



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3230

Introduced 2/24/2011, by Rep. Sidney H. Mathias

SYNOPSIS AS INTRODUCED:

35 ILCS 5/901

from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. Provides that the State Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to 1/10 of the net revenue realized under Act during the preceding month. Removes language pertaining to the amount of transfers from the General Revenue Fund to the Local Government Distributive Fund beginning February 1, 2015. Effective immediately.

LRB097 06695 HLH 46782 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 901 as follows:

6 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

7 Sec. 901. Collection Authority.

8 (a) In general.

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

1 Code, as directed by the Department of Healthcare and Family
2 Services.

3 (b) Local Government Distributive Fund.

4 Beginning August 1, 1969, and continuing through June 30,
5 1994, the Treasurer shall transfer each month from the General
6 Revenue Fund to a special fund in the State treasury, to be
7 known as the "Local Government Distributive Fund", an amount
8 equal to 1/12 of the net revenue realized from the tax imposed
9 by subsections (a) and (b) of Section 201 of this Act during
10 the preceding month. Beginning July 1, 1994, and continuing
11 through June 30, 1995, the Treasurer shall transfer each month
12 from the General Revenue Fund to the Local Government
13 Distributive Fund an amount equal to 1/11 of the net revenue
14 realized from the tax imposed by subsections (a) and (b) of
15 Section 201 of this Act during the preceding month. Beginning
16 July 1, 1995 and continuing through January 31, 2011, the
17 Treasurer shall transfer each month from the General Revenue
18 Fund to the Local Government Distributive Fund an amount equal
19 to the net of (i) 1/10 of the net revenue realized from the tax
20 imposed by subsections (a) and (b) of Section 201 of the
21 Illinois Income Tax Act during the preceding month (ii) minus,
22 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
23 and beginning July 1, 2004, zero. Beginning February 1, 2011,
24 and continuing through ~~January 31, 2015~~ the effective date of
25 this amendatory Act of the 97th General Assembly, the Treasurer
26 shall transfer each month from the General Revenue Fund to the

1 Local Government Distributive Fund an amount equal to the sum
2 of (i) 6% (10% of the ratio of the 3% individual income tax
3 rate prior to 2011 to the 5% individual income tax rate after
4 2010) of the net revenue realized from the tax imposed by
5 subsections (a) and (b) of Section 201 of this Act upon
6 individuals, trusts, and estates during the preceding month and
7 (ii) 6.86% (10% of the ratio of the 4.8% corporate income tax
8 rate prior to 2011 to the 7% corporate income tax rate after
9 2010) of the net revenue realized from the tax imposed by
10 subsections (a) and (b) of Section 201 of this Act upon
11 corporations during the preceding month. Beginning upon the
12 effective date of this amendatory Act of the 97th General
13 Assembly, the Treasurer shall transfer each month from the
14 General Revenue Fund to the Local Government Distributive Fund
15 an amount equal to 1/10 of the net revenue realized from the
16 tax imposed by subsections (a) and (b) of Section 201 of this
17 Act during the preceding month. Beginning February 1, 2015 and
18 ~~continuing through January 31, 2025, the Treasurer shall~~
19 ~~transfer each month from the General Revenue Fund to the Local~~
20 ~~Government Distributive Fund an amount equal to the sum of (i)~~
21 ~~8% (10% of the ratio of the 3% individual income tax rate prior~~
22 ~~to 2011 to the 3.75% individual income tax rate after 2014) of~~
23 ~~the net revenue realized from the tax imposed by subsections~~
24 ~~(a) and (b) of Section 201 of this Act upon individuals,~~
25 ~~trusts, and estates during the preceding month and (ii) 9.14%~~
26 ~~(10% of the ratio of the 4.8% corporate income tax rate prior~~

1 ~~to 2011 to the 5.25% corporate income tax rate after 2014) of~~
2 ~~the net revenue realized from the tax imposed by subsections~~
3 ~~(a) and (b) of Section 201 of this Act upon corporations during~~
4 ~~the preceding month. Beginning February 1, 2025, the Treasurer~~
5 ~~shall transfer each month from the General Revenue Fund to the~~
6 ~~Local Government Distributive Fund an amount equal to the sum~~
7 ~~of (i) 9.23% (10% of the ratio of the 3% individual income tax~~
8 ~~rate prior to 2011 to the 3.25% individual income tax rate~~
9 ~~after 2024) of the net revenue realized from the tax imposed by~~
10 ~~subsections (a) and (b) of Section 201 of this Act upon~~
11 ~~individuals, trusts, and estates during the preceding month and~~
12 ~~(ii) 10% of the net revenue realized from the tax imposed by~~
13 ~~subsections (a) and (b) of Section 201 of this Act upon~~
14 ~~corporations during the preceding month. Net revenue realized~~
15 for a month shall be defined as the revenue from the tax
16 imposed by subsections (a) and (b) of Section 201 of this Act
17 which is deposited in the General Revenue Fund, the Education
18 Assistance Fund, the Income Tax Surcharge Local Government
19 Distributive Fund, the Fund for the Advancement of Education,
20 and the Commitment to Human Services Fund during the month
21 minus the amount paid out of the General Revenue Fund in State
22 warrants during that same month as refunds to taxpayers for
23 overpayment of liability under the tax imposed by subsections
24 (a) and (b) of Section 201 of this Act.

25 (c) Deposits Into Income Tax Refund Fund.

26 (1) Beginning on January 1, 1989 and thereafter, the

1 Department shall deposit a percentage of the amounts
2 collected pursuant to subsections (a) and (b) (1), (2), and
3 (3), of Section 201 of this Act into a fund in the State
4 treasury known as the Income Tax Refund Fund. The
5 Department shall deposit 6% of such amounts during the
6 period beginning January 1, 1989 and ending on June 30,
7 1989. Beginning with State fiscal year 1990 and for each
8 fiscal year thereafter, the percentage deposited into the
9 Income Tax Refund Fund during a fiscal year shall be the
10 Annual Percentage. For fiscal years 1999 through 2001, the
11 Annual Percentage shall be 7.1%. For fiscal year 2003, the
12 Annual Percentage shall be 8%. For fiscal year 2004, the
13 Annual Percentage shall be 11.7%. Upon the effective date
14 of this amendatory Act of the 93rd General Assembly, the
15 Annual Percentage shall be 10% for fiscal year 2005. For
16 fiscal year 2006, the Annual Percentage shall be 9.75%. For
17 fiscal year 2007, the Annual Percentage shall be 9.75%. For
18 fiscal year 2008, the Annual Percentage shall be 7.75%. For
19 fiscal year 2009, the Annual Percentage shall be 9.75%. For
20 fiscal year 2010, the Annual Percentage shall be 9.75%. For
21 fiscal year 2011, the Annual Percentage shall be 8.75%. For
22 all other fiscal years, the Annual Percentage shall be
23 calculated as a fraction, the numerator of which shall be
24 the amount of refunds approved for payment by the
25 Department during the preceding fiscal year as a result of
26 overpayment of tax liability under subsections (a) and

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

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

1 the Annual Percentage shall be 32%. Upon the effective date
2 of this amendatory Act of the 93rd General Assembly, the
3 Annual Percentage shall be 24% for fiscal year 2005. For
4 fiscal year 2006, the Annual Percentage shall be 20%. For
5 fiscal year 2007, the Annual Percentage shall be 17.5%. For
6 fiscal year 2008, the Annual Percentage shall be 15.5%. For
7 fiscal year 2009, the Annual Percentage shall be 17.5%. For
8 fiscal year 2010, the Annual Percentage shall be 17.5%. For
9 fiscal year 2011, the Annual Percentage shall be 17.5%. For
10 all other fiscal years, the Annual Percentage shall be
11 calculated as a fraction, the numerator of which shall be
12 the amount of refunds approved for payment by the
13 Department during the preceding fiscal year as a result of
14 overpayment of tax liability under subsections (a) and
15 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
16 Act plus the amount of such refunds remaining approved but
17 unpaid at the end of the preceding fiscal year, and the
18 denominator of which shall be the amounts which will be
19 collected pursuant to subsections (a) and (b) (6), (7), and
20 (8), (c) and (d) of Section 201 of this Act during the
21 preceding fiscal year; except that in State fiscal year
22 2002, the Annual Percentage shall in no event exceed 23%.
23 The Director of Revenue shall certify the Annual Percentage
24 to the Comptroller on the last business day of the fiscal
25 year immediately preceding the fiscal year for which it is
26 to be effective.

1 (3) The Comptroller shall order transferred and the
2 Treasurer shall transfer from the Tobacco Settlement
3 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
4 in January, 2001, (ii) \$35,000,000 in January, 2002, and
5 (iii) \$35,000,000 in January, 2003.

6 (d) Expenditures from Income Tax Refund Fund.

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

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

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

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

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

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

1 attributable to transfers under item (3) of subsection (c)
2 less refunds resulting from the earned income tax credit.

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

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

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

1 Act, minus deposits into the Income Tax Refund Fund, the
2 Department shall deposit 1.475% into the Income Tax Surcharge
3 Local Government Distributive Fund in the State Treasury.

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

11 (1) beginning February 1, 2015, and prior to February
12 1, 2025, 1/30; and

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

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

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

25 (1) beginning February 1, 2015, and prior to February
26 1, 2025, 1/30; and

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

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

6 (Source: P.A. 95-707, eff. 1-11-08; 95-744, eff. 7-18-08;
7 96-45, eff. 7-15-09; 96-328, eff. 8-11-09; 96-959, eff. 7-1-10;
8 96-1496, eff. 1-13-11.)

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.