



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, 6z-85, 6z-86, and 25.2 as follows:

11 (30 ILCS 105/5.786 new)

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

13 (30 ILCS 105/5.787 new)

14 Sec. 5.787. The Commitment to Human Services Fund.

15 (30 ILCS 105/6z-85 new)

16 Sec. 6z-85. The Fund for the Advancement of Education;  
17 creation. The Fund for the Advancement of Education is hereby  
18 created as a special fund in the State treasury. All moneys  
19 deposited into the fund shall be appropriated to provide  
20 financial assistance for education programs. Moneys  
21 appropriated from the Fund shall supplement and not supplant  
22 the current level of education funding.

1 (30 ILCS 105/6z-86 new)

2 Sec. 6z-86. The Commitment to Human Services Fund; uses.  
3 The Commitment to Human Services Fund is hereby created as a  
4 special fund in the State treasury. All moneys deposited into  
5 the fund shall be appropriated to provide financial assistance  
6 for community-based human service providers and for State  
7 funded human service programs. Moneys appropriated from the  
8 Fund shall supplement and not supplant the current level of  
9 human services funding.

10 (30 ILCS 105/25.2 new)

11 Sec. 25.2. Statutory mandates not designated in law as  
12 being subject to appropriation. Notwithstanding any law to the  
13 contrary, from the effective date of this Section through  
14 fiscal year 2015, with respect to any statutory mandate that is  
15 not designated in law as being subject to appropriation, if and  
16 only if the Governor determines that funds appropriated for  
17 such statutory mandates are insufficient to satisfy those  
18 mandates, the Governor may reduce the amount of funds  
19 appropriated for some or all of those statutory mandates in  
20 amounts he or she deems necessary to accommodate budgetary  
21 limitations while attempting to implement such mandates to the  
22 extent reasonably practical. The reduction shall become  
23 effective upon the Governor giving notice of the reduction to  
24 the Speaker of the House of Representatives, the President of

1 the Senate, the Minority Leader of the House of  
2 Representatives, the Minority Leader of the Senate, the State  
3 Comptroller, the State Treasurer, and the Commission on  
4 Government Forecasting and Accountability. Nothing in this  
5 Section prohibits adjustments to the Governor's reduction by  
6 law.

7 Section 20. The Illinois Income Tax Act is amended by  
8 changing Sections 201, 207, 804, and 901 and by adding Sections  
9 201.5 and 202.5 as follows:

10 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

11 Sec. 201. Tax Imposed.

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

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

22 (1) In the case of an individual, trust or estate, for  
23 taxable years ending prior to July 1, 1989, an amount equal  
24 to 2 1/2% of the taxpayer's net income for the taxable

1 year.

2 (2) In the case of an individual, trust or estate, for  
3 taxable years beginning prior to July 1, 1989 and ending  
4 after June 30, 1989, an amount equal to the sum of (i) 2  
5 1/2% of the taxpayer's net income for the period prior to  
6 July 1, 1989, as calculated under Section 202.3, and (ii)  
7 3% of the taxpayer's net income for the period after June  
8 30, 1989, as calculated under Section 202.3.

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

13 (4) In the case of an individual, trust, or estate, for  
14 taxable years beginning prior to January 1, 2011, and  
15 ending after December 31, 2010, an amount equal to the sum  
16 of (i) 3% of the taxpayer's net income for the period prior  
17 to January 1, 2011, as calculated under Section 202.5, and  
18 (ii) 5% of the taxpayer's net income for the period after  
19 December 31, 2010, as calculated under Section 202.5.  
20 ~~(Blank).~~

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

25 (5.1) In the case of an individual, trust, or estate,  
26 for taxable years beginning prior to January 1, 2015, and

1 ending after December 31, 2014, an amount equal to the sum  
2 of (i) 5% of the taxpayer's net income for the period prior  
3 to January 1, 2015, as calculated under Section 202.5, and  
4 (ii) 3.75% of the taxpayer's net income for the period  
5 after December 31, 2014, as calculated under Section 202.5.

6 (5.2) In the case of an individual, trust, or estate,  
7 for taxable years beginning on or after January 1, 2015,  
8 and ending prior to January 1, 2025, an amount equal to  
9 3.75% of the taxpayer's net income for the taxable year.

10 (5.3) In the case of an individual, trust, or estate,  
11 for taxable years beginning prior to January 1, 2025, and  
12 ending after December 31, 2024, an amount equal to the sum  
13 of (i) 3.75% of the taxpayer's net income for the period  
14 prior to January 1, 2025, as calculated under Section  
15 202.5, and (ii) 3.25% of the taxpayer's net income for the  
16 period after December 31, 2024, as calculated under Section  
17 202.5.

18 (5.4) In the case of an individual, trust, or estate,  
19 for taxable years beginning on or after January 1, 2025, an  
20 amount equal to 3.25% of the taxpayer's net income for the  
21 taxable year.

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

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



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

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

10 (9) In the case of a corporation, for taxable years  
11 beginning prior to January 1, 2011, and ending after  
12 December 31, 2010, an amount equal to the sum of (i) 4.8%  
13 of the taxpayer's net income for the period prior to  
14 January 1, 2011, as calculated under Section 202.5, and  
15 (ii) 7% of the taxpayer's net income for the period after  
16 December 31, 2010, as calculated under Section 202.5.

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

21 (11) In the case of a corporation, for taxable years  
22 beginning prior to January 1, 2015, and ending after  
23 December 31, 2014, an amount equal to the sum of (i) 7% of  
24 the taxpayer's net income for the period prior to January  
25 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
26 of the taxpayer's net income for the period after December

1       31, 2014, as calculated under Section 202.5.

2       (12) In the case of a corporation, for taxable years  
3       beginning on or after January 1, 2015, and ending prior to  
4       January 1, 2025, an amount equal to 5.25% of the taxpayer's  
5       net income for the taxable year.

6       (13) In the case of a corporation, for taxable years  
7       beginning prior to January 1, 2025, and ending after  
8       December 31, 2024, an amount equal to the sum of (i) 5.25%  
9       of the taxpayer's net income for the period prior to  
10       January 1, 2025, as calculated under Section 202.5, and  
11       (ii) 4.8% of the taxpayer's net income for the period after  
12       December 31, 2024, as calculated under Section 202.5.

13       (14) In the case of a corporation, for taxable years  
14       beginning on or after January 1, 2025, an amount equal to  
15       4.8% of the taxpayer's net income for the taxable year.

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

18       (c) Personal Property Tax Replacement Income Tax.  
19       Beginning on July 1, 1979 and thereafter, in addition to such  
20       income tax, there is also hereby imposed the Personal Property  
21       Tax Replacement Income Tax measured by net income on every  
22       corporation (including Subchapter S corporations), partnership  
23       and trust, for each taxable year ending after June 30, 1979.  
24       Such taxes are imposed on the privilege of earning or receiving  
25       income in or as a resident of this State. The Personal Property  
26       Tax Replacement Income Tax shall be in addition to the income

1 tax imposed by subsections (a) and (b) of this Section and in  
2 addition to all other occupation or privilege taxes imposed by  
3 this State or by any municipal corporation or political  
4 subdivision thereof.

5 (d) Additional Personal Property Tax Replacement Income  
6 Tax Rates. The personal property tax replacement income tax  
7 imposed by this subsection and subsection (c) of this Section  
8 in the case of a corporation, other than a Subchapter S  
9 corporation and except as adjusted by subsection (d-1), shall  
10 be an additional amount equal to 2.85% of such taxpayer's net  
11 income for the taxable year, except that beginning on January  
12 1, 1981, and thereafter, the rate of 2.85% specified in this  
13 subsection shall be reduced to 2.5%, and in the case of a  
14 partnership, trust or a Subchapter S corporation shall be an  
15 additional amount equal to 1.5% of such taxpayer's net income  
16 for the taxable year.

17 (d-1) Rate reduction for certain foreign insurers. In the  
18 case of a foreign insurer, as defined by Section 35A-5 of the  
19 Illinois Insurance Code, whose state or country of domicile  
20 imposes on insurers domiciled in Illinois a retaliatory tax  
21 (excluding any insurer whose premiums from reinsurance assumed  
22 are 50% or more of its total insurance premiums as determined  
23 under paragraph (2) of subsection (b) of Section 304, except  
24 that for purposes of this determination premiums from  
25 reinsurance do not include premiums from inter-affiliate  
26 reinsurance arrangements), beginning with taxable years ending

1 on or after December 31, 1999, the sum of the rates of tax  
2 imposed by subsections (b) and (d) shall be reduced (but not  
3 increased) to the rate at which the total amount of tax imposed  
4 under this Act, net of all credits allowed under this Act,  
5 shall equal (i) the total amount of tax that would be imposed  
6 on the foreign insurer's net income allocable to Illinois for  
7 the taxable year by such foreign insurer's state or country of  
8 domicile if that net income were subject to all income taxes  
9 and taxes measured by net income imposed by such foreign  
10 insurer's state or country of domicile, net of all credits  
11 allowed or (ii) a rate of zero if no such tax is imposed on such  
12 income by the foreign insurer's state of domicile. For the  
13 purposes of this subsection (d-1), an inter-affiliate includes  
14 a mutual insurer under common management.

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

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

21 (B) the privilege tax imposed by Section 409 of the  
22 Illinois Insurance Code, the fire insurance company  
23 tax imposed by Section 12 of the Fire Investigation  
24 Act, and the fire department taxes imposed under  
25 Section 11-10-1 of the Illinois Municipal Code,  
26 equals 1.25% for taxable years ending prior to December 31,

1           2003, or 1.75% for taxable years ending on or after  
2           December 31, 2003, of the net taxable premiums written for  
3           the taxable year, as described by subsection (1) of Section  
4           409 of the Illinois Insurance Code. This paragraph will in  
5           no event increase the rates imposed under subsections (b)  
6           and (d).

7           (2) Any reduction in the rates of tax imposed by this  
8           subsection shall be applied first against the rates imposed  
9           by subsection (b) and only after the tax imposed by  
10          subsection (a) net of all credits allowed under this  
11          Section other than the credit allowed under subsection (i)  
12          has been reduced to zero, against the rates imposed by  
13          subsection (d).

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

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

19          (1) A taxpayer shall be allowed a credit equal to .5%  
20          of the basis of qualified property placed in service during  
21          the taxable year, provided such property is placed in  
22          service on or after July 1, 1984. There shall be allowed an  
23          additional credit equal to .5% of the basis of qualified  
24          property placed in service during the taxable year,  
25          provided such property is placed in service on or after  
26          July 1, 1986, and the taxpayer's base employment within

1 Illinois has increased by 1% or more over the preceding  
2 year as determined by the taxpayer's employment records  
3 filed with the Illinois Department of Employment Security.  
4 Taxpayers who are new to Illinois shall be deemed to have  
5 met the 1% growth in base employment for the first year in  
6 which they file employment records with the Illinois  
7 Department of Employment Security. The provisions added to  
8 this Section by Public Act 85-1200 (and restored by Public  
9 Act 87-895) shall be construed as declaratory of existing  
10 law and not as a new enactment. If, in any year, the  
11 increase in base employment within Illinois over the  
12 preceding year is less than 1%, the additional credit shall  
13 be limited to that percentage times a fraction, the  
14 numerator of which is .5% and the denominator of which is  
15 1%, but shall not exceed .5%. The investment credit shall  
16 not be allowed to the extent that it would reduce a  
17 taxpayer's liability in any tax year below zero, nor may  
18 any credit for qualified property be allowed for any year  
19 other than the year in which the property was placed in  
20 service in Illinois. For tax years ending on or after  
21 December 31, 1987, and on or before December 31, 1988, the  
22 credit shall be allowed for the tax year in which the  
23 property is placed in service, or, if the amount of the  
24 credit exceeds the tax liability for that year, whether it  
25 exceeds the original liability or the liability as later  
26 amended, such excess may be carried forward and applied to

1 the tax liability of the 5 taxable years following the  
2 excess credit years if the taxpayer (i) makes investments  
3 which cause the creation of a minimum of 2,000 full-time  
4 equivalent jobs in Illinois, (ii) is located in an  
5 enterprise zone established pursuant to the Illinois  
6 Enterprise Zone Act and (iii) is certified by the  
7 Department of Commerce and Community Affairs (now  
8 Department of Commerce and Economic Opportunity) as  
9 complying with the requirements specified in clause (i) and  
10 (ii) by July 1, 1986. The Department of Commerce and  
11 Community Affairs (now Department of Commerce and Economic  
12 Opportunity) shall notify the Department of Revenue of all  
13 such certifications immediately. For tax years ending  
14 after December 31, 1988, the credit shall be allowed for  
15 the tax year in which the property is placed in service,  
16 or, if the amount of the credit exceeds the tax liability  
17 for that year, whether it exceeds the original liability or  
18 the liability as later amended, such excess may be carried  
19 forward and applied to the tax liability of the 5 taxable  
20 years following the excess credit years. The credit shall  
21 be applied to the earliest year for which there is a  
22 liability. If there is credit from more than one tax year  
23 that is available to offset a liability, earlier credit  
24 shall be applied first.

25 (2) The term "qualified property" means property  
26 which:

1           (A) is tangible, whether new or used, including  
2 buildings and structural components of buildings and  
3 signs that are real property, but not including land or  
4 improvements to real property that are not a structural  
5 component of a building such as landscaping, sewer  
6 lines, local access roads, fencing, parking lots, and  
7 other appurtenances;

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

13           (C) is acquired by purchase as defined in Section  
14 179(d) of the Internal Revenue Code;

15           (D) is used in Illinois by a taxpayer who is  
16 primarily engaged in manufacturing, or in mining coal  
17 or fluorite, or in retailing, or was placed in service  
18 on or after July 1, 2006 in a River Edge Redevelopment  
19 Zone established pursuant to the River Edge  
20 Redevelopment Zone Act; and

21           (E) has not previously been used in Illinois in  
22 such a manner and by such a person as would qualify for  
23 the credit provided by this subsection (e) or  
24 subsection (f).

25           (3) For purposes of this subsection (e),  
26 "manufacturing" means the material staging and production



1 of tangible personal property by procedures commonly  
2 regarded as manufacturing, processing, fabrication, or  
3 assembling which changes some existing material into new  
4 shapes, new qualities, or new combinations. For purposes of  
5 this subsection (e) the term "mining" shall have the same  
6 meaning as the term "mining" in Section 613(c) of the  
7 Internal Revenue Code. For purposes of this subsection (e),  
8 the term "retailing" means the sale of tangible personal  
9 property for use or consumption and not for resale, or  
10 services rendered in conjunction with the sale of tangible  
11 personal property for use or consumption and not for  
12 resale. For purposes of this subsection (e), "tangible  
13 personal property" has the same meaning as when that term  
14 is used in the Retailers' Occupation Tax Act, and, for  
15 taxable years ending after December 31, 2008, does not  
16 include the generation, transmission, or distribution of  
17 electricity.

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

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

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

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

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

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

23 (9) Each taxable year ending before December 31, 2000,  
24 a partnership may elect to pass through to its partners the  
25 credits to which the partnership is entitled under this  
26 subsection (e) for the taxable year. A partner may use the

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

13 For taxable years ending on or after December 31, 2000,  
14 a partner that qualifies its partnership for a subtraction  
15 under subparagraph (I) of paragraph (2) of subsection (d)  
16 of Section 203 or a shareholder that qualifies a Subchapter  
17 S corporation for a subtraction under subparagraph (S) of  
18 paragraph (2) of subsection (b) of Section 203 shall be  
19 allowed a credit under this subsection (e) equal to its  
20 share of the credit earned under this subsection (e) during  
21 the taxable year by the partnership or Subchapter S  
22 corporation, determined in accordance with the  
23 determination of income and distributive share of income  
24 under Sections 702 and 704 and Subchapter S of the Internal  
25 Revenue Code. This paragraph is exempt from the provisions  
26 of Section 250.

1           (f) Investment credit; Enterprise Zone; River Edge  
2 Redevelopment Zone.

3           (1) A taxpayer shall be allowed a credit against the  
4 tax imposed by subsections (a) and (b) of this Section for  
5 investment in qualified property which is placed in service  
6 in an Enterprise Zone created pursuant to the Illinois  
7 Enterprise Zone Act or, for property placed in service on  
8 or after July 1, 2006, a River Edge Redevelopment Zone  
9 established pursuant to the River Edge Redevelopment Zone  
10 Act. For partners, shareholders of Subchapter S  
11 corporations, and owners of limited liability companies,  
12 if the liability company is treated as a partnership for  
13 purposes of federal and State income taxation, there shall  
14 be allowed a credit under this subsection (f) to be  
15 determined in accordance with the determination of income  
16 and distributive share of income under Sections 702 and 704  
17 and Subchapter S of the Internal Revenue Code. The credit  
18 shall be .5% of the basis for such property. The credit  
19 shall be available only in the taxable year in which the  
20 property is placed in service in the Enterprise Zone or  
21 River Edge Redevelopment Zone and shall not be allowed to  
22 the extent that it would reduce a taxpayer's liability for  
23 the tax imposed by subsections (a) and (b) of this Section  
24 to below zero. For tax years ending on or after December  
25 31, 1985, the credit shall be allowed for the tax year in  
26 which the property is placed in service, or, if the amount

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

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

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

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

18 (C) is acquired by purchase as defined in Section  
19 179(d) of the Internal Revenue Code;

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

22 (E) has not been previously used in Illinois in  
23 such a manner and by such a person as would qualify for  
24 the credit provided by this subsection (f) or  
25 subsection (e).

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

1 property to the extent of such reduction.

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

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

21 (1) A taxpayer conducting a trade or business in an  
22 enterprise zone or a High Impact Business designated by the  
23 Department of Commerce and Economic Opportunity or for  
24 taxable years ending on or after December 31, 2006, in a  
25 River Edge Redevelopment Zone conducting a trade or  
26 business in a federally designated Foreign Trade Zone or

1 Sub-Zone shall be allowed a credit against the tax imposed  
2 by subsections (a) and (b) of this Section in the amount of  
3 \$500 per eligible employee hired to work in the zone during  
4 the taxable year.

5 (2) To qualify for the credit:

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

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

19 (C) the eligible employees must be employed 180  
20 consecutive days in order to be deemed hired for  
21 purposes of this subsection.

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

23 (A) Certified by the Department of Commerce and  
24 Economic Opportunity as "eligible for services"  
25 pursuant to regulations promulgated in accordance with  
26 Title II of the Job Training Partnership Act, Training



1 Services for the Disadvantaged or Title III of the Job  
2 Training Partnership Act, Employment and Training  
3 Assistance for Dislocated Workers Program.

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

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

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

16 (4) For tax years ending on or after December 31, 1985  
17 and prior to December 31, 1988, the credit shall be allowed  
18 for the tax year in which the eligible employees are hired.  
19 For tax years ending on or after December 31, 1988, the  
20 credit shall be allowed for the tax year immediately  
21 following the tax year in which the eligible employees are  
22 hired. If the amount of the credit exceeds the tax  
23 liability for that year, whether it exceeds the original  
24 liability or the liability as later amended, such excess  
25 may be carried forward and applied to the tax liability of  
26 the 5 taxable years following the excess credit year. The

1 credit shall be applied to the earliest year for which  
2 there is a liability. If there is credit from more than one  
3 tax year that is available to offset a liability, earlier  
4 credit shall be applied first.

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

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

10 (h) Investment credit; High Impact Business.

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

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

24           Changes made in this subdivision (h) (1) by Public Act  
25      88-670 restore changes made by Public Act 85-1182 and  
26      reflect existing law.

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

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

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

9 (C) is acquired by purchase as defined in Section  
10 179(d) of the Internal Revenue Code; and

11 (D) is not eligible for the Enterprise Zone  
12 Investment Credit provided by subsection (f) of this  
13 Section.

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

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

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

25 (6) If during any taxable year ending on or before  
26 December 31, 1996, any property ceases to be qualified

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

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

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

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

25           If, during any taxable year ending on or after December 31,  
26 1986, the tax imposed by subsections (c) and (d) of this

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

9 (j) Training expense credit. Beginning with tax years  
10 ending on or after December 31, 1986 and prior to December 31,  
11 2003, a taxpayer shall be allowed a credit against the tax  
12 imposed by subsections (a) and (b) under this Section for all  
13 amounts paid or accrued, on behalf of all persons employed by  
14 the taxpayer in Illinois or Illinois residents employed outside  
15 of Illinois by a taxpayer, for educational or vocational  
16 training in semi-technical or technical fields or semi-skilled  
17 or skilled fields, which were deducted from gross income in the  
18 computation of taxable income. The credit against the tax  
19 imposed by subsections (a) and (b) shall be 1.6% of such  
20 training expenses. For partners, shareholders of subchapter S  
21 corporations, and owners of limited liability companies, if the  
22 liability company is treated as a partnership for purposes of  
23 federal and State income taxation, there shall be allowed a  
24 credit under this subsection (j) to be determined in accordance  
25 with the determination of income and distributive share of  
26 income under Sections 702 and 704 and subchapter S of the

1 Internal Revenue Code.

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

12 (k) Research and development credit.

13 For tax years ending after July 1, 1990 and prior to  
14 December 31, 2003, and beginning again for tax years ending on  
15 or after December 31, 2004, and ending prior to January 1,  
16 2011, a taxpayer shall be allowed a credit against the tax  
17 imposed by subsections (a) and (b) of this Section for  
18 increasing research activities in this State. The credit  
19 allowed against the tax imposed by subsections (a) and (b)  
20 shall be equal to 6 1/2% of the qualifying expenditures for  
21 increasing research activities in this State. For partners,  
22 shareholders of subchapter S corporations, and owners of  
23 limited liability companies, if the liability company is  
24 treated as a partnership for purposes of federal and State  
25 income taxation, there shall be allowed a credit under this  
26 subsection to be determined in accordance with the



1 determination of income and distributive share of income under  
2 Sections 702 and 704 and subchapter S of the Internal Revenue  
3 Code.

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

17 Any credit in excess of the tax liability for the taxable  
18 year may be carried forward. A taxpayer may elect to have the  
19 unused credit shown on its final completed return carried over  
20 as a credit against the tax liability for the following 5  
21 taxable years or until it has been fully used, whichever occurs  
22 first; provided that no credit earned in a tax year ending  
23 prior to December 31, 2003 may be carried forward to any year  
24 ending on or after December 31, 2003, and no credit may be  
25 carried forward to any taxable year ending on or after January  
26 1, 2011.

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

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

16          (1) Environmental Remediation Tax Credit.

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

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

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

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

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

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

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

26 For purposes of this subsection:

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

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

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

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

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

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

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

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

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



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

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

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

9 (Source: P.A. 95-454, eff. 8-27-07; 96-115, eff. 7-31-09;  
10 96-116, eff. 7-31-09; 96-937, eff. 6-23-10; 96-1000, eff.  
11 7-2-10.)

12 (35 ILCS 5/201.5 new)

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

14 (a) If, beginning in State fiscal year 2012 and continuing  
15 through State fiscal year 2015, State spending for any fiscal  
16 year exceeds the State spending limitation set forth in  
17 subsection (b) of this Section, then the tax rates set forth in  
18 subsection (b) of Section 201 of this Act shall be reduced,  
19 according to the procedures set forth in this Section, to 3% of  
20 the taxpayer's net income for individuals, trusts, and estates  
21 and to 4.8% of the taxpayer's net income for corporations. For  
22 all taxable years following the taxable year in which the rate  
23 has been reduced pursuant to this Section, the tax rate set  
24 forth in subsection (b) of Section 201 of this Act shall be 3%  
25 of the taxpayer's net income for individuals, trusts, and

1 estates and 4.8% of the taxpayer's net income for corporations.

2 (b) The State spending limitation for fiscal years 2012  
3 through 2015 shall be as follows: (i) for fiscal year 2012,  
4 \$36,818,000,000; (ii) for fiscal year 2013, \$37,554,000,000;  
5 (iii) for fiscal year 2014, \$38,305,000,000; and (iv) for  
6 fiscal year 2015, \$39,072,000,000.

7 (c) Notwithstanding any other provision of law to the  
8 contrary, the Auditor General shall examine each Public Act  
9 authorizing State spending from State general funds and prepare  
10 a report no later than 30 days after receiving notification of  
11 the Public Act from the Secretary of State or 60 days after the  
12 effective date of the Public Act, whichever is earlier. The  
13 Auditor General shall file the report with the Secretary of  
14 State and copies with the Governor, the State Treasurer, the  
15 State Comptroller, the Senate, and the House of  
16 Representatives. The report shall indicate: (i) the amount of  
17 State spending set forth in the applicable Public Act; (ii) the  
18 total amount of State spending authorized by law for the  
19 applicable fiscal year as of the date of the report; and (iii)  
20 whether State spending exceeds the State spending limitation  
21 set forth in subsection (b). The Auditor General may examine  
22 multiple Public Acts in one consolidated report, provided that  
23 each Public Act is examined within the time period mandated by  
24 this subsection (c). The Auditor General shall issue reports in  
25 accordance with this Section through June 30, 2015 or the  
26 effective date of a reduction in the rate of tax imposed by

1 subsections (a) and (b) of Section 201 of this Act pursuant to  
2 this Section, whichever is earlier.

3 At the request of the Auditor General, each State agency  
4 shall, without delay, make available to the Auditor General or  
5 his or her designated representative any record or information  
6 requested and shall provide for examination or copying all  
7 records, accounts, papers, reports, vouchers, correspondence,  
8 books and other documentation in the custody of that agency,  
9 including information stored in electronic data processing  
10 systems, which is related to or within the scope of a report  
11 prepared under this Section. The Auditor General shall report  
12 to the Governor each instance in which a State agency fails to  
13 cooperate promptly and fully with his or her office as required  
14 by this Section.

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

19 (d) If the Auditor General reports that State spending has  
20 exceeded the State spending limitation set forth in subsection  
21 (b) and if the Governor has not been presented with a bill or  
22 bills passed by the General Assembly to reduce State spending  
23 to a level that does not exceed the State spending limitation  
24 within 45 calendar days of receipt of the Auditor General's  
25 report, then the Governor may, for the purpose of reducing  
26 State spending to a level that does not exceed the State

1 spending limitation set forth in subsection (b), designate  
2 amounts to be set aside as a reserve from the amounts  
3 appropriated from the State general funds for all boards,  
4 commissions, agencies, institutions, authorities, colleges,  
5 universities, and bodies politic and corporate of the State,  
6 but not other constitutional officers, the legislative or  
7 judicial branch, the office of the Executive Inspector General,  
8 or the Executive Ethics Commission. Such a designation must be  
9 made within 15 calendar days after the end of that 45-day  
10 period. If the Governor designates amounts to be set aside as a  
11 reserve, the Governor shall give notice of the designation to  
12 the Auditor General, the State Treasurer, the State  
13 Comptroller, the Senate, and the House of Representatives. The  
14 amounts placed in reserves shall not be transferred, obligated,  
15 encumbered, expended, or otherwise committed unless so  
16 authorized by law. Any amount placed in reserves is not State  
17 spending and shall not be considered when calculating the total  
18 amount of State spending. Any Public Act authorizing the use of  
19 amounts placed in reserve by the Governor is considered State  
20 spending, unless such Public Act authorizes the use of amounts  
21 placed in reserves in response to a fiscal emergency under  
22 subsection (g).

23 (e) If the Auditor General reports under subsection (c)  
24 that State spending has exceeded the State spending limitation  
25 set forth in subsection (b), then the Auditor General shall  
26 issue a supplemental report no sooner than the 61st day and no

1 later than the 65th day after issuing the report pursuant to  
2 subsection (c). The supplemental report shall: (i) summarize  
3 details of actions taken by the General Assembly and the  
4 Governor after the issuance of the initial report to reduce  
5 State spending, if any, (ii) indicate whether the level of  
6 State spending has changed since the initial report, and (iii)  
7 indicate whether State spending exceeds the State spending  
8 limitation. The Auditor General shall file the report with the  
9 Secretary of State and copies with the Governor, the State  
10 Treasurer, the State Comptroller, the Senate, and the House of  
11 Representatives. If the supplemental report of the Auditor  
12 General provides that State spending exceeds the State spending  
13 limitation, then the rate of tax imposed by subsections (a) and  
14 (b) of Section 201 is reduced as provided in this Section  
15 beginning on the first day of the first month to occur not less  
16 than 30 days after issuance of the supplemental report.

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

20 (1) In the case of an individual, trust, or estate, the  
21 tax shall be imposed in an amount equal to the sum of (i)  
22 the rate applicable to the taxpayer under subsection (b) of  
23 Section 201 (without regard to the provisions of this  
24 Section) times the taxpayer's net income for any portion of  
25 the taxable year prior to the effective date of the  
26 reduction and (ii) 3% of the taxpayer's net income for any

1 portion of the taxable year on or after the effective date  
2 of the reduction.

3 (2) In the case of a corporation, the tax shall be  
4 imposed in an amount equal to the sum of (i) the rate  
5 applicable to the taxpayer under subsection (b) of Section  
6 201 (without regard to the provisions of this Section)  
7 times the taxpayer's net income for any portion of the  
8 taxable year prior to the effective date of the reduction  
9 and (ii) 4.8% of the taxpayer's net income for any portion  
10 of the taxable year on or after the effective date of the  
11 reduction.

12 (3) For any taxpayer for whom the rate has been reduced  
13 under this Section for a portion of a taxable year, the  
14 taxpayer shall determine the net income for each portion of  
15 the taxable year following the rules set forth in Section  
16 202.5 of this Act, using the effective date of the rate  
17 reduction rather than the January 1 dates found in that  
18 Section, and the day before the effective date of the rate  
19 reduction rather than the December 31 dates found in that  
20 Section.

21 (4) If the rate applicable to the taxpayer under  
22 subsection (b) of Section 201 (without regard to the  
23 provisions of this Section) changes during a portion of the  
24 taxable year to which that rate is applied under paragraphs  
25 (1) or (2) of this subsection (f), the tax for that portion  
26 of the taxable year for purposes of paragraph (1) or (2) of

1       this subsection (f) shall be determined as if that portion  
2       of the taxable year were a separate taxable year, following  
3       the rules set forth in Section 202.5 of this Act. If the  
4       taxpayer elects to follow the rules set forth in subsection  
5       (b) of Section 202.5, the taxpayer shall follow the rules  
6       set forth in subsection (b) of Section 202.5 for all  
7       purposes of this Section for that taxable year.

8       (g) Notwithstanding the State spending limitation set  
9       forth in subsection (b) of this Section, the Governor may  
10       declare a fiscal emergency by filing a declaration with the  
11       Secretary of State and copies with the State Treasurer, the  
12       State Comptroller, the Senate, and the House of  
13       Representatives. The declaration must be limited to only one  
14       State fiscal year, set forth compelling reasons for declaring a  
15       fiscal emergency, and request a specific dollar amount. Unless,  
16       within 10 calendar days of receipt of the Governor's  
17       declaration, the State Comptroller or State Treasurer notifies  
18       the Senate and the House of Representatives that he or she does  
19       not concur in the Governor's declaration, State spending  
20       authorized by law to address the fiscal emergency in an amount  
21       no greater than the dollar amount specified in the declaration  
22       shall not be considered "State spending" for purposes of the  
23       State spending limitation.

24       (h) As used in this Section:

25       "State general funds" means the General Revenue Fund, the  
26       Common School Fund, the General Revenue Common School Special

1 Account Fund, the Education Assistance Fund, and the Budget  
2 Stabilization Fund.

3 "State spending" means (i) the total amount authorized for  
4 spending by appropriation or statutory transfer from the State  
5 general funds in the applicable fiscal year, and (ii) any  
6 amounts the Governor places in reserves in accordance with  
7 subsection (d) that are subsequently released from reserves  
8 following authorization by a Public Act. For the purpose of  
9 this definition, "appropriation" means authority to spend  
10 money from a State general fund for a specific amount, purpose,  
11 and time period, including any supplemental appropriation or  
12 continuing appropriation, but does not include  
13 reappropriations from a previous fiscal year. For the purpose  
14 of this definition, "statutory transfer" means authority to  
15 transfer funds from one State general fund to any other fund in  
16 the State Treasury, but does not include transfers made from  
17 one State general fund to another State general fund.

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

20 (35 ILCS 5/202.5 new)

21 Sec. 202.5. Net income attributable to the period beginning  
22 prior to January 1 of any year and ending after December 31 of  
23 the preceding year.

24 (a) In general. With respect to the taxable year of a  
25 taxpayer beginning prior to January 1 of any year and ending



1 after December 31 of the preceding year, net income for the  
2 period after December 31 of the preceding year, is that amount  
3 that bears the same ratio to the taxpayer's net income for the  
4 entire taxable year as the number of days in that taxable year  
5 after December 31 bears to the total number of days in that  
6 taxable year, and the net income for the period prior to  
7 January 1 is that amount that bears the same ratio to the  
8 taxpayer's net income for the entire taxable year as the number  
9 of days in that taxable year prior to January 1 bears to the  
10 total number of days in that taxable year.

11 (b) Election to attribute income and deduction items  
12 specifically to the respective portions of a taxable year prior  
13 to January 1 of any year and after December 31 of the preceding  
14 year. In the case of a taxpayer with a taxable year beginning  
15 prior to January 1 of any year and ending after December 31 of  
16 the preceding year, the taxpayer may elect, instead of the  
17 procedure established in subsection (a) of this Section, to  
18 determine net income on a specific accounting basis for the 2  
19 portions of the taxable year:

20 (1) from the beginning of the taxable year through  
21 December 31; and

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

23 The election provided by this subsection must be made in  
24 form and manner that the Department requires by rule, and must  
25 be made no later than the due date (including any extensions  
26 thereof) for the filing of the return for the taxable year, and

1 is irrevocable.

2 (c) If the taxpayer elects specific accounting under  
3 subsection (b):

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

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

12 (3) the net loss carryforward deduction for the taxable  
13 year under Section 207 may not exceed combined net income  
14 of both portions of the taxable year, and shall be used  
15 against the net income of the portion of the taxable year  
16 from the beginning of the taxable year through December 31  
17 before any remaining amount is used against the net income  
18 of the latter portion of the taxable year.

19 (35 ILCS 5/207) (from Ch. 120, par. 2-207)

20 Sec. 207. Net Losses.

21 (a) If after applying all of the (i) modifications provided  
22 for in paragraph (2) of Section 203(b), paragraph (2) of  
23 Section 203(c) and paragraph (2) of Section 203(d) and (ii) the  
24 allocation and apportionment provisions of Article 3 of this  
25 Act and subsection (c) of this Section, the taxpayer's net

1 income results in a loss;

2 (1) for any taxable year ending prior to December 31,  
3 1999, such loss shall be allowed as a carryover or  
4 carryback deduction in the manner allowed under Section 172  
5 of the Internal Revenue Code;

6 (2) for any taxable year ending on or after December  
7 31, 1999 and prior to December 31, 2003, such loss shall be  
8 allowed as a carryback to each of the 2 taxable years  
9 preceding the taxable year of such loss and shall be a net  
10 operating loss carryover to each of the 20 taxable years  
11 following the taxable year of such loss; and

12 (3) for any taxable year ending on or after December  
13 31, 2003, such loss shall be allowed as a net operating  
14 loss carryover to each of the 12 taxable years following  
15 the taxable year of such loss, except as provided in  
16 subsection (d).

17 (a-5) Election to relinquish carryback and order of  
18 application of losses.

19 (A) For losses incurred in tax years ending prior  
20 to December 31, 2003, the taxpayer may elect to  
21 relinquish the entire carryback period with respect to  
22 such loss. Such election shall be made in the form and  
23 manner prescribed by the Department and shall be made  
24 by the due date (including extensions of time) for  
25 filing the taxpayer's return for the taxable year in  
26 which such loss is incurred, and such election, once

1           made, shall be irrevocable.

2           (B) The entire amount of such loss shall be carried  
3           to the earliest taxable year to which such loss may be  
4           carried. The amount of such loss which shall be carried  
5           to each of the other taxable years shall be the excess,  
6           if any, of the amount of such loss over the sum of the  
7           deductions for carryback or carryover of such loss  
8           allowable for each of the prior taxable years to which  
9           such loss may be carried.

10          (b) Any loss determined under subsection (a) of this  
11          Section must be carried back or carried forward in the same  
12          manner for purposes of subsections (a) and (b) of Section 201  
13          of this Act as for purposes of subsections (c) and (d) of  
14          Section 201 of this Act.

15          (c) Notwithstanding any other provision of this Act, for  
16          each taxable year ending on or after December 31, 2008, for  
17          purposes of computing the loss for the taxable year under  
18          subsection (a) of this Section and the deduction taken into  
19          account for the taxable year for a net operating loss carryover  
20          under paragraphs (1), (2), and (3) of subsection (a) of this  
21          Section, the loss and net operating loss carryover shall be  
22          reduced in an amount equal to the reduction to the net  
23          operating loss and net operating loss carryover to the taxable  
24          year, respectively, required under Section 108(b)(2)(A) of the  
25          Internal Revenue Code, multiplied by a fraction, the numerator  
26          of which is the amount of discharge of indebtedness income that

1 is excluded from gross income for the taxable year (but only if  
2 the taxable year ends on or after December 31, 2008) under  
3 Section 108(a) of the Internal Revenue Code and that would have  
4 been allocated and apportioned to this State under Article 3 of  
5 this Act but for that exclusion, and the denominator of which  
6 is the total amount of discharge of indebtedness income  
7 excluded from gross income under Section 108(a) of the Internal  
8 Revenue Code for the taxable year. The reduction required under  
9 this subsection (c) shall be made after the determination of  
10 Illinois net income for the taxable year in which the  
11 indebtedness is discharged.

12 (d) In the case of a corporation (other than a Subchapter S  
13 corporation), no carryover deduction shall be allowed under  
14 this Section for any taxable year ending after December 31,  
15 2010 and prior to December 31, 2014; provided that, for  
16 purposes of determining the taxable years to which a net loss  
17 may be carried under subsection (a) of this Section, no taxable  
18 year for which a deduction is disallowed under this subsection  
19 shall be counted.

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

21 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

22 Sec. 804. Failure to Pay Estimated Tax.

23 (a) In general. In case of any underpayment of estimated  
24 tax by a taxpayer, except as provided in subsection (d) or (e),  
25 the taxpayer shall be liable to a penalty in an amount

1 determined at the rate prescribed by Section 3-3 of the Uniform  
2 Penalty and Interest Act upon the amount of the underpayment  
3 (determined under subsection (b)) for each required  
4 installment.

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

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

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

11 (c) Amount of Required Installments.

12 (1) Amount.

13 (A) In General. Except as provided in paragraph  
14 (2), the amount of any required installment shall be  
15 25% of the required annual payment.

16 (B) Required Annual Payment. For purposes of  
17 subparagraph (A), the term "required annual payment"  
18 means the lesser of

19 (i) 90% of the tax shown on the return for the  
20 taxable year, or if no return is filed, 90% of the  
21 tax for such year, ~~or~~

22 (ii) for installments due prior to February 1,  
23 2011, and after January 31, 2012, 100% of the tax  
24 shown on the return of the taxpayer for the  
25 preceding taxable year if a return showing a  
26 liability for tax was filed by the taxpayer for the

1 preceding taxable year and such preceding year was  
2 a taxable year of 12 months; or -

3 (iii) for installments due after January 31,  
4 2011, and prior to February 1, 2012, 150% of the  
5 tax shown on the return of the taxpayer for the  
6 preceding taxable year if a return showing a  
7 liability for tax was filed by the taxpayer for the  
8 preceding taxable year and such preceding year was  
9 a taxable year of 12 months.

10 (2) Lower Required Installment where Annualized Income  
11 Installment is Less Than Amount Determined Under Paragraph  
12 (1).

13 (A) In General. In the case of any required  
14 installment if a taxpayer establishes that the  
15 annualized income installment is less than the amount  
16 determined under paragraph (1),

17 (i) the amount of such required installment  
18 shall be the annualized income installment, and

19 (ii) any reduction in a required installment  
20 resulting from the application of this  
21 subparagraph shall be recaptured by increasing the  
22 amount of the next required installment determined  
23 under paragraph (1) by the amount of such  
24 reduction, and by increasing subsequent required  
25 installments to the extent that the reduction has  
26 not previously been recaptured under this clause.

1 (B) Determination of Annualized Income  
 2 Installment. In the case of any required installment,  
 3 the annualized income installment is the excess, if  
 4 any, of

5 (i) an amount equal to the applicable  
 6 percentage of the tax for the taxable year computed  
 7 by placing on an annualized basis the net income  
 8 for months in the taxable year ending before the  
 9 due date for the installment, over

10 (ii) the aggregate amount of any prior  
 11 required installments for the taxable year.

12 (C) Applicable Percentage.

13	In the case of the following	The applicable
14	required installments:	percentage is:
15	1st.....	22.5%
16	2nd.....	45%
17	3rd.....	67.5%
18	4th.....	90%

19 (D) Annualized Net Income; Individuals. For  
 20 individuals, net income shall be placed on an  
 21 annualized basis by:

22 (i) multiplying by 12, or in the case of a  
 23 taxable year of less than 12 months, by the number  
 24 of months in the taxable year, the net income  
 25 computed without regard to the standard exemption  
 26 for the months in the taxable year ending before



1           the month in which the installment is required to  
2           be paid;

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

6           (iii) deducting from such amount the standard  
7           exemption allowable for the taxable year, such  
8           standard exemption being determined as of the last  
9           date prescribed for payment of the installment.

10          (E) Annualized Net Income; Corporations. For  
11          corporations, net income shall be placed on an  
12          annualized basis by multiplying by 12 the taxable  
13          income

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

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

20                 (iii) for the first 6 months or for the first 8  
21                 months of the taxable year, in the case of the  
22                 installment required to be paid in the 9th month,  
23                 and

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

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

5           (d) Exceptions. Notwithstanding the provisions of the  
6           preceding subsections, the penalty imposed by subsection (a)  
7           shall not be imposed if the taxpayer was not required to file  
8           an Illinois income tax return for the preceding taxable year,  
9           or, for individuals, if the taxpayer had no tax liability for  
10          the preceding taxable year and such year was a taxable year of  
11          12 months. The penalty imposed by subsection (a) shall also not  
12          be imposed on any underpayments of estimated tax due before the  
13          effective date of this amendatory Act of 1998 which  
14          underpayments are solely attributable to the change in  
15          apportionment from subsection (a) to subsection (h) of Section  
16          304. The provisions of this amendatory Act of 1998 apply to tax  
17          years ending on or after December 31, 1998.

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

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

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

3 (1) in the case of an individual, tax withheld from  
4 compensation for the taxable year shall be deemed a payment  
5 of estimated tax, and an equal part of such amount shall be  
6 deemed paid on each installment date for such taxable year,  
7 unless the taxpayer establishes the dates on which all  
8 amounts were actually withheld, in which case the amounts  
9 so withheld shall be deemed payments of estimated tax on  
10 the dates on which such amounts were actually withheld;

11 (2) amounts timely paid by a partnership, Subchapter S  
12 corporation, or trust on behalf of a partner, shareholder,  
13 or beneficiary pursuant to subsection (f) of Section 502 or  
14 Section 709.5 and claimed as a payment of estimated tax  
15 shall be deemed a payment of estimated tax made on the last  
16 day of the taxable year of the partnership, Subchapter S  
17 corporation, or trust for which the income from the  
18 withholding is made was computed; and

19 (3) all other amounts pursuant to Article 7 shall be  
20 deemed a payment of estimated tax on the date the payment  
21 is made to the taxpayer of the amount from which the tax is  
22 withheld.

23 (g-5) Amounts withheld under the State Salary and Annuity  
24 Withholding Act. An individual who has amounts withheld under  
25 paragraph (10) of Section 4 of the State Salary and Annuity  
26 Withholding Act may elect to have those amounts treated as

1 payments of estimated tax made on the dates on which those  
2 amounts are actually withheld.

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

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

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

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

10 Sec. 901. Collection Authority.

11 (a) In general.

12 The Department shall collect the taxes imposed by this Act.  
13 The Department shall collect certified past due child support  
14 amounts under Section 2505-650 of the Department of Revenue Law  
15 (20 ILCS 2505/2505-650). Except as provided in subsections (c),  
16 ~~and~~ (e), (f), and (g) of this Section, money collected pursuant  
17 to subsections (a) and (b) of Section 201 of this Act shall be  
18 paid into the General Revenue Fund in the State treasury; money  
19 collected pursuant to subsections (c) and (d) of Section 201 of  
20 this Act shall be paid into the Personal Property Tax  
21 Replacement Fund, a special fund in the State Treasury; and  
22 money collected under Section 2505-650 of the Department of  
23 Revenue Law (20 ILCS 2505/2505-650) shall be paid into the  
24 Child Support Enforcement Trust Fund, a special fund outside  
25 the State Treasury, or to the State Disbursement Unit

1 established under Section 10-26 of the Illinois Public Aid  
2 Code, as directed by the Department of Healthcare and Family  
3 Services.

4 (b) Local Government Distributive Fund.

5 Beginning August 1, 1969, and continuing through June 30,  
6 1994, the Treasurer shall transfer each month from the General  
7 Revenue Fund to a special fund in the State treasury, to be  
8 known as the "Local Government Distributive Fund", an amount  
9 equal to 1/12 of the net revenue realized from the tax imposed  
10 by subsections (a) and (b) of Section 201 of this Act during  
11 the preceding month. Beginning July 1, 1994, and continuing  
12 through June 30, 1995, the Treasurer shall transfer each month  
13 from the General Revenue Fund to the Local Government  
14 Distributive Fund an amount equal to 1/11 of the net revenue  
15 realized from the tax imposed by subsections (a) and (b) of  
16 Section 201 of this Act during the preceding month. Beginning  
17 July 1, 1995 and continuing through January 31, 2011, the  
18 Treasurer shall transfer each month from the General Revenue  
19 Fund to the Local Government Distributive Fund an amount equal  
20 to the net of (i) 1/10 of the net revenue realized from the tax  
21 imposed by subsections (a) and (b) of Section 201 of the  
22 Illinois Income Tax Act during the preceding month (ii) minus,  
23 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,  
24 and beginning July 1, 2004, zero. Beginning February 1, 2011,  
25 and continuing through January 31, 2015, the Treasurer shall  
26 transfer each month from the General Revenue Fund to the Local

1 Government Distributive Fund an amount equal to the sum of (i)  
2 6% (10% of the ratio of the 3% individual income tax rate prior  
3 to 2011 to the 5% individual income tax rate after 2010) of the  
4 net revenue realized from the tax imposed by subsections (a)  
5 and (b) of Section 201 of this Act upon individuals, trusts,  
6 and estates during the preceding month and (ii) 6.86% (10% of  
7 the ratio of the 4.8% corporate income tax rate prior to 2011  
8 to the 7% corporate income tax rate after 2010) of the net  
9 revenue realized from the tax imposed by subsections (a) and  
10 (b) of Section 201 of this Act upon corporations during the  
11 preceding month. Beginning February 1, 2015 and continuing  
12 through January 31, 2025, the Treasurer shall transfer each  
13 month from the General Revenue Fund to the Local Government  
14 Distributive Fund an amount equal to the sum of (i) 8% (10% of  
15 the ratio of the 3% individual income tax rate prior to 2011 to  
16 the 3.75% individual income tax rate after 2014) of the net  
17 revenue realized from the tax imposed by subsections (a) and  
18 (b) of Section 201 of this Act upon individuals, trusts, and  
19 estates during the preceding month and (ii) 9.14% (10% of the  
20 ratio of the 4.8% corporate income tax rate prior to 2011 to  
21 the 5.25% corporate income tax rate after 2014) of the net  
22 revenue realized from the tax imposed by subsections (a) and  
23 (b) of Section 201 of this Act upon corporations during the  
24 preceding month. Beginning February 1, 2025, the Treasurer  
25 shall transfer each month from the General Revenue Fund to the  
26 Local Government Distributive Fund an amount equal to the sum

1 of (i) 9.23% (10% of the ratio of the 3% individual income tax  
2 rate prior to 2011 to the 3.25% individual income tax rate  
3 after 2024) of the net revenue realized from the tax imposed by  
4 subsections (a) and (b) of Section 201 of this Act upon  
5 individuals, trusts, and estates during the preceding month and  
6 (ii) 10% of the net revenue realized from the tax imposed by  
7 subsections (a) and (b) of Section 201 of this Act upon  
8 corporations during the preceding month. Net revenue realized  
9 for a month shall be defined as the revenue from the tax  
10 imposed by subsections (a) and (b) of Section 201 of this Act  
11 which is deposited in the General Revenue Fund, the Education  
12 ~~Education~~ Assistance Fund, ~~and~~ the Income Tax Surcharge Local  
13 Government Distributive Fund, the Fund for the Advancement of  
14 Education, and the Commitment to Human Services Fund during the  
15 month minus the amount paid out of the General Revenue Fund in  
16 State warrants during that same month as refunds to taxpayers  
17 for overpayment of liability under the tax imposed by  
18 subsections (a) and (b) of Section 201 of this Act.

19 (c) Deposits Into Income Tax Refund Fund.

20 (1) Beginning on January 1, 1989 and thereafter, the  
21 Department shall deposit a percentage of the amounts  
22 collected pursuant to subsections (a) and (b)(1), (2), and  
23 (3), of Section 201 of this Act into a fund in the State  
24 treasury known as the Income Tax Refund Fund. The  
25 Department shall deposit 6% of such amounts during the  
26 period beginning January 1, 1989 and ending on June 30,

1 1989. Beginning with State fiscal year 1990 and for each  
2 fiscal year thereafter, the percentage deposited into the  
3 Income Tax Refund Fund during a fiscal year shall be the  
4 Annual Percentage. For fiscal years 1999 through 2001, the  
5 Annual Percentage shall be 7.1%. For fiscal year 2003, the  
6 Annual Percentage shall be 8%. For fiscal year 2004, the  
7 Annual Percentage shall be 11.7%. Upon the effective date  
8 of this amendatory Act of the 93rd General Assembly, the  
9 Annual Percentage shall be 10% for fiscal year 2005. For  
10 fiscal year 2006, the Annual Percentage shall be 9.75%. For  
11 fiscal year 2007, the Annual Percentage shall be 9.75%. For  
12 fiscal year 2008, the Annual Percentage shall be 7.75%. For  
13 fiscal year 2009, the Annual Percentage shall be 9.75%. For  
14 fiscal year 2010, the Annual Percentage shall be 9.75%. For  
15 fiscal year 2011, the Annual Percentage shall be 8.75%. For  
16 all other fiscal years, the Annual Percentage shall be  
17 calculated as a fraction, the numerator of which shall be  
18 the amount of refunds approved for payment by the  
19 Department during the preceding fiscal year as a result of  
20 overpayment of tax liability under subsections (a) and  
21 (b) (1), (2), and (3) of Section 201 of this Act plus the  
22 amount of such refunds remaining approved but unpaid at the  
23 end of the preceding fiscal year, minus the amounts  
24 transferred into the Income Tax Refund Fund from the  
25 Tobacco Settlement Recovery Fund, and the denominator of  
26 which shall be the amounts which will be collected pursuant



1 to subsections (a) and (b) (1), (2), and (3) of Section 201  
2 of this Act during the preceding fiscal year; except that  
3 in State fiscal year 2002, the Annual Percentage shall in  
4 no event exceed 7.6%. The Director of Revenue shall certify  
5 the Annual Percentage to the Comptroller on the last  
6 business day of the fiscal year immediately preceding the  
7 fiscal year for which it is to be effective.

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

1 fiscal year 2009, the Annual Percentage shall be 17.5%. For  
2 fiscal year 2010, the Annual Percentage shall be 17.5%. For  
3 fiscal year 2011, the Annual Percentage shall be 17.5%. For  
4 all other fiscal years, the Annual Percentage shall be  
5 calculated as a fraction, the numerator of which shall be  
6 the amount of refunds approved for payment by the  
7 Department during the preceding fiscal year as a result of  
8 overpayment of tax liability under subsections (a) and  
9 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
10 Act plus the amount of such refunds remaining approved but  
11 unpaid at the end of the preceding fiscal year, and the  
12 denominator of which shall be the amounts which will be  
13 collected pursuant to subsections (a) and (b) (6), (7), and  
14 (8), (c) and (d) of Section 201 of this Act during the  
15 preceding fiscal year; except that in State fiscal year  
16 2002, the Annual Percentage shall in no event exceed 23%.  
17 The Director of Revenue shall certify the Annual Percentage  
18 to the Comptroller on the last business day of the fiscal  
19 year immediately preceding the fiscal year for which it is  
20 to be effective.

21 (3) The Comptroller shall order transferred and the  
22 Treasurer shall transfer from the Tobacco Settlement  
23 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000  
24 in January, 2001, (ii) \$35,000,000 in January, 2002, and  
25 (iii) \$35,000,000 in January, 2003.

26 (d) Expenditures from Income Tax Refund Fund.

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

9           (2) The Director shall order payment of refunds  
10 resulting from overpayment of tax liability under Section  
11 201 of this Act from the Income Tax Refund Fund only to the  
12 extent that amounts collected pursuant to Section 201 of  
13 this Act and transfers pursuant to this subsection (d) and  
14 item (3) of subsection (c) have been deposited and retained  
15 in the Fund.

16           (3) As soon as possible after the end of each fiscal  
17 year, the Director shall order transferred and the State  
18 Treasurer and State Comptroller shall transfer from the  
19 Income Tax Refund Fund to the Personal Property Tax  
20 Replacement Fund an amount, certified by the Director to  
21 the Comptroller, equal to the excess of the amount  
22 collected pursuant to subsections (c) and (d) of Section  
23 201 of this Act deposited into the Income Tax Refund Fund  
24 during the fiscal year over the amount of refunds resulting  
25 from overpayment of tax liability under subsections (c) and  
26 (d) of Section 201 of this Act paid from the Income Tax

1 Refund Fund during the fiscal year.

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

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

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

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

3 On July 1, 1991, and thereafter, of the amounts collected  
4 pursuant to subsections (a) and (b) of Section 201 of this Act,  
5 minus deposits into the Income Tax Refund Fund, the Department  
6 shall deposit 7.3% into the Education Assistance Fund in the  
7 State Treasury. Beginning July 1, 1991, and continuing through  
8 January 31, 1993, of the amounts collected pursuant to  
9 subsections (a) and (b) of Section 201 of the Illinois Income  
10 Tax Act, minus deposits into the Income Tax Refund Fund, the  
11 Department shall deposit 3.0% into the Income Tax Surcharge  
12 Local Government Distributive Fund in the State Treasury.  
13 Beginning February 1, 1993 and continuing through June 30,  
14 1993, of the amounts collected pursuant to subsections (a) and  
15 (b) of Section 201 of the Illinois Income Tax Act, minus  
16 deposits into the Income Tax Refund Fund, the Department shall  
17 deposit 4.4% into the Income Tax Surcharge Local Government  
18 Distributive Fund in the State Treasury. Beginning July 1,  
19 1993, and continuing through June 30, 1994, of the amounts  
20 collected under subsections (a) and (b) of Section 201 of this  
21 Act, minus deposits into the Income Tax Refund Fund, the  
22 Department shall deposit 1.475% into the Income Tax Surcharge  
23 Local Government Distributive Fund in the State Treasury.

24 (f) Deposits into the Fund for the Advancement of  
25 Education. Beginning February 1, 2015, the Department shall  
26 deposit the following portions of the revenue realized from the

1 tax imposed upon individuals, trusts, and estates by  
2 subsections (a) and (b) of Section 201 of this Act during the  
3 preceding month, minus deposits into the Income Tax Refund  
4 Fund, into the Fund for the Advancement of Education:

5 (1) beginning February 1, 2015, and prior to February  
6 1, 2025, 1/30; and

7 (2) beginning February 1, 2025, 1/26.

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

12 (g) Deposits into the Commitment to Human Services Fund.  
13 Beginning February 1, 2015, the Department shall deposit the  
14 following portions of the revenue realized from the tax imposed  
15 upon individuals, trusts, and estates by subsections (a) and  
16 (b) of Section 201 of this Act during the preceding month,  
17 minus deposits into the Income Tax Refund Fund, into the  
18 Commitment to Human Services Fund:

19 (1) beginning February 1, 2015, and prior to February  
20 1, 2025, 1/30; and

21 (2) beginning February 1, 2025, 1/26.

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

26 (Source: P.A. 95-707, eff. 1-11-08; 95-744, eff. 7-18-08;

1 96-45, eff. 7-15-09; 96-328, eff. 8-11-09; 96-959, eff.  
2 7-1-10.)

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

5 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

6 Sec. 2. Definitions.

7 "Federal estate tax" means the tax due to the United States  
8 with respect to a taxable transfer under Chapter 11 of the  
9 Internal Revenue Code.

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

13 "Federal return" means the federal estate tax return with  
14 respect to the federal estate tax and means the federal  
15 generation-skipping transfer tax return with respect to the  
16 federal generation-skipping transfer tax.

17 "Federal transfer tax" means the federal estate tax or the  
18 federal generation-skipping transfer tax.

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

21 "Illinois generation-skipping transfer tax" means the tax  
22 due to this State with respect to a taxable transfer that gives  
23 rise to a federal generation-skipping transfer tax.

24 "Illinois transfer tax" means the Illinois estate tax or

1 the Illinois generation-skipping transfer tax.

2 "Internal Revenue Code" means, unless otherwise provided,  
3 the Internal Revenue Code of 1986, as amended from time to  
4 time.

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

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

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

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

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

17 "State tax credit" means:

18 (a) For persons dying on or after January 1, 2003 and  
19 through December 31, 2005, an amount equal to the full credit  
20 calculable under Section 2011 or Section 2604 of the Internal  
21 Revenue Code as the credit would have been computed and allowed  
22 under the Internal Revenue Code as in effect on December 31,  
23 2001, without the reduction in the State Death Tax Credit as  
24 provided in Section 2011(b) (2) or the termination of the State  
25 Death Tax Credit as provided in Section 2011(f) as enacted by  
26 the Economic Growth and Tax Relief Reconciliation Act of 2001,



1 but recognizing the increased applicable exclusion amount  
2 through December 31, 2005.

3 (b) For persons dying after December 31, 2005 and on or  
4 before December 31, 2009, and for persons dying after December  
5 31, 2010, an amount equal to the full credit calculable under  
6 Section 2011 or 2604 of the Internal Revenue Code as the credit  
7 would have been computed and allowed under the Internal Revenue  
8 Code as in effect on December 31, 2001, without the reduction  
9 in the State Death Tax Credit as provided in Section 2011(b) (2)  
10 or the termination of the State Death Tax Credit as provided in  
11 Section 2011(f) as enacted by the Economic Growth and Tax  
12 Relief Reconciliation Act of 2001, but recognizing the  
13 exclusion amount of only \$2,000,000, and with reduction to the  
14 adjusted taxable estate for any qualified terminable interest  
15 property election as defined in subsection (b-1) of this  
16 Section.

17 (b-1) The person required to file the Illinois return may  
18 elect on a timely filed Illinois return a marital deduction for  
19 qualified terminable interest property under Section  
20 2056(b) (7) of the Internal Revenue Code for purposes of the  
21 Illinois estate tax that is separate and independent of any  
22 qualified terminable interest property election for federal  
23 estate tax purposes. For purposes of the Illinois estate tax,  
24 the inclusion of property in the gross estate of a surviving  
25 spouse is the same as under Section 2044 of the Internal  
26 Revenue Code.

1           In the case of any trust for which a State or federal  
2 qualified terminable interest property election is made, the  
3 trustee may not retain non-income producing assets for more  
4 than a reasonable amount of time without the consent of the  
5 surviving spouse.

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

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

13           "Transferee" means a transferee within the meaning of  
14 Section 2603(a) (1) and Section 6901(h) of the Internal Revenue  
15 Code.

16           "Transferred property" means:

17           (1) With respect to a taxable transfer occurring at the  
18 death of an individual, the deceased individual's gross  
19 estate as defined in Section 2031 of the Internal Revenue  
20 Code.

21           (2) With respect to a taxable transfer occurring as a  
22 result of a taxable termination as defined in Section  
23 2612(a) of the Internal Revenue Code, the taxable amount  
24 determined under Section 2622(a) of the Internal Revenue  
25 Code.

26           (3) With respect to a taxable transfer occurring as a

1 result of a taxable distribution as defined in Section  
2 2612(b) of the Internal Revenue Code, the taxable amount  
3 determined under Section 2621(a) of the Internal Revenue  
4 Code.

5 (4) With respect to an event which causes the  
6 imposition of an additional estate tax under Section  
7 2032A(c) of the Internal Revenue Code, the qualified real  
8 property that was disposed of or which ceased to be used  
9 for the qualified use, within the meaning of Section  
10 2032A(c) (1) of the Internal Revenue Code.

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

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

14 Section 99. Effective date. This Act takes effect upon  
15 becoming law."