



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB3151

by Rep. John M. Cabello

SYNOPSIS AS INTRODUCED:

35 ILCS 5/901

from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. Provides that, if the rate of tax is reduced because the State has exceeded the State spending limit, then, beginning with the first distribution to occur after the effective date of the reduction, the State Comptroller shall order transferred and 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. Effective immediately.

LRB099 06883 HLH 26963 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), (g), and (h) of this Section, money collected
14 pursuant to subsections (a) and (b) of Section 201 of this Act
15 shall be paid into the General Revenue Fund in the State
16 treasury; money collected pursuant to subsections (c) and (d)
17 of Section 201 of this Act shall be paid into the Personal
18 Property Tax Replacement Fund, a special fund in the State
19 Treasury; and money collected under Section 2505-650 of the
20 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
21 into the Child Support Enforcement Trust Fund, a special fund
22 outside 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 (or until the first
25 distribution to occur after the effective date of a rate
26 reduction under Section 201.5 of this Act), the Treasurer shall

1 transfer each month from the General Revenue Fund to the Local
2 Government Distributive Fund an amount equal to the sum of (i)
3 6% (10% of the ratio of the 3% individual income tax rate prior
4 to 2011 to the 5% individual income tax rate after 2010) of the
5 net revenue realized from the tax imposed by subsections (a)
6 and (b) of Section 201 of this Act upon individuals, trusts,
7 and estates during the preceding month and (ii) 6.86% (10% of
8 the ratio of the 4.8% corporate income tax rate prior to 2011
9 to the 7% corporate income tax rate after 2010) of the net
10 revenue realized from the tax imposed by subsections (a) and
11 (b) of Section 201 of this Act upon corporations during the
12 preceding month. Beginning February 1, 2015 and continuing
13 through January 31, 2025, the Treasurer shall transfer each
14 month from the General Revenue Fund to the Local Government
15 Distributive Fund an amount equal to the sum of (i) 8% (10% of
16 the ratio of the 3% individual income tax rate prior to 2011 to
17 the 3.75% individual income tax rate after 2014) of the net
18 revenue realized from the tax imposed by subsections (a) and
19 (b) of Section 201 of this Act upon individuals, trusts, and
20 estates during the preceding month and (ii) 9.14% (10% of the
21 ratio of the 4.8% corporate income tax rate prior to 2011 to
22 the 5.25% corporate income tax rate after 2014) of the net
23 revenue realized from the tax imposed by subsections (a) and
24 (b) of Section 201 of this Act upon corporations during the
25 preceding month. Beginning February 1, 2025, 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) 9.23% (10% of the ratio of the 3% individual income tax
3 rate prior to 2011 to the 3.25% individual income tax rate
4 after 2024) 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) 10% of the net revenue realized from the tax imposed by
8 subsections (a) and (b) of Section 201 of this Act upon
9 corporations during the preceding month. Notwithstanding any
10 other provision of law, if the rate of tax is reduced pursuant
11 to Section 201.5 of this Act, then, beginning with the first
12 distribution to occur after the effective date of the
13 reduction, the State Comptroller shall order transferred and
14 the State Treasurer shall transfer each month from the General
15 Revenue Fund to the Local Government Distributive Fund an
16 amount equal to 1/10 of the net revenue realized from the tax
17 imposed by subsections (a) and (b) of Section 201 of this Act
18 during the preceding month. Net revenue realized for a month
19 shall be defined as the revenue from the tax imposed by
20 subsections (a) and (b) of Section 201 of this Act which is
21 deposited in the General Revenue Fund, the Education Assistance
22 Fund, the Income Tax Surcharge Local Government Distributive
23 Fund, the Fund for the Advancement of Education, and the
24 Commitment to Human Services Fund during the month minus the
25 amount paid out of the General Revenue Fund in State warrants
26 during that same month as refunds to taxpayers for overpayment

1 of liability under the tax imposed by subsections (a) and (b)
2 of Section 201 of this Act.

3 Beginning on August 26, 2014 (the effective date of Public
4 Act 98-1052) ~~this amendatory Act of the 98th General Assembly,~~
5 the Comptroller shall perform the transfers required by this
6 subsection (b) no later than 60 days after he or she receives
7 the certification from the Treasurer as provided in Section 1
8 of the State Revenue Sharing Act.

9 (c) Deposits Into Income Tax Refund Fund.

10 (1) Beginning on January 1, 1989 and thereafter, the
11 Department shall deposit a percentage of the amounts
12 collected pursuant to subsections (a) and (b) (1), (2), and
13 (3), of Section 201 of this Act into a fund in the State
14 treasury known as the Income Tax Refund Fund. The
15 Department shall deposit 6% of such amounts during the
16 period beginning January 1, 1989 and ending on June 30,
17 1989. Beginning with State fiscal year 1990 and for each
18 fiscal year thereafter, the percentage deposited into the
19 Income Tax Refund Fund during a fiscal year shall be the
20 Annual Percentage. For fiscal years 1999 through 2001, the
21 Annual Percentage shall be 7.1%. For fiscal year 2003, the
22 Annual Percentage shall be 8%. For fiscal year 2004, the
23 Annual Percentage shall be 11.7%. Upon the effective date
24 of this amendatory Act of the 93rd General Assembly, the
25 Annual Percentage shall be 10% for fiscal year 2005. For
26 fiscal year 2006, the Annual Percentage shall be 9.75%. For

1 fiscal year 2007, the Annual Percentage shall be 9.75%. For
2 fiscal year 2008, the Annual Percentage shall be 7.75%. For
3 fiscal year 2009, the Annual Percentage shall be 9.75%. For
4 fiscal year 2010, the Annual Percentage shall be 9.75%. For
5 fiscal year 2011, the Annual Percentage shall be 8.75%. For
6 fiscal year 2012, the Annual Percentage shall be 8.75%. For
7 fiscal year 2013, the Annual Percentage shall be 9.75%. For
8 fiscal year 2014, the Annual Percentage shall be 9.5%. For
9 fiscal year 2015, the Annual Percentage shall be 10%. 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 fiscal year 2013, the Annual Percentage shall be 14%. For
26 fiscal year 2014, the Annual Percentage shall be 13.4%. For

1 fiscal year 2015, the Annual Percentage shall be 14%. For
2 all other fiscal years, the Annual Percentage shall be
3 calculated as a fraction, the numerator of which shall be
4 the amount of refunds approved for payment by the
5 Department during the preceding fiscal year as a result of
6 overpayment of tax liability under subsections (a) and
7 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
8 Act plus the amount of such refunds remaining approved but
9 unpaid at the end of the preceding fiscal year, and the
10 denominator of which shall be the amounts which will be
11 collected pursuant to subsections (a) and (b) (6), (7), and
12 (8), (c) and (d) of Section 201 of this Act during the
13 preceding fiscal year; except that in State fiscal year
14 2002, the Annual Percentage shall in no event exceed 23%.
15 The Director of Revenue shall certify the Annual Percentage
16 to the Comptroller on the last business day of the fiscal
17 year immediately preceding the fiscal year for which it is
18 to be effective.

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

24 (d) Expenditures from Income Tax Refund Fund.

25 (1) Beginning January 1, 1989, money in the Income Tax
26 Refund Fund shall be expended exclusively for the purpose

1 of paying refunds resulting from overpayment of tax
2 liability under Section 201 of this Act, for paying rebates
3 under Section 208.1 in the event that the amounts in the
4 Homeowners' Tax Relief Fund are insufficient for that
5 purpose, and for making transfers pursuant to this
6 subsection (d).

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

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

26 (4) As soon as possible after the end of each fiscal

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

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

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

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

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

22 (f) Deposits into the Fund for the Advancement of
23 Education. Beginning February 1, 2015, the Department shall
24 deposit the following portions of the revenue realized from the
25 tax imposed upon individuals, trusts, and estates by
26 subsections (a) and (b) of Section 201 of this Act during the

1 preceding month, minus deposits into the Income Tax Refund
2 Fund, into the Fund for the Advancement of Education:

3 (1) beginning February 1, 2015, and prior to February
4 1, 2025, 1/30; and

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

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

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

17 (1) beginning February 1, 2015, and prior to February
18 1, 2025, 1/30; and

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

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

24 (h) Deposits into the Tax Compliance and Administration
25 Fund. Beginning on the first day of the first calendar month to
26 occur on or after August 26, 2014 (the effective date of Public

1 ~~Act 98-1098) this amendatory Act of the 98th General Assembly,~~
2 each month the Department shall pay into the Tax Compliance and
3 Administration Fund, to be used, subject to appropriation, to
4 fund additional auditors and compliance personnel at the
5 Department, an amount equal to 1/12 of 5% of the cash receipts
6 collected during the preceding fiscal year by the Audit Bureau
7 of the Department from the tax imposed by subsections (a), (b),
8 (c), and (d) of Section 201 of this Act, net of deposits into
9 the Income Tax Refund Fund made from those cash receipts.

10 (Source: P.A. 97-72, eff. 7-1-11; 97-732, eff. 6-30-12; 98-24,
11 eff. 6-19-13; 98-674, eff. 6-30-14; 98-1052, eff. 8-26-14;
12 98-1098, eff. 8-26-14; revised 9-26-14.)

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