



Rep. Barbara Flynn Currie

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1 AMENDMENT TO SENATE BILL 2505

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2505, AS AMENDED,  
3 by replacing everything after the enacting clause with the  
4 following:

5 "Section 1. This Act shall be known as the Taxpayer  
6 Accountability and Budget Stabilization Act.

7 Section 5. The Secretary of State Act is amended by  
8 changing Section 5 as follows:

9 (15 ILCS 305/5) (from Ch. 124, par. 5)

10 Sec. 5. It shall be the duty of the Secretary of State:

11 1. To countersign and affix the seal of state to all  
12 commissions required by law to be issued by the Governor.

13 2. To make a register of all appointments by the Governor,  
14 specifying the person appointed, the office conferred, the date  
15 of the appointment, the date when bond or oath is taken and the

1 date filed. If Senate confirmation is required, the date of the  
2 confirmation shall be included in the register.

3 3. To make proper indexes to public acts, resolutions,  
4 papers and documents in his office.

5 3-a. To review all rules of all State agencies adopted in  
6 compliance with the codification system prescribed by the  
7 Secretary. The review shall be for the purposes and include all  
8 the powers and duties provided in the Illinois Administrative  
9 Procedure Act. The Secretary of State shall cooperate with the  
10 Legislative Information System to insure the accuracy of the  
11 text of the rules maintained under the Legislative Information  
12 System Act.

13 4. To give any person requiring the same paying the lawful  
14 fees therefor, a copy of any law, act, resolution, record or  
15 paper in his office, and attach thereto his certificate, under  
16 the seal of the state.

17 5. To take charge of and preserve from waste, and keep in  
18 repair, the houses, lots, grounds and appurtenances, situated  
19 in the City of Springfield, and belonging to or occupied by the  
20 State, the care of which is not otherwise provided for by law,  
21 and to take charge of and preserve from waste, and keep in  
22 repair, the houses, lots, grounds and appurtenances, situated  
23 in the State outside the City of Springfield where such houses,  
24 lots, grounds and appurtenances are occupied by the Secretary  
25 of State and no other State officer or agency.

26 6. To supervise the distribution of the laws.

1           7. To perform such other duties as may be required by law.  
2 The Secretary of State may, within appropriations authorized by  
3 the General Assembly, maintain offices in the State Capital and  
4 in such other places in the State as he may deem necessary to  
5 properly carry out the powers and duties vested in him by law.

6           8. In addition to all other authority granted to the  
7 Secretary by law, subject to appropriation, to make grants or  
8 otherwise provide assistance to, among others without  
9 limitation, units of local government, school districts,  
10 educational institutions, private agencies, not-for-profit  
11 organizations, and for-profit entities for the health, safety,  
12 and welfare of Illinois residents for purposes related to  
13 education, transportation, construction, capital improvements,  
14 social services, and any other lawful public purpose. Upon  
15 request of the Secretary, all State agencies are mandated to  
16 provide the Secretary with assistance in administering the  
17 grants.

18           9. To notify the Auditor General of any Public Act filed  
19 with the Office of the Secretary of State making an  
20 appropriation or transfer of funds from the State treasury.  
21 This paragraph (9) applies only through June 30, 2015.

22 (Source: P.A. 96-37, eff. 7-13-09.)

23           Section 10. The Illinois State Auditing Act is amended by  
24 adding Section 3-20 as follows:

1 (30 ILCS 5/3-20 new)

2 Sec. 3-20. Spending limitation reports. The Auditor  
3 General shall issue reports in accordance with Section 201.5 of  
4 the Illinois Income Tax Act. This Section applies through June  
5 30, 2015 or the effective date of a reduction in the rate of  
6 tax imposed by subsections (a) and (b) of Section 201 of the  
7 Illinois Income Tax Act pursuant to Section 201.5 of the  
8 Illinois Income Tax Act, whichever is earlier.

9 Section 15. The State Finance Act is amended by adding  
10 Sections 5.786, 5.787, 5.788, 6z-85, 6z-86, 6z-87, and 25.2 as  
11 follows:

12 (30 ILCS 105/5.786 new)

13 Sec. 5.786. The Fund for the Advancement of Education.

14 (30 ILCS 105/5.787 new)

15 Sec. 5.787. The Property Tax Rebate Trust Fund.

16 (30 ILCS 105/5.788 new)

17 Sec. 5.788. The Commitment to Human Services Fund.

18 (30 ILCS 105/6z-85 new)

19 Sec. 6z-85. The Fund for the Advancement of Education;  
20 creation. The Fund for the Advancement of Education is hereby  
21 created as a special fund in the State treasury. All moneys

1 deposited into the fund shall be appropriated to provide  
2 financial assistance for education programs. Moneys  
3 appropriated from the Fund shall supplement and not supplant  
4 the current level of education funding.

5 (30 ILCS 105/6z-86 new)

6 Sec. 6z-86. The Property Tax Rebate Trust Fund; uses.

7 (a) The Property Tax Rebate Trust Fund is hereby created as  
8 a special fund in the State treasury. Moneys in the Fund shall  
9 be used to pay rebates as provided in this Section. Beginning  
10 in 2012, as soon as practical after July 15 of each year, the  
11 Department of Revenue shall pay a rebate to each taxpayer who  
12 files, no later than April 15 of that year, an individual  
13 income tax return in the State for a taxable year beginning in  
14 the previous calendar year and was responsible for paying real  
15 property taxes on his or her principal residence located in the  
16 State during the taxable year. Persons filing a joint return  
17 shall be treated as one taxpayer, and only one rebate may be  
18 issued per residence each year. The amount of the property tax  
19 rebate shall be equal to the balance of the Property Tax Rebate  
20 Trust Fund as of July 1 of the calendar year divided by the  
21 number of eligible taxpayers, rounded to the next lowest dollar  
22 amount. The Department of Revenue shall certify the name of  
23 each taxpayer who is eligible for a rebate under this Section.  
24 The State Comptroller shall mail the rebate warrants to these  
25 taxpayers as soon as practical after receipt of the

1 certification from the Department of Revenue. The Comptroller  
2 shall include a notice with the rebate warrant advising the  
3 taxpayer that the rebate is being provided as a result of the  
4 Taxpayer Accountability and Budget Stabilization Act passed by  
5 the General Assembly and signed into law by the Governor.

6 (b) Any rebate payment that is returned or otherwise is not  
7 cashd shall be redeposited into the Fund.

8 (c) If the rate of tax imposed by subsections (a) and (b)  
9 of Section 201 of the Illinois Income Tax Act is reduced  
10 pursuant to Section 201.5 of the Illinois Income Tax Act, the  
11 Department of Revenue shall not make a certification and the  
12 Comptroller shall not issue warrants under this Section on or  
13 after the effective date of the reduction.

14 (30 ILCS 105/6z-87 new)

15 Sec. 6z-87. The Commitment to Human Services Fund; uses.  
16 The Commitment to Human Services Fund is hereby created as a  
17 special fund in the State treasury. All moneys deposited into  
18 the fund shall be appropriated to provide financial assistance  
19 for community-based human service providers and for State  
20 funded human service programs. Moneys appropriated from the  
21 Fund shall supplement and not supplant the current level of  
22 human services funding.

23 (30 ILCS 105/25.2 new)

24 Sec. 25.2. Statutory mandates not designated in law as

1 being subject to appropriation. Notwithstanding any law to the  
2 contrary, from the effective date of this Section through  
3 fiscal year 2015, with respect to any statutory mandate that is  
4 not designated in law as being subject to appropriation, if and  
5 only if the Governor determines that funds appropriated for  
6 such statutory mandates are insufficient to satisfy those  
7 mandates, the Governor may reduce the amount of funds  
8 appropriated for some or all of those statutory mandates in  
9 amounts he or she deems necessary to accommodate budgetary  
10 limitations while attempting to implement such mandates to the  
11 extent reasonably practical. The reduction shall become  
12 effective upon the Governor giving notice of the reduction to  
13 the Speaker of the House of Representatives, the President of  
14 the Senate, the Minority Leader of the House of  
15 Representatives, the Minority Leader of the Senate, the State  
16 Comptroller, the State Treasurer, and the Commission on  
17 Government Forecasting and Accountability. Nothing in this  
18 Section prohibits adjustments to the Governor's reduction by  
19 law.

20 Section 20. The Illinois Income Tax Act is amended by  
21 changing Sections 201, 207, 208, 208.1, 804, and 901 and by  
22 adding Sections 201.5, 202.5, and 517 as follows:

23 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

24 Sec. 201. Tax Imposed.

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

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

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

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

22 (3) In the case of an individual, trust or estate, for  
23 taxable years beginning after June 30, 1989, and ending  
24 prior to January 1, 2011, an amount equal to 3% of the  
25 taxpayer's net income for the taxable year.

26 (4) In the case of an individual, trust, or estate, for



1 taxable years beginning prior to January 1, 2011, and  
2 ending after December 31, 2010, an amount equal to the sum  
3 of (i) 3% of the taxpayer's net income for the period prior  
4 to January 1, 2011, as calculated under Section 202.5, and  
5 (ii) 5% of the taxpayer's net income for the period after  
6 December 31, 2010, as calculated under Section 202.5.  
7 ~~(Blank).~~

8 (5) In the case of an individual, trust, or estate, for  
9 taxable years beginning on or after January 1, 2011, and  
10 ending prior to January 1, 2015, an amount equal to 5% of  
11 the taxpayer's net income for the taxable year. ~~(Blank).~~

12 (5.1) In the case of an individual, trust, or estate,  
13 for taxable years beginning prior to January 1, 2015, and  
14 ending after December 31, 2014, an amount equal to the sum  
15 of (i) 5% of the taxpayer's net income for the period prior  
16 to January 1, 2015, as calculated under Section 202.5, and  
17 (ii) 4% of the taxpayer's net income for the period after  
18 December 31, 2014, as calculated under Section 202.5.

19 (5.2) In the case of an individual, trust, or estate,  
20 for taxable years beginning on or after January 1, 2015,  
21 and ending prior to January 1, 2025, an amount equal to 4%  
22 of the taxpayer's net income for the taxable year.

23 (5.3) In the case of an individual, trust, or estate,  
24 for taxable years beginning prior to January 1, 2025, and  
25 ending after December 31, 2024, an amount equal to the sum  
26 of (i) 4% of the taxpayer's net income for the period prior

1       to January 1, 2025, as calculated under Section 202.5, and  
2       (ii) 3.5% of the taxpayer's net income for the period after  
3       December 31, 2024, as calculated under Section 202.5.

4       (5.4) In the case of an individual, trust, or estate,  
5       for taxable years beginning on or after January 1, 2025, an  
6       amount equal to 3.5% of the taxpayer's net income for the  
7       taxable year.

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

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

18      (8) In the case of a corporation, for taxable years  
19      beginning after June 30, 1989, and ending prior to January  
20      1, 2011, an amount equal to 4.8% of the taxpayer's net  
21      income for the taxable year.

22      (9) In the case of a corporation, for taxable years  
23      beginning prior to January 1, 2011, and ending after  
24      December 31, 2010, an amount equal to the sum of (i) 4.8%  
25      of the taxpayer's net income for the period prior to  
26      January 1, 2011, as calculated under Section 202.5, and

1       (ii) 7% of the taxpayer's net income for the period after  
2       December 31, 2010, as calculated under Section 202.5.

3       (10) In the case of a corporation, for taxable years  
4       beginning on or after January 1, 2011, and ending prior to  
5       January 1, 2015, an amount equal to 7% of the taxpayer's  
6       net income for the taxable year.

7       (11) In the case of a corporation, for taxable years  
8       beginning prior to January 1, 2015, and ending after  
9       December 31, 2014, an amount equal to the sum of (i) 7% of  
10       the taxpayer's net income for the period prior to January  
11       1, 2015, as calculated under Section 202.5, and (ii) 5.6%  
12       of the taxpayer's net income for the period after December  
13       31, 2014, as calculated under Section 202.5.

14       (12) In the case of a corporation, for taxable years  
15       beginning on or after January 1, 2015, and ending prior to  
16       January 1, 2025, an amount equal to 5.6% of the taxpayer's  
17       net income for the taxable year.

18       (13) In the case of a corporation, for taxable years  
19       beginning prior to January 1, 2025, and ending after  
20       December 31, 2024, an amount equal to the sum of (i) 5.6%  
21       of the taxpayer's net income for the period prior to  
22       January 1, 2025, as calculated under Section 202.5, and  
23       (ii) 4.9% of the taxpayer's net income for the period after  
24       December 31, 2024, as calculated under Section 202.5.

25       (14) In the case of a corporation, for taxable years  
26       beginning on or after January 1, 2025, an amount equal to

1           4.9% of the taxpayer's net income for the taxable year.

2           The rates under this subsection (b) are subject to the  
3 provisions of Section 201.5.

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

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

1 additional amount equal to 1.5% of such taxpayer's net income  
2 for the taxable year.

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

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

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

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

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

26 This subsection (d-1) is exempt from the provisions of

1 Section 250.

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

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

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



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

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

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

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

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

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

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

11          (3) For purposes of this subsection (e),  
12          "manufacturing" means the material staging and production  
13          of tangible personal property by procedures commonly  
14          regarded as manufacturing, processing, fabrication, or  
15          assembling which changes some existing material into new  
16          shapes, new qualities, or new combinations. For purposes of  
17          this subsection (e) the term "mining" shall have the same  
18          meaning as the term "mining" in Section 613(c) of the  
19          Internal Revenue Code. For purposes of this subsection (e),  
20          the term "retailing" means the sale of tangible personal  
21          property for use or consumption and not for resale, or  
22          services rendered in conjunction with the sale of tangible  
23          personal property for use or consumption and not for  
24          resale. For purposes of this subsection (e), "tangible  
25          personal property" has the same meaning as when that term  
26          is used in the Retailers' Occupation Tax Act, and, for

1 taxable years ending after December 31, 2008, does not  
2 include the generation, transmission, or distribution of  
3 electricity.

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

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

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

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

1 qualified property resulting from a redetermination of the  
2 purchase price shall be deemed a disposition of qualified  
3 property to the extent of such reduction.

4 (8) Unless the investment credit is extended by law,  
5 the basis of qualified property shall not include costs  
6 incurred after December 31, 2013, except for costs incurred  
7 pursuant to a binding contract entered into on or before  
8 December 31, 2013.

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

25 For taxable years ending on or after December 31, 2000,  
26 a partner that qualifies its partnership for a subtraction

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

13 (f) Investment credit; Enterprise Zone; River Edge  
14 Redevelopment Zone.

15 (1) A taxpayer shall be allowed a credit against the  
16 tax imposed by subsections (a) and (b) of this Section for  
17 investment in qualified property which is placed in service  
18 in an Enterprise Zone created pursuant to the Illinois  
19 Enterprise Zone Act or, for property placed in service on  
20 or after July 1, 2006, a River Edge Redevelopment Zone  
21 established pursuant to the River Edge Redevelopment Zone  
22 Act. For partners, shareholders of Subchapter S  
23 corporations, and owners of limited liability companies,  
24 if the liability company is treated as a partnership for  
25 purposes of federal and State income taxation, there shall  
26 be allowed a credit under this subsection (f) to be

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

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

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

25 (B) is depreciable pursuant to Section 167 of the  
26 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not  
2 eligible for the credit provided by this subsection  
3 (f);

4 (C) is acquired by purchase as defined in Section  
5 179(d) of the Internal Revenue Code;

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

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

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

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

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

23 (6) If during any taxable year, any property ceases to  
24 be qualified property in the hands of the taxpayer within  
25 48 months after being placed in service, or the situs of  
26 any qualified property is moved outside the Enterprise Zone

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

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



1 within Illinois over the preceding year is less than 1%,  
2 the additional credit shall be limited to that percentage  
3 times a fraction, the numerator of which is 0.5% and the  
4 denominator of which is 1%, but shall not exceed 0.5%.

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

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

17 (2) To qualify for the credit:

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

22 (B) the taxpayer's total employment within the  
23 enterprise zone, River Edge Redevelopment Zone, or  
24 federally designated Foreign Trade Zone or Sub-Zone  
25 must increase by 5 or more full-time employees beyond  
26 the total employed in that zone at the end of the

1 previous tax year for which a jobs tax credit under  
2 this Section was taken, or beyond the total employed by  
3 the taxpayer as of December 31, 1985, whichever is  
4 later; and

5 (C) the eligible employees must be employed 180  
6 consecutive days in order to be deemed hired for  
7 purposes of this subsection.

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

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

16 (B) Hired after the enterprise zone, River Edge  
17 Redevelopment Zone, or federally designated Foreign  
18 Trade Zone or Sub-Zone was designated or the trade or  
19 business was located in that zone, whichever is later.

20 (C) Employed in the enterprise zone, River Edge  
21 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.  
22 An employee is employed in an enterprise zone or  
23 federally designated Foreign Trade Zone or Sub-Zone if  
24 his services are rendered there or it is the base of  
25 operations for the services performed.

26 (D) A full-time employee working 30 or more hours

1 per week.

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

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

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

22 (h) Investment credit; High Impact Business.

23 (1) Subject to subsections (b) and (b-5) of Section 5.5  
24 of the Illinois Enterprise Zone Act, a taxpayer shall be  
25 allowed a credit against the tax imposed by subsections (a)  
26 and (b) of this Section for investment in qualified

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

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

10 Changes made in this subdivision (h) (1) by Public Act  
11 88-670 restore changes made by Public Act 85-1182 and  
12 reflect existing law.

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

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

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

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

23 (D) is not eligible for the Enterprise Zone  
24 Investment Credit provided by subsection (f) of this  
25 Section.

26 (3) The basis of qualified property shall be the basis

1 used to compute the depreciation deduction for federal  
2 income tax purposes.

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

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

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

1 disposition of qualified property to the extent of such  
2 reduction.

3 (7) Beginning with tax years ending after December 31,  
4 1996, if a taxpayer qualifies for the credit under this  
5 subsection (h) and thereby is granted a tax abatement and  
6 the taxpayer relocates its entire facility in violation of  
7 the explicit terms and length of the contract under Section  
8 18-183 of the Property Tax Code, the tax imposed under  
9 subsections (a) and (b) of this Section shall be increased  
10 for the taxable year in which the taxpayer relocated its  
11 facility by an amount equal to the amount of credit  
12 received by the taxpayer under this subsection (h).

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

23 Any credit earned on or after December 31, 1986 under this  
24 subsection which is unused in the year the credit is computed  
25 because it exceeds the tax liability imposed by subsections (a)  
26 and (b) for that year (whether it exceeds the original

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

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

21 (j) Training expense credit. Beginning with tax years  
22 ending on or after December 31, 1986 and prior to December 31,  
23 2003, a taxpayer shall be allowed a credit against the tax  
24 imposed by subsections (a) and (b) under this Section for all  
25 amounts paid or accrued, on behalf of all persons employed by  
26 the taxpayer in Illinois or Illinois residents employed outside



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

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

24 (k) Research and development credit.

25 For tax years ending after July 1, 1990 and prior to  
26 December 31, 2003, and beginning again for tax years ending on

1 or after December 31, 2004, and ending prior to January 1,  
2 2011, a taxpayer shall be allowed a credit against the tax  
3 imposed by subsections (a) and (b) of this Section for  
4 increasing research activities in this State. The credit  
5 allowed against the tax imposed by subsections (a) and (b)  
6 shall be equal to 6 1/2% of the qualifying expenditures for  
7 increasing research activities in this State. For partners,  
8 shareholders of subchapter S corporations, and owners of  
9 limited liability companies, if the liability company is  
10 treated as a partnership for purposes of federal and State  
11 income taxation, there shall be allowed a credit under this  
12 subsection to be determined in accordance with the  
13 determination of income and distributive share of income under  
14 Sections 702 and 704 and subchapter S of the Internal Revenue  
15 Code.

16 For purposes of this subsection, "qualifying expenditures"  
17 means the qualifying expenditures as defined for the federal  
18 credit for increasing research activities which would be  
19 allowable under Section 41 of the Internal Revenue Code and  
20 which are conducted in this State, "qualifying expenditures for  
21 increasing research activities in this State" means the excess  
22 of qualifying expenditures for the taxable year in which  
23 incurred over qualifying expenditures for the base period,  
24 "qualifying expenditures for the base period" means the average  
25 of the qualifying expenditures for each year in the base  
26 period, and "base period" means the 3 taxable years immediately

1 preceding the taxable year for which the determination is being  
2 made.

3 Any credit in excess of the tax liability for the taxable  
4 year may be carried forward. A taxpayer may elect to have the  
5 unused credit shown on its final completed return carried over  
6 as a credit against the tax liability for the following 5  
7 taxable years or until it has been fully used, whichever occurs  
8 first; provided that no credit earned in a tax year ending  
9 prior to December 31, 2003 may be carried forward to any year  
10 ending on or after December 31, 2003, and no credit may be  
11 carried forward to any taxable year ending on or after January  
12 1, 2011.

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

25 No inference shall be drawn from this amendatory Act of the  
26 91st General Assembly in construing this Section for taxable

1 years beginning before January 1, 1999.

2 (1) Environmental Remediation Tax Credit.

3 (i) For tax years ending after December 31, 1997 and on  
4 or before December 31, 2001, a taxpayer shall be allowed a  
5 credit against the tax imposed by subsections (a) and (b)  
6 of this Section for certain amounts paid for unreimbursed  
7 eligible remediation costs, as specified in this  
8 subsection. For purposes of this Section, "unreimbursed  
9 eligible remediation costs" means costs approved by the  
10 Illinois Environmental Protection Agency ("Agency") under  
11 Section 58.14 of the Environmental Protection Act that were  
12 paid in performing environmental remediation at a site for  
13 which a No Further Remediation Letter was issued by the  
14 Agency and recorded under Section 58.10 of the  
15 Environmental Protection Act. The credit must be claimed  
16 for the taxable year in which Agency approval of the  
17 eligible remediation costs is granted. The credit is not  
18 available to any taxpayer if the taxpayer or any related  
19 party caused or contributed to, in any material respect, a  
20 release of regulated substances on, in, or under the site  
21 that was identified and addressed by the remedial action  
22 pursuant to the Site Remediation Program of the  
23 Environmental Protection Act. After the Pollution Control  
24 Board rules are adopted pursuant to the Illinois  
25 Administrative Procedure Act for the administration and  
26 enforcement of Section 58.9 of the Environmental

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

24 (ii) A credit allowed under this subsection that is  
25 unused in the year the credit is earned may be carried  
26 forward to each of the 5 taxable years following the year

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

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

26 (m) Education expense credit. Beginning with tax years

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

12 For purposes of this subsection:

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

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

24 "School" means any public or nonpublic elementary or  
25 secondary school in Illinois that is in compliance with Title  
26 VI of the Civil Rights Act of 1964 and attendance at which

1 satisfies the requirements of Section 26-1 of the School Code,  
2 except that nothing shall be construed to require a child to  
3 attend any particular public or nonpublic school to qualify for  
4 the credit under this Section.

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

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

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



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

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

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

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

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

21 (Source: P.A. 95-454, eff. 8-27-07; 96-115, eff. 7-31-09;  
22 96-116, eff. 7-31-09; 96-937, eff. 6-23-10; 96-1000, eff.  
23 7-2-10.)

24 (35 ILCS 5/201.5 new)

25 Sec. 201.5. State spending limitation and tax reduction.

1       (a) If, beginning in State fiscal year 2012 and continuing  
2 through State fiscal year 2015, State spending for any fiscal  
3 year exceeds the State spending limitation set forth in  
4 subsection (b) of this Section, then the tax rates set forth in  
5 subsection (b) of Section 201 of this Act shall be reduced,  
6 according to the procedures set forth in this Section, to 3% of  
7 the taxpayer's net income for individuals, trusts, and estates  
8 and to 4.8% of the taxpayer's net income for corporations. For  
9 all taxable years following the taxable year in which the rate  
10 has been reduced pursuant to this Section, the tax rate set  
11 forth in subsection (b) of Section 201 of this Act shall be 3%  
12 of the taxpayer's net income for individuals, trusts, and  
13 estates and 4.8% of the taxpayer's net income for corporations.

14       (b) The State spending limitation for fiscal years 2012  
15 through 2015 shall be as follows: (i) for fiscal year 2012,  
16 \$36,818,000,000; (ii) for fiscal year 2013, \$37,554,000,000;  
17 (iii) for fiscal year 2014, \$38,305,000,000; and (iv) for  
18 fiscal year 2015, \$39,072,000,000.

19       (c) Notwithstanding any other provision of law to the  
20 contrary, the Auditor General shall examine each Public Act  
21 authorizing State spending from State general funds and prepare  
22 a report no later than 30 days after receiving notification of  
23 the Public Act from the Secretary of State or 60 days after the  
24 effective date of the Public Act, whichever is earlier. The  
25 Auditor General shall file the report with the Secretary of  
26 State and copies with the Governor, the State Treasurer, the

1 State Comptroller, the Senate, and the House of  
2 Representatives. The report shall indicate: (i) the amount of  
3 State spending set forth in the applicable Public Act; (ii) the  
4 total amount of State spending authorized by law for the  
5 applicable fiscal year as of the date of the report; and (iii)  
6 whether State spending exceeds the State spending limitation  
7 set forth in subsection (b). The Auditor General may examine  
8 multiple Public Acts in one consolidated report, provided that  
9 each Public Act is examined within the time period mandated by  
10 this subsection (c). The Auditor General shall issue reports in  
11 accordance with this Section through June 30, 2015 or the  
12 effective date of a reduction in the rate of tax imposed by  
13 subsections (a) and (b) of Section 201 of this Act pursuant to  
14 this Section, whichever is earlier.

15 At the request of the Auditor General, each State agency  
16 shall, without delay, make available to the Auditor General or  
17 his or her designated representative any record or information  
18 requested and shall provide for examination or copying all  
19 records, accounts, papers, reports, vouchers, correspondence,  
20 books and other documentation in the custody of that agency,  
21 including information stored in electronic data processing  
22 systems, which is related to or within the scope of a report  
23 prepared under this Section. The Auditor General shall report  
24 to the Governor each instance in which a State agency fails to  
25 cooperate promptly and fully with his or her office as required  
26 by this Section.

1       The Auditor General's report shall not be in the nature of  
2 a post-audit or examination and shall not lead to the issuance  
3 of an opinion as that term is defined in generally accepted  
4 government auditing standards.

5       (d) If the Auditor General reports that State spending has  
6 exceeded the State spending limitation set forth in subsection  
7 (b) and if the Governor has not been presented with a bill or  
8 bills passed by the General Assembly to reduce State spending  
9 to a level that does not exceed the State spending limitation  
10 within 45 calendar days of receipt of the Auditor General's  
11 report, then the Governor may, for the purpose of reducing  
12 State spending to a level that does not exceed the State  
13 spending limitation set forth in subsection (b), designate  
14 amounts to be set aside as a reserve from the amounts  
15 appropriated from the State general funds for all boards,  
16 commissions, agencies, institutions, authorities, colleges,  
17 universities, and bodies politic and corporate of the State,  
18 but not other constitutional officers, the legislative or  
19 judicial branch, the office of the Executive Inspector General,  
20 or the Executive Ethics Commission. Such a designation must be  
21 made within 15 calendar days after the end of that 45-day  
22 period. If the Governor designates amounts to be set aside as a  
23 reserve, the Governor shall give notice of the designation to  
24 the Auditor General, the State Treasurer, the State  
25 Comptroller, the Senate, and the House of Representatives. The  
26 amounts placed in reserves shall not be transferred, obligated,

1 encumbered, expended, or otherwise committed unless so  
2 authorized by law. Any amount placed in reserves is not State  
3 spending and shall not be considered when calculating the total  
4 amount of State spending. Any Public Act authorizing the use of  
5 amounts placed in reserve by the Governor is considered State  
6 spending, unless such Public Act authorizes the use of amounts  
7 placed in reserves in response to a fiscal emergency under  
8 subsection (g).

9 (e) If the Auditor General reports under subsection (c)  
10 that State spending has exceeded the State spending limitation  
11 set forth in subsection (b), then the Auditor General shall  
12 issue a supplemental report no sooner than the 61st day and no  
13 later than the 65th day after issuing the report pursuant to  
14 subsection (c). The supplemental report shall: (i) summarize  
15 details of actions taken by the General Assembly and the  
16 Governor after the issuance of the initial report to reduce  
17 State spending, if any, (ii) indicate whether the level of  
18 State spending has changed since the initial report, and (iii)  
19 indicate whether State spending exceeds the State spending  
20 limitation. The Auditor General shall file the report with the  
21 Secretary of State and copies with the Governor, the State  
22 Treasurer, the State Comptroller, the Senate, and the House of  
23 Representatives. If the supplemental report of the Auditor  
24 General provides that State spending exceeds the State spending  
25 limitation, then the rate of tax imposed by subsections (a) and  
26 (b) of Section 201 is reduced as provided in this Section

1 beginning on the first day of the first month to occur not less  
2 than 30 days after issuance of the supplemental report.

3 (f) For any taxable year in which the rates of tax have  
4 been reduced under this Section, the tax imposed by subsections  
5 (a) and (b) of Section 201 shall be determined as follows:

6 (1) In the case of an individual, trust, or estate, the  
7 tax shall be imposed in an amount equal to the sum of (i)  
8 the rate applicable to the taxpayer under subsection (b) of  
9 Section 201 (without regard to the provisions of this  
10 Section) times the taxpayer's net income for any portion of  
11 the taxable year prior to the effective date of the  
12 reduction and (ii) 3% of the taxpayer's net income for any  
13 portion of the taxable year on or after the effective date  
14 of the reduction.

15 (2) In the case of a corporation, the tax shall be  
16 imposed in an amount equal to the sum of (i) the rate  
17 applicable to the taxpayer under subsection (b) of Section  
18 201 (without regard to the provisions of this Section)  
19 times the taxpayer's net income for any portion of the  
20 taxable year prior to the effective date of the reduction  
21 and (ii) 4.8% of the taxpayer's net income for any portion  
22 of the taxable year on or after the effective date of the  
23 reduction.

24 (3) For any taxpayer for whom the rate has been reduced  
25 under this Section for a portion of a taxable year, the  
26 taxpayer shall determine the net income for each portion of

1 the taxable year following the rules set forth in Section  
2 202.5 of this Act, using the effective date of the rate  
3 reduction rather than the January 1 dates found in that  
4 Section, and the day before the effective date of the rate  
5 reduction rather than the December 31 dates found in that  
6 Section.

7 (4) If the rate applicable to the taxpayer under  
8 subsection (b) of Section 201 (without regard to the  
9 provisions of this Section) changes during a portion of the  
10 taxable year to which that rate is applied under paragraphs  
11 (1) or (2) of this subsection (f), the tax for that portion  
12 of the taxable year for purposes of paragraph (1) or (2) of  
13 this subsection (f) shall be determined as if that portion  
14 of the taxable year were a separate taxable year, following  
15 the rules set forth in Section 202.5 of this Act. If the  
16 taxpayer elects to follow the rules set forth in subsection  
17 (b) of Section 202.5, the taxpayer shall follow the rules  
18 set forth in subsection (b) of Section 202.5 for all  
19 purposes of this Section for that taxable year.

20 (g) Notwithstanding the State spending limitation set  
21 forth in subsection (b) of this Section, the Governor may  
22 declare a fiscal emergency by filing a declaration with the  
23 Secretary of State and copies with the State Treasurer, the  
24 State Comptroller, the Senate, and the House of  
25 Representatives. The declaration must be limited to only one  
26 State fiscal year, set forth compelling reasons for declaring a



1 fiscal emergency, and request a specific dollar amount. Unless,  
2 within 10 calendar days of receipt of the Governor's  
3 declaration, the State Comptroller or State Treasurer notifies  
4 the Senate and the House of Representatives that he or she does  
5 not concur in the Governor's declaration, State spending  
6 authorized by law to address the fiscal emergency in an amount  
7 no greater than the dollar amount specified in the declaration  
8 shall not be considered "State spending" for purposes of the  
9 State spending limitation.

10 (h) As used in this Section:

11 "State general funds" means the General Revenue Fund, the  
12 Common School Fund, the General Revenue Common School Special  
13 Account Fund, the Education Assistance Fund, and the Budget  
14 Stabilization Fund.

15 "State spending" means (i) the total amount authorized for  
16 spending by appropriation or statutory transfer from the State  
17 general funds in the applicable fiscal year, and (ii) any  
18 amounts the Governor places in reserves in accordance with  
19 subsection (d) that are subsequently released from reserves  
20 following authorization by a Public Act. For the purpose of  
21 this definition, "appropriation" means authority to spend  
22 money from a State general fund for a specific amount, purpose,  
23 and time period, including any supplemental appropriation or  
24 continuing appropriation, but does not include  
25 reappropriations from a previous fiscal year. For the purpose  
26 of this definition, "statutory transfer" means authority to

1 transfer funds from one State general fund to any other fund in  
2 the State Treasury, but does not include transfers made from  
3 one State general fund to another State general fund.

4 "State spending limitation" means the amount described in  
5 subsection (b) of this Section for the applicable fiscal year.

6 (35 ILCS 5/202.5 new)

7 Sec. 202.5. Net income attributable to the period beginning  
8 prior to January 1 of any year and ending after December 31 of  
9 the preceding year.

10 (a) In general. With respect to the taxable year of a  
11 taxpayer beginning prior to January 1 of any year and ending  
12 after December 31 of the preceding year, net income for the  
13 period after December 31 of the preceding year, is that amount  
14 that bears the same ratio to the taxpayer's net income for the  
15 entire taxable year as the number of days in that taxable year  
16 after December 31 bears to the total number of days in that  
17 taxable year, and the net income for the period prior to  
18 January 1 is that amount that bears the same ratio to the  
19 taxpayer's net income for the entire taxable year as the number  
20 of days in that taxable year prior to January 1 bears to the  
21 total number of days in that taxable year.

22 (b) Election to attribute income and deduction items  
23 specifically to the respective portions of a taxable year prior  
24 to January 1 of any year and after December 31 of the preceding  
25 year. In the case of a taxpayer with a taxable year beginning

1 prior to January 1 of any year and ending after December 31 of  
2 the preceding year, the taxpayer may elect, instead of the  
3 procedure established in subsection (a) of this Section, to  
4 determine net income on a specific accounting basis for the 2  
5 portions of the taxable year:

6 (1) from the beginning of the taxable year through  
7 December 31; and

8 (2) from January 1 through the end of the taxable year.

9 The election provided by this subsection must be made in  
10 form and manner that the Department requires by rule, and must  
11 be made no later than the due date (including any extensions  
12 thereof) for the filing of the return for the taxable year, and  
13 is irrevocable.

14 (c) If the taxpayer elects specific accounting under  
15 subsection (b):

16 (1) there shall be taken into account in computing base  
17 income for each of the 2 portions of the taxable year only  
18 those items earned, received, paid, incurred or accrued in  
19 each such period;

20 (2) for purposes of apportioning business income of the  
21 taxpayer, the provisions in Article 3 shall be applied on  
22 the basis of the taxpayer's full taxable year, without  
23 regard to this Section;

24 (3) the net loss carryforward deduction for the taxable  
25 year under Section 207 may not exceed combined net income  
26 of both portions of the taxable year, and shall be used

1       against the net income of the portion of the taxable year  
2       from the beginning of the taxable year through December 31  
3       before any remaining amount is used against the net income  
4       of the latter portion of the taxable year.

5           (35 ILCS 5/207) (from Ch. 120, par. 2-207)

6       Sec. 207. Net Losses.

7           (a) If after applying all of the (i) modifications provided  
8       for in paragraph (2) of Section 203(b), paragraph (2) of  
9       Section 203(c) and paragraph (2) of Section 203(d) and (ii) the  
10       allocation and apportionment provisions of Article 3 of this  
11       Act and subsection (c) of this Section, the taxpayer's net  
12       income results in a loss;

13           (1) for any taxable year ending prior to December 31,  
14       1999, such loss shall be allowed as a carryover or  
15       carryback deduction in the manner allowed under Section 172  
16       of the Internal Revenue Code;

17           (2) for any taxable year ending on or after December  
18       31, 1999 and prior to December 31, 2003, such loss shall be  
19       allowed as a carryback to each of the 2 taxable years  
20       preceding the taxable year of such loss and shall be a net  
21       operating loss carryover to each of the 20 taxable years  
22       following the taxable year of such loss; and

23           (3) for any taxable year ending on or after December  
24       31, 2003, such loss shall be allowed as a net operating  
25       loss carryover to each of the 12 taxable years following

1 the taxable year of such loss, except as provided in  
2 subsection (d).

3 (a-5) Election to relinquish carryback and order of  
4 application of losses.

5 (A) For losses incurred in tax years ending prior  
6 to December 31, 2003, the taxpayer may elect to  
7 relinquish the entire carryback period with respect to  
8 such loss. Such election shall be made in the form and  
9 manner prescribed by the Department and shall be made  
10 by the due date (including extensions of time) for  
11 filing the taxpayer's return for the taxable year in  
12 which such loss is incurred, and such election, once  
13 made, shall be irrevocable.

14 (B) The entire amount of such loss shall be carried  
15 to the earliest taxable year to which such loss may be  
16 carried. The amount of such loss which shall be carried  
17 to each of the other taxable years shall be the excess,  
18 if any, of the amount of such loss over the sum of the  
19 deductions for carryback or carryover of such loss  
20 allowable for each of the prior taxable years to which  
21 such loss may be carried.

22 (b) Any loss determined under subsection (a) of this  
23 Section must be carried back or carried forward in the same  
24 manner for purposes of subsections (a) and (b) of Section 201  
25 of this Act as for purposes of subsections (c) and (d) of  
26 Section 201 of this Act.

1           (c) Notwithstanding any other provision of this Act, for  
2 each taxable year ending on or after December 31, 2008, for  
3 purposes of computing the loss for the taxable year under  
4 subsection (a) of this Section and the deduction taken into  
5 account for the taxable year for a net operating loss carryover  
6 under paragraphs (1), (2), and (3) of subsection (a) of this  
7 Section, the loss and net operating loss carryover shall be  
8 reduced in an amount equal to the reduction to the net  
9 operating loss and net operating loss carryover to the taxable  
10 year, respectively, required under Section 108(b)(2)(A) of the  
11 Internal Revenue Code, multiplied by a fraction, the numerator  
12 of which is the amount of discharge of indebtedness income that  
13 is excluded from gross income for the taxable year (but only if  
14 the taxable year ends on or after December 31, 2008) under  
15 Section 108(a) of the Internal Revenue Code and that would have  
16 been allocated and apportioned to this State under Article 3 of  
17 this Act but for that exclusion, and the denominator of which  
18 is the total amount of discharge of indebtedness income  
19 excluded from gross income under Section 108(a) of the Internal  
20 Revenue Code for the taxable year. The reduction required under  
21 this subsection (c) shall be made after the determination of  
22 Illinois net income for the taxable year in which the  
23 indebtedness is discharged.

24           (d) In the case of a corporation (other than a Subchapter S  
25 corporation), no carryover deduction shall be allowed under  
26 this Section for any taxable year ending after December 31,

1 2010 and prior to December 31, 2014; provided that, for  
2 purposes of determining the taxable years to which a net loss  
3 may be carried under subsection (a) of this Section, no taxable  
4 year for which a deduction is disallowed under this subsection  
5 shall be counted.

6 (Source: P.A. 95-233, eff. 8-16-07.)

7 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

8 Sec. 208. Tax credit for residential real property taxes.  
9 For ~~Beginning with~~ tax years ending on or after December 31,  
10 1991 and ending on or before December 31, 2010, every  
11 individual taxpayer shall be entitled to a tax credit equal to  
12 5% of real property taxes paid by such taxpayer during the  
13 taxable year on the principal residence of the taxpayer. In the  
14 case of multi-unit or multi-use structures and farm dwellings,  
15 the taxes on the taxpayer's principal residence shall be that  
16 portion of the total taxes which is attributable to such  
17 principal residence.

18 (Source: P.A. 87-17.)

19 (35 ILCS 5/517 new)

20 Sec. 517. Property tax rebate information. For taxable  
21 years beginning on or after January 1, 2011, for the purposes  
22 of making distributions from the Property Tax Rebate Trust  
23 Fund, the Department shall print on its standard individual  
24 income tax form a provision allowing the taxpayer to indicate

1 whether (i) he or she was responsible for paying real property  
2 taxes on his or her principal residence located in the State  
3 during the taxable year and (ii) he or she is the only person  
4 claiming a rebate for that residence. The Department shall  
5 develop a schedule to be attached to the individual income tax  
6 form for the purpose of verifying the taxpayer's property tax  
7 liability. If the rate of tax imposed by subsections (a) and  
8 (b) of Section 201 is reduced pursuant to Section 201.5 of this  
9 Act, the Department shall not require the schedule on or after  
10 the effective date of the reduction.

11 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

12 Sec. 804. Failure to Pay Estimated Tax.

13 (a) In general. In case of any underpayment of estimated  
14 tax by a taxpayer, except as provided in subsection (d) or (e),  
15 the taxpayer shall be liable to a penalty in an amount  
16 determined at the rate prescribed by Section 3-3 of the Uniform  
17 Penalty and Interest Act upon the amount of the underpayment  
18 (determined under subsection (b)) for each required  
19 installment.

20 (b) Amount of underpayment. For purposes of subsection (a),  
21 the amount of the underpayment shall be the excess of:

22 (1) the amount of the installment which would be  
23 required to be paid under subsection (c), over

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



1 (c) Amount of Required Installments.

2 (1) Amount.

3 (A) In General. Except as provided in paragraph  
4 (2), the amount of any required installment shall be  
5 25% of the required annual payment.

6 (B) Required Annual Payment. For purposes of  
7 subparagraph (A), the term "required annual payment"  
8 means the lesser of

9 (i) 90% of the tax shown on the return for the  
10 taxable year, or if no return is filed, 90% of the  
11 tax for such year, ~~or~~

12 (ii) for installments due prior to February 1,  
13 2011, and after January 31, 2012, 100% of the tax  
14 shown on the return of the taxpayer for the  
15 preceding taxable year if a return showing a  
16 liability for tax was filed by the taxpayer for the  
17 preceding taxable year and such preceding year was  
18 a taxable year of 12 months; or ~~or~~

19 (iii) for installments due after January 31,  
20 2011, and prior to February 1, 2012, 150% of the  
21 tax shown on the return of the taxpayer for the  
22 preceding taxable year if a return showing a  
23 liability for tax was filed by the taxpayer for the  
24 preceding taxable year and such preceding year was  
25 a taxable year of 12 months.

26 (2) Lower Required Installment where Annualized Income

1           Installment is Less Than Amount Determined Under Paragraph  
2           (1).

3           (A) In General. In the case of any required  
4           installment if a taxpayer establishes that the  
5           annualized income installment is less than the amount  
6           determined under paragraph (1),

7                 (i) the amount of such required installment  
8                 shall be the annualized income installment, and

9                 (ii) any reduction in a required installment  
10                 resulting from the application of this  
11                 subparagraph shall be recaptured by increasing the  
12                 amount of the next required installment determined  
13                 under paragraph (1) by the amount of such  
14                 reduction, and by increasing subsequent required  
15                 installments to the extent that the reduction has  
16                 not previously been recaptured under this clause.

17           (B) Determination of Annualized Income  
18           Installment. In the case of any required installment,  
19           the annualized income installment is the excess, if  
20           any, of

21                 (i) an amount equal to the applicable  
22                 percentage of the tax for the taxable year computed  
23                 by placing on an annualized basis the net income  
24                 for months in the taxable year ending before the  
25                 due date for the installment, over

26                 (ii) the aggregate amount of any prior

1 required installments for the taxable year.

2 (C) Applicable Percentage.

3 In the case of the following	The applicable
4 required installments:	percentage is:

5 1st.....	22.5%
6 2nd.....	45%
7 3rd.....	67.5%
8 4th.....	90%

9 (D) Annualized Net Income; Individuals. For  
10 individuals, net income shall be placed on an  
11 annualized basis by:

12 (i) multiplying by 12, or in the case of a  
13 taxable year of less than 12 months, by the number  
14 of months in the taxable year, the net income  
15 computed without regard to the standard exemption  
16 for the months in the taxable year ending before  
17 the month in which the installment is required to  
18 be paid;

19 (ii) dividing the resulting amount by the  
20 number of months in the taxable year ending before  
21 the month in which such installment date falls; and

22 (iii) deducting from such amount the standard  
23 exemption allowable for the taxable year, such  
24 standard exemption being determined as of the last  
25 date prescribed for payment of the installment.

26 (E) Annualized Net Income; Corporations. For

1 corporations, net income shall be placed on an  
2 annualized basis by multiplying by 12 the taxable  
3 income

4 (i) for the first 3 months of the taxable year,  
5 in the case of the installment required to be paid  
6 in the 4th month,

7 (ii) for the first 3 months or for the first 5  
8 months of the taxable year, in the case of the  
9 installment required to be paid in the 6th month,

10 (iii) for the first 6 months or for the first 8  
11 months of the taxable year, in the case of the  
12 installment required to be paid in the 9th month,  
13 and

14 (iv) for the first 9 months or for the first 11  
15 months of the taxable year, in the case of the  
16 installment required to be paid in the 12th month  
17 of the taxable year,

18 then dividing the resulting amount by the number of  
19 months in the taxable year (3, 5, 6, 8, 9, or 11 as the  
20 case may be).

21 (d) Exceptions. Notwithstanding the provisions of the  
22 preceding subsections, the penalty imposed by subsection (a)  
23 shall not be imposed if the taxpayer was not required to file  
24 an Illinois income tax return for the preceding taxable year,  
25 or, for individuals, if the taxpayer had no tax liability for  
26 the preceding taxable year and such year was a taxable year of

1 12 months. The penalty imposed by subsection (a) shall also not  
2 be imposed on any underpayments of estimated tax due before the  
3 effective date of this amendatory Act of 1998 which  
4 underpayments are solely attributable to the change in  
5 apportionment from subsection (a) to subsection (h) of Section  
6 304. The provisions of this amendatory Act of 1998 apply to tax  
7 years ending on or after December 31, 1998.

8 (e) The penalty imposed for underpayment of estimated tax  
9 by subsection (a) of this Section shall not be imposed to the  
10 extent that the Director or his or her designate determines,  
11 pursuant to Section 3-8 of the Uniform Penalty and Interest Act  
12 that the penalty should not be imposed.

13 (f) Definition of tax. For purposes of subsections (b) and  
14 (c), the term "tax" means the excess of the tax imposed under  
15 Article 2 of this Act, over the amounts credited against such  
16 tax under Sections 601(b) (3) and (4).

17 (g) Application of Section in case of tax withheld under  
18 Article 7. For purposes of applying this Section:

19 (1) in the case of an individual, tax withheld from  
20 compensation for the taxable year shall be deemed a payment  
21 of estimated tax, and an equal part of such amount shall be  
22 deemed paid on each installment date for such taxable year,  
23 unless the taxpayer establishes the dates on which all  
24 amounts were actually withheld, in which case the amounts  
25 so withheld shall be deemed payments of estimated tax on  
26 the dates on which such amounts were actually withheld;

1           (2) amounts timely paid by a partnership, Subchapter S  
2           corporation, or trust on behalf of a partner, shareholder,  
3           or beneficiary pursuant to subsection (f) of Section 502 or  
4           Section 709.5 and claimed as a payment of estimated tax  
5           shall be deemed a payment of estimated tax made on the last  
6           day of the taxable year of the partnership, Subchapter S  
7           corporation, or trust for which the income from the  
8           withholding is made was computed; and

9           (3) all other amounts pursuant to Article 7 shall be  
10          deemed a payment of estimated tax on the date the payment  
11          is made to the taxpayer of the amount from which the tax is  
12          withheld.

13          (g-5) Amounts withheld under the State Salary and Annuity  
14          Withholding Act. An individual who has amounts withheld under  
15          paragraph (10) of Section 4 of the State Salary and Annuity  
16          Withholding Act may elect to have those amounts treated as  
17          payments of estimated tax made on the dates on which those  
18          amounts are actually withheld.

19          (i) Short taxable year. The application of this Section to  
20          taxable years of less than 12 months shall be in accordance  
21          with regulations prescribed by the Department.

22          The changes in this Section made by Public Act 84-127 shall  
23          apply to taxable years ending on or after January 1, 1986.

24          (Source: P.A. 95-233, eff. 8-16-07.)

25          (35 ILCS 5/901) (from Ch. 120, par. 9-901)

1           Sec. 901. Collection Authority.

2           (a) In general.

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

20          (b) Local Government Distributive Fund.

21          Beginning August 1, 1969, and continuing through June 30,  
22          1994, the Treasurer shall transfer each month from the General  
23          Revenue Fund to a special fund in the State treasury, to be  
24          known as the "Local Government Distributive Fund", an amount  
25          equal to 1/12 of the net revenue realized from the tax imposed  
26          by subsections (a) and (b) of Section 201 of this Act during

1 the preceding month. Beginning July 1, 1994, and continuing  
2 through June 30, 1995, the Treasurer shall transfer each month  
3 from the General Revenue Fund to the Local Government  
4 Distributive Fund an amount equal to 1/11 of the net revenue  
5 realized from the tax imposed by subsections (a) and (b) of  
6 Section 201 of this Act during the preceding month. Beginning  
7 July 1, 1995 and continuing through January 31, 2011, the  
8 Treasurer shall transfer each month from the General Revenue  
9 Fund to the Local Government Distributive Fund an amount equal  
10 to the net of (i) 1/10 of the net revenue realized from the tax  
11 imposed by subsections (a) and (b) of Section 201 of the  
12 Illinois Income Tax Act during the preceding month (ii) minus,  
13 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,  
14 and beginning July 1, 2004, zero. Beginning February 1, 2011,  
15 and continuing through January 31, 2015, the Treasurer shall  
16 transfer each month from the General Revenue Fund to the Local  
17 Government Distributive Fund an amount equal to the sum of (i)  
18 6% (10% of the ratio of the 3% individual income tax rate prior  
19 to 2011 to the 5% individual income tax rate after 2010) of the  
20 net revenue realized from the tax imposed by subsections (a)  
21 and (b) of Section 201 of this Act upon individuals, trusts,  
22 and estates during the preceding month and (ii) 6.86% (10% of  
23 the ratio of the 4.8% corporate income tax rate prior to 2011  
24 to the 7% corporate income tax rate after 2010) of the net  
25 revenue realized from the tax imposed by subsections (a) and  
26 (b) of Section 201 of this Act upon corporations during the



1 preceding month. Beginning February 1, 2015 and continuing  
2 through January 31, 2025, the Treasurer shall transfer each  
3 month from the General Revenue Fund to the Local Government  
4 Distributive Fund an amount equal to the sum of (i) 7.5% (10%  
5 of the ratio of the 3% individual income tax rate prior to 2011  
6 to the 4% individual income tax rate after 2014) of the net  
7 revenue realized from the tax imposed by subsections (a) and  
8 (b) of Section 201 of this Act upon individuals, trusts, and  
9 estates during the preceding month and (ii) 8.57% (10% of the  
10 ratio of the 4.8% corporate income tax rate prior to 2011 to  
11 the 5.6% corporate income tax rate after 2014) of the net  
12 revenue realized from the tax imposed by subsections (a) and  
13 (b) of Section 201 of this Act upon corporations during the  
14 preceding month. Beginning February 1, 2025, the Treasurer  
15 shall transfer each month from the General Revenue Fund to the  
16 Local Government Distributive Fund an amount equal to the sum  
17 of (i) 8.57% (10% of the ratio of the 3% individual income tax  
18 rate prior to 2011 to the 3.5% individual income tax rate after  
19 2024) of the net revenue realized from the tax imposed by  
20 subsections (a) and (b) of Section 201 of this Act upon  
21 individuals, trusts, and estates during the preceding month and  
22 (ii) 9.8% (10% of the ratio of the 4.8% corporate income tax  
23 rate prior to 2011 to the 4.9% corporate income tax rate after  
24 2024) of the net revenue realized from the tax imposed by  
25 subsections (a) and (b) of Section 201 of this Act upon  
26 corporations during the preceding month. Net revenue realized

1 for a month shall be defined as the revenue from the tax  
2 imposed by subsections (a) and (b) of Section 201 of this Act  
3 which is deposited in the General Revenue Fund, the Education  
4 ~~Education~~ Assistance Fund, ~~and~~ the Income Tax Surcharge Local  
5 Government Distributive Fund, the Property Tax Rebate Trust  
6 Fund, the Fund for the Advancement of Education, and the  
7 Commitment to Human Services Fund during the month minus the  
8 amount paid out of the General Revenue Fund in State warrants  
9 during that same month as refunds to taxpayers for overpayment  
10 of liability under the tax imposed by subsections (a) and (b)  
11 of Section 201 of this Act.

12 (c) Deposits Into Income Tax Refund Fund.

13 (1) Beginning on January 1, 1989 and thereafter, the  
14 Department shall deposit a percentage of the amounts  
15 collected pursuant to subsections (a) and (b)(1), (2), and  
16 (3), of Section 201 of this Act into a fund in the State  
17 treasury known as the Income Tax Refund Fund. The  
18 Department shall deposit 6% of such amounts during the  
19 period beginning January 1, 1989 and ending on June 30,  
20 1989. Beginning with State fiscal year 1990 and for each  
21 fiscal year thereafter, the percentage deposited into the  
22 Income Tax Refund Fund during a fiscal year shall be the  
23 Annual Percentage. For fiscal years 1999 through 2001, the  
24 Annual Percentage shall be 7.1%. For fiscal year 2003, the  
25 Annual Percentage shall be 8%. For fiscal year 2004, the  
26 Annual Percentage shall be 11.7%. Upon the effective date

1 of this amendatory Act of the 93rd General Assembly, the  
2 Annual Percentage shall be 10% for fiscal year 2005. For  
3 fiscal year 2006, the Annual Percentage shall be 9.75%. For  
4 fiscal year 2007, the Annual Percentage shall be 9.75%. For  
5 fiscal year 2008, the Annual Percentage shall be 7.75%. For  
6 fiscal year 2009, the Annual Percentage shall be 9.75%. For  
7 fiscal year 2010, the Annual Percentage shall be 9.75%. For  
8 fiscal year 2011, the Annual Percentage shall be 8.75%. For  
9 all other fiscal years, the Annual Percentage shall be  
10 calculated as a fraction, the numerator of which shall be  
11 the amount of refunds approved for payment by the  
12 Department during the preceding fiscal year as a result of  
13 overpayment of tax liability under subsections (a) and  
14 (b) (1), (2), and (3) of Section 201 of this Act plus the  
15 amount of such refunds remaining approved but unpaid at the  
16 end of the preceding fiscal year, minus the amounts  
17 transferred into the Income Tax Refund Fund from the  
18 Tobacco Settlement Recovery Fund, and the denominator of  
19 which shall be the amounts which will be collected pursuant  
20 to subsections (a) and (b) (1), (2), and (3) of Section 201  
21 of this Act during the preceding fiscal year; except that  
22 in State fiscal year 2002, the Annual Percentage shall in  
23 no event exceed 7.6%. The Director of Revenue shall certify  
24 the Annual Percentage to the Comptroller on the last  
25 business day of the fiscal year immediately preceding the  
26 fiscal year for which it is to be effective.

1           (2) Beginning on January 1, 1989 and thereafter, the  
2 Department shall deposit a percentage of the amounts  
3 collected pursuant to subsections (a) and (b)(6), (7), and  
4 (8), (c) and (d) of Section 201 of this Act into a fund in  
5 the State treasury known as the Income Tax Refund Fund. The  
6 Department shall deposit 18% of such amounts during the  
7 period beginning January 1, 1989 and ending on June 30,  
8 1989. Beginning with State fiscal year 1990 and for each  
9 fiscal year thereafter, the percentage deposited into the  
10 Income Tax Refund Fund during a fiscal year shall be the  
11 Annual Percentage. For fiscal years 1999, 2000, and 2001,  
12 the Annual Percentage shall be 19%. For fiscal year 2003,  
13 the Annual Percentage shall be 27%. For fiscal year 2004,  
14 the Annual Percentage shall be 32%. Upon the effective date  
15 of this amendatory Act of the 93rd General Assembly, the  
16 Annual Percentage shall be 24% for fiscal year 2005. For  
17 fiscal year 2006, the Annual Percentage shall be 20%. For  
18 fiscal year 2007, the Annual Percentage shall be 17.5%. For  
19 fiscal year 2008, the Annual Percentage shall be 15.5%. For  
20 fiscal year 2009, the Annual Percentage shall be 17.5%. For  
21 fiscal year 2010, the Annual Percentage shall be 17.5%. For  
22 fiscal year 2011, the Annual Percentage shall be 17.5%. For  
23 all other fiscal years, the Annual Percentage shall be  
24 calculated as a fraction, the numerator of which shall be  
25 the amount of refunds approved for payment by the  
26 Department during the preceding fiscal year as a result of

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

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

19 (d) Expenditures from Income Tax Refund Fund.

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

1 subsection (d).

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

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

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

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

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

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

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

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

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

17 (f) Deposits into the Property Tax Rebate Trust Fund.  
18 Beginning July 1, 2011, the Department shall deposit the  
19 following portions of the revenue realized from the tax imposed  
20 upon individuals, trusts, and estates by subsections (a) and  
21 (b) of Section 201 of this Act during the preceding month,  
22 minus deposits into the Income Tax Refund Fund, into the  
23 Property Tax Rebate Trust Fund:

24 (1) beginning July 1, 2011, and prior to July 1, 2015,

25 1/20;

26 (2) beginning July 1, 2015, and prior to July 1, 2025,



1       1/16; and

2               (3) beginning July 1, 2025, 1/14.

3       If the rate of tax imposed by subsection (a) and (b) of  
4 Section 201 is reduced pursuant to Section 201.5 of this Act,  
5 the Department shall not make the deposits required by this  
6 subsection (f) on or after the effective date of the reduction.

7       (g) Deposits into the Fund for the Advancement of  
8 Education. Beginning February 1, 2015, the Department shall  
9 deposit the following portions of the revenue realized from the  
10 tax imposed upon individuals, trusts, and estates by  
11 subsections (a) and (b) of Section 201 of this Act during the  
12 preceding month, minus deposits into the Income Tax Refund  
13 Fund, into the Fund for the Advancement of Education:

14               (1) beginning February 1, 2015, and prior to February  
15 1, 2025, 1/32; and

16               (2) beginning February 1, 2025, 1/28.

17       If the rate of tax imposed by subsection (a) and (b) of  
18 Section 201 is reduced pursuant to Section 201.5 of this Act,  
19 the Department shall not make the deposits required by this  
20 subsection (g) on or after the effective date of the reduction.

21       (h) Deposits into the Commitment to Human Services Fund.  
22 Beginning February 1, 2015, the Department shall deposit the  
23 following portions of the revenue realized from the tax imposed  
24 upon individuals, trusts, and estates by subsections (a) and  
25 (b) of Section 201 of this Act during the preceding month,  
26 minus deposits into the Income Tax Refund Fund, into the

1 Commitment to Human Services Fund:

2 (1) beginning February 1, 2015, and prior to February  
3 1, 2025, 1/32; and

4 (2) beginning February 1, 2025, 1/28.

5 If the rate of tax imposed by subsection (a) and (b) of  
6 Section 201 is reduced pursuant to Section 201.5 of this Act,  
7 the Department shall not make the deposits required by this  
8 subsection (h) on or after the effective date of the reduction.

9 (Source: P.A. 95-707, eff. 1-11-08; 95-744, eff. 7-18-08;  
10 96-45, eff. 7-15-09; 96-328, eff. 8-11-09; 96-959, eff.  
11 7-1-10.)

12 Section 25. The Illinois Estate and Generation-Skipping  
13 Transfer Tax Act is amended by changing Section 2 as follows:

14 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

15 Sec. 2. Definitions.

16 "Federal estate tax" means the tax due to the United States  
17 with respect to a taxable transfer under Chapter 11 of the  
18 Internal Revenue Code.

19 "Federal generation-skipping transfer tax" means the tax  
20 due to the United States with respect to a taxable transfer  
21 under Chapter 13 of the Internal Revenue Code.

22 "Federal return" means the federal estate tax return with  
23 respect to the federal estate tax and means the federal  
24 generation-skipping transfer tax return with respect to the

1 federal generation-skipping transfer tax.

2 "Federal transfer tax" means the federal estate tax or the  
3 federal generation-skipping transfer tax.

4 "Illinois estate tax" means the tax due to this State with  
5 respect to a taxable transfer.

6 "Illinois generation-skipping transfer tax" means the tax  
7 due to this State with respect to a taxable transfer that gives  
8 rise to a federal generation-skipping transfer tax.

9 "Illinois transfer tax" means the Illinois estate tax or  
10 the Illinois generation-skipping transfer tax.

11 "Internal Revenue Code" means, unless otherwise provided,  
12 the Internal Revenue Code of 1986, as amended from time to  
13 time.

14 "Non-resident trust" means a trust that is not a resident  
15 of this State for purposes of the Illinois Income Tax Act, as  
16 amended from time to time.

17 "Person" means and includes any individual, trust, estate,  
18 partnership, association, company or corporation.

19 "Qualified heir" means a qualified heir as defined in  
20 Section 2032A(e) (1) of the Internal Revenue Code.

21 "Resident trust" means a trust that is a resident of this  
22 State for purposes of the Illinois Income Tax Act, as amended  
23 from time to time.

24 "State" means any state, territory or possession of the  
25 United States and the District of Columbia.

26 "State tax credit" means:

1           (a) For persons dying on or after January 1, 2003 and  
2 through December 31, 2005, an amount equal to the full credit  
3 calculable under Section 2011 or Section 2604 of the Internal  
4 Revenue Code as the credit would have been computed and allowed  
5 under the Internal Revenue Code as in effect on December 31,  
6 2001, without the reduction in the State Death Tax Credit as  
7 provided in Section 2011(b)(2) or the termination of the State  
8 Death Tax Credit as provided in Section 2011(f) as enacted by  
9 the Economic Growth and Tax Relief Reconciliation Act of 2001,  
10 but recognizing the increased applicable exclusion amount  
11 through December 31, 2005.

12           (b) For persons dying after December 31, 2005 and on or  
13 before December 31, 2009, and for persons dying after December  
14 31, 2010, an amount equal to the full credit calculable under  
15 Section 2011 or 2604 of the Internal Revenue Code as the credit  
16 would have been computed and allowed under the Internal Revenue  
17 Code as in effect on December 31, 2001, without the reduction  
18 in the State Death Tax Credit as provided in Section 2011(b)(2)  
19 or the termination of the State Death Tax Credit as provided in  
20 Section 2011(f) as enacted by the Economic Growth and Tax  
21 Relief Reconciliation Act of 2001, but recognizing the  
22 exclusion amount of only \$2,000,000, and with reduction to the  
23 adjusted taxable estate for any qualified terminable interest  
24 property election as defined in subsection (b-1) of this  
25 Section.

26           (b-1) The person required to file the Illinois return may

1 elect on a timely filed Illinois return a marital deduction for  
2 qualified terminable interest property under Section  
3 2056(b)(7) of the Internal Revenue Code for purposes of the  
4 Illinois estate tax that is separate and independent of any  
5 qualified terminable interest property election for federal  
6 estate tax purposes. For purposes of the Illinois estate tax,  
7 the inclusion of property in the gross estate of a surviving  
8 spouse is the same as under Section 2044 of the Internal  
9 Revenue Code.

10 In the case of any trust for which a State or federal  
11 qualified terminable interest property election is made, the  
12 trustee may not retain non-income producing assets for more  
13 than a reasonable amount of time without the consent of the  
14 surviving spouse.

15 ~~(c) For persons dying after December 31, 2009, the credit~~  
16 ~~for state tax allowable under Section 2011 or Section 2604 of~~  
17 ~~the Internal Revenue Code.~~

18 "Taxable transfer" means an event that gives rise to a  
19 state tax credit, including any credit as a result of the  
20 imposition of an additional tax under Section 2032A(c) of the  
21 Internal Revenue Code.

22 "Transferee" means a transferee within the meaning of  
23 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue  
24 Code.

25 "Transferred property" means:

26 (1) With respect to a taxable transfer occurring at the

1 death of an individual, the deceased individual's gross  
2 estate as defined in Section 2031 of the Internal Revenue  
3 Code.

4 (2) With respect to a taxable transfer occurring as a  
5 result of a taxable termination as defined in Section  
6 2612(a) of the Internal Revenue Code, the taxable amount  
7 determined under Section 2622(a) of the Internal Revenue  
8 Code.

9 (3) With respect to a taxable transfer occurring as a  
10 result of a taxable distribution as defined in Section  
11 2612(b) of the Internal Revenue Code, the taxable amount  
12 determined under Section 2621(a) of the Internal Revenue  
13 Code.

14 (4) With respect to an event which causes the  
15 imposition of an additional estate tax under Section  
16 2032A(c) of the Internal Revenue Code, the qualified real  
17 property that was disposed of or which ceased to be used  
18 for the qualified use, within the meaning of Section  
19 2032A(c) (1) of the Internal Revenue Code.

20 "Trust" includes a trust as defined in Section 2652(b) (1)  
21 of the Internal Revenue Code.

22 (Source: P.A. 96-789, eff. 9-8-09.)

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