to supplement or support Affordable Housing funded or
12 financed or intended to be funded or financed, in whole or in
13 part, by Affordable Housing Program Trust Fund Bonds or Notes.

14 (e) Assisted housing may include housing for special needs
15 populations such as the homeless, single-parent families, the
16 elderly, or the physically and mentally disabled. The Trust
17 Fund shall be used to implement a demonstration congregate
18 housing project for any such special needs population.

19 (f) Grants from the Trust Fund may include, but are not
20 limited to, rental assistance and security deposit subsidies
21 for low and very low-income households.

22 (g) The Trust Fund may be used to pay actual and reasonable
23 costs for Commission members to attend Commission meetings, and
24 any litigation costs and expenses, including legal fees,
25 incurred by the Program Administrator in any litigation related
26 to this Act or its action as Program Administrator.

1 (h) The Trust Fund may be used to make grants for (1) the
2 provision of technical assistance, (2) outreach, and (3)
3 building an organization's capacity to develop affordable
4 housing projects.

5 (i) Amounts on deposit in the Trust Fund may be used to
6 reimburse the Program Administrator and the Funding Agent for
7 costs incurred in the performance of their duties under this
8 Act, excluding costs and fees of the Program Administrator
9 associated with the Program Escrow to the extent withheld
10 pursuant to paragraph (8) of subsection (b) of Section 5.

11 (Source: P.A. 94-839, eff. 6-6-06.)

12 Section 5-40. The Reviewing Court Alternative Dispute
13 Resolution Act is amended by changing Section 10 as follows:

14 (710 ILCS 40/10)

15 Sec. 10. Reviewing Court Alternative Dispute Resolution
16 Fund. The Reviewing Court Alternative Dispute Resolution Fund
17 is created as a special fund in the State Treasury. The Supreme
18 Court may designate an amount to be included in the filing fees
19 collected by the clerks of the Appellate Court for the funding
20 of alternative dispute resolution programs in the reviewing
21 courts. The portion of the filing fees designated for
22 alternative dispute resolution programs in the reviewing
23 courts shall be remitted within one month after receipt to the
24 State Treasurer for deposit in the Reviewing Court Alternative

1 Dispute Resolution Fund. All money in the Reviewing Court
2 Alternative Dispute Resolution Fund shall be maintained in
3 separate accounts for each Appellate Court district that has
4 established approved alternative dispute resolution programs
5 pursuant to Supreme Court rule and used, subject to
6 appropriation, by the Supreme Court solely for the purpose of
7 funding alternative dispute resolution programs in the
8 reviewing courts. Notwithstanding any other provision of this
9 Section, the Reviewing Court Alternative Dispute Resolution
10 Fund may be used for any other purpose authorized by the
11 Supreme Court.

12 (Source: P.A. 93-801, eff. 7-22-04.)

13 Section 5-45. The Pretrial Services Act is amended by
14 changing Section 33 as follows:

15 (725 ILCS 185/33) (from Ch. 38, par. 333)

16 Sec. 33. The Supreme Court shall pay from funds
17 appropriated to it for this purpose 100% of all approved costs
18 for pretrial services, including pretrial services officers,
19 necessary support personnel, travel costs reasonably related
20 to the delivery of pretrial services, space costs, equipment,
21 telecommunications, postage, commodities, printing and
22 contractual services. Costs shall be reimbursed monthly, based
23 on a plan and budget approved by the Supreme Court. No
24 department may be reimbursed for costs which exceed or are not

1 provided for in the approved plan and budget. ~~The For State~~
2 ~~fiscal years 2004, 2005, and 2006, and 2007 only,~~ the Mandatory
3 Arbitration Fund may be used to reimburse approved costs for
4 pretrial services.

5 (Source: P.A. 93-25, eff. 6-20-03; 93-839, eff. 7-30-04; 94-91,
6 eff. 7-1-05; 94-839, eff. 6-6-06; revised 8-3-06.)

7 Section 5-50. The Probation and Probation Officers Act is
8 amended by changing Sections 15 and 15.1 as follows:

9 (730 ILCS 110/15) (from Ch. 38, par. 204-7)

10 Sec. 15. (1) The Supreme Court of Illinois may establish a
11 Division of Probation Services whose purpose shall be the
12 development, establishment, promulgation, and enforcement of
13 uniform standards for probation services in this State, and to
14 otherwise carry out the intent of this Act. The Division may:

15 (a) establish qualifications for chief probation
16 officers and other probation and court services personnel
17 as to hiring, promotion, and training.

18 (b) make available, on a timely basis, lists of those
19 applicants whose qualifications meet the regulations
20 referred to herein, including on said lists all candidates
21 found qualified.

22 (c) establish a means of verifying the conditions for
23 reimbursement under this Act and develop criteria for
24 approved costs for reimbursement.

1 (d) develop standards and approve employee
2 compensation schedules for probation and court services
3 departments.

4 (e) employ sufficient personnel in the Division to
5 carry out the functions of the Division.

6 (f) establish a system of training and establish
7 standards for personnel orientation and training.

8 (g) develop standards for a system of record keeping
9 for cases and programs, gather statistics, establish a
10 system of uniform forms, and develop research for planning
11 of Probation Services.

12 (h) develop standards to assure adequate support
13 personnel, office space, equipment and supplies, travel
14 expenses, and other essential items necessary for
15 Probation and Court Services Departments to carry out their
16 duties.

17 (i) review and approve annual plans submitted by
18 Probation and Court Services Departments.

19 (j) monitor and evaluate all programs operated by
20 Probation and Court Services Departments, and may include
21 in the program evaluation criteria such factors as the
22 percentage of Probation sentences for felons convicted of
23 Probationable offenses.

24 (k) seek the cooperation of local and State government
25 and private agencies to improve the quality of probation
26 and court services.

1 (1) where appropriate, establish programs and
2 corresponding standards designed to generally improve the
3 quality of probation and court services and reduce the rate
4 of adult or juvenile offenders committed to the Department
5 of Corrections.

6 (m) establish such other standards and regulations and
7 do all acts necessary to carry out the intent and purposes
8 of this Act.

9 The Division shall establish a model list of structured
10 intermediate sanctions that may be imposed by a probation
11 agency for violations of terms and conditions of a sentence of
12 probation, conditional discharge, or supervision.

13 The State of Illinois shall provide for the costs of
14 personnel, travel, equipment, telecommunications, postage,
15 commodities, printing, space, contractual services and other
16 related costs necessary to carry out the intent of this Act.

17 (2) (a) The chief judge of each circuit shall provide
18 full-time probation services for all counties within the
19 circuit, in a manner consistent with the annual probation plan,
20 the standards, policies, and regulations established by the
21 Supreme Court. A probation district of two or more counties
22 within a circuit may be created for the purposes of providing
23 full-time probation services. Every county or group of counties
24 within a circuit shall maintain a probation department which
25 shall be under the authority of the Chief Judge of the circuit
26 or some other judge designated by the Chief Judge. The Chief

1 Judge, through the Probation and Court Services Department
2 shall submit annual plans to the Division for probation and
3 related services.

4 (b) The Chief Judge of each circuit shall appoint the Chief
5 Probation Officer and all other probation officers for his or
6 her circuit from lists of qualified applicants supplied by the
7 Supreme Court. Candidates for chief managing officer and other
8 probation officer positions must apply with both the Chief
9 Judge of the circuit and the Supreme Court.

10 (3) A Probation and Court Service Department shall apply to
11 the Supreme Court for funds for basic services, and may apply
12 for funds for new and expanded programs or Individualized
13 Services and Programs. Costs shall be reimbursed monthly based
14 on a plan and budget approved by the Supreme Court. No
15 Department may be reimbursed for costs which exceed or are not
16 provided for in the approved annual plan and budget. After the
17 effective date of this amendatory Act of 1985, each county must
18 provide basic services in accordance with the annual plan and
19 standards created by the division. No department may receive
20 funds for new or expanded programs or individualized services
21 and programs unless they are in compliance with standards as
22 enumerated in paragraph (h) of subsection (1) of this Section,
23 the annual plan, and standards for basic services.

24 (4) The Division shall reimburse the county or counties for
25 probation services as follows:

26 (a) 100% of the salary of all chief managing officers

1 designated as such by the Chief Judge and the division.

2 (b) 100% of the salary for all probation officer and
3 supervisor positions approved for reimbursement by the
4 division after April 1, 1984, to meet workload standards
5 and to implement intensive sanction and probation
6 supervision programs and other basic services as defined in
7 this Act.

8 (c) 100% of the salary for all secure detention
9 personnel and non-secure group home personnel approved for
10 reimbursement after December 1, 1990. For all such
11 positions approved for reimbursement before December 1,
12 1990, the counties shall be reimbursed \$1,250 per month
13 beginning July 1, 1995, and an additional \$250 per month
14 beginning each July 1st thereafter until the positions
15 receive 100% salary reimbursement. Allocation of such
16 positions will be based on comparative need considering
17 capacity, staff/resident ratio, physical plant and
18 program.

19 (d) \$1,000 per month for salaries for the remaining
20 probation officer positions engaged in basic services and
21 new or expanded services. All such positions shall be
22 approved by the division in accordance with this Act and
23 division standards.

24 (e) 100% of the travel expenses in accordance with
25 Division standards for all Probation positions approved
26 under paragraph (b) of subsection 4 of this Section.

1 (f) If the amount of funds reimbursed to the county
2 under paragraphs (a) through (e) of subsection 4 of this
3 Section on an annual basis is less than the amount the
4 county had received during the 12 month period immediately
5 prior to the effective date of this amendatory Act of 1985,
6 then the Division shall reimburse the amount of the
7 difference to the county. The effect of paragraph (b) of
8 subsection 7 of this Section shall be considered in
9 implementing this supplemental reimbursement provision.

10 (5) The Division shall provide funds beginning on April 1,
11 1987 for the counties to provide Individualized Services and
12 Programs as provided in Section 16 of this Act.

13 (6) A Probation and Court Services Department in order to
14 be eligible for the reimbursement must submit to the Supreme
15 Court an application containing such information and in such a
16 form and by such dates as the Supreme Court may require.
17 Departments to be eligible for funding must satisfy the
18 following conditions:

19 (a) The Department shall have on file with the Supreme
20 Court an annual Probation plan for continuing, improved,
21 and new Probation and Court Services Programs approved by
22 the Supreme Court or its designee. This plan shall indicate
23 the manner in which Probation and Court Services will be
24 delivered and improved, consistent with the minimum
25 standards and regulations for Probation and Court
26 Services, as established by the Supreme Court. In counties

1 with more than one Probation and Court Services Department
2 eligible to receive funds, all Departments within that
3 county must submit plans which are approved by the Supreme
4 Court.

5 (b) The annual probation plan shall seek to generally
6 improve the quality of probation services and to reduce the
7 commitment of adult offenders to the Department of
8 Corrections and to reduce the commitment of juvenile
9 offenders to the Department of Juvenile Justice and shall
10 require, when appropriate, coordination with the
11 Department of Corrections, the Department of Juvenile
12 Justice, and the Department of Children and Family Services
13 in the development and use of community resources,
14 information systems, case review and permanency planning
15 systems to avoid the duplication of services.

16 (c) The Department shall be in compliance with
17 standards developed by the Supreme Court for basic, new and
18 expanded services, training, personnel hiring and
19 promotion.

20 (d) The Department shall in its annual plan indicate
21 the manner in which it will support the rights of crime
22 victims and in which manner it will implement Article I,
23 Section 8.1 of the Illinois Constitution and in what manner
24 it will coordinate crime victims' support services with
25 other criminal justice agencies within its jurisdiction,
26 including but not limited to, the State's Attorney, the

1 Sheriff and any municipal police department.

2 (7) No statement shall be verified by the Supreme Court or
3 its designee or vouchered by the Comptroller unless each of the
4 following conditions have been met:

5 (a) The probation officer is a full-time employee
6 appointed by the Chief Judge to provide probation services.

7 (b) The probation officer, in order to be eligible for
8 State reimbursement, is receiving a salary of at least
9 \$17,000 per year.

10 (c) The probation officer is appointed or was
11 reappointed in accordance with minimum qualifications or
12 criteria established by the Supreme Court; however, all
13 probation officers appointed prior to January 1, 1978,
14 shall be exempted from the minimum requirements
15 established by the Supreme Court. Payments shall be made to
16 counties employing these exempted probation officers as
17 long as they are employed in the position held on the
18 effective date of this amendatory Act of 1985. Promotions
19 shall be governed by minimum qualifications established by
20 the Supreme Court.

21 (d) The Department has an established compensation
22 schedule approved by the Supreme Court. The compensation
23 schedule shall include salary ranges with necessary
24 increments to compensate each employee. The increments
25 shall, within the salary ranges, be based on such factors
26 as bona fide occupational qualifications, performance, and

1 length of service. Each position in the Department shall be
2 placed on the compensation schedule according to job duties
3 and responsibilities of such position. The policy and
4 procedures of the compensation schedule shall be made
5 available to each employee.

6 (8) In order to obtain full reimbursement of all approved
7 costs, each Department must continue to employ at least the
8 same number of probation officers and probation managers as
9 were authorized for employment for the fiscal year which
10 includes January 1, 1985. This number shall be designated as
11 the base amount of the Department. No positions approved by the
12 Division under paragraph (b) of subsection 4 will be included
13 in the base amount. In the event that the Department employs
14 fewer Probation officers and Probation managers than the base
15 amount for a period of 90 days, funding received by the
16 Department under subsection 4 of this Section may be reduced on
17 a monthly basis by the amount of the current salaries of any
18 positions below the base amount.

19 (9) Before the 15th day of each month, the treasurer of any
20 county which has a Probation and Court Services Department, or
21 the treasurer of the most populous county, in the case of a
22 Probation or Court Services Department funded by more than one
23 county, shall submit an itemized statement of all approved
24 costs incurred in the delivery of Basic Probation and Court
25 Services under this Act to the Supreme Court. The treasurer may
26 also submit an itemized statement of all approved costs

1 incurred in the delivery of new and expanded Probation and
2 Court Services as well as Individualized Services and Programs.
3 The Supreme Court or its designee shall verify compliance with
4 this Section and shall examine and audit the monthly statement
5 and, upon finding them to be correct, shall forward them to the
6 Comptroller for payment to the county treasurer. In the case of
7 payment to a treasurer of a county which is the most populous
8 of counties sharing the salary and expenses of a Probation and
9 Court Services Department, the treasurer shall divide the money
10 between the counties in a manner that reflects each county's
11 share of the cost incurred by the Department.

12 (10) The county treasurer must certify that funds received
13 under this Section shall be used solely to maintain and improve
14 Probation and Court Services. The county or circuit shall
15 remain in compliance with all standards, policies and
16 regulations established by the Supreme Court. If at any time
17 the Supreme Court determines that a county or circuit is not in
18 compliance, the Supreme Court shall immediately notify the
19 Chief Judge, county board chairman and the Director of Court
20 Services Chief Probation Officer. If after 90 days of written
21 notice the noncompliance still exists, the Supreme Court shall
22 be required to reduce the amount of monthly reimbursement by
23 10%. An additional 10% reduction of monthly reimbursement shall
24 occur for each consecutive month of noncompliance. Except as
25 provided in subsection 5 of Section 15, funding to counties
26 shall commence on April 1, 1986. Funds received under this Act

1 shall be used to provide for Probation Department expenses
2 including those required under Section 13 of this Act. ~~The For~~
3 ~~State fiscal years 2004, 2005, 2006, and 2007 only, the~~
4 Mandatory Arbitration Fund may be used to provide for Probation
5 Department expenses, including those required under Section 13
6 of this Act.

7 (11) The respective counties shall be responsible for
8 capital and space costs, fringe benefits, clerical costs,
9 equipment, telecommunications, postage, commodities and
10 printing.

11 (12) For purposes of this Act only, probation officers
12 shall be considered peace officers. In the exercise of their
13 official duties, probation officers, sheriffs, and police
14 officers may, anywhere within the State, arrest any probationer
15 who is in violation of any of the conditions of his or her
16 probation, conditional discharge, or supervision, and it shall
17 be the duty of the officer making the arrest to take the
18 probationer before the Court having jurisdiction over the
19 probationer for further order.

20 (Source: P.A. 93-25, eff. 6-20-03; 93-576, eff. 1-1-04; 93-839,
21 eff. 7-30-04; 94-91, eff. 7-1-05; 94-696, eff. 6-1-06; 94-839,
22 eff. 6-6-06.)

23 (730 ILCS 110/15.1) (from Ch. 38, par. 204-7.1)

24 Sec. 15.1. Probation and Court Services Fund.

25 (a) The county treasurer in each county shall establish a

1 probation and court services fund consisting of fees collected
2 pursuant to subsection (i) of Section 5-6-3 and subsection (i)
3 of Section 5-6-3.1 of the Unified Code of Corrections,
4 subsection (10) of Section 5-615 and subsection (5) of Section
5 5-715 of the Juvenile Court Act of 1987, and paragraph 14.3 of
6 subsection (b) of Section 110-10 of the Code of Criminal
7 Procedure of 1963. The county treasurer shall disburse monies
8 from the fund only at the direction of the chief judge of the
9 circuit court in such circuit where the county is located. The
10 county treasurer of each county shall, on or before January 10
11 of each year, submit an annual report to the Supreme Court.

12 (b) Monies in the probation and court services fund shall
13 be appropriated by the county board to be used within the
14 county or jurisdiction where collected in accordance with
15 policies and guidelines approved by the Supreme Court for the
16 costs of operating the probation and court services department
17 or departments; however, except as provided in subparagraph
18 (g), monies in the probation and court services fund shall not
19 be used for the payment of salaries of probation and court
20 services personnel.

21 (c) Monies expended from the probation and court services
22 fund shall be used to supplement, not supplant, county
23 appropriations for probation and court services.

24 (d) Interest earned on monies deposited in a probation and
25 court services fund may be used by the county for its ordinary
26 and contingent expenditures.

1 (e) The county board may appropriate moneys from the
2 probation and court services fund, upon the direction of the
3 chief judge, to support programs that are part of the continuum
4 of juvenile delinquency intervention programs which are or may
5 be developed within the county. The grants from the probation
6 and court services fund shall be for no more than one year and
7 may be used for any expenses attributable to the program
8 including administration and oversight of the program by the
9 probation department.

10 (f) The county board may appropriate moneys from the
11 probation and court services fund, upon the direction of the
12 chief judge, to support practices endorsed or required under
13 the Sex Offender Management Board Act, including but not
14 limited to sex offender evaluation, treatment, and monitoring
15 programs that are or may be developed within the county.

16 (g) For the State Fiscal Years 2005, 2006, and 2007 only,
17 the Administrative Office of the Illinois Courts may permit a
18 county or circuit to use its probation and court services fund
19 for the payment of salaries of probation officers and other
20 court services personnel whose salaries are reimbursed under
21 this Act if the State's FY2005, FY2006, or FY2007 appropriation
22 to the Supreme Court for reimbursement to counties for
23 probation salaries and services is less than the amount
24 appropriated to the Supreme Court for these purposes for State
25 Fiscal Year 2004. The Administrative Office of the Illinois
26 Courts shall take into account each county's or circuit's

1 probation fee collections and expenditures when apportioning
2 the total reimbursement for each county or circuit.

3 (h) The Administrative Office of the Illinois Courts may
4 permit a county or circuit to use its probation and court
5 services fund for the payment of salaries of probation officers
6 and other court services personnel whose salaries are
7 reimbursed under this Act in any State fiscal year that the
8 appropriation for reimbursement to counties for probation
9 salaries and services is less than the amount appropriated to
10 the Supreme Court for these purposes for State Fiscal Year
11 2002. The Administrative Office of the Illinois Courts shall
12 take into account each county's or circuit's probation fee
13 collections and expenditures when appropriating the total
14 reimbursement for each county or circuit. Any amount
15 appropriated to the Supreme Court in any State fiscal year for
16 the purpose of reimbursing Cook County for the salaries and
17 operations of the Cook County Juvenile Temporary Detention
18 Center shall not be counted in the total appropriation to the
19 Supreme Court in that State fiscal year for reimbursement to
20 counties for probation salaries and services, for the purposes
21 of this paragraph (h).

22 (Source: P.A. 93-616, eff. 1-1-04; 93-839, eff. 7-30-04; 94-91,
23 eff. 7-1-05; 94-839, eff. 6-6-06.)

24 Section 5-55. The Code of Civil Procedure is amended by
25 changing Section 2-1009A as follows:

1 (735 ILCS 5/2-1009A) (from Ch. 110, par. 2-1009A)

2 Sec. 2-1009A. Filing Fees. In each county authorized by the
3 Supreme Court to utilize mandatory arbitration, the clerk of
4 the circuit court shall charge and collect, in addition to any
5 other fees, an arbitration fee of \$8, except in counties with
6 3,000,000 or more inhabitants the fee shall be \$10, at the time
7 of filing the first pleading, paper or other appearance filed
8 by each party in all civil cases, but no additional fee shall
9 be required if more than one party is represented in a single
10 pleading, paper or other appearance. Arbitration fees received
11 by the clerk of the circuit court pursuant to this Section
12 shall be remitted within one month after receipt to the State
13 Treasurer for deposit into the Mandatory Arbitration Fund, a
14 special fund in the State treasury for the purpose of funding
15 mandatory arbitration programs and such other alternative
16 dispute resolution programs as may be authorized by circuit
17 court rule for operation in counties that have implemented
18 mandatory arbitration, with a separate account being
19 maintained for each county. Notwithstanding any other
20 provision of this Section to the contrary, ~~and for State fiscal~~
21 ~~years 2004, 2005, 2006, and 2007 only,~~ the Mandatory
22 Arbitration Fund may be used for any other purpose authorized
23 by the Supreme Court.

24 (Source: P.A. 93-25, eff. 6-20-03; 93-839, eff. 7-30-04; 94-91,
25 eff. 7-1-05; 94-839, eff. 6-6-06.)

1 Section 5-60. The Residential Real Property Disclosure Act
2 is amended by adding Section 80 as follows:

3 (765 ILCS 77/80 new)

4 Sec. 80. Predatory Lending Database Program Fund. The
5 Predatory Lending Database Program Fund is created as a special
6 fund in the State treasury. Subject to appropriation, moneys in
7 the Fund shall be appropriated to the Illinois Housing
8 Development Authority for the purpose of making grants for
9 HUD-certified counseling agencies participating in the
10 Predatory Lending Database Program to assist with
11 implementation and development of the Predatory Lending
12 Database Program.

13 Section 5-65. The Business Corporation Act of 1983 is
14 amended by changing Sections 15.90 and 16.05 as follows:

15 (805 ILCS 5/15.90) (from Ch. 32, par. 15.90)

16 Sec. 15.90. Statute of limitations.

17 (a) Except as otherwise provided in this Section and
18 notwithstanding anything to the contrary contained in any other
19 Section of this Act, no domestic corporation or foreign
20 corporation shall be obligated to pay any annual franchise tax,
21 fee, or penalty or interest thereon imposed under this Act, nor
22 shall any administrative or judicial sanction (including

1 dissolution) be imposed or enforced nor access to the courts of
2 this State be denied based upon nonpayment thereof more than 7
3 years after the date of filing the annual report with respect
4 to the period during which the obligation for the tax, fee,
5 penalty or interest arose, unless (1) within that 7 year period
6 the Secretary of State sends a written notice to the
7 corporation to the effect that (A) administrative or judicial
8 action to dissolve the corporation or revoke its certificate of
9 authority for nonpayment of a tax, fee, penalty or interest has
10 been commenced; or (B) the corporation has submitted a report
11 but has failed to pay a tax, fee, penalty or interest required
12 to be paid therewith; or (C) a report with respect to an event
13 or action giving rise to an obligation to pay a tax, fee,
14 penalty or interest is required but has not been filed, or has
15 been filed and is in error or incomplete; or (2) the annual
16 report by the corporation was filed with fraudulent intent to
17 evade taxes payable under this Act. A corporation nonetheless
18 shall be required to pay all taxes that would have been payable
19 during the most recent 7 year period due to a previously
20 unreported increase in paid-in capital that occurred prior to
21 that 7 year period and interest and penalties thereon for that
22 period, except that, from February 1, 2008 through March 15,
23 2008, with respect to any corporation that participates in the
24 Franchise Tax and License Fee Amnesty Act of 2007, the
25 corporation shall be only required to pay all taxes that would
26 have been payable during the most recent 4 year period due to a

1 previously unreported increase in paid-in capital that
2 occurred prior to that 7 year period.

3 (b) If within 2 years following a change in control of a
4 corporation the corporation voluntarily pays in good faith all
5 known obligations of the corporation imposed by this Article 15
6 with respect to reports that were required to have been filed
7 since the beginning of the 7 year period ending on the
8 effective date of the change in control, no action shall be
9 taken to enforce or collect obligations of that corporation
10 imposed by this Article 15 with respect to reports that were
11 required to have been filed prior to that 7 year period
12 regardless of whether the limitation period set forth in
13 subsection (a) is otherwise applicable. For purposes of this
14 subsection (b), a change in control means a transaction, or a
15 series of transactions consummated within a period of 180
16 consecutive days, as a result of which a person which owned
17 less than 10% of the shares having the power to elect directors
18 of the corporation acquires shares such that the person becomes
19 the holder of 80% or more of the shares having such power. For
20 purposes of this subsection (b) a person means any natural
21 person, corporation, partnership, trust or other entity
22 together with all other persons controlled by, controlling or
23 under common control with such person.

24 (c) Except as otherwise provided in this Section and
25 notwithstanding anything to the contrary contained in any other
26 Section of this Act, no foreign corporation that has not

1 previously obtained a certificate of authority under this Act
2 shall, upon voluntary application for a certificate of
3 authority filed with the Secretary of State prior to January 1,
4 2001, be obligated to pay any tax, fee, penalty, or interest
5 imposed under this Act, nor shall any administrative or
6 judicial sanction be imposed or enforced based upon nonpayment
7 thereof with respect to a period during which the obligation
8 arose that is prior to January 1, 1993 unless (1) prior to
9 receipt of the application for a certificate of authority the
10 Secretary of State had sent written notice to the corporation
11 regarding its failure to obtain a certificate of authority, (2)
12 the corporation had submitted an application for a certificate
13 of authority previously but had failed to pay any tax, fee,
14 penalty or interest to be paid therewith, or (3) the
15 application for a certificate of authority was submitted by the
16 corporation with fraudulent intent to evade taxes payable under
17 this Act. A corporation nonetheless shall be required to pay
18 all taxes and fees due under this Act that would have been
19 payable since January 1, 1993 as a result of commencing the
20 transaction of its business in this State and interest thereon
21 for that period.

22 (Source: P.A. 95-233, eff. 8-16-07.)

23 (805 ILCS 5/16.05) (from Ch. 32, par. 16.05)

24 Sec. 16.05. Penalties and interest imposed upon
25 corporations.

1 (a) Each corporation, domestic or foreign, that fails or
2 refuses to file any annual report or report of cumulative
3 changes in paid-in capital and pay any franchise tax due
4 pursuant to the report prior to the first day of its
5 anniversary month or, in the case of a corporation which has
6 established an extended filing month, the extended filing month
7 of the corporation shall pay a penalty of 10% of the amount of
8 any delinquent franchise tax due for the report. From February
9 1, 2008 through March 15, 2008, no ~~No~~ penalty shall be imposed
10 with respect to any amount of delinquent franchise tax paid
11 pursuant to the Franchise Tax and License Fee Amnesty Act of
12 2007.

13 (b) Each corporation, domestic or foreign, that fails or
14 refuses to file a report of issuance of shares or increase in
15 paid-in capital within the time prescribed by this Act is
16 subject to a penalty on any obligation occurring prior to
17 January 1, 1991, and interest on those obligations on or after
18 January 1, 1991, for each calendar month or part of month that
19 it is delinquent in the amount of 2% ~~1%~~ of the amount of
20 license fees and franchise taxes provided by this Act to be
21 paid on account of the issuance of shares or increase in
22 paid-in capital. From February 1, 2008 through March 15, 2008,
23 no ~~No~~ penalty shall be imposed, or interest charged, with
24 respect to any amount of delinquent license fees and franchise
25 taxes paid pursuant to the Franchise Tax and License Fee
26 Amnesty Act of 2007.

1 (c) Each corporation, domestic or foreign, that fails or
2 refuses to file a report of cumulative changes in paid-in
3 capital or report following merger within the time prescribed
4 by this Act is subject to interest on or after January 1, 1992,
5 for each calendar month or part of month that it is delinquent,
6 in the amount of 2% ~~1%~~ of the amount of franchise taxes
7 provided by this Act to be paid on account of the issuance of
8 shares or increase in paid-in capital disclosed on the report
9 of cumulative changes in paid-in capital or report following
10 merger, or \$1, whichever is greater. From February 1, 2008
11 through March 15, 2008, no ~~No~~ interest shall be charged with
12 respect to any amount of delinquent franchise tax paid pursuant
13 to the Franchise Tax and License Fee Amnesty Act of 2007.

14 (d) If the annual franchise tax, or the supplemental annual
15 franchise tax for any 12-month period commencing July 1, 1968,
16 or July 1 of any subsequent year through June 30, 1983,
17 assessed in accordance with this Act, is not paid by July 31,
18 it is delinquent, and there is added a penalty prior to January
19 1, 1991, and interest on and after January 1, 1991, of 2% ~~1%~~
20 for each month or part of month that it is delinquent
21 commencing with the month of August, or \$1, whichever is
22 greater. From February 1, 2008 through March 15, 2008, no ~~No~~
23 penalty shall be imposed, or interest charged, with respect to
24 any amount of delinquent franchise taxes paid pursuant to the
25 Franchise Tax and License Fee Amnesty Act of 2007.

26 (e) If the supplemental annual franchise tax assessed in

1 accordance with the provisions of this Act for the 12-month
2 period commencing July 1, 1967, is not paid by September 30,
3 1967, it is delinquent, and there is added a penalty prior to
4 January 1, 1991, and interest on and after January 1, 1991, of
5 2% ~~1%~~ for each month or part of month that it is delinquent
6 commencing with the month of October, 1967. From February 1,
7 2008 through March 15, 2008, no ~~No~~ penalty shall be imposed, or
8 interest charged, with respect to any amount of delinquent
9 franchise taxes paid pursuant to the Franchise Tax and License
10 Fee Amnesty Act of 2007.

11 (f) If any annual franchise tax for any period beginning on
12 or after July 1, 1983, is not paid by the time period herein
13 prescribed, it is delinquent and there is added a penalty prior
14 to January 1, 1991, and interest on and after January 1, 1991,
15 of 2% ~~1%~~ for each month or part of a month that it is delinquent
16 commencing with the anniversary month or in the case of a
17 corporation that has established an extended filing month, the
18 extended filing month, or \$1, whichever is greater. From
19 February 1, 2008 through March 15, 2008, no ~~No~~ penalty shall be
20 imposed, or interest charged, with respect to any amount of
21 delinquent franchise taxes paid pursuant to the Franchise Tax
22 and License Fee Amnesty Act of 2007.

23 (g) Any corporation, domestic or foreign, failing to pay
24 the prescribed fee for assumed corporate name renewal when due
25 and payable shall be given notice of nonpayment by the
26 Secretary of State by regular mail; and if the fee together

1 with a penalty fee of \$5 is not paid within 90 days after the
2 notice is mailed, the right to use the assumed name shall
3 cease.

4 (h) Any corporation which (i) puts forth any sign or
5 advertisement, assuming any name other than that by which it is
6 incorporated or otherwise authorized by law to act or (ii)
7 violates Section 3.25, shall be guilty of a Class C misdemeanor
8 and shall be deemed guilty of an additional offense for each
9 day it shall continue to so offend.

10 (i) Each corporation, domestic or foreign, that fails or
11 refuses (1) to file in the office of the recorder within the
12 time prescribed by this Act any document required by this Act
13 to be so filed, or (2) to answer truthfully and fully within
14 the time prescribed by this Act interrogatories propounded by
15 the Secretary of State in accordance with this Act, or (3) to
16 perform any other act required by this Act to be performed by
17 the corporation, is guilty of a Class C misdemeanor.

18 (j) Each corporation that fails or refuses to file articles
19 of revocation of dissolution within the time prescribed by this
20 Act is subject to a penalty for each calendar month or part of
21 the month that it is delinquent in the amount of \$50.

22 (Source: P.A. 95-233, eff. 8-16-07.)

23 Section 5-70. The Franchise Tax and License Fee Amnesty Act
24 of 2007 is amended by changing Section 5-10 and by adding
25 Section 5-6 as follows:

1 (805 ILCS 8/5-6 new)

2 Sec. 5-6. The Franchise Tax and License Fee Amnesty
3 Administration Fund. The Franchise Tax and License Fee Amnesty
4 Administration Fund is created as a special fund in the State
5 treasury. The Fund shall consist of any fund transfers, fees,
6 or moneys from other sources received for the purpose of
7 funding the administration of this Act. All moneys in the
8 Franchise Tax and License Fee Amnesty Administration Fund shall
9 be used, subject to appropriation, by the Secretary for any
10 costs associated with the administration of this Act.

11 (805 ILCS 8/5-10)

12 Sec. 5-10. Amnesty program. The Secretary shall establish
13 an amnesty program for all taxpayers owing any franchise tax or
14 license fee imposed by Article XV of the Business Corporation
15 Act of 1983. The amnesty program shall be for a period from
16 February 1, 2008 through March 15, 2008. The amnesty program
17 shall provide that, upon payment by a taxpayer of all franchise
18 taxes and license fees due from that taxpayer to the State of
19 Illinois for any taxable period, the Secretary shall abate and
20 not seek to collect any interest or penalties that may be
21 applicable, and the Secretary shall not seek civil or criminal
22 prosecution for any taxpayer for the period of time for which
23 amnesty has been granted to the taxpayer. Failure to pay all
24 taxes due to the State for a taxable period shall not

1 invalidate any amnesty granted under this Act with respect to
2 the taxes paid pursuant to the amnesty program. Amnesty shall
3 be granted only if all amnesty conditions are satisfied by the
4 taxpayer. Amnesty shall not be granted to taxpayers who are a
5 party to any criminal investigation or to any civil or criminal
6 litigation that is pending in any circuit court or appellate
7 court or the Supreme Court of this State for nonpayment,
8 delinquency, or fraud in relation to any franchise tax or
9 license fee imposed by Article XV of the Business Corporation
10 Act of 1983. Voluntary payments made under this Act shall be
11 made by ~~cash,~~ check, guaranteed remittance, or ACH debit. The
12 Secretary shall adopt rules as necessary to implement the
13 provisions of this Act. Except as otherwise provided in this
14 Section, all money collected under this Act that would
15 otherwise be deposited into the General Revenue Fund shall be
16 deposited into the General Revenue Fund. Two percent of all
17 money collected under this Act shall be deposited by the State
18 Treasurer into the Franchise Tax and License Fee Amnesty
19 Administration ~~Department of Business Services Special~~
20 ~~Operations~~ Fund and, subject to appropriation, shall be used by
21 the Secretary to cover costs associated with the administration
22 of this Act.

23 (Source: P.A. 95-233, eff. 8-16-07.)

24 ARTICLE 99.EFFECTIVE DATE.

25 Section 99-99. Effective date. This Act takes effect upon

1 becoming law.