



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB4011

Introduced 1/18/2012, by Rep. Anthony DeLuca

SYNOPSIS AS INTRODUCED:

30 ILCS 115/1
35 ILCS 5/901

from Ch. 85, par. 611
from Ch. 120, par. 9-901

Amends the State Revenue Sharing Act and the Illinois Income Tax Act. Provides that, from each income tax payment that the Department of Revenue receives, the Department must deposit certain amounts directly into the Local Government Distributive Fund (currently, the Department deposits the tax payment into the General Revenue Fund and the Treasurer then transfers a percentage of the net revenue to the Local Government Distributive Fund). Effective immediately.

LRB097 15664 HLH 60806 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 State Revenue Sharing Act is amended by
5 changing Section 1 as follows:

6 (30 ILCS 115/1) (from Ch. 85, par. 611)

7 Sec. 1. Local Government Distributive Fund.

8 (a) Through June 30, 1994, as soon as may be after the
9 first day of each month the Department of Revenue shall certify
10 to the Treasurer an amount equal to 1/12 of the net revenue
11 realized from the tax imposed by subsections (a) and (b) of
12 Section 201 of the Illinois Income Tax Act during the preceding
13 month.

14 Beginning July 1, 1994, and continuing through June 30,
15 1995, as soon as may be after the first day of each month, the
16 Department of Revenue shall certify to the Treasurer an amount
17 equal to 1/11 of the net revenue realized from the tax imposed
18 by subsections (a) and (b) of Section 201 of the Illinois
19 Income Tax Act during the preceding month.

20 Beginning July 1, 1995 and continuing through December 31,
21 2012, as soon as may be after the first day of each month, the
22 Department of Revenue shall certify to the Treasurer an amount
23 equal to 1/10 of the net revenue realized from the tax imposed

1 by subsections (a) and (b) of Section 201 of the Illinois
2 Income Tax Act during the preceding month.

3 For the purpose of this subsection (a), net ~~Net~~ revenue
4 realized for a month shall be defined as the revenue from the
5 tax imposed by subsections (a) and (b) of Section 201 of the
6 Illinois Income Tax Act which is deposited in the General
7 Revenue Fund, the Education Assistance Fund and the Income Tax
8 Surcharge Local Government Distributive Fund during the month
9 minus the amount paid out of the General Revenue Fund in State
10 warrants during that same month as refunds to taxpayers for
11 overpayment of liability under the tax imposed by subsections
12 (a) and (b) of Section 201 of the Illinois Income Tax Act.

13 Upon receipt of a ~~such~~ certification under this subsection
14 (a), the Treasurer shall transfer from the General Revenue Fund
15 to a special fund in the State treasury, to be known as the
16 "Local Government Distributive Fund", the amount shown on such
17 certification.

18 (b) Beginning January 1, 2013, for all payments collected
19 on or after December 1, 2012, the Department of Revenue shall,
20 immediately upon receipt, deposit into the Local Government
21 Distributive Fund the amounts required to be deposited into the
22 Local Government Distributive Fund under subsection (b) of
23 Section 901 of the Illinois Income Tax Act.

24 (c) All amounts paid into the Local Government Distributive
25 Fund in accordance with this Section and allocated pursuant to
26 this Act are appropriated on a continuing basis.

1 (Source: P.A. 88-89.)

2 Section 10. The Illinois Income Tax Act is amended by
3 changing Section 901 as follows:

4 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

5 Sec. 901. Collection Authority.

6 (a) In general.

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

24 (b) Local Government Distributive Fund.

1 Beginning August 1, 1969, and continuing through June 30,
2 1994, the Treasurer shall transfer each month from the General
3 Revenue Fund to a special fund in the State treasury, to be
4 known as the "Local Government Distributive Fund", an amount
5 equal to 1/12 of the net revenue realized from the tax imposed
6 by subsections (a) and (b) of Section 201 of this Act during
7 the preceding month. Beginning July 1, 1994, and continuing
8 through June 30, 1995, the Treasurer shall transfer each month
9 from the General Revenue Fund to the Local Government
10 Distributive Fund an amount equal to 1/11 of the net revenue
11 realized from the tax imposed by subsections (a) and (b) of
12 Section 201 of this Act during the preceding month. Beginning
13 July 1, 1995 and continuing through January 31, 2011, the
14 Treasurer shall transfer each month from the General Revenue
15 Fund to the Local Government Distributive Fund an amount equal
16 to the net of (i) 1/10 of the net revenue realized from the tax
17 imposed by subsections (a) and (b) of Section 201 of the
18 Illinois Income Tax Act during the preceding month (ii) minus,
19 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
20 and beginning July 1, 2004, zero. Beginning February 1, 2011,
21 and continuing through December 31, 2012 ~~January 31, 2015~~, the
22 Treasurer shall transfer each month from the General Revenue
23 Fund to the Local Government Distributive Fund an amount equal
24 to the sum of (i) 6% (10% of the ratio of the 3% individual
25 income tax rate prior to 2011 to the 5% individual income tax
26 rate after 2010) of the net revenue realized from the tax

1 imposed by subsections (a) and (b) of Section 201 of this Act
2 upon individuals, trusts, and estates during the preceding
3 month and (ii) 6.86% (10% of the ratio of the 4.8% corporate
4 income tax rate prior to 2011 to the 7% corporate income tax
5 rate after 2010) of the net revenue realized from the tax
6 imposed by subsections (a) and (b) of Section 201 of this Act
7 upon corporations during the preceding month. Beginning
8 January 1, 2013 and continuing through December 31, 2014, for
9 all payments collected on or after December 1, 2012, the
10 Department of Revenue shall, immediately upon receipt, deposit
11 into the Local Government Distributive Fund, (i) 6% (10% of the
12 ratio of the 3% individual income tax rate prior to 2011 to the
13 5% individual income tax rate after 2010) of the amount
14 collected from the tax imposed by subsections (a) and (b) of
15 Section 201 of this Act upon individuals, trusts, and estates,
16 minus deposits into the Income Tax Refund Fund under subsection
17 (c), and (ii) 6.86% (10% of the ratio of the 4.8% corporate
18 income tax rate prior to 2011 to the 7% corporate income tax
19 rate after 2010) of the amount collected from the tax imposed
20 by subsections (a) and (b) of Section 201 of this Act upon
21 corporations, minus deposits into the Income Tax Refund Fund
22 under subsection (c). Beginning January 1, 2015 ~~February 1,~~
23 ~~2015~~ and continuing through December 31, 2025 ~~January 31, 2025,~~
24 the Treasurer shall, immediately upon receipt, deposit into
25 ~~transfer each month from the General Revenue Fund to~~ the Local
26 Government Distributive Fund ~~an amount equal to the sum of~~ (i)

1 8% (10% of the ratio of the 3% individual income tax rate prior
2 to 2011 to the 3.75% individual income tax rate after 2014) of
3 the amount collected ~~net revenue realized~~ from the tax imposed
4 by subsections (a) and (b) of Section 201 of this Act upon
5 individuals, trusts, and estates, minus deposits into the
6 Income Tax Refund Fund under subsection (c), ~~during the~~
7 ~~preceding month~~ and (ii) 9.14% (10% of the ratio of the 4.8%
8 corporate income tax rate prior to 2011 to the 5.25% corporate
9 income tax rate after 2014) of the amount collected ~~net revenue~~
10 ~~realized~~ from the tax imposed by subsections (a) and (b) of
11 Section 201 of this Act upon corporations, minus deposits into
12 the Income Tax Refund Fund under subsection (c) ~~during the~~
13 ~~preceding month~~. Beginning January 1, 2025 ~~February 1, 2025,~~
14 the Treasurer shall, immediately upon receipt, deposit into
15 ~~transfer each month from the General Revenue Fund to~~ the Local
16 Government Distributive Fund ~~an amount equal to the sum of~~ (i)
17 9.23% (10% of the ratio of the 3% individual income tax rate
18 prior to 2011 to the 3.25% individual income tax rate after
19 2024) of the amount collected ~~net revenue realized~~ from the tax
20 imposed by subsections (a) and (b) of Section 201 of this Act
21 upon individuals, trusts, and estates during the preceding
22 month, minus deposits into the Income Tax Refund Fund under
23 subsection (c), and (ii) 10% of the amount collected ~~net~~
24 ~~revenue realized~~ from the tax imposed by subsections (a) and
25 (b) of Section 201 of this Act upon corporations, minus
26 deposits into the Income Tax Refund Fund under subsection (c)

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

12 (c) Deposits Into Income Tax Refund Fund.

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

1 of this amendatory Act of the 93rd General Assembly, the
2 Annual Percentage shall be 10% for fiscal year 2005. For
3 fiscal year 2006, the Annual Percentage shall be 9.75%. For
4 fiscal year 2007, the Annual Percentage shall be 9.75%. For
5 fiscal year 2008, the Annual Percentage shall be 7.75%. For
6 fiscal year 2009, the Annual Percentage shall be 9.75%. For
7 fiscal year 2010, the Annual Percentage shall be 9.75%. For
8 fiscal year 2011, the Annual Percentage shall be 8.75%. For
9 fiscal year 2012, the Annual Percentage shall be 8.75%. 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) (1), (2), and (3) of Section 201 of this Act plus the
16 amount of such refunds remaining approved but unpaid at the
17 end of the preceding fiscal year, minus the amounts
18 transferred into the Income Tax Refund Fund from the
19 Tobacco Settlement Recovery Fund, and the denominator of
20 which shall be the amounts which will be collected pursuant
21 to subsections (a) and (b) (1), (2), and (3) of Section 201
22 of this Act during the preceding fiscal year; except that
23 in State fiscal year 2002, the Annual Percentage shall in
24 no event exceed 7.6%. The Director of Revenue shall certify
25 the Annual Percentage to the Comptroller on the last
26 business day of the fiscal year immediately preceding the

1 fiscal year for which it is to be effective.

2 (2) Beginning on January 1, 1989 and thereafter, the
3 Department shall deposit a percentage of the amounts
4 collected pursuant to subsections (a) and (b)(6), (7), and
5 (8), (c) and (d) of Section 201 of this Act into a fund in
6 the State treasury known as the Income Tax Refund Fund. The
7 Department shall deposit 18% of such amounts during the
8 period beginning January 1, 1989 and ending on June 30,
9 1989. Beginning with State fiscal year 1990 and for each
10 fiscal year thereafter, the percentage deposited into the
11 Income Tax Refund Fund during a fiscal year shall be the
12 Annual Percentage. For fiscal years 1999, 2000, and 2001,
13 the Annual Percentage shall be 19%. For fiscal year 2003,
14 the Annual Percentage shall be 27%. For fiscal year 2004,
15 the Annual Percentage shall be 32%. Upon the effective date
16 of this amendatory Act of the 93rd General Assembly, the
17 Annual Percentage shall be 24% for fiscal year 2005. For
18 fiscal year 2006, the Annual Percentage shall be 20%. For
19 fiscal year 2007, the Annual Percentage shall be 17.5%. For
20 fiscal year 2008, the Annual Percentage shall be 15.5%. For
21 fiscal year 2009, the Annual Percentage shall be 17.5%. For
22 fiscal year 2010, the Annual Percentage shall be 17.5%. For
23 fiscal year 2011, the Annual Percentage shall be 17.5%. For
24 fiscal year 2012, the Annual Percentage shall be 17.5%. For
25 all other fiscal years, the Annual Percentage shall be
26 calculated as a fraction, the numerator of which shall be

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

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

21 (d) Expenditures from Income Tax Refund Fund.

22 (1) Beginning January 1, 1989, money in the Income Tax
23 Refund Fund shall be expended exclusively for the purpose
24 of paying refunds resulting from overpayment of tax
25 liability under Section 201 of this Act, for paying rebates
26 under Section 208.1 in the event that the amounts in the

1 Homeowners' Tax Relief Fund are insufficient for that
2 purpose, and for making transfers pursuant to this
3 subsection (d).

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

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

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

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

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

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

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

24 On July 1, 1991, and thereafter, of the amounts collected
25 pursuant to subsections (a) and (b) of Section 201 of this Act,
26 minus deposits into the Income Tax Refund Fund, the Department

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

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

26 (1) beginning February 1, 2015, and prior to February

1 1, 2025, 1/30; and

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

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

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

14 (1) beginning February 1, 2015, and prior to February
15 1, 2025, 1/30; and

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

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

21 (Source: P.A. 96-45, eff. 7-15-09; 96-328, eff. 8-11-09;
22 96-959, eff. 7-1-10; 96-1496, eff. 1-13-11; 97-72, eff.
23 7-1-11.)

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