

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 304 as follows:

6 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

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

8 (a) In general. The business income of a person other than  
9 a resident shall be allocated to this State if such person's  
10 business income is derived solely from this State. If a person  
11 other than a resident derives business income from this State  
12 and one or more other states, then, for tax years ending on or  
13 before December 30, 1998, and except as otherwise provided by  
14 this Section, such person's business income shall be  
15 apportioned to this State by multiplying the income by a  
16 fraction, the numerator of which is the sum of the property  
17 factor (if any), the payroll factor (if any) and 200% of the  
18 sales factor (if any), and the denominator of which is 4  
19 reduced by the number of factors other than the sales factor  
20 which have a denominator of zero and by an additional 2 if the  
21 sales factor has a denominator of zero. For tax years ending on  
22 or after December 31, 1998, and except as otherwise provided by  
23 this Section, persons other than residents who derive business

1 income from this State and one or more other states shall  
2 compute their apportionment factor by weighting their  
3 property, payroll, and sales factors as provided in subsection  
4 (h) of this Section.

5 (1) Property factor.

6 (A) The property factor is a fraction, the numerator of  
7 which is the average value of the person's real and  
8 tangible personal property owned or rented and used in the  
9 trade or business in this State during the taxable year and  
10 the denominator of which is the average value of all the  
11 person's real and tangible personal property owned or  
12 rented and used in the trade or business during the taxable  
13 year.

14 (B) Property owned by the person is valued at its  
15 original cost. Property rented by the person is valued at 8  
16 times the net annual rental rate. Net annual rental rate is  
17 the annual rental rate paid by the person less any annual  
18 rental rate received by the person from sub-rentals.

19 (C) The average value of property shall be determined  
20 by averaging the values at the beginning and ending of the  
21 taxable year but the Director may require the averaging of  
22 monthly values during the taxable year if reasonably  
23 required to reflect properly the average value of the  
24 person's property.

25 (2) Payroll factor.

26 (A) The payroll factor is a fraction, the numerator of

1           which is the total amount paid in this State during the  
2           taxable year by the person for compensation, and the  
3           denominator of which is the total compensation paid  
4           everywhere during the taxable year.

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

6                 (i) The individual's service is performed entirely  
7                 within this State;

8                 (ii) The individual's service is performed both  
9                 within and without this State, but the service  
10                performed without this State is incidental to the  
11                individual's service performed within this State; or

12                (iii) Some of the service is performed within this  
13                State and either the base of operations, or if there is  
14                no base of operations, the place from which the service  
15                is directed or controlled is within this State, or the  
16                base of operations or the place from which the service  
17                is directed or controlled is not in any state in which  
18                some part of the service is performed, but the  
19                individual's residence is in this State.

20                (iv) Compensation paid to nonresident professional  
21                athletes.

22                (a) General. The Illinois source income of a  
23                nonresident individual who is a member of a  
24                professional athletic team includes the portion of the  
25                individual's total compensation for services performed  
26                as a member of a professional athletic team during the

1 taxable year which the number of duty days spent within  
2 this State performing services for the team in any  
3 manner during the taxable year bears to the total  
4 number of duty days spent both within and without this  
5 State during the taxable year.

6 (b) Travel days. Travel days that do not involve  
7 either a game, practice, team meeting, or other similar  
8 team event are not considered duty days spent in this  
9 State. However, such travel days are considered in the  
10 total duty days spent both within and without this  
11 State.

12 (c) Definitions. For purposes of this subpart  
13 (iv):

14 (1) The term "professional athletic team"  
15 includes, but is not limited to, any professional  
16 baseball, basketball, football, soccer, or hockey  
17 team.

18 (2) The term "member of a professional  
19 athletic team" includes those employees who are  
20 active players, players on the disabled list, and  
21 any other persons required to travel and who travel  
22 with and perform services on behalf of a  
23 professional athletic team on a regular basis.  
24 This includes, but is not limited to, coaches,  
25 managers, and trainers.

26 (3) Except as provided in items (C) and (D) of

1           this subpart (3), the term "duty days" means all  
2           days during the taxable year from the beginning of  
3           the professional athletic team's official  
4           pre-season training period through the last game  
5           in which the team competes or is scheduled to  
6           compete. Duty days shall be counted for the year in  
7           which they occur, including where a team's  
8           official pre-season training period through the  
9           last game in which the team competes or is  
10          scheduled to compete, occurs during more than one  
11          tax year.

12                   (A) Duty days shall also include days on  
13                   which a member of a professional athletic team  
14                   performs service for a team on a date that does  
15                   not fall within the foregoing period (e.g.,  
16                   participation in instructional leagues, the  
17                   "All Star Game", or promotional "caravans").  
18                   Performing a service for a professional  
19                   athletic team includes conducting training and  
20                   rehabilitation activities, when such  
21                   activities are conducted at team facilities.

22                   (B) Also included in duty days are game  
23                   days, practice days, days spent at team  
24                   meetings, promotional caravans, preseason  
25                   training camps, and days served with the team  
26                   through all post-season games in which the team

1 competes or is scheduled to compete.

2 (C) Duty days for any person who joins a  
3 team during the period from the beginning of  
4 the professional athletic team's official  
5 pre-season training period through the last  
6 game in which the team competes, or is  
7 scheduled to compete, shall begin on the day  
8 that person joins the team. Conversely, duty  
9 days for any person who leaves a team during  
10 this period shall end on the day that person  
11 leaves the team. Where a person switches teams  
12 during a taxable year, a separate duty-day  
13 calculation shall be made for the period the  
14 person was with each team.

15 (D) Days for which a member of a  
16 professional athletic team is not compensated  
17 and is not performing services for the team in  
18 any manner, including days when such member of  
19 a professional athletic team has been  
20 suspended without pay and prohibited from  
21 performing any services for the team, shall not  
22 be treated as duty days.

23 (E) Days for which a member of a  
24 professional athletic team is on the disabled  
25 list and does not conduct rehabilitation  
26 activities at facilities of the team, and is

1 not otherwise performing services for the team  
2 in Illinois, shall not be considered duty days  
3 spent in this State. All days on the disabled  
4 list, however, are considered to be included in  
5 total duty days spent both within and without  
6 this State.

7 (4) The term "total compensation for services  
8 performed as a member of a professional athletic  
9 team" means the total compensation received during  
10 the taxable year for services performed:

11 (A) from the beginning of the official  
12 pre-season training period through the last  
13 game in which the team competes or is scheduled  
14 to compete during that taxable year; and

15 (B) during the taxable year on a date which  
16 does not fall within the foregoing period  
17 (e.g., participation in instructional leagues,  
18 the "All Star Game", or promotional caravans).

19 This compensation shall include, but is not  
20 limited to, salaries, wages, bonuses as described  
21 in this subpart, and any other type of compensation  
22 paid during the taxable year to a member of a  
23 professional athletic team for services performed  
24 in that year. This compensation does not include  
25 strike benefits, severance pay, termination pay,  
26 contract or option year buy-out payments,

1 expansion or relocation payments, or any other  
2 payments not related to services performed for the  
3 team.

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

21 (3) Sales factor.

22 (A) The sales factor is a fraction, the numerator of  
23 which is the total sales of the person in this State during  
24 the taxable year, and the denominator of which is the total  
25 sales of the person everywhere during the taxable year.

26 (B) Sales of tangible personal property are in this



1 State if:

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

6 (ii) The property is shipped from an office, store,  
7 warehouse, factory or other place of storage in this  
8 State and either the purchaser is the United States  
9 government or the person is not taxable in the state of  
10 the purchaser; provided, however, that premises owned  
11 or leased by a person who has independently contracted  
12 with the seller for the printing of newspapers,  
13 periodicals or books shall not be deemed to be an  
14 office, store, warehouse, factory or other place of  
15 storage for purposes of this Section. Sales of tangible  
16 personal property are not in this State if the seller  
17 and purchaser would be members of the same unitary  
18 business group but for the fact that either the seller  
19 or purchaser is a person with 80% or more of total  
20 business activity outside of the United States and the  
21 property is purchased for resale.

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

24 (i) Gross receipts from the licensing, sale, or  
25 other disposition of a patent, copyright, trademark,  
26 or similar item of intangible personal property, other

1           than gross receipts governed by paragraph (B-7) of this  
2           item (3), are in this State to the extent the item is  
3           utilized in this State during the year the gross  
4           receipts are included in gross income.

5           (ii) Place of utilization.

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

20          (II) A copyright is utilized in a state to the  
21          extent that printing or other publication  
22          originates in the state. If a copyright is utilized  
23          in more than one state, the extent to which it is  
24          utilized in any one state shall be a fraction equal  
25          to the gross receipts from sales or licenses of  
26          materials printed or published in that state

1           divided by the total of such gross receipts for all  
2           states in which the copyright is utilized.

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

7           (iii) If the state of utilization of an item of  
8           property governed by this paragraph (B-1) cannot be  
9           determined from the taxpayer's books and records or  
10          from the books and records of any person related to the  
11          taxpayer within the meaning of Section 267(b) of the  
12          Internal Revenue Code, 26 U.S.C. 267, the gross  
13          receipts attributable to that item shall be excluded  
14          from both the numerator and the denominator of the  
15          sales factor.

16          (B-2) Gross receipts from the license, sale, or other  
17          disposition of patents, copyrights, trademarks, and  
18          similar items of intangible personal property, other than  
19          gross receipts governed by paragraph (B-7) of this item  
20          (3), may be included in the numerator or denominator of the  
21          sales factor only if gross receipts from licenses, sales,  
22          or other disposition of such items comprise more than 50%  
23          of the taxpayer's total gross receipts included in gross  
24          income during the tax year and during each of the 2  
25          immediately preceding tax years; provided that, when a  
26          taxpayer is a member of a unitary business group, such

1 determination shall be made on the basis of the gross  
2 receipts of the entire unitary business group.

3 (B-5) For taxable years ending on or after December 31,  
4 2008, except as provided in subsections (ii) through (vii),  
5 receipts from the sale of telecommunications service or  
6 mobile telecommunications service are in this State if the  
7 customer's service address is in this State.

8 (i) For purposes of this subparagraph (B-5), the  
9 follow terms have the following meanings:

10 "Ancillary services" means services that are  
11 associated with or incidental to the provision of  
12 "telecommunications services", including but not  
13 limited to "detailed telecommunications billing",  
14 "directory assistance", "vertical service", and "voice  
15 mail services".

16 "Air-to-Ground Radiotelephone service" means a  
17 radio service, as that term is defined in 47 CFR 22.99,  
18 in which common carriers are authorized to offer and  
19 provide radio telecommunications service for hire to  
20 subscribers in aircraft.

21 "Call-by-call Basis" means any method of charging  
22 for telecommunications services where the price is  
23 measured by individual calls.

24 "Communications Channel" means a physical or  
25 virtual path of communications over which signals are  
26 transmitted between or among customer channel

1 termination points.

2 "Conference bridging service" means an "ancillary  
3 service" that links two or more participants of an  
4 audio or video conference call and may include the  
5 provision of a telephone number. "Conference bridging  
6 service" does not include the "telecommunications  
7 services" used to reach the conference bridge.

8 "Customer Channel Termination Point" means the  
9 location where the customer either inputs or receives  
10 the communications.

11 "Detailed telecommunications billing service"  
12 means an "ancillary service" of separately stating  
13 information pertaining to individual calls on a  
14 customer's billing statement.

15 "Directory assistance" means an "ancillary  
16 service" of providing telephone number information,  
17 and/or address information.

18 "Home service provider" means the facilities based  
19 carrier or reseller with which the customer contracts  
20 for the provision of mobile telecommunications  
21 services.

22 "Mobile telecommunications service" means  
23 commercial mobile radio service, as defined in Section  
24 20.3 of Title 47 of the Code of Federal Regulations as  
25 in effect on June 1, 1999.

26 "Place of primary use" means the street address

1 representative of where the customer's use of the  
2 telecommunications service primarily occurs, which  
3 must be the residential street address or the primary  
4 business street address of the customer. In the case of  
5 mobile telecommunications services, "place of primary  
6 use" must be within the licensed service area of the  
7 home service provider.

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

20 "Prepaid telecommunication service" means the  
21 right to access exclusively telecommunications  
22 services, which must be paid for in advance and which  
23 enables the origination of calls using an access number  
24 or authorization code, whether manually or  
25 electronically dialed, and that is sold in  
26 predetermined units or dollars of which the number

1 declines with use in a known amount.

2 "Prepaid Mobile telecommunication service" means a  
3 telecommunications service that provides the right to  
4 utilize mobile wireless service as well as other  
5 non-telecommunication services, including but not  
6 limited to ancillary services, which must be paid for  
7 in advance that is sold in predetermined units or  
8 dollars of which the number declines with use in a  
9 known amount.

10 "Private communication service" means a  
11 telecommunication service that entitles the customer  
12 to exclusive or priority use of a communications  
13 channel or group of channels between or among  
14 termination points, regardless of the manner in which  
15 such channel or channels are connected, and includes  
16 switching capacity, extension lines, stations, and any  
17 other associated services that are provided in  
18 connection with the use of such channel or channels.

19 "Service address" means:

20 (a) The location of the telecommunications  
21 equipment to which a customer's call is charged and  
22 from which the call originates or terminates,  
23 regardless of where the call is billed or paid;

24 (b) If the location in line (a) is not known,  
25 service address means the origination point of the  
26 signal of the telecommunications services first

1 identified by either the seller's  
2 telecommunications system or in information  
3 received by the seller from its service provider  
4 where the system used to transport such signals is  
5 not that of the seller; and

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

9 "Telecommunications service" means the electronic  
10 transmission, conveyance, or routing of voice, data,  
11 audio, video, or any other information or signals to a  
12 point, or between or among points. The term  
13 "telecommunications service" includes such  
14 transmission, conveyance, or routing in which computer  
15 processing applications are used to act on the form,  
16 code or protocol of the content for purposes of  
17 transmission, conveyance or routing without regard to  
18 whether such service is referred to as voice over  
19 Internet protocol services or is classified by the  
20 Federal Communications Commission as enhanced or value  
21 added. "Telecommunications service" does not include:

22 (a) Data processing and information services  
23 that allow data to be generated, acquired, stored,  
24 processed, or retrieved and delivered by an  
25 electronic transmission to a purchaser when such  
26 purchaser's primary purpose for the underlying



1 transaction is the processed data or information;

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

4 (c) Tangible personal property;

5 (d) Advertising, including but not limited to  
6 directory advertising.

7 (e) Billing and collection services provided  
8 to third parties;

9 (f) Internet access service;

10 (g) Radio and television audio and video  
11 programming services, regardless of the medium,  
12 including the furnishing of transmission,  
13 conveyance and routing of such services by the  
14 programming service provider. Radio and television  
15 audio and video programming services shall include  
16 but not be limited to cable service as defined in  
17 47 USC 522(6) and audio and video programming  
18 services delivered by commercial mobile radio  
19 service providers, as defined in 47 CFR 20.3;

20 (h) "Ancillary services"; or

21 (i) Digital products "delivered  
22 electronically", including but not limited to  
23 software, music, video, reading materials or ring  
24 tones.

25 "Vertical service" means an "ancillary service"  
26 that is offered in connection with one or more

1 "telecommunications services", which offers advanced  
2 calling features that allow customers to identify  
3 callers and to manage multiple calls and call  
4 connections, including "conference bridging services".

5 "Voice mail service" means an "ancillary service"  
6 that enables the customer to store, send or receive  
7 recorded messages. "Voice mail service" does not  
8 include any "vertical services" that the customer may  
9 be required to have in order to utilize the "voice mail  
10 service".

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

14 (a) The call both originates and terminates in  
15 this State.

16 (b) The call either originates or terminates  
17 in this State and the service address is located in  
18 this State.

19 (iii) Receipts from the sale of postpaid  
20 telecommunications service at retail are in this State  
21 if the origination point of the telecommunication  
22 signal, as first identified by the service provider's  
23 telecommunication system or as identified by  
24 information received by the seller from its service  
25 provider if the system used to transport  
26 telecommunication signals is not the seller's, is

1 located in this State.

2 (iv) Receipts from the sale of prepaid  
3 telecommunications service or prepaid mobile  
4 telecommunications service at retail are in this State  
5 if the purchaser obtains the prepaid card or similar  
6 means of conveyance at a location in this State.  
7 Receipts from recharging a prepaid telecommunications  
8 service or mobile telecommunications service is in  
9 this State if the purchaser's billing information  
10 indicates a location in this State.

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

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

15 (b) 100% of receipts from charges for the total  
16 channel mileage between each channel termination  
17 point in this State.

18 (c) 50% of the total receipts from charges for  
19 service segments when those segments are between 2  
20 customer channel termination points, 1 of which is  
21 located in this State and the other is located  
22 outside of this State, which segments are  
23 separately charged.

24 (d) The receipts from charges for service  
25 segments with a channel termination point located  
26 in this State and in two or more other states, and

1           which segments are not separately billed, are in  
2           this State based on a percentage determined by  
3           dividing the number of customer channel  
4           termination points in this State by the total  
5           number of customer channel termination points.

6           (vi) Receipts from charges for ancillary services  
7           for telecommunications service sold to customers at  
8           retail are in this State if the customer's primary  
9           place of use of telecommunications services associated  
10          with those ancillary services is in this State. If the  
11          seller of those ancillary services cannot determine  
12          where the associated telecommunications are located,  
13          then the ancillary services shall be based on the  
14          location of the purchaser.

15          (vii) Receipts to access a carrier's network or  
16          from the sale of telecommunication services or  
17          ancillary services for resale are in this State as  
18          follows:

19               (a) 100% of the receipts from access fees  
20               attributable to intrastate telecommunications  
21               service that both originates and terminates in  
22               this State.

23               (b) 50% of the receipts from access fees  
24               attributable to interstate telecommunications  
25               service if the interstate call either originates  
26               or terminates in this State.

1 (c) 100% of the receipts from interstate end  
2 user access line charges, if the customer's  
3 service address is in this State. As used in this  
4 subdivision, "interstate end user access line  
5 charges" includes, but is not limited to, the  
6 surcharge approved by the federal communications  
7 commission and levied pursuant to 47 CFR 69.

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

19 (B-7) For taxable years ending on or after December 31,  
20 2008, receipts from the sale of broadcasting services are  
21 in this State if the broadcasting services are received in  
22 this State. For purposes of this paragraph (B-7), the  
23 following terms have the following meanings:

24 "Advertising revenue" means consideration received  
25 by the taxpayer in exchange for broadcasting services  
26 or allowing the broadcasting of commercials or

1 announcements in connection with the broadcasting of  
2 film or radio programming, from sponsorships of the  
3 programming, or from product placements in the  
4 programming.

5 "Audience factor" means the ratio that the  
6 audience or subscribers located in this State of a  
7 station, a network, or a cable system bears to the  
8 total audience or total subscribers for that station,  
9 network, or cable system. The audience factor for film  
10 or radio programming shall be determined by reference  
11 to the books and records of the taxpayer or by  
12 reference to published rating statistics provided the  
13 method used by the taxpayer is consistently used from  
14 year to year for this purpose and fairly represents the  
15 taxpayer's activity in this State.

16 "Broadcast" or "broadcasting" or "broadcasting  
17 services" means the transmission or provision of film  
18 or radio programming, whether through the public  
19 airwaves, by cable, by direct or indirect satellite  
20 transmission, or by any other means of communication,  
21 either through a station, a network, or a cable system.

22 "Film" or "film programming" means the broadcast  
23 on television of any and all performances, events, or  
24 productions, including but not limited to news,  
25 sporting events, plays, stories, or other literary,  
26 commercial, educational, or artistic works, either

1       live or through the use of video tape, disc, or any  
2       other type of format or medium. Each episode of a  
3       series of films produced for television shall  
4       constitute separate "film" notwithstanding that the  
5       series relates to the same principal subject and is  
6       produced during one or more tax periods.

7       "Radio" or "radio programming" means the broadcast  
8       on radio of any and all performances, events, or  
9       productions, including but not limited to news,  
10      sporting events, plays, stories, or other literary,  
11      commercial, educational, or artistic works, either  
12      live or through the use of an audio tape, disc, or any  
13      other format or medium. Each episode in a series of  
14      radio programming produced for radio broadcast shall  
15      constitute a separate "radio programming"  
16      notwithstanding that the series relates to the same  
17      principal subject and is produced during one or more  
18      tax periods.

19           (i) In the case of advertising revenue from  
20           broadcasting, the customer is the advertiser and  
21           the service is received in this State if the  
22           commercial domicile of the advertiser is in this  
23           State.

24           (ii) In the case where film or radio  
25           programming is broadcast by a station, a network,  
26           or a cable system for a fee or other remuneration

1 received from the recipient of the broadcast, the  
2 portion of the service that is received in this  
3 State is measured by the portion of the recipients  
4 of the broadcast located in this State.  
5 Accordingly, the fee or other remuneration for  
6 such service that is included in the Illinois  
7 numerator of the sales factor is the total of those  
8 fees or other remuneration received from  
9 recipients in Illinois. For purposes of this  
10 paragraph, a taxpayer may determine the location  
11 of the recipients of its broadcast using the  
12 address of the recipient shown in its contracts  
13 with the recipient or using the billing address of  
14 the recipient in the taxpayer's records.

15 (iii) In the case where film or radio  
16 programming is broadcast by a station, a network,  
17 or a cable system for a fee or other remuneration  
18 from the person providing the programming, the  
19 portion of the broadcast service that is received  
20 by such station, network, or cable system in this  
21 State is measured by the portion of recipients of  
22 the broadcast located in this State. Accordingly,  
23 the amount of revenue related to such an  
24 arrangement that is included in the Illinois  
25 numerator of the sales factor is the total fee or  
26 other total remuneration from the person providing



1           the programming related to that broadcast  
2           multiplied by the Illinois audience factor for  
3           that broadcast.

4           (iv) In the case where film or radio  
5           programming is provided by a taxpayer that is a  
6           network or station to a customer for broadcast in  
7           exchange for a fee or other remuneration from that  
8           customer the broadcasting service is received at  
9           the location of the office of the customer from  
10           which the services were ordered in the regular  
11           course of the customer's trade or business.  
12           Accordingly, in such a case the revenue derived by  
13           the taxpayer that is included in the taxpayer's  
14           Illinois numerator of the sales factor is the  
15           revenue from such customers who receive the  
16           broadcasting service in Illinois.

17           (v) In the case where film or radio programming  
18           is provided by a taxpayer that is not a network or  
19           station to another person for broadcasting in  
20           exchange for a fee or other remuneration from that  
21           person, the broadcasting service is received at  
22           the location of the office of the customer from  
23           which the services were ordered in the regular  
24           course of the customer's trade or business.  
25           Accordingly, in such a case the revenue derived by  
26           the taxpayer that is included in the taxpayer's

1           Illinois numerator of the sales factor is the  
2           revenue from such customers who receive the  
3           broadcasting service in Illinois.

4           (C) For taxable years ending before December 31, 2008,  
5 sales, other than sales governed by paragraphs (B), (B-1),  
6 and (B-2), are in this State if:

7           (i) The income-producing activity is performed in  
8 this State; or

9           (ii) The income-producing activity is performed  
10 both within and without this State and a greater  
11 proportion of the income-producing activity is  
12 performed within this State than without this State,  
13 based on performance costs.

14           (C-5) For taxable years ending on or after December 31,  
15 2008, sales, other than sales governed by paragraphs (B),  
16 (B-1), (B-2), ~~and~~ (B-5), and (B-7), are in this State if  
17 any of the following criteria are met:

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

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

1           aircraft, vessels, or mobile equipment are in this  
2           State to the extent that the property is used in this  
3           State.

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

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

23                   (b) in all other cases, if the  
24                   income-producing activity of the taxpayer is  
25                   performed in this State or, if the  
26                   income-producing activity of the taxpayer is

1 performed both within and without this State, if a  
2 greater proportion of the income-producing  
3 activity of the taxpayer is performed within this  
4 State than in any other state, based on performance  
5 costs.

6 (iv) Sales of services are in this State if the  
7 services are received in this State. For the purposes  
8 of this section, gross receipts from the performance of  
9 services provided to a corporation, partnership, or  
10 trust may only be attributed to a state where that  
11 corporation, partnership, or trust has a fixed place of  
12 business. If the state where the services are received  
13 is not readily determinable or is a state where the  
14 corporation, partnership, or trust receiving the  
15 service does not have a fixed place of business, the  
16 services shall be deemed to be received at the location  
17 of the office of the customer from which the services  
18 were ordered in the regular course of the customer's  
19 trade or business. If the ordering office cannot be  
20 determined, the services shall be deemed to be received  
21 at the office of the customer to which the services are  
22 billed. If the taxpayer is not taxable in the state in  
23 which the services are received, the sale must be  
24 excluded from both the numerator and the denominator of  
25 the sales factor. The Department shall adopt rules  
26 prescribing where specific types of service are

1 received, including, but not limited to, ~~broadcast,~~  
2 ~~cable, advertising,~~ publishing, and utility service.

3 (D) For taxable years ending on or after December 31,  
4 1995, the following items of income shall not be included  
5 in the numerator or denominator of the sales factor:  
6 dividends; amounts included under Section 78 of the  
7 Internal Revenue Code; and Subpart F income as defined in  
8 Section 952 of the Internal Revenue Code. No inference  
9 shall be drawn from the enactment of this paragraph (D) in  
10 construing this Section for taxable years ending before  
11 December 31, 1995.

12 (E) Paragraphs (B-1) and (B-2) shall apply to tax years  
13 ending on or after December 31, 1999, provided that a  
14 taxpayer may elect to apply the provisions of these  
15 paragraphs to prior tax years. Such election shall be made  
16 in the form and manner prescribed by the Department, shall  
17 be irrevocable, and shall apply to all tax years; provided  
18 that, if a taxpayer's Illinois income tax liability for any  
19 tax year, as assessed under Section 903 prior to January 1,  
20 1999, was computed in a manner contrary to the provisions  
21 of paragraphs (B-1) or (B-2), no refund shall be payable to  
22 the taxpayer for that tax year to the extent such refund is  
23 the result of applying the provisions of paragraph (B-1) or  
24 (B-2) retroactively. In the case of a unitary business  
25 group, such election shall apply to all members of such  
26 group for every tax year such group is in existence, but

1 shall not apply to any taxpayer for any period during which  
2 that taxpayer is not a member of such group.

3 (b) Insurance companies.

4 (1) In general. Except as otherwise provided by  
5 paragraph (2), business income of an insurance company for  
6 a taxable year shall be apportioned to this State by  
7 multiplying such income by a fraction, the numerator of  
8 which is the direct premiums written for insurance upon  
9 property or risk in this State, and the denominator of  
10 which is the direct premiums written for insurance upon  
11 property or risk everywhere. For purposes of this  
12 subsection, the term "direct premiums written" means the  
13 total amount of direct premiums written, assessments and  
14 annuity considerations as reported for the taxable year on  
15 the annual statement filed by the company with the Illinois  
16 Director of Insurance in the form approved by the National  
17 Convention of Insurance Commissioners or such other form as  
18 may be prescribed in lieu thereof.

19 (2) Reinsurance. If the principal source of premiums  
20 written by an insurance company consists of premiums for  
21 reinsurance accepted by it, the business income of such  
22 company shall be apportioned to this State by multiplying  
23 such income by a fraction, the numerator of which is the  
24 sum of (i) direct premiums written for insurance upon  
25 property or risk in this State, plus (ii) premiums written  
26 for reinsurance accepted in respect of property or risk in

1       this State, and the denominator of which is the sum of  
2       (iii) direct premiums written for insurance upon property  
3       or risk everywhere, plus (iv) premiums written for  
4       reinsurance accepted in respect of property or risk  
5       everywhere. For taxable years ending before December 31,  
6       2008, for purposes of this paragraph, premiums written for  
7       reinsurance accepted in respect of property or risk in this  
8       State, whether or not otherwise determinable, may, at the  
9       election of the company, be determined on the basis of the  
10      proportion which premiums written for reinsurance accepted  
11      from companies commercially domiciled in Illinois bears to  
12      premiums written for reinsurance accepted from all  
13      sources, or, alternatively, in the proportion which the sum  
14      of the direct premiums written for insurance upon property  
15      or risk in this State by each ceding company from which  
16      reinsurance is accepted bears to the sum of the total  
17      direct premiums written by each such ceding company for the  
18      taxable year.

19      (c) Financial organizations.

20           (1) In general. For taxable years ending before  
21      December 31, 2008, business income of a financial  
22      organization shall be apportioned to this State by  
23      multiplying such income by a fraction, the numerator of  
24      which is its business income from sources within this  
25      State, and the denominator of which is its business income  
26      from all sources. For the purposes of this subsection, the

1 business income of a financial organization from sources  
2 within this State is the sum of the amounts referred to in  
3 subparagraphs (A) through (E) following, but excluding the  
4 adjusted income of an international banking facility as  
5 determined in paragraph (2):

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

8 (B) Gross profits from trading in stocks, bonds or  
9 other securities managed within this State;

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

12 (D) Interest charged to customers at places of  
13 business maintained within this State for carrying  
14 debit balances of margin accounts, without deduction  
15 of any costs incurred in carrying such accounts; and

16 (E) Any other gross income resulting from the  
17 operation as a financial organization within this  
18 State. In computing the amounts referred to in  
19 paragraphs (A) through (E) of this subsection, any  
20 amount received by a member of an affiliated group  
21 (determined under Section 1504(a) of the Internal  
22 Revenue Code but without reference to whether any such  
23 corporation is an "includible corporation" under  
24 Section 1504(b) of the Internal Revenue Code) from  
25 another member of such group shall be included only to  
26 the extent such amount exceeds expenses of the



1 recipient directly related thereto.

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

4 (A) Adjusted Income. The adjusted income of an  
5 international banking facility is its income reduced  
6 by the amount of the floor amount.

7 (B) Floor Amount. The floor amount shall be the  
8 amount, if any, determined by multiplying the income of  
9 the international banking facility by a fraction, not  
10 greater than one, which is determined as follows:

11 (i) The numerator shall be:

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

25 The average aggregate, determined on a  
26 quarterly basis, of such loans (other than loans of

1 an international banking facility), as reported by  
2 the financial institution for its branches,  
3 agencies and offices within the state, on the  
4 corresponding Schedule and lines of the  
5 Consolidated Report of Condition for the current  
6 taxable year, provided, however, that in no case  
7 shall the amount determined in this clause (the  
8 subtrahend) exceed the amount determined in the  
9 preceding clause (the minuend); and

10 (ii) the denominator shall be the average  
11 aggregate, determined on a quarterly basis, of the  
12 international banking facility's loans to banks in  
13 foreign countries, to foreign domiciled borrowers  
14 (except where secured primarily by real estate)  
15 and to foreign governments and other foreign  
16 official institutions, which were recorded in its  
17 financial accounts for the current taxable year.

18 (C) Change to Consolidated Report of Condition and  
19 in Qualification. In the event the Consolidated Report  
20 of Condition which is filed with the Federal Deposit  
21 Insurance Corporation and other regulatory authorities  
22 is altered so that the information required for  
23 determining the floor amount is not found on Schedule  
24 A, lines 2.c., 5.b. and 7.a., the financial institution  
25 shall notify the Department and the Department may, by  
26 regulations or otherwise, prescribe or authorize the

1 use of an alternative source for such information. The  
2 financial institution shall also notify the Department  
3 should its international banking facility fail to  
4 qualify as such, in whole or in part, or should there  
5 be any amendment or change to the Consolidated Report  
6 of Condition, as originally filed, to the extent such  
7 amendment or change alters the information used in  
8 determining the floor amount.

9 (3) For taxable years ending on or after December 31,  
10 2008, the business income of a financial organization shall  
11 be apportioned to this State by multiplying such income by  
12 a fraction, the numerator of which is its gross receipts  
13 from sources in this State or otherwise attributable to  
14 this State's marketplace and the denominator of which is  
15 its gross receipts everywhere during the taxable year.  
16 "Gross receipts" for purposes of this subparagraph (3)  
17 means gross income, including net taxable gain on  
18 disposition of assets, including securities and money  
19 market instruments, when derived from transactions and  
20 activities in the regular course of the financial  
21 organization's trade or business. The following examples  
22 are illustrative:

23 (i) Receipts from the lease or rental of real or  
24 tangible personal property are in this State if the  
25 property is located in this State during the rental  
26 period. Receipts from the lease or rental of tangible

1 personal property that is characteristically moving  
2 property, including, but not limited to, motor  
3 vehicles, rolling stock, aircraft, vessels, or mobile  
4 equipment are from sources in this State to the extent  
5 that the property is used in this State.

6 (ii) Interest income, commissions, fees, gains on  
7 disposition, and other receipts from assets in the  
8 nature of loans that are secured primarily by real  
9 estate or tangible personal property are from sources  
10 in this State if the security is located in this State.

11 (iii) Interest income, commissions, fees, gains on  
12 disposition, and other receipts from consumer loans  
13 that are not secured by real or tangible personal  
14 property are from sources in this State if the debtor  
15 is a resident of this State.

16 (iv) Interest income, commissions, fees, gains on  
17 disposition, and other receipts from commercial loans  
18 and installment obligations that are not secured by  
19 real or tangible personal property are from sources in  
20 this State if the proceeds of the loan are to be  
21 applied in this State. If it cannot be determined where  
22 the funds are to be applied, the income and receipts  
23 are from sources in this State if the office of the  
24 borrower from which the loan was negotiated in the  
25 regular course of business is located in this State. If  
26 the location of this office cannot be determined, the

1 income and receipts shall be excluded from the  
2 numerator and denominator of the sales factor.

3 (v) Interest income, fees, gains on disposition,  
4 service charges, merchant discount income, and other  
5 receipts from credit card receivables are from sources  
6 in this State if the card charges are regularly billed  
7 to a customer in this State.

8 (vi) Receipts from the performance of services,  
9 including, but not limited to, fiduciary, advisory,  
10 and brokerage services, are in this State if the  
11 services are received in this State within the meaning  
12 of subparagraph (a) (3) (C-5) (iv) of this Section.

13 (vii) Receipts from the issuance of travelers  
14 checks and money orders are from sources in this State  
15 if the checks and money orders are issued from a  
16 location within this State.

17 (viii) Receipts from investment assets and  
18 activities and trading assets and activities are  
19 included in the receipts factor as follows:

20 (1) Interest, dividends, net gains (but not  
21 less than zero) and other income from investment  
22 assets and activities from trading assets and  
23 activities shall be included in the receipts  
24 factor. Investment assets and activities and  
25 trading assets and activities include but are not  
26 limited to: investment securities; trading account

1 assets; federal funds; securities purchased and  
2 sold under agreements to resell or repurchase;  
3 options; futures contracts; forward contracts;  
4 notional principal contracts such as swaps;  
5 equities; and foreign currency transactions. With  
6 respect to the investment and trading assets and  
7 activities described in subparagraphs (A) and (B)  
8 of this paragraph, the receipts factor shall  
9 include the amounts described in such  
10 subparagraphs.

11 (A) The receipts factor shall include the  
12 amount by which interest from federal funds  
13 sold and securities purchased under resale  
14 agreements exceeds interest expense on federal  
15 funds purchased and securities sold under  
16 repurchase agreements.

17 (B) The receipts factor shall include the  
18 amount by which interest, dividends, gains and  
19 other income from trading assets and  
20 activities, including but not limited to  
21 assets and activities in the matched book, in  
22 the arbitrage book, and foreign currency  
23 transactions, exceed amounts paid in lieu of  
24 interest, amounts paid in lieu of dividends,  
25 and losses from such assets and activities.

26 (2) The numerator of the receipts factor

1 includes interest, dividends, net gains (but not  
2 less than zero), and other income from investment  
3 assets and activities and from trading assets and  
4 activities described in paragraph (1) of this  
5 subsection that are attributable to this State.

6 (A) The amount of interest, dividends, net  
7 gains (but not less than zero), and other  
8 income from investment assets and activities  
9 in the investment account to be attributed to  
10 this State and included in the numerator is  
11 determined by multiplying all such income from  
12 such assets and activities by a fraction, the  
13 numerator of which is the gross income from  
14 such assets and activities which are properly  
15 assigned to a fixed place of business of the  
16 taxpayer within this State and the denominator  
17 of which is the gross income from all such  
18 assets and activities.

19 (B) The amount of interest from federal  
20 funds sold and purchased and from securities  
21 purchased under resale agreements and  
22 securities sold under repurchase agreements  
23 attributable to this State and included in the  
24 numerator is determined by multiplying the  
25 amount described in subparagraph (A) of  
26 paragraph (1) of this subsection from such

1 funds and such securities by a fraction, the  
2 numerator of which is the gross income from  
3 such funds and such securities which are  
4 properly assigned to a fixed place of business  
5 of the taxpayer within this State and the  
6 denominator of which is the gross income from  
7 all such funds and such securities.

8 (C) The amount of interest, dividends,  
9 gains, and other income from trading assets and  
10 activities, including but not limited to  
11 assets and activities in the matched book, in  
12 the arbitrage book and foreign currency  
13 transactions (but excluding amounts described  
14 in subparagraphs (A) or (B) of this paragraph),  
15 attributable to this State and included in the  
16 numerator is determined by multiplying the  
17 amount described in subparagraph (B) of  
18 paragraph (1) of this subsection by a fraction,  
19 the numerator of which is the gross income from  
20 such trading assets and activities which are  
21 properly assigned to a fixed place of business  
22 of the taxpayer within this State and the  
23 denominator of which is the gross income from  
24 all such assets and activities.

25 (D) Properly assigned, for purposes of  
26 this paragraph (2) of this subsection, means



1 the investment or trading asset or activity is  
2 assigned to the fixed place of business with  
3 which it has a preponderance of substantive  
4 contacts. An investment or trading asset or  
5 activity assigned by the taxpayer to a fixed  
6 place of business without the State shall be  
7 presumed to have been properly assigned if:

8 (i) the taxpayer has assigned, in the  
9 regular course of its business, such asset  
10 or activity on its records to a fixed place  
11 of business consistent with federal or  
12 state regulatory requirements;

13 (ii) such assignment on its records is  
14 based upon substantive contacts of the  
15 asset or activity to such fixed place of  
16 business; and

17 (iii) the taxpayer uses such records  
18 reflecting assignment of such assets or  
19 activities for the filing of all state and  
20 local tax returns for which an assignment  
21 of such assets or activities to a fixed  
22 place of business is required.

23 (E) The presumption of proper assignment  
24 of an investment or trading asset or activity  
25 provided in subparagraph (D) of paragraph (2)  
26 of this subsection may be rebutted upon a

1 showing by the Department, supported by a  
2 preponderance of the evidence, that the  
3 preponderance of substantive contacts  
4 regarding such asset or activity did not occur  
5 at the fixed place of business to which it was  
6 assigned on the taxpayer's records. If the  
7 fixed place of business that has a  
8 preponderance of substantive contacts cannot  
9 be determined for an investment or trading  
10 asset or activity to which the presumption in  
11 subparagraph (D) of paragraph (2) of this  
12 subsection does not apply or with respect to  
13 which that presumption has been rebutted, that  
14 asset or activity is properly assigned to the  
15 state in which the taxpayer's commercial  
16 domicile is located. For purposes of this  
17 subparagraph (E), it shall be presumed,  
18 subject to rebuttal, that taxpayer's  
19 commercial domicile is in the state of the  
20 United States or the District of Columbia to  
21 which the greatest number of employees are  
22 regularly connected with the management of the  
23 investment or trading income or out of which  
24 they are working, irrespective of where the  
25 services of such employees are performed, as of  
26 the last day of the taxable year.

1 (4) (Blank).

2 (5) (Blank).

3 (d) Transportation services. For taxable years ending  
4 before December 31, 2008, business income derived from  
5 furnishing transportation services shall be apportioned to  
6 this State in accordance with paragraphs (1) and (2):

7 (1) Such business income (other than that derived from  
8 transportation by pipeline) shall be apportioned to this  
9 State by multiplying such income by a fraction, the  
10 numerator of which is the revenue miles of the person in  
11 this State, and the denominator of which is the revenue  
12 miles of the person everywhere. For purposes of this  
13 paragraph, a revenue mile is the transportation of 1  
14 passenger or 1 net ton of freight the distance of 1 mile  
15 for a consideration. Where a person is engaged in the  
16 transportation of both passengers and freight, the  
17 fraction above referred to shall be determined by means of  
18 an average of the passenger revenue mile fraction and the  
19 freight revenue mile fraction, weighted to reflect the  
20 person's

21 (A) relative railway operating income from total  
22 passenger and total freight service, as reported to the  
23 Interstate Commerce Commission, in the case of  
24 transportation by railroad, and

25 (B) relative gross receipts from passenger and  
26 freight transportation, in case of transportation

1           other than by railroad.

2           (2) Such business income derived from transportation  
3 by pipeline shall be apportioned to this State by  
4 multiplying such income by a fraction, the numerator of  
5 which is the revenue miles of the person in this State, and  
6 the denominator of which is the revenue miles of the person  
7 everywhere. For the purposes of this paragraph, a revenue  
8 mile is the transportation by pipeline of 1 barrel of oil,  
9 1,000 cubic feet of gas, or of any specified quantity of  
10 any other substance, the distance of 1 mile for a  
11 consideration.

12           (3) For taxable years ending on or after December 31,  
13 2008, business income derived from providing  
14 transportation services other than airline services shall  
15 be apportioned to this State by using a fraction, (a) the  
16 numerator of which shall be (i) all receipts from any  
17 movement or shipment of people, goods, mail, oil, gas, or  
18 any other substance (other than by airline) that both  
19 originates and terminates in this State, plus (ii) that  
20 portion of the person's gross receipts from movements or  
21 shipments of people, goods, mail, oil, gas, or any other  
22 substance (other than by airline) that originates in one  
23 state or jurisdiction and terminates in another state or  
24 jurisdiction, that is determined by the ratio that the  
25 miles traveled in this State bears to total miles  
26 everywhere and (b) the denominator of which shall be all

1 revenue derived from the movement or shipment of people,  
2 goods, mail, oil, gas, or any other substance (other than  
3 by airline). Where a taxpayer is engaged in the  
4 transportation of both passengers and freight, the  
5 fraction above referred to shall first be determined  
6 separately for passenger miles and freight miles. Then an  
7 average of the passenger miles fraction and the freight  
8 miles fraction shall be weighted to reflect the taxpayer's:

9 (A) relative railway operating income from total  
10 passenger and total freight service, as reported to the  
11 Surface Transportation Board, in the case of  
12 transportation by railroad; and

13 (B) relative gross receipts from passenger and  
14 freight transportation, in case of transportation  
15 other than by railroad.

16 (4) For taxable years ending on or after December 31,  
17 2008, business income derived from furnishing airline  
18 transportation services shall be apportioned to this State  
19 by multiplying such income by a fraction, the numerator of  
20 which is the revenue miles of the person in this State, and  
21 the denominator of which is the revenue miles of the person  
22 everywhere. For purposes of this paragraph, a revenue mile  
23 is the transportation of one passenger or one net ton of  
24 freight the distance of one mile for a consideration. If a  
25 person is engaged in the transportation of both passengers  
26 and freight, the fraction above referred to shall be

1           determined by means of an average of the passenger revenue  
2           mile fraction and the freight revenue mile fraction,  
3           weighted to reflect the person's relative gross receipts  
4           from passenger and freight airline transportation.

5           (e) Combined apportionment. Where 2 or more persons are  
6           engaged in a unitary business as described in subsection  
7           (a) (27) of Section 1501, a part of which is conducted in this  
8           State by one or more members of the group, the business income  
9           attributable to this State by any such member or members shall  
10          be apportioned by means of the combined apportionment method.

11          (f) Alternative allocation. If the allocation and  
12          apportionment provisions of subsections (a) through (e) and of  
13          subsection (h) do not fairly represent the extent of a person's  
14          business activity in this State, the person may petition for,  
15          or the Director may, without a petition, permit or require, in  
16          respect of all or any part of the person's business activity,  
17          if reasonable:

18                 (1) Separate accounting;

19                 (2) The exclusion of any one or more factors;

20                 (3) The inclusion of one or more additional factors  
21                 which will fairly represent the person's business  
22                 activities in this State; or

23                 (4) The employment of any other method to effectuate an  
24                 equitable allocation and apportionment of the person's  
25                 business income.

26          (g) Cross reference. For allocation of business income by

1 residents, see Section 301(a).

2 (h) For tax years ending on or after December 31, 1998, the  
3 apportionment factor of persons who apportion their business  
4 income to this State under subsection (a) shall be equal to:

5 (1) for tax years ending on or after December 31, 1998  
6 and before December 31, 1999, 16 2/3% of the property  
7 factor plus 16 2/3% of the payroll factor plus 66 2/3% of  
8 the sales factor;

9 (2) for tax years ending on or after December 31, 1999  
10 and before December 31, 2000, 8 1/3% of the property factor  
11 plus 8 1/3% of the payroll factor plus 83 1/3% of the sales  
12 factor;

13 (3) for tax years ending on or after December 31, 2000,  
14 the sales factor.

15 If, in any tax year ending on or after December 31, 1998 and  
16 before December 31, 2000, the denominator of the payroll,  
17 property, or sales factor is zero, the apportionment factor  
18 computed in paragraph (1) or (2) of this subsection for that  
19 year shall be divided by an amount equal to 100% minus the  
20 percentage weight given to each factor whose denominator is  
21 equal to zero.

22 (Source: P.A. 94-247, eff. 1-1-06; 95-233, eff. 8-16-07;  
23 95-707, eff. 1-11-08.)

24 Section 99. Effective date. This Act takes effect upon  
25 becoming law.