



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB4300

by Rep. Jack D. Franks

SYNOPSIS AS INTRODUCED:

See Index

Creates the FY2016 and FY2017 Budget Implementation (Revenue) Act. Creates the Illinois Business and Economic Development Corporation Act. Authorizes the Department of Commerce and Economic Opportunity to incorporate the Illinois Business and Economic Development Corporation as a not-for-profit corporation. Creates the Health Insurance Claims Assessment Act. Imposes an assessment of 1% on claims paid by a health insurance carrier or third-party administrator. Provides that the moneys received and collected under the Act shall be deposited into the Healthcare Provider Relief Fund. Repeals the New Markets Development Program Act on July 1, 2016. Amends the Illinois Income Tax Act. Makes changes concerning: the apportionment of business income for persons other than residents; the bonus depreciation deduction for property acquired by a small business; the research and development credit; and transfers into the Local Government Distributive Fund. Amends the Tax Delinquency Amnesty Act. Provides for an amnesty period beginning October 1, 2016 and ending November 8, 2016. Amends the Limited Liability Company Act. Reduces certain fees. Eliminates stipends for various local and county officers. Amends various Acts to eliminate compensation and expense reimbursement for certain boards and commissions. Amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. Provides that the rail carrier and rolling stock exemptions sunset on June 30, 2016. Makes changes concerning gasohol. Makes changes concerning the Public Aid Code. Amends the Unified Code of Corrections. Makes changes concerning staffing. Effective immediately.

LRB099 14379 HLH 38474 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning budget implementation.

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

4 ARTICLE 1. SHORT TITLE; PURPOSE

5 Section 1-1. Short title. This Act may be cited as the
6 FY2016 and FY2017 Budget Implementation (Revenue) Act.

7 Section 1-5. Purpose, It is the purpose of this Act to make
8 changes in State programs that are necessary to implement the
9 State's budget for Fiscal Years 2016 and 2017.

10 ARTICLE 5. ILLINOIS BUSINESS AND ECONOMIC DEVELOPMENT

11 CORPORATION ACT

12 Section 5-1. Short title. This Act may be cited as the
13 Illinois Business and Economic Development Corporation Act.
14 References in this Article to "this Act" mean this Article.

15 Section 5-3. Findings. The General Assembly finds that
16 targeted efforts to promote and foster business growth, job
17 creation, and tourism are necessary for economic growth in
18 Illinois to provide more prosperity and opportunities for
19 Illinois residents. As both the public and private sectors have

1 a shared interest in fostering the economic vitality of the
2 State, it is the purpose of this Act to implement economic
3 development policy in the State by means of collaboration
4 between the government and a not-for-profit corporation.

5 Section 5-5. Definitions. For the purposes of this Act:

6 "Board" means the board of directors of the corporation.

7 "Chief Executive Officer" means the chief executive
8 officer of the corporation.

9 "Conflict party" means a director, officer, or employee of
10 the corporation; the spouse of a director, officer, or employee
11 of the corporation; or an immediate family member of a
12 director, officer, or employee of the corporation residing in
13 the same residence as the director, officer or employee.

14 "Corporation" means the Illinois Business and Economic
15 Development Corporation incorporated by the Department
16 pursuant to Section 5-10.

17 "Department" means the Department of Commerce and Economic
18 Opportunity.

19 "Director" means the Director of Commerce and Economic
20 Opportunity.

21 Section 5-10. Creation of the Illinois Business and
22 Economic Development Corporation.

23 (a) The General Assembly authorizes the Department, in
24 accordance with Section 5-10 of the State Agency Entity

1 Creation Act, to incorporate the Illinois Business and Economic
2 Development Corporation as a not-for-profit corporation
3 pursuant to the General Not For Profit Corporation Act of 1986.

4 (b) The purpose of the corporation shall be to operate
5 exclusively for charitable purposes within the government, by
6 promoting the economic development and well-being of the State.
7 The corporation shall focus on business development, small and
8 minority-owned business incubation, trade and investment,
9 tourism and film. The corporation shall:

10 (1) develop best practices for economic development in
11 consultation with the Department;

12 (2) enter into grant agreements with the Department and
13 sub-grants with other persons and entities, subject to
14 Department approval;

15 (3) maintain and develop economic data and research
16 that is beneficial to business development in the State;

17 (4) maintain and develop information about specific
18 statewide and regional economic incentives and benefits
19 that may be available to a business to expand within, or
20 relocate to, the State; and provide such information to
21 prospective businesses;

22 (5) formulate and pursue programs and local
23 partnerships for encouraging the location of new
24 businesses in the State and for retaining and fostering the
25 growth of existing businesses;

26 (6) negotiate tax incentives with private businesses,

1 subject to Department approval; and

2 (7) cooperate with and provide information to State
3 agencies, local governments, community colleges, and State
4 universities on economic development matters.

5 (c) For the purposes described in this Act, the corporation
6 shall collaborate with the Department; with other State
7 agencies, authorities, boards, and commissions whose programs
8 and activities significantly affect economic activity in the
9 State as appropriate; and with local and regional economic
10 development organizations, local elected officials,
11 community-based organizations, service delivery providers, and
12 other organizations whose programs and activities
13 significantly affect economic activity. The Department and
14 each other State agency, authority, board, or commission with
15 which the corporation seeks to collaborate shall assist the
16 corporation in carrying out its purposes as directed by the
17 Governor.

18 (d) The corporation shall make every effort to focus on
19 small business development and incentives and programs
20 designed to assist minority-owned and women-owned businesses
21 and businesses that will create jobs in areas with high
22 unemployment or poverty.

23 (e) The corporation shall not be considered, in whole or in
24 part, an agency, political subdivision, or instrumentality of
25 the State. The corporation shall not exercise any sovereign
26 power of the State. Employees and officers of the corporation

1 shall not be considered employees or officers of the State or
2 subject to the Personnel Code or other laws applicable to State
3 employees and officers. The corporation does not have authority
4 to pledge the credit of the State; the State shall not be
5 liable for the debts or obligations of the corporation; and all
6 debts and obligations of the corporation shall be payable
7 solely from the corporation's funds.

8 (f) The corporation shall have such powers, rights, and
9 obligations as are conferred upon a not-for-profit corporation
10 under the General Not For Profit Corporation Act of 1986,
11 including to accept grants, loans, or other amounts from the
12 State, the federal government, or other persons; to enter into
13 contracts; and to employ personnel and other agents.

14 (g) The corporation shall be established, maintained, and
15 operated so that donations and bequests to the corporation
16 qualify as tax deductible under State income tax laws and
17 Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code.

18 (h) The articles of incorporation and bylaws of the
19 corporation shall provide for (1) governance and efficient
20 management of the corporation, (2) a board of directors
21 satisfying the requirements of Section 5-15, (3) a conflict of
22 interest policy satisfying the requirements of Section 5-30,
23 and (4) financial operations of the corporation, including the
24 authority to receive and expend funds from public and private
25 sources and to use its property, money, and other resources for
26 the purposes of the corporation.

1 Section 5-15. Board of directors and Chief Executive
2 Officer of the corporation.

3 (a) The affairs of the corporation shall be managed by or
4 under the direction of the board of directors of the
5 corporation.

6 (b) The board shall comprise 16 directors as follows:

7 (1) The Governor or his or designee shall be a director
8 ex officio and serve as chairperson of the board.

9 (2) The Governor shall appoint 11 directors, including
10 (i) one director with professional experience in finance,
11 insurance, or investment banking, (ii) one director with
12 professional experience in small business development,
13 (iii) one director with professional experience in the
14 tourism or hospitality industry, and (iv) eight directors
15 who are actively employed in the private, for-profit sector
16 or who otherwise have substantial experience in economic
17 development. Of those eight directors described in clause
18 (iv), there shall be at least one director from each
19 industry cluster as identified to the Governor by the
20 Director. Of the 11 directors appointed pursuant to this
21 paragraph, at least 6 directors shall be representatives of
22 minority-owned and women-owned businesses.

23 (3) The Speaker and Minority Leader of the House of
24 Representatives and the President and Minority Leader of
25 the Senate each shall appoint one director who is employed

1 in, or retired from employment in, a private business,
2 not-for-profit organization, or academic organization.

3 (c) To facilitate communication and cooperation between
4 the corporation and State agencies involved in economic
5 development, the director or head of each of the following
6 agencies shall serve as a non-voting, non-director member of
7 the board: Department of Commerce and Economic Opportunity,
8 Department of Agriculture, Department of Natural Resources,
9 Department of Financial and Professional Regulation, Illinois
10 Finance Authority, Department of Revenue, Department of Labor,
11 Department of Veterans' Affairs, Department of Central
12 Management Services, Illinois Environmental Protection Agency,
13 and Department of Employment Security.

14 (d) Except for the Governor or his or her designee, each
15 director shall serve a term of three years. The articles of
16 incorporation or bylaws shall divide the other 15 directors
17 into three equal classes, with the terms of one class of
18 directors expiring each year. In the event of a vacancy on the
19 Board, the Governor shall appoint a replacement member within
20 60 days. In the event of a position appointed by a legislative
21 leader, the leader making the original appointment shall fill
22 the vacancy within 60 days.

23 (e) The Governor shall select an initial Chief Executive
24 Officer of the corporation, subject to confirmation by a
25 majority of members of the board. After the initial Chief
26 Executive Officer, each subsequent Chief Executive Officer

1 shall be selected and confirmed by a majority vote of the
2 Board.

3 (f) The members of the board are prohibited from making any
4 contributions to any political committee established to
5 support the Governor or any candidate for Governor.

6 Section 5-20. Office of Economic Development and Tourism.
7 Within the Department, there shall be created a new division
8 called the Office of Economic Development and Tourism for the
9 purpose of collaborating with the corporation, issuing grants
10 and transferring funds to the corporation, subject to
11 appropriation, and being responsible for the following
12 functions of the Department: business development;
13 entrepreneurship, innovation, and technology; trade and
14 investment; and tourism and film. The director of that office
15 shall report directly to the Director.

16 Section 5-25. Accountability and transparency.

17 (a) Within the Office of the Director there is created a
18 new division called the Office of Accountability and
19 Transparency. Such division shall be responsible for
20 monitoring all grants made by the Department; for ensuring
21 compliance by the Department and its grantees, including the
22 corporation, with all applicable laws and grant terms and
23 conditions; and for ensuring transparency in the Department's
24 grant-making and other activities.

1 (b) With respect to any grant agreement entered into
2 between the corporation and the Department, the corporation
3 shall comply with the following provisions:

4 (1) For the purposes of the Freedom of Information Act,
5 the corporation shall be considered a contractor
6 performing a governmental function on behalf of the
7 Department in accordance with subsection (2) of Section 7
8 of such Act, whether the corporation receives a grant from
9 or enters into a contract with the Department.

10 (2) The corporation shall post copies of minutes of its
11 board meetings on its publicly-accessible website. Any
12 redactions shall be limited to information exempt from
13 disclosure pursuant to subsection (1) of Section 7 of the
14 Freedom of Information Act or other applicable law.

15 (3) The corporation shall post copies of all final
16 grant agreements and tax incentives on its
17 publicly-accessible website within 10 business days of the
18 later of the execution of the final agreement or incentive
19 or the public announcement of the final agreement or
20 incentive. Any redactions shall be limited to information
21 exempt from disclosure pursuant to subsection (1) of
22 Section 7 of the Freedom of Information Act or other
23 applicable law.

24 (4) The corporation shall develop procedures,
25 standards, and objectives for evaluating all sub-grant
26 applicants and sub-grants awarded to ensure that State

1 funds spent by the corporation and its sub-grantees
2 optimize return on investment for Illinois taxpayers. Such
3 procedures, standards, and objectives shall be disclosed
4 on the corporation's publicly-accessible website.

5 (5) The corporation shall assess and report its efforts
6 and results to the public and the Department's Office of
7 Accountability and Transparency. In addition, the
8 corporation shall comply with all grant monitoring
9 procedures issued by the Department for the monitoring of
10 grants of State and federal funds.

11 (6) The corporation shall conduct an annual audit
12 performed by a certified public accountant in accordance
13 with generally accepted accounting principles. Such audit
14 shall be filed with the Department's Office of
15 Accountability and Transparency and made available to the
16 public.

17 (7) The corporation shall be subject to bi-annual
18 audits by the Auditor General.

19 (8) The corporation shall submit an annual report by
20 March 31 of each year to the Governor, the General
21 Assembly, and the Department's Office of Accountability
22 and Transparency that describes the corporation's
23 operations and activities during the prior fiscal year,
24 including: (A) the corporation's complete, audited
25 financial statements, including a description of the
26 corporation's financial conditions and operations and a

1 detailed account of how private funds were utilized versus
2 public funds; (B) a listing of all public sources of funds
3 received by the corporation; (C) a listing of all private
4 sources of funds received by the corporation; (D) a listing
5 of all firms and individuals who provided assistance or
6 resources to the corporation without compensation,
7 including the approximate value of the assistance or
8 resources provided; (E) a description of how the operations
9 and activities of the corporation serve the interests of
10 the State and promote economic development; (F) an analysis
11 of the State's return on investment; and (G) a listing of
12 all conflicts of interest from directors, officers, and
13 employees identified in the board meeting minutes.

14 (9) The corporation shall comply with all applicable
15 State and federal laws, including all applicable terms of
16 the Grant Accountability and Transparency Act. For
17 purposes of the Illinois Grant Funds Recovery Act, all
18 sub-grants of grant funds made by the corporation shall be
19 treated as grant funds in accordance with Section 12 of
20 that Act.

21 Section 5-30. Conflicts of interest.

22 (a) In the conduct of their service to the corporation,
23 directors, officers, and employees of the corporation shall
24 behave ethically and in the best interests of the State and
25 avoid actual and potential conflicts of interest.

1 (b) The corporation shall adopt and maintain a
2 comprehensive conflicts of interest policy. Such policy shall
3 include, without limitation, the following:

4 (1) Any pecuniary interest held by or for a conflict
5 party in a grant from or contract with the corporation or a
6 tax incentive from the Department shall be disclosed in
7 writing and identified in the minutes of the board. Such
8 conflict must be disclosed before the approval of any
9 grant, contract, or incentive.

10 (2) A conflict party who holds a pecuniary interest in
11 a grant from or contract with the corporation or a tax
12 incentive from the Department, or for whom such an interest
13 is held, shall not participate in any corporate action,
14 including deliberations on such action, with respect to
15 such grant, contract, or incentive.

16 (3) A conflict party may not acquire a pecuniary
17 interest in a grant from or contract with the corporation
18 or a tax incentive from the Department during the time that
19 the conflict party (or the spouse or immediate family
20 member of the conflict party) serves as a director,
21 officer, or employee of the corporation and for one year
22 after termination of such service.

23 (4) The corporation shall not enter into any grant or
24 contract with any entity in which a conflict party is
25 entitled to receive more than 7.5%, or in which a conflict
26 party together with his or her spouse and immediate family

1 members residing in his or her residence are entitled to
2 receive more than 15%, of the total distributable income of
3 the entity. For purposes of this paragraph (4),
4 "distributable income" means the income of a company after
5 payment of all expenses, including employee salary and
6 bonus, and retained earnings, which is distributed to those
7 entitled to receive a share of the income. In the case of a
8 for-profit corporation, "distributable" income means
9 dividends. When calculating entitlement to distributable
10 income the entitlement shall be determined at the end of
11 the company's most recent fiscal year.

12 (5) The board of directors shall determine appropriate
13 penalties for any violations of these provisions.

14 Section 5-33. Prohibition on political contributions. Any
15 business entity whose cumulative pending applications for
16 grants or tax incentives or previously approved grants or tax
17 incentives in the aggregate value more than \$50,000, and any
18 affiliated entities or affiliated persons of such business
19 entity, are prohibited from making any contributions to any
20 political committees established to support the Governor or any
21 candidate for Governor.

22 Section 5-35. Fundraising. The corporation shall raise and
23 accept funds from private donors to support its economic
24 development efforts and other operations.

1 Section 5-40. Repeal. This Act is repealed 3 years after
2 the effective date of this Act.

3 (20 ILCS 605/605-300 rep.)

4 Section 5-90. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by repealing Section 605-300.

7 ARTICLE 10. HEALTH INSURANCE CLAIMS ASSESSMENT ACT

8 Section 10-1. Short title. This Act may be cited as the
9 Health Insurance Claims Assessment Act. References in this
10 Article to "this Act" mean this Article.

11 Section 10-5. Definitions. As used in this Act:

12 "Carrier" or "insurer" means:

13 (1) a company authorized to do business in this State
14 or accredited by this State to issue policies of health or
15 dental insurance, including but not limited to,
16 self-insured plans, group health plans (as defined in
17 Section 607(1) of the Employee Retirement Income Security
18 Act of 1974), service benefit plans, managed care
19 organizations, pharmacy benefit managers, or other parties
20 that are by statute, contract, or agreement legally
21 responsible for payment of a claim for a health care item

1 or service;

2 (2) a group health plan sponsor, including, but not
3 limited to, one or more of the following:

4 (A) an employer if a group health plan is
5 established or maintained by a single employer;

6 (B) an employee organization if a plan is
7 established or maintained by an employee organization;
8 and

9 (C) the association, committee, joint board of
10 trustees, or other similar group of representatives of
11 the parties that establish or maintain a plan if the
12 plan is established or maintained by 2 or more
13 employers or jointly by one or more employers and one
14 or more employee organizations.

15 "Claims-related expenses" means all of the following:

16 (1) cost containment expenses, including, but not
17 limited to, payments for utilization review, care or case
18 management, disease management, medication review
19 management, risk assessment, and similar administrative
20 services intended to reduce the claims paid for health and
21 medical services rendered to covered individuals by
22 attempting to ensure that needed services are delivered in
23 the most efficacious manner possible or by helping those
24 covered individuals maintain or improve their health;

25 (2) payments that are made to or by an organized group
26 of health and medical service providers in accordance with

1 managed care risk arrangements or network access
2 agreements, which payments are unrelated to the provision
3 of services to specific covered individuals; and

4 (3) general administrative expenses.

5 "Department" means the Department of Revenue.

6 "Excess loss" or "stop-loss" means coverage issued by a
7 carrier that provides insurance protection against the
8 accumulation of total claims exceeding a stated level for a
9 group as a whole or protection against a high-dollar claim on
10 any one individual.

11 "Federal employee health benefit program" means the
12 program of health benefits plans, as defined in 5 U.S.C. 8901,
13 available to federal employees under 5 U.S.C. 8901 to 8914.

14 "Group health plan" means an employee welfare benefit plan
15 as defined in Section 3(1) of Subtitle A of Title I of the
16 Employee Retirement Income Security Act of 1974, to the extent
17 that the plan provides medical care, including items and
18 services paid for as medical care to employees or their
19 dependents as defined under the terms of the plan directly or
20 through insurance, reimbursement, or otherwise.

21 "Group insurance coverage" means a form of voluntary health
22 and medical services insurance that covers members, with or
23 without their eligible dependents, and that is written under a
24 master policy.

25 "Health and medical services" means:

26 (1) services included in furnishing medical care,

1 dental care, pharmaceutical benefits, or hospitalization,
2 including, but not limited to, services provided in a
3 hospital or other medical facility;

4 (2) ancillary services, including, but not limited to,
5 ambulatory services and emergency and nonemergency
6 transportation;

7 (3) services provided by a physician or other
8 practitioner, including, but not limited to, health
9 professionals, other than veterinarians, marriage and
10 family therapists, athletic trainers, massage therapists,
11 and licensed professional counselors; and

12 (4) behavioral health services, including, but not
13 limited to, mental health and substance abuse services.

14 "Paid claims" means actual payments, net of recoveries,
15 made to a health and medical services provider or reimbursed to
16 an individual by a carrier, third-party administrator, or
17 excess loss or stop-loss carrier. "Paid claims" include
18 payments, net of recoveries, made under a service contract for
19 administrative services only, for health and medical services
20 provided under group health plans, any claims for service in
21 this State by a pharmacy benefits manager, and individual,
22 nongroup, and group insurance coverage to residents of this
23 State in this State that affect the rights of an insured in
24 this State and bear a reasonable relation to this State,
25 regardless of whether the coverage is delivered, renewed, or
26 issued for delivery in this State. If a carrier or a

1 third-party administrator is contractually entitled to
2 withhold a certain amount from payments due to providers of
3 health and medical services in order to help ensure that the
4 providers can fulfill any financial obligations they may have
5 under a managed care risk arrangement, the full amounts due the
6 providers before that amount is withheld shall be included in
7 "paid claims". The term "paid claims" includes claims or
8 payments made under any federally-approved waiver or
9 initiative to integrate Medicare and Medicaid funding for dual
10 eligibles under the federal Patient Protection and Affordable
11 Care Act or the federal Healthcare and Education Reconciliation
12 Act of 2010. The term "paid claims" does not include any of the
13 following:

14 (1) Claims-related expenses.

15 (2) Payments made to a qualifying provider under an
16 incentive compensation arrangement if the payments are not
17 reflected in the processing of claims submitted for
18 services rendered to specific covered individuals.

19 (3) Claims paid by carriers or third-party
20 administrators for specified accident, accident-only
21 coverage, credit, disability income, long-term care,
22 health-related claims under automobile insurance,
23 homeowners insurance, farm owners, commercial multi-peril,
24 and worker's compensation, or claims paid under coverage
25 issued as a supplement to liability insurance.

26 (4) Claims paid for services rendered to a nonresident

1 of this State.

2 (5) The proportionate share of claims paid for services
3 rendered to a person covered under a health benefit plan
4 for federal employees.

5 (6) Claims paid for services rendered outside of this
6 State to a person who is a resident of this State.

7 (7) Claims paid under a federal employee health benefit
8 program, Medicare, Medicare Advantage, Medicare Part D,
9 Tricare, by the United States Veterans Administration, and
10 for high-risk pools established pursuant to the federal
11 Patient Protection and Affordable Care Act or the federal
12 Healthcare and Education Reconciliation Act of 2010.

13 (8) Reimbursements to individuals under a flexible
14 spending arrangement, as that term is defined in Section
15 106(c)(2) of the Internal Revenue Code; a health savings
16 account, as that term is defined in Section 223 of the
17 Internal Revenue Code; an Archer medical savings account as
18 defined in Section 220 of the Internal Revenue Code; a
19 Medicare Advantage medical savings account, as that term is
20 defined in Section 138 of the Internal Revenue Code; or
21 other similar health reimbursement arrangement authorized
22 under federal law.

23 (9) Health and medical services costs paid by an
24 individual for cost-sharing requirements, including
25 deductibles, coinsurance, or copays.

26 "Third-party administrator" means an entity that processes

1 claims under a service contract and that may also provide one
2 or more other administrative services under a service contract.

3 Section 10-10. Assessment; levy; limitation; adjustment;
4 credit; notice; carrying forward unused credit; refund.

5 (a) For dates of service beginning on or after January 1,
6 2016, there is levied upon and there shall be collected from
7 every carrier and third-party administrator an assessment of 1%
8 on that carrier's or third-party administrator's paid claims.

9 (b) All of the following apply to a group health plan that
10 uses the services of a third-party administrator or excess loss
11 or stop-loss insurer:

12 (1) A group health plan sponsor is not responsible for
13 an assessment under this Section for a paid claim if the
14 assessment on that claim has been paid by a third-party
15 administrator or excess loss or stop-loss insurer.

16 (2) Except as otherwise provided in paragraph (4), the
17 third-party administrator is responsible for all
18 assessments on paid claims paid by the third-party
19 administrator.

20 (3) Except as otherwise provided in paragraph (4), the
21 excess loss or stop-loss insurer is responsible for all
22 assessments on paid claims paid by the excess loss or
23 stop-loss insurer.

24 (4) If there is both a third-party administrator and an
25 excess loss or stop-loss insurer servicing the group health

1 plan, the third-party administrator is responsible for all
2 assessments for paid claims that are not reimbursed by the
3 excess loss or stop-loss insurer and the excess loss or
4 stop-loss insurer is responsible for all assessments for
5 paid claims that are reimbursable to the excess loss or
6 stop-loss insurer.

7 (c) The assessment under this Section shall not exceed
8 \$10,000 per insured individual or covered life annually.

9 (d) To the extent an assessment paid under this Section for
10 paid claims for a group health plan or individual subscriber is
11 inaccurate due to subsequent claim adjustments or recoveries,
12 subsequent filings shall be adjusted to accurately reflect the
13 correct assessment based on actual claims paid.

14 Section 10-15. Carrier required to file rates;
15 methodology. A carrier or third-party administrator shall
16 develop and implement a methodology by which it will collect
17 the assessment levied under this Act from an individual,
18 employer, or group health plan, subject to all of the
19 following:

20 (1) Any methodology shall be applied uniformly within a
21 line of business.

22 (2) Except as provided in paragraph (4), health status
23 or claims experience of an individual or group shall not be
24 an element or factor of any methodology to collect the
25 assessment from that individual or group.

1 (3) The amount collected from individuals and groups
2 with insured coverage shall be determined as a percentage
3 of premium.

4 (4) The amount collected from groups with uninsured or
5 self-funded coverage shall be determined as a percentage of
6 actual paid claims.

7 (5) The amount collected shall reflect only the
8 assessment levied under this Act, and shall not include any
9 additional amounts, such as related administrative
10 expenses.

11 (6) Each carrier shall notify the Department of the
12 methodology used for the collection of the assessment
13 levied under this Act.

14 Section 10-20. Returns.

15 (a) Every carrier and third-party administrator with paid
16 claims subject to the assessment under this Act shall file with
17 the Department on or before April 30, July 30, October 30, and
18 January 30 of each year a return for the preceding calendar
19 quarter, in a form prescribed by the Department, showing all
20 information that the Department considers necessary for the
21 proper administration of this Act. At the same time, each
22 carrier and third-party administrator shall pay to the
23 Department the amount of the assessment imposed under this Act
24 with respect to the paid claims included in the return. The
25 Department may require each carrier and third-party

1 administrator to file with the Department an annual
2 reconciliation return.

3 (b) If a due date falls on a Saturday, Sunday, State
4 holiday, or legal banking holiday, the returns and assessments
5 are due on the next succeeding business day.

6 (c) The Department may require that payment of the
7 assessment be made by an electronic funds transfer method
8 approved by the Department.

9 Section 10-25. Records.

10 (a) Each carrier or third-party administrator liable for an
11 assessment under this Act shall keep accurate and complete
12 records and pertinent documents as required by the Department.
13 Records required by the Department shall be retained for a
14 period of 4 years after the assessment imposed under this Act
15 to which the records apply is due or as otherwise provided by
16 law.

17 (b) If the Department considers it necessary, the
18 Department may require a person, by notice served upon that
19 person, to make a return, render under oath certain statements,
20 or keep certain records the Department considers sufficient to
21 show whether that person is liable for the assessment under
22 this Act.

23 (c) If a carrier or third-party administrator fails to file
24 a return or keep proper records as required under this Section,
25 or if the Department has reason to believe that any records

1 kept or returns filed are inaccurate or incomplete and that
2 additional assessments are due, the Department may assess the
3 amount of the assessment due from the carrier or third-party
4 administrator based on information that is available or that
5 may become available to the Department. An assessment under
6 this subsection (c) is considered prima facie correct under
7 this Act, and a carrier or third-party administrator has the
8 burden of proof for refuting the assessment.

9 Section 10-30. Distribution of receipts; Medicaid
10 services. All moneys received and collected under this Act
11 shall be deposited into the Healthcare Provider Relief Fund and
12 used solely for the purpose of funding Medicaid services
13 provided under the medical assistance programs administered by
14 the Department of Healthcare and Family Services.

15 ARTICLE 15. NEW MARKETS DEVELOPMENT PROGRAM; WATER'S EDGE;
16 STIPENDS

17 Section 15-5. The New Markets Development Program Act is
18 amended by adding Section 55 as follows:

19 (20 ILCS 663/55 new)

20 Sec. 55. Repealer. This Act is repealed on July 1, 2016.

21 Section 15-10. The Illinois Income Tax Act is amended by

1 changing Sections 203, 304, 901, and 1501 and by adding Section
2 309 as follows:

3 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

4 Sec. 203. Base income defined.

5 (a) Individuals.

6 (1) In general. In the case of an individual, base
7 income means an amount equal to the taxpayer's adjusted
8 gross income for the taxable year as modified by paragraph
9 (2).

10 (2) Modifications. The adjusted gross income referred
11 to in paragraph (1) shall be modified by adding thereto the
12 sum of the following amounts:

13 (A) An amount equal to all amounts paid or accrued
14 to the taxpayer as interest or dividends during the
15 taxable year to the extent excluded from gross income
16 in the computation of adjusted gross income, except
17 stock dividends of qualified public utilities
18 described in Section 305(e) of the Internal Revenue
19 Code;

20 (B) An amount equal to the amount of tax imposed by
21 this Act to the extent deducted from gross income in
22 the computation of adjusted gross income for the
23 taxable year;

24 (C) An amount equal to the amount received during
25 the taxable year as a recovery or refund of real

1 property taxes paid with respect to the taxpayer's
2 principal residence under the Revenue Act of 1939 and
3 for which a deduction was previously taken under
4 subparagraph (L) of this paragraph (2) prior to July 1,
5 1991, the retrospective application date of Article 4
6 of Public Act 87-17. In the case of multi-unit or
7 multi-use structures and farm dwellings, the taxes on
8 the taxpayer's principal residence shall be that
9 portion of the total taxes for the entire property
10 which is attributable to such principal residence;

11 (D) An amount equal to the amount of the capital
12 gain deduction allowable under the Internal Revenue
13 Code, to the extent deducted from gross income in the
14 computation of adjusted gross income;

15 (D-5) An amount, to the extent not included in
16 adjusted gross income, equal to the amount of money
17 withdrawn by the taxpayer in the taxable year from a
18 medical care savings account and the interest earned on
19 the account in the taxable year of a withdrawal
20 pursuant to subsection (b) of Section 20 of the Medical
21 Care Savings Account Act or subsection (b) of Section
22 20 of the Medical Care Savings Account Act of 2000;

23 (D-10) For taxable years ending after December 31,
24 1997, an amount equal to any eligible remediation costs
25 that the individual deducted in computing adjusted
26 gross income and for which the individual claims a

1 credit under subsection (l) of Section 201;

2 (D-15) For taxable years 2001 and thereafter, an
3 amount equal to the bonus depreciation deduction taken
4 on the taxpayer's federal income tax return for the
5 taxable year under subsection (k) of Section 168 of the
6 Internal Revenue Code; except that, for taxable years
7 beginning on or after January 1, 2016, for property
8 acquired by purchase, as defined in subsection (d) of
9 Section 179 of the Internal Revenue Code, by a small
10 business, the modification shall be in an amount equal
11 to the depreciation deduction taken on the taxpayer's
12 federal income tax return for property that is
13 depreciable pursuant to Section 167 of the Internal
14 Revenue Code; for purposes of this paragraph (D-15),
15 "small business" means an individual sole proprietor,
16 corporation, trust, or partnership, including its
17 affiliates, that is independently owned and operated,
18 not dominant in its field, and has average gross annual
19 sales for the taxable year and the 2 previous taxable
20 years of less than \$10,000,000;

21 (D-16) If the taxpayer sells, transfers, abandons,
22 or otherwise disposes of property for which the
23 taxpayer was required in any taxable year to make an
24 addition modification under subparagraph (D-15), then
25 an amount equal to the aggregate amount of the
26 deductions taken in all taxable years under

1 subparagraph (Z) with respect to that property.

2 If the taxpayer continues to own property through
3 the last day of the last tax year for which the
4 taxpayer may claim a depreciation deduction for
5 federal income tax purposes and for which the taxpayer
6 was allowed in any taxable year to make a subtraction
7 modification under subparagraph (Z), then an amount
8 equal to that subtraction modification.

9 The taxpayer is required to make the addition
10 modification under this subparagraph only once with
11 respect to any one piece of property;

12 (D-17) An amount equal to the amount otherwise
13 allowed as a deduction in computing base income for
14 interest paid, accrued, or incurred, directly or
15 indirectly, (i) for taxable years ending on or after
16 December 31, 2004, to a foreign person who would be a
17 member of the same unitary business group but for the
18 fact that foreign person's business activity outside
19 the United States is 80% or more of the foreign
20 person's total business activity and (ii) for taxable
21 years ending on or after December 31, 2008, to a person
22 who would be a member of the same unitary business
23 group but for the fact that the person is prohibited
24 under Section 1501(a)(27) from being included in the
25 unitary business group because he or she is ordinarily
26 required to apportion business income under different

1 subsections of Section 304. The addition modification
2 required by this subparagraph shall be reduced to the
3 extent that dividends were included in base income of
4 the unitary group for the same taxable year and
5 received by the taxpayer or by a member of the
6 taxpayer's unitary business group (including amounts
7 included in gross income under Sections 951 through 964
8 of the Internal Revenue Code and amounts included in
9 gross income under Section 78 of the Internal Revenue
10 Code) with respect to the stock of the same person to
11 whom the interest was paid, accrued, or incurred.

12 This paragraph shall not apply to the following:

13 (i) an item of interest paid, accrued, or
14 incurred, directly or indirectly, to a person who
15 is subject in a foreign country or state, other
16 than a state which requires mandatory unitary
17 reporting, to a tax on or measured by net income
18 with respect to such interest; or

19 (ii) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to a person if
21 the taxpayer can establish, based on a
22 preponderance of the evidence, both of the
23 following:

24 (a) the person, during the same taxable
25 year, paid, accrued, or incurred, the interest
26 to a person that is not a related member, and

1 (b) the transaction giving rise to the
2 interest expense between the taxpayer and the
3 person did not have as a principal purpose the
4 avoidance of Illinois income tax, and is paid
5 pursuant to a contract or agreement that
6 reflects an arm's-length interest rate and
7 terms; or

8 (iii) the taxpayer can establish, based on
9 clear and convincing evidence, that the interest
10 paid, accrued, or incurred relates to a contract or
11 agreement entered into at arm's-length rates and
12 terms and the principal purpose for the payment is
13 not federal or Illinois tax avoidance; or

14 (iv) an item of interest paid, accrued, or
15 incurred, directly or indirectly, to a person if
16 the taxpayer establishes by clear and convincing
17 evidence that the adjustments are unreasonable; or
18 if the taxpayer and the Director agree in writing
19 to the application or use of an alternative method
20 of apportionment under Section 304(f).

21 Nothing in this subsection shall preclude the
22 Director from making any other adjustment
23 otherwise allowed under Section 404 of this Act for
24 any tax year beginning after the effective date of
25 this amendment provided such adjustment is made
26 pursuant to regulation adopted by the Department

1 and such regulations provide methods and standards
2 by which the Department will utilize its authority
3 under Section 404 of this Act;

4 (D-18) An amount equal to the amount of intangible
5 expenses and costs otherwise allowed as a deduction in
6 computing base income, and that were paid, accrued, or
7 incurred, directly or indirectly, (i) for taxable
8 years ending on or after December 31, 2004, to a
9 foreign person who would be a member of the same
10 unitary business group but for the fact that the
11 foreign person's business activity outside the United
12 States is 80% or more of that person's total business
13 activity and (ii) for taxable years ending on or after
14 December 31, 2008, to a person who would be a member of
15 the same unitary business group but for the fact that
16 the person is prohibited under Section 1501(a)(27)
17 from being included in the unitary business group
18 because he or she is ordinarily required to apportion
19 business income under different subsections of Section
20 304. The addition modification required by this
21 subparagraph shall be reduced to the extent that
22 dividends were included in base income of the unitary
23 group for the same taxable year and received by the
24 taxpayer or by a member of the taxpayer's unitary
25 business group (including amounts included in gross
26 income under Sections 951 through 964 of the Internal

1 Revenue Code and amounts included in gross income under
2 Section 78 of the Internal Revenue Code) with respect
3 to the stock of the same person to whom the intangible
4 expenses and costs were directly or indirectly paid,
5 incurred, or accrued. The preceding sentence does not
6 apply to the extent that the same dividends caused a
7 reduction to the addition modification required under
8 Section 203(a)(2)(D-17) of this Act. As used in this
9 subparagraph, the term "intangible expenses and costs"
10 includes (1) expenses, losses, and costs for, or
11 related to, the direct or indirect acquisition, use,
12 maintenance or management, ownership, sale, exchange,
13 or any other disposition of intangible property; (2)
14 losses incurred, directly or indirectly, from
15 factoring transactions or discounting transactions;
16 (3) royalty, patent, technical, and copyright fees;
17 (4) licensing fees; and (5) other similar expenses and
18 costs. For purposes of this subparagraph, "intangible
19 property" includes patents, patent applications, trade
20 names, trademarks, service marks, copyrights, mask
21 works, trade secrets, and similar types of intangible
22 assets.

23 This paragraph shall not apply to the following:

24 (i) any item of intangible expenses or costs
25 paid, accrued, or incurred, directly or
26 indirectly, from a transaction with a person who is

1 subject in a foreign country or state, other than a
2 state which requires mandatory unitary reporting,
3 to a tax on or measured by net income with respect
4 to such item; or

5 (ii) any item of intangible expense or cost
6 paid, accrued, or incurred, directly or
7 indirectly, if the taxpayer can establish, based
8 on a preponderance of the evidence, both of the
9 following:

10 (a) the person during the same taxable
11 year paid, accrued, or incurred, the
12 intangible expense or cost to a person that is
13 not a related member, and

14 (b) the transaction giving rise to the
15 intangible expense or cost between the
16 taxpayer and the person did not have as a
17 principal purpose the avoidance of Illinois
18 income tax, and is paid pursuant to a contract
19 or agreement that reflects arm's-length terms;

20 or

21 (iii) any item of intangible expense or cost
22 paid, accrued, or incurred, directly or
23 indirectly, from a transaction with a person if the
24 taxpayer establishes by clear and convincing
25 evidence, that the adjustments are unreasonable;
26 or if the taxpayer and the Director agree in

1 writing to the application or use of an alternative
2 method of apportionment under Section 304(f);

3 Nothing in this subsection shall preclude the
4 Director from making any other adjustment
5 otherwise allowed under Section 404 of this Act for
6 any tax year beginning after the effective date of
7 this amendment provided such adjustment is made
8 pursuant to regulation adopted by the Department
9 and such regulations provide methods and standards
10 by which the Department will utilize its authority
11 under Section 404 of this Act;

12 (D-19) For taxable years ending on or after
13 December 31, 2008, an amount equal to the amount of
14 insurance premium expenses and costs otherwise allowed
15 as a deduction in computing base income, and that were
16 paid, accrued, or incurred, directly or indirectly, to
17 a person who would be a member of the same unitary
18 business group but for the fact that the person is
19 prohibited under Section 1501(a)(27) from being
20 included in the unitary business group because he or
21 she is ordinarily required to apportion business
22 income under different subsections of Section 304. The
23 addition modification required by this subparagraph
24 shall be reduced to the extent that dividends were
25 included in base income of the unitary group for the
26 same taxable year and received by the taxpayer or by a

1 member of the taxpayer's unitary business group
2 (including amounts included in gross income under
3 Sections 951 through 964 of the Internal Revenue Code
4 and amounts included in gross income under Section 78
5 of the Internal Revenue Code) with respect to the stock
6 of the same person to whom the premiums and costs were
7 directly or indirectly paid, incurred, or accrued. The
8 preceding sentence does not apply to the extent that
9 the same dividends caused a reduction to the addition
10 modification required under Section 203(a)(2)(D-17) or
11 Section 203(a)(2)(D-18) of this Act.

12 (D-20) For taxable years beginning on or after
13 January 1, 2002 and ending on or before December 31,
14 2006, in the case of a distribution from a qualified
15 tuition program under Section 529 of the Internal
16 Revenue Code, other than (i) a distribution from a
17 College Savings Pool created under Section 16.5 of the
18 State Treasurer Act or (ii) a distribution from the
19 Illinois Prepaid Tuition Trust Fund, an amount equal to
20 the amount excluded from gross income under Section
21 529(c)(3)(B). For taxable years beginning on or after
22 January 1, 2007, in the case of a distribution from a
23 qualified tuition program under Section 529 of the
24 Internal Revenue Code, other than (i) a distribution
25 from a College Savings Pool created under Section 16.5
26 of the State Treasurer Act, (ii) a distribution from

1 the Illinois Prepaid Tuition Trust Fund, or (iii) a
2 distribution from a qualified tuition program under
3 Section 529 of the Internal Revenue Code that (I)
4 adopts and determines that its offering materials
5 comply with the College Savings Plans Network's
6 disclosure principles and (II) has made reasonable
7 efforts to inform in-state residents of the existence
8 of in-state qualified tuition programs by informing
9 Illinois residents directly and, where applicable, to
10 inform financial intermediaries distributing the
11 program to inform in-state residents of the existence
12 of in-state qualified tuition programs at least
13 annually, an amount equal to the amount excluded from
14 gross income under Section 529(c)(3)(B).

15 For the purposes of this subparagraph (D-20), a
16 qualified tuition program has made reasonable efforts
17 if it makes disclosures (which may use the term
18 "in-state program" or "in-state plan" and need not
19 specifically refer to Illinois or its qualified
20 programs by name) (i) directly to prospective
21 participants in its offering materials or makes a
22 public disclosure, such as a website posting; and (ii)
23 where applicable, to intermediaries selling the
24 out-of-state program in the same manner that the
25 out-of-state program distributes its offering
26 materials;

1 (D-21) For taxable years beginning on or after
2 January 1, 2007, in the case of transfer of moneys from
3 a qualified tuition program under Section 529 of the
4 Internal Revenue Code that is administered by the State
5 to an out-of-state program, an amount equal to the
6 amount of moneys previously deducted from base income
7 under subsection (a) (2) (Y) of this Section;

8 (D-22) For taxable years beginning on or after
9 January 1, 2009, in the case of a nonqualified
10 withdrawal or refund of moneys from a qualified tuition
11 program under Section 529 of the Internal Revenue Code
12 administered by the State that is not used for
13 qualified expenses at an eligible education
14 institution, an amount equal to the contribution
15 component of the nonqualified withdrawal or refund
16 that was previously deducted from base income under
17 subsection (a) (2) (y) of this Section, provided that
18 the withdrawal or refund did not result from the
19 beneficiary's death or disability;

20 (D-23) An amount equal to the credit allowable to
21 the taxpayer under Section 218(a) of this Act,
22 determined without regard to Section 218(c) of this
23 Act;

24 (D-24) For taxable years ending on or after
25 December 31, 2015, an amount equal to the deduction
26 allowed under Section 199 of the Internal Revenue Code

1 for the taxable year;

2 and by deducting from the total so obtained the sum of the
3 following amounts:

4 (E) For taxable years ending before December 31,
5 2001, any amount included in such total in respect of
6 any compensation (including but not limited to any
7 compensation paid or accrued to a serviceman while a
8 prisoner of war or missing in action) paid to a
9 resident by reason of being on active duty in the Armed
10 Forces of the United States and in respect of any
11 compensation paid or accrued to a resident who as a
12 governmental employee was a prisoner of war or missing
13 in action, and in respect of any compensation paid to a
14 resident in 1971 or thereafter for annual training
15 performed pursuant to Sections 502 and 503, Title 32,
16 United States Code as a member of the Illinois National
17 Guard or, beginning with taxable years ending on or
18 after December 31, 2007, the National Guard of any
19 other state. For taxable years ending on or after
20 December 31, 2001, any amount included in such total in
21 respect of any compensation (including but not limited
22 to any compensation paid or accrued to a serviceman
23 while a prisoner of war or missing in action) paid to a
24 resident by reason of being a member of any component
25 of the Armed Forces of the United States and in respect
26 of any compensation paid or accrued to a resident who

1 as a governmental employee was a prisoner of war or
2 missing in action, and in respect of any compensation
3 paid to a resident in 2001 or thereafter by reason of
4 being a member of the Illinois National Guard or,
5 beginning with taxable years ending on or after
6 December 31, 2007, the National Guard of any other
7 state. The provisions of this subparagraph (E) are
8 exempt from the provisions of Section 250;

9 (F) An amount equal to all amounts included in such
10 total pursuant to the provisions of Sections 402(a),
11 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
12 Internal Revenue Code, or included in such total as
13 distributions under the provisions of any retirement
14 or disability plan for employees of any governmental
15 agency or unit, or retirement payments to retired
16 partners, which payments are excluded in computing net
17 earnings from self employment by Section 1402 of the
18 Internal Revenue Code and regulations adopted pursuant
19 thereto;

20 (G) The valuation limitation amount;

21 (H) An amount equal to the amount of any tax
22 imposed by this Act which was refunded to the taxpayer
23 and included in such total for the taxable year;

24 (I) An amount equal to all amounts included in such
25 total pursuant to the provisions of Section 111 of the
26 Internal Revenue Code as a recovery of items previously

1 deducted from adjusted gross income in the computation
2 of taxable income;

3 (J) An amount equal to those dividends included in
4 such total which were paid by a corporation which
5 conducts business operations in a River Edge
6 Redevelopment Zone or zones created under the River
7 Edge Redevelopment Zone Act, and conducts
8 substantially all of its operations in a River Edge
9 Redevelopment Zone or zones. This subparagraph (J) is
10 exempt from the provisions of Section 250;

11 (K) An amount equal to those dividends included in
12 such total that were paid by a corporation that
13 conducts business operations in a federally designated
14 Foreign Trade Zone or Sub-Zone and that is designated a
15 High Impact Business located in Illinois; provided
16 that dividends eligible for the deduction provided in
17 subparagraph (J) of paragraph (2) of this subsection
18 shall not be eligible for the deduction provided under
19 this subparagraph (K);

20 (L) For taxable years ending after December 31,
21 1983, an amount equal to all social security benefits
22 and railroad retirement benefits included in such
23 total pursuant to Sections 72(r) and 86 of the Internal
24 Revenue Code;

25 (M) With the exception of any amounts subtracted
26 under subparagraph (N), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections
2 171(a) (2), and 265(2) of the Internal Revenue Code,
3 and all amounts of expenses allocable to interest and
4 disallowed as deductions by Section 265(1) of the
5 Internal Revenue Code; and (ii) for taxable years
6 ending on or after August 13, 1999, Sections 171(a) (2),
7 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
8 Code, plus, for taxable years ending on or after
9 December 31, 2011, Section 45G(e) (3) of the Internal
10 Revenue Code and, for taxable years ending on or after
11 December 31, 2008, any amount included in gross income
12 under Section 87 of the Internal Revenue Code; the
13 provisions of this subparagraph are exempt from the
14 provisions of Section 250;

15 (N) An amount equal to all amounts included in such
16 total which are exempt from taxation by this State
17 either by reason of its statutes or Constitution or by
18 reason of the Constitution, treaties or statutes of the
19 United States; provided that, in the case of any
20 statute of this State that exempts income derived from
21 bonds or other obligations from the tax imposed under
22 this Act, the amount exempted shall be the interest net
23 of bond premium amortization;

24 (O) An amount equal to any contribution made to a
25 job training project established pursuant to the Tax
26 Increment Allocation Redevelopment Act;

1 (P) An amount equal to the amount of the deduction
2 used to compute the federal income tax credit for
3 restoration of substantial amounts held under claim of
4 right for the taxable year pursuant to Section 1341 of
5 the Internal Revenue Code or of any itemized deduction
6 taken from adjusted gross income in the computation of
7 taxable income for restoration of substantial amounts
8 held under claim of right for the taxable year;

9 (Q) An amount equal to any amounts included in such
10 total, received by the taxpayer as an acceleration in
11 the payment of life, endowment or annuity benefits in
12 advance of the time they would otherwise be payable as
13 an indemnity for a terminal illness;

14 (R) An amount equal to the amount of any federal or
15 State bonus paid to veterans of the Persian Gulf War;

16 (S) An amount, to the extent included in adjusted
17 gross income, equal to the amount of a contribution
18 made in the taxable year on behalf of the taxpayer to a
19 medical care savings account established under the
20 Medical Care Savings Account Act or the Medical Care
21 Savings Account Act of 2000 to the extent the
22 contribution is accepted by the account administrator
23 as provided in that Act;

24 (T) An amount, to the extent included in adjusted
25 gross income, equal to the amount of interest earned in
26 the taxable year on a medical care savings account

1 established under the Medical Care Savings Account Act
2 or the Medical Care Savings Account Act of 2000 on
3 behalf of the taxpayer, other than interest added
4 pursuant to item (D-5) of this paragraph (2);

5 (U) For one taxable year beginning on or after
6 January 1, 1994, an amount equal to the total amount of
7 tax imposed and paid under subsections (a) and (b) of
8 Section 201 of this Act on grant amounts received by
9 the taxpayer under the Nursing Home Grant Assistance
10 Act during the taxpayer's taxable years 1992 and 1993;

11 (V) Beginning with tax years ending on or after
12 December 31, 1995 and ending with tax years ending on
13 or before December 31, 2004, an amount equal to the
14 amount paid by a taxpayer who is a self-employed
15 taxpayer, a partner of a partnership, or a shareholder
16 in a Subchapter S corporation for health insurance or
17 long-term care insurance for that taxpayer or that
18 taxpayer's spouse or dependents, to the extent that the
19 amount paid for that health insurance or long-term care
20 insurance may be deducted under Section 213 of the
21 Internal Revenue Code, has not been deducted on the
22 federal income tax return of the taxpayer, and does not
23 exceed the taxable income attributable to that
24 taxpayer's income, self-employment income, or
25 Subchapter S corporation income; except that no
26 deduction shall be allowed under this item (V) if the

1 taxpayer is eligible to participate in any health
2 insurance or long-term care insurance plan of an
3 employer of the taxpayer or the taxpayer's spouse. The
4 amount of the health insurance and long-term care
5 insurance subtracted under this item (V) shall be
6 determined by multiplying total health insurance and
7 long-term care insurance premiums paid by the taxpayer
8 times a number that represents the fractional
9 percentage of eligible medical expenses under Section
10 213 of the Internal Revenue Code of 1986 not actually
11 deducted on the taxpayer's federal income tax return;

12 (W) For taxable years beginning on or after January
13 1, 1998, all amounts included in the taxpayer's federal
14 gross income in the taxable year from amounts converted
15 from a regular IRA to a Roth IRA. This paragraph is
16 exempt from the provisions of Section 250;

17 (X) For taxable year 1999 and thereafter, an amount
18 equal to the amount of any (i) distributions, to the
19 extent includible in gross income for federal income
20 tax purposes, made to the taxpayer because of his or
21 her status as a victim of persecution for racial or
22 religious reasons by Nazi Germany or any other Axis
23 regime or as an heir of the victim and (ii) items of
24 income, to the extent includible in gross income for
25 federal income tax purposes, attributable to, derived
26 from or in any way related to assets stolen from,

1 hidden from, or otherwise lost to a victim of
2 persecution for racial or religious reasons by Nazi
3 Germany or any other Axis regime immediately prior to,
4 during, and immediately after World War II, including,
5 but not limited to, interest on the proceeds receivable
6 as insurance under policies issued to a victim of
7 persecution for racial or religious reasons by Nazi
8 Germany or any other Axis regime by European insurance
9 companies immediately prior to and during World War II;
10 provided, however, this subtraction from federal
11 adjusted gross income does not apply to assets acquired
12 with such assets or with the proceeds from the sale of
13 such assets; provided, further, this paragraph shall
14 only apply to a taxpayer who was the first recipient of
15 such assets after their recovery and who is a victim of
16 persecution for racial or religious reasons by Nazi
17 Germany or any other Axis regime or as an heir of the
18 victim. The amount of and the eligibility for any
19 public assistance, benefit, or similar entitlement is
20 not affected by the inclusion of items (i) and (ii) of
21 this paragraph in gross income for federal income tax
22 purposes. This paragraph is exempt from the provisions
23 of Section 250;

24 (Y) For taxable years beginning on or after January
25 1, 2002 and ending on or before December 31, 2004,
26 moneys contributed in the taxable year to a College

1 Savings Pool account under Section 16.5 of the State
2 Treasurer Act, except that amounts excluded from gross
3 income under Section 529(c)(3)(C)(i) of the Internal
4 Revenue Code shall not be considered moneys
5 contributed under this subparagraph (Y). For taxable
6 years beginning on or after January 1, 2005, a maximum
7 of \$10,000 contributed in the taxable year to (i) a
8 College Savings Pool account under Section 16.5 of the
9 State Treasurer Act or (ii) the Illinois Prepaid
10 Tuition Trust Fund, except that amounts excluded from
11 gross income under Section 529(c)(3)(C)(i) of the
12 Internal Revenue Code shall not be considered moneys
13 contributed under this subparagraph (Y). For purposes
14 of this subparagraph, contributions made by an
15 employer on behalf of an employee, or matching
16 contributions made by an employee, shall be treated as
17 made by the employee. This subparagraph (Y) is exempt
18 from the provisions of Section 250;

19 (Z) For taxable years 2001 and thereafter, for the
20 taxable year in which the bonus depreciation deduction
21 is taken on the taxpayer's federal income tax return
22 under subsection (k) of Section 168 of the Internal
23 Revenue Code and for each applicable taxable year
24 thereafter, an amount equal to "x", where:

25 (1) "y" equals the amount of the depreciation
26 deduction taken for the taxable year on the

1 taxpayer's federal income tax return on property
2 for which the bonus depreciation deduction was
3 taken in any year under subsection (k) of Section
4 168 of the Internal Revenue Code, but not including
5 the bonus depreciation deduction;

6 (2) for taxable years ending on or before
7 December 31, 2005, "x" equals "y" multiplied by 30
8 and then divided by 70 (or "y" multiplied by
9 0.429); ~~and~~

10 (3) for taxable years ending after December
11 31, 2005:

12 (i) for property on which a bonus
13 depreciation deduction of 30% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 30 and then divided by 70 (or "y" multiplied by
16 0.429); and

17 (ii) for property on which a bonus
18 depreciation deduction of 50% of the adjusted
19 basis was taken, "x" equals "y" multiplied by
20 1.0; and ~~and~~

21 (4) for taxable years beginning on and after
22 January 1, 2016, in the case of a small business,
23 for property acquired by purchase as defined in
24 subsection (d) of Section 179 of the Internal
25 Revenue Code, "x" equals the basis of the property
26 used to compute the depreciation deduction for

1 federal income tax purposes; for purposes of this
2 paragraph (Z)(4), "small business" means an
3 individual sole proprietor, corporation, trust, or
4 partnership, including its affiliates, that is
5 independently owned and operated, not dominant in
6 its field, and has average gross annual sales for
7 the taxable year and the 2 previous taxable years
8 of less than \$10,000,000.

9 The aggregate amount deducted under this
10 subparagraph in all taxable years for any one piece of
11 property may not exceed the amount of the bonus
12 depreciation deduction taken on that property on the
13 taxpayer's federal income tax return under subsection
14 (k) of Section 168 of the Internal Revenue Code. This
15 subparagraph (Z) is exempt from the provisions of
16 Section 250;

17 (AA) If the taxpayer sells, transfers, abandons,
18 or otherwise disposes of property for which the
19 taxpayer was required in any taxable year to make an
20 addition modification under subparagraph (D-15), then
21 an amount equal to that addition modification.

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which the
24 taxpayer may claim a depreciation deduction for
25 federal income tax purposes and for which the taxpayer
26 was required in any taxable year to make an addition

1 modification under subparagraph (D-15), then an amount
2 equal to that addition modification.

3 The taxpayer is allowed to take the deduction under
4 this subparagraph only once with respect to any one
5 piece of property.

6 This subparagraph (AA) is exempt from the
7 provisions of Section 250;

8 (BB) Any amount included in adjusted gross income,
9 other than salary, received by a driver in a
10 ridesharing arrangement using a motor vehicle;

11 (CC) The amount of (i) any interest income (net of
12 the deductions allocable thereto) taken into account
13 for the taxable year with respect to a transaction with
14 a taxpayer that is required to make an addition
15 modification with respect to such transaction under
16 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
17 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
18 the amount of that addition modification, and (ii) any
19 income from intangible property (net of the deductions
20 allocable thereto) taken into account for the taxable
21 year with respect to a transaction with a taxpayer that
22 is required to make an addition modification with
23 respect to such transaction under Section
24 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
25 203(d)(2)(D-8), but not to exceed the amount of that
26 addition modification. This subparagraph (CC) is

1 exempt from the provisions of Section 250;

2 (DD) An amount equal to the interest income taken
3 into account for the taxable year (net of the
4 deductions allocable thereto) with respect to
5 transactions with (i) a foreign person who would be a
6 member of the taxpayer's unitary business group but for
7 the fact that the foreign person's business activity
8 outside the United States is 80% or more of that
9 person's total business activity and (ii) for taxable
10 years ending on or after December 31, 2008, to a person
11 who would be a member of the same unitary business
12 group but for the fact that the person is prohibited
13 under Section 1501(a)(27) from being included in the
14 unitary business group because he or she is ordinarily
15 required to apportion business income under different
16 subsections of Section 304, but not to exceed the
17 addition modification required to be made for the same
18 taxable year under Section 203(a)(2)(D-17) for
19 interest paid, accrued, or incurred, directly or
20 indirectly, to the same person. This subparagraph (DD)
21 is exempt from the provisions of Section 250;

22 (EE) An amount equal to the income from intangible
23 property taken into account for the taxable year (net
24 of the deductions allocable thereto) with respect to
25 transactions with (i) a foreign person who would be a
26 member of the taxpayer's unitary business group but for

1 the fact that the foreign person's business activity
2 outside the United States is 80% or more of that
3 person's total business activity and (ii) for taxable
4 years ending on or after December 31, 2008, to a person
5 who would be a member of the same unitary business
6 group but for the fact that the person is prohibited
7 under Section 1501(a)(27) from being included in the
8 unitary business group because he or she is ordinarily
9 required to apportion business income under different
10 subsections of Section 304, but not to exceed the
11 addition modification required to be made for the same
12 taxable year under Section 203(a)(2)(D-18) for
13 intangible expenses and costs paid, accrued, or
14 incurred, directly or indirectly, to the same foreign
15 person. This subparagraph (EE) is exempt from the
16 provisions of Section 250;

17 (FF) An amount equal to any amount awarded to the
18 taxpayer during the taxable year by the Court of Claims
19 under subsection (c) of Section 8 of the Court of
20 Claims Act for time unjustly served in a State prison.
21 This subparagraph (FF) is exempt from the provisions of
22 Section 250; and

23 (GG) For taxable years ending on or after December
24 31, 2011, in the case of a taxpayer who was required to
25 add back any insurance premiums under Section
26 203(a)(2)(D-19), such taxpayer may elect to subtract

1 that part of a reimbursement received from the
2 insurance company equal to the amount of the expense or
3 loss (including expenses incurred by the insurance
4 company) that would have been taken into account as a
5 deduction for federal income tax purposes if the
6 expense or loss had been uninsured. If a taxpayer makes
7 the election provided for by this subparagraph (GG),
8 the insurer to which the premiums were paid must add
9 back to income the amount subtracted by the taxpayer
10 pursuant to this subparagraph (GG). This subparagraph
11 (GG) is exempt from the provisions of Section 250.

12 (b) Corporations.

13 (1) In general. In the case of a corporation, base
14 income means an amount equal to the taxpayer's taxable
15 income for the taxable year as modified by paragraph (2).

16 (2) Modifications. The taxable income referred to in
17 paragraph (1) shall be modified by adding thereto the sum
18 of the following amounts:

19 (A) An amount equal to all amounts paid or accrued
20 to the taxpayer as interest and all distributions
21 received from regulated investment companies during
22 the taxable year to the extent excluded from gross
23 income in the computation of taxable income;

24 (B) An amount equal to the amount of tax imposed by
25 this Act to the extent deducted from gross income in

1 the computation of taxable income for the taxable year;

2 (C) In the case of a regulated investment company,
3 an amount equal to the excess of (i) the net long-term
4 capital gain for the taxable year, over (ii) the amount
5 of the capital gain dividends designated as such in
6 accordance with Section 852(b)(3)(C) of the Internal
7 Revenue Code and any amount designated under Section
8 852(b)(3)(D) of the Internal Revenue Code,
9 attributable to the taxable year (this amendatory Act
10 of 1995 (Public Act 89-89) is declarative of existing
11 law and is not a new enactment);

12 (D) The amount of any net operating loss deduction
13 taken in arriving at taxable income, other than a net
14 operating loss carried forward from a taxable year
15 ending prior to December 31, 1986;

16 (E) For taxable years in which a net operating loss
17 carryback or carryforward from a taxable year ending
18 prior to December 31, 1986 is an element of taxable
19 income under paragraph (1) of subsection (e) or
20 subparagraph (E) of paragraph (2) of subsection (e),
21 the amount by which addition modifications other than
22 those provided by this subparagraph (E) exceeded
23 subtraction modifications in such earlier taxable
24 year, with the following limitations applied in the
25 order that they are listed:

26 (i) the addition modification relating to the

1 net operating loss carried back or forward to the
2 taxable year from any taxable year ending prior to
3 December 31, 1986 shall be reduced by the amount of
4 addition modification under this subparagraph (E)
5 which related to that net operating loss and which
6 was taken into account in calculating the base
7 income of an earlier taxable year, and

8 (ii) the addition modification relating to the
9 net operating loss carried back or forward to the
10 taxable year from any taxable year ending prior to
11 December 31, 1986 shall not exceed the amount of
12 such carryback or carryforward;

13 For taxable years in which there is a net operating
14 loss carryback or carryforward from more than one other
15 taxable year ending prior to December 31, 1986, the
16 addition modification provided in this subparagraph
17 (E) shall be the sum of the amounts computed
18 independently under the preceding provisions of this
19 subparagraph (E) for each such taxable year;

20 (E-5) For taxable years ending after December 31,
21 1997, an amount equal to any eligible remediation costs
22 that the corporation deducted in computing adjusted
23 gross income and for which the corporation claims a
24 credit under subsection (l) of Section 201;

25 (E-10) For taxable years 2001 and thereafter, an
26 amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the
2 taxable year under subsection (k) of Section 168 of the
3 Internal Revenue Code; except that, for taxable years
4 beginning on or after January 1, 2016, for property
5 acquired by purchase, as defined in subsection (d) of
6 Section 179 of the Internal Revenue Code, by a small
7 business, the modification shall be in an amount equal
8 to the depreciation deduction taken on the taxpayer's
9 federal income tax return for property that is
10 depreciable pursuant to Section 167 of the Internal
11 Revenue Code; for purposes of this paragraph (E-10),
12 "small business" means an individual sole proprietor,
13 corporation, trust, or partnership, including its
14 affiliates, that is independently owned and operated,
15 not dominant in its field, and has average gross annual
16 sales for the taxable year and the 2 previous taxable
17 years of less than \$10,000,000;

18 (E-11) If the taxpayer sells, transfers, abandons,
19 or otherwise disposes of property for which the
20 taxpayer was required in any taxable year to make an
21 addition modification under subparagraph (E-10), then
22 an amount equal to the aggregate amount of the
23 deductions taken in all taxable years under
24 subparagraph (T) with respect to that property.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was allowed in any taxable year to make a subtraction
4 modification under subparagraph (T), then an amount
5 equal to that subtraction modification.

6 The taxpayer is required to make the addition
7 modification under this subparagraph only once with
8 respect to any one piece of property;

9 (E-12) An amount equal to the amount otherwise
10 allowed as a deduction in computing base income for
11 interest paid, accrued, or incurred, directly or
12 indirectly, (i) for taxable years ending on or after
13 December 31, 2004, to a foreign person who would be a
14 member of the same unitary business group but for the
15 fact the foreign person's business activity outside
16 the United States is 80% or more of the foreign
17 person's total business activity and (ii) for taxable
18 years ending on or after December 31, 2008, to a person
19 who would be a member of the same unitary business
20 group but for the fact that the person is prohibited
21 under Section 1501(a)(27) from being included in the
22 unitary business group because he or she is ordinarily
23 required to apportion business income under different
24 subsections of Section 304. The addition modification
25 required by this subparagraph shall be reduced to the
26 extent that dividends were included in base income of

1 the unitary group for the same taxable year and
2 received by the taxpayer or by a member of the
3 taxpayer's unitary business group (including amounts
4 included in gross income pursuant to Sections 951
5 through 964 of the Internal Revenue Code and amounts
6 included in gross income under Section 78 of the
7 Internal Revenue Code) with respect to the stock of the
8 same person to whom the interest was paid, accrued, or
9 incurred.

10 This paragraph shall not apply to the following:

11 (i) an item of interest paid, accrued, or
12 incurred, directly or indirectly, to a person who
13 is subject in a foreign country or state, other
14 than a state which requires mandatory unitary
15 reporting, to a tax on or measured by net income
16 with respect to such interest; or

17 (ii) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person if
19 the taxpayer can establish, based on a
20 preponderance of the evidence, both of the
21 following:

22 (a) the person, during the same taxable
23 year, paid, accrued, or incurred, the interest
24 to a person that is not a related member, and

25 (b) the transaction giving rise to the
26 interest expense between the taxpayer and the

1 person did not have as a principal purpose the
2 avoidance of Illinois income tax, and is paid
3 pursuant to a contract or agreement that
4 reflects an arm's-length interest rate and
5 terms; or

6 (iii) the taxpayer can establish, based on
7 clear and convincing evidence, that the interest
8 paid, accrued, or incurred relates to a contract or
9 agreement entered into at arm's-length rates and
10 terms and the principal purpose for the payment is
11 not federal or Illinois tax avoidance; or

12 (iv) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer establishes by clear and convincing
15 evidence that the adjustments are unreasonable; or
16 if the taxpayer and the Director agree in writing
17 to the application or use of an alternative method
18 of apportionment under Section 304(f).

19 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act for
22 any tax year beginning after the effective date of
23 this amendment provided such adjustment is made
24 pursuant to regulation adopted by the Department
25 and such regulations provide methods and standards
26 by which the Department will utilize its authority

1 under Section 404 of this Act;

2 (E-13) An amount equal to the amount of intangible
3 expenses and costs otherwise allowed as a deduction in
4 computing base income, and that were paid, accrued, or
5 incurred, directly or indirectly, (i) for taxable
6 years ending on or after December 31, 2004, to a
7 foreign person who would be a member of the same
8 unitary business group but for the fact that the
9 foreign person's business activity outside the United
10 States is 80% or more of that person's total business
11 activity and (ii) for taxable years ending on or after
12 December 31, 2008, to a person who would be a member of
13 the same unitary business group but for the fact that
14 the person is prohibited under Section 1501(a)(27)
15 from being included in the unitary business group
16 because he or she is ordinarily required to apportion
17 business income under different subsections of Section
18 304. The addition modification required by this
19 subparagraph shall be reduced to the extent that
20 dividends were included in base income of the unitary
21 group for the same taxable year and received by the
22 taxpayer or by a member of the taxpayer's unitary
23 business group (including amounts included in gross
24 income pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

1 with respect to the stock of the same person to whom
2 the intangible expenses and costs were directly or
3 indirectly paid, incurred, or accrued. The preceding
4 sentence shall not apply to the extent that the same
5 dividends caused a reduction to the addition
6 modification required under Section 203(b)(2)(E-12) of
7 this Act. As used in this subparagraph, the term
8 "intangible expenses and costs" includes (1) expenses,
9 losses, and costs for, or related to, the direct or
10 indirect acquisition, use, maintenance or management,
11 ownership, sale, exchange, or any other disposition of
12 intangible property; (2) losses incurred, directly or
13 indirectly, from factoring transactions or discounting
14 transactions; (3) royalty, patent, technical, and
15 copyright fees; (4) licensing fees; and (5) other
16 similar expenses and costs. For purposes of this
17 subparagraph, "intangible property" includes patents,
18 patent applications, trade names, trademarks, service
19 marks, copyrights, mask works, trade secrets, and
20 similar types of intangible assets.

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who is
25 subject in a foreign country or state, other than a
26 state which requires mandatory unitary reporting,

1 to a tax on or measured by net income with respect
2 to such item; or

3 (ii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, if the taxpayer can establish, based
6 on a preponderance of the evidence, both of the
7 following:

8 (a) the person during the same taxable
9 year paid, accrued, or incurred, the
10 intangible expense or cost to a person that is
11 not a related member, and

12 (b) the transaction giving rise to the
13 intangible expense or cost between the
14 taxpayer and the person did not have as a
15 principal purpose the avoidance of Illinois
16 income tax, and is paid pursuant to a contract
17 or agreement that reflects arm's-length terms;
18 or

19 (iii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if the
22 taxpayer establishes by clear and convincing
23 evidence, that the adjustments are unreasonable;
24 or if the taxpayer and the Director agree in
25 writing to the application or use of an alternative
26 method of apportionment under Section 304(f);

1 Nothing in this subsection shall preclude the
2 Director from making any other adjustment
3 otherwise allowed under Section 404 of this Act for
4 any tax year beginning after the effective date of
5 this amendment provided such adjustment is made
6 pursuant to regulation adopted by the Department
7 and such regulations provide methods and standards
8 by which the Department will utilize its authority
9 under Section 404 of this Act;

10 (E-14) For taxable years ending on or after
11 December 31, 2008, an amount equal to the amount of
12 insurance premium expenses and costs otherwise allowed
13 as a deduction in computing base income, and that were
14 paid, accrued, or incurred, directly or indirectly, to
15 a person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304. The
21 addition modification required by this subparagraph
22 shall be reduced to the extent that dividends were
23 included in base income of the unitary group for the
24 same taxable year and received by the taxpayer or by a
25 member of the taxpayer's unitary business group
26 (including amounts included in gross income under

1 Sections 951 through 964 of the Internal Revenue Code
2 and amounts included in gross income under Section 78
3 of the Internal Revenue Code) with respect to the stock
4 of the same person to whom the premiums and costs were
5 directly or indirectly paid, incurred, or accrued. The
6 preceding sentence does not apply to the extent that
7 the same dividends caused a reduction to the addition
8 modification required under Section 203(b)(2)(E-12) or
9 Section 203(b)(2)(E-13) of this Act;

10 (E-15) For taxable years beginning after December
11 31, 2008, any deduction for dividends paid by a captive
12 real estate investment trust that is allowed to a real
13 estate investment trust under Section 857(b)(2)(B) of
14 the Internal Revenue Code for dividends paid;

15 (E-16) An amount equal to the credit allowable to
16 the taxpayer under Section 218(a) of this Act,
17 determined without regard to Section 218(c) of this
18 Act;

19 (E-17) For taxable years ending on or after
20 December 31, 2015, an amount equal to the deduction
21 allowed under Section 199 of the Internal Revenue Code
22 for the taxable year;

23 (E-18) For taxable years ending on or after
24 December 31, 2015, any deduction allowed to the
25 taxpayer under Sections 243 through 246A of the
26 Internal Revenue Code;

1 and by deducting from the total so obtained the sum of the
2 following amounts:

3 (F) An amount equal to the amount of any tax
4 imposed by this Act which was refunded to the taxpayer
5 and included in such total for the taxable year;

6 (G) An amount equal to any amount included in such
7 total under Section 78 of the Internal Revenue Code;

8 (H) In the case of a regulated investment company,
9 an amount equal to the amount of exempt interest
10 dividends as defined in subsection (b) (5) of Section
11 852 of the Internal Revenue Code, paid to shareholders
12 for the taxable year;

13 (I) With the exception of any amounts subtracted
14 under subparagraph (J), an amount equal to the sum of
15 all amounts disallowed as deductions by (i) Sections
16 171(a) (2), and 265(a) (2) and amounts disallowed as
17 interest expense by Section 291(a) (3) of the Internal
18 Revenue Code, and all amounts of expenses allocable to
19 interest and disallowed as deductions by Section
20 265(a) (1) of the Internal Revenue Code; and (ii) for
21 taxable years ending on or after August 13, 1999,
22 Sections 171(a) (2), 265, 280C, 291(a) (3), and
23 832(b) (5) (B) (i) of the Internal Revenue Code, plus,
24 for tax years ending on or after December 31, 2011,
25 amounts disallowed as deductions by Section 45G(e) (3)
26 of the Internal Revenue Code and, for taxable years

1 ending on or after December 31, 2008, any amount
2 included in gross income under Section 87 of the
3 Internal Revenue Code and the policyholders' share of
4 tax-exempt interest of a life insurance company under
5 Section 807(a)(2)(B) of the Internal Revenue Code (in
6 the case of a life insurance company with gross income
7 from a decrease in reserves for the tax year) or
8 Section 807(b)(1)(B) of the Internal Revenue Code (in
9 the case of a life insurance company allowed a
10 deduction for an increase in reserves for the tax
11 year); the provisions of this subparagraph are exempt
12 from the provisions of Section 250;

13 (J) An amount equal to all amounts included in such
14 total which are exempt from taxation by this State
15 either by reason of its statutes or Constitution or by
16 reason of the Constitution, treaties or statutes of the
17 United States; provided that, in the case of any
18 statute of this State that exempts income derived from
19 bonds or other obligations from the tax imposed under
20 this Act, the amount exempted shall be the interest net
21 of bond premium amortization;

22 (K) An amount equal to those dividends included in
23 such total which were paid by a corporation which
24 conducts business operations in a River Edge
25 Redevelopment Zone or zones created under the River
26 Edge Redevelopment Zone Act and conducts substantially

1 all of its operations in a River Edge Redevelopment
2 Zone or zones. This subparagraph (K) is exempt from the
3 provisions of Section 250;

4 (L) An amount equal to those dividends included in
5 such total that were paid by a corporation that
6 conducts business operations in a federally designated
7 Foreign Trade Zone or Sub-Zone and that is designated a
8 High Impact Business located in Illinois; provided
9 that dividends eligible for the deduction provided in
10 subparagraph (K) of paragraph 2 of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (L);

13 (M) For any taxpayer that is a financial
14 organization within the meaning of Section 304(c) of
15 this Act, an amount included in such total as interest
16 income from a loan or loans made by such taxpayer to a
17 borrower, to the extent that such a loan is secured by
18 property which is eligible for the River Edge
19 Redevelopment Zone Investment Credit. To determine the
20 portion of a loan or loans that is secured by property
21 eligible for a Section 201(f) investment credit to the
22 borrower, the entire principal amount of the loan or
23 loans between the taxpayer and the borrower should be
24 divided into the basis of the Section 201(f) investment
25 credit property which secures the loan or loans, using
26 for this purpose the original basis of such property on

1 the date that it was placed in service in the River
2 Edge Redevelopment Zone. The subtraction modification
3 available to taxpayer in any year under this subsection
4 shall be that portion of the total interest paid by the
5 borrower with respect to such loan attributable to the
6 eligible property as calculated under the previous
7 sentence. This subparagraph (M) is exempt from the
8 provisions of Section 250;

9 (M-1) For any taxpayer that is a financial
10 organization within the meaning of Section 304(c) of
11 this Act, an amount included in such total as interest
12 income from a loan or loans made by such taxpayer to a
13 borrower, to the extent that such a loan is secured by
14 property which is eligible for the High Impact Business
15 Investment Credit. To determine the portion of a loan
16 or loans that is secured by property eligible for a
17 Section 201(h) investment credit to the borrower, the
18 entire principal amount of the loan or loans between
19 the taxpayer and the borrower should be divided into
20 the basis of the Section 201(h) investment credit
21 property which secures the loan or loans, using for
22 this purpose the original basis of such property on the
23 date that it was placed in service in a federally
24 designated Foreign Trade Zone or Sub-Zone located in
25 Illinois. No taxpayer that is eligible for the
26 deduction provided in subparagraph (M) of paragraph

1 (2) of this subsection shall be eligible for the
2 deduction provided under this subparagraph (M-1). The
3 subtraction modification available to taxpayers in any
4 year under this subsection shall be that portion of the
5 total interest paid by the borrower with respect to
6 such loan attributable to the eligible property as
7 calculated under the previous sentence;

8 (N) Two times any contribution made during the
9 taxable year to a designated zone organization to the
10 extent that the contribution (i) qualifies as a
11 charitable contribution under subsection (c) of
12 Section 170 of the Internal Revenue Code and (ii) must,
13 by its terms, be used for a project approved by the
14 Department of Commerce and Economic Opportunity under
15 Section 11 of the Illinois Enterprise Zone Act or under
16 Section 10-10 of the River Edge Redevelopment Zone Act.
17 This subparagraph (N) is exempt from the provisions of
18 Section 250;

19 (O) An amount equal to: (i) 85% for taxable years
20 ending on or before December 31, 1992, or, a percentage
21 equal to the percentage allowable under Section
22 243(a)(1) of the Internal Revenue Code of 1986 for
23 taxable years ending after December 31, 1992, of the
24 amount by which dividends included in taxable income
25 and received from a corporation that is not created or
26 organized under the laws of the United States or any

1 state or political subdivision thereof, including, for
2 taxable years ending on or after December 31, 1988,
3 dividends received or deemed received or paid or deemed
4 paid under Sections 951 through 965 of the Internal
5 Revenue Code, exceed the amount of the modification
6 provided under subparagraph (G) of paragraph (2) of
7 this subsection (b) which is related to such dividends,
8 and including, for taxable years ending on or after
9 December 31, 2008, dividends received from a captive
10 real estate investment trust; plus (ii) 100% of the
11 amount by which dividends, included in taxable income
12 and received, including, for taxable years ending on or
13 after December 31, 1988, dividends received or deemed
14 received or paid or deemed paid under Sections 951
15 through 964 of the Internal Revenue Code and including,
16 for taxable years ending on or after December 31, 2008,
17 dividends received from a captive real estate
18 investment trust, from any such corporation specified
19 in clause (i) that would but for the provisions of
20 Section 1504 (b) (3) of the Internal Revenue Code be
21 treated as a member of the affiliated group which
22 includes the dividend recipient, exceed the amount of
23 the modification provided under subparagraph (G) of
24 paragraph (2) of this subsection (b) which is related
25 to such dividends. This subparagraph (O) shall not
26 apply to taxable years ending on or after December 31,

1 ~~2015 is exempt from the provisions of Section 250 of~~
2 ~~this Act;~~

3 (P) An amount equal to any contribution made to a
4 job training project established pursuant to the Tax
5 Increment Allocation Redevelopment Act;

6 (Q) An amount equal to the amount of the deduction
7 used to compute the federal income tax credit for
8 restoration of substantial amounts held under claim of
9 right for the taxable year pursuant to Section 1341 of
10 the Internal Revenue Code;

11 (R) On and after July 20, 1999, in the case of an
12 attorney-in-fact with respect to whom an interinsurer
13 or a reciprocal insurer has made the election under
14 Section 835 of the Internal Revenue Code, 26 U.S.C.
15 835, an amount equal to the excess, if any, of the
16 amounts paid or incurred by that interinsurer or
17 reciprocal insurer in the taxable year to the
18 attorney-in-fact over the deduction allowed to that
19 interinsurer or reciprocal insurer with respect to the
20 attorney-in-fact under Section 835(b) of the Internal
21 Revenue Code for the taxable year; the provisions of
22 this subparagraph are exempt from the provisions of
23 Section 250;

24 (S) For taxable years ending on or after December
25 31, 1997, in the case of a Subchapter S corporation, an
26 amount equal to all amounts of income allocable to a

1 shareholder subject to the Personal Property Tax
2 Replacement Income Tax imposed by subsections (c) and
3 (d) of Section 201 of this Act, including amounts
4 allocable to organizations exempt from federal income
5 tax by reason of Section 501(a) of the Internal Revenue
6 Code. This subparagraph (S) is exempt from the
7 provisions of Section 250;

8 (T) For taxable years 2001 and thereafter, for the
9 taxable year in which the bonus depreciation deduction
10 is taken on the taxpayer's federal income tax return
11 under subsection (k) of Section 168 of the Internal
12 Revenue Code and for each applicable taxable year
13 thereafter, an amount equal to "x", where:

14 (1) "y" equals the amount of the depreciation
15 deduction taken for the taxable year on the
16 taxpayer's federal income tax return on property
17 for which the bonus depreciation deduction was
18 taken in any year under subsection (k) of Section
19 168 of the Internal Revenue Code, but not including
20 the bonus depreciation deduction;

21 (2) for taxable years ending on or before
22 December 31, 2005, "x" equals "y" multiplied by 30
23 and then divided by 70 (or "y" multiplied by
24 0.429); ~~and~~

25 (3) for taxable years ending after December
26 31, 2005:

1 (i) for property on which a bonus
2 depreciation deduction of 30% of the adjusted
3 basis was taken, "x" equals "y" multiplied by
4 30 and then divided by 70 (or "y" multiplied by
5 0.429); and

6 (ii) for property on which a bonus
7 depreciation deduction of 50% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 1.0; and -

10 (4) for taxable years beginning on and after
11 January 1, 2016, in the case of a small business,
12 for property acquired by purchase as defined in
13 subsection (d) of Section 179 of the Internal
14 Revenue Code, "x" equals the basis of the property
15 used to compute the depreciation deduction for
16 federal income tax purposes; for purposes of this
17 paragraph (T)(4), "small business" means an
18 individual sole proprietor, corporation, trust, or
19 partnership, including its affiliates, that is
20 independently owned and operated, not dominant in
21 its field, and has average gross annual sales for
22 the taxable year and the 2 previous taxable years
23 of less than \$10,000,000.

24 The aggregate amount deducted under this
25 subparagraph in all taxable years for any one piece of
26 property may not exceed the amount of the bonus

1 depreciation deduction taken on that property on the
2 taxpayer's federal income tax return under subsection
3 (k) of Section 168 of the Internal Revenue Code. This
4 subparagraph (T) is exempt from the provisions of
5 Section 250;

6 (U) If the taxpayer sells, transfers, abandons, or
7 otherwise disposes of property for which the taxpayer
8 was required in any taxable year to make an addition
9 modification under subparagraph (E-10), then an amount
10 equal to that addition modification.

11 If the taxpayer continues to own property through
12 the last day of the last tax year for which the
13 taxpayer may claim a depreciation deduction for
14 federal income tax purposes and for which the taxpayer
15 was required in any taxable year to make an addition
16 modification under subparagraph (E-10), then an amount
17 equal to that addition modification.

18 The taxpayer is allowed to take the deduction under
19 this subparagraph only once with respect to any one
20 piece of property.

21 This subparagraph (U) is exempt from the
22 provisions of Section 250;

23 (V) The amount of: (i) any interest income (net of
24 the deductions allocable thereto) taken into account
25 for the taxable year with respect to a transaction with
26 a taxpayer that is required to make an addition

1 modification with respect to such transaction under
2 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
3 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
4 the amount of such addition modification, (ii) any
5 income from intangible property (net of the deductions
6 allocable thereto) taken into account for the taxable
7 year with respect to a transaction with a taxpayer that
8 is required to make an addition modification with
9 respect to such transaction under Section
10 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
11 203(d)(2)(D-8), but not to exceed the amount of such
12 addition modification, and (iii) any insurance premium
13 income (net of deductions allocable thereto) taken
14 into account for the taxable year with respect to a
15 transaction with a taxpayer that is required to make an
16 addition modification with respect to such transaction
17 under Section 203(a)(2)(D-19), Section
18 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
19 203(d)(2)(D-9), but not to exceed the amount of that
20 addition modification. This subparagraph (V) is exempt
21 from the provisions of Section 250;

22 (W) An amount equal to the interest income taken
23 into account for the taxable year (net of the
24 deductions allocable thereto) with respect to
25 transactions with (i) a foreign person who would be a
26 member of the taxpayer's unitary business group but for

1 the fact that the foreign person's business activity
2 outside the United States is 80% or more of that
3 person's total business activity and (ii) for taxable
4 years ending on or after December 31, 2008, to a person
5 who would be a member of the same unitary business
6 group but for the fact that the person is prohibited
7 under Section 1501(a)(27) from being included in the
8 unitary business group because he or she is ordinarily
9 required to apportion business income under different
10 subsections of Section 304, but not to exceed the
11 addition modification required to be made for the same
12 taxable year under Section 203(b)(2)(E-12) for
13 interest paid, accrued, or incurred, directly or
14 indirectly, to the same person. This subparagraph (W)
15 is exempt from the provisions of Section 250;

16 (X) An amount equal to the income from intangible
17 property taken into account for the taxable year (net
18 of the deductions allocable thereto) with respect to
19 transactions with (i) a foreign person who would be a
20 member of the taxpayer's unitary business group but for
21 the fact that the foreign person's business activity
22 outside the United States is 80% or more of that
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(b)(2)(E-13) for
7 intangible expenses and costs paid, accrued, or
8 incurred, directly or indirectly, to the same foreign
9 person. This subparagraph (X) is exempt from the
10 provisions of Section 250;

11 (Y) For taxable years ending on or after December
12 31, 2011, in the case of a taxpayer who was required to
13 add back any insurance premiums under Section
14 203(b)(2)(E-14), such taxpayer may elect to subtract
15 that part of a reimbursement received from the
16 insurance company equal to the amount of the expense or
17 loss (including expenses incurred by the insurance
18 company) that would have been taken into account as a
19 deduction for federal income tax purposes if the
20 expense or loss had been uninsured. If a taxpayer makes
21 the election provided for by this subparagraph (Y), the
22 insurer to which the premiums were paid must add back
23 to income the amount subtracted by the taxpayer
24 pursuant to this subparagraph (Y). This subparagraph
25 (Y) is exempt from the provisions of Section 250; and

26 (Z) The difference between the nondeductible

1 controlled foreign corporation dividends under Section
2 965(e)(3) of the Internal Revenue Code over the taxable
3 income of the taxpayer, computed without regard to
4 Section 965(e)(2)(A) of the Internal Revenue Code, and
5 without regard to any net operating loss deduction.
6 This subparagraph (Z) is exempt from the provisions of
7 Section 250.

8 (3) Special rule. For purposes of paragraph (2)(A),
9 "gross income" in the case of a life insurance company, for
10 tax years ending on and after December 31, 1994, and prior
11 to December 31, 2011, shall mean the gross investment
12 income for the taxable year and, for tax years ending on or
13 after December 31, 2011, shall mean all amounts included in
14 life insurance gross income under Section 803(a)(3) of the
15 Internal Revenue Code.

16 (c) Trusts and estates.

17 (1) In general. In the case of a trust or estate, base
18 income means an amount equal to the taxpayer's taxable
19 income for the taxable year as modified by paragraph (2).

20 (2) Modifications. Subject to the provisions of
21 paragraph (3), the taxable income referred to in paragraph
22 (1) shall be modified by adding thereto the sum of the
23 following amounts:

24 (A) An amount equal to all amounts paid or accrued
25 to the taxpayer as interest or dividends during the

1 taxable year to the extent excluded from gross income
2 in the computation of taxable income;

3 (B) In the case of (i) an estate, \$600; (ii) a
4 trust which, under its governing instrument, is
5 required to distribute all of its income currently,
6 \$300; and (iii) any other trust, \$100, but in each such
7 case, only to the extent such amount was deducted in
8 the computation of taxable income;

9 (C) An amount equal to the amount of tax imposed by
10 this Act to the extent deducted from gross income in
11 the computation of taxable income for the taxable year;

12 (D) The amount of any net operating loss deduction
13 taken in arriving at taxable income, other than a net
14 operating loss carried forward from a taxable year
15 ending prior to December 31, 1986;

16 (E) For taxable years in which a net operating loss
17 carryback or carryforward from a taxable year ending
18 prior to December 31, 1986 is an element of taxable
19 income under paragraph (1) of subsection (e) or
20 subparagraph (E) of paragraph (2) of subsection (e),
21 the amount by which addition modifications other than
22 those provided by this subparagraph (E) exceeded
23 subtraction modifications in such taxable year, with
24 the following limitations applied in the order that
25 they are listed:

26 (i) the addition modification relating to the

1 net operating loss carried back or forward to the
2 taxable year from any taxable year ending prior to
3 December 31, 1986 shall be reduced by the amount of
4 addition modification under this subparagraph (E)
5 which related to that net operating loss and which
6 was taken into account in calculating the base
7 income of an earlier taxable year, and

8 (ii) the addition modification relating to the
9 net operating loss carried back or forward to the
10 taxable year from any taxable year ending prior to
11 December 31, 1986 shall not exceed the amount of
12 such carryback or carryforward;

13 For taxable years in which there is a net operating
14 loss carryback or carryforward from more than one other
15 taxable year ending prior to December 31, 1986, the
16 addition modification provided in this subparagraph
17 (E) shall be the sum of the amounts computed
18 independently under the preceding provisions of this
19 subparagraph (E) for each such taxable year;

20 (F) For taxable years ending on or after January 1,
21 1989, an amount equal to the tax deducted pursuant to
22 Section 164 of the Internal Revenue Code if the trust
23 or estate is claiming the same tax for purposes of the
24 Illinois foreign tax credit under Section 601 of this
25 Act;

26 (G) An amount equal to the amount of the capital

1 gain deduction allowable under the Internal Revenue
2 Code, to the extent deducted from gross income in the
3 computation of taxable income;

4 (G-5) For taxable years ending after December 31,
5 1997, an amount equal to any eligible remediation costs
6 that the trust or estate deducted in computing adjusted
7 gross income and for which the trust or estate claims a
8 credit under subsection (l) of Section 201;

9 (G-10) For taxable years 2001 and thereafter, an
10 amount equal to the bonus depreciation deduction taken
11 on the taxpayer's federal income tax return for the
12 taxable year under subsection (k) of Section 168 of the
13 Internal Revenue Code; except that, for taxable years
14 beginning on or after January 1, 2016, for property
15 acquired by purchase, as defined in subsection (d) of
16 Section 179 of the Internal Revenue Code, by a small
17 business, the modification shall be in an amount equal
18 to the depreciation deduction taken on the taxpayer's
19 federal income tax return for property that is
20 depreciable pursuant to Section 167 of the Internal
21 Revenue Code; for purposes of this paragraph (G-10),
22 "small business" means an individual sole proprietor,
23 corporation, trust, or partnership, including its
24 affiliates, that is independently owned and operated,
25 not dominant in its field, and has average gross annual
26 sales for the taxable year and the 2 previous taxable

1 years of less than \$10,000,000; and

2 (G-11) If the taxpayer sells, transfers, abandons,
3 or otherwise disposes of property for which the
4 taxpayer was required in any taxable year to make an
5 addition modification under subparagraph (G-10), then
6 an amount equal to the aggregate amount of the
7 deductions taken in all taxable years under
8 subparagraph (R) with respect to that property.

9 If the taxpayer continues to own property through
10 the last day of the last tax year for which the
11 taxpayer may claim a depreciation deduction for
12 federal income tax purposes and for which the taxpayer
13 was allowed in any taxable year to make a subtraction
14 modification under subparagraph (R), then an amount
15 equal to that subtraction modification.

16 The taxpayer is required to make the addition
17 modification under this subparagraph only once with
18 respect to any one piece of property;

19 (G-12) An amount equal to the amount otherwise
20 allowed as a deduction in computing base income for
21 interest paid, accrued, or incurred, directly or
22 indirectly, (i) for taxable years ending on or after
23 December 31, 2004, to a foreign person who would be a
24 member of the same unitary business group but for the
25 fact that the foreign person's business activity
26 outside the United States is 80% or more of the foreign

1 person's total business activity and (ii) for taxable
2 years ending on or after December 31, 2008, to a person
3 who would be a member of the same unitary business
4 group but for the fact that the person is prohibited
5 under Section 1501(a)(27) from being included in the
6 unitary business group because he or she is ordinarily
7 required to apportion business income under different
8 subsections of Section 304. The addition modification
9 required by this subparagraph shall be reduced to the
10 extent that dividends were included in base income of
11 the unitary group for the same taxable year and
12 received by the taxpayer or by a member of the
13 taxpayer's unitary business group (including amounts
14 included in gross income pursuant to Sections 951
15 through 964 of the Internal Revenue Code and amounts
16 included in gross income under Section 78 of the
17 Internal Revenue Code) with respect to the stock of the
18 same person to whom the interest was paid, accrued, or
19 incurred.

20 This paragraph shall not apply to the following:

21 (i) an item of interest paid, accrued, or
22 incurred, directly or indirectly, to a person who
23 is subject in a foreign country or state, other
24 than a state which requires mandatory unitary
25 reporting, to a tax on or measured by net income
26 with respect to such interest; or

1 (ii) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a person if
3 the taxpayer can establish, based on a
4 preponderance of the evidence, both of the
5 following:

6 (a) the person, during the same taxable
7 year, paid, accrued, or incurred, the interest
8 to a person that is not a related member, and

9 (b) the transaction giving rise to the
10 interest expense between the taxpayer and the
11 person did not have as a principal purpose the
12 avoidance of Illinois income tax, and is paid
13 pursuant to a contract or agreement that
14 reflects an arm's-length interest rate and
15 terms; or

16 (iii) the taxpayer can establish, based on
17 clear and convincing evidence, that the interest
18 paid, accrued, or incurred relates to a contract or
19 agreement entered into at arm's-length rates and
20 terms and the principal purpose for the payment is
21 not federal or Illinois tax avoidance; or

22 (iv) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer establishes by clear and convincing
25 evidence that the adjustments are unreasonable; or
26 if the taxpayer and the Director agree in writing

1 to the application or use of an alternative method
2 of apportionment under Section 304(f).

3 Nothing in this subsection shall preclude the
4 Director from making any other adjustment
5 otherwise allowed under Section 404 of this Act for
6 any tax year beginning after the effective date of
7 this amendment provided such adjustment is made
8 pursuant to regulation adopted by the Department
9 and such regulations provide methods and standards
10 by which the Department will utilize its authority
11 under Section 404 of this Act;

12 (G-13) An amount equal to the amount of intangible
13 expenses and costs otherwise allowed as a deduction in
14 computing base income, and that were paid, accrued, or
15 incurred, directly or indirectly, (i) for taxable
16 years ending on or after December 31, 2004, to a
17 foreign person who would be a member of the same
18 unitary business group but for the fact that the
19 foreign person's business activity outside the United
20 States is 80% or more of that person's total business
21 activity and (ii) for taxable years ending on or after
22 December 31, 2008, to a person who would be a member of
23 the same unitary business group but for the fact that
24 the person is prohibited under Section 1501(a)(27)
25 from being included in the unitary business group
26 because he or she is ordinarily required to apportion

1 business income under different subsections of Section
2 304. The addition modification required by this
3 subparagraph shall be reduced to the extent that
4 dividends were included in base income of the unitary
5 group for the same taxable year and received by the
6 taxpayer or by a member of the taxpayer's unitary
7 business group (including amounts included in gross
8 income pursuant to Sections 951 through 964 of the
9 Internal Revenue Code and amounts included in gross
10 income under Section 78 of the Internal Revenue Code)
11 with respect to the stock of the same person to whom
12 the intangible expenses and costs were directly or
13 indirectly paid, incurred, or accrued. The preceding
14 sentence shall not apply to the extent that the same
15 dividends caused a reduction to the addition
16 modification required under Section 203(c)(2)(G-12) of
17 this Act. As used in this subparagraph, the term
18 "intangible expenses and costs" includes: (1)
19 expenses, losses, and costs for or related to the
20 direct or indirect acquisition, use, maintenance or
21 management, ownership, sale, exchange, or any other
22 disposition of intangible property; (2) losses
23 incurred, directly or indirectly, from factoring
24 transactions or discounting transactions; (3) royalty,
25 patent, technical, and copyright fees; (4) licensing
26 fees; and (5) other similar expenses and costs. For

1 purposes of this subparagraph, "intangible property"
2 includes patents, patent applications, trade names,
3 trademarks, service marks, copyrights, mask works,
4 trade secrets, and similar types of intangible assets.

5 This paragraph shall not apply to the following:

6 (i) any item of intangible expenses or costs
7 paid, accrued, or incurred, directly or
8 indirectly, from a transaction with a person who is
9 subject in a foreign country or state, other than a
10 state which requires mandatory unitary reporting,
11 to a tax on or measured by net income with respect
12 to such item; or

13 (ii) any item of intangible expense or cost
14 paid, accrued, or incurred, directly or
15 indirectly, if the taxpayer can establish, based
16 on a preponderance of the evidence, both of the
17 following:

18 (a) the person during the same taxable
19 year paid, accrued, or incurred, the
20 intangible expense or cost to a person that is
21 not a related member, and

22 (b) the transaction giving rise to the
23 intangible expense or cost between the
24 taxpayer and the person did not have as a
25 principal purpose the avoidance of Illinois
26 income tax, and is paid pursuant to a contract

1 or agreement that reflects arm's-length terms;

2 or

3 (iii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person if the
6 taxpayer establishes by clear and convincing
7 evidence, that the adjustments are unreasonable;
8 or if the taxpayer and the Director agree in
9 writing to the application or use of an alternative
10 method of apportionment under Section 304(f);

11 Nothing in this subsection shall preclude the
12 Director from making any other adjustment
13 otherwise allowed under Section 404 of this Act for
14 any tax year beginning after the effective date of
15 this amendment provided such adjustment is made
16 pursuant to regulation adopted by the Department
17 and such regulations provide methods and standards
18 by which the Department will utilize its authority
19 under Section 404 of this Act;

20 (G-14) For taxable years ending on or after
21 December 31, 2008, an amount equal to the amount of
22 insurance premium expenses and costs otherwise allowed
23 as a deduction in computing base income, and that were
24 paid, accrued, or incurred, directly or indirectly, to
25 a person who would be a member of the same unitary
26 business group but for the fact that the person is

1 prohibited under Section 1501(a)(27) from being
2 included in the unitary business group because he or
3 she is ordinarily required to apportion business
4 income under different subsections of Section 304. The
5 addition modification required by this subparagraph
6 shall be reduced to the extent that dividends were
7 included in base income of the unitary group for the
8 same taxable year and received by the taxpayer or by a
9 member of the taxpayer's unitary business group
10 (including amounts included in gross income under
11 Sections 951 through 964 of the Internal Revenue Code
12 and amounts included in gross income under Section 78
13 of the Internal Revenue Code) with respect to the stock
14 of the same person to whom the premiums and costs were
15 directly or indirectly paid, incurred, or accrued. The
16 preceding sentence does not apply to the extent that
17 the same dividends caused a reduction to the addition
18 modification required under Section 203(c)(2)(G-12) or
19 Section 203(c)(2)(G-13) of this Act;

20 (G-15) An amount equal to the credit allowable to
21 the taxpayer under Section 218(a) of this Act,
22 determined without regard to Section 218(c) of this
23 Act;

24 (G-16) For taxable years ending on or after
25 December 31, 2015, an amount equal to the deduction
26 allowed under Section 199 of the Internal Revenue Code

1 for the taxable year;

2 and by deducting from the total so obtained the sum of the
3 following amounts:

4 (H) An amount equal to all amounts included in such
5 total pursuant to the provisions of Sections 402(a),
6 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
7 Internal Revenue Code or included in such total as
8 distributions under the provisions of any retirement
9 or disability plan for employees of any governmental
10 agency or unit, or retirement payments to retired
11 partners, which payments are excluded in computing net
12 earnings from self employment by Section 1402 of the
13 Internal Revenue Code and regulations adopted pursuant
14 thereto;

15 (I) The valuation limitation amount;

16 (J) An amount equal to the amount of any tax
17 imposed by this Act which was refunded to the taxpayer
18 and included in such total for the taxable year;

19 (K) An amount equal to all amounts included in
20 taxable income as modified by subparagraphs (A), (B),
21 (C), (D), (E), (F) and (G) which are exempt from
22 taxation by this State either by reason of its statutes
23 or Constitution or by reason of the Constitution,
24 treaties or statutes of the United States; provided
25 that, in the case of any statute of this State that
26 exempts income derived from bonds or other obligations

1 from the tax imposed under this Act, the amount
2 exempted shall be the interest net of bond premium
3 amortization;

4 (L) With the exception of any amounts subtracted
5 under subparagraph (K), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
8 and all amounts of expenses allocable to interest and
9 disallowed as deductions by Section 265(1) of the
10 Internal Revenue Code; and (ii) for taxable years
11 ending on or after August 13, 1999, Sections 171(a) (2),
12 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
13 Code, plus, (iii) for taxable years ending on or after
14 December 31, 2011, Section 45G(e) (3) of the Internal
15 Revenue Code and, for taxable years ending on or after
16 December 31, 2008, any amount included in gross income
17 under Section 87 of the Internal Revenue Code; the
18 provisions of this subparagraph are exempt from the
19 provisions of Section 250;

20 (M) An amount equal to those dividends included in
21 such total which were paid by a corporation which
22 conducts business operations in a River Edge
23 Redevelopment Zone or zones created under the River
24 Edge Redevelopment Zone Act and conducts substantially
25 all of its operations in a River Edge Redevelopment
26 Zone or zones. This subparagraph (M) is exempt from the

1 provisions of Section 250;

2 (N) An amount equal to any contribution made to a
3 job training project established pursuant to the Tax
4 Increment Allocation Redevelopment Act;

5 (O) An amount equal to those dividends included in
6 such total that were paid by a corporation that
7 conducts business operations in a federally designated
8 Foreign Trade Zone or Sub-Zone and that is designated a
9 High Impact Business located in Illinois; provided
10 that dividends eligible for the deduction provided in
11 subparagraph (M) of paragraph (2) of this subsection
12 shall not be eligible for the deduction provided under
13 this subparagraph (O);

14 (P) An amount equal to the amount of the deduction
15 used to compute the federal income tax credit for
16 restoration of substantial amounts held under claim of
17 right for the taxable year pursuant to Section 1341 of
18 the Internal Revenue Code;

19 (Q) For taxable year 1999 and thereafter, an amount
20 equal to the amount of any (i) distributions, to the
21 extent includible in gross income for federal income
22 tax purposes, made to the taxpayer because of his or
23 her status as a victim of persecution for racial or
24 religious reasons by Nazi Germany or any other Axis
25 regime or as an heir of the victim and (ii) items of
26 income, to the extent includible in gross income for

1 federal income tax purposes, attributable to, derived
2 from or in any way related to assets stolen from,
3 hidden from, or otherwise lost to a victim of
4 persecution for racial or religious reasons by Nazi
5 Germany or any other Axis regime immediately prior to,
6 during, and immediately after World War II, including,
7 but not limited to, interest on the proceeds receivable
8 as insurance under policies issued to a victim of
9 persecution for racial or religious reasons by Nazi
10 Germany or any other Axis regime by European insurance
11 companies immediately prior to and during World War II;
12 provided, however, this subtraction from federal
13 adjusted gross income does not apply to assets acquired
14 with such assets or with the proceeds from the sale of
15 such assets; provided, further, this paragraph shall
16 only apply to a taxpayer who was the first recipient of
17 such assets after their recovery and who is a victim of
18 persecution for racial or religious reasons by Nazi
19 Germany or any other Axis regime or as an heir of the
20 victim. The amount of and the eligibility for any
21 public assistance, benefit, or similar entitlement is
22 not affected by the inclusion of items (i) and (ii) of
23 this paragraph in gross income for federal income tax
24 purposes. This paragraph is exempt from the provisions
25 of Section 250;

26 (R) For taxable years 2001 and thereafter, for the

1 taxable year in which the bonus depreciation deduction
2 is taken on the taxpayer's federal income tax return
3 under subsection (k) of Section 168 of the Internal
4 Revenue Code and for each applicable taxable year
5 thereafter, an amount equal to "x", where:

6 (1) "y" equals the amount of the depreciation
7 deduction taken for the taxable year on the
8 taxpayer's federal income tax return on property
9 for which the bonus depreciation deduction was
10 taken in any year under subsection (k) of Section
11 168 of the Internal Revenue Code, but not including
12 the bonus depreciation deduction;

13 (2) for taxable years ending on or before
14 December 31, 2005, "x" equals "y" multiplied by 30
15 and then divided by 70 (or "y" multiplied by
16 0.429); ~~and~~

17 (3) for taxable years ending after December
18 31, 2005:

19 (i) for property on which a bonus
20 depreciation deduction of 30% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 30 and then divided by 70 (or "y" multiplied by
23 0.429); and

24 (ii) for property on which a bonus
25 depreciation deduction of 50% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 1.0; and -

2 (4) for taxable years beginning on and after
3 January 1, 2016, in the case of a small business,
4 for property acquired by purchase as defined in
5 subsection (d) of Section 179 of the Internal
6 Revenue Code, "x" equals the basis of the property
7 used to compute the depreciation deduction for
8 federal income tax purposes; for purposes of this
9 paragraph (R) (4), "small business" means an
10 individual sole proprietor, corporation, trust, or
11 partnership, including its affiliates, that is
12 independently owned and operated, not dominant in
13 its field, and has average gross annual sales for
14 the taxable year and the 2 previous taxable years
15 of less than \$10,000,000.

16 The aggregate amount deducted under this
17 subparagraph in all taxable years for any one piece of
18 property may not exceed the amount of the bonus
19 depreciation deduction taken on that property on the
20 taxpayer's federal income tax return under subsection
21 (k) of Section 168 of the Internal Revenue Code. This
22 subparagraph (R) is exempt from the provisions of
23 Section 250;

24 (S) If the taxpayer sells, transfers, abandons, or
25 otherwise disposes of property for which the taxpayer
26 was required in any taxable year to make an addition

1 modification under subparagraph (G-10), then an amount
2 equal to that addition modification.

3 If the taxpayer continues to own property through
4 the last day of the last tax year for which the
5 taxpayer may claim a depreciation deduction for
6 federal income tax purposes and for which the taxpayer
7 was required in any taxable year to make an addition
8 modification under subparagraph (G-10), then an amount
9 equal to that addition modification.

10 The taxpayer is allowed to take the deduction under
11 this subparagraph only once with respect to any one
12 piece of property.

13 This subparagraph (S) is exempt from the
14 provisions of Section 250;

15 (T) The amount of (i) any interest income (net of
16 the deductions allocable thereto) taken into account
17 for the taxable year with respect to a transaction with
18 a taxpayer that is required to make an addition
19 modification with respect to such transaction under
20 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
21 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
22 the amount of such addition modification and (ii) any
23 income from intangible property (net of the deductions
24 allocable thereto) taken into account for the taxable
25 year with respect to a transaction with a taxpayer that
26 is required to make an addition modification with

1 respect to such transaction under Section
2 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
3 203(d)(2)(D-8), but not to exceed the amount of such
4 addition modification. This subparagraph (T) is exempt
5 from the provisions of Section 250;

6 (U) An amount equal to the interest income taken
7 into account for the taxable year (net of the
8 deductions allocable thereto) with respect to
9 transactions with (i) a foreign person who would be a
10 member of the taxpayer's unitary business group but for
11 the fact the foreign person's business activity
12 outside the United States is 80% or more of that
13 person's total business activity and (ii) for taxable
14 years ending on or after December 31, 2008, to a person
15 who would be a member of the same unitary business
16 group but for the fact that the person is prohibited
17 under Section 1501(a)(27) from being included in the
18 unitary business group because he or she is ordinarily
19 required to apportion business income under different
20 subsections of Section 304, but not to exceed the
21 addition modification required to be made for the same
22 taxable year under Section 203(c)(2)(G-12) for
23 interest paid, accrued, or incurred, directly or
24 indirectly, to the same person. This subparagraph (U)
25 is exempt from the provisions of Section 250;

26 (V) An amount equal to the income from intangible

1 property taken into account for the taxable year (net
2 of the deductions allocable thereto) with respect to
3 transactions with (i) a foreign person who would be a
4 member of the taxpayer's unitary business group but for
5 the fact that the foreign person's business activity
6 outside the United States is 80% or more of that
7 person's total business activity and (ii) for taxable
8 years ending on or after December 31, 2008, to a person
9 who would be a member of the same unitary business
10 group but for the fact that the person is prohibited
11 under Section 1501(a)(27) from being included in the
12 unitary business group because he or she is ordinarily
13 required to apportion business income under different
14 subsections of Section 304, but not to exceed the
15 addition modification required to be made for the same
16 taxable year under Section 203(c)(2)(G-13) for
17 intangible expenses and costs paid, accrued, or
18 incurred, directly or indirectly, to the same foreign
19 person. This subparagraph (V) is exempt from the
20 provisions of Section 250;

21 (W) in the case of an estate, an amount equal to
22 all amounts included in such total pursuant to the
23 provisions of Section 111 of the Internal Revenue Code
24 as a recovery of items previously deducted by the
25 decedent from adjusted gross income in the computation
26 of taxable income. This subparagraph (W) is exempt from

1 Section 250;

2 (X) an amount equal to the refund included in such
3 total of any tax deducted for federal income tax
4 purposes, to the extent that deduction was added back
5 under subparagraph (F). This subparagraph (X) is
6 exempt from the provisions of Section 250; and

7 (Y) For taxable years ending on or after December
8 31, 2011, in the case of a taxpayer who was required to
9 add back any insurance premiums under Section
10 203(c)(2)(G-14), such taxpayer may elect to subtract
11 that part of a reimbursement received from the
12 insurance company equal to the amount of the expense or
13 loss (including expenses incurred by the insurance
14 company) that would have been taken into account as a
15 deduction for federal income tax purposes if the
16 expense or loss had been uninsured. If a taxpayer makes
17 the election provided for by this subparagraph (Y), the
18 insurer to which the premiums were paid must add back
19 to income the amount subtracted by the taxpayer
20 pursuant to this subparagraph (Y). This subparagraph
21 (Y) is exempt from the provisions of Section 250.

22 (3) Limitation. The amount of any modification
23 otherwise required under this subsection shall, under
24 regulations prescribed by the Department, be adjusted by
25 any amounts included therein which were properly paid,
26 credited, or required to be distributed, or permanently set

1 aside for charitable purposes pursuant to Internal Revenue
2 Code Section 642(c) during the taxable year.

3 (d) Partnerships.

4 (1) In general. In the case of a partnership, base
5 income means an amount equal to the taxpayer's taxable
6 income for the taxable year as modified by paragraph (2).

7 (2) Modifications. The taxable income referred to in
8 paragraph (1) shall be modified by adding thereto the sum
9 of the following amounts:

10 (A) An amount equal to all amounts paid or accrued
11 to the taxpayer as interest or dividends during the
12 taxable year to the extent excluded from gross income
13 in the computation of taxable income;

14 (B) An amount equal to the amount of tax imposed by
15 this Act to the extent deducted from gross income for
16 the taxable year;

17 (C) The amount of deductions allowed to the
18 partnership pursuant to Section 707 (c) of the Internal
19 Revenue Code in calculating its taxable income;

20 (D) An amount equal to the amount of the capital
21 gain deduction allowable under the Internal Revenue
22 Code, to the extent deducted from gross income in the
23 computation of taxable income;

24 (D-5) For taxable years 2001 and thereafter, an
25 amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the
2 taxable year under subsection (k) of Section 168 of the
3 Internal Revenue Code; except that, for taxable years
4 beginning on or after January 1, 2016, for property
5 acquired by purchase, as defined in subsection (d) of
6 Section 179 of the Internal Revenue Code, by a small
7 business, the modification shall be in an amount equal
8 to the depreciation deduction taken on the taxpayer's
9 federal income tax return for property that is
10 depreciable pursuant to Section 167 of the Internal
11 Revenue Code; for purposes of this paragraph (D-5),
12 "small business" means an individual sole proprietor,
13 corporation, trust, or partnership, including its
14 affiliates, that is independently owned and operated,
15 not dominant in its field, and has average gross annual
16 sales for the taxable year and the 2 previous taxable
17 years of less than \$10,000,000;

18 (D-6) If the taxpayer sells, transfers, abandons,
19 or otherwise disposes of property for which the
20 taxpayer was required in any taxable year to make an
21 addition modification under subparagraph (D-5), then
22 an amount equal to the aggregate amount of the
23 deductions taken in all taxable years under
24 subparagraph (O) with respect to that property.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was allowed in any taxable year to make a subtraction
4 modification under subparagraph (O), then an amount
5 equal to that subtraction modification.

6 The taxpayer is required to make the addition
7 modification under this subparagraph only once with
8 respect to any one piece of property;

9 (D-7) An amount equal to the amount otherwise
10 allowed as a deduction in computing base income for
11 interest paid, accrued, or incurred, directly or
12 indirectly, (i) for taxable years ending on or after
13 December 31, 2004, to a foreign person who would be a
14 member of the same unitary business group but for the
15 fact the foreign person's business activity outside
16 the United States is 80% or more of the foreign
17 person's total business activity and (ii) for taxable
18 years ending on or after December 31, 2008, to a person
19 who would be a member of the same unitary business
20 group but for the fact that the person is prohibited
21 under Section 1501(a)(27) from being included in the
22 unitary business group because he or she is ordinarily
23 required to apportion business income under different
24 subsections of Section 304. The addition modification
25 required by this subparagraph shall be reduced to the
26 extent that dividends were included in base income of

1 the unitary group for the same taxable year and
2 received by the taxpayer or by a member of the
3 taxpayer's unitary business group (including amounts
4 included in gross income pursuant to Sections 951
5 through 964 of the Internal Revenue Code and amounts
6 included in gross income under Section 78 of the
7 Internal Revenue Code) with respect to the stock of the
8 same person to whom the interest was paid, accrued, or
9 incurred.

10 This paragraph shall not apply to the following:

11 (i) an item of interest paid, accrued, or
12 incurred, directly or indirectly, to a person who
13 is subject in a foreign country or state, other
14 than a state which requires mandatory unitary
15 reporting, to a tax on or measured by net income
16 with respect to such interest; or

17 (ii) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person if
19 the taxpayer can establish, based on a
20 preponderance of the evidence, both of the
21 following:

22 (a) the person, during the same taxable
23 year, paid, accrued, or incurred, the interest
24 to a person that is not a related member, and

25 (b) the transaction giving rise to the
26 interest expense between the taxpayer and the

1 person did not have as a principal purpose the
2 avoidance of Illinois income tax, and is paid
3 pursuant to a contract or agreement that
4 reflects an arm's-length interest rate and
5 terms; or

6 (iii) the taxpayer can establish, based on
7 clear and convincing evidence, that the interest
8 paid, accrued, or incurred relates to a contract or
9 agreement entered into at arm's-length rates and
10 terms and the principal purpose for the payment is
11 not federal or Illinois tax avoidance; or

12 (iv) an item of interest paid, accrued, or
13 incurred, directly or indirectly, to a person if
14 the taxpayer establishes by clear and convincing
15 evidence that the adjustments are unreasonable; or
16 if the taxpayer and the Director agree in writing
17 to the application or use of an alternative method
18 of apportionment under Section 304(f).

19 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act for
22 any tax year beginning after the effective date of
23 this amendment provided such adjustment is made
24 pursuant to regulation adopted by the Department
25 and such regulations provide methods and standards
26 by which the Department will utilize its authority

1 under Section 404 of this Act; and

2 (D-8) An amount equal to the amount of intangible
3 expenses and costs otherwise allowed as a deduction in
4 computing base income, and that were paid, accrued, or
5 incurred, directly or indirectly, (i) for taxable
6 years ending on or after December 31, 2004, to a
7 foreign person who would be a member of the same
8 unitary business group but for the fact that the
9 foreign person's business activity outside the United
10 States is 80% or more of that person's total business
11 activity and (ii) for taxable years ending on or after
12 December 31, 2008, to a person who would be a member of
13 the same unitary business group but for the fact that
14 the person is prohibited under Section 1501(a)(27)
15 from being included in the unitary business group
16 because he or she is ordinarily required to apportion
17 business income under different subsections of Section
18 304. The addition modification required by this
19 subparagraph shall be reduced to the extent that
20 dividends were included in base income of the unitary
21 group for the same taxable year and received by the
22 taxpayer or by a member of the taxpayer's unitary
23 business group (including amounts included in gross
24 income pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

1 with respect to the stock of the same person to whom
2 the intangible expenses and costs were directly or
3 indirectly paid, incurred or accrued. The preceding
4 sentence shall not apply to the extent that the same
5 dividends caused a reduction to the addition
6 modification required under Section 203(d)(2)(D-7) of
7 this Act. As used in this subparagraph, the term
8 "intangible expenses and costs" includes (1) expenses,
9 losses, and costs for, or related to, the direct or
10 indirect acquisition, use, maintenance or management,
11 ownership, sale, exchange, or any other disposition of
12 intangible property; (2) losses incurred, directly or
13 indirectly, from factoring transactions or discounting
14 transactions; (3) royalty, patent, technical, and
15 copyright fees; (4) licensing fees; and (5) other
16 similar expenses and costs. For purposes of this
17 subparagraph, "intangible property" includes patents,
18 patent applications, trade names, trademarks, service
19 marks, copyrights, mask works, trade secrets, and
20 similar types of intangible assets;

21 This paragraph shall not apply to the following:

22 (i) any item of intangible expenses or costs
23 paid, accrued, or incurred, directly or
24 indirectly, from a transaction with a person who is
25 subject in a foreign country or state, other than a
26 state which requires mandatory unitary reporting,

1 to a tax on or measured by net income with respect
2 to such item; or

3 (ii) any item of intangible expense or cost
4 paid, accrued, or incurred, directly or
5 indirectly, if the taxpayer can establish, based
6 on a preponderance of the evidence, both of the
7 following:

8 (a) the person during the same taxable
9 year paid, accrued, or incurred, the
10 intangible expense or cost to a person that is
11 not a related member, and

12 (b) the transaction giving rise to the
13 intangible expense or cost between the
14 taxpayer and the person did not have as a
15 principal purpose the avoidance of Illinois
16 income tax, and is paid pursuant to a contract
17 or agreement that reflects arm's-length terms;
18 or

19 (iii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if the
22 taxpayer establishes by clear and convincing
23 evidence, that the adjustments are unreasonable;
24 or if the taxpayer and the Director agree in
25 writing to the application or use of an alternative
26 method of apportionment under Section 304(f);

1 Nothing in this subsection shall preclude the
2 Director from making any other adjustment
3 otherwise allowed under Section 404 of this Act for
4 any tax year beginning after the effective date of
5 this amendment provided such adjustment is made
6 pursuant to regulation adopted by the Department
7 and such regulations provide methods and standards
8 by which the Department will utilize its authority
9 under Section 404 of this Act;

10 (D-9) For taxable years ending on or after December
11 31, 2008, an amount equal to the amount of insurance
12 premium expenses and costs otherwise allowed as a
13 deduction in computing base income, and that were paid,
14 accrued, or incurred, directly or indirectly, to a
15 person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304. The
21 addition modification required by this subparagraph
22 shall be reduced to the extent that dividends were
23 included in base income of the unitary group for the
24 same taxable year and received by the taxpayer or by a
25 member of the taxpayer's unitary business group
26 (including amounts included in gross income under

1 Sections 951 through 964 of the Internal Revenue Code
2 and amounts included in gross income under Section 78
3 of the Internal Revenue Code) with respect to the stock
4 of the same person to whom the premiums and costs were
5 directly or indirectly paid, incurred, or accrued. The
6 preceding sentence does not apply to the extent that
7 the same dividends caused a reduction to the addition
8 modification required under Section 203(d)(2)(D-7) or
9 Section 203(d)(2)(D-8) of this Act;

10 (D-10) An amount equal to the credit allowable to
11 the taxpayer under Section 218(a) of this Act,
12 determined without regard to Section 218(c) of this
13 Act;

14 (D-11) For taxable years ending on or after
15 December 31, 2015, an amount equal to the deduction
16 allowed under Section 199 of the Internal Revenue Code
17 for the taxable year;

18 and by deducting from the total so obtained the following
19 amounts:

20 (E) The valuation limitation amount;

21 (F) An amount equal to the amount of any tax
22 imposed by this Act which was refunded to the taxpayer
23 and included in such total for the taxable year;

24 (G) An amount equal to all amounts included in
25 taxable income as modified by subparagraphs (A), (B),
26 (C) and (D) which are exempt from taxation by this

1 State either by reason of its statutes or Constitution
2 or by reason of the Constitution, treaties or statutes
3 of the United States; provided that, in the case of any
4 statute of this State that exempts income derived from
5 bonds or other obligations from the tax imposed under
6 this Act, the amount exempted shall be the interest net
7 of bond premium amortization;

8 (H) Any income of the partnership which
9 constitutes personal service income as defined in
10 Section 1348 (b) (1) of the Internal Revenue Code (as
11 in effect December 31, 1981) or a reasonable allowance
12 for compensation paid or accrued for services rendered
13 by partners to the partnership, whichever is greater;
14 this subparagraph (H) is exempt from the provisions of
15 Section 250;

16 (I) An amount equal to all amounts of income
17 distributable to an entity subject to the Personal
18 Property Tax Replacement Income Tax imposed by
19 subsections (c) and (d) of Section 201 of this Act
20 including amounts distributable to organizations
21 exempt from federal income tax by reason of Section
22 501(a) of the Internal Revenue Code; this subparagraph
23 (I) is exempt from the provisions of Section 250;

24 (J) With the exception of any amounts subtracted
25 under subparagraph (G), an amount equal to the sum of
26 all amounts disallowed as deductions by (i) Sections

1 171(a) (2), and 265(2) of the Internal Revenue Code,
2 and all amounts of expenses allocable to interest and
3 disallowed as deductions by Section 265(1) of the
4 Internal Revenue Code; and (ii) for taxable years
5 ending on or after August 13, 1999, Sections 171(a) (2),
6 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
7 Code, plus, (iii) for taxable years ending on or after
8 December 31, 2011, Section 45G(e) (3) of the Internal
9 Revenue Code and, for taxable years ending on or after
10 December 31, 2008, any amount included in gross income
11 under Section 87 of the Internal Revenue Code; the
12 provisions of this subparagraph are exempt from the
13 provisions of Section 250;

14 (K) An amount equal to those dividends included in
15 such total which were paid by a corporation which
16 conducts business operations in a River Edge
17 Redevelopment Zone or zones created under the River
18 Edge Redevelopment Zone Act and conducts substantially
19 all of its operations from a River Edge Redevelopment
20 Zone or zones. This subparagraph (K) is exempt from the
21 provisions of Section 250;

22 (L) An amount equal to any contribution made to a
23 job training project established pursuant to the Real
24 Property Tax Increment Allocation Redevelopment Act;

25 (M) An amount equal to those dividends included in
26 such total that were paid by a corporation that

1 conducts business operations in a federally designated
2 Foreign Trade Zone or Sub-Zone and that is designated a
3 High Impact Business located in Illinois; provided
4 that dividends eligible for the deduction provided in
5 subparagraph (K) of paragraph (2) of this subsection
6 shall not be eligible for the deduction provided under
7 this subparagraph (M);

8 (N) An amount equal to the amount of the deduction
9 used to compute the federal income tax credit for
10 restoration of substantial amounts held under claim of
11 right for the taxable year pursuant to Section 1341 of
12 the Internal Revenue Code;

13 (O) For taxable years 2001 and thereafter, for the
14 taxable year in which the bonus depreciation deduction
15 is taken on the taxpayer's federal income tax return
16 under subsection (k) of Section 168 of the Internal
17 Revenue Code and for each applicable taxable year
18 thereafter, an amount equal to "x", where:

19 (1) "y" equals the amount of the depreciation
20 deduction taken for the taxable year on the
21 taxpayer's federal income tax return on property
22 for which the bonus depreciation deduction was
23 taken in any year under subsection (k) of Section
24 168 of the Internal Revenue Code, but not including
25 the bonus depreciation deduction;

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); ~~and~~

4 (3) for taxable years ending after December
5 31, 2005:

6 (i) for property on which a bonus
7 depreciation deduction of 30% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 30 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (ii) for property on which a bonus
12 depreciation deduction of 50% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 1.0; and -

15 (4) for taxable years beginning on and after
16 January 1, 2016, in the case of a small business,
17 for property acquired by purchase as defined in
18 subsection (d) of Section 179 of the Internal
19 Revenue Code, "x" equals the basis of the property
20 used to compute the depreciation deduction for
21 federal income tax purposes; for purposes of this
22 paragraph (0)(4), "small business" means an
23 individual sole proprietor, corporation, trust, or
24 partnership, including its affiliates, that is
25 independently owned and operated, not dominant in
26 its field, and has average gross annual sales for

1 the taxable year and the 2 previous taxable years
2 of less than \$10,000,000.

3 The aggregate amount deducted under this
4 subparagraph in all taxable years for any one piece of
5 property may not exceed the amount of the bonus
6 depreciation deduction taken on that property on the
7 taxpayer's federal income tax return under subsection
8 (k) of Section 168 of the Internal Revenue Code. This
9 subparagraph (O) is exempt from the provisions of
10 Section 250;

11 (P) If the taxpayer sells, transfers, abandons, or
12 otherwise disposes of property for which the taxpayer
13 was required in any taxable year to make an addition
14 modification under subparagraph (D-5), then an amount
15 equal to that addition modification.

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which the
18 taxpayer may claim a depreciation deduction for
19 federal income tax purposes and for which the taxpayer
20 was required in any taxable year to make an addition
21 modification under subparagraph (D-5), then an amount
22 equal to that addition modification.

23 The taxpayer is allowed to take the deduction under
24 this subparagraph only once with respect to any one
25 piece of property.

26 This subparagraph (P) is exempt from the

1 provisions of Section 250;

2 (Q) The amount of (i) any interest income (net of
3 the deductions allocable thereto) taken into account
4 for the taxable year with respect to a transaction with
5 a taxpayer that is required to make an addition
6 modification with respect to such transaction under
7 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
8 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
9 the amount of such addition modification and (ii) any
10 income from intangible property (net of the deductions
11 allocable thereto) taken into account for the taxable
12 year with respect to a transaction with a taxpayer that
13 is required to make an addition modification with
14 respect to such transaction under Section
15 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
16 203(d)(2)(D-8), but not to exceed the amount of such
17 addition modification. This subparagraph (Q) is exempt
18 from Section 250;

19 (R) An amount equal to the interest income taken
20 into account for the taxable year (net of the
21 deductions allocable thereto) with respect to
22 transactions with (i) a foreign person who would be a
23 member of the taxpayer's unitary business group but for
24 the fact that the foreign person's business activity
25 outside the United States is 80% or more of that
26 person's total business activity and (ii) for taxable

1 years ending on or after December 31, 2008, to a person
2 who would be a member of the same unitary business
3 group but for the fact that the person is prohibited
4 under Section 1501(a)(27) from being included in the
5 unitary business group because he or she is ordinarily
6 required to apportion business income under different
7 subsections of Section 304, but not to exceed the
8 addition modification required to be made for the same
9 taxable year under Section 203(d)(2)(D-7) for interest
10 paid, accrued, or incurred, directly or indirectly, to
11 the same person. This subparagraph (R) is exempt from
12 Section 250;

13 (S) An amount equal to the income from intangible
14 property taken into account for the taxable year (net
15 of the deductions allocable thereto) with respect to
16 transactions with (i) a foreign person who would be a
17 member of the taxpayer's unitary business group but for
18 the fact that the foreign person's business activity
19 outside the United States is 80% or more of that
20 person's total business activity and (ii) for taxable
21 years ending on or after December 31, 2008, to a person
22 who would be a member of the same unitary business
23 group but for the fact that the person is prohibited
24 under Section 1501(a)(27) from being included in the
25 unitary business group because he or she is ordinarily
26 required to apportion business income under different

1 subsections of Section 304, but not to exceed the
2 addition modification required to be made for the same
3 taxable year under Section 203(d)(2)(D-8) for
4 intangible expenses and costs paid, accrued, or
5 incurred, directly or indirectly, to the same person.
6 This subparagraph (S) is exempt from Section 250; and

7 (T) For taxable years ending on or after December
8 31, 2011, in the case of a taxpayer who was required to
9 add back any insurance premiums under Section
10 203(d)(2)(D-9), such taxpayer may elect to subtract
11 that part of a reimbursement received from the
12 insurance company equal to the amount of the expense or
13 loss (including expenses incurred by the insurance
14 company) that would have been taken into account as a
15 deduction for federal income tax purposes if the
16 expense or loss had been uninsured. If a taxpayer makes
17 the election provided for by this subparagraph (T), the
18 insurer to which the premiums were paid must add back
19 to income the amount subtracted by the taxpayer
20 pursuant to this subparagraph (T). This subparagraph
21 (T) is exempt from the provisions of Section 250.

22 (e) Gross income; adjusted gross income; taxable income.

23 (1) In general. Subject to the provisions of paragraph
24 (2) and subsection (b) (3), for purposes of this Section
25 and Section 803(e), a taxpayer's gross income, adjusted

1 gross income, or taxable income for the taxable year shall
2 mean the amount of gross income, adjusted gross income or
3 taxable income properly reportable for federal income tax
4 purposes for the taxable year under the provisions of the
5 Internal Revenue Code. Taxable income may be less than
6 zero. However, for taxable years ending on or after
7 December 31, 1986, net operating loss carryforwards from
8 taxable years ending prior to December 31, 1986, may not
9 exceed the sum of federal taxable income for the taxable
10 year before net operating loss deduction, plus the excess
11 of addition modifications over subtraction modifications
12 for the taxable year. For taxable years ending prior to
13 December 31, 1986, taxable income may never be an amount in
14 excess of the net operating loss for the taxable year as
15 defined in subsections (c) and (d) of Section 172 of the
16 Internal Revenue Code, provided that when taxable income of
17 a corporation (other than a Subchapter S corporation),
18 trust, or estate is less than zero and addition
19 modifications, other than those provided by subparagraph
20 (E) of paragraph (2) of subsection (b) for corporations or
21 subparagraph (E) of paragraph (2) of subsection (c) for
22 trusts and estates, exceed subtraction modifications, an
23 addition modification must be made under those
24 subparagraphs for any other taxable year to which the
25 taxable income less than zero (net operating loss) is
26 applied under Section 172 of the Internal Revenue Code or

1 under subparagraph (E) of paragraph (2) of this subsection
2 (e) applied in conjunction with Section 172 of the Internal
3 Revenue Code.

4 (2) Special rule. For purposes of paragraph (1) of this
5 subsection, the taxable income properly reportable for
6 federal income tax purposes shall mean:

7 (A) Certain life insurance companies. In the case
8 of a life insurance company subject to the tax imposed
9 by Section 801 of the Internal Revenue Code, life
10 insurance company taxable income, plus the amount of
11 distribution from pre-1984 policyholder surplus
12 accounts as calculated under Section 815a of the
13 Internal Revenue Code;

14 (B) Certain other insurance companies. In the case
15 of mutual insurance companies subject to the tax
16 imposed by Section 831 of the Internal Revenue Code,
17 insurance company taxable income;

18 (C) Regulated investment companies. In the case of
19 a regulated investment company subject to the tax
20 imposed by Section 852 of the Internal Revenue Code,
21 investment company taxable income;

22 (D) Real estate investment trusts. In the case of a
23 real estate investment trust subject to the tax imposed
24 by Section 857 of the Internal Revenue Code, real
25 estate investment trust taxable income;

26 (E) Consolidated corporations. In the case of a

1 corporation which is a member of an affiliated group of
2 corporations filing a consolidated income tax return
3 for the taxable year for federal income tax purposes,
4 taxable income determined as if such corporation had
5 filed a separate return for federal income tax purposes
6 for the taxable year and each preceding taxable year
7 for which it was a member of an affiliated group. For
8 purposes of this subparagraph, the taxpayer's separate
9 taxable income shall be determined as if the election
10 provided by Section 243(b) (2) of the Internal Revenue
11 Code had been in effect for all such years;

12 (F) Cooperatives. In the case of a cooperative
13 corporation or association, the taxable income of such
14 organization determined in accordance with the
15 provisions of Section 1381 through 1388 of the Internal
16 Revenue Code, but without regard to the prohibition
17 against offsetting losses from patronage activities
18 against income from nonpatronage activities; except
19 that a cooperative corporation or association may make
20 an election to follow its federal income tax treatment
21 of patronage losses and nonpatronage losses. In the
22 event such election is made, such losses shall be
23 computed and carried over in a manner consistent with
24 subsection (a) of Section 207 of this Act and
25 apportioned by the apportionment factor reported by
26 the cooperative on its Illinois income tax return filed

1 for the taxable year in which the losses are incurred.
2 The election shall be effective for all taxable years
3 with original returns due on or after the date of the
4 election. In addition, the cooperative may file an
5 amended return or returns, as allowed under this Act,
6 to provide that the election shall be effective for
7 losses incurred or carried forward for taxable years
8 occurring prior to the date of the election. Once made,
9 the election may only be revoked upon approval of the
10 Director. The Department shall adopt rules setting
11 forth requirements for documenting the elections and
12 any resulting Illinois net loss and the standards to be
13 used by the Director in evaluating requests to revoke
14 elections. Public Act 96-932 is declaratory of
15 existing law;

16 (G) Subchapter S corporations. In the case of: (i)
17 a Subchapter S corporation for which there is in effect
18 an election for the taxable year under Section 1362 of
19 the Internal Revenue Code, the taxable income of such
20 corporation determined in accordance with Section
21 1363(b) of the Internal Revenue Code, except that
22 taxable income shall take into account those items
23 which are required by Section 1363(b)(1) of the
24 Internal Revenue Code to be separately stated; and (ii)
25 a Subchapter S corporation for which there is in effect
26 a federal election to opt out of the provisions of the

1 Subchapter S Revision Act of 1982 and have applied
2 instead the prior federal Subchapter S rules as in
3 effect on July 1, 1982, the taxable income of such
4 corporation determined in accordance with the federal
5 Subchapter S rules as in effect on July 1, 1982; and

6 (H) Partnerships. In the case of a partnership,
7 taxable income determined in accordance with Section
8 703 of the Internal Revenue Code, except that taxable
9 income shall take into account those items which are
10 required by Section 703(a)(1) to be separately stated
11 but which would be taken into account by an individual
12 in calculating his taxable income.

13 (3) Recapture of business expenses on disposition of
14 asset or business. Notwithstanding any other law to the
15 contrary, if in prior years income from an asset or
16 business has been classified as business income and in a
17 later year is demonstrated to be non-business income, then
18 all expenses, without limitation, deducted in such later
19 year and in the 2 immediately preceding taxable years
20 related to that asset or business that generated the
21 non-business income shall be added back and recaptured as
22 business income in the year of the disposition of the asset
23 or business. Such amount shall be apportioned to Illinois
24 using the greater of the apportionment fraction computed
25 for the business under Section 304 of this Act for the
26 taxable year or the average of the apportionment fractions

1 computed for the business under Section 304 of this Act for
2 the taxable year and for the 2 immediately preceding
3 taxable years.

4 (f) Valuation limitation amount.

5 (1) In general. The valuation limitation amount
6 referred to in subsections (a) (2) (G), (c) (2) (I) and
7 (d) (2) (E) is an amount equal to:

8 (A) The sum of the pre-August 1, 1969 appreciation
9 amounts (to the extent consisting of gain reportable
10 under the provisions of Section 1245 or 1250 of the
11 Internal Revenue Code) for all property in respect of
12 which such gain was reported for the taxable year; plus

13 (B) The lesser of (i) the sum of the pre-August 1,
14 1969 appreciation amounts (to the extent consisting of
15 capital gain) for all property in respect of which such
16 gain was reported for federal income tax purposes for
17 the taxable year, or (ii) the net capital gain for the
18 taxable year, reduced in either case by any amount of
19 such gain included in the amount determined under
20 subsection (a) (2) (F) or (c) (2) (H).

21 (2) Pre-August 1, 1969 appreciation amount.

22 (A) If the fair market value of property referred
23 to in paragraph (1) was readily ascertainable on August
24 1, 1969, the pre-August 1, 1969 appreciation amount for
25 such property is the lesser of (i) the excess of such

1 fair market value over the taxpayer's basis (for
2 determining gain) for such property on that date
3 (determined under the Internal Revenue Code as in
4 effect on that date), or (ii) the total gain realized
5 and reportable for federal income tax purposes in
6 respect of the sale, exchange or other disposition of
7 such property.

8 (B) If the fair market value of property referred
9 to in paragraph (1) was not readily ascertainable on
10 August 1, 1969, the pre-August 1, 1969 appreciation
11 amount for such property is that amount which bears the
12 same ratio to the total gain reported in respect of the
13 property for federal income tax purposes for the
14 taxable year, as the number of full calendar months in
15 that part of the taxpayer's holding period for the
16 property ending July 31, 1969 bears to the number of
17 full calendar months in the taxpayer's entire holding
18 period for the property.

19 (C) The Department shall prescribe such
20 regulations as may be necessary to carry out the
21 purposes of this paragraph.

22 (g) Double deductions. Unless specifically provided
23 otherwise, nothing in this Section shall permit the same item
24 to be deducted more than once.

1 (h) Legislative intention. Except as expressly provided by
2 this Section there shall be no modifications or limitations on
3 the amounts of income, gain, loss or deduction taken into
4 account in determining gross income, adjusted gross income or
5 taxable income for federal income tax purposes for the taxable
6 year, or in the amount of such items entering into the
7 computation of base income and net income under this Act for
8 such taxable year, whether in respect of property values as of
9 August 1, 1969 or otherwise.

10 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
11 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
12 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
13 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
14 eff. 8-23-11; 97-905, eff. 8-7-12.)

15 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

16 Sec. 304. Business income of persons other than residents.

17 (a) In general. The business income of a person other than
18 a resident shall be allocated to this State if such person's
19 business income is derived solely from this State. If a person
20 other than a resident derives business income from this State
21 and one or more other states, then, for tax years ending on or
22 before December 30, 1998, and for tax years ending on or after
23 December 31, 2015, and except as otherwise provided by this
24 Section, such person's business income shall be apportioned to
25 this State by multiplying the income by a fraction, the

1 numerator of which is the sum of the property factor (if any),
2 the payroll factor (if any) and 200% of the sales factor (if
3 any), and the denominator of which is 4 reduced by the number
4 of factors other than the sales factor which have a denominator
5 of zero and by an additional 2 if the sales factor has a
6 denominator of zero. For tax years ending on or after December
7 31, 1998 and ending on or before December 30, 2015, and except
8 as otherwise provided by this Section, persons other than
9 residents who derive business income from this State and one or
10 more other states shall compute their apportionment factor by
11 weighting their property, payroll, and sales factors as
12 provided in subsection (h) of this Section.

13 (1) Property factor.

14 (A) The property factor is a fraction, the numerator of
15 which is the average value of the person's real and
16 tangible personal property owned or rented and used in the
17 trade or business in this State during the taxable year and
18 the denominator of which is the average value of all the
19 person's real and tangible personal property owned or
20 rented and used in the trade or business during the taxable
21 year.

22 (B) Property owned by the person is valued at its
23 original cost. Property rented by the person is valued at 8
24 times the net annual rental rate. Net annual rental rate is
25 the annual rental rate paid by the person less any annual
26 rental rate received by the person from sub-rentals.

1 (C) The average value of property shall be determined
2 by averaging the values at the beginning and ending of the
3 taxable year but the Director may require the averaging of
4 monthly values during the taxable year if reasonably
5 required to reflect properly the average value of the
6 person's property.

7 (2) Payroll factor.

8 (A) The payroll factor is a fraction, the numerator of
9 which is the total amount paid in this State during the
10 taxable year by the person for compensation, and the
11 denominator of which is the total compensation paid
12 everywhere during the taxable year.

13 (B) Compensation is paid in this State if:

14 (i) The individual's service is performed entirely
15 within this State;

16 (ii) The individual's service is performed both
17 within and without this State, but the service
18 performed without this State is incidental to the
19 individual's service performed within this State; or

20 (iii) Some of the service is performed within this
21 State and either the base of operations, or if there is
22 no base of operations, the place from which the service
23 is directed or controlled is within this State, or the
24 base of operations or the place from which the service
25 is directed or controlled is not in any state in which
26 some part of the service is performed, but the

1 individual's residence is in this State.

2 (iv) Compensation paid to nonresident professional
3 athletes.

4 (a) General. The Illinois source income of a
5 nonresident individual who is a member of a
6 professional athletic team includes the portion of the
7 individual's total compensation for services performed
8 as a member of a professional athletic team during the
9 taxable year which the number of duty days spent within
10 this State performing services for the team in any
11 manner during the taxable year bears to the total
12 number of duty days spent both within and without this
13 State during the taxable year.

14 (b) Travel days. Travel days that do not involve
15 either a game, practice, team meeting, or other similar
16 team event are not considered duty days spent in this
17 State. However, such travel days are considered in the
18 total duty days spent both within and without this
19 State.

20 (c) Definitions. For purposes of this subpart
21 (iv):

22 (1) The term "professional athletic team"
23 includes, but is not limited to, any professional
24 baseball, basketball, football, soccer, or hockey
25 team.

26 (2) The term "member of a professional

1 athletic team" includes those employees who are
2 active players, players on the disabled list, and
3 any other persons required to travel and who travel
4 with and perform services on behalf of a
5 professional athletic team on a regular basis.
6 This includes, but is not limited to, coaches,
7 managers, and trainers.

8 (3) Except as provided in items (C) and (D) of
9 this subpart (3), the term "duty days" means all
10 days during the taxable year from the beginning of
11 the professional athletic team's official
12 pre-season training period through the last game
13 in which the team competes or is scheduled to
14 compete. Duty days shall be counted for the year in
15 which they occur, including where a team's
16 official pre-season training period through the
17 last game in which the team competes or is
18 scheduled to compete, occurs during more than one
19 tax year.

20 (A) Duty days shall also include days on
21 which a member of a professional athletic team
22 performs service for a team on a date that does
23 not fall within the foregoing period (e.g.,
24 participation in instructional leagues, the
25 "All Star Game", or promotional "caravans").
26 Performing a service for a professional

1 athletic team includes conducting training and
2 rehabilitation activities, when such
3 activities are conducted at team facilities.

4 (B) Also included in duty days are game
5 days, practice days, days spent at team
6 meetings, promotional caravans, preseason
7 training camps, and days served with the team
8 through all post-season games in which the team
9 competes or is scheduled to compete.

10 (C) Duty days for any person who joins a
11 team during the period from the beginning of
12 the professional athletic team's official
13 pre-season training period through the last
14 game in which the team competes, or is
15 scheduled to compete, shall begin on the day
16 that person joins the team. Conversely, duty
17 days for any person who leaves a team during
18 this period shall end on the day that person
19 leaves the team. Where a person switches teams
20 during a taxable year, a separate duty-day
21 calculation shall be made for the period the
22 person was with each team.

23 (D) Days for which a member of a
24 professional athletic team is not compensated
25 and is not performing services for the team in
26 any manner, including days when such member of

1 a professional athletic team has been
2 suspended without pay and prohibited from
3 performing any services for the team, shall not
4 be treated as duty days.

5 (E) Days for which a member of a
6 professional athletic team is on the disabled
7 list and does not conduct rehabilitation
8 activities at facilities of the team, and is
9 not otherwise performing services for the team
10 in Illinois, shall not be considered duty days
11 spent in this State. All days on the disabled
12 list, however, are considered to be included in
13 total duty days spent both within and without
14 this State.

15 (4) The term "total compensation for services
16 performed as a member of a professional athletic
17 team" means the total compensation received during
18 the taxable year for services performed:

19 (A) from the beginning of the official
20 pre-season training period through the last
21 game in which the team competes or is scheduled
22 to compete during that taxable year; and

23 (B) during the taxable year on a date which
24 does not fall within the foregoing period
25 (e.g., participation in instructional leagues,
26 the "All Star Game", or promotional caravans).

1 This compensation shall include, but is not
2 limited to, salaries, wages, bonuses as described
3 in this subpart, and any other type of compensation
4 paid during the taxable year to a member of a
5 professional athletic team for services performed
6 in that year. This compensation does not include
7 strike benefits, severance pay, termination pay,
8 contract or option year buy-out payments,
9 expansion or relocation payments, or any other
10 payments not related to services performed for the
11 team.

12 For purposes of this subparagraph, "bonuses"
13 included in "total compensation for services
14 performed as a member of a professional athletic
15 team" subject to the allocation described in
16 Section 302(c)(1) are: bonuses earned as a result
17 of play (i.e., performance bonuses) during the
18 season, including bonuses paid for championship,
19 playoff or "bowl" games played by a team, or for
20 selection to all-star league or other honorary
21 positions; and bonuses paid for signing a
22 contract, unless the payment of the signing bonus
23 is not conditional upon the signee playing any
24 games for the team or performing any subsequent
25 services for the team or even making the team, the
26 signing bonus is payable separately from the

1 salary and any other compensation, and the signing
2 bonus is nonrefundable.

3 (3) Sales factor.

4 (A) The sales factor is a fraction, the numerator of
5 which is the total sales of the person in this State during
6 the taxable year, and the denominator of which is the total
7 sales of the person everywhere during the taxable year.

8 (B) Sales of tangible personal property are in this
9 State if:

10 (i) The property is delivered or shipped to a
11 purchaser, other than the United States government,
12 within this State regardless of the f. o. b. point or
13 other conditions of the sale; or

14 (ii) The property is shipped from an office, store,
15 warehouse, factory or other place of storage in this
16 State and either the purchaser is the United States
17 government or the person is not taxable in the state of
18 the purchaser; provided, however, that premises owned
19 or leased by a person who has independently contracted
20 with the seller for the printing of newspapers,
21 periodicals or books shall not be deemed to be an
22 office, store, warehouse, factory or other place of
23 storage for purposes of this Section. Sales of tangible
24 personal property are not in this State if the seller
25 and purchaser would be members of the same unitary
26 business group but for the fact that either the seller

1 or purchaser is a person with 80% or more of total
2 business activity outside of the United States and the
3 property is purchased for resale.

4 (B-1) Patents, copyrights, trademarks, and similar
5 items of intangible personal property.

6 (i) Gross receipts from the licensing, sale, or
7 other disposition of a patent, copyright, trademark,
8 or similar item of intangible personal property, other
9 than gross receipts governed by paragraph (B-7) of this
10 item (3), are in this State to the extent the item is
11 utilized in this State during the year the gross
12 receipts are included in gross income.

13 (ii) Place of utilization.

14 (I) A patent is utilized in a state to the
15 extent that it is employed in production,
16 fabrication, manufacturing, or other processing in
17 the state or to the extent that a patented product
18 is produced in the state. If a patent is utilized
19 in more than one state, the extent to which it is
20 utilized in any one state shall be a fraction equal
21 to the gross receipts of the licensee or purchaser
22 from sales or leases of items produced,
23 fabricated, manufactured, or processed within that
24 state using the patent and of patented items
25 produced within that state, divided by the total of
26 such gross receipts for all states in which the

1 patent is utilized.

2 (II) A copyright is utilized in a state to the
3 extent that printing or other publication
4 originates in the state. If a copyright is utilized
5 in more than one state, the extent to which it is
6 utilized in any one state shall be a fraction equal
7 to the gross receipts from sales or licenses of
8 materials printed or published in that state
9 divided by the total of such gross receipts for all
10 states in which the copyright is utilized.

11 (III) Trademarks and other items of intangible
12 personal property governed by this paragraph (B-1)
13 are utilized in the state in which the commercial
14 domicile of the licensee or purchaser is located.

15 (iii) If the state of utilization of an item of
16 property governed by this paragraph (B-1) cannot be
17 determined from the taxpayer's books and records or
18 from the books and records of any person related to the
19 taxpayer within the meaning of Section 267(b) of the
20 Internal Revenue Code, 26 U.S.C. 267, the gross
21 receipts attributable to that item shall be excluded
22 from both the numerator and the denominator of the
23 sales factor.

24 (B-2) Gross receipts from the license, sale, or other
25 disposition of patents, copyrights, trademarks, and
26 similar items of intangible personal property, other than

1 gross receipts governed by paragraph (B-7) of this item
2 (3), may be included in the numerator or denominator of the
3 sales factor only if gross receipts from licenses, sales,
4 or other disposition of such items comprise more than 50%
5 of the taxpayer's total gross receipts included in gross
6 income during the tax year and during each of the 2
7 immediately preceding tax years; provided that, when a
8 taxpayer is a member of a unitary business group, such
9 determination shall be made on the basis of the gross
10 receipts of the entire unitary business group.

11 (B-5) For taxable years ending on or after December 31,
12 2008, except as provided in subsections (ii) through (vii),
13 receipts from the sale of telecommunications service or
14 mobile telecommunications service are in this State if the
15 customer's service address is in this State.

16 (i) For purposes of this subparagraph (B-5), the
17 following terms have the following meanings:

18 "Ancillary services" means services that are
19 associated with or incidental to the provision of
20 "telecommunications services", including but not
21 limited to "detailed telecommunications billing",
22 "directory assistance", "vertical service", and "voice
23 mail services".

24 "Air-to-Ground Radiotelephone service" means a
25 radio service, as that term is defined in 47 CFR 22.99,
26 in which common carriers are authorized to offer and

1 provide radio telecommunications service for hire to
2 subscribers in aircraft.

3 "Call-by-call Basis" means any method of charging
4 for telecommunications services where the price is
5 measured by individual calls.

6 "Communications Channel" means a physical or
7 virtual path of communications over which signals are
8 transmitted between or among customer channel
9 termination points.

10 "Conference bridging service" means an "ancillary
11 service" that links two or more participants of an
12 audio or video conference call and may include the
13 provision of a telephone number. "Conference bridging
14 service" does not include the "telecommunications
15 services" used to reach the conference bridge.

16 "Customer Channel Termination Point" means the
17 location where the customer either inputs or receives
18 the communications.

19 "Detailed telecommunications billing service"
20 means an "ancillary service" of separately stating
21 information pertaining to individual calls on a
22 customer's billing statement.

23 "Directory assistance" means an "ancillary
24 service" of providing telephone number information,
25 and/or address information.

26 "Home service provider" means the facilities based

1 carrier or reseller with which the customer contracts
2 for the provision of mobile telecommunications
3 services.

4 "Mobile telecommunications service" means
5 commercial mobile radio service, as defined in Section
6 20.3 of Title 47 of the Code of Federal Regulations as
7 in effect on June 1, 1999.

8 "Place of primary use" means the street address
9 representative of where the customer's use of the
10 telecommunications service primarily occurs, which
11 must be the residential street address or the primary
12 business street address of the customer. In the case of
13 mobile telecommunications services, "place of primary
14 use" must be within the licensed service area of the
15 home service provider.

16 "Post-paid telecommunication service" means the
17 telecommunications service obtained by making a
18 payment on a call-by-call basis either through the use
19 of a credit card or payment mechanism such as a bank
20 card, travel card, credit card, or debit card, or by
21 charge made to a telephone number which is not
22 associated with the origination or termination of the
23 telecommunications service. A post-paid calling
24 service includes telecommunications service, except a
25 prepaid wireless calling service, that would be a
26 prepaid calling service except it is not exclusively a

1 telecommunication service.

2 "Prepaid telecommunication service" means the
3 right to access exclusively telecommunications
4 services, which must be paid for in advance and which
5 enables the origination of calls using an access number
6 or authorization code, whether manually or
7 electronically dialed, and that is sold in
8 predetermined units or dollars of which the number
9 declines with use in a known amount.

10 "Prepaid Mobile telecommunication service" means a
11 telecommunications service that provides the right to
12 utilize mobile wireless service as well as other
13 non-telecommunication services, including but not
14 limited to ancillary services, which must be paid for
15 in advance that is sold in predetermined units or
16 dollars of which the number declines with use in a
17 known amount.

18 "Private communication service" means a
19 telecommunication service that entitles the customer
20 to exclusive or priority use of a communications
21 channel or group of channels between or among
22 termination points, regardless of the manner in which
23 such channel or channels are connected, and includes
24 switching capacity, extension lines, stations, and any
25 other associated services that are provided in
26 connection with the use of such channel or channels.

1 "Service address" means:

2 (a) The location of the telecommunications
3 equipment to which a customer's call is charged and
4 from which the call originates or terminates,
5 regardless of where the call is billed or paid;

6 (b) If the location in line (a) is not known,
7 service address means the origination point of the
8 signal of the telecommunications services first
9 identified by either the seller's
10 telecommunications system or in information
11 received by the seller from its service provider
12 where the system used to transport such signals is
13 not that of the seller; and

14 (c) If the locations in line (a) and line (b)
15 are not known, the service address means the
16 location of the customer's place of primary use.

17 "Telecommunications service" means the electronic
18 transmission, conveyance, or routing of voice, data,
19 audio, video, or any other information or signals to a
20 point, or between or among points. The term
21 "telecommunications service" includes such
22 transmission, conveyance, or routing in which computer
23 processing applications are used to act on the form,
24 code or protocol of the content for purposes of
25 transmission, conveyance or routing without regard to
26 whether such service is referred to as voice over

1 Internet protocol services or is classified by the
2 Federal Communications Commission as enhanced or value
3 added. "Telecommunications service" does not include:

4 (a) Data processing and information services
5 that allow data to be generated, acquired, stored,
6 processed, or retrieved and delivered by an
7 electronic transmission to a purchaser when such
8 purchaser's primary purpose for the underlying
9 transaction is the processed data or information;

10 (b) Installation or maintenance of wiring or
11 equipment on a customer's premises;

12 (c) Tangible personal property;

13 (d) Advertising, including but not limited to
14 directory advertising.

15 (e) Billing and collection services provided
16 to third parties;

17 (f) Internet access service;

18 (g) Radio and television audio and video
19 programming services, regardless of the medium,
20 including the furnishing of transmission,
21 conveyance and routing of such services by the
22 programming service provider. Radio and television
23 audio and video programming services shall include
24 but not be limited to cable service as defined in
25 47 USC 522(6) and audio and video programming
26 services delivered by commercial mobile radio

1 service providers, as defined in 47 CFR 20.3;

2 (h) "Ancillary services"; or

3 (i) Digital products "delivered
4 electronically", including but not limited to
5 software, music, video, reading materials or ring
6 tones.

7 "Vertical service" means an "ancillary service"
8 that is offered in connection with one or more
9 "telecommunications services", which offers advanced
10 calling features that allow customers to identify
11 callers and to manage multiple calls and call
12 connections, including "conference bridging services".

13 "Voice mail service" means an "ancillary service"
14 that enables the customer to store, send or receive
15 recorded messages. "Voice mail service" does not
16 include any "vertical services" that the customer may
17 be required to have in order to utilize the "voice mail
18 service".

19 (ii) Receipts from the sale of telecommunications
20 service sold on an individual call-by-call basis are in
21 this State if either of the following applies:

22 (a) The call both originates and terminates in
23 this State.

24 (b) The call either originates or terminates
25 in this State and the service address is located in
26 this State.

1 (iii) Receipts from the sale of postpaid
2 telecommunications service at retail are in this State
3 if the origination point of the telecommunication
4 signal, as first identified by the service provider's
5 telecommunication system or as identified by
6 information received by the seller from its service
7 provider if the system used to transport
8 telecommunication signals is not the seller's, is
9 located in this State.

10 (iv) Receipts from the sale of prepaid
11 telecommunications service or prepaid mobile
12 telecommunications service at retail are in this State
13 if the purchaser obtains the prepaid card or similar
14 means of conveyance at a location in this State.
15 Receipts from recharging a prepaid telecommunications
16 service or mobile telecommunications service is in
17 this State if the purchaser's billing information
18 indicates a location in this State.

19 (v) Receipts from the sale of private
20 communication services are in this State as follows:

21 (a) 100% of receipts from charges imposed at
22 each channel termination point in this State.

23 (b) 100% of receipts from charges for the total
24 channel mileage between each channel termination
25 point in this State.

26 (c) 50% of the total receipts from charges for

1 service segments when those segments are between 2
2 customer channel termination points, 1 of which is
3 located in this State and the other is located
4 outside of this State, which segments are
5 separately charged.

6 (d) The receipts from charges for service
7 segments with a channel termination point located
8 in this State and in two or more other states, and
9 which segments are not separately billed, are in
10 this State based on a percentage determined by
11 dividing the number of customer channel
12 termination points in this State by the total
13 number of customer channel termination points.

14 (vi) Receipts from charges for ancillary services
15 for telecommunications service sold to customers at
16 retail are in this State if the customer's primary
17 place of use of telecommunications services associated
18 with those ancillary services is in this State. If the
19 seller of those ancillary services cannot determine
20 where the associated telecommunications are located,
21 then the ancillary services shall be based on the
22 location of the purchaser.

23 (vii) Receipts to access a carrier's network or
24 from the sale of telecommunication services or
25 ancillary services for resale are in this State as
26 follows:

1 (a) 100% of the receipts from access fees
2 attributable to intrastate telecommunications
3 service that both originates and terminates in
4 this State.

5 (b) 50% of the receipts from access fees
6 attributable to interstate telecommunications
7 service if the interstate call either originates
8 or terminates in this State.

9 (c) 100% of the receipts from interstate end
10 user access line charges, if the customer's
11 service address is in this State. As used in this
12 subdivision, "interstate end user access line
13 charges" includes, but is not limited to, the
14 surcharge approved by the federal communications
15 commission and levied pursuant to 47 CFR 69.

16 (d) Gross receipts from sales of
17 telecommunication services or from ancillary
18 services for telecommunications services sold to
19 other telecommunication service providers for
20 resale shall be sourced to this State using the
21 apportionment concepts used for non-resale
22 receipts of telecommunications services if the
23 information is readily available to make that
24 determination. If the information is not readily
25 available, then the taxpayer may use any other
26 reasonable and consistent method.

1 (B-7) For taxable years ending on or after December 31,
2 2008, receipts from the sale of broadcasting services are
3 in this State if the broadcasting services are received in
4 this State. For purposes of this paragraph (B-7), the
5 following terms have the following meanings:

6 "Advertising revenue" means consideration received
7 by the taxpayer in exchange for broadcasting services
8 or allowing the broadcasting of commercials or
9 announcements in connection with the broadcasting of
10 film or radio programming, from sponsorships of the
11 programming, or from product placements in the
12 programming.

13 "Audience factor" means the ratio that the
14 audience or subscribers located in this State of a
15 station, a network, or a cable system bears to the
16 total audience or total subscribers for that station,
17 network, or cable system. The audience factor for film
18 or radio programming shall be determined by reference
19 to the books and records of the taxpayer or by
20 reference to published rating statistics provided the
21 method used by the taxpayer is consistently used from
22 year to year for this purpose and fairly represents the
23 taxpayer's activity in this State.

24 "Broadcast" or "broadcasting" or "broadcasting
25 services" means the transmission or provision of film
26 or radio programming, whether through the public

1 airwaves, by cable, by direct or indirect satellite
2 transmission, or by any other means of communication,
3 either through a station, a network, or a cable system.

4 "Film" or "film programming" means the broadcast
5 on television of any and all performances, events, or
6 productions, including but not limited to news,
7 sporting events, plays, stories, or other literary,
8 commercial, educational, or artistic works, either
9 live or through the use of video tape, disc, or any
10 other type of format or medium. Each episode of a
11 series of films produced for television shall
12 constitute separate "film" notwithstanding that the
13 series relates to the same principal subject and is
14 produced during one or more tax periods.

15 "Radio" or "radio programming" means the broadcast
16 on radio of any and all performances, events, or
17 productions, including but not limited to news,
18 sporting events, plays, stories, or other literary,
19 commercial, educational, or artistic works, either
20 live or through the use of an audio tape, disc, or any
21 other format or medium. Each episode in a series of
22 radio programming produced for radio broadcast shall
23 constitute a separate "radio programming"
24 notwithstanding that the series relates to the same
25 principal subject and is produced during one or more
26 tax periods.

1 (i) In the case of advertising revenue from
2 broadcasting, the customer is the advertiser and
3 the service is received in this State if the
4 commercial domicile of the advertiser is in this
5 State.

6 (ii) In the case where film or radio
7 programming is broadcast by a station, a network,
8 or a cable system for a fee or other remuneration
9 received from the recipient of the broadcast, the
10 portion of the service that is received in this
11 State is measured by the portion of the recipients
12 of the broadcast located in this State.
13 Accordingly, the fee or other remuneration for
14 such service that is included in the Illinois
15 numerator of the sales factor is the total of those
16 fees or other remuneration received from
17 recipients in Illinois. For purposes of this
18 paragraph, a taxpayer may determine the location
19 of the recipients of its broadcast using the
20 address of the recipient shown in its contracts
21 with the recipient or using the billing address of
22 the recipient in the taxpayer's records.

23 (iii) In the case where film or radio
24 programming is broadcast by a station, a network,
25 or a cable system for a fee or other remuneration
26 from the person providing the programming, the

1 portion of the broadcast service that is received
2 by such station, network, or cable system in this
3 State is measured by the portion of recipients of
4 the broadcast located in this State. Accordingly,
5 the amount of revenue related to such an
6 arrangement that is included in the Illinois
7 numerator of the sales factor is the total fee or
8 other total remuneration from the person providing
9 the programming related to that broadcast
10 multiplied by the Illinois audience factor for
11 that broadcast.

12 (iv) In the case where film or radio
13 programming is provided by a taxpayer that is a
14 network or station to a customer for broadcast in
15 exchange for a fee or other remuneration from that
16 customer the broadcasting service is received at
17 the location of the office of the customer from
18 which the services were ordered in the regular
19 course of the customer's trade or business.
20 Accordingly, in such a case the revenue derived by
21 the taxpayer that is included in the taxpayer's
22 Illinois numerator of the sales factor is the
23 revenue from such customers who receive the
24 broadcasting service in Illinois.

25 (v) In the case where film or radio programming
26 is provided by a taxpayer that is not a network or

1 station to another person for broadcasting in
2 exchange for a fee or other remuneration from that
3 person, the broadcasting service is received at
4 the location of the office of the customer from
5 which the services were ordered in the regular
6 course of the customer's trade or business.
7 Accordingly, in such a case the revenue derived by
8 the taxpayer that is included in the taxpayer's
9 Illinois numerator of the sales factor is the
10 revenue from such customers who receive the
11 broadcasting service in Illinois.

12 (B-8) Gross receipts from winnings under the Illinois
13 Lottery Law from the assignment of a prize under Section
14 13-1 of the Illinois Lottery Law are received in this
15 State. This paragraph (B-8) applies only to taxable years
16 ending on or after December 31, 2013.

17 (C) For taxable years ending before December 31, 2008,
18 sales, other than sales governed by paragraphs (B), (B-1),
19 (B-2), and (B-8) are in this State if:

20 (i) The income-producing activity is performed in
21 this State; or

22 (ii) The income-producing activity is performed
23 both within and without this State and a greater
24 proportion of the income-producing activity is
25 performed within this State than without this State,
26 based on performance costs.

1 (C-5) For taxable years ending on or after December 31,
2 2008, sales, other than sales governed by paragraphs (B),
3 (B-1), (B-2), (B-5), and (B-7), are in this State if any of
4 the following criteria are met:

5 (i) Sales from the sale or lease of real property
6 are in this State if the property is located in this
7 State.

8 (ii) Sales from the lease or rental of tangible
9 personal property are in this State if the property is
10 located in this State during the rental period. Sales
11 from the lease or rental of tangible personal property
12 that is characteristically moving property, including,
13 but not limited to, motor vehicles, rolling stock,
14 aircraft, vessels, or mobile equipment are in this
15 State to the extent that the property is used in this
16 State.

17 (iii) In the case of interest, net gains (but not
18 less than zero) and other items of income from
19 intangible personal property, the sale is in this State
20 if:

21 (a) in the case of a taxpayer who is a dealer
22 in the item of intangible personal property within
23 the meaning of Section 475 of the Internal Revenue
24 Code, the income or gain is received from a
25 customer in this State. For purposes of this
26 subparagraph, a customer is in this State if the

1 customer is an individual, trust or estate who is a
2 resident of this State and, for all other
3 customers, if the customer's commercial domicile
4 is in this State. Unless the dealer has actual
5 knowledge of the residence or commercial domicile
6 of a customer during a taxable year, the customer
7 shall be deemed to be a customer in this State if
8 the billing address of the customer, as shown in
9 the records of the dealer, is in this State; or

10 (b) in all other cases, if the
11 income-producing activity of the taxpayer is
12 performed in this State or, if the
13 income-producing activity of the taxpayer is
14 performed both within and without this State, if a
15 greater proportion of the income-producing
16 activity of the taxpayer is performed within this
17 State than in any other state, based on performance
18 costs.

19 (iv) Sales of services are in this State if the
20 services are received in this State. For the purposes
21 of this section, gross receipts from the performance of
22 services provided to a corporation, partnership, or
23 trust may only be attributed to a state where that
24 corporation, partnership, or trust has a fixed place of
25 business. If the state where the services are received
26 is not readily determinable or is a state where the

1 corporation, partnership, or trust receiving the
2 service does not have a fixed place of business, the
3 services shall be deemed to be received at the location
4 of the office of the customer from which the services
5 were ordered in the regular course of the customer's
6 trade or business. If the ordering office cannot be
7 determined, the services shall be deemed to be received
8 at the office of the customer to which the services are
9 billed. If the taxpayer is not taxable in the state in
10 which the services are received, the sale must be
11 excluded from both the numerator and the denominator of
12 the sales factor. The Department shall adopt rules
13 prescribing where specific types of service are
14 received, including, but not limited to, publishing,
15 and utility service.

16 (D) For taxable years ending on or after December 31,
17 1995, the following items of income shall not be included
18 in the numerator or denominator of the sales factor:
19 dividends; amounts included under Section 78 of the
20 Internal Revenue Code; and Subpart F income as defined in
21 Section 952 of the Internal Revenue Code. No inference
22 shall be drawn from the enactment of this paragraph (D) in
23 construing this Section for taxable years ending before
24 December 31, 1995.

25 (E) Paragraphs (B-1) and (B-2) shall apply to tax years
26 ending on or after December 31, 1999, provided that a

1 taxpayer may elect to apply the provisions of these
2 paragraphs to prior tax years. Such election shall be made
3 in the form and manner prescribed by the Department, shall
4 be irrevocable, and shall apply to all tax years; provided
5 that, if a taxpayer's Illinois income tax liability for any
6 tax year, as assessed under Section 903 prior to January 1,
7 1999, was computed in a manner contrary to the provisions
8 of paragraphs (B-1) or (B-2), no refund shall be payable to
9 the taxpayer for that tax year to the extent such refund is
10 the result of applying the provisions of paragraph (B-1) or
11 (B-2) retroactively. In the case of a unitary business
12 group, such election shall apply to all members of such
13 group for every tax year such group is in existence, but
14 shall not apply to any taxpayer for any period during which
15 that taxpayer is not a member of such group.

16 (b) Insurance companies.

17 (1) In general. Except as otherwise provided by
18 paragraph (2), business income of an insurance company for
19 a taxable year shall be apportioned to this State by
20 multiplying such income by a fraction, the numerator of
21 which is the direct premiums written for insurance upon
22 property or risk in this State, and the denominator of
23 which is the direct premiums written for insurance upon
24 property or risk everywhere. For purposes of this
25 subsection, the term "direct premiums written" means the
26 total amount of direct premiums written, assessments and

1 annuity considerations as reported for the taxable year on
2 the annual statement filed by the company with the Illinois
3 Director of Insurance in the form approved by the National
4 Convention of Insurance Commissioners or such other form as
5 may be prescribed in lieu thereof.

6 (2) Reinsurance. If the principal source of premiums
7 written by an insurance company consists of premiums for
8 reinsurance accepted by it, the business income of such
9 company shall be apportioned to this State by multiplying
10 such income by a fraction, the numerator of which is the
11 sum of (i) direct premiums written for insurance upon
12 property or risk in this State, plus (ii) premiums written
13 for reinsurance accepted in respect of property or risk in
14 this State, and the denominator of which is the sum of
15 (iii) direct premiums written for insurance upon property
16 or risk everywhere, plus (iv) premiums written for
17 reinsurance accepted in respect of property or risk
18 everywhere. For purposes of this paragraph, premiums
19 written for reinsurance accepted in respect of property or
20 risk in this State, whether or not otherwise determinable,
21 may, at the election of the company, be determined on the
22 basis of the proportion which premiums written for
23 reinsurance accepted from companies commercially domiciled
24 in Illinois bears to premiums written for reinsurance
25 accepted from all sources, or, alternatively, in the
26 proportion which the sum of the direct premiums written for

1 insurance upon property or risk in this State by each
2 ceding company from which reinsurance is accepted bears to
3 the sum of the total direct premiums written by each such
4 ceding company for the taxable year. The election made by a
5 company under this paragraph for its first taxable year
6 ending on or after December 31, 2011, shall be binding for
7 that company for that taxable year and for all subsequent
8 taxable years, and may be altered only with the written
9 permission of the Department, which shall not be
10 unreasonably withheld.

11 (c) Financial organizations.

12 (1) In general. For taxable years ending before
13 December 31, 2008, business income of a financial
14 organization shall be apportioned to this State by
15 multiplying such income by a fraction, the numerator of
16 which is its business income from sources within this
17 State, and the denominator of which is its business income
18 from all sources. For the purposes of this subsection, the
19 business income of a financial organization from sources
20 within this State is the sum of the amounts referred to in
21 subparagraphs (A) through (E) following, but excluding the
22 adjusted income of an international banking facility as
23 determined in paragraph (2):

24 (A) Fees, commissions or other compensation for
25 financial services rendered within this State;

26 (B) Gross profits from trading in stocks, bonds or

1 other securities managed within this State;

2 (C) Dividends, and interest from Illinois
3 customers, which are received within this State;

4 (D) Interest charged to customers at places of
5 business maintained within this State for carrying
6 debit balances of margin accounts, without deduction
7 of any costs incurred in carrying such accounts; and

8 (E) Any other gross income resulting from the
9 operation as a financial organization within this
10 State. In computing the amounts referred to in
11 paragraphs (A) through (E) of this subsection, any
12 amount received by a member of an affiliated group
13 (determined under Section 1504(a) of the Internal
14 Revenue Code but without reference to whether any such
15 corporation is an "includible corporation" under
16 Section 1504(b) of the Internal Revenue Code) from
17 another member of such group shall be included only to
18 the extent such amount exceeds expenses of the
19 recipient directly related thereto.

20 (2) International Banking Facility. For taxable years
21 ending before December 31, 2008:

22 (A) Adjusted Income. The adjusted income of an
23 international banking facility is its income reduced
24 by the amount of the floor amount.

25 (B) Floor Amount. The floor amount shall be the
26 amount, if any, determined by multiplying the income of

1 the international banking facility by a fraction, not
2 greater than one, which is determined as follows:

3 (i) The numerator shall be:

4 The average aggregate, determined on a
5 quarterly basis, of the financial organization's
6 loans to banks in foreign countries, to foreign
7 domiciled borrowers (except where secured
8 primarily by real estate) and to foreign
9 governments and other foreign official
10 institutions, as reported for its branches,
11 agencies and offices within the state on its
12 "Consolidated Report of Condition", Schedule A,
13 Lines 2.c., 5.b., and 7.a., which was filed with
14 the Federal Deposit Insurance Corporation and
15 other regulatory authorities, for the year 1980,
16 minus

17 The average aggregate, determined on a
18 quarterly basis, of such loans (other than loans of
19 an international banking facility), as reported by
20 the financial institution for its branches,
21 agencies and offices within the state, on the
22 corresponding Schedule and lines of the
23 Consolidated Report of Condition for the current
24 taxable year, provided, however, that in no case
25 shall the amount determined in this clause (the
26 subtrahend) exceed the amount determined in the

1 preceding clause (the minuend); and

2 (ii) the denominator shall be the average
3 aggregate, determined on a quarterly basis, of the
4 international banking facility's loans to banks in
5 foreign countries, to foreign domiciled borrowers
6 (except where secured primarily by real estate)
7 and to foreign governments and other foreign
8 official institutions, which were recorded in its
9 financial accounts for the current taxable year.

10 (C) Change to Consolidated Report of Condition and
11 in Qualification. In the event the Consolidated Report
12 of Condition which is filed with the Federal Deposit
13 Insurance Corporation and other regulatory authorities
14 is altered so that the information required for
15 determining the floor amount is not found on Schedule
16 A, lines 2.c., 5.b. and 7.a., the financial institution
17 shall notify the Department and the Department may, by
18 regulations or otherwise, prescribe or authorize the
19 use of an alternative source for such information. The
20 financial institution shall also notify the Department
21 should its international banking facility fail to
22 qualify as such, in whole or in part, or should there
23 be any amendment or change to the Consolidated Report
24 of Condition, as originally filed, to the extent such
25 amendment or change alters the information used in
26 determining the floor amount.

1 (3) For taxable years ending on or after December 31,
2 2008, the business income of a financial organization shall
3 be apportioned to this State by multiplying such income by
4 a fraction, the numerator of which is its gross receipts
5 from sources in this State or otherwise attributable to
6 this State's marketplace and the denominator of which is
7 its gross receipts everywhere during the taxable year.
8 "Gross receipts" for purposes of this subparagraph (3)
9 means gross income, including net taxable gain on
10 disposition of assets, including securities and money
11 market instruments, when derived from transactions and
12 activities in the regular course of the financial
13 organization's trade or business. The following examples
14 are illustrative:

15 (i) Receipts from the lease or rental of real or
16 tangible personal property are in this State if the
17 property is located in this State during the rental
18 period. Receipts from the lease or rental of tangible
19 personal property that is characteristically moving
20 property, including, but not limited to, motor
21 vehicles, rolling stock, aircraft, vessels, or mobile
22 equipment are from sources in this State to the extent
23 that the property is used in this State.

24 (ii) Interest income, commissions, fees, gains on
25 disposition, and other receipts from assets in the
26 nature of loans that are secured primarily by real

1 estate or tangible personal property are from sources
2 in this State if the security is located in this State.

3 (iii) Interest income, commissions, fees, gains on
4 disposition, and other receipts from consumer loans
5 that are not secured by real or tangible personal
6 property are from sources in this State if the debtor
7 is a resident of this State.

8 (iv) Interest income, commissions, fees, gains on
9 disposition, and other receipts from commercial loans
10 and installment obligations that are not secured by
11 real or tangible personal property are from sources in
12 this State if the proceeds of the loan are to be
13 applied in this State. If it cannot be determined where
14 the funds are to be applied, the income and receipts
15 are from sources in this State if the office of the
16 borrower from which the loan was negotiated in the
17 regular course of business is located in this State. If
18 the location of this office cannot be determined, the
19 income and receipts shall be excluded from the
20 numerator and denominator of the sales factor.

21 (v) Interest income, fees, gains on disposition,
22 service charges, merchant discount income, and other
23 receipts from credit card receivables are from sources
24 in this State if the card charges are regularly billed
25 to a customer in this State.

26 (vi) Receipts from the performance of services,

1 including, but not limited to, fiduciary, advisory,
2 and brokerage services, are in this State if the
3 services are received in this State within the meaning
4 of subparagraph (a) (3) (C-5) (iv) of this Section.

5 (vii) Receipts from the issuance of travelers
6 checks and money orders are from sources in this State
7 if the checks and money orders are issued from a
8 location within this State.

9 (viii) Receipts from investment assets and
10 activities and trading assets and activities are
11 included in the receipts factor as follows:

12 (1) Interest, dividends, net gains (but not
13 less than zero) and other income from investment
14 assets and activities from trading assets and
15 activities shall be included in the receipts
16 factor. Investment assets and activities and
17 trading assets and activities include but are not
18 limited to: investment securities; trading account
19 assets; federal funds; securities purchased and
20 sold under agreements to resell or repurchase;
21 options; futures contracts; forward contracts;
22 notional principal contracts such as swaps;
23 equities; and foreign currency transactions. With
24 respect to the investment and trading assets and
25 activities described in subparagraphs (A) and (B)
26 of this paragraph, the receipts factor shall

1 include the amounts described in such
2 subparagraphs.

3 (A) The receipts factor shall include the
4 amount by which interest from federal funds
5 sold and securities purchased under resale
6 agreements exceeds interest expense on federal
7 funds purchased and securities sold under
8 repurchase agreements.

9 (B) The receipts factor shall include the
10 amount by which interest, dividends, gains and
11 other income from trading assets and
12 activities, including but not limited to
13 assets and activities in the matched book, in
14 the arbitrage book, and foreign currency
15 transactions, exceed amounts paid in lieu of
16 interest, amounts paid in lieu of dividends,
17 and losses from such assets and activities.

18 (2) The numerator of the receipts factor
19 includes interest, dividends, net gains (but not
20 less than zero), and other income from investment
21 assets and activities and from trading assets and
22 activities described in paragraph (1) of this
23 subsection that are attributable to this State.

24 (A) The amount of interest, dividends, net
25 gains (but not less than zero), and other
26 income from investment assets and activities

1 in the investment account to be attributed to
2 this State and included in the numerator is
3 determined by multiplying all such income from
4 such assets and activities by a fraction, the
5 numerator of which is the gross income from
6 such assets and activities which are properly
7 assigned to a fixed place of business of the
8 taxpayer within this State and the denominator
9 of which is the gross income from all such
10 assets and activities.

11 (B) The amount of interest from federal
12 funds sold and purchased and from securities
13 purchased under resale agreements and
14 securities sold under repurchase agreements
15 attributable to this State and included in the
16 numerator is determined by multiplying the
17 amount described in subparagraph (A) of
18 paragraph (1) of this subsection from such
19 funds and such securities by a fraction, the
20 numerator of which is the gross income from
21 such funds and such securities which are
22 properly assigned to a fixed place of business
23 of the taxpayer within this State and the
24 denominator of which is the gross income from
25 all such funds and such securities.

26 (C) The amount of interest, dividends,

1 gains, and other income from trading assets and
2 activities, including but not limited to
3 assets and activities in the matched book, in
4 the arbitrage book and foreign currency
5 transactions (but excluding amounts described
6 in subparagraphs (A) or (B) of this paragraph),
7 attributable to this State and included in the
8 numerator is determined by multiplying the
9 amount described in subparagraph (B) of
10 paragraph (1) of this subsection by a fraction,
11 the numerator of which is the gross income from
12 such trading assets and activities which are
13 properly assigned to a fixed place of business
14 of the taxpayer within this State and the
15 denominator of which is the gross income from
16 all such assets and activities.

17 (D) Properly assigned, for purposes of
18 this paragraph (2) of this subsection, means
19 the investment or trading asset or activity is
20 assigned to the fixed place of business with
21 which it has a preponderance of substantive
22 contacts. An investment or trading asset or
23 activity assigned by the taxpayer to a fixed
24 place of business without the State shall be
25 presumed to have been properly assigned if:

26 (i) the taxpayer has assigned, in the

1 regular course of its business, such asset
2 or activity on its records to a fixed place
3 of business consistent with federal or
4 state regulatory requirements;

5 (ii) such assignment on its records is
6 based upon substantive contacts of the
7 asset or activity to such fixed place of
8 business; and

9 (iii) the taxpayer uses such records
10 reflecting assignment of such assets or
11 activities for the filing of all state and
12 local tax returns for which an assignment
13 of such assets or activities to a fixed
14 place of business is required.

15 (E) The presumption of proper assignment
16 of an investment or trading asset or activity
17 provided in subparagraph (D) of paragraph (2)
18 of this subsection may be rebutted upon a
19 showing by the Department, supported by a
20 preponderance of the evidence, that the
21 preponderance of substantive contacts
22 regarding such asset or activity did not occur
23 at the fixed place of business to which it was
24 assigned on the taxpayer's records. If the
25 fixed place of business that has a
26 preponderance of substantive contacts cannot

1 be determined for an investment or trading
2 asset or activity to which the presumption in
3 subparagraph (D) of paragraph (2) of this
4 subsection does not apply or with respect to
5 which that presumption has been rebutted, that
6 asset or activity is properly assigned to the
7 state in which the taxpayer's commercial
8 domicile is located. For purposes of this
9 subparagraph (E), it shall be presumed,
10 subject to rebuttal, that taxpayer's
11 commercial domicile is in the state of the
12 United States or the District of Columbia to
13 which the greatest number of employees are
14 regularly connected with the management of the
15 investment or trading income or out of which
16 they are working, irrespective of where the
17 services of such employees are performed, as of
18 the last day of the taxable year.

19 (4) (Blank).

20 (5) (Blank).

21 (c-1) Federally regulated exchanges. For taxable years
22 ending on or after December 31, 2012, business income of a
23 federally regulated exchange shall, at the option of the
24 federally regulated exchange, be apportioned to this State by
25 multiplying such income by a fraction, the numerator of which
26 is its business income from sources within this State, and the

1 denominator of which is its business income from all sources.
2 For purposes of this subsection, the business income within
3 this State of a federally regulated exchange is the sum of the
4 following:

5 (1) Receipts attributable to transactions executed on
6 a physical trading floor if that physical trading floor is
7 located in this State.

8 (2) Receipts attributable to all other matching,
9 execution, or clearing transactions, including without
10 limitation receipts from the provision of matching,
11 execution, or clearing services to another entity,
12 multiplied by (i) for taxable years ending on or after
13 December 31, 2012 but before December 31, 2013, 63.77%; and
14 (ii) for taxable years ending on or after December 31,
15 2013, 27.54%.

16 (3) All other receipts not governed by subparagraphs
17 (1) or (2) of this subsection (c-1), to the extent the
18 receipts would be characterized as "sales in this State"
19 under item (3) of subsection (a) of this Section.

20 "Federally regulated exchange" means (i) a "registered
21 entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B),
22 or (C), (ii) an "exchange" or "clearing agency" within the
23 meaning of 15 U.S.C. Section 78c (a)(1) or (23), (iii) any such
24 entities regulated under any successor regulatory structure to
25 the foregoing, and (iv) all taxpayers who are members of the
26 same unitary business group as a federally regulated exchange,

1 determined without regard to the prohibition in Section
2 1501(a)(27) of this Act against including in a unitary business
3 group taxpayers who are ordinarily required to apportion
4 business income under different subsections of this Section;
5 provided that this subparagraph (iv) shall apply only if 50% or
6 more of the business receipts of the unitary business group
7 determined by application of this subparagraph (iv) for the
8 taxable year are attributable to the matching, execution, or
9 clearing of transactions conducted by an entity described in
10 subparagraph (i), (ii), or (iii) of this paragraph.

11 In no event shall the Illinois apportionment percentage
12 computed in accordance with this subsection (c-1) for any
13 taxpayer for any tax year be less than the Illinois
14 apportionment percentage computed under this subsection (c-1)
15 for that taxpayer for the first full tax year ending on or
16 after December 31, 2013 for which this subsection (c-1) applied
17 to the taxpayer.

18 (d) Transportation services. For taxable years ending
19 before December 31, 2008, business income derived from
20 furnishing transportation services shall be apportioned to
21 this State in accordance with paragraphs (1) and (2):

22 (1) Such business income (other than that derived from
23 transportation by pipeline) shall be apportioned to this
24 State by multiplying such income by a fraction, the
25 numerator of which is the revenue miles of the person in
26 this State, and the denominator of which is the revenue

1 miles of the person everywhere. For purposes of this
2 paragraph, a revenue mile is the transportation of 1
3 passenger or 1 net ton of freight the distance of 1 mile
4 for a consideration. Where a person is engaged in the
5 transportation of both passengers and freight, the
6 fraction above referred to shall be determined by means of
7 an average of the passenger revenue mile fraction and the
8 freight revenue mile fraction, weighted to reflect the
9 person's

10 (A) relative railway operating income from total
11 passenger and total freight service, as reported to the
12 Interstate Commerce Commission, in the case of
13 transportation by railroad, and

14 (B) relative gross receipts from passenger and
15 freight transportation, in case of transportation
16 other than by railroad.

17 (2) Such business income derived from transportation
18 by pipeline shall be apportioned to this State by
19 multiplying such income by a fraction, the numerator of
20 which is the revenue miles of the person in this State, and
21 the denominator of which is the revenue miles of the person
22 everywhere. For the purposes of this paragraph, a revenue
23 mile is the transportation by pipeline of 1 barrel of oil,
24 1,000 cubic feet of gas, or of any specified quantity of
25 any other substance, the distance of 1 mile for a
26 consideration.

1 (3) For taxable years ending on or after December 31,
2 2008, business income derived from providing
3 transportation services other than airline services shall
4 be apportioned to this State by using a fraction, (a) the
5 numerator of which shall be (i) all receipts from any
6 movement or shipment of people, goods, mail, oil, gas, or
7 any other substance (other than by airline) that both
8 originates and terminates in this State, plus (ii) that
9 portion of the person's gross receipts from movements or
10 shipments of people, goods, mail, oil, gas, or any other
11 substance (other than by airline) that originates in one
12 state or jurisdiction and terminates in another state or
13 jurisdiction, that is determined by the ratio that the
14 miles traveled in this State bears to total miles
15 everywhere and (b) the denominator of which shall be all
16 revenue derived from the movement or shipment of people,
17 goods, mail, oil, gas, or any other substance (other than
18 by airline). Where a taxpayer is engaged in the
19 transportation of both passengers and freight, the
20 fraction above referred to shall first be determined
21 separately for passenger miles and freight miles. Then an
22 average of the passenger miles fraction and the freight
23 miles fraction shall be weighted to reflect the taxpayer's:

24 (A) relative railway operating income from total
25 passenger and total freight service, as reported to the
26 Surface Transportation Board, in the case of

1 transportation by railroad; and

2 (B) relative gross receipts from passenger and
3 freight transportation, in case of transportation
4 other than by railroad.

5 (4) For taxable years ending on or after December 31,
6 2008, business income derived from furnishing airline
7 transportation services shall be apportioned to this State
8 by multiplying such income by a fraction, the numerator of
9 which is the revenue miles of the person in this State, and
10 the denominator of which is the revenue miles of the person
11 everywhere. For purposes of this paragraph, a revenue mile
12 is the transportation of one passenger or one net ton of
13 freight the distance of one mile for a consideration. If a
14 person is engaged in the transportation of both passengers
15 and freight, the fraction above referred to shall be
16 determined by means of an average of the passenger revenue
17 mile fraction and the freight revenue mile fraction,
18 weighted to reflect the person's relative gross receipts
19 from passenger and freight airline transportation.

20 (e) Combined apportionment. Where 2 or more persons are
21 engaged in a unitary business as described in subsection
22 (a) (27) of Section 1501, a part of which is conducted in this
23 State by one or more members of the group, the business income
24 attributable to this State by any such member or members shall
25 be apportioned by means of the combined apportionment method.

26 (f) Alternative allocation. If the allocation and

1 apportionment provisions of subsections (a) through (e) and of
2 subsection (h) do not, for taxable years ending before December
3 31, 2008, fairly represent the extent of a person's business
4 activity in this State, or, for taxable years ending on or
5 after December 31, 2008, fairly represent the market for the
6 person's goods, services, or other sources of business income,
7 the person may petition for, or the Director may, without a
8 petition, permit or require, in respect of all or any part of
9 the person's business activity, if reasonable:

10 (1) Separate accounting;

11 (2) The exclusion of any one or more factors;

12 (3) The inclusion of one or more additional factors
13 which will fairly represent the person's business
14 activities or market in this State; or

15 (4) The employment of any other method to effectuate an
16 equitable allocation and apportionment of the person's
17 business income.

18 (g) Cross reference. For allocation of business income by
19 residents, see Section 301(a).

20 (h) For tax years ending on or after December 31, 1998, and
21 ending on or before December 31, 2015, the apportionment factor
22 of persons who apportion their business income to this State
23 under subsection (a) shall be equal to:

24 (1) for tax years ending on or after December 31, 1998
25 and before December 31, 1999, 16 2/3% of the property
26 factor plus 16 2/3% of the payroll factor plus 66 2/3% of

1 the sales factor;

2 (2) for tax years ending on or after December 31, 1999
3 and before December 31, 2000, 8 1/3% of the property factor
4 plus 8 1/3% of the payroll factor plus 83 1/3% of the sales
5 factor;

6 (3) for tax years ending on or after December 31, 2000,
7 the sales factor.

8 If, in any tax year ending on or after December 31, 1998 and
9 before December 31, 2000, the denominator of the payroll,
10 property, or sales factor is zero, the apportionment factor
11 computed in paragraph (1) or (2) of this subsection for that
12 year shall be divided by an amount equal to 100% minus the
13 percentage weight given to each factor whose denominator is
14 equal to zero.

15 (Source: P.A. 97-507, eff. 8-23-11; 97-636, eff. 6-1-12;
16 98-478, eff. 1-1-14; 98-496, eff. 1-1-14; 98-756, eff.
17 7-16-14.)

18 (35 ILCS 5/309 new)

19 Sec. 309. Water's edge election; inclusion of tax havens.

20 (a) As used in this Section:

21 "Affiliated corporation" means a United States parent
22 corporation and any subsidiary of which more than 50% of
23 the voting stock is owned directly or indirectly by another
24 corporate member of the water's-edge combined group.

25 "United States" means the 50 states of the United

1 States and the District of Columbia.

2 "Water's edge combined group" means all corporations
3 or entities included in the election of a taxpayer under
4 this Section.

5 (b) Notwithstanding any other provisions of law, a taxpayer
6 subject to the taxes imposed under subsections (a) and (b) of
7 Section 201 of this Act may apportion its income under this
8 Section. A return under filed by a taxpayer that elects to
9 apportion its income under this Section must include the income
10 and apportionment factors of the following affiliated
11 corporations only:

12 (1) a corporation incorporated in the United States in
13 a unitary relationship with the taxpayer and eligible to be
14 included in a federal consolidated return as described in
15 26 U.S.C. 1501 through 1505 that has more than 20% of its
16 payroll and property assignable to locations inside the
17 United States; for purposes of determining eligibility for
18 inclusion in a federal consolidated return under this
19 subsection (1) (a), the 80% stock ownership requirements of
20 26 U.S.C. 1504 must be reduced to ownership of over 50% of
21 the voting stock directly or indirectly owned or controlled
22 by an includable corporation;

23 (2) domestic international sales corporations, as
24 described in 26 U.S.C. 991 through 994, and foreign sales
25 corporations, as described in 26 U.S.C. 921 through 927;

26 (3) export trade corporations, as described in 26

1 U.S.C. 970 and 971;

2 (4) foreign corporations deriving gain or loss from
3 disposition of a United States real property interest to
4 the extent recognized under 26 U.S.C. 897;

5 (5) a corporation incorporated outside the United
6 States if over 50% of its voting stock is owned directly or
7 indirectly by the taxpayer and if more than 20% of the
8 average of its payroll and property is assignable to a
9 location inside the United States; or

10 (6) a corporation that is in a unitary relationship
11 with the taxpayer and that is incorporated in a tax haven,
12 including Andorra, Anguilla, Antigua and Barbuda, Aruba,
13 the Bahamas, Bahrain, Barbados, Belize, Bermuda, British
14 Virgin Islands, Cayman Islands, Cook Islands, Cyprus,
15 Dominica, Gibraltar, Grenada, Guernsey-Sark-Alderney, Isle
16 of Man, Jersey, Liberia, Liechtenstein, Luxembourg, Malta,
17 Marshall Islands, Mauritius, Monaco, Montserrat, Nauru,
18 Netherlands Antilles, Niue, Panama, Samoa, San Marino,
19 Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and
20 the Grenadines, Turks and Caicos Islands, U.S. Virgin
21 Islands, and Vanuatu.

22 (c) For purposes of paragraphs (1) through (5) of
23 subsection (b), the location of payroll and property shall be
24 determined under the individual state's laws and regulations
25 that set forth the apportionment formulas used to assign net
26 income subject to taxes on or measured by net income. If a

1 state does not impose a tax on or measured by net income,
2 apportionment is determined under this Act. For the purposes of
3 paragraph (6) of subsection (b), income shifted to a tax haven,
4 to the extent taxable, is considered income subject to
5 apportionment.

6 (d) A water's edge election may be made by a taxpayer and
7 is effective only if every affiliated corporation subject to
8 the taxes imposed under this Act consents to the election.
9 Consent by the common parent of an affiliated group constitutes
10 consent of all members of the group. An affiliated corporation
11 that becomes subject to taxes under this Act after the water's
12 edge election is considered to have consented to the election.
13 The election must disclose the identity of the taxpayer and the
14 identity of any affiliated corporation, including an
15 affiliated corporation incorporated in a tax haven set forth in
16 paragraph (6) of subsection (b), in which the taxpayer owns
17 directly or indirectly more than 50% of the voting stock of the
18 affiliated corporation.

19 (e) Each water's edge election must be for a 3-year
20 renewable period. A water's edge election may be changed by a
21 taxpayer before the end of each 3-year period only with the
22 permission of the Department. In granting a change of election,
23 the Department shall impose reasonable conditions that are
24 necessary to prevent the avoidance of tax or clearly reflect
25 income for the election period prior to the change.

26 (f) For the purposes of this Section, dividends received

1 from corporations incorporated outside the United States, to
2 the extent taxable, are considered income subject to
3 apportionment. The after-tax net income of United States
4 corporations excluded from eligibility as affiliated
5 corporations under this Section and possession corporations
6 described in sections 931 through 934 and 936 of the Internal
7 Revenue Code are considered dividends received from
8 corporations incorporated outside the United States. Eighty
9 percent of all dividends apportionable under this Section must
10 be excluded from income subject to apportionment. "Deemed"
11 distributions, as set forth in section 78 of the Internal
12 Revenue Code, and corresponding amounts with respect to
13 dividends considered received under this subsection must be
14 excluded from the income of the water's-edge combined group.
15 The dividends apportionable under this subsection are in lieu
16 of any expenses attributable to dividend income. A dividend
17 from a corporation required to be combined in the water's edge
18 combined group must be eliminated from the calculation of
19 apportionable income.

20 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

21 Sec. 901. Collection authority.

22 (a) In general.

23 The Department shall collect the taxes imposed by this Act.

24 The Department shall collect certified past due child support

25 amounts under Section 2505-650 of the Department of Revenue Law

1 (20 ILCS 2505/2505-650). Except as provided in subsections (c),
2 (e), (f), (g), and (h) of this Section, money collected
3 pursuant to subsections (a) and (b) of Section 201 of this Act
4 shall be paid into the General Revenue Fund in the State
5 treasury; money collected pursuant to subsections (c) and (d)
6 of Section 201 of this Act shall be paid into the Personal
7 Property Tax Replacement Fund, a special fund in the State
8 Treasury; and money collected under Section 2505-650 of the
9 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
10 into the Child Support Enforcement Trust Fund, a special fund
11 outside the State Treasury, or to the State Disbursement Unit
12 established under Section 10-26 of the Illinois Public Aid
13 Code, as directed by the Department of Healthcare and Family
14 Services.

15 (b) Local Government Distributive Fund.

16 Beginning August 1, 1969, and continuing through June 30,
17 1994, the Treasurer shall transfer each month from the General
18 Revenue Fund to a special fund in the State treasury, to be
19 known as the "Local Government Distributive Fund", an amount
20 equal to 1/12 of the net revenue realized from the tax imposed
21 by subsections (a) and (b) of Section 201 of this Act during
22 the preceding month. Beginning July 1, 1994, and continuing
23 through June 30, 1995, the Treasurer shall transfer each month
24 from the General Revenue Fund to the Local Government
25 Distributive Fund an amount equal to 1/11 of the net revenue
26 realized from the tax imposed by subsections (a) and (b) of

1 Section 201 of this Act during the preceding month. Beginning
2 July 1, 1995 and continuing through January 31, 2011, the
3 Treasurer shall transfer each month from the General Revenue
4 Fund to the Local Government Distributive Fund an amount equal
5 to the net of (i) 1/10 of the net revenue realized from the tax
6 imposed by subsections (a) and (b) of Section 201 of the
7 Illinois Income Tax Act during the preceding month (ii) minus,
8 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
9 and beginning July 1, 2004, zero. Beginning February 1, 2011,
10 and continuing through January 31, 2015, the Treasurer shall
11 transfer each month from the General Revenue Fund to the Local
12 Government Distributive Fund an amount equal to the sum of (i)
13 6% (10% of the ratio of the 3% individual income tax rate prior
14 to 2011 to the 5% individual income tax rate after 2010) of the
15 net revenue realized from the tax imposed by subsections (a)
16 and (b) of Section 201 of this Act upon individuals, trusts,
17 and estates during the preceding month and (ii) 6.86% (10% of
18 the ratio of the 4.8% corporate income tax rate prior to 2011
19 to the 7% corporate income tax rate after 2010) of the net
20 revenue realized from the tax imposed by subsections (a) and
21 (b) of Section 201 of this Act upon corporations during the
22 preceding month. Beginning February 1, 2015 and continuing
23 through January 31, 2016 ~~January 31, 2025~~, the Treasurer shall
24 transfer each month from the General Revenue Fund to the Local
25 Government Distributive Fund an amount equal to the sum of (i)
26 8% (10% of the ratio of the 3% individual income tax rate prior

1 to 2011 to the 3.75% individual 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 individuals,
4 trusts, and estates during the preceding month and (ii) 9.14%
5 (10% of the ratio of the 4.8% corporate income tax rate prior
6 to 2011 to the 5.25% corporate income tax rate after 2014) of
7 the net revenue realized from the tax imposed by subsections
8 (a) and (b) of Section 201 of this Act upon corporations during
9 the preceding month. Beginning February 1, 2016 and continuing
10 through January 31, 2025, the Treasurer shall transfer each
11 month from the General Revenue Fund to the Local Government
12 Distributive Fund an amount equal to the sum of (i) 7.2% (9% of
13 the ratio of the 3% individual income tax rate prior to 2011 to
14 the 3.75% individual income tax rate after 2014) of the net
15 revenue realized from the tax imposed by subsections (a) and
16 (b) of Section 201 of this Act upon individuals, trusts, and
17 estates during the preceding month and (ii) 8.23% (9% of the
18 ratio of the 4.8% corporate income tax rate prior to 2011 to
19 the 5.25% corporate income tax rate after 2014) of the net
20 revenue realized from the tax imposed by subsections (a) and
21 (b) of Section 201 of this Act upon corporations during the
22 preceding month. Beginning February 1, 2025, the Treasurer
23 shall transfer each month from the General Revenue Fund to the
24 Local Government Distributive Fund an amount equal to the sum
25 of (i) 8.31% ~~9.23%~~ (~~9%~~~~10%~~ of the ratio of the 3% individual
26 income tax rate prior to 2011 to the 3.25% individual income

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

17 Beginning on August 26, 2014 (the effective date of Public
18 Act 98-1052), the Comptroller shall perform the transfers
19 required by this subsection (b) no later than 60 days after he
20 or she receives the certification from the Treasurer as
21 provided in Section 1 of the State Revenue Sharing Act.

22 (c) Deposits Into Income Tax Refund Fund.

23 (1) Beginning on January 1, 1989 and thereafter, the
24 Department shall deposit a percentage of the amounts
25 collected pursuant to subsections (a) and (b) (1), (2), and
26 (3), of Section 201 of this Act into a fund in the State

1 treasury known as the Income Tax Refund Fund. The
2 Department shall deposit 6% of such amounts during the
3 period beginning January 1, 1989 and ending on June 30,
4 1989. Beginning with State fiscal year 1990 and for each
5 fiscal year thereafter, the percentage deposited into the
6 Income Tax Refund Fund during a fiscal year shall be the
7 Annual Percentage. For fiscal years 1999 through 2001, the
8 Annual Percentage shall be 7.1%. For fiscal year 2003, the
9 Annual Percentage shall be 8%. For fiscal year 2004, the
10 Annual Percentage shall be 11.7%. Upon the effective date
11 of this amendatory Act of the 93rd General Assembly, the
12 Annual Percentage shall be 10% for fiscal year 2005. For
13 fiscal year 2006, the Annual Percentage shall be 9.75%. For
14 fiscal year 2007, the Annual Percentage shall be 9.75%. For
15 fiscal year 2008, the Annual Percentage shall be 7.75%. For
16 fiscal year 2009, the Annual Percentage shall be 9.75%. For
17 fiscal year 2010, the Annual Percentage shall be 9.75%. For
18 fiscal year 2011, the Annual Percentage shall be 8.75%. For
19 fiscal year 2012, the Annual Percentage shall be 8.75%. For
20 fiscal year 2013, the Annual Percentage shall be 9.75%. For
21 fiscal year 2014, the Annual Percentage shall be 9.5%. For
22 fiscal year 2015, the Annual Percentage shall be 10%. For
23 all other fiscal years, the Annual Percentage shall be
24 calculated as a fraction, the numerator of which shall be
25 the amount of refunds approved for payment by the
26 Department during the preceding fiscal year as a result of

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

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

1 the Annual Percentage shall be 27%. For fiscal year 2004,
2 the Annual Percentage shall be 32%. Upon the effective date
3 of this amendatory Act of the 93rd General Assembly, the
4 Annual Percentage shall be 24% for fiscal year 2005. For
5 fiscal year 2006, the Annual Percentage shall be 20%. For
6 fiscal year 2007, the Annual Percentage shall be 17.5%. For
7 fiscal year 2008, the Annual Percentage shall be 15.5%. For
8 fiscal year 2009, the Annual Percentage shall be 17.5%. For
9 fiscal year 2010, the Annual Percentage shall be 17.5%. For
10 fiscal year 2011, the Annual Percentage shall be 17.5%. For
11 fiscal year 2012, the Annual Percentage shall be 17.5%. For
12 fiscal year 2013, the Annual Percentage shall be 14%. For
13 fiscal year 2014, the Annual Percentage shall be 13.4%. For
14 fiscal year 2015, the Annual Percentage shall be 14%. For
15 all other fiscal years, the Annual Percentage shall be
16 calculated as a fraction, the numerator of which shall be
17 the amount of refunds approved for payment by the
18 Department during the preceding fiscal year as a result of
19 overpayment of tax liability under subsections (a) and
20 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
21 Act plus the amount of such refunds remaining approved but
22 unpaid at the end of the preceding fiscal year, and the
23 denominator of which shall be the amounts which will be
24 collected pursuant to subsections (a) and (b) (6), (7), and
25 (8), (c) and (d) of Section 201 of this Act during the
26 preceding fiscal year; except that in State fiscal year

1 2002, the Annual Percentage shall in no event exceed 23%.
2 The Director of Revenue shall certify the Annual Percentage
3 to the Comptroller on the last business day of the fiscal
4 year immediately preceding the fiscal year for which it is
5 to be effective.

6 (3) The Comptroller shall order transferred and the
7 Treasurer shall transfer from the Tobacco Settlement
8 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
9 in January, 2001, (ii) \$35,000,000 in January, 2002, and
10 (iii) \$35,000,000 in January, 2003.

11 (d) Expenditures from Income Tax Refund Fund.

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

20 (2) The Director shall order payment of refunds
21 resulting from overpayment of tax liability under Section
22 201 of this Act from the Income Tax Refund Fund only to the
23 extent that amounts collected pursuant to Section 201 of
24 this Act and transfers pursuant to this subsection (d) and
25 item (3) of subsection (c) have been deposited and retained
26 in the Fund.

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

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

25 (4.5) As soon as possible after the end of fiscal year
26 1999 and of each fiscal year thereafter, the Director shall

1 order transferred and the State Treasurer and State
2 Comptroller shall transfer from the Income Tax Refund Fund
3 to the General Revenue Fund any surplus remaining in the
4 Income Tax Refund Fund as of the end of such fiscal year;
5 excluding for fiscal years 2000, 2001, and 2002 amounts
6 attributable to transfers under item (3) of subsection (c)
7 less refunds resulting from the earned income tax credit.

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

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

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

1 deposits into the Income Tax Refund Fund, the Department shall
2 deposit 4.4% into the Income Tax Surcharge Local Government
3 Distributive Fund in the State Treasury. Beginning July 1,
4 1993, and continuing through June 30, 1994, of the amounts
5 collected under subsections (a) and (b) of Section 201 of this
6 Act, minus deposits into the Income Tax Refund Fund, the
7 Department shall deposit 1.475% into the Income Tax Surcharge
8 Local Government Distributive Fund in the State Treasury.

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

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

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

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

23 (g) Deposits into the Commitment to Human Services Fund.
24 Beginning February 1, 2015, the Department shall deposit the
25 following portions of the revenue realized from the tax imposed
26 upon individuals, trusts, and estates by subsections (a) and

1 (b) of Section 201 of this Act during the preceding month,
2 minus deposits into the Income Tax Refund Fund, into the
3 Commitment to Human Services Fund:

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

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

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

11 (h) Deposits into the Tax Compliance and Administration
12 Fund. Beginning on the first day of the first calendar month to
13 occur on or after August 26, 2014 (the effective date of Public
14 Act 98-1098), each month the Department shall pay into the Tax
15 Compliance and Administration Fund, to be used, subject to
16 appropriation, to fund additional auditors and compliance
17 personnel at the Department, an amount equal to 1/12 of 5% of
18 the cash receipts collected during the preceding fiscal year by
19 the Audit Bureau of the Department from the tax imposed by
20 subsections (a), (b), (c), and (d) of Section 201 of this Act,
21 net of deposits into the Income Tax Refund Fund made from those
22 cash receipts.

23 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;
24 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
25 7-20-15.)

1 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

2 Sec. 1501. Definitions.

3 (a) In general. When used in this Act, where not otherwise
4 distinctly expressed or manifestly incompatible with the
5 intent thereof:

6 (1) Business income. The term "business income" means
7 all income that may be treated as apportionable business
8 income under the Constitution of the United States.
9 Business income is net of the deductions allocable thereto.
10 Such term does not include compensation or the deductions
11 allocable thereto. For each taxable year beginning on or
12 after January 1, 2003, a taxpayer may elect to treat all
13 income other than compensation as business income. This
14 election shall be made in accordance with rules adopted by
15 the Department and, once made, shall be irrevocable.

16 (1.5) Captive real estate investment trust:

17 (A) The term "captive real estate investment
18 trust" means a corporation, trust, or association:

19 (i) that is considered a real estate
20 investment trust for the taxable year under
21 Section 856 of the Internal Revenue Code;

22 (ii) the certificates of beneficial interest
23 or shares of which are not regularly traded on an
24 established securities market; and

25 (iii) of which more than 50% of the voting
26 power or value of the beneficial interest or

1 shares, at any time during the last half of the
2 taxable year, is owned or controlled, directly,
3 indirectly, or constructively, by a single
4 corporation.

5 (B) The term "captive real estate investment
6 trust" does not include:

7 (i) a real estate investment trust of which
8 more than 50% of the voting power or value of the
9 beneficial interest or shares is owned or
10 controlled, directly, indirectly, or
11 constructively, by:

12 (a) a real estate investment trust, other
13 than a captive real estate investment trust;

14 (b) a person who is exempt from taxation
15 under Section 501 of the Internal Revenue Code,
16 and who is not required to treat income
17 received from the real estate investment trust
18 as unrelated business taxable income under
19 Section 512 of the Internal Revenue Code;

20 (c) a listed Australian property trust, if
21 no more than 50% of the voting power or value
22 of the beneficial interest or shares of that
23 trust, at any time during the last half of the
24 taxable year, is owned or controlled, directly
25 or indirectly, by a single person;

26 (d) an entity organized as a trust,

1 provided a listed Australian property trust
2 described in subparagraph (c) owns or
3 controls, directly or indirectly, or
4 constructively, 75% or more of the voting power
5 or value of the beneficial interests or shares
6 of such entity; or

7 (e) an entity that is organized outside of
8 the laws of the United States and that
9 satisfies all of the following criteria:

10 (1) at least 75% of the entity's total
11 asset value at the close of its taxable
12 year is represented by real estate assets
13 (as defined in Section 856(c)(5)(B) of the
14 Internal Revenue Code, thereby including
15 shares or certificates of beneficial
16 interest in any real estate investment
17 trust), cash and cash equivalents, and
18 U.S. Government securities;

19 (2) the entity is not subject to tax on
20 amounts that are distributed to its
21 beneficial owners or is exempt from
22 entity-level taxation;

23 (3) the entity distributes at least
24 85% of its taxable income (as computed in
25 the jurisdiction in which it is organized)
26 to the holders of its shares or

1 certificates of beneficial interest on an
2 annual basis;

3 (4) either (i) the shares or
4 beneficial interests of the entity are
5 regularly traded on an established
6 securities market or (ii) not more than 10%
7 of the voting power or value in the entity
8 is held, directly, indirectly, or
9 constructively, by a single entity or
10 individual; and

11 (5) the entity is organized in a
12 country that has entered into a tax treaty
13 with the United States; or

14 (ii) during its first taxable year for which it
15 elects to be treated as a real estate investment
16 trust under Section 856(c)(1) of the Internal
17 Revenue Code, a real estate investment trust the
18 certificates of beneficial interest or shares of
19 which are not regularly traded on an established
20 securities market, but only if the certificates of
21 beneficial interest or shares of the real estate
22 investment trust are regularly traded on an
23 established securities market prior to the earlier
24 of the due date (including extensions) for filing
25 its return under this Act for that first taxable
26 year or the date it actually files that return.

1 (C) For the purposes of this subsection (1.5), the
2 constructive ownership rules prescribed under Section
3 318(a) of the Internal Revenue Code, as modified by
4 Section 856(d)(5) of the Internal Revenue Code, apply
5 in determining the ownership of stock, assets, or net
6 profits of any person.

7 (D) For the purposes of this item (1.5), for
8 taxable years ending on or after August 16, 2007, the
9 voting power or value of the beneficial interest or
10 shares of a real estate investment trust does not
11 include any voting power or value of beneficial
12 interest or shares in a real estate investment trust
13 held directly or indirectly in a segregated asset
14 account by a life insurance company (as described in
15 Section 817 of the Internal Revenue Code) to the extent
16 such voting power or value is for the benefit of
17 entities or persons who are either immune from taxation
18 or exempt from taxation under subtitle A of the
19 Internal Revenue Code.

20 (2) Commercial domicile. The term "commercial
21 domicile" means the principal place from which the trade or
22 business of the taxpayer is directed or managed.

23 (3) Compensation. The term "compensation" means wages,
24 salaries, commissions and any other form of remuneration
25 paid to employees for personal services.

26 (4) Corporation. The term "corporation" includes

1 associations, joint-stock companies, insurance companies
2 and cooperatives. Any entity, including a limited
3 liability company formed under the Illinois Limited
4 Liability Company Act, shall be treated as a corporation if
5 it is so classified for federal income tax purposes.

6 (5) Department. The term "Department" means the
7 Department of Revenue of this State.

8 (6) Director. The term "Director" means the Director of
9 Revenue of this State.

10 (7) Fiduciary. The term "fiduciary" means a guardian,
11 trustee, executor, administrator, receiver, or any person
12 acting in any fiduciary capacity for any person.

13 (8) Financial organization.

14 (A) The term "financial organization" means any
15 bank, bank holding company, trust company, savings
16 bank, industrial bank, land bank, safe deposit
17 company, private banker, savings and loan association,
18 building and loan association, credit union, currency
19 exchange, cooperative bank, small loan company, sales
20 finance company, investment company, or any person
21 which is owned by a bank or bank holding company. For
22 the purpose of this Section a "person" will include
23 only those persons which a bank holding company may
24 acquire and hold an interest in, directly or
25 indirectly, under the provisions of the Bank Holding
26 Company Act of 1956 (12 U.S.C. 1841, et seq.), except

1 where interests in any person must be disposed of
2 within certain required time limits under the Bank
3 Holding Company Act of 1956.

4 (B) For purposes of subparagraph (A) of this
5 paragraph, the term "bank" includes (i) any entity that
6 is regulated by the Comptroller of the Currency under
7 the National Bank Act, or by the Federal Reserve Board,
8 or by the Federal Deposit Insurance Corporation and
9 (ii) any federally or State chartered bank operating as
10 a credit card bank.

11 (C) For purposes of subparagraph (A) of this
12 paragraph, the term "sales finance company" has the
13 meaning provided in the following item (i) or (ii):

14 (i) A person primarily engaged in one or more
15 of the following businesses: the business of
16 purchasing customer receivables, the business of
17 making loans upon the security of customer
18 receivables, the business of making loans for the
19 express purpose of funding purchases of tangible
20 personal property or services by the borrower, or
21 the business of finance leasing. For purposes of
22 this item (i), "customer receivable" means:

23 (a) a retail installment contract or
24 retail charge agreement within the meaning of
25 the Sales Finance Agency Act, the Retail
26 Installment Sales Act, or the Motor Vehicle

1 Retail Installment Sales Act;

2 (b) an installment, charge, credit, or
3 similar contract or agreement arising from the
4 sale of tangible personal property or services
5 in a transaction involving a deferred payment
6 price payable in one or more installments
7 subsequent to the sale; or

8 (c) the outstanding balance of a contract
9 or agreement described in provisions (a) or (b)
10 of this item (i).

11 A customer receivable need not provide for
12 payment of interest on deferred payments. A sales
13 finance company may purchase a customer receivable
14 from, or make a loan secured by a customer
15 receivable to, the seller in the original
16 transaction or to a person who purchased the
17 customer receivable directly or indirectly from
18 that seller.

19 (ii) A corporation meeting each of the
20 following criteria:

21 (a) the corporation must be a member of an
22 "affiliated group" within the meaning of
23 Section 1504(a) of the Internal Revenue Code,
24 determined without regard to Section 1504(b)
25 of the Internal Revenue Code;

26 (b) more than 50% of the gross income of

1 the corporation for the taxable year must be
2 interest income derived from qualifying loans.
3 A "qualifying loan" is a loan made to a member
4 of the corporation's affiliated group that
5 originates customer receivables (within the
6 meaning of item (i)) or to whom customer
7 receivables originated by a member of the
8 affiliated group have been transferred, to the
9 extent the average outstanding balance of
10 loans from that corporation to members of its
11 affiliated group during the taxable year do not
12 exceed the limitation amount for that
13 corporation. The "limitation amount" for a
14 corporation is the average outstanding
15 balances during the taxable year of customer
16 receivables (within the meaning of item (i))
17 originated by all members of the affiliated
18 group. If the average outstanding balances of
19 the loans made by a corporation to members of
20 its affiliated group exceed the limitation
21 amount, the interest income of that
22 corporation from qualifying loans shall be
23 equal to its interest income from loans to
24 members of its affiliated groups times a
25 fraction equal to the limitation amount
26 divided by the average outstanding balances of

1 the loans made by that corporation to members
2 of its affiliated group;

3 (c) the total of all shareholder's equity
4 (including, without limitation, paid-in
5 capital on common and preferred stock and
6 retained earnings) of the corporation plus the
7 total of all of its loans, advances, and other
8 obligations payable or owed to members of its
9 affiliated group may not exceed 20% of the
10 total assets of the corporation at any time
11 during the tax year; and

12 (d) more than 50% of all interest-bearing
13 obligations of the affiliated group payable to
14 persons outside the group determined in
15 accordance with generally accepted accounting
16 principles must be obligations of the
17 corporation.

18 This amendatory Act of the 91st General Assembly is
19 declaratory of existing law.

20 (D) Subparagraphs (B) and (C) of this paragraph are
21 declaratory of existing law and apply retroactively,
22 for all tax years beginning on or before December 31,
23 1996, to all original returns, to all amended returns
24 filed no later than 30 days after the effective date of
25 this amendatory Act of 1996, and to all notices issued
26 on or before the effective date of this amendatory Act

1 of 1996 under subsection (a) of Section 903, subsection
2 (a) of Section 904, subsection (e) of Section 909, or
3 Section 912. A taxpayer that is a "financial
4 organization" that engages in any transaction with an
5 affiliate shall be a "financial organization" for all
6 purposes of this Act.

7 (E) For all tax years beginning on or before
8 December 31, 1996, a taxpayer that falls within the
9 definition of a "financial organization" under
10 subparagraphs (B) or (C) of this paragraph, but who
11 does not fall within the definition of a "financial
12 organization" under the Proposed Regulations issued by
13 the Department of Revenue on July 19, 1996, may
14 irrevocably elect to apply the Proposed Regulations
15 for all of those years as though the Proposed
16 Regulations had been lawfully promulgated, adopted,
17 and in effect for all of those years. For purposes of
18 applying subparagraphs (B) or (C) of this paragraph to
19 all of those years, the election allowed by this
20 subparagraph applies only to the taxpayer making the
21 election and to those members of the taxpayer's unitary
22 business group who are ordinarily required to
23 apportion business income under the same subsection of
24 Section 304 of this Act as the taxpayer making the
25 election. No election allowed by this subparagraph
26 shall be made under a claim filed under subsection (d)

1 of Section 909 more than 30 days after the effective
2 date of this amendatory Act of 1996.

3 (F) Finance Leases. For purposes of this
4 subsection, a finance lease shall be treated as a loan
5 or other extension of credit, rather than as a lease,
6 regardless of how the transaction is characterized for
7 any other purpose, including the purposes of any
8 regulatory agency to which the lessor is subject. A
9 finance lease is any transaction in the form of a lease
10 in which the lessee is treated as the owner of the
11 leased asset entitled to any deduction for
12 depreciation allowed under Section 167 of the Internal
13 Revenue Code.

14 (9) Fiscal year. The term "fiscal year" means an
15 accounting period of 12 months ending on the last day of
16 any month other than December.

17 (9.5) Fixed place of business. The term "fixed place of
18 business" has the same meaning as that term is given in
19 Section 864 of the Internal Revenue Code and the related
20 Treasury regulations.

21 (10) Includes and including. The terms "includes" and
22 "including" when used in a definition contained in this Act
23 shall not be deemed to exclude other things otherwise
24 within the meaning of the term defined.

25 (11) Internal Revenue Code. The term "Internal Revenue
26 Code" means the United States Internal Revenue Code of 1954

1 or any successor law or laws relating to federal income
2 taxes in effect for the taxable year.

3 (11.5) Investment partnership.

4 (A) The term "investment partnership" means any
5 entity that is treated as a partnership for federal
6 income tax purposes that meets the following
7 requirements:

8 (i) no less than 90% of the partnership's cost
9 of its total assets consists of qualifying
10 investment securities, deposits at banks or other
11 financial institutions, and office space and
12 equipment reasonably necessary to carry on its
13 activities as an investment partnership;

14 (ii) no less than 90% of its gross income
15 consists of interest, dividends, and gains from
16 the sale or exchange of qualifying investment
17 securities; and

18 (iii) the partnership is not a dealer in
19 qualifying investment securities.

20 (B) For purposes of this paragraph (11.5), the term
21 "qualifying investment securities" includes all of the
22 following:

23 (i) common stock, including preferred or debt
24 securities convertible into common stock, and
25 preferred stock;

26 (ii) bonds, debentures, and other debt

1 securities;

2 (iii) foreign and domestic currency deposits
3 secured by federal, state, or local governmental
4 agencies;

5 (iv) mortgage or asset-backed securities
6 secured by federal, state, or local governmental
7 agencies;

8 (v) repurchase agreements and loan
9 participations;

10 (vi) foreign currency exchange contracts and
11 forward and futures contracts on foreign
12 currencies;

13 (vii) stock and bond index securities and
14 futures contracts and other similar financial
15 securities and futures contracts on those
16 securities;

17 (viii) options for the purchase or sale of any
18 of the securities, currencies, contracts, or
19 financial instruments described in items (i) to
20 (vii), inclusive;

21 (ix) regulated futures contracts;

22 (x) commodities (not described in Section
23 1221(a)(1) of the Internal Revenue Code) or
24 futures, forwards, and options with respect to
25 such commodities, provided, however, that any item
26 of a physical commodity to which title is actually

1 acquired in the partnership's capacity as a dealer
2 in such commodity shall not be a qualifying
3 investment security;

4 (xi) derivatives; and

5 (xii) a partnership interest in another
6 partnership that is an investment partnership.

7 (12) Mathematical error. The term "mathematical error"
8 includes the following types of errors, omissions, or
9 defects in a return filed by a taxpayer which prevents
10 acceptance of the return as filed for processing:

11 (A) arithmetic errors or incorrect computations on
12 the return or supporting schedules;

13 (B) entries on the wrong lines;

14 (C) omission of required supporting forms or
15 schedules or the omission of the information in whole
16 or in part called for thereon; and

17 (D) an attempt to claim, exclude, deduct, or
18 improperly report, in a manner directly contrary to the
19 provisions of the Act and regulations thereunder any
20 item of income, exemption, deduction, or credit.

21 (13) Nonbusiness income. The term "nonbusiness income"
22 means all income other than business income or
23 compensation.

24 (14) Nonresident. The term "nonresident" means a
25 person who is not a resident.

26 (15) Paid, incurred and accrued. The terms "paid",

1 "incurred" and "accrued" shall be construed according to
2 the method of accounting upon the basis of which the
3 person's base income is computed under this Act.

4 (16) Partnership and partner. The term "partnership"
5 includes a syndicate, group, pool, joint venture or other
6 unincorporated organization, through or by means of which
7 any business, financial operation, or venture is carried
8 on, and which is not, within the meaning of this Act, a
9 trust or estate or a corporation; and the term "partner"
10 includes a member in such syndicate, group, pool, joint
11 venture or organization.

12 The term "partnership" includes any entity, including
13 a limited liability company formed under the Illinois
14 Limited Liability Company Act, classified as a partnership
15 for federal income tax purposes.

16 The term "partnership" does not include a syndicate,
17 group, pool, joint venture, or other unincorporated
18 organization established for the sole purpose of playing
19 the Illinois State Lottery.

20 (17) Part-year resident. The term "part-year resident"
21 means an individual who became a resident during the
22 taxable year or ceased to be a resident during the taxable
23 year. Under Section 1501(a)(20)(A)(i) residence commences
24 with presence in this State for other than a temporary or
25 transitory purpose and ceases with absence from this State
26 for other than a temporary or transitory purpose. Under

1 Section 1501(a)(20)(A)(ii) residence commences with the
2 establishment of domicile in this State and ceases with the
3 establishment of domicile in another State.

4 (18) Person. The term "person" shall be construed to
5 mean and include an individual, a trust, estate,
6 partnership, association, firm, company, corporation,
7 limited liability company, or fiduciary. For purposes of
8 Section 1301 and 1302 of this Act, a "person" means (i) an
9 individual, (ii) a corporation, (iii) an officer, agent, or
10 employee of a corporation, (iv) a member, agent or employee
11 of a partnership, or (v) a member, manager, employee,
12 officer, director, or agent of a limited liability company
13 who in such capacity commits an offense specified in
14 Section 1301 and 1302.

15 (18A) Records. The term "records" includes all data
16 maintained by the taxpayer, whether on paper, microfilm,
17 microfiche, or any type of machine-sensible data
18 compilation.

19 (19) Regulations. The term "regulations" includes
20 rules promulgated and forms prescribed by the Department.

21 (20) Resident. The term "resident" means:

22 (A) an individual (i) who is in this State for
23 other than a temporary or transitory purpose during the
24 taxable year; or (ii) who is domiciled in this State
25 but is absent from the State for a temporary or
26 transitory purpose during the taxable year;

1 (B) The estate of a decedent who at his or her
2 death was domiciled in this State;

3 (C) A trust created by a will of a decedent who at
4 his death was domiciled in this State; and

5 (D) An irrevocable trust, the grantor of which was
6 domiciled in this State at the time such trust became
7 irrevocable. For purpose of this subparagraph, a trust
8 shall be considered irrevocable to the extent that the
9 grantor is not treated as the owner thereof under
10 Sections 671 through 678 of the Internal Revenue Code.

11 (21) Sales. The term "sales" means all gross receipts
12 of the taxpayer not allocated under Sections 301, 302 and
13 303.

14 (22) State. The term "state" when applied to a
15 jurisdiction other than this State means any state of the
16 United States, the District of Columbia, the Commonwealth
17 of Puerto Rico, any Territory or Possession of the United
18 States, and any foreign country, or any political
19 subdivision of any of the foregoing. For purposes of the
20 foreign tax credit under Section 601, the term "state"
21 means any state of the United States, the District of
22 Columbia, the Commonwealth of Puerto Rico, and any
23 territory or possession of the United States, or any
24 political subdivision of any of the foregoing, effective
25 for tax years ending on or after December 31, 1989.

26 (23) Taxable year. The term "taxable year" means the

1 calendar year, or the fiscal year ending during such
2 calendar year, upon the basis of which the base income is
3 computed under this Act. "Taxable year" means, in the case
4 of a return made for a fractional part of a year under the
5 provisions of this Act, the period for which such return is
6 made.

7 (24) Taxpayer. The term "taxpayer" means any person
8 subject to the tax imposed by this Act.

9 (25) International banking facility. The term
10 international banking facility shall have the same meaning
11 as is set forth in the Illinois Banking Act or as is set
12 forth in the laws of the United States or regulations of
13 the Board of Governors of the Federal Reserve System.

14 (26) Income Tax Return Preparer.

15 (A) The term "income tax return preparer" means any
16 person who prepares for compensation, or who employs
17 one or more persons to prepare for compensation, any
18 return of tax imposed by this Act or any claim for
19 refund of tax imposed by this Act. The preparation of a
20 substantial portion of a return or claim for refund
21 shall be treated as the preparation of that return or
22 claim for refund.

23 (B) A person is not an income tax return preparer
24 if all he or she does is

25 (i) furnish typing, reproducing, or other
26 mechanical assistance;

1 (ii) prepare returns or claims for refunds for
2 the employer by whom he or she is regularly and
3 continuously employed;

4 (iii) prepare as a fiduciary returns or claims
5 for refunds for any person; or

6 (iv) prepare claims for refunds for a taxpayer
7 in response to any notice of deficiency issued to
8 that taxpayer or in response to any waiver of
9 restriction after the commencement of an audit of
10 that taxpayer or of another taxpayer if a
11 determination in the audit of the other taxpayer
12 directly or indirectly affects the tax liability
13 of the taxpayer whose claims he or she is
14 preparing.

15 (27) Unitary business group.

16 (A) The term "unitary business group" means a group
17 of persons related through common ownership whose
18 business activities are integrated with, dependent
19 upon and contribute to each other. The group will not
20 include those members whose business activity outside
21 the United States is 80% or more of any such member's
22 total business activity; for purposes of this
23 paragraph and clause (a)(3)(B)(ii) of Section 304,
24 business activity within the United States shall be
25 measured by means of the factors ordinarily applicable
26 under subsections (a), (b), (c), (d), or (h) of Section

1 304 except that, in the case of members ordinarily
2 required to apportion business income by means of the 3
3 factor formula of property, payroll and sales
4 specified in subsection (a) of Section 304, including
5 the formula as weighted in subsection (h) of Section
6 304, such members shall not use the sales factor in the
7 computation and the results of the property and payroll
8 factor computations of subsection (a) of Section 304
9 shall be divided by 2 (by one if either the property or
10 payroll factor has a denominator of zero). The
11 computation required by the preceding sentence shall,
12 in each case, involve the division of the member's
13 property, payroll, or revenue miles in the United
14 States, insurance premiums on property or risk in the
15 United States, or financial organization business
16 income from sources within the United States, as the
17 case may be, by the respective worldwide figures for
18 such items. Common ownership in the case of
19 corporations is the direct or indirect control or
20 ownership of more than 50% of the outstanding voting
21 stock of the persons carrying on unitary business
22 activity. Unitary business activity can ordinarily be
23 illustrated where the activities of the members are:
24 (1) in the same general line (such as manufacturing,
25 wholesaling, retailing of tangible personal property,
26 insurance, transportation or finance); or (2) are

1 steps in a vertically structured enterprise or process
2 (such as the steps involved in the production of
3 natural resources, which might include exploration,
4 mining, refining, and marketing); and, in either
5 instance, the members are functionally integrated
6 through the exercise of strong centralized management
7 (where, for example, authority over such matters as
8 purchasing, financing, tax compliance, product line,
9 personnel, marketing and capital investment is not
10 left to each member).

11 (B) In no event, for taxable years ending prior to
12 December 31, 2015, shall any unitary business group
13 include members which are ordinarily required to
14 apportion business income under different subsections
15 of Section 304 except that for tax years ending on or
16 after December 31, 1987 this prohibition shall not
17 apply to a holding company that would otherwise be a
18 member of a unitary business group with taxpayers that
19 apportion business income under any of subsections
20 (b), (c), (c-1), or (d) of Section 304. If a unitary
21 business group would, but for the preceding sentence,
22 include members that are ordinarily required to
23 apportion business income under different subsections
24 of Section 304, then for each subsection of Section 304
25 for which there are two or more members, there shall be
26 a separate unitary business group composed of such

1 members. For purposes of the preceding two sentences, a
2 member is "ordinarily required to apportion business
3 income" under a particular subsection of Section 304 if
4 it would be required to use the apportionment method
5 prescribed by such subsection except for the fact that
6 it derives business income solely from Illinois. As
7 used in this paragraph, the phrase "United States"
8 means only the 50 states and the District of Columbia,
9 but does not include any territory or possession of the
10 United States or any area over which the United States
11 has asserted jurisdiction or claimed exclusive rights
12 with respect to the exploration for or exploitation of
13 natural resources.

14 (C) Holding companies.

15 (i) For purposes of this subparagraph, a
16 "holding company" is a corporation (other than a
17 corporation that is a financial organization under
18 paragraph (8) of this subsection (a) of Section
19 1501 because it is a bank holding company under the
20 provisions of the Bank Holding Company Act of 1956
21 (12 U.S.C. 1841, et seq.) or because it is owned by
22 a bank or a bank holding company) that owns a
23 controlling interest in one or more other
24 taxpayers ("controlled taxpayers"); that, during
25 the period that includes the taxable year and the 2
26 immediately preceding taxable years or, if the

1 corporation was formed during the current or
2 immediately preceding taxable year, the taxable
3 years in which the corporation has been in
4 existence, derived substantially all its gross
5 income from dividends, interest, rents, royalties,
6 fees or other charges received from controlled
7 taxpayers for the provision of services, and gains
8 on the sale or other disposition of interests in
9 controlled taxpayers or in property leased or
10 licensed to controlled taxpayers or used by the
11 taxpayer in providing services to controlled
12 taxpayers; and that incurs no substantial expenses
13 other than expenses (including interest and other
14 costs of borrowing) incurred in connection with
15 the acquisition and holding of interests in
16 controlled taxpayers and in the provision of
17 services to controlled taxpayers or in the leasing
18 or licensing of property to controlled taxpayers.

19 (ii) The income of a holding company which is a
20 member of more than one unitary business group
21 shall be included in each unitary business group of
22 which it is a member on a pro rata basis, by
23 including in each unitary business group that
24 portion of the base income of the holding company
25 that bears the same proportion to the total base
26 income of the holding company as the gross receipts

1 of the unitary business group bears to the combined
2 gross receipts of all unitary business groups (in
3 both cases without regard to the holding company)
4 or on any other reasonable basis, consistently
5 applied.

6 (iii) A holding company shall apportion its
7 business income under the subsection of Section
8 304 used by the other members of its unitary
9 business group. The apportionment factors of a
10 holding company which would be a member of more
11 than one unitary business group shall be included
12 with the apportionment factors of each unitary
13 business group of which it is a member on a pro
14 rata basis using the same method used in clause
15 (ii).

16 (iv) The provisions of this subparagraph (C)
17 are intended to clarify existing law.

18 (D) If including the base income and factors of a
19 holding company in more than one unitary business group
20 under subparagraph (C) does not fairly reflect the
21 degree of integration between the holding company and
22 one or more of the unitary business groups, the
23 dependence of the holding company and one or more of
24 the unitary business groups upon each other, or the
25 contributions between the holding company and one or
26 more of the unitary business groups, the holding

1 company may petition the Director, under the
2 procedures provided under Section 304(f), for
3 permission to include all base income and factors of
4 the holding company only with members of a unitary
5 business group apportioning their business income
6 under one subsection of subsections (a), (b), (c), or
7 (d) of Section 304. If the petition is granted, the
8 holding company shall be included in a unitary business
9 group only with persons apportioning their business
10 income under the selected subsection of Section 304
11 until the Director grants a petition of the holding
12 company either to be included in more than one unitary
13 business group under subparagraph (C) or to include its
14 base income and factors only with members of a unitary
15 business group apportioning their business income
16 under a different subsection of Section 304.

17 (E) If the unitary business group members'
18 accounting periods differ, the common parent's
19 accounting period or, if there is no common parent, the
20 accounting period of the member that is expected to
21 have, on a recurring basis, the greatest Illinois
22 income tax liability must be used to determine whether
23 to use the apportionment method provided in subsection
24 (a) or subsection (h) of Section 304. The prohibition
25 against membership in a unitary business group for
26 taxpayers ordinarily required to apportion income

1 under different subsections of Section 304 does not
2 apply to taxpayers required to apportion income under
3 subsection (a) and subsection (h) of Section 304. The
4 provisions of this amendatory Act of 1998 apply to tax
5 years ending on or after December 31, 1998.

6 (28) Subchapter S corporation. The term "Subchapter S
7 corporation" means a corporation for which there is in
8 effect an election under Section 1362 of the Internal
9 Revenue Code, or for which there is a federal election to
10 opt out of the provisions of the Subchapter S Revision Act
11 of 1982 and have applied instead the prior federal
12 Subchapter S rules as in effect on July 1, 1982.

13 (30) Foreign person. The term "foreign person" means
14 any person who is a nonresident alien individual and any
15 nonindividual entity, regardless of where created or
16 organized, whose business activity outside the United
17 States is 80% or more of the entity's total business
18 activity.

19 (b) Other definitions.

20 (1) Words denoting number, gender, and so forth, when
21 used in this Act, where not otherwise distinctly expressed
22 or manifestly incompatible with the intent thereof:

23 (A) Words importing the singular include and apply
24 to several persons, parties or things;

25 (B) Words importing the plural include the

1 singular; and

2 (C) Words importing the masculine gender include
3 the feminine as well.

4 (2) "Company" or "association" as including successors
5 and assigns. The word "company" or "association", when used
6 in reference to a corporation, shall be deemed to embrace
7 the words "successors and assigns of such company or
8 association", and in like manner as if these last-named
9 words, or words of similar import, were expressed.

10 (3) Other terms. Any term used in any Section of this
11 Act with respect to the application of, or in connection
12 with, the provisions of any other Section of this Act shall
13 have the same meaning as in such other Section.

14 (Source: P.A. 99-213, eff. 7-31-15.)

15 Section 15-15. The Property Tax Code is amended by changing
16 Sections 3-40 and 4-20 as follows:

17 (35 ILCS 200/3-40)

18 Sec. 3-40. Compensation of supervisors of assessments.

19 (a) A supervisor of assessments shall receive annual
20 compensation in an amount fixed by the county board subject to
21 the following minimum amounts:

22 In counties with less than 14,000 inhabitants, not less
23 than \$7,500;

24 In counties with 14,000 or more but less than 30,000

1 inhabitants, not less than \$8,000;

2 In counties with 30,000 or more but less than 60,000
3 inhabitants, not less than \$9,000;

4 In counties with 60,000 or more but less than 100,000
5 inhabitants, not less than \$10,000;

6 In counties with 100,000 or more but less than 200,000
7 inhabitants, not less than \$11,500;

8 In counties with 200,000 or more but less than 300,000
9 inhabitants, not less than \$13,000;

10 In counties with 300,000 or more but less than
11 1,000,000 inhabitants, not less than \$15,000.

12 For purposes of this subsection, the number of inhabitants
13 shall be determined by the latest Federal decennial or special
14 census of the county.

15 (b) Elected supervisors of assessments who began a term of
16 office before December 1, 1990 shall be compensated at the rate
17 of their base salary. "Base salary" is the compensation paid
18 for their position before July 1, 1989.

19 (c) Elected supervisors of assessments beginning a term of
20 office on or after December 1, 1990 shall, beginning December
21 1, 1993, receive their base salary plus at least 12% of base
22 salary.

23 Any supervisor of assessments who has been presented a
24 Certified Assessing Evaluator Certificate by the International
25 Association of Assessing Officers shall receive an additional
26 compensation of \$500 per year to be paid out of funds

1 appropriated to the Department from the Personal Property Tax
2 Replacement Fund. No additional compensation shall be paid to
3 supervisors of assessments whose terms of office begin on or
4 after the effective date of this amendatory Act of the 99th
5 General Assembly.

6 The salary set by the county board shall be paid in equal
7 monthly installments out of the treasury of the county in which
8 he or she is appointed or elected. If the Department has
9 determined that the total assessed value of property in a
10 county, as equalized by the supervisor of assessments under
11 Section 9-210, is between 31 1/3% and 35 1/3% of the total fair
12 cash value of property in the county, subject to appropriation,
13 the Department shall reimburse the county monthly from the
14 Personal Property Tax Replacement Fund 50% of the amount of
15 salary the county paid to the officer for the preceding month.

16 The county board shall provide necessary office space for
17 the officer and pay all necessary expenses of the office out of
18 the county treasury.

19 Each supervisor of assessments may, with the advice and
20 consent of the county board, appoint necessary deputies and
21 clerks, their compensation to be fixed by the county board and
22 paid by the county.

23 (Source: P.A. 97-72, eff. 7-1-11.)

24 (35 ILCS 200/4-20)

25 Sec. 4-20. Additional compensation based on performance.

1 Any assessor in counties with less than 3,000,000 but more than
2 50,000 inhabitants each year may petition the Department to
3 receive additional compensation based on performance. To
4 receive additional compensation, the official's assessment
5 jurisdiction must meet the following criteria:

6 (1) the median level of assessment must be no more than
7 35 1/3% and no less than 31 1/3% of fair cash value of
8 property in his or her assessment jurisdiction; and

9 (2) the coefficient of dispersion must not be greater
10 than 15%.

11 For purposes of this Section, "coefficient of dispersion" means
12 the average deviation of all assessments from the median level.
13 For purposes of this Section, the number of inhabitants shall
14 be determined by the latest federal decennial census. When the
15 most recent census shows an increase in inhabitants to over
16 50,000 or a decrease to 50,000 or fewer, then the assessment
17 year used to compute the coefficient of dispersion and the most
18 recent year of the 3-year average level of assessments is the
19 year that determines qualification for additional
20 compensation. The Department will promulgate rules and
21 regulations to determine whether an assessor meets these
22 criteria.

23 Any assessor in a county of 50,000 or fewer inhabitants may
24 petition the Department for consideration to receive
25 additional compensation each year based on performance. In
26 order to receive the additional compensation, the assessments

1 in the official's assessment jurisdiction must meet the
2 following criteria: (i) the median level of assessments must be
3 no more than 35 1/3% and no less than 31 1/3% of fair cash value
4 of property in his or her assessment jurisdiction; and (ii) the
5 coefficient of dispersion must not be greater than 40% in 1994,
6 38% in 1995, 36% in 1996, 34% in 1997, 32% in 1998, and 30% in
7 1999 and every year thereafter.

8 Real estate transfer declarations used by the Department in
9 annual sales-assessment ratio studies will be used to evaluate
10 applications for additional compensation. The Department will
11 audit other property to determine if the sales-assessment ratio
12 study data is representative of the assessment jurisdiction. If
13 the ratio study is found not representative, appraisals and
14 other information may be utilized. If the ratio study is
15 representative, upon certification by the Department, the
16 assessor shall receive additional compensation of \$3,000 for
17 that year, to be paid out of funds appropriated to the
18 Department from the Personal Property Tax Replacement Fund.

19 No additional compensation shall be paid to assessors whose
20 terms of office begin on or after the effective date of this
21 amendatory Act of the 99th General Assembly.

22 As used in this Section, "assessor" means any township or
23 multi-township assessor, or supervisor of assessments.

24 (Source: P.A. 97-72, eff. 7-1-11.)

25 Section 15-20. The Tax Delinquency Amnesty Act is amended

1 by changing Section 10 as follows:

2 (35 ILCS 745/10)

3 Sec. 10. Amnesty program. The Department shall establish an
4 amnesty program for all taxpayers owing any tax imposed by
5 reason of or pursuant to authorization by any law of the State
6 of Illinois and collected by the Department.

7 The amnesty program shall be for a period from October 1,
8 2003 through November 15, 2003, ~~and~~ for a period beginning on
9 October 1, 2010 and ending November 8, 2010, and for a period
10 beginning on October 1, 2016 and ending November 8, 2016.

11 The amnesty program shall provide that, upon payment by a
12 taxpayer of all taxes due from that taxpayer to the State of
13 Illinois for any taxable period ending (i) after June 30, 1983
14 and prior to July 1, 2002 for the tax amnesty period occurring
15 from October 1, 2003 through November 15, 2003, ~~and~~ (ii) after
16 June 30, 2002 and prior to July 1, 2009 for the tax amnesty
17 period beginning on October 1, 2010 through November 8, 2010,
18 and (iii) after June 30, 2008 and prior to July 1, 2015 for the
19 tax amnesty period beginning on October 1, 2016 through
20 November 8, 2016, the Department shall abate and not seek to
21 collect any interest or penalties that may be applicable and
22 the Department shall not seek civil or criminal prosecution for
23 any taxpayer for the period of time for which amnesty has been
24 granted to the taxpayer. Failure to pay all taxes due to the
25 State for a taxable period shall invalidate any amnesty granted

1 under this Act. Amnesty shall be granted only if all amnesty
2 conditions are satisfied by the taxpayer.

3 Amnesty shall not be granted to taxpayers who are a party
4 to any criminal investigation or to any civil or criminal
5 litigation that is pending in any circuit court or appellate
6 court or the Supreme Court of this State for nonpayment,
7 delinquency, or fraud in relation to any State tax imposed by
8 any law of the State of Illinois.

9 Participation in an amnesty program shall not preclude a
10 taxpayer from claiming a refund for an overpayment of tax on an
11 issue unrelated to the issues for which the taxpayer claimed
12 amnesty or for an overpayment of tax by taxpayers estimating a
13 non-final liability for the amnesty program pursuant to Section
14 506(b) of the Illinois Income Tax Act (35 ILCS 5/506(b)).

15 Voluntary payments made under this Act shall be made by
16 cash, check, guaranteed remittance, or ACH debit.

17 The Department shall adopt rules as necessary to implement
18 the provisions of this Act.

19 Except as otherwise provided in this Section, all money
20 collected under this Act that would otherwise be deposited into
21 the General Revenue Fund shall be deposited as follows: (i)
22 one-half into the Common School Fund; (ii) one-half into the
23 General Revenue Fund. Two percent of all money collected under
24 this Act shall be deposited by the State Treasurer into the Tax
25 Compliance and Administration Fund and, subject to
26 appropriation, shall be used by the Department to cover costs

1 associated with the administration of this Act.

2 (Source: P.A. 96-1435, eff. 8-16-10.)

3 Section 15-25. The Counties Code is amended by changing
4 Sections 3-10007, 4-6001, 4-6002, 4-6003, and 4-8002 as
5 follows:

6 (55 ILCS 5/3-10007) (from Ch. 34, par. 3-10007)

7 Sec. 3-10007. Annual stipend. In addition to all other
8 compensation provided by law, every elected county treasurer,
9 for additional duties mandated by State law, shall receive an
10 annual stipend of (i) \$5,000 if his or her term begins before
11 December 1, 1998, (ii) \$5,500 after December 1, 1998 and \$6,500
12 after December 1, 1999 if his or her term begins on or after
13 December 1, 1998 but before December 1, 2000, and (iii) \$6,500
14 if his or her term begins December 1, 2000 or thereafter, to be
15 annually appropriated from the Personal Property Tax
16 Replacement Fund by the General Assembly to the Department of
17 Revenue which shall distribute the awards in annual lump sum
18 payments to every elected county treasurer. This annual stipend
19 shall not affect any other compensation provided by law to be
20 paid to elected county treasurers. No county board may reduce
21 or otherwise impair the compensation payable from county funds
22 to an elected county treasurer if such reduction or impairment
23 is the result of his receiving an annual stipend under this
24 Section. No stipend shall be paid to county treasurers whose

1 terms of office begin on or after the effective date of this
2 amendatory Act of the 99th General Assembly.

3 (Source: P.A. 97-72, eff. 7-1-11.)

4 (55 ILCS 5/4-6001) (from Ch. 34, par. 4-6001)

5 Sec. 4-6001. Officers in counties of less than 2,000,000.

6 (a) In all counties of less than 2,000,000 inhabitants, the
7 compensation of Coroners, County Treasurers, County Clerks,
8 Recorders and Auditors shall be determined under this Section.
9 The County Board in those counties shall fix the amount of the
10 necessary clerk hire, stationery, fuel and other expenses of
11 those officers. The compensation of those officers shall be
12 separate from the necessary clerk hire, stationery, fuel and
13 other expenses, and such compensation (except for coroners in
14 those counties with less than 2,000,000 population in which the
15 coroner's compensation is set in accordance with Section
16 4-6002) shall be fixed within the following limits:

17 To each such officer in counties containing less than
18 14,000 inhabitants, not less than \$13,500 per annum.

19 To each such officer in counties containing 14,000 or more
20 inhabitants, but less than 30,000 inhabitants, not less than
21 \$14,500 per annum.

22 To each such officer in counties containing 30,000 or more
23 inhabitants but less than 60,000 inhabitants, not less than
24 \$15,000 per annum.

25 To each such officer in counties containing 60,000 or more

1 inhabitants but less than 100,000 inhabitants, not less than
2 \$15,000 per annum.

3 To each such officer in counties containing 100,000 or more
4 inhabitants but less than 200,000 inhabitants, not less than
5 \$16,500 per annum.

6 To each such officer in counties containing 200,000 or more
7 inhabitants but less than 300,000 inhabitants, not less than
8 \$18,000 per annum.

9 To each such officer in counties containing 300,000 or more
10 inhabitants but less than 2,000,000 inhabitants, not less than
11 \$20,000 per annum.

12 (b) Those officers beginning a term of office before
13 December 1, 1990 shall be compensated at the rate of their base
14 salary. "Base salary" is the compensation paid for each of
15 those offices, respectively, before July 1, 1989.

16 (c) Those officers beginning a term of office on or after
17 December 1, 1990 shall be compensated as follows:

18 (1) Beginning December 1, 1990, base salary plus at
19 least 3% of base salary.

20 (2) Beginning December 1, 1991, base salary plus at
21 least 6% of base salary.

22 (3) Beginning December 1, 1992, base salary plus at
23 least 9% of base salary.

24 (4) Beginning December 1, 1993, base salary plus at
25 least 12% of base salary.

26 (d) In addition to but separate and apart from the

1 compensation provided in this Section, the county clerk of each
2 county, the recorder of each county, and the chief clerk of
3 each county board of election commissioners shall receive an
4 award as follows:

5 (1) \$4,500 per year after January 1, 1998;

6 (2) \$5,500 per year after January 1, 1999; and

7 (3) \$6,500 per year after January 1, 2000.

8 The total amount required for such awards each year shall be
9 appropriated by the General Assembly to the State Board of
10 Elections which shall distribute the awards in annual lump sum
11 payments to the several county clerks, recorders, and chief
12 election clerks. Beginning December 1, 1990, this annual award,
13 and any other award or stipend paid out of State funds to
14 county officers, shall not affect any other compensation
15 provided by law to be paid to county officers. No stipend shall
16 be paid to county officers whose terms of office begin on or
17 after the effective date of this amendatory Act of the 99th
18 General Assembly.

19 (e) Beginning December 1, 1990, no county board may reduce
20 or otherwise impair the compensation payable from county funds
21 to a county officer if the reduction or impairment is the
22 result of the county officer receiving an award or stipend
23 payable from State funds.

24 (f) The compensation, necessary clerk hire, stationery,
25 fuel and other expenses of the county auditor, as fixed by the
26 county board, shall be paid by the county.

1 (g) The population of all counties for the purpose of
2 fixing compensation, as herein provided, shall be based upon
3 the last Federal census immediately previous to the election of
4 the officer in question in each county.

5 (h) With respect to an auditor who takes office on or after
6 the effective date of this amendatory Act of the 95th General
7 Assembly, the auditor shall receive an annual stipend of \$6,500
8 per year. The General Assembly shall appropriate the total
9 amount required for the stipend each year from the Personal
10 Property Tax Replacement Fund to the Department of Revenue, and
11 the Department of Revenue shall distribute the awards in an
12 annual lump sum payment to each county auditor. The stipend
13 shall be in addition to, but separate and apart from, the
14 compensation provided in this Section. No stipend shall be paid
15 to auditors whose terms of office begin on or after the
16 effective date of this amendatory Act of the 99th General
17 Assembly. No county board may reduce or otherwise impair the
18 compensation payable from county funds to the auditor if the
19 reduction or impairment is the result of the auditor receiving
20 an award or stipend pursuant to this subsection.

21 (Source: P.A. 97-72, eff. 7-1-11.)

22 (55 ILCS 5/4-6002) (from Ch. 34, par. 4-6002)

23 Sec. 4-6002. Coroners in counties of less than 2,000,000.

24 (a) The County Board, in all counties of less than
25 2,000,000 inhabitants, shall fix the compensation of Coroners

1 within the limitations fixed by this Division, and shall
2 appropriate for their necessary clerk hire, stationery, fuel,
3 supplies, and other expenses. The compensation of the Coroner
4 shall be fixed separately from his necessary clerk hire,
5 stationery, fuel and other expenses, and such compensation
6 shall be fixed within the following limits:

7 To each Coroner in counties containing less than 5,000
8 inhabitants, not less than \$4,500 per annum.

9 To each Coroner in counties containing 5,000 or more
10 inhabitants but less than 14,000 inhabitants, not less than
11 \$6,000 per annum.

12 To each Coroner in counties containing 14,000 or more
13 inhabitants, but less than 30,000 inhabitants, not less than
14 \$9,000 per annum.

15 To each Coroner in counties containing 30,000 or more
16 inhabitants, but less than 60,000 inhabitants, not less than
17 \$14,000 per annum.

18 To each Coroner in counties containing 60,000 or more
19 inhabitants, but less than 100,000 inhabitants, not less than
20 \$15,000 per annum.

21 To each Coroner in counties containing 100,000 or more
22 inhabitants, but less than 200,000 inhabitants, not less than
23 \$16,500 per annum.

24 To each Coroner in counties containing 200,000 or more
25 inhabitants, but less than 300,000 inhabitants, not less than
26 \$18,000 per annum.

1 To each Coroner in counties containing 300,000 or more
2 inhabitants, but less than 2,000,000 inhabitants, not less than
3 \$20,000 per annum.

4 The population of all counties for the purpose of fixing
5 compensation, as herein provided, shall be based upon the last
6 Federal census immediately previous to the election of the
7 Coroner in question in each county. This Section does not apply
8 to a county which has abolished the elective office of coroner.

9 (b) Those coroners beginning a term of office on or after
10 December 1, 1990 shall be compensated as follows:

11 (1) Beginning December 1, 1990, base salary plus at
12 least 3% of base salary.

13 (2) Beginning December 1, 1991, base salary plus at
14 least 6% of base salary.

15 (3) Beginning December 1, 1992, base salary plus at
16 least 9% of base salary.

17 (4) Beginning December 1, 1993, base salary plus at
18 least 12% of base salary.

19 "Base salary", as used in this subsection (b), means the
20 salary in effect before July 1, 1989.

21 (c) In addition to, but separate and apart from, the
22 compensation provided in this Section, subject to
23 appropriation, the coroner of each county shall receive an
24 annual stipend of \$6,500 to be paid by the Illinois Department
25 of Revenue out of the Personal Property Tax Replacement Fund if
26 his or her term begins on or after December 1, 2000. No stipend

1 shall be paid to coroners whose terms of office begin on or
2 after the effective date of this amendatory Act of the 99th
3 General Assembly.

4 (Source: P.A. 97-72, eff. 7-1-11.)

5 (55 ILCS 5/4-6003) (from Ch. 34, par. 4-6003)

6 Sec. 4-6003. Compensation of sheriffs for certain expenses
7 in counties of less than 2,000,000.

8 (a) The County Board, in all counties of less than
9 2,000,000 inhabitants, shall fix the compensation of sheriffs,
10 with the amount of their necessary clerk hire, stationery, fuel
11 and other expenses. The county shall supply the sheriff with
12 all necessary uniforms, guns and ammunition. The compensation
13 of each such officer shall be fixed separately from his
14 necessary clerk hire, stationery, fuel and other expenses.
15 Beginning immediately, no county with a population under
16 2,000,000 may reduce the rate of compensation of its sheriff
17 below the rate of compensation that it was actually paying to
18 its sheriff on January 1, 2002 or the effective date of this
19 amendatory Act of the 92nd General Assembly, whichever is
20 greater.

21 (b) In addition to the requirement of subsection (a), the
22 rate of compensation payable to the sheriff by the county shall
23 not be less than the following:

24 To each such sheriff in counties containing less than
25 10,000 inhabitants, not less than \$27,000 per annum.

1 To each such sheriff in counties containing 10,000 or more
2 inhabitants but less than 20,000 inhabitants, not less than
3 \$31,000 per annum.

4 To each such sheriff in counties containing 20,000 or more
5 inhabitants but less than 30,000 inhabitants, not less than
6 \$34,000 per annum.

7 To each such sheriff in counties containing 30,000 or more
8 inhabitants but less than 60,000 inhabitants, not less than
9 \$37,000 per annum.

10 To each such sheriff in counties containing 60,000 or more
11 inhabitants but less than 100,000 inhabitants, not less than
12 \$40,000 per annum.

13 To each such sheriff in counties containing 100,000 or more
14 inhabitants but less than 2,000,000 inhabitants, not less than
15 \$43,000 per annum.

16 The population of each county for the purpose of fixing
17 compensation as herein provided, shall be based upon the last
18 federal census immediately previous to the election of the
19 sheriff in question in such county.

20 (c) (Blank).

21 (d) In addition to the salary provided for in subsections
22 (a), (b), and (c), beginning December 1, 1998, subject to
23 appropriation, each sheriff, for his or her additional duties
24 imposed by other statutes or laws, shall receive an annual
25 stipend to be paid by the Illinois Department of Revenue out of
26 the Personal Property Tax Replacement Fund in the amount of

1 \$6,500. No stipend shall be paid to any sheriff whose term of
2 office begins on or after the effective date of this amendatory
3 Act of the 99th General Assembly.

4 (e) No county board may reduce or otherwise impair the
5 compensation payable from county funds to a sheriff if the
6 reduction or impairment is the result of the sheriff receiving
7 an award or stipend payable from State funds.

8 (Source: P.A. 97-72, eff. 7-1-11.)

9 (55 ILCS 5/4-8002) (from Ch. 34, par. 4-8002)

10 Sec. 4-8002. Additional compensation of sheriff and
11 recorder.

12 (a) In addition to any salary otherwise provided by law,
13 beginning December 1, 1998, subject to appropriation, the
14 sheriff of Cook County for his or her additional duties imposed
15 by other statutes or laws shall receive an annual stipend to be
16 paid by the Illinois Department of Revenue out of the Personal
17 Property Tax Replacement Fund in the amount of \$6,500. However,
18 no such stipend shall be paid to any sheriff of Cook County
19 whose term of office begins on or after the effective date of
20 this amendatory Act of the 99th General Assembly. The county
21 board shall not reduce or otherwise impair the compensation
22 payable from county funds to the sheriff if the reduction or
23 impairment is the result of the sheriff receiving a stipend
24 payable from State funds.

25 (b) In addition to any salary otherwise provided by law,

1 beginning December 1, 2000, subject to appropriation, the
2 recorder of deeds of Cook County for his or her additional
3 duties imposed by law shall receive an annual stipend to be
4 paid by the State in an amount equal to the stipend paid to
5 each recorder in other counties under subsection (d) of Section
6 4-6001 of this Code. However, no such stipend shall be paid to
7 any recorder of deeds of Cook County whose term of office
8 begins on or after the effective date of this amendatory Act of
9 the 99th General Assembly. The county board may not reduce or
10 otherwise impair the compensation payable from county funds to
11 the recorder of deeds if the reduction or impairment is the
12 result of the recorder of deeds receiving a stipend payable
13 from State funds.

14 (Source: P.A. 97-72, eff. 7-1-11; 97-619, eff. 11-14-11.)

15 Section 15-30. The Clerks of Courts Act is amended by
16 changing Section 27.3 as follows:

17 (705 ILCS 105/27.3) (from Ch. 25, par. 27.3)

18 Sec. 27.3. Compensation.

19 (a) The county board shall provide the compensation of
20 Clerks of the Circuit Court, and the amount necessary for clerk
21 hire, stationery, fuel and other expenses. Beginning December
22 1, 1989, the compensation per annum for Clerks of the Circuit
23 Court shall be as follows:

24 In counties where the population is:

1	Less than 14,000	at least \$13,500
2	14,001-30,000	at least \$14,500
3	30,001-60,000	at least \$15,000
4	60,001-100,000	at least \$15,000
5	100,001-200,000	at least \$16,500
6	200,001-300,000	at least \$18,000
7	300,001- 3,000,000	at least \$20,000
8	Over 3,000,000	at least \$55,000

9 (b) In counties in which the population is 3,000,000 or
10 less, "base salary" is the compensation paid for each Clerk of
11 the Circuit Court, respectively, before July 1, 1989.

12 (c) The Clerks of the Circuit Court, in counties in which
13 the population is 3,000,000 or less, shall be compensated as
14 follows:

15 (1) Beginning December 1, 1989, base salary plus at
16 least 3% of base salary.

17 (2) Beginning December 1, 1990, base salary plus at
18 least 6% of base salary.

19 (3) Beginning December 1, 1991, base salary plus at
20 least 9% of base salary.

21 (4) Beginning December 1, 1992, base salary plus at
22 least 12% of base salary.

23 (d) In addition to the compensation provided by the county
24 board, each Clerk of the Circuit Court shall receive an award
25 from the State for the additional duties imposed by Sections
26 5-9-1 and 5-9-1.2 of the Unified Code of Corrections, Section

1 10 of the Violent Crime Victims Assistance Act, Section 16-104a
2 of the Illinois Vehicle Code, and other laws, in the following
3 amount:

4 (1) \$3,500 per year before January 1, 1997.

5 (2) \$4,500 per year beginning January 1, 1997.

6 (3) \$5,500 per year beginning January 1, 1998.

7 (4) \$6,500 per year beginning January 1, 1999.

8 The total amount required for such awards shall be appropriated
9 each year by the General Assembly to the Supreme Court, which
10 shall distribute such awards in annual lump sum payments to the
11 Clerks of the Circuit Court in all counties. This annual award,
12 and any other award or stipend paid out of State funds to the
13 Clerks of the Circuit Court, shall not affect any other
14 compensation provided by law to be paid to Clerks of the
15 Circuit Court. No award or stipend authorized under this
16 subsection (d) shall be paid to any recorder of deeds of Cook
17 County whose term of office begins on or after the effective
18 date of this amendatory Act of the 99th General Assembly.

19 (e) (Blank).

20 (f) No county board may reduce or otherwise impair the
21 compensation payable from county funds to a Clerk of the
22 Circuit Court if the reduction or impairment is the result of
23 the Clerk of the Circuit Court receiving an award or stipend
24 payable from State funds.

25 (Source: P.A. 98-24, eff. 6-19-13.)

1 Section 15-35. The Limited Liability Company Act is amended
2 by changing Section 50-10 as follows:

3 (805 ILCS 180/50-10)

4 Sec. 50-10. Fees.

5 (a) The Secretary of State shall charge and collect in
6 accordance with the provisions of this Act and rules
7 promulgated under its authority all of the following:

8 (1) Fees for filing documents.

9 (2) Miscellaneous charges.

10 (3) Fees for the sale of lists of filings and for
11 copies of any documents.

12 (b) The Secretary of State shall charge and collect for all
13 of the following:

14 (1) Filing articles of organization (domestic),
15 application for admission (foreign), and restated articles
16 of organization (domestic), \$150 ~~\$500~~. Notwithstanding the
17 foregoing, the fee for filing articles of organization
18 (domestic), application for admission (foreign), and
19 restated articles of organization (domestic) in connection
20 with a limited liability company with ability to establish
21 series pursuant to Section 37-40 of this Act is \$400 ~~\$750~~.

22 (2) Filing articles of amendment or an amended
23 application for admission, \$50 ~~\$150~~.

24 (3) Filing articles of dissolution or application for
25 withdrawal, \$5 ~~\$100~~.

1 (4) Filing an application to reserve a name, \$25 ~~\$300~~.

2 (5) Filing a notice of cancellation of a reserved name,
3 \$5 ~~\$100~~.

4 (6) Filing a notice of a transfer of a reserved name,
5 \$25 ~~\$100~~.

6 (7) Registration of a name, \$50 ~~\$300~~.

7 (8) Renewal of registration of a name, \$50 ~~\$100~~.

8 (9) Filing an application for use of an assumed name
9 under Section 1-20 of this Act, \$150 for each year or part
10 thereof ending in 0 or 5, \$120 for each year or part
11 thereof ending in 1 or 6, \$90 for each year or part thereof
12 ending in 2 or 7, \$60 for each year or part thereof ending
13 in 3 or 8, \$30 for each year or part thereof ending in 4 or
14 9, and a renewal for each assumed name, \$150.

15 (9.5) Filing an application for change of an assumed
16 name, \$25.

17 (10) Filing an application for ~~change or~~ cancellation
18 of an assumed name, \$5 ~~\$100~~.

19 (11) Filing an annual report of a limited liability
20 company or foreign limited liability company, \$75 ~~\$250~~, if
21 filed as required by this Act, plus a penalty if
22 delinquent. Notwithstanding the foregoing, the fee for
23 filing an annual report of a limited liability company or
24 foreign limited liability company with ability to
25 establish series is \$75 ~~\$250~~ plus \$50 for each series for
26 which a certificate of designation has been filed pursuant

1 to Section 37-40 of this Act and active on the last day of
2 the third month preceding the company's anniversary month,
3 plus a penalty if delinquent.

4 (12) Filing an application for reinstatement of a
5 limited liability company or foreign limited liability
6 company \$200 ~~\$500~~.

7 (13) Filing Articles of Merger, \$100 plus \$50 for each
8 party to the merger in excess of the first 2 parties.

9 (14) Filing an Agreement of Conversion or Statement of
10 Conversion, \$100.

11 (15) Filing a statement of change of address of
12 registered office or change of registered agent, or both,
13 or filing a statement of correction, \$25.

14 (16) Filing a petition for refund, \$5 ~~\$15~~.

15 (17) Filing any other document, \$5 ~~\$100~~.

16 (18) Filing a certificate of designation of a limited
17 liability company with the ability to establish series
18 pursuant to Section 37-40 of this Act, \$50.

19 (c) The Secretary of State shall charge and collect all of
20 the following:

21 (1) For furnishing a copy or certified copy of any
22 document, instrument, or paper relating to a limited
23 liability company or foreign limited liability company, or
24 for a certificate, \$25.

25 (2) For the transfer of information by computer process
26 media to any purchaser, fees established by rule.

1 (Source: P.A. 97-839, eff. 7-20-12.)

2 ARTICLE 20. INCOME TAX; CONTINENTAL SHELF

3 Section 20-5. The Illinois Income Tax Act is amended by
4 changing Section 1501 as follows:

5 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

6 Sec. 1501. Definitions.

7 (a) In general. When used in this Act, where not otherwise
8 distinctly expressed or manifestly incompatible with the
9 intent thereof:

10 (1) Business income. The term "business income" means
11 all income that may be treated as apportionable business
12 income under the Constitution of the United States.
13 Business income is net of the deductions allocable thereto.
14 Such term does not include compensation or the deductions
15 allocable thereto. For each taxable year beginning on or
16 after January 1, 2003, a taxpayer may elect to treat all
17 income other than compensation as business income. This
18 election shall be made in accordance with rules adopted by
19 the Department and, once made, shall be irrevocable.

20 (1.5) Captive real estate investment trust:

21 (A) The term "captive real estate investment
22 trust" means a corporation, trust, or association:

23 (i) that is considered a real estate

1 investment trust for the taxable year under
2 Section 856 of the Internal Revenue Code;

3 (ii) the certificates of beneficial interest
4 or shares of which are not regularly traded on an
5 established securities market; and

6 (iii) of which more than 50% of the voting
7 power or value of the beneficial interest or
8 shares, at any time during the last half of the
9 taxable year, is owned or controlled, directly,
10 indirectly, or constructively, by a single
11 corporation.

12 (B) The term "captive real estate investment
13 trust" does not include:

14 (i) a real estate investment trust of which
15 more than 50% of the voting power or value of the
16 beneficial interest or shares is owned or
17 controlled, directly, indirectly, or
18 constructively, by:

19 (a) a real estate investment trust, other
20 than a captive real estate investment trust;

21 (b) a person who is exempt from taxation
22 under Section 501 of the Internal Revenue Code,
23 and who is not required to treat income
24 received from the real estate investment trust
25 as unrelated business taxable income under
26 Section 512 of the Internal Revenue Code;

1 (c) a listed Australian property trust, if
2 no more than 50% of the voting power or value
3 of the beneficial interest or shares of that
4 trust, at any time during the last half of the
5 taxable year, is owned or controlled, directly
6 or indirectly, by a single person;

7 (d) an entity organized as a trust,
8 provided a listed Australian property trust
9 described in subparagraph (c) owns or
10 controls, directly or indirectly, or
11 constructively, 75% or more of the voting power
12 or value of the beneficial interests or shares
13 of such entity; or

14 (e) an entity that is organized outside of
15 the laws of the United States and that
16 satisfies all of the following criteria:

17 (1) at least 75% of the entity's total
18 asset value at the close of its taxable
19 year is represented by real estate assets
20 (as defined in Section 856(c)(5)(B) of the
21 Internal Revenue Code, thereby including
22 shares or certificates of beneficial
23 interest in any real estate investment
24 trust), cash and cash equivalents, and
25 U.S. Government securities;

26 (2) the entity is not subject to tax on

1 amounts that are distributed to its
2 beneficial owners or is exempt from
3 entity-level taxation;

4 (3) the entity distributes at least
5 85% of its taxable income (as computed in
6 the jurisdiction in which it is organized)
7 to the holders of its shares or
8 certificates of beneficial interest on an
9 annual basis;

10 (4) either (i) the shares or
11 beneficial interests of the entity are
12 regularly traded on an established
13 securities market or (ii) not more than 10%
14 of the voting power or value in the entity
15 is held, directly, indirectly, or
16 constructively, by a single entity or
17 individual; and

18 (5) the entity is organized in a
19 country that has entered into a tax treaty
20 with the United States; or

21 (ii) during its first taxable year for which it
22 elects to be treated as a real estate investment
23 trust under Section 856(c)(1) of the Internal
24 Revenue Code, a real estate investment trust the
25 certificates of beneficial interest or shares of
26 which are not regularly traded on an established

1 securities market, but only if the certificates of
2 beneficial interest or shares of the real estate
3 investment trust are regularly traded on an
4 established securities market prior to the earlier
5 of the due date (including extensions) for filing
6 its return under this Act for that first taxable
7 year or the date it actually files that return.

8 (C) For the purposes of this subsection (1.5), the
9 constructive ownership rules prescribed under Section
10 318(a) of the Internal Revenue Code, as modified by
11 Section 856(d)(5) of the Internal Revenue Code, apply
12 in determining the ownership of stock, assets, or net
13 profits of any person.

14 (D) For the purposes of this item (1.5), for
15 taxable years ending on or after August 16, 2007, the
16 voting power or value of the beneficial interest or
17 shares of a real estate investment trust does not
18 include any voting power or value of beneficial
19 interest or shares in a real estate investment trust
20 held directly or indirectly in a segregated asset
21 account by a life insurance company (as described in
22 Section 817 of the Internal Revenue Code) to the extent
23 such voting power or value is for the benefit of
24 entities or persons who are either immune from taxation
25 or exempt from taxation under subtitle A of the
26 Internal Revenue Code.

1 (2) Commercial domicile. The term "commercial
2 domicile" means the principal place from which the trade or
3 business of the taxpayer is directed or managed.

4 (3) Compensation. The term "compensation" means wages,
5 salaries, commissions and any other form of remuneration
6 paid to employees for personal services.

7 (4) Corporation. The term "corporation" includes
8 associations, joint-stock companies, insurance companies
9 and cooperatives. Any entity, including a limited
10 liability company formed under the Illinois Limited
11 Liability Company Act, shall be treated as a corporation if
12 it is so classified for federal income tax purposes.

13 (5) Department. The term "Department" means the
14 Department of Revenue of this State.

15 (6) Director. The term "Director" means the Director of
16 Revenue of this State.

17 (7) Fiduciary. The term "fiduciary" means a guardian,
18 trustee, executor, administrator, receiver, or any person
19 acting in any fiduciary capacity for any person.

20 (8) Financial organization.

21 (A) The term "financial organization" means any
22 bank, bank holding company, trust company, savings
23 bank, industrial bank, land bank, safe deposit
24 company, private banker, savings and loan association,
25 building and loan association, credit union, currency
26 exchange, cooperative bank, small loan company, sales

1 finance company, investment company, or any person
2 which is owned by a bank or bank holding company. For
3 the purpose of this Section a "person" will include
4 only those persons which a bank holding company may
5 acquire and hold an interest in, directly or
6 indirectly, under the provisions of the Bank Holding
7 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
8 where interests in any person must be disposed of
9 within certain required time limits under the Bank
10 Holding Company Act of 1956.

11 (B) For purposes of subparagraph (A) of this
12 paragraph, the term "bank" includes (i) any entity that
13 is regulated by the Comptroller of the Currency under
14 the National Bank Act, or by the Federal Reserve Board,
15 or by the Federal Deposit Insurance Corporation and
16 (ii) any federally or State chartered bank operating as
17 a credit card bank.

18 (C) For purposes of subparagraph (A) of this
19 paragraph, the term "sales finance company" has the
20 meaning provided in the following item (i) or (ii):

21 (i) A person primarily engaged in one or more
22 of the following businesses: the business of
23 purchasing customer receivables, the business of
24 making loans upon the security of customer
25 receivables, the business of making loans for the
26 express purpose of funding purchases of tangible

1 personal property or services by the borrower, or
2 the business of finance leasing. For purposes of
3 this item (i), "customer receivable" means:

4 (a) a retail installment contract or
5 retail charge agreement within the meaning of
6 the Sales Finance Agency Act, the Retail
7 Installment Sales Act, or the Motor Vehicle
8 Retail Installment Sales Act;

9 (b) an installment, charge, credit, or
10 similar contract or agreement arising from the
11 sale of tangible personal property or services
12 in a transaction involving a deferred payment
13 price payable in one or more installments
14 subsequent to the sale; or

15 (c) the outstanding balance of a contract
16 or agreement described in provisions (a) or (b)
17 of this item (i).

18 A customer receivable need not provide for
19 payment of interest on deferred payments. A sales
20 finance company may purchase a customer receivable
21 from, or make a loan secured by a customer
22 receivable to, the seller in the original
23 transaction or to a person who purchased the
24 customer receivable directly or indirectly from
25 that seller.

26 (ii) A corporation meeting each of the

1 following criteria:

2 (a) the corporation must be a member of an
3 "affiliated group" within the meaning of
4 Section 1504(a) of the Internal Revenue Code,
5 determined without regard to Section 1504(b)
6 of the Internal Revenue Code;

7 (b) more than 50% of the gross income of
8 the corporation for the taxable year must be
9 interest income derived from qualifying loans.
10 A "qualifying loan" is a loan made to a member
11 of the corporation's affiliated group that
12 originates customer receivables (within the
13 meaning of item (i)) or to whom customer
14 receivables originated by a member of the
15 affiliated group have been transferred, to the
16 extent the average outstanding balance of
17 loans from that corporation to members of its
18 affiliated group during the taxable year do not
19 exceed the limitation amount for that
20 corporation. The "limitation amount" for a
21 corporation is the average outstanding
22 balances during the taxable year of customer
23 receivables (within the meaning of item (i))
24 originated by all members of the affiliated
25 group. If the average outstanding balances of
26 the loans made by a corporation to members of

1 its affiliated group exceed the limitation
2 amount, the interest income of that
3 corporation from qualifying loans shall be
4 equal to its interest income from loans to
5 members of its affiliated groups times a
6 fraction equal to the limitation amount
7 divided by the average outstanding balances of
8 the loans made by that corporation to members
9 of its affiliated group;

10 (c) the total of all shareholder's equity
11 (including, without limitation, paid-in
12 capital on common and preferred stock and
13 retained earnings) of the corporation plus the
14 total of all of its loans, advances, and other
15 obligations payable or owed to members of its
16 affiliated group may not exceed 20% of the
17 total assets of the corporation at any time
18 during the tax year; and

19 (d) more than 50% of all interest-bearing
20 obligations of the affiliated group payable to
21 persons outside the group determined in
22 accordance with generally accepted accounting
23 principles must be obligations of the
24 corporation.

25 This amendatory Act of the 91st General Assembly is
26 declaratory of existing law.

1 (D) Subparagraphs (B) and (C) of this paragraph are
2 declaratory of existing law and apply retroactively,
3 for all tax years beginning on or before December 31,
4 1996, to all original returns, to all amended returns
5 filed no later than 30 days after the effective date of
6 this amendatory Act of 1996, and to all notices issued
7 on or before the effective date of this amendatory Act
8 of 1996 under subsection (a) of Section 903, subsection
9 (a) of Section 904, subsection (e) of Section 909, or
10 Section 912. A taxpayer that is a "financial
11 organization" that engages in any transaction with an
12 affiliate shall be a "financial organization" for all
13 purposes of this Act.

14 (E) For all tax years beginning on or before
15 December 31, 1996, a taxpayer that falls within the
16 definition of a "financial organization" under
17 subparagraphs (B) or (C) of this paragraph, but who
18 does not fall within the definition of a "financial
19 organization" under the Proposed Regulations issued by
20 the Department of Revenue on July 19, 1996, may
21 irrevocably elect to apply the Proposed Regulations
22 for all of those years as though the Proposed
23 Regulations had been lawfully promulgated, adopted,
24 and in effect for all of those years. For purposes of
25 applying subparagraphs (B) or (C) of this paragraph to
26 all of those years, the election allowed by this

1 subparagraph applies only to the taxpayer making the
2 election and to those members of the taxpayer's unitary
3 business group who are ordinarily required to
4 apportion business income under the same subsection of
5 Section 304 of this Act as the taxpayer making the
6 election. No election allowed by this subparagraph
7 shall be made under a claim filed under subsection (d)
8 of Section 909 more than 30 days after the effective
9 date of this amendatory Act of 1996.

10 (F) Finance Leases. For purposes of this
11 subsection, a finance lease shall be treated as a loan
12 or other extension of credit, rather than as a lease,
13 regardless of how the transaction is characterized for
14 any other purpose, including the purposes of any
15 regulatory agency to which the lessor is subject. A
16 finance lease is any transaction in the form of a lease
17 in which the lessee is treated as the owner of the
18 leased asset entitled to any deduction for
19 depreciation allowed under Section 167 of the Internal
20 Revenue Code.

21 (9) Fiscal year. The term "fiscal year" means an
22 accounting period of 12 months ending on the last day of
23 any month other than December.

24 (9.5) Fixed place of business. The term "fixed place of
25 business" has the same meaning as that term is given in
26 Section 864 of the Internal Revenue Code and the related

1 Treasury regulations.

2 (10) Includes and including. The terms "includes" and
3 "including" when used in a definition contained in this Act
4 shall not be deemed to exclude other things otherwise
5 within the meaning of the term defined.

6 (11) Internal Revenue Code. The term "Internal Revenue
7 Code" means the United States Internal Revenue Code of 1954
8 or any successor law or laws relating to federal income
9 taxes in effect for the taxable year.

10 (11.5) Investment partnership.

11 (A) The term "investment partnership" means any
12 entity that is treated as a partnership for federal
13 income tax purposes that meets the following
14 requirements:

15 (i) no less than 90% of the partnership's cost
16 of its total assets consists of qualifying
17 investment securities, deposits at banks or other
18 financial institutions, and office space and
19 equipment reasonably necessary to carry on its
20 activities as an investment partnership;

21 (ii) no less than 90% of its gross income
22 consists of interest, dividends, and gains from
23 the sale or exchange of qualifying investment
24 securities; and

25 (iii) the partnership is not a dealer in
26 qualifying investment securities.

1 (B) For purposes of this paragraph (11.5), the term
2 "qualifying investment securities" includes all of the
3 following:

4 (i) common stock, including preferred or debt
5 securities convertible into common stock, and
6 preferred stock;

7 (ii) bonds, debentures, and other debt
8 securities;

9 (iii) foreign and domestic currency deposits
10 secured by federal, state, or local governmental
11 agencies;

12 (iv) mortgage or asset-backed securities
13 secured by federal, state, or local governmental
14 agencies;

15 (v) repurchase agreements and loan
16 participations;

17 (vi) foreign currency exchange contracts and
18 forward and futures contracts on foreign
19 currencies;

20 (vii) stock and bond index securities and
21 futures contracts and other similar financial
22 securities and futures contracts on those
23 securities;

24 (viii) options for the purchase or sale of any
25 of the securities, currencies, contracts, or
26 financial instruments described in items (i) to

- 1 (vii), inclusive;
- 2 (ix) regulated futures contracts;
- 3 (x) commodities (not described in Section
- 4 1221(a)(1) of the Internal Revenue Code) or
- 5 futures, forwards, and options with respect to
- 6 such commodities, provided, however, that any item
- 7 of a physical commodity to which title is actually
- 8 acquired in the partnership's capacity as a dealer
- 9 in such commodity shall not be a qualifying
- 10 investment security;
- 11 (xi) derivatives; and
- 12 (xii) a partnership interest in another
- 13 partnership that is an investment partnership.

14 (12) Mathematical error. The term "mathematical error"

15 includes the following types of errors, omissions, or

16 defects in a return filed by a taxpayer which prevents

17 acceptance of the return as filed for processing:

- 18 (A) arithmetic errors or incorrect computations on
- 19 the return or supporting schedules;
- 20 (B) entries on the wrong lines;
- 21 (C) omission of required supporting forms or
- 22 schedules or the omission of the information in whole
- 23 or in part called for thereon; and
- 24 (D) an attempt to claim, exclude, deduct, or
- 25 improperly report, in a manner directly contrary to the
- 26 provisions of the Act and regulations thereunder any

1 item of income, exemption, deduction, or credit.

2 (13) Nonbusiness income. The term "nonbusiness income"
3 means all income other than business income or
4 compensation.

5 (14) Nonresident. The term "nonresident" means a
6 person who is not a resident.

7 (15) Paid, incurred and accrued. The terms "paid",
8 "incurred" and "accrued" shall be construed according to
9 the method of accounting upon the basis of which the
10 person's base income is computed under this Act.

11 (16) Partnership and partner. The term "partnership"
12 includes a syndicate, group, pool, joint venture or other
13 unincorporated organization, through or by means of which
14 any business, financial operation, or venture is carried
15 on, and which is not, within the meaning of this Act, a
16 trust or estate or a corporation; and the term "partner"
17 includes a member in such syndicate, group, pool, joint
18 venture or organization.

19 The term "partnership" includes any entity, including
20 a limited liability company formed under the Illinois
21 Limited Liability Company Act, classified as a partnership
22 for federal income tax purposes.

23 The term "partnership" does not include a syndicate,
24 group, pool, joint venture, or other unincorporated
25 organization established for the sole purpose of playing
26 the Illinois State Lottery.

1 (17) Part-year resident. The term "part-year resident"
2 means an individual who became a resident during the
3 taxable year or ceased to be a resident during the taxable
4 year. Under Section 1501(a)(20)(A)(i) residence commences
5 with presence in this State for other than a temporary or
6 transitory purpose and ceases with absence from this State
7 for other than a temporary or transitory purpose. Under
8 Section 1501(a)(20)(A)(ii) residence commences with the
9 establishment of domicile in this State and ceases with the
10 establishment of domicile in another State.

11 (18) Person. The term "person" shall be construed to
12 mean and include an individual, a trust, estate,
13 partnership, association, firm, company, corporation,
14 limited liability company, or fiduciary. For purposes of
15 Section 1301 and 1302 of this Act, a "person" means (i) an
16 individual, (ii) a corporation, (iii) an officer, agent, or
17 employee of a corporation, (iv) a member, agent or employee
18 of a partnership, or (v) a member, manager, employee,
19 officer, director, or agent of a limited liability company
20 who in such capacity commits an offense specified in
21 Section 1301 and 1302.

22 (18A) Records. The term "records" includes all data
23 maintained by the taxpayer, whether on paper, microfilm,
24 microfiche, or any type of machine-sensible data
25 compilation.

26 (19) Regulations. The term "regulations" includes

1 rules promulgated and forms prescribed by the Department.

2 (20) Resident. The term "resident" means:

3 (A) an individual (i) who is in this State for
4 other than a temporary or transitory purpose during the
5 taxable year; or (ii) who is domiciled in this State
6 but is absent from the State for a temporary or
7 transitory purpose during the taxable year;

8 (B) The estate of a decedent who at his or her
9 death was domiciled in this State;

10 (C) A trust created by a will of a decedent who at
11 his death was domiciled in this State; and

12 (D) An irrevocable trust, the grantor of which was
13 domiciled in this State at the time such trust became
14 irrevocable. For purpose of this subparagraph, a trust
15 shall be considered irrevocable to the extent that the
16 grantor is not treated as the owner thereof under
17 Sections 671 through 678 of the Internal Revenue Code.

18 (21) Sales. The term "sales" means all gross receipts
19 of the taxpayer not allocated under Sections 301, 302 and
20 303.

21 (22) State. The term "state" when applied to a
22 jurisdiction other than this State means any state of the
23 United States, the District of Columbia, the Commonwealth
24 of Puerto Rico, any Territory or Possession of the United
25 States, and any foreign country, or any political
26 subdivision of any of the foregoing. For purposes of the

1 foreign tax credit under Section 601, the term "state"
2 means any state of the United States, the District of
3 Columbia, the Commonwealth of Puerto Rico, and any
4 territory or possession of the United States, or any
5 political subdivision of any of the foregoing, effective
6 for tax years ending on or after December 31, 1989.

7 (23) Taxable year. The term "taxable year" means the
8 calendar year, or the fiscal year ending during such
9 calendar year, upon the basis of which the base income is
10 computed under this Act. "Taxable year" means, in the case
11 of a return made for a fractional part of a year under the
12 provisions of this Act, the period for which such return is
13 made.

14 (24) Taxpayer. The term "taxpayer" means any person
15 subject to the tax imposed by this Act.

16 (25) International banking facility. The term
17 international banking facility shall have the same meaning
18 as is set forth in the Illinois Banking Act or as is set
19 forth in the laws of the United States or regulations of
20 the Board of Governors of the Federal Reserve System.

21 (26) Income Tax Return Preparer.

22 (A) The term "income tax return preparer" means any
23 person who prepares for compensation, or who employs
24 one or more persons to prepare for compensation, any
25 return of tax imposed by this Act or any claim for
26 refund of tax imposed by this Act. The preparation of a

1 substantial portion of a return or claim for refund
2 shall be treated as the preparation of that return or
3 claim for refund.

4 (B) A person is not an income tax return preparer
5 if all he or she does is

6 (i) furnish typing, reproducing, or other
7 mechanical assistance;

8 (ii) prepare returns or claims for refunds for
9 the employer by whom he or she is regularly and
10 continuously employed;

11 (iii) prepare as a fiduciary returns or claims
12 for refunds for any person; or

13 (iv) prepare claims for refunds for a taxpayer
14 in response to any notice of deficiency issued to
15 that taxpayer or in response to any waiver of
16 restriction after the commencement of an audit of
17 that taxpayer or of another taxpayer if a
18 determination in the audit of the other taxpayer
19 directly or indirectly affects the tax liability
20 of the taxpayer whose claims he or she is
21 preparing.

22 (27) Unitary business group.

23 (A) The term "unitary business group" means a group
24 of persons related through common ownership whose
25 business activities are integrated with, dependent
26 upon and contribute to each other. The group will not

1 include those members whose business activity outside
2 the United States is 80% or more of any such member's
3 total business activity; for purposes of this
4 paragraph and clause (a)(3)(B)(ii) of Section 304,
5 business activity within the United States shall be
6 measured by means of the factors ordinarily applicable
7 under subsections (a), (b), (c), (d), or (h) of Section
8 304 except that, in the case of members ordinarily
9 required to apportion business income by means of the 3
10 factor formula of property, payroll and sales
11 specified in subsection (a) of Section 304, including
12 the formula as weighted in subsection (h) of Section
13 304, such members shall not use the sales factor in the
14 computation and the results of the property and payroll
15 factor computations of subsection (a) of Section 304
16 shall be divided by 2 (by one if either the property or
17 payroll factor has a denominator of zero). The
18 computation required by the preceding sentence shall,
19 in each case, involve the division of the member's
20 property, payroll, or revenue miles in the United
21 States, insurance premiums on property or risk in the
22 United States, or financial organization business
23 income from sources within the United States, as the
24 case may be, by the respective worldwide figures for
25 such items. Common ownership in the case of
26 corporations is the direct or indirect control or

1 ownership of more than 50% of the outstanding voting
2 stock of the persons carrying on unitary business
3 activity. Unitary business activity can ordinarily be
4 illustrated where the activities of the members are:
5 (1) in the same general line (such as manufacturing,
6 wholesaling, retailing of tangible personal property,
7 insurance, transportation or finance); or (2) are
8 steps in a vertically structured enterprise or process
9 (such as the steps involved in the production of
10 natural resources, which might include exploration,
11 mining, refining, and marketing); and, in either
12 instance, the members are functionally integrated
13 through the exercise of strong centralized management
14 (where, for example, authority over such matters as
15 purchasing, financing, tax compliance, product line,
16 personnel, marketing and capital investment is not
17 left to each member).

18 (B) In no event, shall any unitary business group
19 include members which are ordinarily required to
20 apportion business income under different subsections
21 of Section 304 except that for tax years ending on or
22 after December 31, 1987 this prohibition shall not
23 apply to a holding company that would otherwise be a
24 member of a unitary business group with taxpayers that
25 apportion business income under any of subsections
26 (b), (c), (c-1), or (d) of Section 304. If a unitary

1 business group would, but for the preceding sentence,
2 include members that are ordinarily required to
3 apportion business income under different subsections
4 of Section 304, then for each subsection of Section 304
5 for which there are two or more members, there shall be
6 a separate unitary business group composed of such
7 members. For purposes of the preceding two sentences, a
8 member is "ordinarily required to apportion business
9 income" under a particular subsection of Section 304 if
10 it would be required to use the apportionment method
11 prescribed by such subsection except for the fact that
12 it derives business income solely from Illinois. As
13 used in this paragraph, for taxable years ending before
14 December 31, 2015, the phrase "United States" means
15 only the 50 states and the District of Columbia, but
16 does not include any territory or possession of the
17 United States or any area over which the United States
18 has asserted jurisdiction or claimed exclusive rights
19 with respect to the exploration for or exploitation of
20 natural resources. For taxable years ending on or after
21 December 31, 2015, the phrase "United States", as used
22 in this paragraph, means only the 50 states, the
23 District of Columbia, and any area over which the
24 United States has asserted jurisdiction or claimed
25 exclusive rights with respect to the exploration for or
26 exploitation of natural resources, but does not

1 include any territory or possession of the United
2 States.

3 (C) Holding companies.

4 (i) For purposes of this subparagraph, a
5 "holding company" is a corporation (other than a
6 corporation that is a financial organization under
7 paragraph (8) of this subsection (a) of Section
8 1501 because it is a bank holding company under the
9 provisions of the Bank Holding Company Act of 1956
10 (12 U.S.C. 1841, et seq.) or because it is owned by
11 a bank or a bank holding company) that owns a
12 controlling interest in one or more other
13 taxpayers ("controlled taxpayers"); that, during
14 the period that includes the taxable year and the 2
15 immediately preceding taxable years or, if the
16 corporation was formed during the current or
17 immediately preceding taxable year, the taxable
18 years in which the corporation has been in
19 existence, derived substantially all its gross
20 income from dividends, interest, rents, royalties,
21 fees or other charges received from controlled
22 taxpayers for the provision of services, and gains
23 on the sale or other disposition of interests in
24 controlled taxpayers or in property leased or
25 licensed to controlled taxpayers or used by the
26 taxpayer in providing services to controlled

1 taxpayers; and that incurs no substantial expenses
2 other than expenses (including interest and other
3 costs of borrowing) incurred in connection with
4 the acquisition and holding of interests in
5 controlled taxpayers and in the provision of
6 services to controlled taxpayers or in the leasing
7 or licensing of property to controlled taxpayers.

8 (ii) The income of a holding company which is a
9 member of more than one unitary business group
10 shall be included in each unitary business group of
11 which it is a member on a pro rata basis, by
12 including in each unitary business group that
13 portion of the base income of the holding company
14 that bears the same proportion to the total base
15 income of the holding company as the gross receipts
16 of the unitary business group bears to the combined
17 gross receipts of all unitary business groups (in
18 both cases without regard to the holding company)
19 or on any other reasonable basis, consistently
20 applied.

21 (iii) A holding company shall apportion its
22 business income under the subsection of Section
23 304 used by the other members of its unitary
24 business group. The apportionment factors of a
25 holding company which would be a member of more
26 than one unitary business group shall be included

1 with the apportionment factors of each unitary
2 business group of which it is a member on a pro
3 rata basis using the same method used in clause
4 (ii).

5 (iv) The provisions of this subparagraph (C)
6 are intended to clarify existing law.

7 (D) If including the base income and factors of a
8 holding company in more than one unitary business group
9 under subparagraph (C) does not fairly reflect the
10 degree of integration between the holding company and
11 one or more of the unitary business groups, the
12 dependence of the holding company and one or more of
13 the unitary business groups upon each other, or the
14 contributions between the holding company and one or
15 more of the unitary business groups, the holding
16 company may petition the Director, under the
17 procedures provided under Section 304(f), for
18 permission to include all base income and factors of
19 the holding company only with members of a unitary
20 business group apportioning their business income
21 under one subsection of subsections (a), (b), (c), or
22 (d) of Section 304. If the petition is granted, the
23 holding company shall be included in a unitary business
24 group only with persons apportioning their business
25 income under the selected subsection of Section 304
26 until the Director grants a petition of the holding

1 company either to be included in more than one unitary
2 business group under subparagraph (C) or to include its
3 base income and factors only with members of a unitary
4 business group apportioning their business income
5 under a different subsection of Section 304.

6 (E) If the unitary business group members'
7 accounting periods differ, the common parent's
8 accounting period or, if there is no common parent, the
9 accounting period of the member that is expected to
10 have, on a recurring basis, the greatest Illinois
11 income tax liability must be used to determine whether
12 to use the apportionment method provided in subsection
13 (a) or subsection (h) of Section 304. The prohibition
14 against membership in a unitary business group for
15 taxpayers ordinarily required to apportion income
16 under different subsections of Section 304 does not
17 apply to taxpayers required to apportion income under
18 subsection (a) and subsection (h) of Section 304. The
19 provisions of this amendatory Act of 1998 apply to tax
20 years ending on or after December 31, 1998.

21 (28) Subchapter S corporation. The term "Subchapter S
22 corporation" means a corporation for which there is in
23 effect an election under Section 1362 of the Internal
24 Revenue Code, or for which there is a federal election to
25 opt out of the provisions of the Subchapter S Revision Act
26 of 1982 and have applied instead the prior federal

1 Subchapter S rules as in effect on July 1, 1982.

2 (30) Foreign person. The term "foreign person" means
3 any person who is a nonresident alien individual and any
4 nonindividual entity, regardless of where created or
5 organized, whose business activity outside the United
6 States is 80% or more of the entity's total business
7 activity.

8 (b) Other definitions.

9 (1) Words denoting number, gender, and so forth, when
10 used in this Act, where not otherwise distinctly expressed
11 or manifestly incompatible with the intent thereof:

12 (A) Words importing the singular include and apply
13 to several persons, parties or things;

14 (B) Words importing the plural include the
15 singular; and

16 (C) Words importing the masculine gender include
17 the feminine as well.

18 (2) "Company" or "association" as including successors
19 and assigns. The word "company" or "association", when used
20 in reference to a corporation, shall be deemed to embrace
21 the words "successors and assigns of such company or
22 association", and in like manner as if these last-named
23 words, or words of similar import, were expressed.

24 (3) Other terms. Any term used in any Section of this
25 Act with respect to the application of, or in connection

1 with, the provisions of any other Section of this Act shall
2 have the same meaning as in such other Section.

3 (Source: P.A. 99-213, eff. 7-31-15.)

4 ARTICLE 25. COMPENSATION; BOARDS AND COMMISSIONS

5 Section 25-5. The Personnel Code is amended by changing
6 Section 7d as follows:

7 (20 ILCS 415/7d) (from Ch. 127, par. 63b107d)

8 Sec. 7d. Compensation. The chairman shall be paid an annual
9 salary of \$8,200 from the third Monday in January, 1979 to the
10 third Monday in January, 1980; \$8,700 from the third Monday in
11 January, 1980 to the third Monday in January, 1981; \$9,300 from
12 the third Monday in January, 1981 to the third Monday in
13 January 1982; \$10,000 from the third Monday in January, 1982 to
14 the effective date of this amendatory Act of the 91st General
15 Assembly; and \$25,000 until July 1, 2016 ~~thereafter, or as set~~
16 ~~by the Compensation Review Board, whichever is greater.~~ Other
17 members of the Commission shall each be paid an annual salary
18 of \$5,500 from the third Monday in January, 1979 to the third
19 Monday in January, 1980; \$6,000 from the third Monday in
20 January, 1980 to the third Monday in January, 1981; \$6,500 from
21 the third Monday in January, 1981 to the third Monday in
22 January, 1982; \$7,500 from the third Monday in January, 1982 to
23 the effective date of this amendatory Act of the 91st General

1 Assembly; and \$20,000 until July 1, 2016 ~~thereafter, or as set~~
2 ~~by the Compensation Review Board, whichever is greater.~~ Until
3 July 1, 2016, they ~~They~~ shall be entitled to reimbursement for
4 necessary traveling and other official expenditures
5 necessitated by their official duties. On and after July 1,
6 2016, no member of the Commission shall receive compensation
7 for his or her service on the Commission, nor shall they be
8 entitled to reimbursement for necessary traveling and other
9 official expenditures necessitated by their official duties.

10 (Source: P.A. 91-798, eff. 7-9-00.)

11 Section 25-10. The Capital Development Board Act is amended
12 by changing Section 6 as follows:

13 (20 ILCS 3105/6) (from Ch. 127, par. 776)

14 Sec. 6.

15 Members of the Board shall serve without compensation but
16 shall, until July 1, 2016, be reimbursed for their reasonable
17 expenses necessarily incurred in the performance of their
18 duties and the exercise of their powers under this Act. Each
19 member shall before entering upon the duties of his office,
20 take and subscribe the constitutional oath of office and give
21 bond in the penal sum of \$100,000 conditioned upon the faithful
22 performance of his duties. The oath and bond shall be filed in
23 the office of the Secretary of State.

24 (Source: P.A. 77-1995.)

1 Section 25-15. The Illinois Finance Authority Act is
2 amended by changing Section 801-15 as follows:

3 (20 ILCS 3501/801-15)

4 Sec. 801-15. There is hereby created a body politic and
5 corporate to be known as the Illinois Finance Authority. The
6 exercise of the powers conferred by law shall be an essential
7 public function. The Authority shall consist of 15 members, who
8 shall be appointed by the Governor, with the advice and consent
9 of the Senate. Upon the appointment of the Board and every 2
10 years thereafter, the chairperson of the Authority shall be
11 selected by the Governor to serve as chairperson for two years.
12 Appointments to the Authority shall be persons of recognized
13 ability and experience in one or more of the following areas:
14 economic development, finance, banking, industrial
15 development, small business management, real estate
16 development, housing, health facilities financing, local
17 government financing, community development, venture finance,
18 construction, labor relations, agribusiness, and production
19 agriculture. At the time of appointment, the Governor shall
20 designate 5 members to serve until the third Monday in July
21 2005, 5 members to serve until the third Monday in July 2006
22 and 5 members to serve until the third Monday in July 2007.
23 Thereafter, appointments shall be for 3-year terms. At any
24 point in time, the Authority must include no fewer than 2

1 members who have expertise in agribusiness or production
2 agriculture. A member shall serve until his or her successor
3 shall be appointed and have qualified for office by filing the
4 oath and bond. Members of the Authority shall not be entitled
5 to compensation for their services as members, but shall, until
6 July 1, 2016, be entitled to reimbursement for all necessary
7 expenses incurred in connection with the performance of their
8 duties as members. The Governor may remove any member of the
9 Authority in case of incompetence, neglect of duty, or
10 malfeasance in office, after service on him of a copy of the
11 written charges against him and an opportunity to be publicly
12 heard in person or by counsel in his own defense upon not less
13 than 10 days' notice. From nominations received from the
14 Governor, the members of the Authority shall appoint an
15 Executive Director who shall be a person knowledgeable in the
16 areas of financial markets and instruments, to hold office for
17 a one-year term. The Executive Director shall be the chief
18 administrative and operational officer of the Authority and
19 shall direct and supervise its administrative affairs and
20 general management and perform such other duties as may be
21 prescribed from time to time by the members and shall receive
22 compensation fixed by the Authority. The Executive Director or
23 any committee of the members may carry out such
24 responsibilities of the members as the members by resolution
25 may delegate. The Executive Director shall attend all meetings
26 of the Authority; however, no action of the Authority shall be

1 invalid on account of the absence of the Executive Director
2 from a meeting. The Authority may engage the services of such
3 other agents and employees, including attorneys, appraisers,
4 engineers, accountants, credit analysts and other consultants,
5 as it may deem advisable and may prescribe their duties and fix
6 their compensation. The Authority may appoint Advisory
7 Councils to (1) assist in the formulation of policy goals and
8 objectives, (2) assist in the coordination of the delivery of
9 services, (3) assist in establishment of funding priorities for
10 the various activities of the Authority, and (4) target the
11 activities of the Authority to specific geographic regions.
12 There may be an Advisory Council on Economic Development. The
13 Advisory Council shall consist of no more than 12 members, who
14 shall serve at the pleasure of the Authority. Members of the
15 Advisory Council shall receive no compensation for their
16 services, but may, until July 1, 2016, be reimbursed for
17 expenses incurred with their service on the Advisory Council.

18 (Source: P.A. 98-344, eff. 8-13-13.)

19 Section 25-20. The Illinois Health Facilities Planning Act
20 is amended by changing Section 4 as follows:

21 (20 ILCS 3960/4) (from Ch. 111 1/2, par. 1154)

22 (Section scheduled to be repealed on December 31, 2019)

23 Sec. 4. Health Facilities and Services Review Board;
24 membership; appointment; term; compensation; quorum.

1 Notwithstanding any other provision in this Section, members of
2 the State Board holding office on the day before the effective
3 date of this amendatory Act of the 96th General Assembly shall
4 retain their authority.

5 (a) There is created the Health Facilities and Services
6 Review Board, which shall perform the functions described in
7 this Act. The Department shall provide operational support to
8 the Board, including the provision of office space, supplies,
9 and clerical, financial, and accounting services. The Board may
10 contract with experts related to specific health services or
11 facilities and create technical advisory panels to assist in
12 the development of criteria, standards, and procedures used in
13 the evaluation of applications for permit and exemption.

14 (b) Beginning March 1, 2010, the State Board shall consist
15 of 9 voting members. All members shall be residents of Illinois
16 and at least 4 shall reside outside the Chicago Metropolitan
17 Statistical Area. Consideration shall be given to potential
18 appointees who reflect the ethnic and cultural diversity of the
19 State. Neither Board members nor Board staff shall be convicted
20 felons or have pled guilty to a felony.

21 Each member shall have a reasonable knowledge of the
22 practice, procedures and principles of the health care delivery
23 system in Illinois, including at least 5 members who shall be
24 knowledgeable about health care delivery systems, health
25 systems planning, finance, or the management of health care
26 facilities currently regulated under the Act. One member shall

1 be a representative of a non-profit health care consumer
2 advocacy organization. A spouse, parent, sibling, or child of a
3 Board member cannot be an employee, agent, or under contract
4 with services or facilities subject to the Act. Prior to
5 appointment and in the course of service on the Board, members
6 of the Board shall disclose the employment or other financial
7 interest of any other relative of the member, if known, in
8 service or facilities subject to the Act. Members of the Board
9 shall declare any conflict of interest that may exist with
10 respect to the status of those relatives and recuse themselves
11 from voting on any issue for which a conflict of interest is
12 declared. No person shall be appointed or continue to serve as
13 a member of the State Board who is, or whose spouse, parent,
14 sibling, or child is, a member of the Board of Directors of,
15 has a financial interest in, or has a business relationship
16 with a health care facility.

17 Notwithstanding any provision of this Section to the
18 contrary, the term of office of each member of the State Board
19 serving on the day before the effective date of this amendatory
20 Act of the 96th General Assembly is abolished on the date upon
21 which members of the 9-member Board, as established by this
22 amendatory Act of the 96th General Assembly, have been
23 appointed and can begin to take action as a Board. Members of
24 the State Board serving on the day before the effective date of
25 this amendatory Act of the 96th General Assembly may be
26 reappointed to the 9-member Board. Prior to March 1, 2010, the

1 Health Facilities Planning Board shall establish a plan to
2 transition its powers and duties to the Health Facilities and
3 Services Review Board.

4 (c) The State Board shall be appointed by the Governor,
5 with the advice and consent of the Senate. Not more than 5 of
6 the appointments shall be of the same political party at the
7 time of the appointment.

8 The Secretary of Human Services, the Director of Healthcare
9 and Family Services, and the Director of Public Health, or
10 their designated representatives, shall serve as ex-officio,
11 non-voting members of the State Board.

12 (d) Of those 9 members initially appointed by the Governor
13 following the effective date of this amendatory Act of the 96th
14 General Assembly, 3 shall serve for terms expiring July 1,
15 2011, 3 shall serve for terms expiring July 1, 2012, and 3
16 shall serve for terms expiring July 1, 2013. Thereafter, each
17 appointed member shall hold office for a term of 3 years,
18 provided that any member appointed to fill a vacancy occurring
19 prior to the expiration of the term for which his or her
20 predecessor was appointed shall be appointed for the remainder
21 of such term and the term of office of each successor shall
22 commence on July 1 of the year in which his predecessor's term
23 expires. Each member appointed after the effective date of this
24 amendatory Act of the 96th General Assembly shall hold office
25 until his or her successor is appointed and qualified. The
26 Governor may reappoint a member for additional terms, but no

1 member shall serve more than 3 terms, subject to review and
2 re-approval every 3 years.

3 (e) Until July 1, 2016, State Board members, while serving
4 on business of the State Board, shall receive actual and
5 necessary travel and subsistence expenses while so serving away
6 from their places of residence. Until March 1, 2010, a member
7 of the State Board who experiences a significant financial
8 hardship due to the loss of income on days of attendance at
9 meetings or while otherwise engaged in the business of the
10 State Board may be paid a hardship allowance, as determined by
11 and subject to the approval of the Governor's Travel Control
12 Board.

13 (f) The Governor shall designate one of the members to
14 serve as the Chairman of the Board, who shall be a person with
15 expertise in health care delivery system planning, finance or
16 management of health care facilities that are regulated under
17 the Act. The Chairman shall annually review Board member
18 performance and shall report the attendance record of each
19 Board member to the General Assembly.

20 (g) The State Board, through the Chairman, shall prepare a
21 separate and distinct budget approved by the General Assembly
22 and shall hire and supervise its own professional staff
23 responsible for carrying out the responsibilities of the Board.

24 (h) The State Board shall meet at least every 45 days, or
25 as often as the Chairman of the State Board deems necessary, or
26 upon the request of a majority of the members.

1 (i) Five members of the State Board shall constitute a
2 quorum. The affirmative vote of 5 of the members of the State
3 Board shall be necessary for any action requiring a vote to be
4 taken by the State Board. A vacancy in the membership of the
5 State Board shall not impair the right of a quorum to exercise
6 all the rights and perform all the duties of the State Board as
7 provided by this Act.

8 (j) A State Board member shall disqualify himself or
9 herself from the consideration of any application for a permit
10 or exemption in which the State Board member or the State Board
11 member's spouse, parent, sibling, or child: (i) has an economic
12 interest in the matter; or (ii) is employed by, serves as a
13 consultant for, or is a member of the governing board of the
14 applicant or a party opposing the application.

15 (k) The Chairman, Board members, and Board staff must
16 comply with the Illinois Governmental Ethics Act.

17 (Source: P.A. 96-31, eff. 6-30-09; 97-1115, eff. 8-27-12.)

18 Section 25-25. The Illinois Pension Code is amended by
19 changing Sections 2-127, 14-134, 15-159, 16-167, and 18-158 as
20 follows:

21 (40 ILCS 5/2-127) (from Ch. 108 1/2, par. 2-127)

22 Sec. 2-127. Board created. The system shall be administered
23 by a board of trustees of 7 members as follows: the President
24 of the Senate, ex officio, or his designee; 2 members of the

1 Senate appointed by the President; 3 members of the House of
2 Representatives appointed by the Speaker; and one person
3 elected from the member annuitants under rules prescribed by
4 the board. Only participants are eligible to serve as board
5 members. Not more than two members of the House of
6 Representatives, and not more than one member of the Senate so
7 appointed shall be of the same political party. Appointed board
8 members shall serve for 2-year terms. If the office of
9 President of the Senate or Speaker of the House is vacant or
10 its incumbent is not a participant, the position of trustee
11 otherwise occupied by such officers shall be deemed vacant and
12 be filled by appointment by the Governor with a member of the
13 Senate or the House, as the case may be. This appointment shall
14 be of the same political party as the vacated position.

15 Elections for the annuitant member shall be held in January
16 of 1993 and every fourth year thereafter. Nominations and
17 elections shall be conducted in accordance with such procedures
18 as the Board may prescribe. In the event that only one eligible
19 person is nominated, the Board may declare the nominee elected
20 at the close of the nomination period, and need not conduct an
21 election. The annuitant member elected in 1989 shall serve for
22 a term of 4 years beginning February 1, 1989; thereafter, an
23 annuitant member shall serve for a period of 4 years from the
24 February 1st immediately following the date of election, and
25 until a successor is elected and qualified.

26 Every person designated to serve as a trustee shall take an

1 oath of office and shall thereupon qualify as a trustee. The
2 oath shall state that the person will diligently and honestly
3 administer the affairs of the system, and will not knowingly
4 violate or wilfully permit the violation of any of the
5 provisions of this Article.

6 Beginning on July 1, 2016, trustees shall serve without
7 compensation and shall not be reimbursed for expenses incurred
8 with their service as trustee.

9 (Source: P.A. 86-273; 86-1488.)

10 (40 ILCS 5/14-134) (from Ch. 108 1/2, par. 14-134)

11 Sec. 14-134. Board created. The retirement system created
12 by this Article shall be a trust, separate and distinct from
13 all other entities. The responsibility for the operation of the
14 system and for making effective this Article is vested in a
15 board of trustees.

16 The board shall consist of 7 trustees, as follows:

17 (a) the Director of the Governor's Office of Management and
18 Budget; (b) the Comptroller; (c) one trustee, not a State
19 employee, who shall be Chairman, to be appointed by the
20 Governor for a 5 year term; (d) two members of the system, one
21 of whom shall be an annuitant age 60 or over, having at least 8
22 years of creditable service, to be appointed by the Governor
23 for terms of 5 years; (e) one member of the system having at
24 least 8 years of creditable service, to be elected from the
25 contributing membership of the system by the contributing

1 members as provided in Section 14-134.1; (f) one annuitant of
2 the system who has been an annuitant for at least one full
3 year, to be elected from and by the annuitants of the system,
4 as provided in Section 14-134.1. The Director of the Governor's
5 Office of Management and Budget and the Comptroller shall be
6 ex-officio members and shall serve as trustees during their
7 respective terms of office, except that each of them may
8 designate another officer or employee from the same agency to
9 serve in his or her place. However, no ex-officio member may
10 designate a different proxy within one year after designating a
11 proxy unless the person last so designated has become
12 ineligible to serve in that capacity. Except for the elected
13 trustees, any vacancy in the office of trustee shall be filled
14 in the same manner as the office was filled previously.

15 A trustee shall serve until a successor qualifies, except
16 that a trustee who is a member of the system shall be
17 disqualified as a trustee immediately upon terminating service
18 with the State.

19 Notwithstanding any provision of this Section to the
20 contrary, the term of office of each trustee of the board
21 appointed by the Governor who is sitting on the board on the
22 effective date of this amendatory Act of the 96th General
23 Assembly is terminated on that effective date.

24 Beginning on the 90th day after the effective date of this
25 amendatory Act of the 96th General Assembly, the board shall
26 consist of 13 trustees as follows:

1 (1) the Comptroller, who shall be the Chairperson;

2 (2) six persons appointed by the Governor with the
3 advice and consent of the Senate who may not be members of
4 the system or hold an elective State office and who shall
5 serve for a term of 5 years, except that the terms of the
6 initial appointees under this amendatory Act of the 96th
7 General Assembly shall be as follows: 3 for a term of 3
8 years and 3 for a term of 5 years;

9 (3) four active participants of the system having at
10 least 8 years of creditable service, to be elected from the
11 contributing members of the system by the contribution
12 members as provided in Section 14-134.1; and

13 (4) two annuitants of the system who have been
14 annuitants for at least one full year, to be elected from
15 and by the annuitants of the system, as provided in Section
16 14-134.1.

17 For the purposes of this Section, the Governor may make a
18 nomination and the Senate may confirm the nominee in advance of
19 the commencement of the nominee's term of office. The Governor
20 shall make nominations for appointment to the board under this
21 Section within 60 days after the effective date of this
22 amendatory Act of the 96th General Assembly. A trustee sitting
23 on the board on the effective date of this amendatory Act of
24 the 96th General Assembly may not hold over in office for more
25 than 90 days after the effective date of this amendatory Act of
26 the 96th General Assembly. Nothing in this Section shall

1 prevent the Governor from making a temporary appointment or
2 nominating a trustee holding office on the day before the
3 effective date of this amendatory Act of the 96th General
4 Assembly.

5 Each trustee is entitled to one vote on the board, and 4
6 trustees shall constitute a quorum for the transaction of
7 business. The affirmative votes of a majority of the trustees
8 present, but at least 3 trustees, shall be necessary for action
9 by the board at any meeting. On the 90th day after the
10 effective date of this amendatory Act of the 96th General
11 Assembly, 7 trustees shall constitute a quorum for the
12 transaction of business and the affirmative vote of a majority
13 of the trustees present, but at least 7 trustees, shall be
14 necessary for action by the board at any meeting. The board's
15 action of July 22, 1986, by which it amended the bylaws of the
16 system to increase the number of affirmative votes required for
17 board action from 3 to 4 (in response to Public Act 84-1028,
18 which increased the number of trustees from 5 to 7), and the
19 board's rejection, between that date and the effective date of
20 this amendatory Act of 1993, of proposed actions not receiving
21 at least 4 affirmative votes, are hereby validated.

22 The trustees shall serve without compensation, but shall,
23 until July 1, 2016, be reimbursed from the funds of the system
24 for all necessary expenses incurred through service on the
25 board.

26 Each trustee shall take an oath of office that he or she

1 will diligently and honestly administer the affairs of the
2 system, and will not knowingly violate or willfully permit the
3 violation of any of the provisions of law applicable to the
4 system. The oath shall be subscribed to by the trustee making
5 it, certified by the officer before whom it is taken, and filed
6 with the Secretary of State. A trustee shall qualify for
7 membership on the board when the oath has been approved by the
8 board.

9 (Source: P.A. 96-6, eff. 4-3-09.)

10 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)

11 Sec. 15-159. Board created.

12 (a) A board of trustees constituted as provided in this
13 Section shall administer this System. The board shall be known
14 as the Board of Trustees of the State Universities Retirement
15 System.

16 (b) (Blank).

17 (c) (Blank).

18 (d) Beginning on the 90th day after April 3, 2009 (the
19 effective date of Public Act 96-6), the Board of Trustees shall
20 be constituted as follows:

21 (1) The Chairperson of the Board of Higher Education,
22 who shall act as chairperson of this Board.

23 (2) Four trustees appointed by the Governor with the
24 advice and consent of the Senate who may not be members of
25 the system or hold an elective State office and who shall

1 serve for a term of 6 years, except that the terms of the
2 initial appointees under this subsection (d) shall be as
3 follows: 2 for a term of 3 years and 2 for a term of 6
4 years.

5 (3) Four active participants of the system to be
6 elected from the contributing membership of the system by
7 the contributing members, no more than 2 of which may be
8 from any of the University of Illinois campuses, who shall
9 serve for a term of 6 years, except that the terms of the
10 initial electees shall be as follows: 2 for a term of 3
11 years and 2 for a term of 6 years.

12 (4) Two annuitants of the system who have been
13 annuitants for at least one full year, to be elected from
14 and by the annuitants of the system, no more than one of
15 which may be from any of the University of Illinois
16 campuses, who shall serve for a term of 6 years, except
17 that the terms of the initial electees shall be as follows:
18 one for a term of 3 years and one for a term of 6 years.

19 For the purposes of this Section, the Governor may make a
20 nomination and the Senate may confirm the nominee in advance of
21 the commencement of the nominee's term of office.

22 (e) The 6 elected trustees shall be elected within 90 days
23 after April 3, 2009 (the effective date of Public Act 96-6) for
24 a term beginning on the 90th day after that effective date.
25 Trustees shall be elected thereafter as terms expire for a
26 6-year term beginning July 15 next following their election,

1 and such election shall be held on May 1, or on May 2 when May 1
2 falls on a Sunday. The board may establish rules for the
3 election of trustees to implement the provisions of Public Act
4 96-6 and for future elections. Candidates for the participating
5 trustee shall be nominated by petitions in writing, signed by
6 not less than 400 participants with their addresses shown
7 opposite their names. Candidates for the annuitant trustee
8 shall be nominated by petitions in writing, signed by not less
9 than 100 annuitants with their addresses shown opposite their
10 names. If there is more than one qualified nominee for each
11 elected trustee, then the board shall conduct a secret ballot
12 election by mail for that trustee, in accordance with rules as
13 established by the board. If there is only one qualified person
14 nominated by petition for each elected trustee, then the
15 election as required by this Section shall not be conducted for
16 that trustee and the board shall declare such nominee duly
17 elected. A vacancy occurring in the elective membership of the
18 board shall be filled for the unexpired term by the elected
19 trustees serving on the board for the remainder of the term.
20 Nothing in this subsection shall preclude the adoption of rules
21 providing for internet or phone balloting in addition, or as an
22 alternative, to election by mail.

23 (f) A vacancy in the appointed membership on the board of
24 trustees caused by resignation, death, expiration of term of
25 office, or other reason shall be filled by a qualified person
26 appointed by the Governor for the remainder of the unexpired

1 term.

2 (g) Trustees (other than the trustees incumbent on June 30,
3 1995 or as provided in subsection (c) of this Section) shall
4 continue in office until their respective successors are
5 appointed and have qualified, except that a trustee appointed
6 to one of the participant positions shall be disqualified
7 immediately upon the termination of his or her status as a
8 participant and a trustee appointed to one of the annuitant
9 positions shall be disqualified immediately upon the
10 termination of his or her status as an annuitant receiving a
11 retirement annuity.

12 (h) Each trustee must take an oath of office before a
13 notary public of this State and shall qualify as a trustee upon
14 the presentation to the board of a certified copy of the oath.
15 The oath must state that the person will diligently and
16 honestly administer the affairs of the retirement system, and
17 will not knowingly violate or willfully permit to be violated
18 any provisions of this Article.

19 Each trustee shall serve without compensation but shall,
20 until July 1, 2016, be reimbursed for expenses necessarily
21 incurred in attending board meetings and carrying out his or
22 her duties as a trustee or officer of the system.

23 (Source: P.A. 98-92, eff. 7-16-13.)

24 (40 ILCS 5/16-167) (from Ch. 108 1/2, par. 16-167)

25 Sec. 16-167. Board - compensation and expenses. The

1 trustees shall serve without compensation, but shall, until
2 July 1, 2016, be reimbursed for all necessary expenses.

3 (Source: P.A. 83-1440.)

4 (40 ILCS 5/18-158) (from Ch. 108 1/2, par. 18-158)

5 Sec. 18-158. No compensation.

6 Trustees shall serve without compensation, but shall,
7 until July 1, 2016, be reimbursed for any reasonable traveling
8 expenses incurred in attending meetings of the board.

9 (Source: Laws 1963, p. 161.)

10 Section 25-30. The Metropolitan Pier and Exposition
11 Authority Act is amended by changing Sections 14 and 23.1 as
12 follows:

13 (70 ILCS 210/14) (from Ch. 85, par. 1234)

14 Sec. 14. Board; compensation. The governing and
15 administrative body of the Authority shall be a board known as
16 the Metropolitan Pier and Exposition Board. On the effective
17 date of this amendatory Act of the 96th General Assembly, the
18 Trustee shall assume the duties and powers of the Board for a
19 period of 18 months or until the Board is fully constituted,
20 whichever is later. Any action requiring Board approval shall
21 be deemed approved by the Board if the Trustee approves the
22 action in accordance with Section 14.5. Beginning the first
23 Monday of the month occurring 18 months after the effective

1 date of this amendatory Act of the 96th General Assembly, the
2 Board shall consist of 9 members. The Governor shall appoint 4
3 members to the Board, subject to the advice and consent of the
4 Senate. The Mayor shall appoint 4 members to the Board. At
5 least one member of the Board shall represent the interests of
6 labor and at least one member of the Board shall represent the
7 interests of the convention industry. A majority of the members
8 appointed by the Governor and Mayor shall appoint a ninth
9 member to serve as the chairperson. The Board shall be fully
10 constituted when a quorum has been appointed. The members of
11 the board shall be individuals of generally recognized ability
12 and integrity. No member of the Board may be (i) an officer or
13 employee of, or a member of a board, commission or authority
14 of, the State, any unit of local government or any school
15 district or (ii) a person who served on the Board prior to the
16 effective date of this amendatory Act of the 96th General
17 Assembly.

18 Of the initial members appointed by the Governor, one shall
19 serve for a term expiring June 1, 2013, one shall serve for a
20 term expiring June 1, 2014, one shall serve for a term expiring
21 June 1, 2015, and one shall serve for a term expiring June 1,
22 2016, as determined by the Governor. Of the initial members
23 appointed by the Mayor, one shall serve for a term expiring
24 June 1, 2013, one shall serve for a term expiring June 1, 2014,
25 one shall serve for a term expiring June 1, 2015, and one shall
26 serve for a term expiring June 1, 2016, as determined by the

1 Mayor. The initial chairperson appointed by the Board shall
2 serve a term for a term expiring June 1, 2015. Successors shall
3 be appointed to 4-year terms. No person may be appointed to
4 more than 2 terms.

5 Members of the Board shall serve without compensation, but
6 shall, until July 1, 2016, be reimbursed for actual expenses
7 incurred by them in the performance of their duties. All
8 members of the Board and employees of the Authority are subject
9 to the Illinois Governmental Ethics Act, in accordance with its
10 terms.

11 (Source: P.A. 96-882, eff. 2-17-10; 96-898, eff. 5-27-10.)

12 (70 ILCS 210/23.1) (from Ch. 85, par. 1243.1)

13 Sec. 23.1. Affirmative action.

14 (a) The Authority shall, within 90 days after the effective
15 date of this amendatory Act of 1984, establish and maintain an
16 affirmative action program designed to promote equal
17 employment opportunity and eliminate the effects of past
18 discrimination. Such program shall include a plan, including
19 timetables where appropriate, which shall specify goals and
20 methods for increasing participation by women and minorities in
21 employment, including employment related to the planning,
22 organization, and staging of the games, by the Authority and by
23 parties which contract with the Authority. The Authority shall
24 submit a detailed plan with the General Assembly prior to
25 September 1 of each year. Such program shall also establish

1 procedures and sanctions (including debarment), which the
2 Authority shall enforce to ensure compliance with the plan
3 established pursuant to this Section and with State and federal
4 laws and regulations relating to the employment of women and
5 minorities. A determination by the Authority as to whether a
6 party to a contract with the Authority has achieved the goals
7 or employed the methods for increasing participation by women
8 and minorities shall be determined in accordance with the terms
9 of such contracts or the applicable provisions of rules and
10 regulations of the Authority existing at the time such contract
11 was executed, including any provisions for consideration of
12 good faith efforts at compliance which the Authority may
13 reasonably adopt.

14 (b) The Authority shall adopt and maintain minority and
15 female owned business enterprise procurement programs under
16 the affirmative action program described in subsection (a) for
17 any and all work, including all contracting related to the
18 planning, organization, and staging of the games, undertaken by
19 the Authority. That work shall include, but is not limited to,
20 the purchase of professional services, construction services,
21 supplies, materials, and equipment. The programs shall
22 establish goals of awarding not less than 25% of the annual
23 dollar value of all contracts, purchase orders, or other
24 agreements (collectively referred to as "contracts") to
25 minority owned businesses and 5% of the annual dollar value of
26 all contracts to female owned businesses. Without limiting the

1 generality of the foregoing, the programs shall require in
2 connection with the prequalification or consideration of
3 vendors for professional service contracts, construction
4 contracts, and contracts for supplies, materials, equipment,
5 and services that each proposer or bidder submit as part of his
6 or her proposal or bid a commitment detailing how he or she
7 will expend 25% or more of the dollar value of his or her
8 contracts with one or more minority owned businesses and 5% or
9 more of the dollar value with one or more female owned
10 businesses. Bids or proposals that do not include such detailed
11 commitments are not responsive and shall be rejected unless the
12 Authority deems it appropriate to grant a waiver of these
13 requirements. In addition the Authority may, in connection with
14 the selection of providers of professional services, reserve
15 the right to select a minority or female owned business or
16 businesses to fulfill the commitment to minority and female
17 business participation. The commitment to minority and female
18 business participation may be met by the contractor or
19 professional service provider's status as a minority or female
20 owned business, by joint venture or by subcontracting a portion
21 of the work with or purchasing materials for the work from one
22 or more such businesses, or by any combination thereof. Each
23 contract shall require the contractor or provider to submit a
24 certified monthly report detailing the status of that
25 contractor or provider's compliance with the Authority's
26 minority and female owned business enterprise procurement

1 program. The Authority, after reviewing the monthly reports of
2 the contractors and providers, shall compile a comprehensive
3 report regarding compliance with this procurement program and
4 file it quarterly with the General Assembly. If, in connection
5 with a particular contract, the Authority determines that it is
6 impracticable or excessively costly to obtain minority or
7 female owned businesses to perform sufficient work to fulfill
8 the commitment required by this subsection, the Authority shall
9 reduce or waive the commitment in the contract, as may be
10 appropriate. The Authority shall establish rules and
11 regulations setting forth the standards to be used in
12 determining whether or not a reduction or waiver is
13 appropriate. The terms "minority owned business" and "female
14 owned business" have the meanings given to those terms in the
15 Business Enterprise for Minorities, Females, and Persons with
16 Disabilities Act.

17 (c) The Authority shall adopt and maintain an affirmative
18 action program in connection with the hiring of minorities and
19 women on the Expansion Project and on any and all construction
20 projects, including all contracting related to the planning,
21 organization, and staging of the games, undertaken by the
22 Authority. The program shall be designed to promote equal
23 employment opportunity and shall specify the goals and methods
24 for increasing the participation of minorities and women in a
25 representative mix of job classifications required to perform
26 the respective contracts awarded by the Authority.

1 (d) In connection with the Expansion Project, the Authority
2 shall incorporate the following elements into its minority and
3 female owned business procurement programs to the extent
4 feasible: (1) a major contractors program that permits minority
5 owned businesses and female owned businesses to bear
6 significant responsibility and risk for a portion of the
7 project; (2) a mentor/protege program that provides financial,
8 technical, managerial, equipment, and personnel support to
9 minority owned businesses and female owned businesses; (3) an
10 emerging firms program that includes minority owned businesses
11 and female owned businesses that would not otherwise qualify
12 for the project due to inexperience or limited resources; (4) a
13 small projects program that includes participation by smaller
14 minority owned businesses and female owned businesses on jobs
15 where the total dollar value is \$5,000,000 or less; and (5) a
16 set-aside program that will identify contracts requiring the
17 expenditure of funds less than \$50,000 for bids to be submitted
18 solely by minority owned businesses and female owned
19 businesses.

20 (e) The Authority is authorized to enter into agreements
21 with contractors' associations, labor unions, and the
22 contractors working on the Expansion Project to establish an
23 Apprenticeship Preparedness Training Program to provide for an
24 increase in the number of minority and female journeymen and
25 apprentices in the building trades and to enter into agreements
26 with Community College District 508 to provide readiness

1 training. The Authority is further authorized to enter into
2 contracts with public and private educational institutions and
3 persons in the hospitality industry to provide training for
4 employment in the hospitality industry.

5 (f) McCormick Place Advisory Board. There is created a
6 McCormick Place Advisory Board composed as follows: 2 members
7 shall be appointed by the Mayor of Chicago; 2 members shall be
8 appointed by the Governor; 2 members shall be State Senators
9 appointed by the President of the Senate; 2 members shall be
10 State Senators appointed by the Minority Leader of the Senate;
11 2 members shall be State Representatives appointed by the
12 Speaker of the House of Representatives; and 2 members shall be
13 State Representatives appointed by the Minority Leader of the
14 House of Representatives. The terms of all previously appointed
15 members of the Advisory Board expire on the effective date of
16 this amendatory Act of the 92nd General Assembly. A State
17 Senator or State Representative member may appoint a designee
18 to serve on the McCormick Place Advisory Board in his or her
19 absence.

20 A "member of a minority group" shall mean a person who is a
21 citizen or lawful permanent resident of the United States and
22 who is any of the following:

23 (1) American Indian or Alaska Native (a person having
24 origins in any of the original peoples of North and South
25 America, including Central America, and who maintains
26 tribal affiliation or community attachment).

1 (2) Asian (a person having origins in any of the
2 original peoples of the Far East, Southeast Asia, or the
3 Indian subcontinent, including, but not limited to,
4 Cambodia, China, India, Japan, Korea, Malaysia, Pakistan,
5 the Philippine Islands, Thailand, and Vietnam).

6 (3) Black or African American (a person having origins
7 in any of the black racial groups of Africa). Terms such as
8 "Haitian" or "Negro" can be used in addition to "Black or
9 African American".

10 (4) Hispanic or Latino (a person of Cuban, Mexican,
11 Puerto Rican, South or Central American, or other Spanish
12 culture or origin, regardless of race).

13 (5) Native Hawaiian or Other Pacific Islander (a person
14 having origins in any of the original peoples of Hawaii,
15 Guam, Samoa, or other Pacific Islands).

16 Members of the McCormick Place Advisory Board shall serve
17 2-year terms and until their successors are appointed, except
18 members who serve as a result of their elected position whose
19 terms shall continue as long as they hold their designated
20 elected positions. Vacancies shall be filled by appointment for
21 the unexpired term in the same manner as original appointments
22 are made. The McCormick Place Advisory Board shall elect its
23 own chairperson.

24 Members of the McCormick Place Advisory Board shall serve
25 without compensation but, until July 1, 2016, ~~at the~~
26 ~~Authority's discretion,~~ shall be reimbursed for necessary

1 expenses in connection with the performance of their duties at
2 the Authority's discretion.

3 The McCormick Place Advisory Board shall meet quarterly, or
4 as needed, shall produce any reports it deems necessary, and
5 shall:

6 (1) Work with the Authority on ways to improve the area
7 physically and economically;

8 (2) Work with the Authority regarding potential means
9 for providing increased economic opportunities to
10 minorities and women produced indirectly or directly from
11 the construction and operation of the Expansion Project;

12 (3) Work with the Authority to minimize any potential
13 impact on the area surrounding the McCormick Place
14 Expansion Project, including any impact on minority or
15 female owned businesses, resulting from the construction
16 and operation of the Expansion Project;

17 (4) Work with the Authority to find candidates for
18 building trades apprenticeships, for employment in the
19 hospitality industry, and to identify job training
20 programs;

21 (5) Work with the Authority to implement the provisions
22 of subsections (a) through (e) of this Section in the
23 construction of the Expansion Project, including the
24 Authority's goal of awarding not less than 25% and 5% of
25 the annual dollar value of contracts to minority and female
26 owned businesses, the outreach program for minorities and

1 women, and the mentor/protege program for providing
2 assistance to minority and female owned businesses.

3 (g) The Authority shall comply with subsection (e) of
4 Section 5-42 of the Olympic Games and Paralympic Games (2016)
5 Law. For purposes of this Section, the term "games" has the
6 meaning set forth in the Olympic Games and Paralympic Games
7 (2016) Law.

8 (Source: P.A. 96-7, eff. 4-3-09; 97-396, eff. 1-1-12.)

9 Section 25-35. The Illinois International Port District
10 Act is amended by changing Section 12 as follows:

11 (70 ILCS 1810/12) (from Ch. 19, par. 163)

12 Sec. 12. The governing and administrative body of the
13 District shall be a board consisting of 9 members, to be known
14 as the Illinois International Port District Board. Members of
15 the Board shall be residents of a county whose territory, in
16 whole or in part, is embraced by the District and persons of
17 recognized business ability. Until July 1, 2016, the ~~The~~
18 members of the Board shall receive compensation for their
19 services, set by the Board at an amount not to exceed
20 \$20,000.00 annually, except the Chairman may receive an
21 additional \$5,000.00 annually, if approved by the Board. All
22 such compensation shall be paid directly from the Port
23 District's operating funds. The members shall receive no other
24 compensation whatever, whether in form of salary, per diem

1 allowance or otherwise, for or in connection with his service
2 as a member. The preceding sentence shall not prevent any
3 member from receiving any non-salary benefit of the type
4 received by employees of the District. Until July 1, 2016, each
5 ~~Each~~ member shall be reimbursed for actual expenses incurred by
6 them in the performance of their duties. Any person who is
7 appointed to the office of secretary or treasurer of the Board
8 may receive compensation for services as such officer, as
9 determined by the Board, provided such person is not a member
10 of the Board. No member of the Board or employee of the
11 District shall have any private financial interest, profit or
12 benefit in any contract, work or business of the District nor
13 in the sale or lease of any property to or from the District.

14 (Source: P.A. 93-250, eff. 7-22-03.)

15 Section 25-40. The School Code is amended by changing
16 Section 14-7.02 as follows:

17 (105 ILCS 5/14-7.02) (from Ch. 122, par. 14-7.02)

18 Sec. 14-7.02. Children attending private schools, public
19 out-of-state schools, public school residential facilities or
20 private special education facilities. The General Assembly
21 recognizes that non-public schools or special education
22 facilities provide an important service in the educational
23 system in Illinois.

24 If because of his or her disability the special education

1 program of a district is unable to meet the needs of a child
2 and the child attends a non-public school or special education
3 facility, a public out-of-state school or a special education
4 facility owned and operated by a county government unit that
5 provides special educational services required by the child and
6 is in compliance with the appropriate rules and regulations of
7 the State Superintendent of Education, the school district in
8 which the child is a resident shall pay the actual cost of
9 tuition for special education and related services provided
10 during the regular school term and during the summer school
11 term if the child's educational needs so require, excluding
12 room, board and transportation costs charged the child by that
13 non-public school or special education facility, public
14 out-of-state school or county special education facility, or
15 \$4,500 per year, whichever is less, and shall provide him any
16 necessary transportation. "Nonpublic special education
17 facility" shall include a residential facility, within or
18 without the State of Illinois, which provides special education
19 and related services to meet the needs of the child by
20 utilizing private schools or public schools, whether located on
21 the site or off the site of the residential facility.

22 The State Board of Education shall promulgate rules and
23 regulations for determining when placement in a private special
24 education facility is appropriate. Such rules and regulations
25 shall take into account the various types of services needed by
26 a child and the availability of such services to the particular

1 child in the public school. In developing these rules and
2 regulations the State Board of Education shall consult with the
3 Advisory Council on Education of Children with Disabilities and
4 hold public hearings to secure recommendations from parents,
5 school personnel, and others concerned about this matter.

6 The State Board of Education shall also promulgate rules
7 and regulations for transportation to and from a residential
8 school. Transportation to and from home to a residential school
9 more than once each school term shall be subject to prior
10 approval by the State Superintendent in accordance with the
11 rules and regulations of the State Board.

12 A school district making tuition payments pursuant to this
13 Section is eligible for reimbursement from the State for the
14 amount of such payments actually made in excess of the district
15 per capita tuition charge for students not receiving special
16 education services. Such reimbursement shall be approved in
17 accordance with Section 14-12.01 and each district shall file
18 its claims, computed in accordance with rules prescribed by the
19 State Board of Education, on forms prescribed by the State
20 Superintendent of Education. Data used as a basis of
21 reimbursement claims shall be for the preceding regular school
22 term and summer school term. Each school district shall
23 transmit its claims to the State Board of Education on or
24 before August 15. The State Board of Education, before
25 approving any such claims, shall determine their accuracy and
26 whether they are based upon services and facilities provided

1 under approved programs. Upon approval the State Board shall
2 cause vouchers to be prepared showing the amount due for
3 payment of reimbursement claims to school districts, for
4 transmittal to the State Comptroller on the 30th day of
5 September, December, and March, respectively, and the final
6 voucher, no later than June 20. If the money appropriated by
7 the General Assembly for such purpose for any year is
8 insufficient, it shall be apportioned on the basis of the
9 claims approved.

10 No child shall be placed in a special education program
11 pursuant to this Section if the tuition cost for special
12 education and related services increases more than 10 percent
13 over the tuition cost for the previous school year or exceeds
14 \$4,500 per year unless such costs have been approved by the
15 Illinois Purchased Care Review Board. The Illinois Purchased
16 Care Review Board shall consist of the following persons, or
17 their designees: the Directors of Children and Family Services,
18 Public Health, Public Aid, and the Governor's Office of
19 Management and Budget; the Secretary of Human Services; the
20 State Superintendent of Education; and such other persons as
21 the Governor may designate. The Review Board shall also consist
22 of one non-voting member who is an administrator of a private,
23 nonpublic, special education school. The Review Board shall
24 establish rules and regulations for its determination of
25 allowable costs and payments made by local school districts for
26 special education, room and board, and other related services

1 provided by non-public schools or special education facilities
2 and shall establish uniform standards and criteria which it
3 shall follow. The Review Board shall approve the usual and
4 customary rate or rates of a special education program that (i)
5 is offered by an out-of-state, non-public provider of
6 integrated autism specific educational and autism specific
7 residential services, (ii) offers 2 or more levels of
8 residential care, including at least one locked facility, and
9 (iii) serves 12 or fewer Illinois students.

10 The Review Board shall establish uniform definitions and
11 criteria for accounting separately by special education, room
12 and board and other related services costs. The Board shall
13 also establish guidelines for the coordination of services and
14 financial assistance provided by all State agencies to assure
15 that no otherwise qualified child with a disability receiving
16 services under Article 14 shall be excluded from participation
17 in, be denied the benefits of or be subjected to discrimination
18 under any program or activity provided by any State agency.

19 The Review Board shall review the costs for special
20 education and related services provided by non-public schools
21 or special education facilities and shall approve or disapprove
22 such facilities in accordance with the rules and regulations
23 established by it with respect to allowable costs.

24 The State Board of Education shall provide administrative
25 and staff support for the Review Board as deemed reasonable by
26 the State Superintendent of Education. No member of the Review

1 Board shall receive reimbursement for ~~This support shall not~~
2 ~~include~~ travel expenses or other compensation for his or her
3 service on the ~~any~~ Review Board ~~member other than the State~~
4 ~~Superintendent of Education.~~

5 The Review Board shall seek the advice of the Advisory
6 Council on Education of Children with Disabilities on the rules
7 and regulations to be promulgated by it relative to providing
8 special education services.

9 If a child has been placed in a program in which the actual
10 per pupil costs of tuition for special education and related
11 services based on program enrollment, excluding room, board and
12 transportation costs, exceed \$4,500 and such costs have been
13 approved by the Review Board, the district shall pay such total
14 costs which exceed \$4,500. A district making such tuition
15 payments in excess of \$4,500 pursuant to this Section shall be
16 responsible for an amount in excess of \$4,500 equal to the
17 district per capita tuition charge and shall be eligible for
18 reimbursement from the State for the amount of such payments
19 actually made in excess of the districts per capita tuition
20 charge for students not receiving special education services.

21 If a child has been placed in an approved individual
22 program and the tuition costs including room and board costs
23 have been approved by the Review Board, then such room and
24 board costs shall be paid by the appropriate State agency
25 subject to the provisions of Section 14-8.01 of this Act. Room
26 and board costs not provided by a State agency other than the

1 State Board of Education shall be provided by the State Board
2 of Education on a current basis. In no event, however, shall
3 the State's liability for funding of these tuition costs begin
4 until after the legal obligations of third party payors have
5 been subtracted from such costs. If the money appropriated by
6 the General Assembly for such purpose for any year is
7 insufficient, it shall be apportioned on the basis of the
8 claims approved. Each district shall submit estimated claims to
9 the State Superintendent of Education. Upon approval of such
10 claims, the State Superintendent of Education shall direct the
11 State Comptroller to make payments on a monthly basis. The
12 frequency for submitting estimated claims and the method of
13 determining payment shall be prescribed in rules and
14 regulations adopted by the State Board of Education. Such
15 current state reimbursement shall be reduced by an amount equal
16 to the proceeds which the child or child's parents are eligible
17 to receive under any public or private insurance or assistance
18 program. Nothing in this Section shall be construed as
19 relieving an insurer or similar third party from an otherwise
20 valid obligation to provide or to pay for services provided to
21 a child with a disability.

22 If it otherwise qualifies, a school district is eligible
23 for the transportation reimbursement under Section 14-13.01
24 and for the reimbursement of tuition payments under this
25 Section whether the non-public school or special education
26 facility, public out-of-state school or county special

1 education facility, attended by a child who resides in that
2 district and requires special educational services, is within
3 or outside of the State of Illinois. However, a district is not
4 eligible to claim transportation reimbursement under this
5 Section unless the district certifies to the State
6 Superintendent of Education that the district is unable to
7 provide special educational services required by the child for
8 the current school year.

9 Nothing in this Section authorizes the reimbursement of a
10 school district for the amount paid for tuition of a child
11 attending a non-public school or special education facility,
12 public out-of-state school or county special education
13 facility unless the school district certifies to the State
14 Superintendent of Education that the special education program
15 of that district is unable to meet the needs of that child
16 because of his disability and the State Superintendent of
17 Education finds that the school district is in substantial
18 compliance with Section 14-4.01. However, if a child is
19 unilaterally placed by a State agency or any court in a
20 non-public school or special education facility, public
21 out-of-state school, or county special education facility, a
22 school district shall not be required to certify to the State
23 Superintendent of Education, for the purpose of tuition
24 reimbursement, that the special education program of that
25 district is unable to meet the needs of a child because of his
26 or her disability.

1 Any educational or related services provided, pursuant to
2 this Section in a non-public school or special education
3 facility or a special education facility owned and operated by
4 a county government unit shall be at no cost to the parent or
5 guardian of the child. However, current law and practices
6 relative to contributions by parents or guardians for costs
7 other than educational or related services are not affected by
8 this amendatory Act of 1978.

9 Reimbursement for children attending public school
10 residential facilities shall be made in accordance with the
11 provisions of this Section.

12 Notwithstanding any other provision of law, any school
13 district receiving a payment under this Section or under
14 Section 14-7.02b, 14-13.01, or 29-5 of this Code may classify
15 all or a portion of the funds that it receives in a particular
16 fiscal year or from general State aid pursuant to Section
17 18-8.05 of this Code as funds received in connection with any
18 funding program for which it is entitled to receive funds from
19 the State in that fiscal year (including, without limitation,
20 any funding program referenced in this Section), regardless of
21 the source or timing of the receipt. The district may not
22 classify more funds as funds received in connection with the
23 funding program than the district is entitled to receive in
24 that fiscal year for that program. Any classification by a
25 district must be made by a resolution of its board of
26 education. The resolution must identify the amount of any

1 payments or general State aid to be classified under this
2 paragraph and must specify the funding program to which the
3 funds are to be treated as received in connection therewith.
4 This resolution is controlling as to the classification of
5 funds referenced therein. A certified copy of the resolution
6 must be sent to the State Superintendent of Education. The
7 resolution shall still take effect even though a copy of the
8 resolution has not been sent to the State Superintendent of
9 Education in a timely manner. No classification under this
10 paragraph by a district shall affect the total amount or timing
11 of money the district is entitled to receive under this Code.
12 No classification under this paragraph by a district shall in
13 any way relieve the district from or affect any requirements
14 that otherwise would apply with respect to that funding
15 program, including any accounting of funds by source, reporting
16 expenditures by original source and purpose, reporting
17 requirements, or requirements of providing services.

18 (Source: P.A. 98-636, eff. 6-6-14; 98-1008, eff. 1-1-15; 99-78,
19 eff. 7-20-15; 99-143, eff. 7-27-15.)

20 Section 25-45. The Board of Higher Education Act is amended
21 by changing Section 5 as follows:

22 (110 ILCS 205/5) (from Ch. 144, par. 185)

23 Sec. 5. The members of the Board shall serve without
24 compensation but they shall, until July 1, 2016, be reimbursed

1 for their actual and necessary traveling and other expenses
2 while engaged in the performance of their duties.

3 (Source: Laws 1961, p. 3819.)

4 Section 25-50. The University of Illinois Trustees Act is
5 amended by changing Section 1 as follows:

6 (110 ILCS 310/1) (from Ch. 144, par. 41)

7 Sec. 1. The Board of Trustees of the University of Illinois
8 shall consist of the Governor and at least 12 trustees. Nine
9 trustees shall be appointed by the Governor, by and with the
10 advice and consent of the Senate. The other trustees shall be
11 students, of whom one student shall be selected from each
12 University campus.

13 Each student trustee shall serve a term of one year,
14 beginning on July 1 or on the date of his or her selection,
15 whichever is later, and expiring on the next succeeding June
16 30.

17 Each trustee shall have all of the privileges of
18 membership, except that only one student trustee shall have the
19 right to cast a legally binding vote. The Governor shall
20 designate which one of the student trustees shall possess, for
21 his or her entire term, the right to cast a legally binding
22 vote. Each student trustee who does not possess the right to
23 cast a legally binding vote shall have the right to cast an
24 advisory vote and the right to make and second motions and to

1 attend executive sessions.

2 Each trustee shall be governed by the same conflict of
3 interest standards. Pursuant to those standards, it shall not
4 be a conflict of interest for a student trustee to vote on
5 matters pertaining to students generally, such as tuition and
6 fees. However, it shall be a conflict of interest for a student
7 trustee to vote on faculty member tenure or promotion. Student
8 trustees shall be chosen by campus-wide student election, and
9 the student trustee designated by the Governor to possess a
10 legally binding vote shall be one of the students selected by
11 this method. A student trustee who does not possess a legally
12 binding vote on a measure at a meeting of the Board or any of
13 its committees shall not be considered a trustee for the
14 purpose of determining whether a quorum is present at the time
15 that measure is voted upon. To be eligible for selection as a
16 student trustee and to be eligible to remain as a voting or
17 nonvoting student trustee, a student trustee must be a resident
18 of this State, must have and maintain a grade point average
19 that is equivalent to at least 2.5 on a 4.0 scale, and must be a
20 full time student enrolled at all times during his or her term
21 of office except for that part of the term which follows the
22 completion of the last full regular semester of an academic
23 year and precedes the first full regular semester of the
24 succeeding academic year at the University (sometimes commonly
25 referred to as the summer session or summer school). If a
26 voting or nonvoting student trustee fails to continue to meet

1 or maintain the residency, minimum grade point average, or
2 enrollment requirement established by this Section, his or her
3 membership on the Board shall be deemed to have terminated by
4 operation of law. The University may not use residency for
5 tuition purposes as a factor in making the determination that a
6 student is or is not a resident of this State. The following
7 factors shall positively demonstrate residency in this State
8 for the purposes of the residency requirement for student
9 trustees and candidates for student trustee:

10 (1) evidence of the student's Illinois domicile for at
11 least the previous 6 months;

12 (2) evidence of the student's current, valid Illinois
13 driver's license; and

14 (3) evidence of the student's valid Illinois voter
15 registration.

16 A positive demonstration of residency in this State for student
17 trustees and candidates for student trustees under this Section
18 does not apply to residency requirements for tuition purposes.

19 If a voting student trustee resigns or otherwise ceases to
20 serve on the Board, the Governor shall, within 30 days,
21 designate one of the remaining student trustees to possess the
22 right to cast a legally binding vote for the remainder of his
23 or her term. If a nonvoting student trustee resigns or
24 otherwise ceases to serve on the Board, the chief executive of
25 the student government from that campus shall, within 30 days,
26 select a new nonvoting student trustee to serve for the

1 remainder of the term.

2 No more than 5 of the 9 appointed trustees shall be
3 affiliated with the same political party. Each trustee
4 appointed by the Governor must be a resident of this State. A
5 failure to meet or maintain this residency requirement
6 constitutes a resignation from and creates a vacancy in the
7 Board. The term of office of each appointed trustee shall be 6
8 years from the third Monday in January of each odd numbered
9 year. The regular terms of office of the appointed trustees
10 shall be staggered so that 3 terms expire in each odd-numbered
11 year.

12 Vacancies for appointed trustees shall be filled for the
13 unexpired term in the same manner as original appointments. If
14 a vacancy in membership occurs at a time when the Senate is not
15 in session, the Governor shall make temporary appointments
16 until the next meeting of the Senate, when he shall appoint
17 persons to fill such memberships for the remainder of their
18 respective terms. If the Senate is not in session when
19 appointments for a full term are made, appointments shall be
20 made as in the case of vacancies.

21 No action of the board shall be invalidated by reason of
22 any vacancies on the board, or by reason of any failure to
23 select student trustees.

24 Beginning on July 1, 2016, trustees shall serve without
25 compensation and shall not be reimbursed for expenses incurred
26 with their service as trustee.

1 (Source: P.A. 98-778, eff. 7-21-14.)

2 Section 25-55. The Southern Illinois University Management
3 Act is amended by changing Section 4 as follows:

4 (110 ILCS 520/4) (from Ch. 144, par. 654)

5 Sec. 4. Members of the Board shall serve without
6 compensation but shall, until July 1, 2016, be entitled to
7 reasonable amounts for expenses necessarily incurred in the
8 performance of their duties. Until July 1, 2016, such ~~Such~~
9 expenses incurred by any non-voting student member may, at the
10 discretion of the Chairman of the Board, be provided for by
11 advance payment to such member, who shall account therefor to
12 the Board immediately after each meeting.

13 No member of the Board shall hold or be employed in or
14 appointed to any office or place under the authority of the
15 Board, nor shall any member of the Board be directly or
16 indirectly interested in any contract made by the Board, nor
17 shall he be an employee of the State Government. This section
18 does not prohibit the student members of the Board from
19 maintaining normal and official status as enrolled students or
20 normal student employment at Southern Illinois University.

21 (Source: P.A. 93-1096, eff. 1-1-06.)

22 Section 25-60. The Chicago State University Law is amended
23 by changing Section 5-20 as follows:

1 (110 ILCS 660/5-20)

2 Sec. 5-20. Reimbursement; employment limitations. Members
3 of the Board shall serve without compensation but shall, until
4 July 1, 2016, be entitled to reasonable amounts for expenses
5 necessarily incurred in the performance of their duties. Until
6 July 1, 2016, such ~~Such~~ expenses incurred by the student member
7 may, at the discretion of the Chairman of the Board, be
8 provided for by advance payment to the student member, who
9 shall account therefor to the Board immediately after each
10 meeting.

11 No member of the Board shall hold or be employed in or
12 appointed to any office or place under the authority of the
13 Board, nor shall any member of the Board be directly or
14 indirectly interested in any contract made by the Board, nor
15 shall he be an employee of the State Government; provided that
16 nothing in this Section shall be deemed to prohibit the student
17 member of the Board from maintaining normal and official status
18 as an enrolled student or normal student employment at Chicago
19 State University.

20 (Source: P.A. 93-1096, eff. 1-1-06.)

21 Section 25-65. The Eastern Illinois University Law is
22 amended by changing Section 10-20 as follows:

23 (110 ILCS 665/10-20)

1 Sec. 10-20. Reimbursement; employment limitations. Members
2 of the Board shall serve without compensation but shall, until
3 July 1, 2016, be entitled to reasonable amounts for expenses
4 necessarily incurred in the performance of their duties. Until
5 July 1, 2016, such ~~Such~~ expenses incurred by the student member
6 may, at the discretion of the Chairman of the Board, be
7 provided for by advance payment to the student member, who
8 shall account therefor to the Board immediately after each
9 meeting.

10 No member of the Board shall hold or be employed in or
11 appointed to any office or place under the authority of the
12 Board, nor shall any member of the Board be directly or
13 indirectly interested in any contract made by the Board, nor
14 shall he be an employee of the State Government; provided that
15 nothing in this Section shall be deemed to prohibit the student
16 member of the Board from maintaining normal and official status
17 as an enrolled student or normal student employment at Eastern
18 Illinois University.

19 (Source: P.A. 93-1096, eff. 1-1-06.)

20 Section 25-70. The Governors State University Law is
21 amended by changing Section 15-20 as follows:

22 (110 ILCS 670/15-20)

23 Sec. 15-20. Reimbursement; employment limitations. Members
24 of the Board shall serve without compensation but shall, until

1 July 1, 2016, be entitled to reasonable amounts for expenses
2 necessarily incurred in the performance of their duties. Until
3 July 1, 2016, such ~~Such~~ expenses incurred by the student member
4 may, at the discretion of the Chairman of the Board, be
5 provided for by advance payment to the student member, who
6 shall account therefor to the Board immediately after each
7 meeting.

8 No member of the Board shall hold or be employed in or
9 appointed to any office or place under the authority of the
10 Board, nor shall any member of the Board be directly or
11 indirectly interested in any contract made by the Board, nor
12 shall he be an employee of the State Government; provided that
13 nothing in this Section shall be deemed to prohibit the student
14 member of the Board from maintaining normal and official status
15 as an enrolled student or normal student employment at
16 Governors State University.

17 (Source: P.A. 93-1096, eff. 1-1-06.)

18 Section 25-75. The Illinois State University Law is amended
19 by changing Section 20-20 as follows:

20 (110 ILCS 675/20-20)

21 Sec. 20-20. Reimbursement; employment limitations. Members
22 of the Board shall serve without compensation but shall, until
23 July 1, 2016, be entitled to reasonable amounts for expenses
24 necessarily incurred in the performance of their duties. Until

1 July 1, 2016, such ~~Such~~ expenses incurred by the student member
2 may, at the discretion of the Chairman of the Board, be
3 provided for by advance payment to the student member, who
4 shall account therefor to the Board immediately after each
5 meeting.

6 No member of the Board shall hold or be employed in or
7 appointed to any office or place under the authority of the
8 Board, nor shall any member of the Board be directly or
9 indirectly interested in any contract made by the Board, nor
10 shall he be an employee of the State Government; provided that
11 nothing in this Section shall be deemed to prohibit the student
12 member of the Board from maintaining normal and official status
13 as an enrolled student or normal student employment at Illinois
14 State University.

15 (Source: P.A. 93-1096, eff. 1-1-06.)

16 Section 25-80. The Northeastern Illinois University Law is
17 amended by changing Section 25-20 as follows:

18 (110 ILCS 680/25-20)

19 Sec. 25-20. Reimbursement; employment limitations. Members
20 of the Board shall serve without compensation but shall, until
21 July 1, 2016, be entitled to reasonable amounts for expenses
22 necessarily incurred in the performance of their duties. Until
23 July 1, 2016, such ~~Such~~ expenses incurred by the student member
24 may, at the discretion of the Chairman of the Board, be

1 provided for by advance payment to the student member, who
2 shall account therefor to the Board immediately after each
3 meeting.

4 No member of the Board shall hold or be employed in or
5 appointed to any office or place under the authority of the
6 Board, nor shall any member of the Board be directly or
7 indirectly interested in any contract made by the Board, nor
8 shall he be an employee of the State Government; provided that
9 nothing in this Section shall be deemed to prohibit the student
10 member of the Board from maintaining normal and official status
11 as an enrolled student or normal student employment at
12 Northeastern Illinois University.

13 (Source: P.A. 93-1096, eff. 1-1-06.)

14 Section 25-85. The Northern Illinois University Law is
15 amended by changing Section 30-20 as follows:

16 (110 ILCS 685/30-20)

17 Sec. 30-20. Reimbursement; employment limitations. Members
18 of the Board shall serve without compensation but shall, until
19 July 1, 2016, be entitled to reasonable amounts for expenses
20 necessarily incurred in the performance of their duties. Until
21 July 1, 2016, such ~~Such~~ expenses incurred by the student member
22 may, at the discretion of the Chairman of the Board, be
23 provided for by advance payment to the student member, who
24 shall account therefor to the Board immediately after each

1 meeting.

2 No member of the Board shall hold or be employed in or
3 appointed to any office or place under the authority of the
4 Board, nor shall any member of the Board be directly or
5 indirectly interested in any contract made by the Board, nor
6 shall he be an employee of the State Government; provided that
7 nothing in this Section shall be deemed to prohibit the student
8 member of the Board from maintaining normal and official status
9 as an enrolled student or normal student employment at Northern
10 Illinois University.

11 (Source: P.A. 93-1096, eff. 1-1-06.)

12 Section 25-90. The Western Illinois University Law is
13 amended by changing Section 35-20 as follows:

14 (110 ILCS 690/35-20)

15 Sec. 35-20. Reimbursement; employment limitations. Members
16 of the Board shall serve without compensation but shall, until
17 July 1, 2016, be entitled to reasonable amounts for expenses
18 necessarily incurred in the performance of their duties. Until
19 July 1, 2016, such ~~Such~~ expenses incurred by the student member
20 may, at the discretion of the Chairman of the Board, be
21 provided for by advance payment to the student member, who
22 shall account therefor to the Board immediately after each
23 meeting.

24 No member of the Board shall hold or be employed in or

1 appointed to any office or place under the authority of the
2 Board, nor shall any member of the Board be directly or
3 indirectly interested in any contract made by the Board, nor
4 shall he be an employee of the State Government; provided that
5 nothing in this Section shall be deemed to prohibit the student
6 member of the Board from maintaining normal and official status
7 as an enrolled student or normal student employment at Western
8 Illinois University.

9 (Source: P.A. 93-1096, eff. 1-1-06.)

10 Section 25-95. The Public Community College Act is amended
11 by changing Section 2-5 as follows:

12 (110 ILCS 805/2-5) (from Ch. 122, par. 102-5)

13 Sec. 2-5. Compensation and expenses of members. The members
14 of the State Board shall serve without compensation but they
15 shall, until July 1, 2016, be reimbursed for their actual and
16 necessary expenses while engaged in the performance of their
17 duties.

18 (Source: P.A. 96-910, eff. 7-1-10.)

19 Section 25-100. The Higher Education Student Assistance
20 Act is amended by changing Section 15 as follows:

21 (110 ILCS 947/15)

22 Sec. 15. Illinois Student Assistance Commission.

1 (a) There is established the Illinois Student Assistance
2 Commission, consisting of 10 persons to be appointed by the
3 Governor with the advice and consent of the Senate. The
4 membership of the Commission shall consist of one
5 representative of the institutions of higher learning operated
6 by the State; one representative of the private institutions of
7 higher learning located in the State; one representative of the
8 public community colleges located in the State; one
9 representative of the public high schools located in the State;
10 5 citizens of the State chosen for their knowledge of and
11 interest in higher education, but not employed by,
12 professionally affiliated with, or members of the governing
13 boards of any institution of higher learning located in the
14 State, and one student member selected from nominations
15 submitted to the Governor by multi-campus student
16 organizations, including but not limited to, the recognized
17 advisory committee of students of the Illinois Community
18 College Board, the recognized advisory committee of students of
19 the Board of Higher Education, and the recognized advisory
20 committee of students of the Federation of Independent Illinois
21 Colleges and Universities. The Governor shall designate one
22 member, other than the student member, as chairman. Each member
23 of the Commission, including the student member, shall serve
24 without compensation, but shall, until July 1, 2016, be
25 reimbursed for expenses necessarily incurred in performing his
26 or her duties under this Act. Subject to a requirement that

1 Commission members in office on the effective date of this
2 amendatory Act of 1995 may serve the full term to which they
3 were appointed, the appointment of Commission members to terms
4 that commence on or after that effective date shall be made in
5 a manner that gives effect at the earliest possible time to the
6 change that is required by this amendatory Act in the
7 representative composition of the Commission's membership.

8 (b) The term of office of each member, other than the
9 student member, is 6 years from July 1 of the year of
10 appointment, and until his successor is appointed and
11 qualified. If a member's tenure of office, other than that of
12 the student member, is terminated for any reason before his or
13 her term has expired, the Governor shall fill the vacancy by
14 the appointment of a person who has the same representative
15 status as the person whose term has been so terminated, and the
16 new appointee shall hold office only for the remainder of that
17 term and until a successor is appointed and qualified. The term
18 of the student member shall be for 2 years from July 1 of each
19 odd-numbered year. If the tenure of the student member is
20 terminated for any reason, the vacancy shall be filled in the
21 same manner as heretofore provided for a regular term of office
22 appointment of the student member. The new student appointee
23 shall hold office only for the remainder of that term. A
24 student appointee's status on the Commission may not be
25 considered in determining his or her eligibility for programs
26 administered by the Commission.

1 (c) In accordance with the provisions of the State
2 Universities Civil Service Act, the Commission shall employ a
3 professionally qualified person as the Executive Director of
4 the Commission, and such other employees as may be necessary to
5 effectuate the purposes of this Act.

6 (d) The Commission shall meet at least once in each fiscal
7 year, and may meet at other times which the Chairman may
8 designate by giving at least 10 days' written notice to each
9 member.

10 (Source: P.A. 99-198, eff. 7-30-15.)

11 Section 25-105. The Illinois Plumbing License Law is
12 amended by changing Sections 7 and 39 as follows:

13 (225 ILCS 320/7) (from Ch. 111, par. 1106)

14 Sec. 7. (1) There is created an Illinois State Board of
15 Plumbing Examiners which shall exercise its duties provided in
16 this Act under the supervision of the Department. The Board
17 shall consist of 9 licensed plumbers designated from time to
18 time by the Director. In making the appointments to the Board,
19 the Director shall consider the recommendations of
20 individuals, firms or organizations involved in plumbing in
21 this State.

22 (2) The Board shall aid the Director and the Department by:

23 (a) Preparing subject matter for examinations as provided
24 in this Act.

1 (b) Suggesting rules to govern examinations and hearings
2 for suspension, revocation or reinstatement of licenses.

3 (c) Submitting recommendations to the Director from time to
4 time for the efficient administration of this Act.

5 (d) Grading all tests and examinations for licenses and
6 promptly reporting the results to the Director.

7 (e) Performing such other duties from time to time
8 prescribed by the Director.

9 (3) Until July 1, 2016, each ~~Each~~ Board member shall be
10 compensated the sum of \$50 for each day or part thereof on
11 which he serves on business of the Board and in addition
12 thereto shall be reimbursed for per diem expenses as authorized
13 for State employees.

14 (Source: P.A. 85-981.)

15 (225 ILCS 320/39) (from Ch. 111, par. 1137)

16 Sec. 39. The Governor shall appoint a Plumbing Code
17 Advisory Council to consult with and advise the Department. The
18 Council shall be composed of the Director or his or her
19 authorized representative, who shall serve as chairman
20 ex-officio, and 11 members appointed by the Governor. The
21 appointed members shall consist of 4 Illinois licensed plumbers
22 engaged in plumbing in Illinois who are residents of Illinois,
23 one registered professional engineer actively engaged in
24 construction and design of plumbing systems; one licensed
25 architect; one elected official of a municipality in Illinois;

1 2 representatives of the consumer public in Illinois; and two
2 persons representing labor. Members of the Council shall be
3 appointed for 3 year terms. The Plumbing Code Advisory Council
4 as appointed by the Governor under authority of this Act shall
5 remain in effect for the term of their appointments. Any member
6 appointed to fill a vacancy occurring prior to the expiration
7 of the term for which his or her predecessor was appointed
8 shall be appointed for the remainder of the term.

9 The Council shall meet as frequently as the Chairman deems
10 necessary, but not less than once each year. Additional
11 meetings may be called by the Chairman or by 3 members of the
12 Council upon delivery of 10 days' written notice to the office
13 of each member of the Council. Six members of the Council shall
14 constitute a quorum. Until July 1, 2016, each ~~Each~~ appointed
15 member of the Council shall be reimbursed for actual expenses
16 incurred in the performance of his or her duties.

17 (Source: P.A. 87-885.)

18 Section 25-115. The Illinois Horse Racing Act of 1975 is
19 amended by changing Section 5 as follows:

20 (230 ILCS 5/5) (from Ch. 8, par. 37-5)

21 Sec. 5. As soon as practicable following the effective date
22 of this amendatory Act of 1995, the Governor shall appoint,
23 with the advice and consent of the Senate, members to the Board
24 as follows: 3 members for terms expiring July 1, 1996; 3

1 members for terms expiring July 1, 1998; and 3 members for
2 terms expiring July 1, 2000. Of the 2 additional members
3 appointed pursuant to this amendatory Act of the 91st General
4 Assembly, the initial term of one member shall expire on July
5 1, 2002 and the initial term of the other member shall expire
6 on July 1, 2004. Thereafter, the terms of office of the Board
7 members shall be 6 years. Incumbent members on the effective
8 date of this amendatory Act of 1995 shall continue to serve
9 only until their successors are appointed and have qualified.

10 Until July 1, 2016, each ~~Each~~ member of the Board shall
11 receive \$300 per day for each day the Board meets and for each
12 day the member conducts a hearing pursuant to Section 16 of
13 this Act, provided that no Board member shall receive more than
14 \$5,000 in such fees during any calendar year, or an amount set
15 by the Compensation Review Board, whichever is greater. Until
16 July 1, 2016, members ~~Members~~ of the Board shall also be
17 reimbursed for all actual and necessary expenses and
18 disbursements incurred in the execution of their official
19 duties.

20 (Source: P.A. 91-357, eff. 7-29-99; 91-798, eff. 7-9-00.)

21 Section 25-120. The Riverboat Gambling Act is amended by
22 changing Section 5 as follows:

23 (230 ILCS 10/5) (from Ch. 120, par. 2405)

24 Sec. 5. Gaming Board.

1 (a) (1) There is hereby established the Illinois Gaming
2 Board, which shall have the powers and duties specified in this
3 Act, and all other powers necessary and proper to fully and
4 effectively execute this Act for the purpose of administering,
5 regulating, and enforcing the system of riverboat gambling
6 established by this Act. Its jurisdiction shall extend under
7 this Act to every person, association, corporation,
8 partnership and trust involved in riverboat gambling
9 operations in the State of Illinois.

10 (2) The Board shall consist of 5 members to be appointed by
11 the Governor with the advice and consent of the Senate, one of
12 whom shall be designated by the Governor to be chairman. Each
13 member shall have a reasonable knowledge of the practice,
14 procedure and principles of gambling operations. Each member
15 shall either be a resident of Illinois or shall certify that he
16 will become a resident of Illinois before taking office. At
17 least one member shall be experienced in law enforcement and
18 criminal investigation, at least one member shall be a
19 certified public accountant experienced in accounting and
20 auditing, and at least one member shall be a lawyer licensed to
21 practice law in Illinois.

22 (3) The terms of office of the Board members shall be 3
23 years, except that the terms of office of the initial Board
24 members appointed pursuant to this Act will commence from the
25 effective date of this Act and run as follows: one for a term
26 ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for

1 a term ending July 1, 1993. Upon the expiration of the
2 foregoing terms, the successors of such members shall serve a
3 term for 3 years and until their successors are appointed and
4 qualified for like terms. Vacancies in the Board shall be
5 filled for the unexpired term in like manner as original
6 appointments. Each member of the Board shall be eligible for
7 reappointment at the discretion of the Governor with the advice
8 and consent of the Senate.

9 (4) Until July 1, 2016, each ~~Each~~ member of the Board shall
10 receive \$300 for each day the Board meets and for each day the
11 member conducts any hearing pursuant to this Act. Until July 1,
12 2016, each ~~Each~~ member of the Board shall also be reimbursed
13 for all actual and necessary expenses and disbursements
14 incurred in the execution of official duties.

15 (5) No person shall be appointed a member of the Board or
16 continue to be a member of the Board who is, or whose spouse,
17 child or parent is, a member of the board of directors of, or a
18 person financially interested in, any gambling operation
19 subject to the jurisdiction of this Board, or any race track,
20 race meeting, racing association or the operations thereof
21 subject to the jurisdiction of the Illinois Racing Board. No
22 Board member shall hold any other public office. No person
23 shall be a member of the Board who is not of good moral
24 character or who has been convicted of, or is under indictment
25 for, a felony under the laws of Illinois or any other state, or
26 the United States.

1 (5.5) No member of the Board shall engage in any political
2 activity. For the purposes of this Section, "political" means
3 any activity in support of or in connection with any campaign
4 for federal, State, or local elective office or any political
5 organization, but does not include activities (i) relating to
6 the support or opposition of any executive, legislative, or
7 administrative action (as those terms are defined in Section 2
8 of the Lobbyist Registration Act), (ii) relating to collective
9 bargaining, or (iii) that are otherwise in furtherance of the
10 person's official State duties or governmental and public
11 service functions.

12 (6) Any member of the Board may be removed by the Governor
13 for neglect of duty, misfeasance, malfeasance, or nonfeasance
14 in office or for engaging in any political activity.

15 (7) Before entering upon the discharge of the duties of his
16 office, each member of the Board shall take an oath that he
17 will faithfully execute the duties of his office according to
18 the laws of the State and the rules and regulations adopted
19 therewith and shall give bond to the State of Illinois,
20 approved by the Governor, in the sum of \$25,000. Every such
21 bond, when duly executed and approved, shall be recorded in the
22 office of the Secretary of State. Whenever the Governor
23 determines that the bond of any member of the Board has become
24 or is likely to become invalid or insufficient, he shall
25 require such member forthwith to renew his bond, which is to be
26 approved by the Governor. Any member of the Board who fails to

1 take oath and give bond within 30 days from the date of his
2 appointment, or who fails to renew his bond within 30 days
3 after it is demanded by the Governor, shall be guilty of
4 neglect of duty and may be removed by the Governor. The cost of
5 any bond given by any member of the Board under this Section
6 shall be taken to be a part of the necessary expenses of the
7 Board.

8 (7.5) For the examination of all mechanical,
9 electromechanical, or electronic table games, slot machines,
10 slot accounting systems, and other electronic gaming equipment
11 for compliance with this Act, the Board may utilize the
12 services of one or more independent outside testing
13 laboratories that have been accredited by a national
14 accreditation body and that, in the judgment of the Board, are
15 qualified to perform such examinations.

16 (8) The Board shall employ such personnel as may be
17 necessary to carry out its functions and shall determine the
18 salaries of all personnel, except those personnel whose
19 salaries are determined under the terms of a collective
20 bargaining agreement. No person shall be employed to serve the
21 Board who is, or whose spouse, parent or child is, an official
22 of, or has a financial interest in or financial relation with,
23 any operator engaged in gambling operations within this State
24 or any organization engaged in conducting horse racing within
25 this State. Any employee violating these prohibitions shall be
26 subject to termination of employment.

1 (9) An Administrator shall perform any and all duties that
2 the Board shall assign him. The salary of the Administrator
3 shall be determined by the Board and, in addition, he shall be
4 reimbursed for all actual and necessary expenses incurred by
5 him in discharge of his official duties. The Administrator
6 shall keep records of all proceedings of the Board and shall
7 preserve all records, books, documents and other papers
8 belonging to the Board or entrusted to its care. The
9 Administrator shall devote his full time to the duties of the
10 office and shall not hold any other office or employment.

11 (b) The Board shall have general responsibility for the
12 implementation of this Act. Its duties include, without
13 limitation, the following:

14 (1) To decide promptly and in reasonable order all
15 license applications. Any party aggrieved by an action of
16 the Board denying, suspending, revoking, restricting or
17 refusing to renew a license may request a hearing before
18 the Board. A request for a hearing must be made to the
19 Board in writing within 5 days after service of notice of
20 the action of the Board. Notice of the action of the Board
21 shall be served either by personal delivery or by certified
22 mail, postage prepaid, to the aggrieved party. Notice
23 served by certified mail shall be deemed complete on the
24 business day following the date of such mailing. The Board
25 shall conduct all requested hearings promptly and in
26 reasonable order;

1 (2) To conduct all hearings pertaining to civil
2 violations of this Act or rules and regulations promulgated
3 hereunder;

4 (3) To promulgate such rules and regulations as in its
5 judgment may be necessary to protect or enhance the
6 credibility and integrity of gambling operations
7 authorized by this Act and the regulatory process
8 hereunder;

9 (4) To provide for the establishment and collection of
10 all license and registration fees and taxes imposed by this
11 Act and the rules and regulations issued pursuant hereto.
12 All such fees and taxes shall be deposited into the State
13 Gaming Fund;

14 (5) To provide for the levy and collection of penalties
15 and fines for the violation of provisions of this Act and
16 the rules and regulations promulgated hereunder. All such
17 fines and penalties shall be deposited into the Education
18 Assistance Fund, created by Public Act 86-0018, of the
19 State of Illinois;

20 (6) To be present through its inspectors and agents any
21 time gambling operations are conducted on any riverboat for
22 the purpose of certifying the revenue thereof, receiving
23 complaints from the public, and conducting such other
24 investigations into the conduct of the gambling games and
25 the maintenance of the equipment as from time to time the
26 Board may deem necessary and proper;

1 (7) To review and rule upon any complaint by a licensee
2 regarding any investigative procedures of the State which
3 are unnecessarily disruptive of gambling operations. The
4 need to inspect and investigate shall be presumed at all
5 times. The disruption of a licensee's operations shall be
6 proved by clear and convincing evidence, and establish
7 that: (A) the procedures had no reasonable law enforcement
8 purposes, and (B) the procedures were so disruptive as to
9 unreasonably inhibit gambling operations;

10 (8) To hold at least one meeting each quarter of the
11 fiscal year. In addition, special meetings may be called by
12 the Chairman or any 2 Board members upon 72 hours written
13 notice to each member. All Board meetings shall be subject
14 to the Open Meetings Act. Three members of the Board shall
15 constitute a quorum, and 3 votes shall be required for any
16 final determination by the Board. The Board shall keep a
17 complete and accurate record of all its meetings. A
18 majority of the members of the Board shall constitute a
19 quorum for the transaction of any business, for the
20 performance of any duty, or for the exercise of any power
21 which this Act requires the Board members to transact,
22 perform or exercise en banc, except that, upon order of the
23 Board, one of the Board members or an administrative law
24 judge designated by the Board may conduct any hearing
25 provided for under this Act or by Board rule and may
26 recommend findings and decisions to the Board. The Board

1 member or administrative law judge conducting such hearing
2 shall have all powers and rights granted to the Board in
3 this Act. The record made at the time of the hearing shall
4 be reviewed by the Board, or a majority thereof, and the
5 findings and decision of the majority of the Board shall
6 constitute the order of the Board in such case;

7 (9) To maintain records which are separate and distinct
8 from the records of any other State board or commission.
9 Such records shall be available for public inspection and
10 shall accurately reflect all Board proceedings;

11 (10) To file a written annual report with the Governor
12 on or before March 1 each year and such additional reports
13 as the Governor may request. The annual report shall
14 include a statement of receipts and disbursements by the
15 Board, actions taken by the Board, and any additional
16 information and recommendations which the Board may deem
17 valuable or which the Governor may request;

18 (11) (Blank);

19 (12) (Blank);

20 (13) To assume responsibility for administration and
21 enforcement of the Video Gaming Act; and

22 (14) To adopt, by rule, a code of conduct governing
23 Board members and employees that ensure, to the maximum
24 extent possible, that persons subject to this Code avoid
25 situations, relationships, or associations that may
26 represent or lead to a conflict of interest.

1 (c) The Board shall have jurisdiction over and shall
2 supervise all gambling operations governed by this Act. The
3 Board shall have all powers necessary and proper to fully and
4 effectively execute the provisions of this Act, including, but
5 not limited to, the following:

6 (1) To investigate applicants and determine the
7 eligibility of applicants for licenses and to select among
8 competing applicants the applicants which best serve the
9 interests of the citizens of Illinois.

10 (2) To have jurisdiction and supervision over all
11 riverboat gambling operations in this State and all persons
12 on riverboats where gambling operations are conducted.

13 (3) To promulgate rules and regulations for the purpose
14 of administering the provisions of this Act and to
15 prescribe rules, regulations and conditions under which
16 all riverboat gambling in the State shall be conducted.
17 Such rules and regulations are to provide for the
18 prevention of practices detrimental to the public interest
19 and for the best interests of riverboat gambling, including
20 rules and regulations regarding the inspection of such
21 riverboats and the review of any permits or licenses
22 necessary to operate a riverboat under any laws or
23 regulations applicable to riverboats, and to impose
24 penalties for violations thereof.

25 (4) To enter the office, riverboats, facilities, or
26 other places of business of a licensee, where evidence of

1 the compliance or noncompliance with the provisions of this
2 Act is likely to be found.

3 (5) To investigate alleged violations of this Act or
4 the rules of the Board and to take appropriate disciplinary
5 action against a licensee or a holder of an occupational
6 license for a violation, or institute appropriate legal
7 action for enforcement, or both.

8 (6) To adopt standards for the licensing of all persons
9 under this Act, as well as for electronic or mechanical
10 gambling games, and to establish fees for such licenses.

11 (7) To adopt appropriate standards for all riverboats
12 and facilities.

13 (8) To require that the records, including financial or
14 other statements of any licensee under this Act, shall be
15 kept in such manner as prescribed by the Board and that any
16 such licensee involved in the ownership or management of
17 gambling operations submit to the Board an annual balance
18 sheet and profit and loss statement, list of the
19 stockholders or other persons having a 1% or greater
20 beneficial interest in the gambling activities of each
21 licensee, and any other information the Board deems
22 necessary in order to effectively administer this Act and
23 all rules, regulations, orders and final decisions
24 promulgated under this Act.

25 (9) To conduct hearings, issue subpoenas for the
26 attendance of witnesses and subpoenas duces tecum for the

1 production of books, records and other pertinent documents
2 in accordance with the Illinois Administrative Procedure
3 Act, and to administer oaths and affirmations to the
4 witnesses, when, in the judgment of the Board, it is
5 necessary to administer or enforce this Act or the Board
6 rules.

7 (10) To prescribe a form to be used by any licensee
8 involved in the ownership or management of gambling
9 operations as an application for employment for their
10 employees.

11 (11) To revoke or suspend licenses, as the Board may
12 see fit and in compliance with applicable laws of the State
13 regarding administrative procedures, and to review
14 applications for the renewal of licenses. The Board may
15 suspend an owners license, without notice or hearing upon a
16 determination that the safety or health of patrons or
17 employees is jeopardized by continuing a riverboat's
18 operation. The suspension may remain in effect until the
19 Board determines that the cause for suspension has been
20 abated. The Board may revoke the owners license upon a
21 determination that the owner has not made satisfactory
22 progress toward abating the hazard.

23 (12) To eject or exclude or authorize the ejection or
24 exclusion of, any person from riverboat gambling
25 facilities where such person is in violation of this Act,
26 rules and regulations thereunder, or final orders of the

1 Board, or where such person's conduct or reputation is such
2 that his presence within the riverboat gambling facilities
3 may, in the opinion of the Board, call into question the
4 honesty and integrity of the gambling operations or
5 interfere with orderly conduct thereof; provided that the
6 propriety of such ejection or exclusion is subject to
7 subsequent hearing by the Board.

8 (13) To require all licensees of gambling operations to
9 utilize a cashless wagering system whereby all players'
10 money is converted to tokens, electronic cards, or chips
11 which shall be used only for wagering in the gambling
12 establishment.

13 (14) (Blank).

14 (15) To suspend, revoke or restrict licenses, to
15 require the removal of a licensee or an employee of a
16 licensee for a violation of this Act or a Board rule or for
17 engaging in a fraudulent practice, and to impose civil
18 penalties of up to \$5,000 against individuals and up to
19 \$10,000 or an amount equal to the daily gross receipts,
20 whichever is larger, against licensees for each violation
21 of any provision of the Act, any rules adopted by the
22 Board, any order of the Board or any other action which, in
23 the Board's discretion, is a detriment or impediment to
24 riverboat gambling operations.

25 (16) To hire employees to gather information, conduct
26 investigations and carry out any other tasks contemplated

1 under this Act.

2 (17) To establish minimum levels of insurance to be
3 maintained by licensees.

4 (18) To authorize a licensee to sell or serve alcoholic
5 liquors, wine or beer as defined in the Liquor Control Act
6 of 1934 on board a riverboat and to have exclusive
7 authority to establish the hours for sale and consumption
8 of alcoholic liquor on board a riverboat, notwithstanding
9 any provision of the Liquor Control Act of 1934 or any
10 local ordinance, and regardless of whether the riverboat
11 makes excursions. The establishment of the hours for sale
12 and consumption of alcoholic liquor on board a riverboat is
13 an exclusive power and function of the State. A home rule
14 unit may not establish the hours for sale and consumption
15 of alcoholic liquor on board a riverboat. This amendatory
16 Act of 1991 is a denial and limitation of home rule powers
17 and functions under subsection (h) of Section 6 of Article
18 VII of the Illinois Constitution.

19 (19) After consultation with the U.S. Army Corps of
20 Engineers, to establish binding emergency orders upon the
21 concurrence of a majority of the members of the Board
22 regarding the navigability of water, relative to
23 excursions, in the event of extreme weather conditions,
24 acts of God or other extreme circumstances.

25 (20) To delegate the execution of any of its powers
26 under this Act for the purpose of administering and

1 enforcing this Act and its rules and regulations hereunder.

2 (20.5) To approve any contract entered into on its
3 behalf.

4 (20.6) To appoint investigators to conduct
5 investigations, searches, seizures, arrests, and other
6 duties imposed under this Act, as deemed necessary by the
7 Board. These investigators have and may exercise all of the
8 rights and powers of peace officers, provided that these
9 powers shall be limited to offenses or violations occurring
10 or committed on a riverboat or dock, as defined in
11 subsections (d) and (f) of Section 4, or as otherwise
12 provided by this Act or any other law.

13 (20.7) To contract with the Department of State Police
14 for the use of trained and qualified State police officers
15 and with the Department of Revenue for the use of trained
16 and qualified Department of Revenue investigators to
17 conduct investigations, searches, seizures, arrests, and
18 other duties imposed under this Act and to exercise all of
19 the rights and powers of peace officers, provided that the
20 powers of Department of Revenue investigators under this
21 subdivision (20.7) shall be limited to offenses or
22 violations occurring or committed on a riverboat or dock,
23 as defined in subsections (d) and (f) of Section 4, or as
24 otherwise provided by this Act or any other law. In the
25 event the Department of State Police or the Department of
26 Revenue is unable to fill contracted police or

1 investigative positions, the Board may appoint
2 investigators to fill those positions pursuant to
3 subdivision (20.6).

4 (21) To take any other action as may be reasonable or
5 appropriate to enforce this Act and rules and regulations
6 hereunder.

7 (d) The Board may seek and shall receive the cooperation of
8 the Department of State Police in conducting background
9 investigations of applicants and in fulfilling its
10 responsibilities under this Section. Costs incurred by the
11 Department of State Police as a result of such cooperation
12 shall be paid by the Board in conformance with the requirements
13 of Section 2605-400 of the Department of State Police Law (20
14 ILCS 2605/2605-400).

15 (e) The Board must authorize to each investigator and to
16 any other employee of the Board exercising the powers of a
17 peace officer a distinct badge that, on its face, (i) clearly
18 states that the badge is authorized by the Board and (ii)
19 contains a unique identifying number. No other badge shall be
20 authorized by the Board.

21 (Source: P.A. 98-377, eff. 1-1-14; 98-582, eff. 8-27-13.)

22 Section 25-125. The Workers' Compensation Act is amended by
23 changing Sections 8.3, 13.1, and 14.1 as follows:

24 (820 ILCS 305/8.3)

1 Sec. 8.3. Workers' Compensation Medical Fee Advisory
2 Board. There is created a Workers' Compensation Medical Fee
3 Advisory Board consisting of 9 members appointed by the
4 Governor with the advice and consent of the Senate. Three
5 members of the Advisory Board shall be representative citizens
6 chosen from the employee class, 3 members shall be
7 representative citizens chosen from the employing class, and 3
8 members shall be representative citizens chosen from the
9 medical provider class. Each member shall serve a 4-year term
10 and shall continue to serve until a successor is appointed. A
11 vacancy on the Advisory Board shall be filled by the Governor
12 for the unexpired term.

13 Members of the Advisory Board shall receive no compensation
14 for their services but shall, until July 1, 2016, be reimbursed
15 for expenses incurred in the performance of their duties by the
16 Commission from appropriations made to the Commission for that
17 purpose.

18 The Advisory Board shall advise the Commission on
19 establishment of fees for medical services and accessibility of
20 medical treatment.

21 (Source: P.A. 94-277, eff. 7-20-05.)

22 (820 ILCS 305/13.1) (from Ch. 48, par. 138.13-1)

23 Sec. 13.1. (a) There is created a Workers' Compensation
24 Advisory Board hereinafter referred to as the Advisory Board.
25 After the effective date of this amendatory Act of the 94th

1 General Assembly, the Advisory Board shall consist of 12
2 members appointed by the Governor with the advice and consent
3 of the Senate. Six members of the Advisory Board shall be
4 representative citizens chosen from the employee class, and 6
5 members shall be representative citizens chosen from the
6 employing class. The Chairman of the Commission shall serve as
7 the ex officio Chairman of the Advisory Board. After the
8 effective date of this amendatory Act of the 94th General
9 Assembly, each member of the Advisory Board shall serve a term
10 ending on the third Monday in January 2007 and shall continue
11 to serve until his or her successor is appointed and qualified.
12 Members of the Advisory Board shall thereafter be appointed for
13 4 year terms from the third Monday in January of the year of
14 their appointment, and until their successors are appointed and
15 qualified. Seven members of the Advisory Board shall constitute
16 a quorum to do business, but in no case shall there be less
17 than one representative from each class. A vacancy on the
18 Advisory Board shall be filled by the Governor for the
19 unexpired term.

20 (b) Members of the Advisory Board shall receive no
21 compensation for their services but shall, until July 1, 2016,
22 be reimbursed for expenses incurred in the performance of their
23 duties by the Commission from appropriations made to the
24 Commission for such purpose.

25 (c) The Advisory Board shall aid the Commission in
26 formulating policies, discussing problems, setting priorities

1 of expenditures, reviewing advisory rates filed by an advisory
2 organization as defined in Section 463 of the Illinois
3 Insurance Code, and establishing short and long range
4 administrative goals. Prior to making the (1) initial set of
5 arbitrator appointments pursuant to this amendatory Act of the
6 97th General Assembly and (2) appointment of Commissioners, the
7 Governor shall request that the Advisory Board make
8 recommendations as to candidates to consider for appointment
9 and the Advisory Board may then make such recommendations.

10 (d) The terms of all Advisory Board members serving on the
11 effective date of this amendatory Act of the 97th General
12 Assembly are terminated. The Governor shall appoint new members
13 to the Advisory Board within 30 days after the effective date
14 of the amendatory Act of the 97th General Assembly, subject to
15 the advice and consent of the Senate.

16 (Source: P.A. 97-18, eff. 6-28-11.)

17 (820 ILCS 305/14.1) (from Ch. 48, par. 138.14-1)

18 Sec. 14.1. There is created a Commission Review Board
19 consisting of the Chairman of the Illinois Workers'
20 Compensation Commission, the Commissioner with the most
21 seniority who is a representative citizen of the class of
22 employees covered under this Act, the Commissioner with the
23 most seniority who is a representative citizen of the employing
24 class operating under this Act, two Arbitrators, one assigned
25 to hear cases filed in counties with a population of 3,000,000

1 or more and one assigned to hear cases in any other county,
2 both selected by a vote of a majority of the appointed
3 Arbitrators pursuant to an election conducted by the Chairman,
4 and 2 members designated by the Governor who are not
5 commissioners, Arbitrators or employees of the Illinois
6 Workers' Compensation Commission. Members of the Board shall
7 serve without compensation, but shall, until July 1, 2016, be
8 reimbursed for actual expenses incurred. All appointments for
9 the initial terms shall be made and elections concluded by
10 October 1, 1984, with each initial term commencing on October
11 1, 1984 and extending through February 28, 1987, until the
12 office holder's successor is appointed or elected and
13 qualified. Thereafter each term shall commence on March 1 of
14 each odd-numbered year and extend through March 1 of the next
15 succeeding odd-numbered year, until the office holder's
16 successor is appointed or elected and qualified. The Governor
17 shall certify his appointments, and the Chairman shall certify
18 the results of the elections by the Arbitrators, to the
19 Secretary of the Illinois Workers' Compensation Commission. A
20 vacancy in the office of a member of the Commission Review
21 Board shall be filled for the remainder of the vacating
22 member's term in the same manner as that in which the member
23 was appointed or elected.

24 The Chairman of the Illinois Workers' Compensation
25 Commission shall serve as the Chairman of the Commission Review
26 Board. It shall be the duty of the Chairman to compile, audit,

1 and retain complaints registered against Commissioners and
2 Arbitrators. The Chairman shall immediately advise a
3 Commissioner or Arbitrator in writing of the nature of any and
4 all complaints filed against him, preserving the identity of
5 the complainant.

6 At a proceeding before the Commission Review Board, it
7 shall then become the duty of any complainant to testify
8 regarding his or her previously filed complaint, or said
9 complaint shall be considered null and void.

10 The Commission Review Board shall advise any Commissioner
11 or Arbitrator in writing of necessary remedial action to
12 correct any deficiency and shall afford said individual the
13 opportunity to report or respond to a complaint within a
14 prescribed period of time.

15 In matters of serious concern to the State, the Commission
16 Review Board may recommend that the Governor: 1) dismiss any
17 Arbitrator who is found unfit to serve; or 2) not reappoint a
18 Commissioner who it finds unfit to serve. This action shall
19 require a record vote of at least 5 members of the Board. The
20 Governor, in his discretion, may act on the recommendation of
21 the Commission Review Board.

22 (Source: P.A. 93-721, eff. 1-1-05.)

23 ARTICLE 30. USE AND OCCUPATION TAXES; RAIL CARRIER

24 Section 30-5. The Use Tax Act is amended by changing

1 Section 3-55 as follows:

2 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

3 Sec. 3-55. Multistate exemption. To prevent actual or
4 likely multistate taxation, the tax imposed by this Act does
5 not apply to the use of tangible personal property in this
6 State under the following circumstances:

7 (a) The use, in this State, of tangible personal property
8 acquired outside this State by a nonresident individual and
9 brought into this State by the individual for his or her own
10 use while temporarily within this State or while passing
11 through this State.

12 (b) The use, in this State, of tangible personal property
13 by an interstate carrier for hire as rolling stock moving in
14 interstate commerce or by lessors under a lease of one year or
15 longer executed or in effect at the time of purchase of
16 tangible personal property by interstate carriers for-hire for
17 use as rolling stock moving in interstate commerce as long as
18 so used by the interstate carriers for-hire, and equipment
19 operated by a telecommunications provider, licensed as a common
20 carrier by the Federal Communications Commission, which is
21 permanently installed in or affixed to aircraft moving in
22 interstate commerce.

23 (c) The use, in this State, by owners, lessors, or shippers
24 of tangible personal property that is utilized by interstate
25 carriers for hire for use as rolling stock moving in interstate

1 commerce as long as so used by the interstate carriers for
2 hire, and equipment operated by a telecommunications provider,
3 licensed as a common carrier by the Federal Communications
4 Commission, which is permanently installed in or affixed to
5 aircraft moving in interstate commerce.

6 (d) The use, in this State, of tangible personal property
7 that is acquired outside this State and caused to be brought
8 into this State by a person who has already paid a tax in
9 another State in respect to the sale, purchase, or use of that
10 property, to the extent of the amount of the tax properly due
11 and paid in the other State.

12 (e) The temporary storage, in this State, of tangible
13 personal property that is acquired outside this State and that,
14 after being brought into this State and stored here
15 temporarily, is used solely outside this State or is physically
16 attached to or incorporated into other tangible personal
17 property that is used solely outside this State, or is altered
18 by converting, fabricating, manufacturing, printing,
19 processing, or shaping, and, as altered, is used solely outside
20 this State.

21 (f) The temporary storage in this State of building
22 materials and fixtures that are acquired either in this State
23 or outside this State by an Illinois registered combination
24 retailer and construction contractor, and that the purchaser
25 thereafter uses outside this State by incorporating that
26 property into real estate located outside this State.

1 (g) Through June 30, 2016, the ~~The~~ use or purchase of
2 tangible personal property by a common carrier by rail or motor
3 that receives the physical possession of the property in
4 Illinois, and that transports the property, or shares with
5 another common carrier in the transportation of the property,
6 out of Illinois on a standard uniform bill of lading showing
7 the seller of the property as the shipper or consignor of the
8 property to a destination outside Illinois, for use outside
9 Illinois.

10 (h) Except as provided in subsection (h-1), the use, in
11 this State, of a motor vehicle that was sold in this State to a
12 nonresident, even though the motor vehicle is delivered to the
13 nonresident in this State, if the motor vehicle is not to be
14 titled in this State, and if a drive-away permit is issued to
15 the motor vehicle as provided in Section 3-603 of the Illinois
16 Vehicle Code or if the nonresident purchaser has vehicle
17 registration plates to transfer to the motor vehicle upon
18 returning to his or her home state. The issuance of the
19 drive-away permit or having the out-of-state registration
20 plates to be transferred shall be prima facie evidence that the
21 motor vehicle will not be titled in this State.

22 (h-1) The exemption under subsection (h) does not apply if
23 the state in which the motor vehicle will be titled does not
24 allow a reciprocal exemption for the use in that state of a
25 motor vehicle sold and delivered in that state to an Illinois
26 resident but titled in Illinois. The tax collected under this

1 Act on the sale of a motor vehicle in this State to a resident
2 of another state that does not allow a reciprocal exemption
3 shall be imposed at a rate equal to the state's rate of tax on
4 taxable property in the state in which the purchaser is a
5 resident, except that the tax shall not exceed the tax that
6 would otherwise be imposed under this Act. At the time of the
7 sale, the purchaser shall execute a statement, signed under
8 penalty of perjury, of his or her intent to title the vehicle
9 in the state in which the purchaser is a resident within 30
10 days after the sale and of the fact of the payment to the State
11 of Illinois of tax in an amount equivalent to the state's rate
12 of tax on taxable property in his or her state of residence and
13 shall submit the statement to the appropriate tax collection
14 agency in his or her state of residence. In addition, the
15 retailer must retain a signed copy of the statement in his or
16 her records. Nothing in this subsection shall be construed to
17 require the removal of the vehicle from this state following
18 the filing of an intent to title the vehicle in the purchaser's
19 state of residence if the purchaser titles the vehicle in his
20 or her state of residence within 30 days after the date of
21 sale. The tax collected under this Act in accordance with this
22 subsection (h-1) shall be proportionately distributed as if the
23 tax were collected at the 6.25% general rate imposed under this
24 Act.

25 (h-2) The following exemptions apply with respect to
26 certain aircraft:

1 (1) Beginning on July 1, 2007, no tax is imposed under
2 this Act on the purchase of an aircraft, as defined in
3 Section 3 of the Illinois Aeronautics Act, if all of the
4 following conditions are met:

5 (A) the aircraft leaves this State within 15 days
6 after the later of either the issuance of the final
7 billing for the purchase of the aircraft or the
8 authorized approval for return to service, completion
9 of the maintenance record entry, and completion of the
10 test flight and ground test for inspection, as required
11 by 14 C.F.R. 91.407;

12 (B) the aircraft is not based or registered in this
13 State after the purchase of the aircraft; and

14 (C) the purchaser provides the Department with a
15 signed and dated certification, on a form prescribed by
16 the Department, certifying that the requirements of
17 this item (1) are met. The certificate must also
18 include the name and address of the purchaser, the
19 address of the location where the aircraft is to be
20 titled or registered, the address of the primary
21 physical location of the aircraft, and other
22 information that the Department may reasonably
23 require.

24 (2) Beginning on July 1, 2007, no tax is imposed under
25 this Act on the use of an aircraft, as defined in Section 3
26 of the Illinois Aeronautics Act, that is temporarily

1 located in this State for the purpose of a prepurchase
2 evaluation if all of the following conditions are met:

3 (A) the aircraft is not based or registered in this
4 State after the prepurchase evaluation; and

5 (B) the purchaser provides the Department with a
6 signed and dated certification, on a form prescribed by
7 the Department, certifying that the requirements of
8 this item (2) are met. The certificate must also
9 include the name and address of the purchaser, the
10 address of the location where the aircraft is to be
11 titled or registered, the address of the primary
12 physical location of the aircraft, and other
13 information that the Department may reasonably
14 require.

15 (3) Beginning on July 1, 2007, no tax is imposed under
16 this Act on the use of an aircraft, as defined in Section 3
17 of the Illinois Aeronautics Act, that is temporarily
18 located in this State for the purpose of a post-sale
19 customization if all of the following conditions are met:

20 (A) the aircraft leaves this State within 15 days
21 after the authorized approval for return to service,
22 completion of the maintenance record entry, and
23 completion of the test flight and ground test for
24 inspection, as required by 14 C.F.R. 91.407;

25 (B) the aircraft is not based or registered in this
26 State either before or after the post-sale

1 customization; and

2 (C) the purchaser provides the Department with a
3 signed and dated certification, on a form prescribed by
4 the Department, certifying that the requirements of
5 this item (3) are met. The certificate must also
6 include the name and address of the purchaser, the
7 address of the location where the aircraft is to be
8 titled or registered, the address of the primary
9 physical location of the aircraft, and other
10 information that the Department may reasonably
11 require.

12 If tax becomes due under this subsection (h-2) because of
13 the purchaser's use of the aircraft in this State, the
14 purchaser shall file a return with the Department and pay the
15 tax on the fair market value of the aircraft. This return and
16 payment of the tax must be made no later than 30 days after the
17 aircraft is used in a taxable manner in this State. The tax is
18 based on the fair market value of the aircraft on the date that
19 it is first used in a taxable manner in this State.

20 For purposes of this subsection (h-2):

21 "Based in this State" means hangared, stored, or otherwise
22 used, excluding post-sale customizations as defined in this
23 Section, for 10 or more days in each 12-month period
24 immediately following the date of the sale of the aircraft.

25 "Post-sale customization" means any improvement,
26 maintenance, or repair that is performed on an aircraft

1 following a transfer of ownership of the aircraft.

2 "Prepurchase evaluation" means an examination of an
3 aircraft to provide a potential purchaser with information
4 relevant to the potential purchase.

5 "Registered in this State" means an aircraft registered
6 with the Department of Transportation, Aeronautics Division,
7 or titled or registered with the Federal Aviation
8 Administration to an address located in this State.

9 This subsection (h-2) is exempt from the provisions of
10 Section 3-90.

11 (i) Beginning July 1, 1999, the use, in this State, of fuel
12 acquired outside this State and brought into this State in the
13 fuel supply tanks of locomotives engaged in freight hauling and
14 passenger service for interstate commerce. This subsection is
15 exempt from the provisions of Section 3-90.

16 (j) Beginning on January 1, 2002 and through June 30, 2016,
17 the use of tangible personal property purchased from an
18 Illinois retailer by a taxpayer engaged in centralized
19 purchasing activities in Illinois who will, upon receipt of the
20 property in Illinois, temporarily store the property in
21 Illinois (i) for the purpose of subsequently transporting it
22 outside this State for use or consumption thereafter solely
23 outside this State or (ii) for the purpose of being processed,
24 fabricated, or manufactured into, attached to, or incorporated
25 into other tangible personal property to be transported outside
26 this State and thereafter used or consumed solely outside this

1 State. The Director of Revenue shall, pursuant to rules adopted
2 in accordance with the Illinois Administrative Procedure Act,
3 issue a permit to any taxpayer in good standing with the
4 Department who is eligible for the exemption under this
5 subsection (j). The permit issued under this subsection (j)
6 shall authorize the holder, to the extent and in the manner
7 specified in the rules adopted under this Act, to purchase
8 tangible personal property from a retailer exempt from the
9 taxes imposed by this Act. Taxpayers shall maintain all
10 necessary books and records to substantiate the use and
11 consumption of all such tangible personal property outside of
12 the State of Illinois.

13 (Source: P.A. 97-73, eff. 6-30-11.)

14 Section 30-10. The Service Use Tax Act is amended by
15 changing Section 2 as follows:

16 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

17 Sec. 2. Definitions.

18 "Use" means the exercise by any person of any right or
19 power over tangible personal property incident to the ownership
20 of that property, but does not include the sale or use for
21 demonstration by him of that property in any form as tangible
22 personal property in the regular course of business. "Use" does
23 not mean the interim use of tangible personal property nor the
24 physical incorporation of tangible personal property, as an

1 ingredient or constituent, into other tangible personal
2 property, (a) which is sold in the regular course of business
3 or (b) which the person incorporating such ingredient or
4 constituent therein has undertaken at the time of such purchase
5 to cause to be transported in interstate commerce to
6 destinations outside the State of Illinois.

7 "Purchased from a serviceman" means the acquisition of the
8 ownership of, or title to, tangible personal property through a
9 sale of service.

10 "Purchaser" means any person who, through a sale of
11 service, acquires the ownership of, or title to, any tangible
12 personal property.

13 "Cost price" means the consideration paid by the serviceman
14 for a purchase valued in money, whether paid in money or
15 otherwise, including cash, credits and services, and shall be
16 determined without any deduction on account of the supplier's
17 cost of the property sold or on account of any other expense
18 incurred by the supplier. When a serviceman contracts out part
19 or all of the services required in his sale of service, it
20 shall be presumed that the cost price to the serviceman of the
21 property transferred to him or her by his or her subcontractor
22 is equal to 50% of the subcontractor's charges to the
23 serviceman in the absence of proof of the consideration paid by
24 the subcontractor for the purchase of such property.

25 "Selling price" means the consideration for a sale valued
26 in money whether received in money or otherwise, including

1 cash, credits and service, and shall be determined without any
2 deduction on account of the serviceman's cost of the property
3 sold, the cost of materials used, labor or service cost or any
4 other expense whatsoever, but does not include interest or
5 finance charges which appear as separate items on the bill of
6 sale or sales contract nor charges that are added to prices by
7 sellers on account of the seller's duty to collect, from the
8 purchaser, the tax that is imposed by this Act.

9 "Department" means the Department of Revenue.

10 "Person" means any natural individual, firm, partnership,
11 association, joint stock company, joint venture, public or
12 private corporation, limited liability company, and any
13 receiver, executor, trustee, guardian or other representative
14 appointed by order of any court.

15 "Sale of service" means any transaction except:

16 (1) a retail sale of tangible personal property taxable
17 under the Retailers' Occupation Tax Act or under the Use
18 Tax Act.

19 (2) a sale of tangible personal property for the
20 purpose of resale made in compliance with Section 2c of the
21 Retailers' Occupation Tax Act.

22 (3) except as hereinafter provided, a sale or transfer
23 of tangible personal property as an incident to the
24 rendering of service for or by any governmental body, or
25 for or by any corporation, society, association,
26 foundation or institution organized and operated

1 exclusively for charitable, religious or educational
2 purposes or any not-for-profit corporation, society,
3 association, foundation, institution or organization which
4 has no compensated officers or employees and which is
5 organized and operated primarily for the recreation of
6 persons 55 years of age or older. A limited liability
7 company may qualify for the exemption under this paragraph
8 only if the limited liability company is organized and
9 operated exclusively for educational purposes.

10 (4) a sale or transfer of tangible personal property as
11 an incident to the rendering of service for interstate
12 carriers for hire for use as rolling stock moving in
13 interstate commerce or by lessors under a lease of one year
14 or longer, executed or in effect at the time of purchase of
15 personal property, to interstate carriers for hire for use
16 as rolling stock moving in interstate commerce so long as
17 so used by such interstate carriers for hire, and equipment
18 operated by a telecommunications provider, licensed as a
19 common carrier by the Federal Communications Commission,
20 which is permanently installed in or affixed to aircraft
21 moving in interstate commerce.

22 (4a) a sale or transfer of tangible personal property
23 as an incident to the rendering of service for owners,
24 lessors, or shippers of tangible personal property which is
25 utilized by interstate carriers for hire for use as rolling
26 stock moving in interstate commerce so long as so used by

1 interstate carriers for hire, and equipment operated by a
2 telecommunications provider, licensed as a common carrier
3 by the Federal Communications Commission, which is
4 permanently installed in or affixed to aircraft moving in
5 interstate commerce.

6 (4a-5) on and after July 1, 2003 and through June 30,
7 2004, a sale or transfer of a motor vehicle of the second
8 division with a gross vehicle weight in excess of 8,000
9 pounds as an incident to the rendering of service if that
10 motor vehicle is subject to the commercial distribution fee
11 imposed under Section 3-815.1 of the Illinois Vehicle Code.
12 Beginning on July 1, 2004 and through June 30, 2005, the
13 use in this State of motor vehicles of the second division:
14 (i) with a gross vehicle weight rating in excess of 8,000
15 pounds; (ii) that are subject to the commercial
16 distribution fee imposed under Section 3-815.1 of the
17 Illinois Vehicle Code; and (iii) that are primarily used
18 for commercial purposes. Through June 30, 2005, this
19 exemption applies to repair and replacement parts added
20 after the initial purchase of such a motor vehicle if that
21 motor vehicle is used in a manner that would qualify for
22 the rolling stock exemption otherwise provided for in this
23 Act. For purposes of this paragraph, "used for commercial
24 purposes" means the transportation of persons or property
25 in furtherance of any commercial or industrial enterprise
26 whether for-hire or not.

1 (5) a sale or transfer of machinery and equipment used
2 primarily in the process of the manufacturing or
3 assembling, either in an existing, an expanded or a new
4 manufacturing facility, of tangible personal property for
5 wholesale or retail sale or lease, whether such sale or
6 lease is made directly by the manufacturer or by some other
7 person, whether the materials used in the process are owned
8 by the manufacturer or some other person, or whether such
9 sale or lease is made apart from or as an incident to the
10 seller's engaging in a service occupation and the
11 applicable tax is a Service Use Tax or Service Occupation
12 Tax, rather than Use Tax or Retailers' Occupation Tax. The
13 exemption provided by this paragraph (5) does not include
14 machinery and equipment used in (i) the generation of
15 electricity for wholesale or retail sale; (ii) the
16 generation or treatment of natural or artificial gas for
17 wholesale or retail sale that is delivered to customers
18 through pipes, pipelines, or mains; or (iii) the treatment
19 of water for wholesale or retail sale that is delivered to
20 customers through pipes, pipelines, or mains. The
21 provisions of this amendatory Act of the 98th General
22 Assembly are declaratory of existing law as to the meaning
23 and scope of this exemption.

24 (5a) through June 30, 2016, the repairing,
25 reconditioning or remodeling, for a common carrier by rail,
26 of tangible personal property which belongs to such carrier

1 for hire, and as to which such carrier receives the
2 physical possession of the repaired, reconditioned or
3 remodeled item of tangible personal property in Illinois,
4 and which such carrier transports, or shares with another
5 common carrier in the transportation of such property, out
6 of Illinois on a standard uniform bill of lading showing
7 the person who repaired, reconditioned or remodeled the
8 property to a destination outside Illinois, for use outside
9 Illinois.

10 (5b) through June 30, 2016, a sale or transfer of
11 tangible personal property which is produced by the seller
12 thereof on special order in such a way as to have made the
13 applicable tax the Service Occupation Tax or the Service
14 Use Tax, rather than the Retailers' Occupation Tax or the
15 Use Tax, for an interstate carrier by rail which receives
16 the physical possession of such property in Illinois, and
17 which transports such property, or shares with another
18 common carrier in the transportation of such property, out
19 of Illinois on a standard uniform bill of lading showing
20 the seller of the property as the shipper or consignor of
21 such property to a destination outside Illinois, for use
22 outside Illinois.

23 (6) until July 1, 2003, a sale or transfer of
24 distillation machinery and equipment, sold as a unit or kit
25 and assembled or installed by the retailer, which machinery
26 and equipment is certified by the user to be used only for

1 the production of ethyl alcohol that will be used for
2 consumption as motor fuel or as a component of motor fuel
3 for the personal use of such user and not subject to sale
4 or resale.

5 (7) at the election of any serviceman not required to
6 be otherwise registered as a retailer under Section 2a of
7 the Retailers' Occupation Tax Act, made for each fiscal
8 year sales of service in which the aggregate annual cost
9 price of tangible personal property transferred as an
10 incident to the sales of service is less than 35%, or 75%
11 in the case of servicemen transferring prescription drugs
12 or servicemen engaged in graphic arts production, of the
13 aggregate annual total gross receipts from all sales of
14 service. The purchase of such tangible personal property by
15 the serviceman shall be subject to tax under the Retailers'
16 Occupation Tax Act and the Use Tax Act. However, if a
17 primary serviceman who has made the election described in
18 this paragraph subcontracts service work to a secondary
19 serviceman who has also made the election described in this
20 paragraph, the primary serviceman does not incur a Use Tax
21 liability if the secondary serviceman (i) has paid or will
22 pay Use Tax on his or her cost price of any tangible
23 personal property transferred to the primary serviceman
24 and (ii) certifies that fact in writing to the primary
25 serviceman.

26 Tangible personal property transferred incident to the

1 completion of a maintenance agreement is exempt from the tax
2 imposed pursuant to this Act.

3 Exemption (5) also includes machinery and equipment used in
4 the general maintenance or repair of such exempt machinery and
5 equipment or for in-house manufacture of exempt machinery and
6 equipment. The machinery and equipment exemption does not
7 include machinery and equipment used in (i) the generation of
8 electricity for wholesale or retail sale; (ii) the generation
9 or treatment of natural or artificial gas for wholesale or
10 retail sale that is delivered to customers through pipes,
11 pipelines, or mains; or (iii) the treatment of water for
12 wholesale or retail sale that is delivered to customers through
13 pipes, pipelines, or mains. The provisions of this amendatory
14 Act of the 98th General Assembly are declaratory of existing
15 law as to the meaning and scope of this exemption. For the
16 purposes of exemption (5), each of these terms shall have the
17 following meanings: (1) "manufacturing process" shall mean the
18 production of any article of tangible personal property,
19 whether such article is a finished product or an article for
20 use in the process of manufacturing or assembling a different
21 article of tangible personal property, by procedures commonly
22 regarded as manufacturing, processing, fabricating, or
23 refining which changes some existing material or materials into
24 a material with a different form, use or name. In relation to a
25 recognized integrated business composed of a series of
26 operations which collectively constitute manufacturing, or

1 individually constitute manufacturing operations, the
2 manufacturing process shall be deemed to commence with the
3 first operation or stage of production in the series, and shall
4 not be deemed to end until the completion of the final product
5 in the last operation or stage of production in the series; and
6 further, for purposes of exemption (5), photoprocessing is
7 deemed to be a manufacturing process of tangible personal
8 property for wholesale or retail sale; (2) "assembling process"
9 shall mean the production of any article of tangible personal
10 property, whether such article is a finished product or an
11 article for use in the process of manufacturing or assembling a
12 different article of tangible personal property, by the
13 combination of existing materials in a manner commonly regarded
14 as assembling which results in a material of a different form,
15 use or name; (3) "machinery" shall mean major mechanical
16 machines or major components of such machines contributing to a
17 manufacturing or assembling process; and (4) "equipment" shall
18 include any independent device or tool separate from any
19 machinery but essential to an integrated manufacturing or
20 assembly process; including computers used primarily in a
21 manufacturer's computer assisted design, computer assisted
22 manufacturing (CAD/CAM) system; or any subunit or assembly
23 comprising a component of any machinery or auxiliary, adjunct
24 or attachment parts of machinery, such as tools, dies, jigs,
25 fixtures, patterns and molds; or any parts which require
26 periodic replacement in the course of normal operation; but

1 shall not include hand tools. Equipment includes chemicals or
2 chemicals acting as catalysts but only if the chemicals or
3 chemicals acting as catalysts effect a direct and immediate
4 change upon a product being manufactured or assembled for
5 wholesale or retail sale or lease. The purchaser of such
6 machinery and equipment who has an active resale registration
7 number shall furnish such number to the seller at the time of
8 purchase. The user of such machinery and equipment and tools
9 without an active resale registration number shall prepare a
10 certificate of exemption for each transaction stating facts
11 establishing the exemption for that transaction, which
12 certificate shall be available to the Department for inspection
13 or audit. The Department shall prescribe the form of the
14 certificate.

15 Any informal rulings, opinions or letters issued by the
16 Department in response to an inquiry or request for any opinion
17 from any person regarding the coverage and applicability of
18 exemption (5) to specific devices shall be published,
19 maintained as a public record, and made available for public
20 inspection and copying. If the informal ruling, opinion or
21 letter contains trade secrets or other confidential
22 information, where possible the Department shall delete such
23 information prior to publication. Whenever such informal
24 rulings, opinions, or letters contain any policy of general
25 applicability, the Department shall formulate and adopt such
26 policy as a rule in accordance with the provisions of the

1 Illinois Administrative Procedure Act.

2 On and after July 1, 1987, no entity otherwise eligible
3 under exemption (3) of this Section shall make tax free
4 purchases unless it has an active exemption identification
5 number issued by the Department.

6 The purchase, employment and transfer of such tangible
7 personal property as newsprint and ink for the primary purpose
8 of conveying news (with or without other information) is not a
9 purchase, use or sale of service or of tangible personal
10 property within the meaning of this Act.

11 "Serviceman" means any person who is engaged in the
12 occupation of making sales of service.

13 "Sale at retail" means "sale at retail" as defined in the
14 Retailers' Occupation Tax Act.

15 "Supplier" means any person who makes sales of tangible
16 personal property to servicemen for the purpose of resale as an
17 incident to a sale of service.

18 "Serviceman maintaining a place of business in this State",
19 or any like term, means and includes any serviceman:

20 1. having or maintaining within this State, directly or
21 by a subsidiary, an office, distribution house, sales
22 house, warehouse or other place of business, or any agent
23 or other representative operating within this State under
24 the authority of the serviceman or its subsidiary,
25 irrespective of whether such place of business or agent or
26 other representative is located here permanently or

1 temporarily, or whether such serviceman or subsidiary is
2 licensed to do business in this State;

3 1.1. having a contract with a person located in this
4 State under which the person, for a commission or other
5 consideration based on the sale of service by the
6 serviceman, directly or indirectly refers potential
7 customers to the serviceman by providing to the potential
8 customers a promotional code or other mechanism that allows
9 the serviceman to track purchases referred by such persons.
10 Examples of mechanisms that allow the serviceman to track
11 purchases referred by such persons include but are not
12 limited to the use of a link on the person's Internet
13 website, promotional codes distributed through the
14 person's hand-delivered or mailed material, and
15 promotional codes distributed by the person through radio
16 or other broadcast media. The provisions of this paragraph
17 1.1 shall apply only if the cumulative gross receipts from
18 sales of service by the serviceman to customers who are
19 referred to the serviceman by all persons in this State
20 under such contracts exceed \$10,000 during the preceding 4
21 quarterly periods ending on the last day of March, June,
22 September, and December; a serviceman meeting the
23 requirements of this paragraph 1.1 shall be presumed to be
24 maintaining a place of business in this State but may rebut
25 this presumption by submitting proof that the referrals or
26 other activities pursued within this State by such persons

1 were not sufficient to meet the nexus standards of the
2 United States Constitution during the preceding 4
3 quarterly periods;

4 1.2. beginning July 1, 2011, having a contract with a
5 person located in this State under which:

6 A. the serviceman sells the same or substantially
7 similar line of services as the person located in this
8 State and does so using an identical or substantially
9 similar name, trade name, or trademark as the person
10 located in this State; and

11 B. the serviceman provides a commission or other
12 consideration to the person located in this State based
13 upon the sale of services by the serviceman.

14 The provisions of this paragraph 1.2 shall apply only if
15 the cumulative gross receipts from sales of service by the
16 serviceman to customers in this State under all such
17 contracts exceed \$10,000 during the preceding 4 quarterly
18 periods ending on the last day of March, June, September,
19 and December;

20 2. soliciting orders for tangible personal property by
21 means of a telecommunication or television shopping system
22 (which utilizes toll free numbers) which is intended by the
23 retailer to be broadcast by cable television or other means
24 of broadcasting, to consumers located in this State;

25 3. pursuant to a contract with a broadcaster or
26 publisher located in this State, soliciting orders for

1 tangible personal property by means of advertising which is
2 disseminated primarily to consumers located in this State
3 and only secondarily to bordering jurisdictions;

4 4. soliciting orders for tangible personal property by
5 mail if the solicitations are substantial and recurring and
6 if the retailer benefits from any banking, financing, debt
7 collection, telecommunication, or marketing activities
8 occurring in this State or benefits from the location in
9 this State of authorized installation, servicing, or
10 repair facilities;

11 5. being owned or controlled by the same interests
12 which own or control any retailer engaging in business in
13 the same or similar line of business in this State;

14 6. having a franchisee or licensee operating under its
15 trade name if the franchisee or licensee is required to
16 collect the tax under this Section;

17 7. pursuant to a contract with a cable television
18 operator located in this State, soliciting orders for
19 tangible personal property by means of advertising which is
20 transmitted or distributed over a cable television system
21 in this State; or

22 8. engaging in activities in Illinois, which
23 activities in the state in which the supply business
24 engaging in such activities is located would constitute
25 maintaining a place of business in that state.

26 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

1 Section 30-15. The Service Occupation Tax Act is amended by
2 changing Section 2 as follows:

3 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

4 Sec. 2. "Transfer" means any transfer of the title to
5 property or of the ownership of property whether or not the
6 transferor retains title as security for the payment of amounts
7 due him from the transferee.

8 "Cost Price" means the consideration paid by the serviceman
9 for a purchase valued in money, whether paid in money or
10 otherwise, including cash, credits and services, and shall be
11 determined without any deduction on account of the supplier's
12 cost of the property sold or on account of any other expense
13 incurred by the supplier. When a serviceman contracts out part
14 or all of the services required in his sale of service, it
15 shall be presumed that the cost price to the serviceman of the
16 property transferred to him by his or her subcontractor is
17 equal to 50% of the subcontractor's charges to the serviceman
18 in the absence of proof of the consideration paid by the
19 subcontractor for the purchase of such property.

20 "Department" means the Department of Revenue.

21 "Person" means any natural individual, firm, partnership,
22 association, joint stock company, joint venture, public or
23 private corporation, limited liability company, and any
24 receiver, executor, trustee, guardian or other representative

1 appointed by order of any court.

2 "Sale of Service" means any transaction except:

3 (a) A retail sale of tangible personal property taxable
4 under the Retailers' Occupation Tax Act or under the Use Tax
5 Act.

6 (b) A sale of tangible personal property for the purpose of
7 resale made in compliance with Section 2c of the Retailers'
8 Occupation Tax Act.

9 (c) Except as hereinafter provided, a sale or transfer of
10 tangible personal property as an incident to the rendering of
11 service for or by any governmental body or for or by any
12 corporation, society, association, foundation or institution
13 organized and operated exclusively for charitable, religious
14 or educational purposes or any not-for-profit corporation,
15 society, association, foundation, institution or organization
16 which has no compensated officers or employees and which is
17 organized and operated primarily for the recreation of persons
18 55 years of age or older. A limited liability company may
19 qualify for the exemption under this paragraph only if the
20 limited liability company is organized and operated
21 exclusively for educational purposes.

22 (d) A sale or transfer of tangible personal property as an
23 incident to the rendering of service for interstate carriers
24 for hire for use as rolling stock moving in interstate commerce
25 or lessors under leases of one year or longer, executed or in
26 effect at the time of purchase, to interstate carriers for hire

1 for use as rolling stock moving in interstate commerce, and
2 equipment operated by a telecommunications provider, licensed
3 as a common carrier by the Federal Communications Commission,
4 which is permanently installed in or affixed to aircraft moving
5 in interstate commerce.

6 (d-1) A sale or transfer of tangible personal property as
7 an incident to the rendering of service for owners, lessors or
8 shippers of tangible personal property which is utilized by
9 interstate carriers for hire for use as rolling stock moving in
10 interstate commerce, and equipment operated by a
11 telecommunications provider, licensed as a common carrier by
12 the Federal Communications Commission, which is permanently
13 installed in or affixed to aircraft moving in interstate
14 commerce.

15 (d-1.1) On and after July 1, 2003 and through June 30,
16 2004, a sale or transfer of a motor vehicle of the second
17 division with a gross vehicle weight in excess of 8,000 pounds
18 as an incident to the rendering of service if that motor
19 vehicle is subject to the commercial distribution fee imposed
20 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
21 on July 1, 2004 and through June 30, 2005, the use in this
22 State of motor vehicles of the second division: (i) with a
23 gross vehicle weight rating in excess of 8,000 pounds; (ii)
24 that are subject to the commercial distribution fee imposed
25 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
26 that are primarily used for commercial purposes. Through June

1 30, 2005, this exemption applies to repair and replacement
2 parts added after the initial purchase of such a motor vehicle
3 if that motor vehicle is used in a manner that would qualify
4 for the rolling stock exemption otherwise provided for in this
5 Act. For purposes of this paragraph, "used for commercial
6 purposes" means the transportation of persons or property in
7 furtherance of any commercial or industrial enterprise whether
8 for-hire or not.

9 (d-2) Through June 30, 2016, the ~~The~~ repairing,
10 reconditioning or remodeling, for a common carrier by rail, of
11 tangible personal property which belongs to such carrier for
12 hire, and as to which such carrier receives the physical
13 possession of the repaired, reconditioned or remodeled item of
14 tangible personal property in Illinois, and which such carrier
15 transports, or shares with another common carrier in the
16 transportation of such property, out of Illinois on a standard
17 uniform bill of lading showing the person who repaired,
18 reconditioned or remodeled the property as the shipper or
19 consignor of such property to a destination outside Illinois,
20 for use outside Illinois.

21 (d-3) Through June 30, 2016, a ~~A~~ sale or transfer of
22 tangible personal property which is produced by the seller
23 thereof on special order in such a way as to have made the
24 applicable tax the Service Occupation Tax or the Service Use
25 Tax, rather than the Retailers' Occupation Tax or the Use Tax,
26 for an interstate carrier by rail which receives the physical

1 possession of such property in Illinois, and which transports
2 such property, or shares with another common carrier in the
3 transportation of such property, out of Illinois on a standard
4 uniform bill of lading showing the seller of the property as
5 the shipper or consignor of such property to a destination
6 outside Illinois, for use outside Illinois.

7 (d-4) Until January 1, 1997, a sale, by a registered
8 serviceman paying tax under this Act to the Department, of
9 special order printed materials delivered outside Illinois and
10 which are not returned to this State, if delivery is made by
11 the seller or agent of the seller, including an agent who
12 causes the product to be delivered outside Illinois by a common
13 carrier or the U.S. postal service.

14 (e) A sale or transfer of machinery and equipment used
15 primarily in the process of the manufacturing or assembling,
16 either in an existing, an expanded or a new manufacturing
17 facility, of tangible personal property for wholesale or retail
18 sale or lease, whether such sale or lease is made directly by
19 the manufacturer or by some other person, whether the materials
20 used in the process are owned by the manufacturer or some other
21 person, or whether such sale or lease is made apart from or as
22 an incident to the seller's engaging in a service occupation
23 and the applicable tax is a Service Occupation Tax or Service
24 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
25 exemption provided by this paragraph (e) does not include
26 machinery and equipment used in (i) the generation of

1 electricity for wholesale or retail sale; (ii) the generation
2 or treatment of natural or artificial gas for wholesale or
3 retail sale that is delivered to customers through pipes,
4 pipelines, or mains; or (iii) the treatment of water for
5 wholesale or retail sale that is delivered to customers through
6 pipes, pipelines, or mains. The provisions of this amendatory
7 Act of the 98th General Assembly are declaratory of existing
8 law as to the meaning and scope of this exemption.

9 (f) Until July 1, 2003, the sale or transfer of
10 distillation machinery and equipment, sold as a unit or kit and
11 assembled or installed by the retailer, which machinery and
12 equipment is certified by the user to be used only for the
13 production of ethyl alcohol that will be used for consumption
14 as motor fuel or as a component of motor fuel for the personal
15 use of such user and not subject to sale or resale.

16 (g) At the election of any serviceman not required to be
17 otherwise registered as a retailer under Section 2a of the
18 Retailers' Occupation Tax Act, made for each fiscal year sales
19 of service in which the aggregate annual cost price of tangible
20 personal property transferred as an incident to the sales of
21 service is less than 35% (75% in the case of servicemen
22 transferring prescription drugs or servicemen engaged in
23 graphic arts production) of the aggregate annual total gross
24 receipts from all sales of service. The purchase of such
25 tangible personal property by the serviceman shall be subject
26 to tax under the Retailers' Occupation Tax Act and the Use Tax

1 Act. However, if a primary serviceman who has made the election
2 described in this paragraph subcontracts service work to a
3 secondary serviceman who has also made the election described
4 in this paragraph, the primary serviceman does not incur a Use
5 Tax liability if the secondary serviceman (i) has paid or will
6 pay Use Tax on his or her cost price of any tangible personal
7 property transferred to the primary serviceman and (ii)
8 certifies that fact in writing to the primary serviceman.

9 Tangible personal property transferred incident to the
10 completion of a maintenance agreement is exempt from the tax
11 imposed pursuant to this Act.

12 Exemption (e) also includes machinery and equipment used in
13 the general maintenance or repair of such exempt machinery and
14 equipment or for in-house manufacture of exempt machinery and
15 equipment. The machinery and equipment exemption does not
16 include machinery and equipment used in (i) the generation of
17 electricity for wholesale or retail sale; (ii) the generation
18 or treatment of natural or artificial gas for wholesale or
19 retail sale that is delivered to customers through pipes,
20 pipelines, or mains; or (iii) the treatment of water for
21 wholesale or retail sale that is delivered to customers through
22 pipes, pipelines, or mains. The provisions of this amendatory
23 Act of the 98th General Assembly are declaratory of existing
24 law as to the meaning and scope of this exemption. For the
25 purposes of exemption (e), each of these terms shall have the
26 following meanings: (1) "manufacturing process" shall mean the

1 production of any article of tangible personal property,
2 whether such article is a finished product or an article for
3 use in the process of manufacturing or assembling a different
4 article of tangible personal property, by procedures commonly
5 regarded as manufacturing, processing, fabricating, or
6 refining which changes some existing material or materials into
7 a material with a different form, use or name. In relation to a
8 recognized integrated business composed of a series of
9 operations which collectively constitute manufacturing, or
10 individually constitute manufacturing operations, the
11 manufacturing process shall be deemed to commence with the
12 first operation or stage of production in the series, and shall
13 not be deemed to end until the completion of the final product
14 in the last operation or stage of production in the series; and
15 further for purposes of exemption (e), photoprocessing is
16 deemed to be a manufacturing process of tangible personal
17 property for wholesale or retail sale; (2) "assembling process"
18 shall mean the production of any article of tangible personal
19 property, whether such article is a finished product or an
20 article for use in the process of manufacturing or assembling a
21 different article of tangible personal property, by the
22 combination of existing materials in a manner commonly regarded
23 as assembling which results in a material of a different form,
24 use or name; (3) "machinery" shall mean major mechanical
25 machines or major components of such machines contributing to a
26 manufacturing or assembling process; and (4) "equipment" shall

1 include any independent device or tool separate from any
2 machinery but essential to an integrated manufacturing or
3 assembly process; including computers used primarily in a
4 manufacturer's computer assisted design, computer assisted
5 manufacturing (CAD/CAM) system; or any subunit or assembly
6 comprising a component of any machinery or auxiliary, adjunct
7 or attachment parts of machinery, such as tools, dies, jigs,
8 fixtures, patterns and molds; or any parts which require
9 periodic replacement in the course of normal operation; but
10 shall not include hand tools. Equipment includes chemicals or
11 chemicals acting as catalysts but only if the chemicals or
12 chemicals acting as catalysts effect a direct and immediate
13 change upon a product being manufactured or assembled for
14 wholesale or retail sale or lease. The purchaser of such
15 machinery and equipment who has an active resale registration
16 number shall furnish such number to the seller at the time of
17 purchase. The purchaser of such machinery and equipment and
18 tools without an active resale registration number shall
19 furnish to the seller a certificate of exemption for each
20 transaction stating facts establishing the exemption for that
21 transaction, which certificate shall be available to the
22 Department for inspection or audit.

23 Except as provided in Section 2d of this Act, the rolling
24 stock exemption applies to rolling stock used by an interstate
25 carrier for hire, even just between points in Illinois, if such
26 rolling stock transports, for hire, persons whose journeys or

1 property whose shipments originate or terminate outside
2 Illinois.

3 Any informal rulings, opinions or letters issued by the
4 Department in response to an inquiry or request for any opinion
5 from any person regarding the coverage and applicability of
6 exemption (e) to specific devices shall be published,
7 maintained as a public record, and made available for public
8 inspection and copying. If the informal ruling, opinion or
9 letter contains trade secrets or other confidential
10 information, where possible the Department shall delete such
11 information prior to publication. Whenever such informal
12 rulings, opinions, or letters contain any policy of general
13 applicability, the Department shall formulate and adopt such
14 policy as a rule in accordance with the provisions of the
15 Illinois Administrative Procedure Act.

16 On and after July 1, 1987, no entity otherwise eligible
17 under exemption (c) of this Section shall make tax free
18 purchases unless it has an active exemption identification
19 number issued by the Department.

20 "Serviceman" means any person who is engaged in the
21 occupation of making sales of service.

22 "Sale at Retail" means "sale at retail" as defined in the
23 Retailers' Occupation Tax Act.

24 "Supplier" means any person who makes sales of tangible
25 personal property to servicemen for the purpose of resale as an
26 incident to a sale of service.

1 (Source: P.A. 98-583, eff. 1-1-14.)

2 Section 30-20. The Retailers' Occupation Tax Act is amended
3 by changing Section 2-5 as follows:

4 (35 ILCS 120/2-5)

5 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
6 sale of the following tangible personal property are exempt
7 from the tax imposed by this Act:

8 (1) Farm chemicals.

9 (2) Farm machinery and equipment, both new and used,
10 including that manufactured on special order, certified by the
11 purchaser to be used primarily for production agriculture or
12 State or federal agricultural programs, including individual
13 replacement parts for the machinery and equipment, including
14 machinery and equipment purchased for lease, and including
15 implements of husbandry defined in Section 1-130 of the
16 Illinois Vehicle Code, farm machinery and agricultural
17 chemical and fertilizer spreaders, and nurse wagons required to
18 be registered under Section 3-809 of the Illinois Vehicle Code,
19 but excluding other motor vehicles required to be registered
20 under the Illinois Vehicle Code. Horticultural polyhouses or
21 hoop houses used for propagating, growing, or overwintering
22 plants shall be considered farm machinery and equipment under
23 this item (2). Agricultural chemical tender tanks and dry boxes
24 shall include units sold separately from a motor vehicle

1 required to be licensed and units sold mounted on a motor
2 vehicle required to be licensed, if the selling price of the
3 tender is separately stated.

4 Farm machinery and equipment shall include precision
5 farming equipment that is installed or purchased to be
6 installed on farm machinery and equipment including, but not
7 limited to, tractors, harvesters, sprayers, planters, seeders,
8 or spreaders. Precision farming equipment includes, but is not
9 limited to, soil testing sensors, computers, monitors,
10 software, global positioning and mapping systems, and other
11 such equipment.

12 Farm machinery and equipment also includes computers,
13 sensors, software, and related equipment used primarily in the
14 computer-assisted operation of production agriculture
15 facilities, equipment, and activities such as, but not limited
16 to, the collection, monitoring, and correlation of animal and
17 crop data for the purpose of formulating animal diets and
18 agricultural chemicals. This item (2) is exempt from the
19 provisions of Section 2-70.

20 (3) Until July 1, 2003, distillation machinery and
21 equipment, sold as a unit or kit, assembled or installed by the
22 retailer, certified by the user to be used only for the
23 production of ethyl alcohol that will be used for consumption
24 as motor fuel or as a component of motor fuel for the personal
25 use of the user, and not subject to sale or resale.

26 (4) Until July 1, 2003 and beginning again September 1,

1 2004 through August 30, 2014, graphic arts machinery and
2 equipment, including repair and replacement parts, both new and
3 used, and including that manufactured on special order or
4 purchased for lease, certified by the purchaser to be used
5 primarily for graphic arts production. Equipment includes
6 chemicals or chemicals acting as catalysts but only if the
7 chemicals or chemicals acting as catalysts effect a direct and
8 immediate change upon a graphic arts product.

9 (5) A motor vehicle that is used for automobile renting, as
10 defined in the Automobile Renting Occupation and Use Tax Act.
11 This paragraph is exempt from the provisions of Section 2-70.

12 (6) Personal property sold by a teacher-sponsored student
13 organization affiliated with an elementary or secondary school
14 located in Illinois.

15 (7) Until July 1, 2003, proceeds of that portion of the
16 selling price of a passenger car the sale of which is subject
17 to the Replacement Vehicle Tax.

18 (8) Personal property sold to an Illinois county fair
19 association for use in conducting, operating, or promoting the
20 county fair.

21 (9) Personal property sold to a not-for-profit arts or
22 cultural organization that establishes, by proof required by
23 the Department by rule, that it has received an exemption under
24 Section 501(c)(3) of the Internal Revenue Code and that is
25 organized and operated primarily for the presentation or
26 support of arts or cultural programming, activities, or

1 services. These organizations include, but are not limited to,
2 music and dramatic arts organizations such as symphony
3 orchestras and theatrical groups, arts and cultural service
4 organizations, local arts councils, visual arts organizations,
5 and media arts organizations. On and after the effective date
6 of this amendatory Act of the 92nd General Assembly, however,
7 an entity otherwise eligible for this exemption shall not make
8 tax-free purchases unless it has an active identification
9 number issued by the Department.

10 (10) Personal property sold by a corporation, society,
11 association, foundation, institution, or organization, other
12 than a limited liability company, that is organized and
13 operated as a not-for-profit service enterprise for the benefit
14 of persons 65 years of age or older if the personal property
15 was not purchased by the enterprise for the purpose of resale
16 by the enterprise.

17 (11) Personal property sold to a governmental body, to a
18 corporation, society, association, foundation, or institution
19 organized and operated exclusively for charitable, religious,
20 or educational purposes, or to a not-for-profit corporation,
21 society, association, foundation, institution, or organization
22 that has no compensated officers or employees and that is
23 organized and operated primarily for the recreation of persons
24 55 years of age or older. A limited liability company may
25 qualify for the exemption under this paragraph only if the
26 limited liability company is organized and operated

1 exclusively for educational purposes. On and after July 1,
2 1987, however, no entity otherwise eligible for this exemption
3 shall make tax-free purchases unless it has an active
4 identification number issued by the Department.

5 (12) Tangible personal property sold to interstate
6 carriers for hire for use as rolling stock moving in interstate
7 commerce or to lessors under leases of one year or longer
8 executed or in effect at the time of purchase by interstate
9 carriers for hire for use as rolling stock moving in interstate
10 commerce and equipment operated by a telecommunications
11 provider, licensed as a common carrier by the Federal
12 Communications Commission, which is permanently installed in
13 or affixed to aircraft moving in interstate commerce.

14 (12-5) On and after July 1, 2003 and through June 30, 2004,
15 motor vehicles of the second division with a gross vehicle
16 weight in excess of 8,000 pounds that are subject to the
17 commercial distribution fee imposed under Section 3-815.1 of
18 the Illinois Vehicle Code. Beginning on July 1, 2004 and
19 through June 30, 2005, the use in this State of motor vehicles
20 of the second division: (i) with a gross vehicle weight rating
21 in excess of 8,000 pounds; (ii) that are subject to the
22 commercial distribution fee imposed under Section 3-815.1 of
23 the Illinois Vehicle Code; and (iii) that are primarily used
24 for commercial purposes. Through June 30, 2005, this exemption
25 applies to repair and replacement parts added after the initial
26 purchase of such a motor vehicle if that motor vehicle is used

1 in a manner that would qualify for the rolling stock exemption
2 otherwise provided for in this Act. For purposes of this
3 paragraph, "used for commercial purposes" means the
4 transportation of persons or property in furtherance of any
5 commercial or industrial enterprise whether for-hire or not.

6 (13) Proceeds from sales to owners, lessors, or shippers of
7 tangible personal property that is utilized by interstate
8 carriers for hire for use as rolling stock moving in interstate
9 commerce and equipment operated by a telecommunications
10 provider, licensed as a common carrier by the Federal
11 Communications Commission, which is permanently installed in
12 or affixed to aircraft moving in interstate commerce.

13 (14) Machinery and equipment that will be used by the
14 purchaser, or a lessee of the purchaser, primarily in the
15 process of manufacturing or assembling tangible personal
16 property for wholesale or retail sale or lease, whether the
17 sale or lease is made directly by the manufacturer or by some
18 other person, whether the materials used in the process are
19 owned by the manufacturer or some other person, or whether the
20 sale or lease is made apart from or as an incident to the
21 seller's engaging in the service occupation of producing
22 machines, tools, dies, jigs, patterns, gauges, or other similar
23 items of no commercial value on special order for a particular
24 purchaser. The exemption provided by this paragraph (14) does
25 not include machinery and equipment used in (i) the generation
26 of electricity for wholesale or retail sale; (ii) the

1 generation or treatment of natural or artificial gas for
2 wholesale or retail sale that is delivered to customers through
3 pipes, pipelines, or mains; or (iii) the treatment of water for
4 wholesale or retail sale that is delivered to customers through
5 pipes, pipelines, or mains. The provisions of Public Act 98-583
6 are declaratory of existing law as to the meaning and scope of
7 this exemption.

8 (15) Proceeds of mandatory service charges separately
9 stated on customers' bills for purchase and consumption of food
10 and beverages, to the extent that the proceeds of the service
11 charge are in fact turned over as tips or as a substitute for
12 tips to the employees who participate directly in preparing,
13 serving, hosting or cleaning up the food or beverage function
14 with respect to which the service charge is imposed.

15 (16) Petroleum products sold to a purchaser if the seller
16 is prohibited by federal law from charging tax to the
17 purchaser.

18 (17) Through June 30, 2016, tangible ~~Tangible~~ personal
19 property sold to a common carrier by rail or motor that
20 receives the physical possession of the property in Illinois
21 and that transports the property, or shares with another common
22 carrier in the transportation of the property, out of Illinois
23 on a standard uniform bill of lading showing the seller of the
24 property as the shipper or consignor of the property to a
25 destination outside Illinois, for use outside Illinois.

26 (18) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

4 (19) Until July 1 2003, oil field exploration, drilling,
5 and production equipment, including (i) rigs and parts of rigs,
6 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
7 tubular goods, including casing and drill strings, (iii) pumps
8 and pump-jack units, (iv) storage tanks and flow lines, (v) any
9 individual replacement part for oil field exploration,
10 drilling, and production equipment, and (vi) machinery and
11 equipment purchased for lease; but excluding motor vehicles
12 required to be registered under the Illinois Vehicle Code.

13 (20) Photoprocessing machinery and equipment, including
14 repair and replacement parts, both new and used, including that
15 manufactured on special order, certified by the purchaser to be
16 used primarily for photoprocessing, and including
17 photoprocessing machinery and equipment purchased for lease.

18 (21) Coal and aggregate exploration, mining, off-highway
19 hauling, processing, maintenance, and reclamation equipment,
20 including replacement parts and equipment, and including
21 equipment purchased for lease, but excluding motor vehicles
22 required to be registered under the Illinois Vehicle Code. The
23 changes made to this Section by Public Act 97-767 apply on and
24 after July 1, 2003, but no claim for credit or refund is
25 allowed on or after August 16, 2013 (the effective date of
26 Public Act 98-456) for such taxes paid during the period

1 beginning July 1, 2003 and ending on August 16, 2013 (the
2 effective date of Public Act 98-456).

3 (22) Until June 30, 2013, fuel and petroleum products sold
4 to or used by an air carrier, certified by the carrier to be
5 used for consumption, shipment, or storage in the conduct of
6 its business as an air common carrier, for a flight destined
7 for or returning from a location or locations outside the
8 United States without regard to previous or subsequent domestic
9 stopovers.

10 Beginning July 1, 2013, fuel and petroleum products sold to
11 or used by an air carrier, certified by the carrier to be used
12 for consumption, shipment, or storage in the conduct of its
13 business as an air common carrier, for a flight that (i) is
14 engaged in foreign trade or is engaged in trade between the
15 United States and any of its possessions and (ii) transports at
16 least one individual or package for hire from the city of
17 origination to the city of final destination on the same
18 aircraft, without regard to a change in the flight number of
19 that aircraft.

20 (23) A transaction in which the purchase order is received
21 by a florist who is located outside Illinois, but who has a
22 florist located in Illinois deliver the property to the
23 purchaser or the purchaser's donee in Illinois.

24 (24) Fuel consumed or used in the operation of ships,
25 barges, or vessels that are used primarily in or for the
26 transportation of property or the conveyance of persons for

1 hire on rivers bordering on this State if the fuel is delivered
2 by the seller to the purchaser's barge, ship, or vessel while
3 it is afloat upon that bordering river.

4 (25) Except as provided in item (25-5) of this Section, a
5 motor vehicle sold in this State to a nonresident even though
6 the motor vehicle is delivered to the nonresident in this
7 State, if the motor vehicle is not to be titled in this State,
8 and if a drive-away permit is issued to the motor vehicle as
9 provided in Section 3-603 of the Illinois Vehicle Code or if
10 the nonresident purchaser has vehicle registration plates to
11 transfer to the motor vehicle upon returning to his or her home
12 state. The issuance of the drive-away permit or having the
13 out-of-state registration plates to be transferred is prima
14 facie evidence that the motor vehicle will not be titled in
15 this State.

16 (25-5) The exemption under item (25) does not apply if the
17 state in which the motor vehicle will be titled does not allow
18 a reciprocal exemption for a motor vehicle sold and delivered
19 in that state to an Illinois resident but titled in Illinois.
20 The tax collected under this Act on the sale of a motor vehicle
21 in this State to a resident of another state that does not
22 allow a reciprocal exemption shall be imposed at a rate equal
23 to the state's rate of tax on taxable property in the state in
24 which the purchaser is a resident, except that the tax shall
25 not exceed the tax that would otherwise be imposed under this
26 Act. At the time of the sale, the purchaser shall execute a

1 statement, signed under penalty of perjury, of his or her
2 intent to title the vehicle in the state in which the purchaser
3 is a resident within 30 days after the sale and of the fact of
4 the payment to the State of Illinois of tax in an amount
5 equivalent to the state's rate of tax on taxable property in
6 his or her state of residence and shall submit the statement to
7 the appropriate tax collection agency in his or her state of
8 residence. In addition, the retailer must retain a signed copy
9 of the statement in his or her records. Nothing in this item
10 shall be construed to require the removal of the vehicle from
11 this state following the filing of an intent to title the
12 vehicle in the purchaser's state of residence if the purchaser
13 titles the vehicle in his or her state of residence within 30
14 days after the date of sale. The tax collected under this Act
15 in accordance with this item (25-5) shall be proportionately
16 distributed as if the tax were collected at the 6.25% general
17 rate imposed under this Act.

18 (25-7) Beginning on July 1, 2007, no tax is imposed under
19 this Act on the sale of an aircraft, as defined in Section 3 of
20 the Illinois Aeronautics Act, if all of the following
21 conditions are met:

22 (1) the aircraft leaves this State within 15 days after
23 the later of either the issuance of the final billing for
24 the sale of the aircraft, or the authorized approval for
25 return to service, completion of the maintenance record
26 entry, and completion of the test flight and ground test

1 for inspection, as required by 14 C.F.R. 91.407;

2 (2) the aircraft is not based or registered in this
3 State after the sale of the aircraft; and

4 (3) the seller retains in his or her books and records
5 and provides to the Department a signed and dated
6 certification from the purchaser, on a form prescribed by
7 the Department, certifying that the requirements of this
8 item (25-7) are met. The certificate must also include the
9 name and address of the purchaser, the address of the
10 location where the aircraft is to be titled or registered,
11 the address of the primary physical location of the
12 aircraft, and other information that the Department may
13 reasonably require.

14 For purposes of this item (25-7):

15 "Based in this State" means hangared, stored, or otherwise
16 used, excluding post-sale customizations as defined in this
17 Section, for 10 or more days in each 12-month period
18 immediately following the date of the sale of the aircraft.

19 "Registered in this State" means an aircraft registered
20 with the Department of Transportation, Aeronautics Division,
21 or titled or registered with the Federal Aviation
22 Administration to an address located in this State.

23 This paragraph (25-7) is exempt from the provisions of
24 Section 2-70.

25 (26) Semen used for artificial insemination of livestock
26 for direct agricultural production.

1 (27) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes. This item (27) is exempt from the provisions
7 of Section 2-70, and the exemption provided for under this item
8 (27) applies for all periods beginning May 30, 1995, but no
9 claim for credit or refund is allowed on or after January 1,
10 2008 (the effective date of Public Act 95-88) for such taxes
11 paid during the period beginning May 30, 2000 and ending on
12 January 1, 2008 (the effective date of Public Act 95-88).

13 (28) Computers and communications equipment utilized for
14 any hospital purpose and equipment used in the diagnosis,
15 analysis, or treatment of hospital patients sold to a lessor
16 who leases the equipment, under a lease of one year or longer
17 executed or in effect at the time of the purchase, to a
18 hospital that has been issued an active tax exemption
19 identification number by the Department under Section 1g of
20 this Act.

21 (29) Personal property sold to a lessor who leases the
22 property, under a lease of one year or longer executed or in
23 effect at the time of the purchase, to a governmental body that
24 has been issued an active tax exemption identification number
25 by the Department under Section 1g of this Act.

26 (30) Beginning with taxable years ending on or after

1 December 31, 1995 and ending with taxable years ending on or
2 before December 31, 2004, personal property that is donated for
3 disaster relief to be used in a State or federally declared
4 disaster area in Illinois or bordering Illinois by a
5 manufacturer or retailer that is registered in this State to a
6 corporation, society, association, foundation, or institution
7 that has been issued a sales tax exemption identification
8 number by the Department that assists victims of the disaster
9 who reside within the declared disaster area.

10 (31) Beginning with taxable years ending on or after
11 December 31, 1995 and ending with taxable years ending on or
12 before December 31, 2004, personal property that is used in the
13 performance of infrastructure repairs in this State, including
14 but not limited to municipal roads and streets, access roads,
15 bridges, sidewalks, waste disposal systems, water and sewer
16 line extensions, water distribution and purification
17 facilities, storm water drainage and retention facilities, and
18 sewage treatment facilities, resulting from a State or
19 federally declared disaster in Illinois or bordering Illinois
20 when such repairs are initiated on facilities located in the
21 declared disaster area within 6 months after the disaster.

22 (32) Beginning July 1, 1999, game or game birds sold at a
23 "game breeding and hunting preserve area" as that term is used
24 in the Wildlife Code. This paragraph is exempt from the
25 provisions of Section 2-70.

26 (33) A motor vehicle, as that term is defined in Section

1 1-146 of the Illinois Vehicle Code, that is donated to a
2 corporation, limited liability company, society, association,
3 foundation, or institution that is determined by the Department
4 to be organized and operated exclusively for educational
5 purposes. For purposes of this exemption, "a corporation,
6 limited liability company, society, association, foundation,
7 or institution organized and operated exclusively for
8 educational purposes" means all tax-supported public schools,
9 private schools that offer systematic instruction in useful
10 branches of learning by methods common to public schools and
11 that compare favorably in their scope and intensity with the
12 course of study presented in tax-supported schools, and
13 vocational or technical schools or institutes organized and
14 operated exclusively to provide a course of study of not less
15 than 6 weeks duration and designed to prepare individuals to
16 follow a trade or to pursue a manual, technical, mechanical,
17 industrial, business, or commercial occupation.

18 (34) Beginning January 1, 2000, personal property,
19 including food, purchased through fundraising events for the
20 benefit of a public or private elementary or secondary school,
21 a group of those schools, or one or more school districts if
22 the events are sponsored by an entity recognized by the school
23 district that consists primarily of volunteers and includes
24 parents and teachers of the school children. This paragraph
25 does not apply to fundraising events (i) for the benefit of
26 private home instruction or (ii) for which the fundraising

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 2-70.

6 (35) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and other
9 items, and replacement parts for these machines. Beginning
10 January 1, 2002 and through June 30, 2003, machines and parts
11 for machines used in commercial, coin-operated amusement and
12 vending business if a use or occupation tax is paid on the
13 gross receipts derived from the use of the commercial,
14 coin-operated amusement and vending machines. This paragraph
15 is exempt from the provisions of Section 2-70.

16 (35-5) Beginning August 23, 2001 and through June 30, 2016,
17 food for human consumption that is to be consumed off the
18 premises where it is sold (other than alcoholic beverages, soft
19 drinks, and food that has been prepared for immediate
20 consumption) and prescription and nonprescription medicines,
21 drugs, medical appliances, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, when purchased for use by a person receiving medical
24 assistance under Article V of the Illinois Public Aid Code who
25 resides in a licensed long-term care facility, as defined in
26 the Nursing Home Care Act, or a licensed facility as defined in

1 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
2 Mental Health Rehabilitation Act of 2013.

3 (36) Beginning August 2, 2001, computers and
4 communications equipment utilized for any hospital purpose and
5 equipment used in the diagnosis, analysis, or treatment of
6 hospital patients sold to a lessor who leases the equipment,
7 under a lease of one year or longer executed or in effect at
8 the time of the purchase, to a hospital that has been issued an
9 active tax exemption identification number by the Department
10 under Section 1g of this Act. This paragraph is exempt from the
11 provisions of Section 2-70.

12 (37) Beginning August 2, 2001, personal property sold to a
13 lessor who leases the property, under a lease of one year or
14 longer executed or in effect at the time of the purchase, to a
15 governmental body that has been issued an active tax exemption
16 identification number by the Department under Section 1g of
17 this Act. This paragraph is exempt from the provisions of
18 Section 2-70.

19 (38) Beginning on January 1, 2002 and through June 30,
20 2016, tangible personal property purchased from an Illinois
21 retailer by a taxpayer engaged in centralized purchasing
22 activities in Illinois who will, upon receipt of the property
23 in Illinois, temporarily store the property in Illinois (i) for
24 the purpose of subsequently transporting it outside this State
25 for use or consumption thereafter solely outside this State or
26 (ii) for the purpose of being processed, fabricated, or

1 manufactured into, attached to, or incorporated into other
2 tangible personal property to be transported outside this State
3 and thereafter used or consumed solely outside this State. The
4 Director of Revenue shall, pursuant to rules adopted in
5 accordance with the Illinois Administrative Procedure Act,
6 issue a permit to any taxpayer in good standing with the
7 Department who is eligible for the exemption under this
8 paragraph (38). The permit issued under this paragraph (38)
9 shall authorize the holder, to the extent and in the manner
10 specified in the rules adopted under this Act, to purchase
11 tangible personal property from a retailer exempt from the
12 taxes imposed by this Act. Taxpayers shall maintain all
13 necessary books and records to substantiate the use and
14 consumption of all such tangible personal property outside of
15 the State of Illinois.

16 (39) Beginning January 1, 2008, tangible personal property
17 used in the construction or maintenance of a community water
18 supply, as defined under Section 3.145 of the Environmental
19 Protection Act, that is operated by a not-for-profit
20 corporation that holds a valid water supply permit issued under
21 Title IV of the Environmental Protection Act. This paragraph is
22 exempt from the provisions of Section 2-70.

23 (40) Beginning January 1, 2010, materials, parts,
24 equipment, components, and furnishings incorporated into or
25 upon an aircraft as part of the modification, refurbishment,
26 completion, replacement, repair, or maintenance of the

1 aircraft. This exemption includes consumable supplies used in
2 the modification, refurbishment, completion, replacement,
3 repair, and maintenance of aircraft, but excludes any
4 materials, parts, equipment, components, and consumable
5 supplies used in the modification, replacement, repair, and
6 maintenance of aircraft engines or power plants, whether such
7 engines or power plants are installed or uninstalled upon any
8 such aircraft. "Consumable supplies" include, but are not
9 limited to, adhesive, tape, sandpaper, general purpose
10 lubricants, cleaning solution, latex gloves, and protective
11 films. This exemption applies only to the sale of qualifying
12 tangible personal property to persons who modify, refurbish,
13 complete, replace, or maintain an aircraft and who (i) hold an
14 Air Agency Certificate and are empowered to operate an approved
15 repair station by the Federal Aviation Administration, (ii)
16 have a Class IV Rating, and (iii) conduct operations in
17 accordance with Part 145 of the Federal Aviation Regulations.
18 The exemption does not include aircraft operated by a
19 commercial air carrier providing scheduled passenger air
20 service pursuant to authority issued under Part 121 or Part 129
21 of the Federal Aviation Regulations. The changes made to this
22 paragraph (40) by Public Act 98-534 are declarative of existing
23 law.

24 (41) Tangible personal property sold to a
25 public-facilities corporation, as described in Section
26 11-65-10 of the Illinois Municipal Code, for purposes of

1 constructing or furnishing a municipal convention hall, but
2 only if the legal title to the municipal convention hall is
3 transferred to the municipality without any further
4 consideration by or on behalf of the municipality at the time
5 of the completion of the municipal convention hall or upon the
6 retirement or redemption of any bonds or other debt instruments
7 issued by the public-facilities corporation in connection with
8 the development of the municipal convention hall. This
9 exemption includes existing public-facilities corporations as
10 provided in Section 11-65-25 of the Illinois Municipal Code.
11 This paragraph is exempt from the provisions of Section 2-70.

12 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
13 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
14 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
15 7-29-15.)

16 ARTICLE 35. ROLLING STOCK

17 Section 35-5. The Use Tax Act is amended by changing
18 Sections 3-55, 3-60, and 3-61 as follows:

19 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

20 Sec. 3-55. Multistate exemption. To prevent actual or
21 likely multistate taxation, the tax imposed by this Act does
22 not apply to the use of tangible personal property in this
23 State under the following circumstances:

1 (a) The use, in this State, of tangible personal property
2 acquired outside this State by a nonresident individual and
3 brought into this State by the individual for his or her own
4 use while temporarily within this State or while passing
5 through this State.

6 (b) Through June 30, 2016, the ~~The~~ use, in this State, of
7 tangible personal property by an interstate carrier for hire as
8 rolling stock moving in interstate commerce or by lessors under
9 a lease of one year or longer executed or in effect at the time
10 of purchase of tangible personal property by interstate
11 carriers for-hire for use as rolling stock moving in interstate
12 commerce as long as so used by the interstate carriers
13 for-hire, and equipment operated by a telecommunications
14 provider, licensed as a common carrier by the Federal
15 Communications Commission, which is permanently installed in
16 or affixed to aircraft moving in interstate commerce.

17 (c) Through June 30, 2016, the ~~The~~ use, in this State, by
18 owners, lessors, or shippers of tangible personal property that
19 is utilized by interstate carriers for hire for use as rolling
20 stock moving in interstate commerce as long as so used by the
21 interstate carriers for hire, and equipment operated by a
22 telecommunications provider, licensed as a common carrier by
23 the Federal Communications Commission, which is permanently
24 installed in or affixed to aircraft moving in interstate
25 commerce.

26 (d) The use, in this State, of tangible personal property

1 that is acquired outside this State and caused to be brought
2 into this State by a person who has already paid a tax in
3 another State in respect to the sale, purchase, or use of that
4 property, to the extent of the amount of the tax properly due
5 and paid in the other State.

6 (e) The temporary storage, in this State, of tangible
7 personal property that is acquired outside this State and that,
8 after being brought into this State and stored here
9 temporarily, is used solely outside this State or is physically
10 attached to or incorporated into other tangible personal
11 property that is used solely outside this State, or is altered
12 by converting, fabricating, manufacturing, printing,
13 processing, or shaping, and, as altered, is used solely outside
14 this State.

15 (f) The temporary storage in this State of building
16 materials and fixtures that are acquired either in this State
17 or outside this State by an Illinois registered combination
18 retailer and construction contractor, and that the purchaser
19 thereafter uses outside this State by incorporating that
20 property into real estate located outside this State.

21 (g) The use or purchase of tangible personal property by a
22 common carrier by rail or motor that receives the physical
23 possession of the property in Illinois, and that transports the
24 property, or shares with another common carrier in the
25 transportation of the property, out of Illinois on a standard
26 uniform bill of lading showing the seller of the property as

1 the shipper or consignor of the property to a destination
2 outside Illinois, for use outside Illinois.

3 (h) Except as provided in subsection (h-1), the use, in
4 this State, of a motor vehicle that was sold in this State to a
5 nonresident, even though the motor vehicle is delivered to the
6 nonresident in this State, if the motor vehicle is not to be
7 titled in this State, and if a drive-away permit is issued to
8 the motor vehicle as provided in Section 3-603 of the Illinois
9 Vehicle Code or if the nonresident purchaser has vehicle
10 registration plates to transfer to the motor vehicle upon
11 returning to his or her home state. The issuance of the
12 drive-away permit or having the out-of-state registration
13 plates to be transferred shall be prima facie evidence that the
14 motor vehicle will not be titled in this State.

15 (h-1) The exemption under subsection (h) does not apply if
16 the state in which the motor vehicle will be titled does not
17 allow a reciprocal exemption for the use in that state of a
18 motor vehicle sold and delivered in that state to an Illinois
19 resident but titled in Illinois. The tax collected under this
20 Act on the sale of a motor vehicle in this State to a resident
21 of another state that does not allow a reciprocal exemption
22 shall be imposed at a rate equal to the state's rate of tax on
23 taxable property in the state in which the purchaser is a
24 resident, except that the tax shall not exceed the tax that
25 would otherwise be imposed under this Act. At the time of the
26 sale, the purchaser shall execute a statement, signed under

1 penalty of perjury, of his or her intent to title the vehicle
2 in the state in which the purchaser is a resident within 30
3 days after the sale and of the fact of the payment to the State
4 of Illinois of tax in an amount equivalent to the state's rate
5 of tax on taxable property in his or her state of residence and
6 shall submit the statement to the appropriate tax collection
7 agency in his or her state of residence. In addition, the
8 retailer must retain a signed copy of the statement in his or
9 her records. Nothing in this subsection shall be construed to
10 require the removal of the vehicle from this state following
11 the filing of an intent to title the vehicle in the purchaser's
12 state of residence if the purchaser titles the vehicle in his
13 or her state of residence within 30 days after the date of
14 sale. The tax collected under this Act in accordance with this
15 subsection (h-1) shall be proportionately distributed as if the
16 tax were collected at the 6.25% general rate imposed under this
17 Act.

18 (h-2) The following exemptions apply with respect to
19 certain aircraft:

20 (1) Beginning on July 1, 2007, no tax is imposed under
21 this Act on the purchase of an aircraft, as defined in
22 Section 3 of the Illinois Aeronautics Act, if all of the
23 following conditions are met:

24 (A) the aircraft leaves this State within 15 days
25 after the later of either the issuance of the final
26 billing for the purchase of the aircraft or the

1 authorized approval for return to service, completion
2 of the maintenance record entry, and completion of the
3 test flight and ground test for inspection, as required
4 by 14 C.F.R. 91.407;

5 (B) the aircraft is not based or registered in this
6 State after the purchase of the aircraft; and

7 (C) the purchaser provides the Department with a
8 signed and dated certification, on a form prescribed by
9 the Department, certifying that the requirements of
10 this item (1) are met. The certificate must also
11 include the name and address of the purchaser, the
12 address of the location where the aircraft is to be
13 titled or registered, the address of the primary
14 physical location of the aircraft, and other
15 information that the Department may reasonably
16 require.

17 (2) Beginning on July 1, 2007, no tax is imposed under
18 this Act on the use of an aircraft, as defined in Section 3
19 of the Illinois Aeronautics Act, that is temporarily
20 located in this State for the purpose of a prepurchase
21 evaluation if all of the following conditions are met:

22 (A) the aircraft is not based or registered in this
23 State after the prepurchase evaluation; and

24 (B) the purchaser provides the Department with a
25 signed and dated certification, on a form prescribed by
26 the Department, certifying that the requirements of

1 this item (2) are met. The certificate must also
2 include the name and address of the purchaser, the
3 address of the location where the aircraft is to be
4 titled or registered, the address of the primary
5 physical location of the aircraft, and other
6 information that the Department may reasonably
7 require.

8 (3) Beginning on July 1, 2007, no tax is imposed under
9 this Act on the use of an aircraft, as defined in Section 3
10 of the Illinois Aeronautics Act, that is temporarily
11 located in this State for the purpose of a post-sale
12 customization if all of the following conditions are met:

13 (A) the aircraft leaves this State within 15 days
14 after the authorized approval for return to service,
15 completion of the maintenance record entry, and
16 completion of the test flight and ground test for
17 inspection, as required by 14 C.F.R. 91.407;

18 (B) the aircraft is not based or registered in this
19 State either before or after the post-sale
20 customization; and

21 (C) the purchaser provides the Department with a
22 signed and dated certification, on a form prescribed by
23 the Department, certifying that the requirements of
24 this item (3) are met. The certificate must also
25 include the name and address of the purchaser, the
26 address of the location where the aircraft is to be

1 titled or registered, the address of the primary
2 physical location of the aircraft, and other
3 information that the Department may reasonably
4 require.

5 If tax becomes due under this subsection (h-2) because of
6 the purchaser's use of the aircraft in this State, the
7 purchaser shall file a return with the Department and pay the
8 tax on the fair market value of the aircraft. This return and
9 payment of the tax must be made no later than 30 days after the
10 aircraft is used in a taxable manner in this State. The tax is
11 based on the fair market value of the aircraft on the date that
12 it is first used in a taxable manner in this State.

13 For purposes of this subsection (h-2):

14 "Based in this State" means hangared, stored, or otherwise
15 used, excluding post-sale customizations as defined in this
16 Section, for 10 or more days in each 12-month period
17 immediately following the date of the sale of the aircraft.

18 "Post-sale customization" means any improvement,
19 maintenance, or repair that is performed on an aircraft
20 following a transfer of ownership of the aircraft.

21 "Prepurchase evaluation" means an examination of an
22 aircraft to provide a potential purchaser with information
23 relevant to the potential purchase.

24 "Registered in this State" means an aircraft registered
25 with the Department of Transportation, Aeronautics Division,
26 or titled or registered with the Federal Aviation

1 Administration to an address located in this State.

2 This subsection (h-2) is exempt from the provisions of
3 Section 3-90.

4 (i) Beginning July 1, 1999, the use, in this State, of fuel
5 acquired outside this State and brought into this State in the
6 fuel supply tanks of locomotives engaged in freight hauling and
7 passenger service for interstate commerce. This subsection is
8 exempt from the provisions of Section 3-90.

9 (j) Beginning on January 1, 2002 and through June 30, 2016,
10 the use of tangible personal property purchased from an
11 Illinois retailer by a taxpayer engaged in centralized
12 purchasing activities in Illinois who will, upon receipt of the
13 property in Illinois, temporarily store the property in
14 Illinois (i) for the purpose of subsequently transporting it
15 outside this State for use or consumption thereafter solely
16 outside this State or (ii) for the purpose of being processed,
17 fabricated, or manufactured into, attached to, or incorporated
18 into other tangible personal property to be transported outside
19 this State and thereafter used or consumed solely outside this
20 State. The Director of Revenue shall, pursuant to rules adopted
21 in accordance with the Illinois Administrative Procedure Act,
22 issue a permit to any taxpayer in good standing with the
23 Department who is eligible for the exemption under this
24 subsection (j). The permit issued under this subsection (j)
25 shall authorize the holder, to the extent and in the manner
26 specified in the rules adopted under this Act, to purchase

1 tangible personal property from a retailer exempt from the
2 taxes imposed by this Act. Taxpayers shall maintain all
3 necessary books and records to substantiate the use and
4 consumption of all such tangible personal property outside of
5 the State of Illinois.

6 (Source: P.A. 97-73, eff. 6-30-11.)

7 (35 ILCS 105/3-60) (from Ch. 120, par. 439.3-60)

8 Sec. 3-60. Rolling stock exemption. Except as provided in
9 Section 3-61 of this Act, through June 30, 2016, the rolling
10 stock exemption applies to rolling stock used by an interstate
11 carrier for hire, even just between points in Illinois, if the
12 rolling stock transports, for hire, persons whose journeys or
13 property whose shipments originate or terminate outside
14 Illinois.

15 (Source: P.A. 93-23, eff. 6-20-03.)

16 Section 35-10. The Service Use Tax Act is amended by
17 changing Sections 3-45 and 3-50 as follows:

18 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

19 Sec. 3-45. Multistate exemption. To prevent actual or
20 likely multistate taxation, the tax imposed by this Act does
21 not apply to the use of tangible personal property in this
22 State under the following circumstances:

23 (a) The use, in this State, of property acquired outside

1 this State by a nonresident individual and brought into this
2 State by the individual for his or her own use while
3 temporarily within this State or while passing through this
4 State.

5 (b) Through June 30, 2016, the ~~The~~ use, in this State, of
6 property that is acquired outside this State and that is moved
7 into this State for use as rolling stock moving in interstate
8 commerce.

9 (c) The use, in this State, of property that is acquired
10 outside this State and caused to be brought into this State by
11 a person who has already paid a tax in another state in respect
12 to the sale, purchase, or use of that property, to the extent
13 of the amount of the tax properly due and paid in the other
14 state.

15 (d) The temporary storage, in this State, of property that
16 is acquired outside this State and that after being brought
17 into this State and stored here temporarily, is used solely
18 outside this State or is physically attached to or incorporated
19 into other property that is used solely outside this State, or
20 is altered by converting, fabricating, manufacturing,
21 printing, processing, or shaping, and, as altered, is used
22 solely outside this State.

23 (e) Beginning July 1, 1999, the use, in this State, of fuel
24 acquired outside this State and brought into this State in the
25 fuel supply tanks of locomotives engaged in freight hauling and
26 passenger service for interstate commerce. This subsection is

1 exempt from the provisions of Section 3-75.

2 (f) Beginning on January 1, 2002 and through June 30, 2016,
3 the use of tangible personal property purchased from an
4 Illinois retailer by a taxpayer engaged in centralized
5 purchasing activities in Illinois who will, upon receipt of the
6 property in Illinois, temporarily store the property in
7 Illinois (i) for the purpose of subsequently transporting it
8 outside this State for use or consumption thereafter solely
9 outside this State or (ii) for the purpose of being processed,
10 fabricated, or manufactured into, attached to, or incorporated
11 into other tangible personal property to be transported outside
12 this State and thereafter used or consumed solely outside this
13 State. The Director of Revenue shall, pursuant to rules adopted
14 in accordance with the Illinois Administrative Procedure Act,
15 issue a permit to any taxpayer in good standing with the
16 Department who is eligible for the exemption under this
17 subsection (f). The permit issued under this subsection (f)
18 shall authorize the holder, to the extent and in the manner
19 specified in the rules adopted under this Act, to purchase
20 tangible personal property from a retailer exempt from the
21 taxes imposed by this Act. Taxpayers shall maintain all
22 necessary books and records to substantiate the use and
23 consumption of all such tangible personal property outside of
24 the State of Illinois.

25 (Source: P.A. 97-73, eff. 6-30-11.)

1 (35 ILCS 110/3-50) (from Ch. 120, par. 439.33-50)

2 Sec. 3-50. Rolling stock exemption. Except as provided in
3 Section 3-51 of this Act, through June 30, 2016, the rolling
4 stock exemption applies to rolling stock used by an interstate
5 carrier for hire, even just between points in Illinois, if the
6 rolling stock transports, for hire, persons whose journeys or
7 property whose shipments originate or terminate outside
8 Illinois.

9 (Source: P.A. 93-23, eff. 6-20-03.)

10 Section 35-15. The Service Occupation Tax Act is amended by
11 changing Section 2 as follows:

12 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

13 Sec. 2. "Transfer" means any transfer of the title to
14 property or of the ownership of property whether or not the
15 transferor retains title as security for the payment of amounts
16 due him from the transferee.

17 "Cost Price" means the consideration paid by the serviceman
18 for a purchase valued in money, whether paid in money or
19 otherwise, including cash, credits and services, and shall be
20 determined without any deduction on account of the supplier's
21 cost of the property sold or on account of any other expense
22 incurred by the supplier. When a serviceman contracts out part
23 or all of the services required in his sale of service, it
24 shall be presumed that the cost price to the serviceman of the

1 property transferred to him by his or her subcontractor is
2 equal to 50% of the subcontractor's charges to the serviceman
3 in the absence of proof of the consideration paid by the
4 subcontractor for the purchase of such property.

5 "Department" means the Department of Revenue.

6 "Person" means any natural individual, firm, partnership,
7 association, joint stock company, joint venture, public or
8 private corporation, limited liability company, and any
9 receiver, executor, trustee, guardian or other representative
10 appointed by order of any court.

11 "Sale of Service" means any transaction except:

12 (a) A retail sale of tangible personal property taxable
13 under the Retailers' Occupation Tax Act or under the Use Tax
14 Act.

15 (b) A sale of tangible personal property for the purpose of
16 resale made in compliance with Section 2c of the Retailers'
17 Occupation Tax Act.

18 (c) Except as hereinafter provided, a sale or transfer of
19 tangible personal property as an incident to the rendering of
20 service for or by any governmental body or for or by any
21 corporation, society, association, foundation or institution
22 organized and operated exclusively for charitable, religious
23 or educational purposes or any not-for-profit corporation,
24 society, association, foundation, institution or organization
25 which has no compensated officers or employees and which is
26 organized and operated primarily for the recreation of persons

1 55 years of age or older. A limited liability company may
2 qualify for the exemption under this paragraph only if the
3 limited liability company is organized and operated
4 exclusively for educational purposes.

5 (d) Through June 30, 2016, a ~~A~~ sale or transfer of tangible
6 personal property as an incident to the rendering of service
7 for interstate carriers for hire for use as rolling stock
8 moving in interstate commerce or lessors under leases of one
9 year or longer, executed or in effect at the time of purchase,
10 to interstate carriers for hire for use as rolling stock moving
11 in interstate commerce, and equipment operated by a
12 telecommunications provider, licensed as a common carrier by
13 the Federal Communications Commission, which is permanently
14 installed in or affixed to aircraft moving in interstate
15 commerce.

16 (d-1) Through June 30, 2016, a ~~A~~ sale or transfer of
17 tangible personal property as an incident to the rendering of
18 service for owners, lessors or shippers of tangible personal
19 property which is utilized by interstate carriers for hire for
20 use as rolling stock moving in interstate commerce, and
21 equipment operated by a telecommunications provider, licensed
22 as a common carrier by the Federal Communications Commission,
23 which is permanently installed in or affixed to aircraft moving
24 in interstate commerce.

25 (d-1.1) On and after July 1, 2003 and through June 30,
26 2004, a sale or transfer of a motor vehicle of the second

1 division with a gross vehicle weight in excess of 8,000 pounds
2 as an incident to the rendering of service if that motor
3 vehicle is subject to the commercial distribution fee imposed
4 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
5 on July 1, 2004 and through June 30, 2005, the use in this
6 State of motor vehicles of the second division: (i) with a
7 gross vehicle weight rating in excess of 8,000 pounds; (ii)
8 that are subject to the commercial distribution fee imposed
9 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
10 that are primarily used for commercial purposes. Through June
11 30, 2005, this exemption applies to repair and replacement
12 parts added after the initial purchase of such a motor vehicle
13 if that motor vehicle is used in a manner that would qualify
14 for the rolling stock exemption otherwise provided for in this
15 Act. For purposes of this paragraph, "used for commercial
16 purposes" means the transportation of persons or property in
17 furtherance of any commercial or industrial enterprise whether
18 for-hire or not.

19 (d-2) The repairing, reconditioning or remodeling, for a
20 common carrier by rail, of tangible personal property which
21 belongs to such carrier for hire, and as to which such carrier
22 receives the physical possession of the repaired,
23 reconditioned or remodeled item of tangible personal property
24 in Illinois, and which such carrier transports, or shares with
25 another common carrier in the transportation of such property,
26 out of Illinois on a standard uniform bill of lading showing

1 the person who repaired, reconditioned or remodeled the
2 property as the shipper or consignor of such property to a
3 destination outside Illinois, for use outside Illinois.

4 (d-3) A sale or transfer of tangible personal property
5 which is produced by the seller thereof on special order in
6 such a way as to have made the applicable tax the Service
7 Occupation Tax or the Service Use Tax, rather than the
8 Retailers' Occupation Tax or the Use Tax, for an interstate
9 carrier by rail which receives the physical possession of such
10 property in Illinois, and which transports such property, or
11 shares with another common carrier in the transportation of
12 such property, out of Illinois on a standard uniform bill of
13 lading showing the seller of the property as the shipper or
14 consignor of such property to a destination outside Illinois,
15 for use outside Illinois.

16 (d-4) Until January 1, 1997, a sale, by a registered
17 serviceman paying tax under this Act to the Department, of
18 special order printed materials delivered outside Illinois and
19 which are not returned to this State, if delivery is made by
20 the seller or agent of the seller, including an agent who
21 causes the product to be delivered outside Illinois by a common
22 carrier or the U.S. postal service.

23 (e) A sale or transfer of machinery and equipment used
24 primarily in the process of the manufacturing or assembling,
25 either in an existing, an expanded or a new manufacturing
26 facility, of tangible personal property for wholesale or retail

1 sale or lease, whether such sale or lease is made directly by
2 the manufacturer or by some other person, whether the materials
3 used in the process are owned by the manufacturer or some other
4 person, or whether such sale or lease is made apart from or as
5 an incident to the seller's engaging in a service occupation
6 and the applicable tax is a Service Occupation Tax or Service
7 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
8 exemption provided by this paragraph (e) does not include
9 machinery and equipment used in (i) the generation of
10 electricity for wholesale or retail sale; (ii) the generation
11 or treatment of natural or artificial gas for wholesale or
12 retail sale that is delivered to customers through pipes,
13 pipelines, or mains; or (iii) the treatment of water for
14 wholesale or retail sale that is delivered to customers through
15 pipes, pipelines, or mains. The provisions of this amendatory
16 Act of the 98th General Assembly are declaratory of existing
17 law as to the meaning and scope of this exemption.

18 (f) Until July 1, 2003, the sale or transfer of
19 distillation machinery and equipment, sold as a unit or kit and
20 assembled or installed by the retailer, which machinery and
21 equipment is certified by the user to be used only for the
22 production of ethyl alcohol that will be used for consumption
23 as motor fuel or as a component of motor fuel for the personal
24 use of such user and not subject to sale or resale.

25 (g) At the election of any serviceman not required to be
26 otherwise registered as a retailer under Section 2a of the

1 Retailers' Occupation Tax Act, made for each fiscal year sales
2 of service in which the aggregate annual cost price of tangible
3 personal property transferred as an incident to the sales of
4 service is less than 35% (75% in the case of servicemen
5 transferring prescription drugs or servicemen engaged in
6 graphic arts production) of the aggregate annual total gross
7 receipts from all sales of service. The purchase of such
8 tangible personal property by the serviceman shall be subject
9 to tax under the Retailers' Occupation Tax Act and the Use Tax
10 Act. However, if a primary serviceman who has made the election
11 described in this paragraph subcontracts service work to a
12 secondary serviceman who has also made the election described
13 in this paragraph, the primary serviceman does not incur a Use
14 Tax liability if the secondary serviceman (i) has paid or will
15 pay Use Tax on his or her cost price of any tangible personal
16 property transferred to the primary serviceman and (ii)
17 certifies that fact in writing to the primary serviceman.

18 Tangible personal property transferred incident to the
19 completion of a maintenance agreement is exempt from the tax
20 imposed pursuant to this Act.

21 Exemption (e) also includes machinery and equipment used in
22 the general maintenance or repair of such exempt machinery and
23 equipment or for in-house manufacture of exempt machinery and
24 equipment. The machinery and equipment exemption does not
25 include machinery and equipment used in (i) the generation of
26 electricity for wholesale or retail sale; (ii) the generation

1 or treatment of natural or artificial gas for wholesale or
2 retail sale that is delivered to customers through pipes,
3 pipelines, or mains; or (iii) the treatment of water for
4 wholesale or retail sale that is delivered to customers through
5 pipes, pipelines, or mains. The provisions of this amendatory
6 Act of the 98th General Assembly are declaratory of existing
7 law as to the meaning and scope of this exemption. For the
8 purposes of exemption (e), each of these terms shall have the
9 following meanings: (1) "manufacturing process" shall mean the
10 production of any article of tangible personal property,
11 whether such article is a finished product or an article for
12 use in the process of manufacturing or assembling a different
13 article of tangible personal property, by procedures commonly
14 regarded as manufacturing, processing, fabricating, or
15 refining which changes some existing material or materials into
16 a material with a different form, use or name. In relation to a
17 recognized integrated business composed of a series of
18 operations which collectively constitute manufacturing, or
19 individually constitute manufacturing operations, the
20 manufacturing process shall be deemed to commence with the
21 first operation or stage of production in the series, and shall
22 not be deemed to end until the completion of the final product
23 in the last operation or stage of production in the series; and
24 further for purposes of exemption (e), photoprocessing is
25 deemed to be a manufacturing process of tangible personal
26 property for wholesale or retail sale; (2) "assembling process"

1 shall mean the production of any article of tangible personal
2 property, whether such article is a finished product or an
3 article for use in the process of manufacturing or assembling a
4 different article of tangible personal property, by the
5 combination of existing materials in a manner commonly regarded
6 as assembling which results in a material of a different form,
7 use or name; (3) "machinery" shall mean major mechanical
8 machines or major components of such machines contributing to a
9 manufacturing or assembling process; and (4) "equipment" shall
10 include any independent device or tool separate from any
11 machinery but essential to an integrated manufacturing or
12 assembly process; including computers used primarily in a
13 manufacturer's computer assisted design, computer assisted
14 manufacturing (CAD/CAM) system; or any subunit or assembly
15 comprising a component of any machinery or auxiliary, adjunct
16 or attachment parts of machinery, such as tools, dies, jigs,
17 fixtures, patterns and molds; or any parts which require
18 periodic replacement in the course of normal operation; but
19 shall not include hand tools. Equipment includes chemicals or
20 chemicals acting as catalysts but only if the chemicals or
21 chemicals acting as catalysts effect a direct and immediate
22 change upon a product being manufactured or assembled for
23 wholesale or retail sale or lease. The purchaser of such
24 machinery and equipment who has an active resale registration
25 number shall furnish such number to the seller at the time of
26 purchase. The purchaser of such machinery and equipment and

1 tools without an active resale registration number shall
2 furnish to the seller a certificate of exemption for each
3 transaction stating facts establishing the exemption for that
4 transaction, which certificate shall be available to the
5 Department for inspection or audit.

6 Except as provided in Section 2d of this Act, the rolling
7 stock exemption applies to rolling stock used by an interstate
8 carrier for hire, even just between points in Illinois, if such
9 rolling stock transports, for hire, persons whose journeys or
10 property whose shipments originate or terminate outside
11 Illinois.

12 Any informal rulings, opinions or letters issued by the
13 Department in response to an inquiry or request for any opinion
14 from any person regarding the coverage and applicability of
15 exemption (e) to specific devices shall be published,
16 maintained as a public record, and made available for public
17 inspection and copying. If the informal ruling, opinion or
18 letter contains trade secrets or other confidential
19 information, where possible the Department shall delete such
20 information prior to publication. Whenever such informal
21 rulings, opinions, or letters contain any policy of general
22 applicability, the Department shall formulate and adopt such
23 policy as a rule in accordance with the provisions of the
24 Illinois Administrative Procedure Act.

25 On and after July 1, 1987, no entity otherwise eligible
26 under exemption (c) of this Section shall make tax free

1 purchases unless it has an active exemption identification
2 number issued by the Department.

3 "Serviceman" means any person who is engaged in the
4 occupation of making sales of service.

5 "Sale at Retail" means "sale at retail" as defined in the
6 Retailers' Occupation Tax Act.

7 "Supplier" means any person who makes sales of tangible
8 personal property to servicemen for the purpose of resale as an
9 incident to a sale of service.

10 (Source: P.A. 98-583, eff. 1-1-14.)

11 Section 35-20. The Retailers' Occupation Tax Act is amended
12 by changing Sections 2-5 and 2-50 as follows:

13 (35 ILCS 120/2-5)

14 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
15 sale of the following tangible personal property are exempt
16 from the tax imposed by this Act:

17 (1) Farm chemicals.

18 (2) Farm machinery and equipment, both new and used,
19 including that manufactured on special order, certified by the
20 purchaser to be used primarily for production agriculture or
21 State or federal agricultural programs, including individual
22 replacement parts for the machinery and equipment, including
23 machinery and equipment purchased for lease, and including
24 implements of husbandry defined in Section 1-130 of the

1 Illinois Vehicle Code, farm machinery and agricultural
2 chemical and fertilizer spreaders, and nurse wagons required to
3 be registered under Section 3-809 of the Illinois Vehicle Code,
4 but excluding other motor vehicles required to be registered
5 under the Illinois Vehicle Code. Horticultural polyhouses or
6 hoop houses used for propagating, growing, or overwintering
7 plants shall be considered farm machinery and equipment under
8 this item (2). Agricultural chemical tender tanks and dry boxes
9 shall include units sold separately from a motor vehicle
10 required to be licensed and units sold mounted on a motor
11 vehicle required to be licensed, if the selling price of the
12 tender is separately stated.

13 Farm machinery and equipment shall include precision
14 farming equipment that is installed or purchased to be
15 installed on farm machinery and equipment including, but not
16 limited to, tractors, harvesters, sprayers, planters, seeders,
17 or spreaders. Precision farming equipment includes, but is not
18 limited to, soil testing sensors, computers, monitors,
19 software, global positioning and mapping systems, and other
20 such equipment.

21 Farm machinery and equipment also includes computers,
22 sensors, software, and related equipment used primarily in the
23 computer-assisted operation of production agriculture
24 facilities, equipment, and activities such as, but not limited
25 to, the collection, monitoring, and correlation of animal and
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (2) is exempt from the
2 provisions of Section 2-70.

3 (3) Until July 1, 2003, distillation machinery and
4 equipment, sold as a unit or kit, assembled or installed by the
5 retailer, certified by the user to be used only for the
6 production of ethyl alcohol that will be used for consumption
7 as motor fuel or as a component of motor fuel for the personal
8 use of the user, and not subject to sale or resale.

9 (4) Until July 1, 2003 and beginning again September 1,
10 2004 through August 30, 2014, graphic arts machinery and
11 equipment, including repair and replacement parts, both new and
12 used, and including that manufactured on special order or
13 purchased for lease, certified by the purchaser to be used
14 primarily for graphic arts production. Equipment includes
15 chemicals or chemicals acting as catalysts but only if the
16 chemicals or chemicals acting as catalysts effect a direct and
17 immediate change upon a graphic arts product.

18 (5) A motor vehicle that is used for automobile renting, as
19 defined in the Automobile Renting Occupation and Use Tax Act.
20 This paragraph is exempt from the provisions of Section 2-70.

21 (6) Personal property sold by a teacher-sponsored student
22 organization affiliated with an elementary or secondary school
23 located in Illinois.

24 (7) Until July 1, 2003, proceeds of that portion of the
25 selling price of a passenger car the sale of which is subject
26 to the Replacement Vehicle Tax.

1 (8) Personal property sold to an Illinois county fair
2 association for use in conducting, operating, or promoting the
3 county fair.

4 (9) Personal property sold to a not-for-profit arts or
5 cultural organization that establishes, by proof required by
6 the Department by rule, that it has received an exemption under
7 Section 501(c)(3) of the Internal Revenue Code and that is
8 organized and operated primarily for the presentation or
9 support of arts or cultural programming, activities, or
10 services. These organizations include, but are not limited to,
11 music and dramatic arts organizations such as symphony
12 orchestras and theatrical groups, arts and cultural service
13 organizations, local arts councils, visual arts organizations,
14 and media arts organizations. On and after the effective date
15 of this amendatory Act of the 92nd General Assembly, however,
16 an entity otherwise eligible for this exemption shall not make
17 tax-free purchases unless it has an active identification
18 number issued by the Department.

19 (10) Personal property sold by a corporation, society,
20 association, foundation, institution, or organization, other
21 than a limited liability company, that is organized and
22 operated as a not-for-profit service enterprise for the benefit
23 of persons 65 years of age or older if the personal property
24 was not purchased by the enterprise for the purpose of resale
25 by the enterprise.

26 (11) Personal property sold to a governmental body, to a

1 corporation, society, association, foundation, or institution
2 organized and operated exclusively for charitable, religious,
3 or educational purposes, or to a not-for-profit corporation,
4 society, association, foundation, institution, or organization
5 that has no compensated officers or employees and that is
6 organized and operated primarily for the recreation of persons
7 55 years of age or older. A limited liability company may
8 qualify for the exemption under this paragraph only if the
9 limited liability company is organized and operated
10 exclusively for educational purposes. On and after July 1,
11 1987, however, no entity otherwise eligible for this exemption
12 shall make tax-free purchases unless it has an active
13 identification number issued by the Department.

14 (12) Through June 30, 2016, tangible ~~Tangible~~ personal
15 property sold to interstate carriers for hire for use as
16 rolling stock moving in interstate commerce or to lessors under
17 leases of one year or longer executed or in effect at the time
18 of purchase by interstate carriers for hire for use as rolling
19 stock moving in interstate commerce and equipment operated by a
20 telecommunications provider, licensed as a common carrier by
21 the Federal Communications Commission, which is permanently
22 installed in or affixed to aircraft moving in interstate
23 commerce.

24 (12-5) On and after July 1, 2003 and through June 30, 2004,
25 motor vehicles of the second division with a gross vehicle
26 weight in excess of 8,000 pounds that are subject to the

1 commercial distribution fee imposed under Section 3-815.1 of
2 the Illinois Vehicle Code. Beginning on July 1, 2004 and
3 through June 30, 2005, the use in this State of motor vehicles
4 of the second division: (i) with a gross vehicle weight rating
5 in excess of 8,000 pounds; (ii) that are subject to the
6 commercial distribution fee imposed under Section 3-815.1 of
7 the Illinois Vehicle Code; and (iii) that are primarily used
8 for commercial purposes. Through June 30, 2005, this exemption
9 applies to repair and replacement parts added after the initial
10 purchase of such a motor vehicle if that motor vehicle is used
11 in a manner that would qualify for the rolling stock exemption
12 otherwise provided for in this Act. For purposes of this
13 paragraph, "used for commercial purposes" means the
14 transportation of persons or property in furtherance of any
15 commercial or industrial enterprise whether for-hire or not.

16 (13) Through June 20, 2016, proceeds ~~Proceeds~~ from sales to
17 owners, lessors, or shippers of tangible personal property that
18 is utilized by interstate carriers for hire for use as rolling
19 stock moving in interstate commerce and equipment operated by a
20 telecommunications provider, licensed as a common carrier by
21 the Federal Communications Commission, which is permanently
22 installed in or affixed to aircraft moving in interstate
23 commerce.

24 (14) Machinery and equipment that will be used by the
25 purchaser, or a lessee of the purchaser, primarily in the
26 process of manufacturing or assembling tangible personal

1 property for wholesale or retail sale or lease, whether the
2 sale or lease is made directly by the manufacturer or by some
3 other person, whether the materials used in the process are
4 owned by the manufacturer or some other person, or whether the
5 sale or lease is made apart from or as an incident to the
6 seller's engaging in the service occupation of producing
7 machines, tools, dies, jigs, patterns, gauges, or other similar
8 items of no commercial value on special order for a particular
9 purchaser. The exemption provided by this paragraph (14) does
10 not include machinery and equipment used in (i) the generation
11 of electricity for wholesale or retail sale; (ii) the
12 generation or treatment of natural or artificial gas for
13 wholesale or retail sale that is delivered to customers through
14 pipes, pipelines, or mains; or (iii) the treatment of water for
15 wholesale or retail sale that is delivered to customers through
16 pipes, pipelines, or mains. The provisions of Public Act 98-583
17 are declaratory of existing law as to the meaning and scope of
18 this exemption.

19 (15) Proceeds of mandatory service charges separately
20 stated on customers' bills for purchase and consumption of food
21 and beverages, to the extent that the proceeds of the service
22 charge are in fact turned over as tips or as a substitute for
23 tips to the employees who participate directly in preparing,
24 serving, hosting or cleaning up the food or beverage function
25 with respect to which the service charge is imposed.

26 (16) Petroleum products sold to a purchaser if the seller

1 is prohibited by federal law from charging tax to the
2 purchaser.

3 (17) Tangible personal property sold to a common carrier by
4 rail or motor that receives the physical possession of the
5 property in Illinois and that transports the property, or
6 shares with another common carrier in the transportation of the
7 property, out of Illinois on a standard uniform bill of lading
8 showing the seller of the property as the shipper or consignor
9 of the property to a destination outside Illinois, for use
10 outside Illinois.

11 (18) Legal tender, currency, medallions, or gold or silver
12 coinage issued by the State of Illinois, the government of the
13 United States of America, or the government of any foreign
14 country, and bullion.

15 (19) Until July 1 2003, oil field exploration, drilling,
16 and production equipment, including (i) rigs and parts of rigs,
17 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
18 tubular goods, including casing and drill strings, (iii) pumps
19 and pump-jack units, (iv) storage tanks and flow lines, (v) any
20 individual replacement part for oil field exploration,
21 drilling, and production equipment, and (vi) machinery and
22 equipment purchased for lease; but excluding motor vehicles
23 required to be registered under the Illinois Vehicle Code.

24 (20) Photoprocessing machinery and equipment, including
25 repair and replacement parts, both new and used, including that
26 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including
2 photoprocessing machinery and equipment purchased for lease.

3 (21) Coal and aggregate exploration, mining, off-highway
4 hauling, processing, maintenance, and reclamation equipment,
5 including replacement parts and equipment, and including
6 equipment purchased for lease, but excluding motor vehicles
7 required to be registered under the Illinois Vehicle Code. The
8 changes made to this Section by Public Act 97-767 apply on and
9 after July 1, 2003, but no claim for credit or refund is
10 allowed on or after August 16, 2013 (the effective date of
11 Public Act 98-456) for such taxes paid during the period
12 beginning July 1, 2003 and ending on August 16, 2013 (the
13 effective date of Public Act 98-456).

14 (22) Until June 30, 2013, fuel and petroleum products sold
15 to or used by an air carrier, certified by the carrier to be
16 used for consumption, shipment, or storage in the conduct of
17 its business as an air common carrier, for a flight destined
18 for or returning from a location or locations outside the
19 United States without regard to previous or subsequent domestic
20 stopovers.

21 Beginning July 1, 2013, fuel and petroleum products sold to
22 or used by an air carrier, certified by the carrier to be used
23 for consumption, shipment, or storage in the conduct of its
24 business as an air common carrier, for a flight that (i) is
25 engaged in foreign trade or is engaged in trade between the
26 United States and any of its possessions and (ii) transports at

1 least one individual or package for hire from the city of
2 origination to the city of final destination on the same
3 aircraft, without regard to a change in the flight number of
4 that aircraft.

5 (23) A transaction in which the purchase order is received
6 by a florist who is located outside Illinois, but who has a
7 florist located in Illinois deliver the property to the
8 purchaser or the purchaser's donee in Illinois.

9 (24) Fuel consumed or used in the operation of ships,
10 barges, or vessels that are used primarily in or for the
11 transportation of property or the conveyance of persons for
12 hire on rivers bordering on this State if the fuel is delivered
13 by the seller to the purchaser's barge, ship, or vessel while
14 it is afloat upon that bordering river.

15 (25) Except as provided in item (25-5) of this Section, a
16 motor vehicle sold in this State to a nonresident even though
17 the motor vehicle is delivered to the nonresident in this
18 State, if the motor vehicle is not to be titled in this State,
19 and if a drive-away permit is issued to the motor vehicle as
20 provided in Section 3-603 of the Illinois Vehicle Code or if
21 the nonresident purchaser has vehicle registration plates to
22 transfer to the motor vehicle upon returning to his or her home
23 state. The issuance of the drive-away permit or having the
24 out-of-state registration plates to be transferred is prima
25 facie evidence that the motor vehicle will not be titled in
26 this State.

1 (25-5) The exemption under item (25) does not apply if the
2 state in which the motor vehicle will be titled does not allow
3 a reciprocal exemption for a motor vehicle sold and delivered
4 in that state to an Illinois resident but titled in Illinois.
5 The tax collected under this Act on the sale of a motor vehicle
6 in this State to a resident of another state that does not
7 allow a reciprocal exemption shall be imposed at a rate equal
8 to the state's rate of tax on taxable property in the state in
9 which the purchaser is a resident, except that the tax shall
10 not exceed the tax that would otherwise be imposed under this
11 Act. At the time of the sale, the purchaser shall execute a
12 statement, signed under penalty of perjury, of his or her
13 intent to title the vehicle in the state in which the purchaser
14 is a resident within 30 days after the sale and of the fact of
15 the payment to the State of Illinois of tax in an amount
16 equivalent to the state's rate of tax on taxable property in
17 his or her state of residence and shall submit the statement to
18 the appropriate tax collection agency in his or her state of
19 residence. In addition, the retailer must retain a signed copy
20 of the statement in his or her records. Nothing in this item
21 shall be construed to require the removal of the vehicle from
22 this state following the filing of an intent to title the
23 vehicle in the purchaser's state of residence if the purchaser
24 titles the vehicle in his or her state of residence within 30
25 days after the date of sale. The tax collected under this Act
26 in accordance with this item (25-5) shall be proportionately

1 distributed as if the tax were collected at the 6.25% general
2 rate imposed under this Act.

3 (25-7) Beginning on July 1, 2007, no tax is imposed under
4 this Act on the sale of an aircraft, as defined in Section 3 of
5 the Illinois Aeronautics Act, if all of the following
6 conditions are met:

7 (1) the aircraft leaves this State within 15 days after
8 the later of either the issuance of the final billing for
9 the sale of the aircraft, or the authorized approval for
10 return to service, completion of the maintenance record
11 entry, and completion of the test flight and ground test
12 for inspection, as required by 14 C.F.R. 91.407;

13 (2) the aircraft is not based or registered in this
14 State after the sale of the aircraft; and

15 (3) the seller retains in his or her books and records
16 and provides to the Department a signed and dated
17 certification from the purchaser, on a form prescribed by
18 the Department, certifying that the requirements of this
19 item (25-7) are met. The certificate must also include the
20 name and address of the purchaser, the address of the
21 location where the aircraft is to be titled or registered,
22 the address of the primary physical location of the
23 aircraft, and other information that the Department may
24 reasonably require.

25 For purposes of this item (25-7):

26 "Based in this State" means hangared, stored, or otherwise

1 used, excluding post-sale customizations as defined in this
2 Section, for 10 or more days in each 12-month period
3 immediately following the date of the sale of the aircraft.

4 "Registered in this State" means an aircraft registered
5 with the Department of Transportation, Aeronautics Division,
6 or titled or registered with the Federal Aviation
7 Administration to an address located in this State.

8 This paragraph (25-7) is exempt from the provisions of
9 Section 2-70.

10 (26) Semen used for artificial insemination of livestock
11 for direct agricultural production.

12 (27) Horses, or interests in horses, registered with and
13 meeting the requirements of any of the Arabian Horse Club
14 Registry of America, Appaloosa Horse Club, American Quarter
15 Horse Association, United States Trotting Association, or
16 Jockey Club, as appropriate, used for purposes of breeding or
17 racing for prizes. This item (27) is exempt from the provisions
18 of Section 2-70, and the exemption provided for under this item
19 (27) applies for all periods beginning May 30, 1995, but no
20 claim for credit or refund is allowed on or after January 1,
21 2008 (the effective date of Public Act 95-88) for such taxes
22 paid during the period beginning May 30, 2000 and ending on
23 January 1, 2008 (the effective date of Public Act 95-88).

24 (28) Computers and communications equipment utilized for
25 any hospital purpose and equipment used in the diagnosis,
26 analysis, or treatment of hospital patients sold to a lessor

1 who leases the equipment, under a lease of one year or longer
2 executed or in effect at the time of the purchase, to a
3 hospital that has been issued an active tax exemption
4 identification number by the Department under Section 1g of
5 this Act.

6 (29) Personal property sold to a lessor who leases the
7 property, under a lease of one year or longer executed or in
8 effect at the time of the purchase, to a governmental body that
9 has been issued an active tax exemption identification number
10 by the Department under Section 1g of this Act.

11 (30) Beginning with taxable years ending on or after
12 December 31, 1995 and ending with taxable years ending on or
13 before December 31, 2004, personal property that is donated for
14 disaster relief to be used in a State or federally declared
15 disaster area in Illinois or bordering Illinois by a
16 manufacturer or retailer that is registered in this State to a
17 corporation, society, association, foundation, or institution
18 that has been issued a sales tax exemption identification
19 number by the Department that assists victims of the disaster
20 who reside within the declared disaster area.

21 (31) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is used in the
24 performance of infrastructure repairs in this State, including
25 but not limited to municipal roads and streets, access roads,
26 bridges, sidewalks, waste disposal systems, water and sewer

1 line extensions, water distribution and purification
2 facilities, storm water drainage and retention facilities, and
3 sewage treatment facilities, resulting from a State or
4 federally declared disaster in Illinois or bordering Illinois
5 when such repairs are initiated on facilities located in the
6 declared disaster area within 6 months after the disaster.

7 (32) Beginning July 1, 1999, game or game birds sold at a
8 "game breeding and hunting preserve area" as that term is used
9 in the Wildlife Code. This paragraph is exempt from the
10 provisions of Section 2-70.

11 (33) A motor vehicle, as that term is defined in Section
12 1-146 of the Illinois Vehicle Code, that is donated to a
13 corporation, limited liability company, society, association,
14 foundation, or institution that is determined by the Department
15 to be organized and operated exclusively for educational
16 purposes. For purposes of this exemption, "a corporation,
17 limited liability company, society, association, foundation,
18 or institution organized and operated exclusively for
19 educational purposes" means all tax-supported public schools,
20 private schools that offer systematic instruction in useful
21 branches of learning by methods common to public schools and
22 that compare favorably in their scope and intensity with the
23 course of study presented in tax-supported schools, and
24 vocational or technical schools or institutes organized and
25 operated exclusively to provide a course of study of not less
26 than 6 weeks duration and designed to prepare individuals to

1 follow a trade or to pursue a manual, technical, mechanical,
2 industrial, business, or commercial occupation.

3 (34) Beginning January 1, 2000, personal property,
4 including food, purchased through fundraising events for the
5 benefit of a public or private elementary or secondary school,
6 a group of those schools, or one or more school districts if
7 the events are sponsored by an entity recognized by the school
8 district that consists primarily of volunteers and includes
9 parents and teachers of the school children. This paragraph
10 does not apply to fundraising events (i) for the benefit of
11 private home instruction or (ii) for which the fundraising
12 entity purchases the personal property sold at the events from
13 another individual or entity that sold the property for the
14 purpose of resale by the fundraising entity and that profits
15 from the sale to the fundraising entity. This paragraph is
16 exempt from the provisions of Section 2-70.

17 (35) Beginning January 1, 2000 and through December 31,
18 2001, new or used automatic vending machines that prepare and
19 serve hot food and beverages, including coffee, soup, and other
20 items, and replacement parts for these machines. Beginning
21 January 1, 2002 and through June 30, 2003, machines and parts
22 for machines used in commercial, coin-operated amusement and
23 vending business if a use or occupation tax is paid on the
24 gross receipts derived from the use of the commercial,
25 coin-operated amusement and vending machines. This paragraph
26 is exempt from the provisions of Section 2-70.

1 (35-5) Beginning August 23, 2001 and through June 30, 2016,
2 food for human consumption that is to be consumed off the
3 premises where it is sold (other than alcoholic beverages, soft
4 drinks, and food that has been prepared for immediate
5 consumption) and prescription and nonprescription medicines,
6 drugs, medical appliances, and insulin, urine testing
7 materials, syringes, and needles used by diabetics, for human
8 use, when purchased for use by a person receiving medical
9 assistance under Article V of the Illinois Public Aid Code who
10 resides in a licensed long-term care facility, as defined in
11 the Nursing Home Care Act, or a licensed facility as defined in
12 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
13 Mental Health Rehabilitation Act of 2013.

14 (36) Beginning August 2, 2001, computers and
15 communications equipment utilized for any hospital purpose and
16 equipment used in the diagnosis, analysis, or treatment of
17 hospital patients sold to a lessor who leases the equipment,
18 under a lease of one year or longer executed or in effect at
19 the time of the purchase, to a hospital that has been issued an
20 active tax exemption identification number by the Department
21 under Section 1g of this Act. This paragraph is exempt from the
22 provisions of Section 2-70.

23 (37) Beginning August 2, 2001, personal property sold to a
24 lessor who leases the property, under a lease of one year or
25 longer executed or in effect at the time of the purchase, to a
26 governmental body that has been issued an active tax exemption

1 identification number by the Department under Section 1g of
2 this Act. This paragraph is exempt from the provisions of
3 Section 2-70.

4 (38) Beginning on January 1, 2002 and through June 30,
5 2016, tangible personal property purchased from an Illinois
6 retailer by a taxpayer engaged in centralized purchasing
7 activities in Illinois who will, upon receipt of the property
8 in Illinois, temporarily store the property in Illinois (i) for
9 the purpose of subsequently transporting it outside this State
10 for use or consumption thereafter solely outside this State or
11 (ii) for the purpose of being processed, fabricated, or
12 manufactured into, attached to, or incorporated into other
13 tangible personal property to be transported outside this State
14 and thereafter used or consumed solely outside this State. The
15 Director of Revenue shall, pursuant to rules adopted in
16 accordance with the Illinois Administrative Procedure Act,
17 issue a permit to any taxpayer in good standing with the
18 Department who is eligible for the exemption under this
19 paragraph (38). The permit issued under this paragraph (38)
20 shall authorize the holder, to the extent and in the manner
21 specified in the rules adopted under this Act, to purchase
22 tangible personal property from a retailer exempt from the
23 taxes imposed by this Act. Taxpayers shall maintain all
24 necessary books and records to substantiate the use and
25 consumption of all such tangible personal property outside of
26 the State of Illinois.

1 (39) Beginning January 1, 2008, tangible personal property
2 used in the construction or maintenance of a community water
3 supply, as defined under Section 3.145 of the Environmental
4 Protection Act, that is operated by a not-for-profit
5 corporation that holds a valid water supply permit issued under
6 Title IV of the Environmental Protection Act. This paragraph is
7 exempt from the provisions of Section 2-70.

8 (40) Beginning January 1, 2010, materials, parts,
9 equipment, components, and furnishings incorporated into or
10 upon an aircraft as part of the modification, refurbishment,
11 completion, replacement, repair, or maintenance of the
12 aircraft. This exemption includes consumable supplies used in
13 the modification, refurbishment, completion, replacement,
14 repair, and maintenance of aircraft, but excludes any
15 materials, parts, equipment, components, and consumable
16 supplies used in the modification, replacement, repair, and
17 maintenance of aircraft engines or power plants, whether such
18 engines or power plants are installed or uninstalled upon any
19 such aircraft. "Consumable supplies" include, but are not
20 limited to, adhesive, tape, sandpaper, general purpose
21 lubricants, cleaning solution, latex gloves, and protective
22 films. This exemption applies only to the sale of qualifying
23 tangible personal property to persons who modify, refurbish,
24 complete, replace, or maintain an aircraft and who (i) hold an
25 Air Agency Certificate and are empowered to operate an approved
26 repair station by the Federal Aviation Administration, (ii)

1 have a Class IV Rating, and (iii) conduct operations in
2 accordance with Part 145 of the Federal Aviation Regulations.
3 The exemption does not include aircraft operated by a
4 commercial air carrier providing scheduled passenger air
5 service pursuant to authority issued under Part 121 or Part 129
6 of the Federal Aviation Regulations. The changes made to this
7 paragraph (40) by Public Act 98-534 are declarative of existing
8 law.

9 (41) Tangible personal property sold to a
10 public-facilities corporation, as described in Section
11 11-65-10 of the Illinois Municipal Code, for purposes of
12 constructing or furnishing a municipal convention hall, but
13 only if the legal title to the municipal convention hall is
14 transferred to the municipality without any further
15 consideration by or on behalf of the municipality at the time
16 of the completion of the municipal convention hall or upon the
17 retirement or redemption of any bonds or other debt instruments
18 issued by the public-facilities corporation in connection with
19 the development of the municipal convention hall. This
20 exemption includes existing public-facilities corporations as
21 provided in Section 11-65-25 of the Illinois Municipal Code.
22 This paragraph is exempt from the provisions of Section 2-70.

23 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
24 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
25 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
26 7-29-15.)

1 (35 ILCS 120/2-50) (from Ch. 120, par. 441-50)

2 Sec. 2-50. Rolling stock exemption. Except as provided in
3 Section 2-51 of this Act, through June 30, 2016, the ~~the~~
4 rolling stock exemption applies to rolling stock used by an
5 interstate carrier for hire, even just between points in
6 Illinois, if the rolling stock transports, for hire, persons
7 whose journeys or property whose shipments originate or
8 terminate outside Illinois.

9 (Source: P.A. 93-23, eff. 6-20-03.)

10 ARTICLE 40. GASOHOL

11 Section 40-5. The Use Tax Act is amended by changing
12 Section 3-10 as follows:

13 (35 ILCS 105/3-10)

14 Sec. 3-10. Rate of tax. Unless otherwise provided in this
15 Section, the tax imposed by this Act is at the rate of 6.25% of
16 either the selling price or the fair market value, if any, of
17 the tangible personal property. In all cases where property
18 functionally used or consumed is the same as the property that
19 was purchased at retail, then the tax is imposed on the selling
20 price of the property. In all cases where property functionally
21 used or consumed is a by-product or waste product that has been
22 refined, manufactured, or produced from property purchased at

1 retail, then the tax is imposed on the lower of the fair market
2 value, if any, of the specific property so used in this State
3 or on the selling price of the property purchased at retail.
4 For purposes of this Section "fair market value" means the
5 price at which property would change hands between a willing
6 buyer and a willing seller, neither being under any compulsion
7 to buy or sell and both having reasonable knowledge of the
8 relevant facts. The fair market value shall be established by
9 Illinois sales by the taxpayer of the same property as that
10 functionally used or consumed, or if there are no such sales by
11 the taxpayer, then comparable sales or purchases of property of
12 like kind and character in Illinois.

13 Beginning on July 1, 2000 and through December 31, 2000,
14 with respect to motor fuel, as defined in Section 1.1 of the
15 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
16 the Use Tax Act, the tax is imposed at the rate of 1.25%.

17 Beginning on August 6, 2010 through August 15, 2010, with
18 respect to sales tax holiday items as defined in Section 3-6 of
19 this Act, the tax is imposed at the rate of 1.25%.

20 With respect to gasohol, the tax imposed by this Act
21 applies to (i) 70% of the proceeds of sales made on or after
22 January 1, 1990, and before July 1, 2003, (ii) 80% of the
23 proceeds of sales made on or after July 1, 2003 and on or
24 before December 31, 2015 ~~December 31, 2018~~, and (iii) 100% of
25 the proceeds of sales made thereafter. If, at any time,
26 however, the tax under this Act on sales of gasohol is imposed

1 at the rate of 1.25%, then the tax imposed by this Act applies
2 to 100% of the proceeds of sales of gasohol made during that
3 time.

4 With respect to majority blended ethanol fuel, the tax
5 imposed by this Act does not apply to the proceeds of sales
6 made on or after July 1, 2003 and on or before December 31,
7 2018 but applies to 100% of the proceeds of sales made
8 thereafter.

9 With respect to biodiesel blends with no less than 1% and
10 no more than 10% biodiesel, the tax imposed by this Act applies
11 to (i) 80% of the proceeds of sales made on or after July 1,
12 2003 and on or before December 31, 2018 and (ii) 100% of the
13 proceeds of sales made thereafter. If, at any time, however,
14 the tax under this Act on sales of biodiesel blends with no
15 less than 1% and no more than 10% biodiesel is imposed at the
16 rate of 1.25%, then the tax imposed by this Act applies to 100%
17 of the proceeds of sales of biodiesel blends with no less than
18 1% and no more than 10% biodiesel made during that time.

19 With respect to 100% biodiesel and biodiesel blends with
20 more than 10% but no more than 99% biodiesel, the tax imposed
21 by this Act does not apply to the proceeds of sales made on or
22 after July 1, 2003 and on or before December 31, 2018 but
23 applies to 100% of the proceeds of sales made thereafter.

24 With respect to food for human consumption that is to be
25 consumed off the premises where it is sold (other than
26 alcoholic beverages, soft drinks, and food that has been

1 prepared for immediate consumption) and prescription and
2 nonprescription medicines, drugs, medical appliances,
3 modifications to a motor vehicle for the purpose of rendering
4 it usable by a person with a disability, and insulin, urine
5 testing materials, syringes, and needles used by diabetics, for
6 human use, the tax is imposed at the rate of 1%. For the
7 purposes of this Section, until September 1, 2009: the term
8 "soft drinks" means any complete, finished, ready-to-use,
9 non-alcoholic drink, whether carbonated or not, including but
10 not limited to soda water, cola, fruit juice, vegetable juice,
11 carbonated water, and all other preparations commonly known as
12 soft drinks of whatever kind or description that are contained
13 in any closed or sealed bottle, can, carton, or container,
14 regardless of size; but "soft drinks" does not include coffee,
15 tea, non-carbonated water, infant formula, milk or milk
16 products as defined in the Grade A Pasteurized Milk and Milk
17 Products Act, or drinks containing 50% or more natural fruit or
18 vegetable juice.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "soft drinks" means non-alcoholic
21 beverages that contain natural or artificial sweeteners. "Soft
22 drinks" do not include beverages that contain milk or milk
23 products, soy, rice or similar milk substitutes, or greater
24 than 50% of vegetable or fruit juice by volume.

25 Until August 1, 2009, and notwithstanding any other
26 provisions of this Act, "food for human consumption that is to

1 be consumed off the premises where it is sold" includes all
2 food sold through a vending machine, except soft drinks and
3 food products that are dispensed hot from a vending machine,
4 regardless of the location of the vending machine. Beginning
5 August 1, 2009, and notwithstanding any other provisions of
6 this Act, "food for human consumption that is to be consumed
7 off the premises where it is sold" includes all food sold
8 through a vending machine, except soft drinks, candy, and food
9 products that are dispensed hot from a vending machine,
10 regardless of the location of the vending machine.

11 Notwithstanding any other provisions of this Act,
12 beginning September 1, 2009, "food for human consumption that
13 is to be consumed off the premises where it is sold" does not
14 include candy. For purposes of this Section, "candy" means a
15 preparation of sugar, honey, or other natural or artificial
16 sweeteners in combination with chocolate, fruits, nuts or other
17 ingredients or flavorings in the form of bars, drops, or
18 pieces. "Candy" does not include any preparation that contains
19 flour or requires refrigeration.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "nonprescription medicines and
22 drugs" does not include grooming and hygiene products. For
23 purposes of this Section, "grooming and hygiene products"
24 includes, but is not limited to, soaps and cleaning solutions,
25 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
26 lotions and screens, unless those products are available by

1 prescription only, regardless of whether the products meet the
2 definition of "over-the-counter-drugs". For the purposes of
3 this paragraph, "over-the-counter-drug" means a drug for human
4 use that contains a label that identifies the product as a drug
5 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
6 label includes:

7 (A) A "Drug Facts" panel; or

8 (B) A statement of the "active ingredient(s)" with a
9 list of those ingredients contained in the compound,
10 substance or preparation.

11 Beginning on the effective date of this amendatory Act of
12 the 98th General Assembly, "prescription and nonprescription
13 medicines and drugs" includes medical cannabis purchased from a
14 registered dispensing organization under the Compassionate Use
15 of Medical Cannabis Pilot Program Act.

16 If the property that is purchased at retail from a retailer
17 is acquired outside Illinois and used outside Illinois before
18 being brought to Illinois for use here and is taxable under
19 this Act, the "selling price" on which the tax is computed
20 shall be reduced by an amount that represents a reasonable
21 allowance for depreciation for the period of prior out-of-state
22 use.

23 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15.)

24 Section 40-10. The Service Use Tax Act is amended by
25 changing Section 3-10 as follows:

1 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this
3 Section, the tax imposed by this Act is at the rate of 6.25% of
4 the selling price of tangible personal property transferred as
5 an incident to the sale of service, but, for the purpose of
6 computing this tax, in no event shall the selling price be less
7 than the cost price of the property to the serviceman.

8 Beginning on July 1, 2000 and through December 31, 2000,
9 with respect to motor fuel, as defined in Section 1.1 of the
10 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
11 the Use Tax Act, the tax is imposed at the rate of 1.25%.

12 With respect to gasohol, as defined in the Use Tax Act, the
13 tax imposed by this Act applies to (i) 70% of the selling price
14 of property transferred as an incident to the sale of service
15 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
16 of the selling price of property transferred as an incident to
17 the sale of service on or after July 1, 2003 and on or before
18 December 31, 2015 ~~December 31, 2018~~, and (iii) 100% of the
19 selling price thereafter. If, at any time, however, the tax
20 under this Act on sales of gasohol, as defined in the Use Tax
21 Act, is imposed at the rate of 1.25%, then the tax imposed by
22 this Act applies to 100% of the proceeds of sales of gasohol
23 made during that time.

24 With respect to majority blended ethanol fuel, as defined
25 in the Use Tax Act, the tax imposed by this Act does not apply

1 to the selling price of property transferred as an incident to
2 the sale of service on or after July 1, 2003 and on or before
3 December 31, 2018 but applies to 100% of the selling price
4 thereafter.

5 With respect to biodiesel blends, as defined in the Use Tax
6 Act, with no less than 1% and no more than 10% biodiesel, the
7 tax imposed by this Act applies to (i) 80% of the selling price
8 of property transferred as an incident to the sale of service
9 on or after July 1, 2003 and on or before December 31, 2018 and
10 (ii) 100% of the proceeds of the selling price thereafter. If,
11 at any time, however, the tax under this Act on sales of
12 biodiesel blends, as defined in the Use Tax Act, with no less
13 than 1% and no more than 10% biodiesel is imposed at the rate
14 of 1.25%, then the tax imposed by this Act applies to 100% of
15 the proceeds of sales of biodiesel blends with no less than 1%
16 and no more than 10% biodiesel made during that time.

17 With respect to 100% biodiesel, as defined in the Use Tax
18 Act, and biodiesel blends, as defined in the Use Tax Act, with
19 more than 10% but no more than 99% biodiesel, the tax imposed
20 by this Act does not apply to the proceeds of the selling price
21 of property transferred as an incident to the sale of service
22 on or after July 1, 2003 and on or before December 31, 2018 but
23 applies to 100% of the selling price thereafter.

24 At the election of any registered serviceman made for each
25 fiscal year, sales of service in which the aggregate annual
26 cost price of tangible personal property transferred as an

1 incident to the sales of service is less than 35%, or 75% in
2 the case of servicemen transferring prescription drugs or
3 servicemen engaged in graphic arts production, of the aggregate
4 annual total gross receipts from all sales of service, the tax
5 imposed by this Act shall be based on the serviceman's cost
6 price of the tangible personal property transferred as an
7 incident to the sale of those services.

8 The tax shall be imposed at the rate of 1% on food prepared
9 for immediate consumption and transferred incident to a sale of
10 service subject to this Act or the Service Occupation Tax Act
11 by an entity licensed under the Hospital Licensing Act, the
12 Nursing Home Care Act, the ID/DD Community Care Act, the
13 Specialized Mental Health Rehabilitation Act of 2013, or the
14 Child Care Act of 1969. The tax shall also be imposed at the
15 rate of 1% on food for human consumption that is to be consumed
16 off the premises where it is sold (other than alcoholic
17 beverages, soft drinks, and food that has been prepared for
18 immediate consumption and is not otherwise included in this
19 paragraph) and prescription and nonprescription medicines,
20 drugs, medical appliances, modifications to a motor vehicle for
21 the purpose of rendering it usable by a disabled person, and
22 insulin, urine testing materials, syringes, and needles used by
23 diabetics, for human use. For the purposes of this Section,
24 until September 1, 2009: the term "soft drinks" means any
25 complete, finished, ready-to-use, non-alcoholic drink, whether
26 carbonated or not, including but not limited to soda water,

1 cola, fruit juice, vegetable juice, carbonated water, and all
2 other preparations commonly known as soft drinks of whatever
3 kind or description that are contained in any closed or sealed
4 bottle, can, carton, or container, regardless of size; but
5 "soft drinks" does not include coffee, tea, non-carbonated
6 water, infant formula, milk or milk products as defined in the
7 Grade A Pasteurized Milk and Milk Products Act, or drinks
8 containing 50% or more natural fruit or vegetable juice.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "soft drinks" means non-alcoholic
11 beverages that contain natural or artificial sweeteners. "Soft
12 drinks" do not include beverages that contain milk or milk
13 products, soy, rice or similar milk substitutes, or greater
14 than 50% of vegetable or fruit juice by volume.

15 Until August 1, 2009, and notwithstanding any other
16 provisions of this Act, "food for human consumption that is to
17 be consumed off the premises where it is sold" includes all
18 food sold through a vending machine, except soft drinks and
19 food products that are dispensed hot from a vending machine,
20 regardless of the location of the vending machine. Beginning
21 August 1, 2009, and notwithstanding any other provisions of
22 this Act, "food for human consumption that is to be consumed
23 off the premises where it is sold" includes all food sold
24 through a vending machine, except soft drinks, candy, and food
25 products that are dispensed hot from a vending machine,
26 regardless of the location of the vending machine.

1 Notwithstanding any other provisions of this Act,
2 beginning September 1, 2009, "food for human consumption that
3 is to be consumed off the premises where it is sold" does not
4 include candy. For purposes of this Section, "candy" means a
5 preparation of sugar, honey, or other natural or artificial
6 sweeteners in combination with chocolate, fruits, nuts or other
7 ingredients or flavorings in the form of bars, drops, or
8 pieces. "Candy" does not include any preparation that contains
9 flour or requires refrigeration.

10 Notwithstanding any other provisions of this Act,
11 beginning September 1, 2009, "nonprescription medicines and
12 drugs" does not include grooming and hygiene products. For
13 purposes of this Section, "grooming and hygiene products"
14 includes, but is not limited to, soaps and cleaning solutions,
15 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
16 lotions and screens, unless those products are available by
17 prescription only, regardless of whether the products meet the
18 definition of "over-the-counter-drugs". For the purposes of
19 this paragraph, "over-the-counter-drug" means a drug for human
20 use that contains a label that identifies the product as a drug
21 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
22 label includes:

23 (A) A "Drug Facts" panel; or

24 (B) A statement of the "active ingredient(s)" with a
25 list of those ingredients contained in the compound,
26 substance or preparation.

1 Beginning on January 1, 2014 (the effective date of Public
2 Act 98-122), "prescription and nonprescription medicines and
3 drugs" includes medical cannabis purchased from a registered
4 dispensing organization under the Compassionate Use of Medical
5 Cannabis Pilot Program Act.

6 If the property that is acquired from a serviceman is
7 acquired outside Illinois and used outside Illinois before
8 being brought to Illinois for use here and is taxable under
9 this Act, the "selling price" on which the tax is computed
10 shall be reduced by an amount that represents a reasonable
11 allowance for depreciation for the period of prior out-of-state
12 use.

13 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,
14 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,
15 eff. 7-16-14.)

16 Section 40-15. The Service Occupation Tax Act is amended by
17 changing Section 3-10 as follows:

18 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

19 Sec. 3-10. Rate of tax. Unless otherwise provided in this
20 Section, the tax imposed by this Act is at the rate of 6.25% of
21 the "selling price", as defined in Section 2 of the Service Use
22 Tax Act, of the tangible personal property. For the purpose of
23 computing this tax, in no event shall the "selling price" be
24 less than the cost price to the serviceman of the tangible

1 personal property transferred. The selling price of each item
2 of tangible personal property transferred as an incident of a
3 sale of service may be shown as a distinct and separate item on
4 the serviceman's billing to the service customer. If the
5 selling price is not so shown, the selling price of the
6 tangible personal property is deemed to be 50% of the
7 serviceman's entire billing to the service customer. When,
8 however, a serviceman contracts to design, develop, and produce
9 special order machinery or equipment, the tax imposed by this
10 Act shall be based on the serviceman's cost price of the
11 tangible personal property transferred incident to the
12 completion of the contract.

13 Beginning on July 1, 2000 and through December 31, 2000,
14 with respect to motor fuel, as defined in Section 1.1 of the
15 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
16 the Use Tax Act, the tax is imposed at the rate of 1.25%.

17 With respect to gasohol, as defined in the Use Tax Act, the
18 tax imposed by this Act shall apply to (i) 70% of the cost
19 price of property transferred as an incident to the sale of
20 service on or after January 1, 1990, and before July 1, 2003,
21 (ii) 80% of the selling price of property transferred as an
22 incident to the sale of service on or after July 1, 2003 and on
23 or before December 31, 2015 ~~December 31, 2018~~, and (iii) 100%
24 of the cost price thereafter. If, at any time, however, the tax
25 under this Act on sales of gasohol, as defined in the Use Tax
26 Act, is imposed at the rate of 1.25%, then the tax imposed by

1 this Act applies to 100% of the proceeds of sales of gasohol
2 made during that time.

3 With respect to majority blended ethanol fuel, as defined
4 in the Use Tax Act, the tax imposed by this Act does not apply
5 to the selling price of property transferred as an incident to
6 the sale of service on or after July 1, 2003 and on or before
7 December 31, 2018 but applies to 100% of the selling price
8 thereafter.

9 With respect to biodiesel blends, as defined in the Use Tax
10 Act, with no less than 1% and no more than 10% biodiesel, the
11 tax imposed by this Act applies to (i) 80% of the selling price
12 of property transferred as an incident to the sale of service
13 on or after July 1, 2003 and on or before December 31, 2018 and
14 (ii) 100% of the proceeds of the selling price thereafter. If,
15 at any time, however, the tax under this Act on sales of
16 biodiesel blends, as defined in the Use Tax Act, with no less
17 than 1% and no more than 10% biodiesel is imposed at the rate
18 of 1.25%, then the tax imposed by this Act applies to 100% of
19 the proceeds of sales of biodiesel blends with no less than 1%
20 and no more than 10% biodiesel made during that time.

21 With respect to 100% biodiesel, as defined in the Use Tax
22 Act, and biodiesel blends, as defined in the Use Tax Act, with
23 more than 10% but no more than 99% biodiesel material, the tax
24 imposed by this Act does not apply to the proceeds of the
25 selling price of property transferred as an incident to the
26 sale of service on or after July 1, 2003 and on or before

1 December 31, 2018 but applies to 100% of the selling price
2 thereafter.

3 At the election of any registered serviceman made for each
4 fiscal year, sales of service in which the aggregate annual
5 cost price of tangible personal property transferred as an
6 incident to the sales of service is less than 35%, or 75% in
7 the case of servicemen transferring prescription drugs or
8 servicemen engaged in graphic arts production, of the aggregate
9 annual total gross receipts from all sales of service, the tax
10 imposed by this Act shall be based on the serviceman's cost
11 price of the tangible personal property transferred incident to
12 the sale of those services.

13 The tax shall be imposed at the rate of 1% on food prepared
14 for immediate consumption and transferred incident to a sale of
15 service subject to this Act or the Service Occupation Tax Act
16 by an entity licensed under the Hospital Licensing Act, the
17 Nursing Home Care Act, the ID/DD Community Care Act, the
18 Specialized Mental Health Rehabilitation Act of 2013, or the
19 Child Care Act of 1969. The tax shall also be imposed at the
20 rate of 1% on food for human consumption that is to be consumed
21 off the premises where it is sold (other than alcoholic
22 beverages, soft drinks, and food that has been prepared for
23 immediate consumption and is not otherwise included in this
24 paragraph) and prescription and nonprescription medicines,
25 drugs, medical appliances, modifications to a motor vehicle for
26 the purpose of rendering it usable by a disabled person, and

1 insulin, urine testing materials, syringes, and needles used by
2 diabetics, for human use. For the purposes of this Section,
3 until September 1, 2009: the term "soft drinks" means any
4 complete, finished, ready-to-use, non-alcoholic drink, whether
5 carbonated or not, including but not limited to soda water,
6 cola, fruit juice, vegetable juice, carbonated water, and all
7 other preparations commonly known as soft drinks of whatever
8 kind or description that are contained in any closed or sealed
9 can, carton, or container, regardless of size; but "soft
10 drinks" does not include coffee, tea, non-carbonated water,
11 infant formula, milk or milk products as defined in the Grade A
12 Pasteurized Milk and Milk Products Act, or drinks containing
13 50% or more natural fruit or vegetable juice.

14 Notwithstanding any other provisions of this Act,
15 beginning September 1, 2009, "soft drinks" means non-alcoholic
16 beverages that contain natural or artificial sweeteners. "Soft
17 drinks" do not include beverages that contain milk or milk
18 products, soy, rice or similar milk substitutes, or greater
19 than 50% of vegetable or fruit juice by volume.

20 Until August 1, 2009, and notwithstanding any other
21 provisions of this Act, "food for human consumption that is to
22 be consumed off the premises where it is sold" includes all
23 food sold through a vending machine, except soft drinks and
24 food products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine. Beginning
26 August 1, 2009, and notwithstanding any other provisions of

1 this Act, "food for human consumption that is to be consumed
2 off the premises where it is sold" includes all food sold
3 through a vending machine, except soft drinks, candy, and food
4 products that are dispensed hot from a vending machine,
5 regardless of the location of the vending machine.

6 Notwithstanding any other provisions of this Act,
7 beginning September 1, 2009, "food for human consumption that
8 is to be consumed off the premises where it is sold" does not
9 include candy. For purposes of this Section, "candy" means a
10 preparation of sugar, honey, or other natural or artificial
11 sweeteners in combination with chocolate, fruits, nuts or other
12 ingredients or flavorings in the form of bars, drops, or
13 pieces. "Candy" does not include any preparation that contains
14 flour or requires refrigeration.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "nonprescription medicines and
17 drugs" does not include grooming and hygiene products. For
18 purposes of this Section, "grooming and hygiene products"
19 includes, but is not limited to, soaps and cleaning solutions,
20 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
21 lotions and screens, unless those products are available by
22 prescription only, regardless of whether the products meet the
23 definition of "over-the-counter-drugs". For the purposes of
24 this paragraph, "over-the-counter-drug" means a drug for human
25 use that contains a label that identifies the product as a drug
26 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"

1 label includes:

2 (A) A "Drug Facts" panel; or

3 (B) A statement of the "active ingredient(s)" with a
4 list of those ingredients contained in the compound,
5 substance or preparation.

6 Beginning on January 1, 2014 (the effective date of Public
7 Act 98-122), "prescription and nonprescription medicines and
8 drugs" includes medical cannabis purchased from a registered
9 dispensing organization under the Compassionate Use of Medical
10 Cannabis Pilot Program Act.

11 (Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636,
12 eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756,
13 eff. 7-16-14.)

14 Section 40-20. The Retailers' Occupation Tax Act is amended
15 by changing Section 2-10 as follows:

16 (35 ILCS 120/2-10)

17 Sec. 2-10. Rate of tax. Unless otherwise provided in this
18 Section, the tax imposed by this Act is at the rate of 6.25% of
19 gross receipts from sales of tangible personal property made in
20 the course of business.

21 Beginning on July 1, 2000 and through December 31, 2000,
22 with respect to motor fuel, as defined in Section 1.1 of the
23 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
24 the Use Tax Act, the tax is imposed at the rate of 1.25%.

1 Beginning on August 6, 2010 through August 15, 2010, with
2 respect to sales tax holiday items as defined in Section 2-8 of
3 this Act, the tax is imposed at the rate of 1.25%.

4 Within 14 days after the effective date of this amendatory
5 Act of the 91st General Assembly, each retailer of motor fuel
6 and gasohol shall cause the following notice to be posted in a
7 prominently visible place on each retail dispensing device that
8 is used to dispense motor fuel or gasohol in the State of
9 Illinois: "As of July 1, 2000, the State of Illinois has
10 eliminated the State's share of sales tax on motor fuel and
11 gasohol through December 31, 2000. The price on this pump
12 should reflect the elimination of the tax." The notice shall be
13 printed in bold print on a sign that is no smaller than 4
14 inches by 8 inches. The sign shall be clearly visible to
15 customers. Any retailer who fails to post or maintain a
16 required sign through December 31, 2000 is guilty of a petty
17 offense for which the fine shall be \$500 per day per each
18 retail premises where a violation occurs.

19 With respect to gasohol, as defined in the Use Tax Act, the
20 tax imposed by this Act applies to (i) 70% of the proceeds of
21 sales made on or after January 1, 1990, and before July 1,
22 2003, (ii) 80% of the proceeds of sales made on or after July
23 1, 2003 and on or before December 31, 2015 ~~December 31, 2018~~,
24 and (iii) 100% of the proceeds of sales made thereafter. If, at
25 any time, however, the tax under this Act on sales of gasohol,
26 as defined in the Use Tax Act, is imposed at the rate of 1.25%,

1 then the tax imposed by this Act applies to 100% of the
2 proceeds of sales of gasohol made during that time.

3 With respect to majority blended ethanol fuel, as defined
4 in the Use Tax Act, the tax imposed by this Act does not apply
5 to the proceeds of sales made on or after July 1, 2003 and on or
6 before December 31, 2018 but applies to 100% of the proceeds of
7 sales made thereafter.

8 With respect to biodiesel blends, as defined in the Use Tax
9 Act, with no less than 1% and no more than 10% biodiesel, the
10 tax imposed by this Act applies to (i) 80% of the proceeds of
11 sales made on or after July 1, 2003 and on or before December
12 31, 2018 and (ii) 100% of the proceeds of sales made
13 thereafter. If, at any time, however, the tax under this Act on
14 sales of biodiesel blends, as defined in the Use Tax Act, with
15 no less than 1% and no more than 10% biodiesel is imposed at
16 the rate of 1.25%, then the tax imposed by this Act applies to
17 100% of the proceeds of sales of biodiesel blends with no less
18 than 1% and no more than 10% biodiesel made during that time.

19 With respect to 100% biodiesel, as defined in the Use Tax
20 Act, and biodiesel blends, as defined in the Use Tax Act, with
21 more than 10% but no more than 99% biodiesel, the tax imposed
22 by this Act does not apply to the proceeds of sales made on or
23 after July 1, 2003 and on or before December 31, 2018 but
24 applies to 100% of the proceeds of sales made thereafter.

25 With respect to food for human consumption that is to be
26 consumed off the premises where it is sold (other than

1 alcoholic beverages, soft drinks, and food that has been
2 prepared for immediate consumption) and prescription and
3 nonprescription medicines, drugs, medical appliances,
4 modifications to a motor vehicle for the purpose of rendering
5 it usable by a person with a disability, and insulin, urine
6 testing materials, syringes, and needles used by diabetics, for
7 human use, the tax is imposed at the rate of 1%. For the
8 purposes of this Section, until September 1, 2009: the term
9 "soft drinks" means any complete, finished, ready-to-use,
10 non-alcoholic drink, whether carbonated or not, including but
11 not limited to soda water, cola, fruit juice, vegetable juice,
12 carbonated water, and all other preparations commonly known as
13 soft drinks of whatever kind or description that are contained
14 in any closed or sealed bottle, can, carton, or container,
15 regardless of size; but "soft drinks" does not include coffee,
16 tea, non-carbonated water, infant formula, milk or milk
17 products as defined in the Grade A Pasteurized Milk and Milk
18 Products Act, or drinks containing 50% or more natural fruit or
19 vegetable juice.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "soft drinks" means non-alcoholic
22 beverages that contain natural or artificial sweeteners. "Soft
23 drinks" do not include beverages that contain milk or milk
24 products, soy, rice or similar milk substitutes, or greater
25 than 50% of vegetable or fruit juice by volume.

26 Until August 1, 2009, and notwithstanding any other

1 provisions of this Act, "food for human consumption that is to
2 be consumed off the premises where it is sold" includes all
3 food sold through a vending machine, except soft drinks and
4 food products that are dispensed hot from a vending machine,
5 regardless of the location of the vending machine. Beginning
6 August 1, 2009, and notwithstanding any other provisions of
7 this Act, "food for human consumption that is to be consumed
8 off the premises where it is sold" includes all food sold
9 through a vending machine, except soft drinks, candy, and food
10 products that are dispensed hot from a vending machine,
11 regardless of the location of the vending machine.

12 Notwithstanding any other provisions of this Act,
13 beginning September 1, 2009, "food for human consumption that
14 is to be consumed off the premises where it is sold" does not
15 include candy. For purposes of this Section, "candy" means a
16 preparation of sugar, honey, or other natural or artificial
17 sweeteners in combination with chocolate, fruits, nuts or other
18 ingredients or flavorings in the form of bars, drops, or
19 pieces. "Candy" does not include any preparation that contains
20 flour or requires refrigeration.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "nonprescription medicines and
23 drugs" does not include grooming and hygiene products. For
24 purposes of this Section, "grooming and hygiene products"
25 includes, but is not limited to, soaps and cleaning solutions,
26 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan

1 lotions and screens, unless those products are available by
2 prescription only, regardless of whether the products meet the
3 definition of "over-the-counter-drugs". For the purposes of
4 this paragraph, "over-the-counter-drug" means a drug for human
5 use that contains a label that identifies the product as a drug
6 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
7 label includes:

8 (A) A "Drug Facts" panel; or

9 (B) A statement of the "active ingredient(s)" with a
10 list of those ingredients contained in the compound,
11 substance or preparation.

12 Beginning on the effective date of this amendatory Act of
13 the 98th General Assembly, "prescription and nonprescription
14 medicines and drugs" includes medical cannabis purchased from a
15 registered dispensing organization under the Compassionate Use
16 of Medical Cannabis Pilot Program Act.

17 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15.)

18 ARTICLE 45. ENTERPRISE ZONES

19 Section 45-5. The Illinois Enterprise Zone Act is amended
20 by changing Section 5.3 as follows:

21 (20 ILCS 655/5.3) (from Ch. 67 1/2, par. 608)

22 Sec. 5.3. Certification of Enterprise Zones; Effective
23 date.

1 (a) Certification of Board-approved designated Enterprise
2 Zones shall be made by the Department by certification of the
3 designating ordinance. The Department shall promptly issue a
4 certificate for each Enterprise Zone upon approval by the
5 Board. The certificate shall be signed by the Director of the
6 Department, shall make specific reference to the designating
7 ordinance, which shall be attached thereto, and shall be filed
8 in the office of the Secretary of State. A certified copy of
9 the Enterprise Zone Certificate, or a duplicate original
10 thereof, shall be recorded in the office of recorder of deeds
11 of the county in which the Enterprise Zone lies.

12 (b) An Enterprise Zone shall be effective on January 1 of
13 the first calendar year after Department certification. The
14 Department shall transmit a copy of the certification to the
15 Department of Revenue, and to the designating municipality or
16 county.

17 Upon certification of an Enterprise Zone, the terms and
18 provisions of the designating ordinance shall be in effect, and
19 may not be amended or repealed except in accordance with
20 Section 5.4.

21 (c) With the exception of Enterprise Zones scheduled to
22 expire before December 31, 2018, an Enterprise Zone designated
23 before the effective date of this amendatory Act of the 97th
24 General Assembly shall be in effect for 30 calendar years, or
25 for a lesser number of years specified in the certified
26 designating ordinance. Notwithstanding the foregoing, any

1 Enterprise Zone in existence on the effective date of this
2 amendatory Act of the 98th General Assembly that has a term of
3 20 calendar years may be extended for an additional 10 calendar
4 years upon amendment of the designating ordinance by the
5 designating municipality or county and submission of the
6 ordinance to the Department. The amended ordinance must be
7 properly recorded in the Office of Recorder of Deeds of each
8 county in which the Enterprise Zone lies. Each Enterprise Zone
9 in existence on the effective date of this amendatory Act of
10 the 97th General Assembly that is scheduled to expire before
11 July 1, 2016 may have its termination date extended until July
12 1, 2016 upon amendment of the designating ordinance by the
13 designating municipality or county extending the termination
14 date to July 1, 2016 and submission of the ordinance to the
15 Department. The amended ordinance must be properly recorded in
16 the Office of Recorder of Deeds of each county in which the
17 Enterprise Zone lies. An Enterprise Zone designated on or after
18 the effective date of this amendatory Act of the 97th General
19 Assembly shall be in effect for a term of 15 calendar years, or
20 for a lesser number of years specified in the certified
21 designating ordinance. An enterprise zone designated on or
22 after the effective date of this amendatory Act of the 97th
23 General Assembly shall be subject to review by the Board after
24 13 years for an additional 10-year designation beginning on the
25 expiration date of the enterprise zone. During the review
26 process, the Board shall consider the costs incurred by the

1 State and units of local government as a result of tax benefits
2 received by the enterprise zone. Enterprise Zones shall
3 terminate at midnight of December 31 of the final calendar year
4 of the certified term, except as provided in Section 5.4.

5 (d) No more than 12 Enterprise Zones may be certified by
6 the Department in calendar year 1984, no more than 12
7 Enterprise Zones may be certified by the Department in calendar
8 year 1985, no more than 13 Enterprise Zones may be certified by
9 the Department in calendar year 1986, no more than 15
10 Enterprise Zones may be certified by the Department in calendar
11 year 1987, and no more than 20 Enterprise Zones may be
12 certified by the Department in calendar year 1990. In other
13 calendar years, no more than 13 Enterprise Zones may be
14 certified by the Department. The Department may also designate
15 up to 8 additional Enterprise Zones outside the regular
16 application cycle if warranted by the extreme economic
17 circumstances as determined by the Department. The Department
18 may also designate one additional Enterprise Zone outside the
19 regular application cycle if an aircraft manufacturer agrees to
20 locate an aircraft manufacturing facility in the proposed
21 Enterprise Zone. Notwithstanding any other provision of this
22 Act, no more than 89 Enterprise Zones may be certified by the
23 Department for the 10 calendar years commencing with 1983. The
24 7 additional Enterprise Zones authorized by Public Act 86-15
25 shall not lie within municipalities or unincorporated areas of
26 counties that abut or are contiguous to Enterprise Zones

1 certified pursuant to this Section prior to June 30, 1989. The
2 7 additional Enterprise Zones (excluding the additional
3 Enterprise Zone which may be designated outside the regular
4 application cycle) authorized by Public Act 86-1030 shall not
5 lie within municipalities or unincorporated areas of counties
6 that abut or are contiguous to Enterprise Zones certified
7 pursuant to this Section prior to February 28, 1990. Beginning
8 in calendar year 2004 and until December 31, 2008, one
9 additional enterprise zone may be certified by the Department.
10 In any calendar year, the Department may not certify more than
11 3 Zones located within the same municipality. The Department
12 may certify Enterprise Zones in each of the 10 calendar years
13 commencing with 1983. The Department may not certify more than
14 a total of 18 Enterprise Zones located within the same county
15 (whether within municipalities or within unincorporated
16 territory) for the 10 calendar years commencing with 1983.
17 Thereafter, the Department may not certify any additional
18 Enterprise Zones, but may amend and rescind certifications of
19 existing Enterprise Zones in accordance with Section 5.4.

20 (e) Notwithstanding any other provision of law, if (i) the
21 county board of any county in which a current military base is
22 located, in part or in whole, or in which a military base that
23 has been closed within 20 years of the effective date of this
24 amendatory Act of 1998 is located, in part or in whole, adopts
25 a designating ordinance in accordance with Section 5 of this
26 Act to designate the military base in that county as an

1 enterprise zone and (ii) the property otherwise meets the
2 qualifications for an enterprise zone as prescribed in Section
3 4 of this Act, then the Department may certify the designating
4 ordinance or ordinances, as the case may be.

5 (f) Applications for Enterprise Zones that are scheduled to
6 expire in 2016, including Enterprise Zones that have been
7 extended until 2016 by this amendatory Act of the 97th General
8 Assembly, shall be submitted to the Department no later than
9 December 31, 2014. At that time, the Zone becomes available for
10 either the previously designated area or a different area to
11 compete for designation. No preference for designation as a
12 Zone will be given to the previously designated area.

13 For Enterprise Zones that are scheduled to expire on or
14 after January 1, 2017, an application process shall begin 2
15 years prior to the year in which the Zone expires. At that
16 time, the Zone becomes available for either the previously
17 designated area or a different area to compete for designation.
18 No preference for designation as a Zone will be given to the
19 previously designated area.

20 Each Enterprise Zone that reapplies for certification but
21 does not receive a new certification shall expire on its
22 scheduled termination date.

23 (g) Notwithstanding any other provision of law, no new
24 Enterprise Zone shall be certified on or after the effective
25 date of this amendatory Act of the 99th General Assembly, and
26 no Enterprise Zone certified prior to the effective date of

1 this amendatory Act of the 99th General Assembly shall be
2 renewed or extended on or after the effective date of this
3 amendatory Act of the 99th General Assembly.

4 (Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

5 ARTICLE 50. VENDOR DISCOUNTS

6 Section 50-5. The Use Tax Act is amended by changing
7 Section 9 as follows:

8 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

9 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
10 and trailers that are required to be registered with an agency
11 of this State, each retailer required or authorized to collect
12 the tax imposed by this Act shall pay to the Department the
13 amount of such tax (except as otherwise provided) at the time
14 when he is required to file his return for the period during
15 which such tax was collected, less a discount of 2.1% prior to
16 January 1, 1990, ~~and~~ 1.75% on and after January 1, 1990 and
17 prior to July 1, 2016, and 0.75% on and after July 1, 2016, or
18 \$5 per calendar year, whichever is greater, which is allowed to
19 reimburse the retailer for expenses incurred in collecting the
20 tax, keeping records, preparing and filing returns, remitting
21 the tax and supplying data to the Department on request. In the
22 case of retailers who report and pay the tax on a transaction
23 by transaction basis, as provided in this Section, such

1 discount shall be taken with each such tax remittance instead
2 of when such retailer files his periodic return. The Department
3 may disallow the discount for retailers whose certificate of
4 registration is revoked at the time the return is filed, but
5 only if the Department's decision to revoke the certificate of
6 registration has become final. A retailer need not remit that
7 part of any tax collected by him to the extent that he is
8 required to remit and does remit the tax imposed by the
9 Retailers' Occupation Tax Act, with respect to the sale of the
10 same property.

11 Where such tangible personal property is sold under a
12 conditional sales contract, or under any other form of sale
13 wherein the payment of the principal sum, or a part thereof, is
14 extended beyond the close of the period for which the return is
15 filed, the retailer, in collecting the tax (except as to motor
16 vehicles, watercraft, aircraft, and trailers that are required
17 to be registered with an agency of this State), may collect for
18 each tax return period, only the tax applicable to that part of
19 the selling price actually received during such tax return
20 period.

21 Except as provided in this Section, on or before the
22 twentieth day of each calendar month, such retailer shall file
23 a return for the preceding calendar month. Such return shall be
24 filed on forms prescribed by the Department and shall furnish
25 such information as the Department may reasonably require.

26 The Department may require returns to be filed on a

1 quarterly basis. If so required, a return for each calendar
2 quarter shall be filed on or before the twentieth day of the
3 calendar month following the end of such calendar quarter. The
4 taxpayer shall also file a return with the Department for each
5 of the first two months of each calendar quarter, on or before
6 the twentieth day of the following calendar month, stating:

7 1. The name of the seller;

8 2. The address of the principal place of business from
9 which he engages in the business of selling tangible
10 personal property at retail in this State;

11 3. The total amount of taxable receipts received by him
12 during the preceding calendar month from sales of tangible
13 personal property by him during such preceding calendar
14 month, including receipts from charge and time sales, but
15 less all deductions allowed by law;

16 4. The amount of credit provided in Section 2d of this
17 Act;

18 5. The amount of tax due;

19 5-5. The signature of the taxpayer; and

20 6. Such other reasonable information as the Department
21 may require.

22 If a taxpayer fails to sign a return within 30 days after
23 the proper notice and demand for signature by the Department,
24 the return shall be considered valid and any amount shown to be
25 due on the return shall be deemed assessed.

26 Beginning October 1, 1993, a taxpayer who has an average

1 monthly tax liability of \$150,000 or more shall make all
2 payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 1994, a taxpayer who has
4 an average monthly tax liability of \$100,000 or more shall make
5 all payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 1995, a taxpayer who has
7 an average monthly tax liability of \$50,000 or more shall make
8 all payments required by rules of the Department by electronic
9 funds transfer. Beginning October 1, 2000, a taxpayer who has
10 an annual tax liability of \$200,000 or more shall make all
11 payments required by rules of the Department by electronic
12 funds transfer. The term "annual tax liability" shall be the
13 sum of the taxpayer's liabilities under this Act, and under all
14 other State and local occupation and use tax laws administered
15 by the Department, for the immediately preceding calendar year.
16 The term "average monthly tax liability" means the sum of the
17 taxpayer's liabilities under this Act, and under all other
18 State and local occupation and use tax laws administered by the
19 Department, for the immediately preceding calendar year
20 divided by 12. Beginning on October 1, 2002, a taxpayer who has
21 a tax liability in the amount set forth in subsection (b) of
22 Section 2505-210 of the Department of Revenue Law shall make
23 all payments required by rules of the Department by electronic
24 funds transfer.

25 Before August 1 of each year beginning in 1993, the
26 Department shall notify all taxpayers required to make payments

1 by electronic funds transfer. All taxpayers required to make
2 payments by electronic funds transfer shall make those payments
3 for a minimum of one year beginning on October 1.

4 Any taxpayer not required to make payments by electronic
5 funds transfer may make payments by electronic funds transfer
6 with the permission of the Department.

7 All taxpayers required to make payment by electronic funds
8 transfer and any taxpayers authorized to voluntarily make
9 payments by electronic funds transfer shall make those payments
10 in the manner authorized by the Department.

11 The Department shall adopt such rules as are necessary to
12 effectuate a program of electronic funds transfer and the
13 requirements of this Section.

14 Before October 1, 2000, if the taxpayer's average monthly
15 tax liability to the Department under this Act, the Retailers'
16 Occupation Tax Act, the Service Occupation Tax Act, the Service
17 Use Tax Act was \$10,000 or more during the preceding 4 complete
18 calendar quarters, he shall file a return with the Department
19 each month by the 20th day of the month next following the
20 month during which such tax liability is incurred and shall
21 make payments to the Department on or before the 7th, 15th,
22 22nd and last day of the month during which such liability is
23 incurred. On and after October 1, 2000, if the taxpayer's
24 average monthly tax liability to the Department under this Act,
25 the Retailers' Occupation Tax Act, the Service Occupation Tax
26 Act, and the Service Use Tax Act was \$20,000 or more during the

1 preceding 4 complete calendar quarters, he shall file a return
2 with the Department each month by the 20th day of the month
3 next following the month during which such tax liability is
4 incurred and shall make payment to the Department on or before
5 the 7th, 15th, 22nd and last day of the month during which such
6 liability is incurred. If the month during which such tax
7 liability is incurred began prior to January 1, 1985, each
8 payment shall be in an amount equal to 1/4 of the taxpayer's
9 actual liability for the month or an amount set by the
10 Department not to exceed 1/4 of the average monthly liability
11 of the taxpayer to the Department for the preceding 4 complete
12 calendar quarters (excluding the month of highest liability and
13 the month of lowest liability in such 4 quarter period). If the
14 month during which such tax liability is incurred begins on or
15 after January 1, 1985, and prior to January 1, 1987, each
16 payment shall be in an amount equal to 22.5% of the taxpayer's
17 actual liability for the month or 27.5% of the taxpayer's
18 liability for the same calendar month of the preceding year. If
19 the month during which such tax liability is incurred begins on
20 or after January 1, 1987, and prior to January 1, 1988, each
21 payment shall be in an amount equal to 22.5% of the taxpayer's
22 actual liability for the month or 26.25% of the taxpayer's
23 liability for the same calendar month of the preceding year. If
24 the month during which such tax liability is incurred begins on
25 or after January 1, 1988, and prior to January 1, 1989, or
26 begins on or after January 1, 1996, each payment shall be in an

1 amount equal to 22.5% of the taxpayer's actual liability for
2 the month or 25% of the taxpayer's liability for the same
3 calendar month of the preceding year. If the month during which
4 such tax liability is incurred begins on or after January 1,
5 1989, and prior to January 1, 1996, each payment shall be in an
6 amount equal to 22.5% of the taxpayer's actual liability for
7 the month or 25% of the taxpayer's liability for the same
8 calendar month of the preceding year or 100% of the taxpayer's
9 actual liability for the quarter monthly reporting period. The
10 amount of such quarter monthly payments shall be credited
11 against the final tax liability of the taxpayer's return for
12 that month. Before October 1, 2000, once applicable, the
13 requirement of the making of quarter monthly payments to the
14 Department shall continue until such taxpayer's average
15 monthly liability to the Department during the preceding 4
16 complete calendar quarters (excluding the month of highest
17 liability and the month of lowest liability) is less than
18 \$9,000, or until such taxpayer's average monthly liability to
19 the Department as computed for each calendar quarter of the 4
20 preceding complete calendar quarter period is less than
21 \$10,000. However, if a taxpayer can show the Department that a
22 substantial change in the taxpayer's business has occurred
23 which causes the taxpayer to anticipate that his average
24 monthly tax liability for the reasonably foreseeable future
25 will fall below the \$10,000 threshold stated above, then such
26 taxpayer may petition the Department for change in such

1 taxpayer's reporting status. On and after October 1, 2000, once
2 applicable, the requirement of the making of quarter monthly
3 payments to the Department shall continue until such taxpayer's
4 average monthly liability to the Department during the
5 preceding 4 complete calendar quarters (excluding the month of
6 highest liability and the month of lowest liability) is less
7 than \$19,000 or until such taxpayer's average monthly liability
8 to the Department as computed for each calendar quarter of the
9 4 preceding complete calendar quarter period is less than
10 \$20,000. However, if a taxpayer can show the Department that a
11 substantial change in the taxpayer's business has occurred
12 which causes the taxpayer to anticipate that his average
13 monthly tax liability for the reasonably foreseeable future
14 will fall below the \$20,000 threshold stated above, then such
15 taxpayer may petition the Department for a change in such
16 taxpayer's reporting status. The Department shall change such
17 taxpayer's reporting status unless it finds that such change is
18 seasonal in nature and not likely to be long term. If any such
19 quarter monthly payment is not paid at the time or in the
20 amount required by this Section, then the taxpayer shall be
21 liable for penalties and interest on the difference between the
22 minimum amount due and the amount of such quarter monthly
23 payment actually and timely paid, except insofar as the
24 taxpayer has previously made payments for that month to the
25 Department in excess of the minimum payments previously due as
26 provided in this Section. The Department shall make reasonable

1 rules and regulations to govern the quarter monthly payment
2 amount and quarter monthly payment dates for taxpayers who file
3 on other than a calendar monthly basis.

4 If any such payment provided for in this Section exceeds
5 the taxpayer's liabilities under this Act, the Retailers'
6 Occupation Tax Act, the Service Occupation Tax Act and the
7 Service Use Tax Act, as shown by an original monthly return,
8 the Department shall issue to the taxpayer a credit memorandum
9 no later than 30 days after the date of payment, which
10 memorandum may be submitted by the taxpayer to the Department
11 in payment of tax liability subsequently to be remitted by the
12 taxpayer to the Department or be assigned by the taxpayer to a
13 similar taxpayer under this Act, the Retailers' Occupation Tax
14 Act, the Service Occupation Tax Act or the Service Use Tax Act,
15 in accordance with reasonable rules and regulations to be
16 prescribed by the Department, except that if such excess
17 payment is shown on an original monthly return and is made
18 after December 31, 1986, no credit memorandum shall be issued,
19 unless requested by the taxpayer. If no such request is made,
20 the taxpayer may credit such excess payment against tax
21 liability subsequently to be remitted by the taxpayer to the
22 Department under this Act, the Retailers' Occupation Tax Act,
23 the Service Occupation Tax Act or the Service Use Tax Act, in
24 accordance with reasonable rules and regulations prescribed by
25 the Department. If the Department subsequently determines that
26 all or any part of the credit taken was not actually due to the

1 taxpayer, the taxpayer's ~~2.1% or 1.75%~~ vendor's discount shall
2 be reduced by 2.1%, ~~or 1.75%~~, or 0.75% (as applicable) of the
3 difference between the credit taken and that actually due, and
4 the taxpayer shall be liable for penalties and interest on such
5 difference.

6 If the retailer is otherwise required to file a monthly
7 return and if the retailer's average monthly tax liability to
8 the Department does not exceed \$200, the Department may
9 authorize his returns to be filed on a quarter annual basis,
10 with the return for January, February, and March of a given
11 year being due by April 20 of such year; with the return for
12 April, May and June of a given year being due by July 20 of such
13 year; with the return for July, August and September of a given
14 year being due by October 20 of such year, and with the return
15 for October, November and December of a given year being due by
16 January 20 of the following year.

17 If the retailer is otherwise required to file a monthly or
18 quarterly return and if the retailer's average monthly tax
19 liability to the Department does not exceed \$50, the Department
20 may authorize his returns to be filed on an annual basis, with
21 the return for a given year being due by January 20 of the
22 following year.

23 Such quarter annual and annual returns, as to form and
24 substance, shall be subject to the same requirements as monthly
25 returns.

26 Notwithstanding any other provision in this Act concerning

1 the time within which a retailer may file his return, in the
2 case of any retailer who ceases to engage in a kind of business
3 which makes him responsible for filing returns under this Act,
4 such retailer shall file a final return under this Act with the
5 Department not more than one month after discontinuing such
6 business.

7 In addition, with respect to motor vehicles, watercraft,
8 aircraft, and trailers that are required to be registered with
9 an agency of this State, every retailer selling this kind of
10 tangible personal property shall file, with the Department,
11 upon a form to be prescribed and supplied by the Department, a
12 separate return for each such item of tangible personal
13 property which the retailer sells, except that if, in the same
14 transaction, (i) a retailer of aircraft, watercraft, motor
15 vehicles or trailers transfers more than one aircraft,
16 watercraft, motor vehicle or trailer to another aircraft,
17 watercraft, motor vehicle or trailer retailer for the purpose
18 of resale or (ii) a retailer of aircraft, watercraft, motor
19 vehicles, or trailers transfers more than one aircraft,
20 watercraft, motor vehicle, or trailer to a purchaser for use as
21 a qualifying rolling stock as provided in Section 3-55 of this
22 Act, then that seller may report the transfer of all the
23 aircraft, watercraft, motor vehicles or trailers involved in
24 that transaction to the Department on the same uniform
25 invoice-transaction reporting return form. For purposes of
26 this Section, "watercraft" means a Class 2, Class 3, or Class 4

1 watercraft as defined in Section 3-2 of the Boat Registration
2 and Safety Act, a personal watercraft, or any boat equipped
3 with an inboard motor.

4 The transaction reporting return in the case of motor
5 vehicles or trailers that are required to be registered with an
6 agency of this State, shall be the same document as the Uniform
7 Invoice referred to in Section 5-402 of the Illinois Vehicle
8 Code and must show the name and address of the seller; the name
9 and address of the purchaser; the amount of the selling price
10 including the amount allowed by the retailer for traded-in
11 property, if any; the amount allowed by the retailer for the
12 traded-in tangible personal property, if any, to the extent to
13 which Section 2 of this Act allows an exemption for the value
14 of traded-in property; the balance payable after deducting such
15 trade-in allowance from the total selling price; the amount of
16 tax due from the retailer with respect to such transaction; the
17 amount of tax collected from the purchaser by the retailer on
18 such transaction (or satisfactory evidence that such tax is not
19 due in that particular instance, if that is claimed to be the
20 fact); the place and date of the sale; a sufficient
21 identification of the property sold; such other information as
22 is required in Section 5-402 of the Illinois Vehicle Code, and
23 such other information as the Department may reasonably
24 require.

25 The transaction reporting return in the case of watercraft
26 and aircraft must show the name and address of the seller; the

1 name and address of the purchaser; the amount of the selling
2 price including the amount allowed by the retailer for
3 traded-in property, if any; the amount allowed by the retailer
4 for the traded-in tangible personal property, if any, to the
5 extent to which Section 2 of this Act allows an exemption for
6 the value of traded-in property; the balance payable after
7 deducting such trade-in allowance from the total selling price;
8 the amount of tax due from the retailer with respect to such
9 transaction; the amount of tax collected from the purchaser by
10 the retailer on such transaction (or satisfactory evidence that
11 such tax is not due in that particular instance, if that is
12 claimed to be the fact); the place and date of the sale, a
13 sufficient identification of the property sold, and such other
14 information as the Department may reasonably require.

15 Such transaction reporting return shall be filed not later
16 than 20 days after the date of delivery of the item that is
17 being sold, but may be filed by the retailer at any time sooner
18 than that if he chooses to do so. The transaction reporting
19 return and tax remittance or proof of exemption from the tax
20 that is imposed by this Act may be transmitted to the
21 Department by way of the State agency with which, or State
22 officer with whom, the tangible personal property must be
23 titled or registered (if titling or registration is required)
24 if the Department and such agency or State officer determine
25 that this procedure will expedite the processing of
26 applications for title or registration.

1 With each such transaction reporting return, the retailer
2 shall remit the proper amount of tax due (or shall submit
3 satisfactory evidence that the sale is not taxable if that is
4 the case), to the Department or its agents, whereupon the
5 Department shall issue, in the purchaser's name, a tax receipt
6 (or a certificate of exemption if the Department is satisfied
7 that the particular sale is tax exempt) which such purchaser
8 may submit to the agency with which, or State officer with
9 whom, he must title or register the tangible personal property
10 that is involved (if titling or registration is required) in
11 support of such purchaser's application for an Illinois
12 certificate or other evidence of title or registration to such
13 tangible personal property.

14 No retailer's failure or refusal to remit tax under this
15 Act precludes a user, who has paid the proper tax to the
16 retailer, from obtaining his certificate of title or other
17 evidence of title or registration (if titling or registration
18 is required) upon satisfying the Department that such user has
19 paid the proper tax (if tax is due) to the retailer. The
20 Department shall adopt appropriate rules to carry out the
21 mandate of this paragraph.

22 If the user who would otherwise pay tax to the retailer
23 wants the transaction reporting return filed and the payment of
24 tax or proof of exemption made to the Department before the
25 retailer is willing to take these actions and such user has not
26 paid the tax to the retailer, such user may certify to the fact

1 of such delay by the retailer, and may (upon the Department
2 being satisfied of the truth of such certification) transmit
3 the information required by the transaction reporting return
4 and the remittance for tax or proof of exemption directly to
5 the Department and obtain his tax receipt or exemption
6 determination, in which event the transaction reporting return
7 and tax remittance (if a tax payment was required) shall be
8 credited by the Department to the proper retailer's account
9 with the Department, but without the vendor's ~~2.1% or 1.75%~~
10 discount provided for in this Section being allowed. When the
11 user pays the tax directly to the Department, he shall pay the
12 tax in the same amount and in the same form in which it would be
13 remitted if the tax had been remitted to the Department by the
14 retailer.

15 Where a retailer collects the tax with respect to the
16 selling price of tangible personal property which he sells and
17 the purchaser thereafter returns such tangible personal
18 property and the retailer refunds the selling price thereof to
19 the purchaser, such retailer shall also refund, to the
20 purchaser, the tax so collected from the purchaser. When filing
21 his return for the period in which he refunds such tax to the
22 purchaser, the retailer may deduct the amount of the tax so
23 refunded by him to the purchaser from any other use tax which
24 such retailer may be required to pay or remit to the
25 Department, as shown by such return, if the amount of the tax
26 to be deducted was previously remitted to the Department by

1 such retailer. If the retailer has not previously remitted the
2 amount of such tax to the Department, he is entitled to no
3 deduction under this Act upon refunding such tax to the
4 purchaser.

5 Any retailer filing a return under this Section shall also
6 include (for the purpose of paying tax thereon) the total tax
7 covered by such return upon the selling price of tangible
8 personal property purchased by him at retail from a retailer,
9 but as to which the tax imposed by this Act was not collected
10 from the retailer filing such return, and such retailer shall
11 remit the amount of such tax to the Department when filing such
12 return.

13 If experience indicates such action to be practicable, the
14 Department may prescribe and furnish a combination or joint
15 return which will enable retailers, who are required to file
16 returns hereunder and also under the Retailers' Occupation Tax
17 Act, to furnish all the return information required by both
18 Acts on the one form.

19 Where the retailer has more than one business registered
20 with the Department under separate registration under this Act,
21 such retailer may not file each return that is due as a single
22 return covering all such registered businesses, but shall file
23 separate returns for each such registered business.

24 Beginning January 1, 1990, each month the Department shall
25 pay into the State and Local Sales Tax Reform Fund, a special
26 fund in the State Treasury which is hereby created, the net

1 revenue realized for the preceding month from the 1% tax on
2 sales of food for human consumption which is to be consumed off
3 the premises where it is sold (other than alcoholic beverages,
4 soft drinks and food which has been prepared for immediate
5 consumption) and prescription and nonprescription medicines,
6 drugs, medical appliances and insulin, urine testing
7 materials, syringes and needles used by diabetics.

8 Beginning January 1, 1990, each month the Department shall
9 pay into the County and Mass Transit District Fund 4% of the
10 net revenue realized for the preceding month from the 6.25%
11 general rate on the selling price of tangible personal property
12 which is purchased outside Illinois at retail from a retailer
13 and which is titled or registered by an agency of this State's
14 government.

15 Beginning January 1, 1990, each month the Department shall
16 pay into the State and Local Sales Tax Reform Fund, a special
17 fund in the State Treasury, 20% of the net revenue realized for
18 the preceding month from the 6.25% general rate on the selling
19 price of tangible personal property, other than tangible
20 personal property which is purchased outside Illinois at retail
21 from a retailer and which is titled or registered by an agency
22 of this State's government.

23 Beginning August 1, 2000, each month the Department shall
24 pay into the State and Local Sales Tax Reform Fund 100% of the
25 net revenue realized for the preceding month from the 1.25%
26 rate on the selling price of motor fuel and gasohol. Beginning

1 September 1, 2010, each month the Department shall pay into the
2 State and Local Sales Tax Reform Fund 100% of the net revenue
3 realized for the preceding month from the 1.25% rate on the
4 selling price of sales tax holiday items.

5 Beginning January 1, 1990, each month the Department shall
6 pay into the Local Government Tax Fund 16% of the net revenue
7 realized for the preceding month from the 6.25% general rate on
8 the selling price of tangible personal property which is
9 purchased outside Illinois at retail from a retailer and which
10 is titled or registered by an agency of this State's
11 government.

12 Beginning October 1, 2009, each month the Department shall
13 pay into the Capital Projects Fund an amount that is equal to
14 an amount estimated by the Department to represent 80% of the
15 net revenue realized for the preceding month from the sale of
16 candy, grooming and hygiene products, and soft drinks that had
17 been taxed at a rate of 1% prior to September 1, 2009 but that
18 are now taxed at 6.25%.

19 Beginning July 1, 2011, each month the Department shall pay
20 into the Clean Air Act (CAA) Permit Fund 80% of the net revenue
21 realized for the preceding month from the 6.25% general rate on
22 the selling price of sorbents used in Illinois in the process
23 of sorbent injection as used to comply with the Environmental
24 Protection Act or the federal Clean Air Act, but the total
25 payment into the Clean Air Act (CAA) Permit Fund under this Act
26 and the Retailers' Occupation Tax Act shall not exceed

1 \$2,000,000 in any fiscal year.

2 Beginning July 1, 2013, each month the Department shall pay
3 into the Underground Storage Tank Fund from the proceeds
4 collected under this Act, the Service Use Tax Act, the Service
5 Occupation Tax Act, and the Retailers' Occupation Tax Act an
6 amount equal to the average monthly deficit in the Underground
7 Storage Tank Fund during the prior year, as certified annually
8 by the Illinois Environmental Protection Agency, but the total
9 payment into the Underground Storage Tank Fund under this Act,
10 the Service Use Tax Act, the Service Occupation Tax Act, and
11 the Retailers' Occupation Tax Act shall not exceed \$18,000,000
12 in any State fiscal year. As used in this paragraph, the
13 "average monthly deficit" shall be equal to the difference
14 between the average monthly claims for payment by the fund and
15 the average monthly revenues deposited into the fund, excluding
16 payments made pursuant to this paragraph.

17 Beginning July 1, 2015, of the remainder of the moneys
18 received by the Department under this Act, the Service Use Tax
19 Act, the Service Occupation Tax Act, and the Retailers'
20 Occupation Tax Act, each month the Department shall deposit
21 \$500,000 into the State Crime Laboratory Fund.

22 Of the remainder of the moneys received by the Department
23 pursuant to this Act, (a) 1.75% thereof shall be paid into the
24 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
25 and after July 1, 1989, 3.8% thereof shall be paid into the
26 Build Illinois Fund; provided, however, that if in any fiscal

1 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
2 may be, of the moneys received by the Department and required
3 to be paid into the Build Illinois Fund pursuant to Section 3
4 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
5 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
6 Service Occupation Tax Act, such Acts being hereinafter called
7 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
8 may be, of moneys being hereinafter called the "Tax Act
9 Amount", and (2) the amount transferred to the Build Illinois
10 Fund from the State and Local Sales Tax Reform Fund shall be
11 less than the Annual Specified Amount (as defined in Section 3
12 of the Retailers' Occupation Tax Act), an amount equal to the
13 difference shall be immediately paid into the Build Illinois
14 Fund from other moneys received by the Department pursuant to
15 the Tax Acts; and further provided, that if on the last
16 business day of any month the sum of (1) the Tax Act Amount
17 required to be deposited into the Build Illinois Bond Account
18 in the Build Illinois Fund during such month and (2) the amount
19 transferred during such month to the Build Illinois Fund from
20 the State and Local Sales Tax Reform Fund shall have been less
21 than 1/12 of the Annual Specified Amount, an amount equal to
22 the difference shall be immediately paid into the Build
23 Illinois Fund from other moneys received by the Department
24 pursuant to the Tax Acts; and, further provided, that in no
25 event shall the payments required under the preceding proviso
26 result in aggregate payments into the Build Illinois Fund

1 pursuant to this clause (b) for any fiscal year in excess of
2 the greater of (i) the Tax Act Amount or (ii) the Annual
3 Specified Amount for such fiscal year; and, further provided,
4 that the amounts payable into the Build Illinois Fund under
5 this clause (b) shall be payable only until such time as the
6 aggregate amount on deposit under each trust indenture securing
7 Bonds issued and outstanding pursuant to the Build Illinois
8 Bond Act is sufficient, taking into account any future
9 investment income, to fully provide, in accordance with such
10 indenture, for the defeasance of or the payment of the
11 principal of, premium, if any, and interest on the Bonds
12 secured by such indenture and on any Bonds expected to be
13 issued thereafter and all fees and costs payable with respect
14 thereto, all as certified by the Director of the Bureau of the
15 Budget (now Governor's Office of Management and Budget). If on
16 the last business day of any month in which Bonds are
17 outstanding pursuant to the Build Illinois Bond Act, the
18 aggregate of the moneys deposited in the Build Illinois Bond
19 Account in the Build Illinois Fund in such month shall be less
20 than the amount required to be transferred in such month from
21 the Build Illinois Bond Account to the Build Illinois Bond
22 Retirement and Interest Fund pursuant to Section 13 of the
23 Build Illinois Bond Act, an amount equal to such deficiency
24 shall be immediately paid from other moneys received by the
25 Department pursuant to the Tax Acts to the Build Illinois Fund;
26 provided, however, that any amounts paid to the Build Illinois

1 Fund in any fiscal year pursuant to this sentence shall be
2 deemed to constitute payments pursuant to clause (b) of the
3 preceding sentence and shall reduce the amount otherwise
4 payable for such fiscal year pursuant to clause (b) of the
5 preceding sentence. The moneys received by the Department
6 pursuant to this Act and required to be deposited into the
7 Build Illinois Fund are subject to the pledge, claim and charge
8 set forth in Section 12 of the Build Illinois Bond Act.

9 Subject to payment of amounts into the Build Illinois Fund
10 as provided in the preceding paragraph or in any amendment
11 thereto hereafter enacted, the following specified monthly
12 installment of the amount requested in the certificate of the
13 Chairman of the Metropolitan Pier and Exposition Authority
14 provided under Section 8.25f of the State Finance Act, but not
15 in excess of the sums designated as "Total Deposit", shall be
16 deposited in the aggregate from collections under Section 9 of
17 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
18 9 of the Service Occupation Tax Act, and Section 3 of the
19 Retailers' Occupation Tax Act into the McCormick Place
20 Expansion Project Fund in the specified fiscal years.

21	Fiscal Year	Total Deposit
22	1993	\$0
23	1994	53,000,000
24	1995	58,000,000
25	1996	61,000,000
26	1997	64,000,000

1	1998	68,000,000
2	1999	71,000,000
3	2000	75,000,000
4	2001	80,000,000
5	2002	93,000,000
6	2003	99,000,000
7	2004	103,000,000
8	2005	108,000,000
9	2006	113,000,000
10	2007	119,000,000
11	2008	126,000,000
12	2009	132,000,000
13	2010	139,000,000
14	2011	146,000,000
15	2012	153,000,000
16	2013	161,000,000
17	2014	170,000,000
18	2015	179,000,000
19	2016	189,000,000
20	2017	199,000,000
21	2018	210,000,000
22	2019	221,000,000
23	2020	233,000,000
24	2021	246,000,000
25	2022	260,000,000
26	2023	275,000,000

1	2024	275,000,000
2	2025	275,000,000
3	2026	279,000,000
4	2027	292,000,000
5	2028	307,000,000
6	2029	322,000,000
7	2030	338,000,000
8	2031	350,000,000
9	2032	350,000,000

10 and

11 each fiscal year

12 thereafter that bonds

13 are outstanding under

14 Section 13.2 of the

15 Metropolitan Pier and

16 Exposition Authority Act,

17 but not after fiscal year 2060.

18 Beginning July 20, 1993 and in each month of each fiscal
19 year thereafter, one-eighth of the amount requested in the
20 certificate of the Chairman of the Metropolitan Pier and
21 Exposition Authority for that fiscal year, less the amount
22 deposited into the McCormick Place Expansion Project Fund by
23 the State Treasurer in the respective month under subsection
24 (g) of Section 13 of the Metropolitan Pier and Exposition
25 Authority Act, plus cumulative deficiencies in the deposits
26 required under this Section for previous months and years,

1 shall be deposited into the McCormick Place Expansion Project
2 Fund, until the full amount requested for the fiscal year, but
3 not in excess of the amount specified above as "Total Deposit",
4 has been deposited.

5 Subject to payment of amounts into the Build Illinois Fund
6 and the McCormick Place Expansion Project Fund pursuant to the
7 preceding paragraphs or in any amendments thereto hereafter
8 enacted, beginning July 1, 1993 and ending on September 30,
9 2013, the Department shall each month pay into the Illinois Tax
10 Increment Fund 0.27% of 80% of the net revenue realized for the
11 preceding month from the 6.25% general rate on the selling
12 price of tangible personal property.

13 Subject to payment of amounts into the Build Illinois Fund
14 and the McCormick Place Expansion Project Fund pursuant to the
15 preceding paragraphs or in any amendments thereto hereafter
16 enacted, beginning with the receipt of the first report of
17 taxes paid by an eligible business and continuing for a 25-year
18 period, the Department shall each month pay into the Energy
19 Infrastructure Fund 80% of the net revenue realized from the
20 6.25% general rate on the selling price of Illinois-mined coal
21 that was sold to an eligible business. For purposes of this
22 paragraph, the term "eligible business" means a new electric
23 generating facility certified pursuant to Section 605-332 of
24 the Department of Commerce and Economic Opportunity Law of the
25 Civil Administrative Code of Illinois.

26 Subject to payment of amounts into the Build Illinois Fund,

1 the McCormick Place Expansion Project Fund, the Illinois Tax
2 Increment Fund, and the Energy Infrastructure Fund pursuant to
3 the preceding paragraphs or in any amendments to this Section
4 hereafter enacted, beginning on the first day of the first
5 calendar month to occur on or after the effective date of this
6 amendatory Act of the 98th General Assembly, each month, from
7 the collections made under Section 9 of the Use Tax Act,
8 Section 9 of the Service Use Tax Act, Section 9 of the Service
9 Occupation Tax Act, and Section 3 of the Retailers' Occupation
10 Tax Act, the Department shall pay into the Tax Compliance and
11 Administration Fund, to be used, subject to appropriation, to
12 fund additional auditors and compliance personnel at the
13 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
14 the cash receipts collected during the preceding fiscal year by
15 the Audit Bureau of the Department under the Use Tax Act, the
16 Service Use Tax Act, the Service Occupation Tax Act, the
17 Retailers' Occupation Tax Act, and associated local occupation
18 and use taxes administered by the Department.

19 Of the remainder of the moneys received by the Department
20 pursuant to this Act, 75% thereof shall be paid into the State
21 Treasury and 25% shall be reserved in a special account and
22 used only for the transfer to the Common School Fund as part of
23 the monthly transfer from the General Revenue Fund in
24 accordance with Section 8a of the State Finance Act.

25 As soon as possible after the first day of each month, upon
26 certification of the Department of Revenue, the Comptroller

1 shall order transferred and the Treasurer shall transfer from
2 the General Revenue Fund to the Motor Fuel Tax Fund an amount
3 equal to 1.7% of 80% of the net revenue realized under this Act
4 for the second preceding month. Beginning April 1, 2000, this
5 transfer is no longer required and shall not be made.

6 Net revenue realized for a month shall be the revenue
7 collected by the State pursuant to this Act, less the amount
8 paid out during that month as refunds to taxpayers for
9 overpayment of liability.

10 For greater simplicity of administration, manufacturers,
11 importers and wholesalers whose products are sold at retail in
12 Illinois by numerous retailers, and who wish to do so, may
13 assume the responsibility for accounting and paying to the
14 Department all tax accruing under this Act with respect to such
15 sales, if the retailers who are affected do not make written
16 objection to the Department to this arrangement.

17 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
18 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
19 8-26-14; 99-352, eff. 8-12-15.)

20 Section 50-10. The Service Use Tax Act is amended by
21 changing Section 9 as follows:

22 (35 ILCS 110/9) (from Ch. 120, par. 439.39)

23 Sec. 9. Each serviceman required or authorized to collect
24 the tax herein imposed shall pay to the Department the amount

1 of such tax (except as otherwise provided) at the time when he
2 is required to file his return for the period during which such
3 tax was collected, less a discount of 2.1% prior to January 1,
4 1990, ~~and~~ 1.75% on and after January 1, 1990 and prior to July
5 1, 2016, and 0.75% on and after July 1, 2016, or \$5 per
6 calendar year, whichever is greater, which is allowed to
7 reimburse the serviceman for expenses incurred in collecting
8 the tax, keeping records, preparing and filing returns,
9 remitting the tax and supplying data to the Department on
10 request. The Department may disallow the discount for
11 servicemen whose certificate of registration is revoked at the
12 time the return is filed, but only if the Department's decision
13 to revoke the certificate of registration has become final. A
14 serviceman need not remit that part of any tax collected by him
15 to the extent that he is required to pay and does pay the tax
16 imposed by the Service Occupation Tax Act with respect to his
17 sale of service involving the incidental transfer by him of the
18 same property.

19 Except as provided hereinafter in this Section, on or
20 before the twentieth day of each calendar month, such
21 serviceman shall file a return for the preceding calendar month
22 in accordance with reasonable Rules and Regulations to be
23 promulgated by the Department. Such return shall be filed on a
24 form prescribed by the Department and shall contain such
25 information as the Department may reasonably require.

26 The Department may require returns to be filed on a

1 quarterly basis. If so required, a return for each calendar
2 quarter shall be filed on or before the twentieth day of the
3 calendar month following the end of such calendar quarter. The
4 taxpayer shall also file a return with the Department for each
5 of the first two months of each calendar quarter, on or before
6 the twentieth day of the following calendar month, stating:

7 1. The name of the seller;

8 2. The address of the principal place of business from
9 which he engages in business as a serviceman in this State;

10 3. The total amount of taxable receipts received by him
11 during the preceding calendar month, including receipts
12 from charge and time sales, but less all deductions allowed
13 by law;

14 4. The amount of credit provided in Section 2d of this
15 Act;

16 5. The amount of tax due;

17 5-5. The signature of the taxpayer; and

18 6. Such other reasonable information as the Department
19 may require.

20 If a taxpayer fails to sign a return within 30 days after
21 the proper notice and demand for signature by the Department,
22 the return shall be considered valid and any amount shown to be
23 due on the return shall be deemed assessed.

24 Beginning October 1, 1993, a taxpayer who has an average
25 monthly tax liability of \$150,000 or more shall make all
26 payments required by rules of the Department by electronic

1 funds transfer. Beginning October 1, 1994, a taxpayer who has
2 an average monthly tax liability of \$100,000 or more shall make
3 all payments required by rules of the Department by electronic
4 funds transfer. Beginning October 1, 1995, a taxpayer who has
5 an average monthly tax liability of \$50,000 or more shall make
6 all payments required by rules of the Department by electronic
7 funds transfer. Beginning October 1, 2000, a taxpayer who has
8 an annual tax liability of \$200,000 or more shall make all
9 payments required by rules of the Department by electronic
10 funds transfer. The term "annual tax liability" shall be the
11 sum of the taxpayer's liabilities under this Act, and under all
12 other State and local occupation and use tax laws administered
13 by the Department, for the immediately preceding calendar year.
14 The term "average monthly tax liability" means the sum of the
15 taxpayer's liabilities under this Act, and under all other
16 State and local occupation and use tax laws administered by the
17 Department, for the immediately preceding calendar year
18 divided by 12. Beginning on October 1, 2002, a taxpayer who has
19 a tax liability in the amount set forth in subsection (b) of
20 Section 2505-210 of the Department of Revenue Law shall make
21 all payments required by rules of the Department by electronic
22 funds transfer.

23 Before August 1 of each year beginning in 1993, the
24 Department shall notify all taxpayers required to make payments
25 by electronic funds transfer. All taxpayers required to make
26 payments by electronic funds transfer shall make those payments

1 for a minimum of one year beginning on October 1.

2 Any taxpayer not required to make payments by electronic
3 funds transfer may make payments by electronic funds transfer
4 with the permission of the Department.

5 All taxpayers required to make payment by electronic funds
6 transfer and any taxpayers authorized to voluntarily make
7 payments by electronic funds transfer shall make those payments
8 in the manner authorized by the Department.

9 The Department shall adopt such rules as are necessary to
10 effectuate a program of electronic funds transfer and the
11 requirements of this Section.

12 If the serviceman is otherwise required to file a monthly
13 return and if the serviceman's average monthly tax liability to
14 the Department does not exceed \$200, the Department may
15 authorize his returns to be filed on a quarter annual basis,
16 with the return for January, February and March of a given year
17 being due by April 20 of such year; with the return for April,
18 May and June of a given year being due by July 20 of such year;
19 with the return for July, August and September of a given year
20 being due by October 20 of such year, and with the return for
21 October, November and December of a given year being due by
22 January 20 of the following year.

23 If the serviceman is otherwise required to file a monthly
24 or quarterly return and if the serviceman's average monthly tax
25 liability to the Department does not exceed \$50, the Department
26 may authorize his returns to be filed on an annual basis, with

1 the return for a given year being due by January 20 of the
2 following year.

3 Such quarter annual and annual returns, as to form and
4 substance, shall be subject to the same requirements as monthly
5 returns.

6 Notwithstanding any other provision in this Act concerning
7 the time within which a serviceman may file his return, in the
8 case of any serviceman who ceases to engage in a kind of
9 business which makes him responsible for filing returns under
10 this Act, such serviceman shall file a final return under this
11 Act with the Department not more than 1 month after
12 discontinuing such business.

13 Where a serviceman collects the tax with respect to the
14 selling price of property which he sells and the purchaser
15 thereafter returns such property and the serviceman refunds the
16 selling price thereof to the purchaser, such serviceman shall
17 also refund, to the purchaser, the tax so collected from the
18 purchaser. When filing his return for the period in which he
19 refunds such tax to the purchaser, the serviceman may deduct
20 the amount of the tax so refunded by him to the purchaser from
21 any other Service Use Tax, Service Occupation Tax, retailers'
22 occupation tax or use tax which such serviceman may be required
23 to pay or remit to the Department, as shown by such return,
24 provided that the amount of the tax to be deducted shall
25 previously have been remitted to the Department by such
26 serviceman. If the serviceman shall not previously have

1 remitted the amount of such tax to the Department, he shall be
2 entitled to no deduction hereunder upon refunding such tax to
3 the purchaser.

4 Any serviceman filing a return hereunder shall also include
5 the total tax upon the selling price of tangible personal
6 property purchased for use by him as an incident to a sale of
7 service, and such serviceman shall remit the amount of such tax
8 to the Department when filing such return.

9 If experience indicates such action to be practicable, the
10 Department may prescribe and furnish a combination or joint
11 return which will enable servicemen, who are required to file
12 returns hereunder and also under the Service Occupation Tax
13 Act, to furnish all the return information required by both
14 Acts on the one form.

15 Where the serviceman has more than one business registered
16 with the Department under separate registration hereunder,
17 such serviceman shall not file each return that is due as a
18 single return covering all such registered businesses, but
19 shall file separate returns for each such registered business.

20 Beginning January 1, 1990, each month the Department shall
21 pay into the State and Local Tax Reform Fund, a special fund in
22 the State Treasury, the net revenue realized for the preceding
23 month from the 1% tax on sales of food for human consumption
24 which is to be consumed off the premises where it is sold
25 (other than alcoholic beverages, soft drinks and food which has
26 been prepared for immediate consumption) and prescription and

1 nonprescription medicines, drugs, medical appliances and
2 insulin, urine testing materials, syringes and needles used by
3 diabetics.

4 Beginning January 1, 1990, each month the Department shall
5 pay into the State and Local Sales Tax Reform Fund 20% of the
6 net revenue realized for the preceding month from the 6.25%
7 general rate on transfers of tangible personal property, other
8 than tangible personal property which is purchased outside
9 Illinois at retail from a retailer and which is titled or
10 registered by an agency of this State's government.

11 Beginning August 1, 2000, each month the Department shall
12 pay into the State and Local Sales Tax Reform Fund 100% of the
13 net revenue realized for the preceding month from the 1.25%
14 rate on the selling price of motor fuel and gasohol.

15 Beginning October 1, 2009, each month the Department shall
16 pay into the Capital Projects Fund an amount that is equal to
17 an amount estimated by the Department to represent 80% of the
18 net revenue realized for the preceding month from the sale of
19 candy, grooming and hygiene products, and soft drinks that had
20 been taxed at a rate of 1% prior to September 1, 2009 but that
21 are now taxed at 6.25%.

22 Beginning July 1, 2013, each month the Department shall pay
23 into the Underground Storage Tank Fund from the proceeds
24 collected under this Act, the Use Tax Act, the Service
25 Occupation Tax Act, and the Retailers' Occupation Tax Act an
26 amount equal to the average monthly deficit in the Underground

1 Storage Tank Fund during the prior year, as certified annually
2 by the Illinois Environmental Protection Agency, but the total
3 payment into the Underground Storage Tank Fund under this Act,
4 the Use Tax Act, the Service Occupation Tax Act, and the
5 Retailers' Occupation Tax Act shall not exceed \$18,000,000 in
6 any State fiscal year. As used in this paragraph, the "average
7 monthly deficit" shall be equal to the difference between the
8 average monthly claims for payment by the fund and the average
9 monthly revenues deposited into the fund, excluding payments
10 made pursuant to this paragraph.

11 Beginning July 1, 2015, of the remainder of the moneys
12 received by the Department under the Use Tax Act, this Act, the
13 Service Occupation Tax Act, and the Retailers' Occupation Tax
14 Act, each month the Department shall deposit \$500,000 into the
15 State Crime Laboratory Fund.

16 Of the remainder of the moneys received by the Department
17 pursuant to this Act, (a) 1.75% thereof shall be paid into the
18 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
19 and after July 1, 1989, 3.8% thereof shall be paid into the
20 Build Illinois Fund; provided, however, that if in any fiscal
21 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
22 may be, of the moneys received by the Department and required
23 to be paid into the Build Illinois Fund pursuant to Section 3
24 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
25 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
26 Service Occupation Tax Act, such Acts being hereinafter called

1 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
2 may be, of moneys being hereinafter called the "Tax Act
3 Amount", and (2) the amount transferred to the Build Illinois
4 Fund from the State and Local Sales Tax Reform Fund shall be
5 less than the Annual Specified Amount (as defined in Section 3
6 of the Retailers' Occupation Tax Act), an amount equal to the
7 difference shall be immediately paid into the Build Illinois
8 Fund from other moneys received by the Department pursuant to
9 the Tax Acts; and further provided, that if on the last
10 business day of any month the sum of (1) the Tax Act Amount
11 required to be deposited into the Build Illinois Bond Account
12 in the Build Illinois Fund during such month and (2) the amount
13 transferred during such month to the Build Illinois Fund from
14 the State and Local Sales Tax Reform Fund shall have been less
15 than 1/12 of the Annual Specified Amount, an amount equal to
16 the difference shall be immediately paid into the Build
17 Illinois Fund from other moneys received by the Department
18 pursuant to the Tax Acts; and, further provided, that in no
19 event shall the payments required under the preceding proviso
20 result in aggregate payments into the Build Illinois Fund
21 pursuant to this clause (b) for any fiscal year in excess of
22 the greater of (i) the Tax Act Amount or (ii) the Annual
23 Specified Amount for such fiscal year; and, further provided,
24 that the amounts payable into the Build Illinois Fund under
25 this clause (b) shall be payable only until such time as the
26 aggregate amount on deposit under each trust indenture securing

1 Bonds issued and outstanding pursuant to the Build Illinois
2 Bond Act is sufficient, taking into account any future
3 investment income, to fully provide, in accordance with such
4 indenture, for the defeasance of or the payment of the
5 principal of, premium, if any, and interest on the Bonds
6 secured by such indenture and on any Bonds expected to be
7 issued thereafter and all fees and costs payable with respect
8 thereto, all as certified by the Director of the Bureau of the
9 Budget (now Governor's Office of Management and Budget). If on
10 the last business day of any month in which Bonds are
11 outstanding pursuant to the Build Illinois Bond Act, the
12 aggregate of the moneys deposited in the Build Illinois Bond
13 Account in the Build Illinois Fund in such month shall be less
14 than the amount required to be transferred in such month from
15 the Build Illinois Bond Account to the Build Illinois Bond
16 Retirement and Interest Fund pursuant to Section 13 of the
17 Build Illinois Bond Act, an amount equal to such deficiency
18 shall be immediately paid from other moneys received by the
19 Department pursuant to the Tax Acts to the Build Illinois Fund;
20 provided, however, that any amounts paid to the Build Illinois
21 Fund in any fiscal year pursuant to this sentence shall be
22 deemed to constitute payments pursuant to clause (b) of the
23 preceding sentence and shall reduce the amount otherwise
24 payable for such fiscal year pursuant to clause (b) of the
25 preceding sentence. The moneys received by the Department
26 pursuant to this Act and required to be deposited into the

1 Build Illinois Fund are subject to the pledge, claim and charge
 2 set forth in Section 12 of the Build Illinois Bond Act.

3 Subject to payment of amounts into the Build Illinois Fund
 4 as provided in the preceding paragraph or in any amendment
 5 thereto hereafter enacted, the following specified monthly
 6 installment of the amount requested in the certificate of the
 7 Chairman of the Metropolitan Pier and Exposition Authority
 8 provided under Section 8.25f of the State Finance Act, but not
 9 in excess of the sums designated as "Total Deposit", shall be
 10 deposited in the aggregate from collections under Section 9 of
 11 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 12 9 of the Service Occupation Tax Act, and Section 3 of the
 13 Retailers' Occupation Tax Act into the McCormick Place
 14 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
15		
16	1993	\$0
17	1994	53,000,000
18	1995	58,000,000
19	1996	61,000,000
20	1997	64,000,000
21	1998	68,000,000
22	1999	71,000,000
23	2000	75,000,000
24	2001	80,000,000
25	2002	93,000,000

1	2003	99,000,000
2	2004	103,000,000
3	2005	108,000,000
4	2006	113,000,000
5	2007	119,000,000
6	2008	126,000,000
7	2009	132,000,000
8	2010	139,000,000
9	2011	146,000,000
10	2012	153,000,000
11	2013	161,000,000
12	2014	170,000,000
13	2015	179,000,000
14	2016	189,000,000
15	2017	199,000,000
16	2018	210,000,000
17	2019	221,000,000
18	2020	233,000,000
19	2021	246,000,000
20	2022	260,000,000
21	2023	275,000,000
22	2024	275,000,000
23	2025	275,000,000
24	2026	279,000,000
25	2027	292,000,000
26	2028	307,000,000

1	2029	322,000,000
2	2030	338,000,000
3	2031	350,000,000
4	2032	350,000,000

5 and

6 each fiscal year

7 thereafter that bonds

8 are outstanding under

9 Section 13.2 of the

10 Metropolitan Pier and

11 Exposition Authority Act,

12 but not after fiscal year 2060.

13 Beginning July 20, 1993 and in each month of each fiscal
14 year thereafter, one-eighth of the amount requested in the
15 certificate of the Chairman of the Metropolitan Pier and
16 Exposition Authority for that fiscal year, less the amount
17 deposited into the McCormick Place Expansion Project Fund by
18 the State Treasurer in the respective month under subsection
19 (g) of Section 13 of the Metropolitan Pier and Exposition
20 Authority Act, plus cumulative deficiencies in the deposits
21 required under this Section for previous months and years,
22 shall be deposited into the McCormick Place Expansion Project
23 Fund, until the full amount requested for the fiscal year, but
24 not in excess of the amount specified above as "Total Deposit",
25 has been deposited.

26 Subject to payment of amounts into the Build Illinois Fund

1 and the McCormick Place Expansion Project Fund pursuant to the
2 preceding paragraphs or in any amendments thereto hereafter
3 enacted, beginning July 1, 1993 and ending on September 30,
4 2013, the Department shall each month pay into the Illinois Tax
5 Increment Fund 0.27% of 80% of the net revenue realized for the
6 preceding month from the 6.25% general rate on the selling
7 price of tangible personal property.

8 Subject to payment of amounts into the Build Illinois Fund
9 and the McCormick Place Expansion Project Fund pursuant to the
10 preceding paragraphs or in any amendments thereto hereafter
11 enacted, beginning with the receipt of the first report of
12 taxes paid by an eligible business and continuing for a 25-year
13 period, the Department shall each month pay into the Energy
14 Infrastructure Fund 80% of the net revenue realized from the
15 6.25% general rate on the selling price of Illinois-mined coal
16 that was sold to an eligible business. For purposes of this
17 paragraph, the term "eligible business" means a new electric
18 generating facility certified pursuant to Section 605-332 of
19 the Department of Commerce and Economic Opportunity Law of the
20 Civil Administrative Code of Illinois.

21 Subject to payment of amounts into the Build Illinois Fund,
22 the McCormick Place Expansion Project Fund, the Illinois Tax
23 Increment Fund, and the Energy Infrastructure Fund pursuant to
24 the preceding paragraphs or in any amendments to this Section
25 hereafter enacted, beginning on the first day of the first
26 calendar month to occur on or after the effective date of this

1 amendatory Act of the 98th General Assembly, each month, from
2 the collections made under Section 9 of the Use Tax Act,
3 Section 9 of the Service Use Tax Act, Section 9 of the Service
4 Occupation Tax Act, and Section 3 of the Retailers' Occupation
5 Tax Act, the Department shall pay into the Tax Compliance and
6 Administration Fund, to be used, subject to appropriation, to
7 fund additional auditors and compliance personnel at the
8 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
9 the cash receipts collected during the preceding fiscal year by
10 the Audit Bureau of the Department under the Use Tax Act, the
11 Service Use Tax Act, the Service Occupation Tax Act, the
12 Retailers' Occupation Tax Act, and associated local occupation
13 and use taxes administered by the Department.

14 Of the remainder of the moneys received by the Department
15 pursuant to this Act, 75% thereof shall be paid into the
16 General Revenue Fund of the State Treasury and 25% shall be
17 reserved in a special account and used only for the transfer to
18 the Common School Fund as part of the monthly transfer from the
19 General Revenue Fund in accordance with Section 8a of the State
20 Finance Act.

21 As soon as possible after the first day of each month, upon
22 certification of the Department of Revenue, the Comptroller
23 shall order transferred and the Treasurer shall transfer from
24 the General Revenue Fund to the Motor Fuel Tax Fund an amount
25 equal to 1.7% of 80% of the net revenue realized under this Act
26 for the second preceding month. Beginning April 1, 2000, this

1 transfer is no longer required and shall not be made.

2 Net revenue realized for a month shall be the revenue
3 collected by the State pursuant to this Act, less the amount
4 paid out during that month as refunds to taxpayers for
5 overpayment of liability.

6 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
7 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
8 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15.)

9 Section 50-15. The Service Occupation Tax Act is amended by
10 changing Section 9 as follows:

11 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

12 Sec. 9. Each serviceman required or authorized to collect
13 the tax herein imposed shall pay to the Department the amount
14 of such tax at the time when he is required to file his return
15 for the period during which such tax was collectible, less a
16 discount of 2.1% prior to January 1, 1990, ~~and~~ 1.75% on and
17 after January 1, 1990 and prior to July 1, 2016, and 0.75% on
18 and after July 1, 2016, or \$5 per calendar year, whichever is
19 greater, which is allowed to reimburse the serviceman for
20 expenses incurred in collecting the tax, keeping records,
21 preparing and filing returns, remitting the tax and supplying
22 data to the Department on request. The Department may disallow
23 the discount for servicemen whose certificate of registration
24 is revoked at the time the return is filed, but only if the

1 Department's decision to revoke the certificate of
2 registration has become final.

3 Where such tangible personal property is sold under a
4 conditional sales contract, or under any other form of sale
5 wherein the payment of the principal sum, or a part thereof, is
6 extended beyond the close of the period for which the return is
7 filed, the serviceman, in collecting the tax may collect, for
8 each tax return period, only the tax applicable to the part of
9 the selling price actually received during such tax return
10 period.

11 Except as provided hereinafter in this Section, on or
12 before the twentieth day of each calendar month, such
13 serviceman shall file a return for the preceding calendar month
14 in accordance with reasonable rules and regulations to be
15 promulgated by the Department of Revenue. Such return shall be
16 filed on a form prescribed by the Department and shall contain
17 such information as the Department may reasonably require.

18 The Department may require returns to be filed on a
19 quarterly basis. If so required, a return for each calendar
20 quarter shall be filed on or before the twentieth day of the
21 calendar month following the end of such calendar quarter. The
22 taxpayer shall also file a return with the Department for each
23 of the first two months of each calendar quarter, on or before
24 the twentieth day of the following calendar month, stating:

- 25 1. The name of the seller;
- 26 2. The address of the principal place of business from

1 which he engages in business as a serviceman in this State;

2 3. The total amount of taxable receipts received by him
3 during the preceding calendar month, including receipts
4 from charge and time sales, but less all deductions allowed
5 by law;

6 4. The amount of credit provided in Section 2d of this
7 Act;

8 5. The amount of tax due;

9 5-5. The signature of the taxpayer; and

10 6. Such other reasonable information as the Department
11 may require.

12 If a taxpayer fails to sign a return within 30 days after
13 the proper notice and demand for signature by the Department,
14 the return shall be considered valid and any amount shown to be
15 due on the return shall be deemed assessed.

16 Prior to October 1, 2003, and on and after September 1,
17 2004 a serviceman may accept a Manufacturer's Purchase Credit
18 certification from a purchaser in satisfaction of Service Use
19 Tax as provided in Section 3-70 of the Service Use Tax Act if
20 the purchaser provides the appropriate documentation as
21 required by Section 3-70 of the Service Use Tax Act. A
22 Manufacturer's Purchase Credit certification, accepted prior
23 to October 1, 2003 or on or after September 1, 2004 by a
24 serviceman as provided in Section 3-70 of the Service Use Tax
25 Act, may be used by that serviceman to satisfy Service
26 Occupation Tax liability in the amount claimed in the

1 certification, not to exceed 6.25% of the receipts subject to
2 tax from a qualifying purchase. A Manufacturer's Purchase
3 Credit reported on any original or amended return filed under
4 this Act after October 20, 2003 for reporting periods prior to
5 September 1, 2004 shall be disallowed. Manufacturer's Purchase
6 Credit reported on annual returns due on or after January 1,
7 2005 will be disallowed for periods prior to September 1, 2004.
8 No Manufacturer's Purchase Credit may be used after September
9 30, 2003 through August 31, 2004 to satisfy any tax liability
10 imposed under this Act, including any audit liability.

11 If the serviceman's average monthly tax liability to the
12 Department does not exceed \$200, the Department may authorize
13 his returns to be filed on a quarter annual basis, with the
14 return for January, February and March of a given year being
15 due by April 20 of such year; with the return for April, May
16 and June of a given year being due by July 20 of such year; with
17 the return for July, August and September of a given year being
18 due by October 20 of such year, and with the return for
19 October, November and December of a given year being due by
20 January 20 of the following year.

21 If the serviceman's average monthly tax liability to the
22 Department does not exceed \$50, the Department may authorize
23 his returns to be filed on an annual basis, with the return for
24 a given year being due by January 20 of the following year.

25 Such quarter annual and annual returns, as to form and
26 substance, shall be subject to the same requirements as monthly

1 returns.

2 Notwithstanding any other provision in this Act concerning
3 the time within which a serviceman may file his return, in the
4 case of any serviceman who ceases to engage in a kind of
5 business which makes him responsible for filing returns under
6 this Act, such serviceman shall file a final return under this
7 Act with the Department not more than 1 month after
8 discontinuing such business.

9 Beginning October 1, 1993, a taxpayer who has an average
10 monthly tax liability of \$150,000 or more shall make all
11 payments required by rules of the Department by electronic
12 funds transfer. Beginning October 1, 1994, a taxpayer who has
13 an average monthly tax liability of \$100,000 or more shall make
14 all payments required by rules of the Department by electronic
15 funds transfer. Beginning October 1, 1995, a taxpayer who has
16 an average monthly tax liability of \$50,000 or more shall make
17 all payments required by rules of the Department by electronic
18 funds transfer. Beginning October 1, 2000, a taxpayer who has
19 an annual tax liability of \$200,000 or more shall make all
20 payments required by rules of the Department by electronic
21 funds transfer. The term "annual tax liability" shall be the
22 sum of the taxpayer's liabilities under this Act, and under all
23 other State and local occupation and use tax laws administered
24 by the Department, for the immediately preceding calendar year.
25 The term "average monthly tax liability" means the sum of the
26 taxpayer's liabilities under this Act, and under all other

1 State and local occupation and use tax laws administered by the
2 Department, for the immediately preceding calendar year
3 divided by 12. Beginning on October 1, 2002, a taxpayer who has
4 a tax liability in the amount set forth in subsection (b) of
5 Section 2505-210 of the Department of Revenue Law shall make
6 all payments required by rules of the Department by electronic
7 funds transfer.

8 Before August 1 of each year beginning in 1993, the
9 Department shall notify all taxpayers required to make payments
10 by electronic funds transfer. All taxpayers required to make
11 payments by electronic funds transfer shall make those payments
12 for a minimum of one year beginning on October 1.

13 Any taxpayer not required to make payments by electronic
14 funds transfer may make payments by electronic funds transfer
15 with the permission of the Department.

16 All taxpayers required to make payment by electronic funds
17 transfer and any taxpayers authorized to voluntarily make
18 payments by electronic funds transfer shall make those payments
19 in the manner authorized by the Department.

20 The Department shall adopt such rules as are necessary to
21 effectuate a program of electronic funds transfer and the
22 requirements of this Section.

23 Where a serviceman collects the tax with respect to the
24 selling price of tangible personal property which he sells and
25 the purchaser thereafter returns such tangible personal
26 property and the serviceman refunds the selling price thereof

1 to the purchaser, such serviceman shall also refund, to the
2 purchaser, the tax so collected from the purchaser. When filing
3 his return for the period in which he refunds such tax to the
4 purchaser, the serviceman may deduct the amount of the tax so
5 refunded by him to the purchaser from any other Service
6 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
7 Use Tax which such serviceman may be required to pay or remit
8 to the Department, as shown by such return, provided that the
9 amount of the tax to be deducted shall previously have been
10 remitted to the Department by such serviceman. If the
11 serviceman shall not previously have remitted the amount of
12 such tax to the Department, he shall be entitled to no
13 deduction hereunder upon refunding such tax to the purchaser.

14 If experience indicates such action to be practicable, the
15 Department may prescribe and furnish a combination or joint
16 return which will enable servicemen, who are required to file
17 returns hereunder and also under the Retailers' Occupation Tax
18 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
19 the return information required by all said Acts on the one
20 form.

21 Where the serviceman has more than one business registered
22 with the Department under separate registrations hereunder,
23 such serviceman shall file separate returns for each registered
24 business.

25 Beginning January 1, 1990, each month the Department shall
26 pay into the Local Government Tax Fund the revenue realized for

1 the preceding month from the 1% tax on sales of food for human
2 consumption which is to be consumed off the premises where it
3 is sold (other than alcoholic beverages, soft drinks and food
4 which has been prepared for immediate consumption) and
5 prescription and nonprescription medicines, drugs, medical
6 appliances and insulin, urine testing materials, syringes and
7 needles used by diabetics.

8 Beginning January 1, 1990, each month the Department shall
9 pay into the County and Mass Transit District Fund 4% of the
10 revenue realized for the preceding month from the 6.25% general
11 rate.

12 Beginning August 1, 2000, each month the Department shall
13 pay into the County and Mass Transit District Fund 20% of the
14 net revenue realized for the preceding month from the 1.25%
15 rate on the selling price of motor fuel and gasohol.

16 Beginning January 1, 1990, each month the Department shall
17 pay into the Local Government Tax Fund 16% of the revenue
18 realized for the preceding month from the 6.25% general rate on
19 transfers of tangible personal property.

20 Beginning August 1, 2000, each month the Department shall
21 pay into the Local Government Tax Fund 80% of the net revenue
22 realized for the preceding month from the 1.25% rate on the
23 selling price of motor fuel and gasohol.

24 Beginning October 1, 2009, each month the Department shall
25 pay into the Capital Projects Fund an amount that is equal to
26 an amount estimated by the Department to represent 80% of the

1 net revenue realized for the preceding month from the sale of
2 candy, grooming and hygiene products, and soft drinks that had
3 been taxed at a rate of 1% prior to September 1, 2009 but that
4 are now taxed at 6.25%.

5 Beginning July 1, 2013, each month the Department shall pay
6 into the Underground Storage Tank Fund from the proceeds
7 collected under this Act, the Use Tax Act, the Service Use Tax
8 Act, and the Retailers' Occupation Tax Act an amount equal to
9 the average monthly deficit in the Underground Storage Tank
10 Fund during the prior year, as certified annually by the
11 Illinois Environmental Protection Agency, but the total
12 payment into the Underground Storage Tank Fund under this Act,
13 the Use Tax Act, the Service Use Tax Act, and the Retailers'
14 Occupation Tax Act shall not exceed \$18,000,000 in any State
15 fiscal year. As used in this paragraph, the "average monthly
16 deficit" shall be equal to the difference between the average
17 monthly claims for payment by the fund and the average monthly
18 revenues deposited into the fund, excluding payments made
19 pursuant to this paragraph.

20 Beginning July 1, 2015, of the remainder of the moneys
21 received by the Department under the Use Tax Act, the Service
22 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
23 each month the Department shall deposit \$500,000 into the State
24 Crime Laboratory Fund.

25 Of the remainder of the moneys received by the Department
26 pursuant to this Act, (a) 1.75% thereof shall be paid into the

1 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
2 and after July 1, 1989, 3.8% thereof shall be paid into the
3 Build Illinois Fund; provided, however, that if in any fiscal
4 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
5 may be, of the moneys received by the Department and required
6 to be paid into the Build Illinois Fund pursuant to Section 3
7 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
8 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
9 Service Occupation Tax Act, such Acts being hereinafter called
10 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
11 may be, of moneys being hereinafter called the "Tax Act
12 Amount", and (2) the amount transferred to the Build Illinois
13 Fund from the State and Local Sales Tax Reform Fund shall be
14 less than the Annual Specified Amount (as defined in Section 3
15 of the Retailers' Occupation Tax Act), an amount equal to the
16 difference shall be immediately paid into the Build Illinois
17 Fund from other moneys received by the Department pursuant to
18 the Tax Acts; and further provided, that if on the last
19 business day of any month the sum of (1) the Tax Act Amount
20 required to be deposited into the Build Illinois Account in the
21 Build Illinois Fund during such month and (2) the amount
22 transferred during such month to the Build Illinois Fund from
23 the State and Local Sales Tax Reform Fund shall have been less
24 than 1/12 of the Annual Specified Amount, an amount equal to
25 the difference shall be immediately paid into the Build
26 Illinois Fund from other moneys received by the Department

1 pursuant to the Tax Acts; and, further provided, that in no
2 event shall the payments required under the preceding proviso
3 result in aggregate payments into the Build Illinois Fund
4 pursuant to this clause (b) for any fiscal year in excess of
5 the greater of (i) the Tax Act Amount or (ii) the Annual
6 Specified Amount for such fiscal year; and, further provided,
7 that the amounts payable into the Build Illinois Fund under
8 this clause (b) shall be payable only until such time as the
9 aggregate amount on deposit under each trust indenture securing
10 Bonds issued and outstanding pursuant to the Build Illinois
11 Bond Act is sufficient, taking into account any future
12 investment income, to fully provide, in accordance with such
13 indenture, for the defeasance of or the payment of the
14 principal of, premium, if any, and interest on the Bonds
15 secured by such indenture and on any Bonds expected to be
16 issued thereafter and all fees and costs payable with respect
17 thereto, all as certified by the Director of the Bureau of the
18 Budget (now Governor's Office of Management and Budget). If on
19 the last business day of any month in which Bonds are
20 outstanding pursuant to the Build Illinois Bond Act, the
21 aggregate of the moneys deposited in the Build Illinois Bond
22 Account in the Build Illinois Fund in such month shall be less
23 than the amount required to be transferred in such month from
24 the Build Illinois Bond Account to the Build Illinois Bond
25 Retirement and Interest Fund pursuant to Section 13 of the
26 Build Illinois Bond Act, an amount equal to such deficiency

1 shall be immediately paid from other moneys received by the
 2 Department pursuant to the Tax Acts to the Build Illinois Fund;
 3 provided, however, that any amounts paid to the Build Illinois
 4 Fund in any fiscal year pursuant to this sentence shall be
 5 deemed to constitute payments pursuant to clause (b) of the
 6 preceding sentence and shall reduce the amount otherwise
 7 payable for such fiscal year pursuant to clause (b) of the
 8 preceding sentence. The moneys received by the Department
 9 pursuant to this Act and required to be deposited into the
 10 Build Illinois Fund are subject to the pledge, claim and charge
 11 set forth in Section 12 of the Build Illinois Bond Act.

12 Subject to payment of amounts into the Build Illinois Fund
 13 as provided in the preceding paragraph or in any amendment
 14 thereto hereafter enacted, the following specified monthly
 15 installment of the amount requested in the certificate of the
 16 Chairman of the Metropolitan Pier and Exposition Authority
 17 provided under Section 8.25f of the State Finance Act, but not
 18 in excess of the sums designated as "Total Deposit", shall be
 19 deposited in the aggregate from collections under Section 9 of
 20 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 21 9 of the Service Occupation Tax Act, and Section 3 of the
 22 Retailers' Occupation Tax Act into the McCormick Place
 23 Expansion Project Fund in the specified fiscal years.

24	Fiscal Year	Total
		Deposit
25	1993	\$0

1	1994	53,000,000
2	1995	58,000,000
3	1996	61,000,000
4	1997	64,000,000
5	1998	68,000,000
6	1999	71,000,000
7	2000	75,000,000
8	2001	80,000,000
9	2002	93,000,000
10	2003	99,000,000
11	2004	103,000,000
12	2005	108,000,000
13	2006	113,000,000
14	2007	119,000,000
15	2008	126,000,000
16	2009	132,000,000
17	2010	139,000,000
18	2011	146,000,000
19	2012	153,000,000
20	2013	161,000,000
21	2014	170,000,000
22	2015	179,000,000
23	2016	189,000,000
24	2017	199,000,000
25	2018	210,000,000
26	2019	221,000,000

1	2020	233,000,000
2	2021	246,000,000
3	2022	260,000,000
4	2023	275,000,000
5	2024	275,000,000
6	2025	275,000,000
7	2026	279,000,000
8	2027	292,000,000
9	2028	307,000,000
10	2029	322,000,000
11	2030	338,000,000
12	2031	350,000,000
13	2032	350,000,000

14 and
15 each fiscal year
16 thereafter that bonds
17 are outstanding under
18 Section 13.2 of the
19 Metropolitan Pier and
20 Exposition Authority Act,
21 but not after fiscal year 2060.

22 Beginning July 20, 1993 and in each month of each fiscal
23 year thereafter, one-eighth of the amount requested in the
24 certificate of the Chairman of the Metropolitan Pier and
25 Exposition Authority for that fiscal year, less the amount
26 deposited into the McCormick Place Expansion Project Fund by

1 the State Treasurer in the respective month under subsection
2 (g) of Section 13 of the Metropolitan Pier and Exposition
3 Authority Act, plus cumulative deficiencies in the deposits
4 required under this Section for previous months and years,
5 shall be deposited into the McCormick Place Expansion Project
6 Fund, until the full amount requested for the fiscal year, but
7 not in excess of the amount specified above as "Total Deposit",
8 has been deposited.

9 Subject to payment of amounts into the Build Illinois Fund
10 and the McCormick Place Expansion Project Fund pursuant to the
11 preceding paragraphs or in any amendments thereto hereafter
12 enacted, beginning July 1, 1993 and ending on September 30,
13 2013, the Department shall each month pay into the Illinois Tax
14 Increment Fund 0.27% of 80% of the net revenue realized for the
15 preceding month from the 6.25% general rate on the selling
16 price of tangible personal property.

17 Subject to payment of amounts into the Build Illinois Fund
18 and the McCormick Place Expansion Project Fund pursuant to the
19 preceding paragraphs or in any amendments thereto hereafter
20 enacted, beginning with the receipt of the first report of
21 taxes paid by an eligible business and continuing for a 25-year
22 period, the Department shall each month pay into the Energy
23 Infrastructure Fund 80% of the net revenue realized from the
24 6.25% general rate on the selling price of Illinois-mined coal
25 that was sold to an eligible business. For purposes of this
26 paragraph, the term "eligible business" means a new electric

1 generating facility certified pursuant to Section 605-332 of
2 the Department of Commerce and Economic Opportunity Law of the
3 Civil Administrative Code of Illinois.

4 Subject to payment of amounts into the Build Illinois Fund,
5 the McCormick Place Expansion Project Fund, the Illinois Tax
6 Increment Fund, and the Energy Infrastructure Fund pursuant to
7 the preceding paragraphs or in any amendments to this Section
8 hereafter enacted, beginning on the first day of the first
9 calendar month to occur on or after the effective date of this
10 amendatory Act of the 98th General Assembly, each month, from
11 the collections made under Section 9 of the Use Tax Act,
12 Section 9 of the Service Use Tax Act, Section 9 of the Service
13 Occupation Tax Act, and Section 3 of the Retailers' Occupation
14 Tax Act, the Department shall pay into the Tax Compliance and
15 Administration Fund, to be used, subject to appropriation, to
16 fund additional auditors and compliance personnel at the
17 Department of Revenue, an amount equal to $\frac{1}{12}$ of 5% of 80% of
18 the cash receipts collected during the preceding fiscal year by
19 the Audit Bureau of the Department under the Use Tax Act, the
20 Service Use Tax Act, the Service Occupation Tax Act, the
21 Retailers' Occupation Tax Act, and associated local occupation
22 and use taxes administered by the Department.

23 Of the remainder of the moneys received by the Department
24 pursuant to this Act, 75% shall be paid into the General
25 Revenue Fund of the State Treasury and 25% shall be reserved in
26 a special account and used only for the transfer to the Common

1 School Fund as part of the monthly transfer from the General
2 Revenue Fund in accordance with Section 8a of the State Finance
3 Act.

4 The Department may, upon separate written notice to a
5 taxpayer, require the taxpayer to prepare and file with the
6 Department on a form prescribed by the Department within not
7 less than 60 days after receipt of the notice an annual
8 information return for the tax year specified in the notice.
9 Such annual return to the Department shall include a statement
10 of gross receipts as shown by the taxpayer's last Federal
11 income tax return. If the total receipts of the business as
12 reported in the Federal income tax return do not agree with the
13 gross receipts reported to the Department of Revenue for the
14 same period, the taxpayer shall attach to his annual return a
15 schedule showing a reconciliation of the 2 amounts and the
16 reasons for the difference. The taxpayer's annual return to the
17 Department shall also disclose the cost of goods sold by the
18 taxpayer during the year covered by such return, opening and
19 closing inventories of such goods for such year, cost of goods
20 used from stock or taken from stock and given away by the
21 taxpayer during such year, pay roll information of the
22 taxpayer's business during such year and any additional
23 reasonable information which the Department deems would be
24 helpful in determining the accuracy of the monthly, quarterly
25 or annual returns filed by such taxpayer as hereinbefore
26 provided for in this Section.

1 If the annual information return required by this Section
2 is not filed when and as required, the taxpayer shall be liable
3 as follows:

4 (i) Until January 1, 1994, the taxpayer shall be liable
5 for a penalty equal to 1/6 of 1% of the tax due from such
6 taxpayer under this Act during the period to be covered by
7 the annual return for each month or fraction of a month
8 until such return is filed as required, the penalty to be
9 assessed and collected in the same manner as any other
10 penalty provided for in this Act.

11 (ii) On and after January 1, 1994, the taxpayer shall
12 be liable for a penalty as described in Section 3-4 of the
13 Uniform Penalty and Interest Act.

14 The chief executive officer, proprietor, owner or highest
15 ranking manager shall sign the annual return to certify the
16 accuracy of the information contained therein. Any person who
17 willfully signs the annual return containing false or
18 inaccurate information shall be guilty of perjury and punished
19 accordingly. The annual return form prescribed by the
20 Department shall include a warning that the person signing the
21 return may be liable for perjury.

22 The foregoing portion of this Section concerning the filing
23 of an annual information return shall not apply to a serviceman
24 who is not required to file an income tax return with the
25 United States Government.

26 As soon as possible after the first day of each month, upon

1 certification of the Department of Revenue, the Comptroller
2 shall order transferred and the Treasurer shall transfer from
3 the General Revenue Fund to the Motor Fuel Tax Fund an amount
4 equal to 1.7% of 80% of the net revenue realized under this Act
5 for the second preceding month. Beginning April 1, 2000, this
6 transfer is no longer required and shall not be made.

7 Net revenue realized for a month shall be the revenue
8 collected by the State pursuant to this Act, less the amount
9 paid out during that month as refunds to taxpayers for
10 overpayment of liability.

11 For greater simplicity of administration, it shall be
12 permissible for manufacturers, importers and wholesalers whose
13 products are sold by numerous servicemen in Illinois, and who
14 wish to do so, to assume the responsibility for accounting and
15 paying to the Department all tax accruing under this Act with
16 respect to such sales, if the servicemen who are affected do
17 not make written objection to the Department to this
18 arrangement.

19 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
20 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
21 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15.)

22 Section 50-20. The Retailers' Occupation Tax Act is amended
23 by changing Section 3 as follows:

24 (35 ILCS 120/3) (from Ch. 120, par. 442)

1 Sec. 3. Except as provided in this Section, on or before
2 the twentieth day of each calendar month, every person engaged
3 in the business of selling tangible personal property at retail
4 in this State during the preceding calendar month shall file a
5 return with the Department, stating:

6 1. The name of the seller;

7 2. His residence address and the address of his
8 principal place of business and the address of the
9 principal place of business (if that is a different
10 address) from which he engages in the business of selling
11 tangible personal property at retail in this State;

12 3. Total amount of receipts received by him during the
13 preceding calendar month or quarter, as the case may be,
14 from sales of tangible personal property, and from services
15 furnished, by him during such preceding calendar month or
16 quarter;

17 4. Total amount received by him during the preceding
18 calendar month or quarter on charge and time sales of
19 tangible personal property, and from services furnished,
20 by him prior to the month or quarter for which the return
21 is filed;

22 5. Deductions allowed by law;

23 6. Gross receipts which were received by him during the
24 preceding calendar month or quarter and upon the basis of
25 which the tax is imposed;

26 7. The amount of credit provided in Section 2d of this

1 Act;

2 8. The amount of tax due;

3 9. The signature of the taxpayer; and

4 10. Such other reasonable information as the
5 Department may require.

6 If a taxpayer fails to sign a return within 30 days after
7 the proper notice and demand for signature by the Department,
8 the return shall be considered valid and any amount shown to be
9 due on the return shall be deemed assessed.

10 Each return shall be accompanied by the statement of
11 prepaid tax issued pursuant to Section 2e for which credit is
12 claimed.

13 Prior to October 1, 2003, and on and after September 1,
14 2004 a retailer may accept a Manufacturer's Purchase Credit
15 certification from a purchaser in satisfaction of Use Tax as
16 provided in Section 3-85 of the Use Tax Act if the purchaser
17 provides the appropriate documentation as required by Section
18 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
19 certification, accepted by a retailer prior to October 1, 2003
20 and on and after September 1, 2004 as provided in Section 3-85
21 of the Use Tax Act, may be used by that retailer to satisfy
22 Retailers' Occupation Tax liability in the amount claimed in
23 the certification, not to exceed 6.25% of the receipts subject
24 to tax from a qualifying purchase. A Manufacturer's Purchase
25 Credit reported on any original or amended return filed under
26 this Act after October 20, 2003 for reporting periods prior to

1 September 1, 2004 shall be disallowed. Manufacturer's
2 Purchaser Credit reported on annual returns due on or after
3 January 1, 2005 will be disallowed for periods prior to
4 September 1, 2004. No Manufacturer's Purchase Credit may be
5 used after September 30, 2003 through August 31, 2004 to
6 satisfy any tax liability imposed under this Act, including any
7 audit liability.

8 The Department may require returns to be filed on a
9 quarterly basis. If so required, a return for each calendar
10 quarter shall be filed on or before the twentieth day of the
11 calendar month following the end of such calendar quarter. The
12 taxpayer shall also file a return with the Department for each
13 of the first two months of each calendar quarter, on or before
14 the twentieth day of the following calendar month, stating:

15 1. The name of the seller;

16 2. The address of the principal place of business from
17 which he engages in the business of selling tangible
18 personal property at retail in this State;

19 3. The total amount of taxable receipts received by him
20 during the preceding calendar month from sales of tangible
21 personal property by him during such preceding calendar
22 month, including receipts from charge and time sales, but
23 less all deductions allowed by law;

24 4. The amount of credit provided in Section 2d of this
25 Act;

26 5. The amount of tax due; and

1 6. Such other reasonable information as the Department
2 may require.

3 Beginning on October 1, 2003, any person who is not a
4 licensed distributor, importing distributor, or manufacturer,
5 as defined in the Liquor Control Act of 1934, but is engaged in
6 the business of selling, at retail, alcoholic liquor shall file
7 a statement with the Department of Revenue, in a format and at
8 a time prescribed by the Department, showing the total amount
9 paid for alcoholic liquor purchased during the preceding month
10 and such other information as is reasonably required by the
11 Department. The Department may adopt rules to require that this
12 statement be filed in an electronic or telephonic format. Such
13 rules may provide for exceptions from the filing requirements
14 of this paragraph. For the purposes of this paragraph, the term
15 "alcoholic liquor" shall have the meaning prescribed in the
16 Liquor Control Act of 1934.

17 Beginning on October 1, 2003, every distributor, importing
18 distributor, and manufacturer of alcoholic liquor as defined in
19 the Liquor Control Act of 1934, shall file a statement with the
20 Department of Revenue, no later than the 10th day of the month
21 for the preceding month during which transactions occurred, by
22 electronic means, showing the total amount of gross receipts
23 from the sale of alcoholic liquor sold or distributed during
24 the preceding month to purchasers; identifying the purchaser to
25 whom it was sold or distributed; the purchaser's tax
26 registration number; and such other information reasonably

1 required by the Department. A distributor, importing
2 distributor, or manufacturer of alcoholic liquor must
3 personally deliver, mail, or provide by electronic means to
4 each retailer listed on the monthly statement a report
5 containing a cumulative total of that distributor's, importing
6 distributor's, or manufacturer's total sales of alcoholic
7 liquor to that retailer no later than the 10th day of the month
8 for the preceding month during which the transaction occurred.
9 The distributor, importing distributor, or manufacturer shall
10 notify the retailer as to the method by which the distributor,
11 importing distributor, or manufacturer will provide the sales
12 information. If the retailer is unable to receive the sales
13 information by electronic means, the distributor, importing
14 distributor, or manufacturer shall furnish the sales
15 information by personal delivery or by mail. For purposes of
16 this paragraph, the term "electronic means" includes, but is
17 not limited to, the use of a secure Internet website, e-mail,
18 or facsimile.

19 If a total amount of less than \$1 is payable, refundable or
20 creditable, such amount shall be disregarded if it is less than
21 50 cents and shall be increased to \$1 if it is 50 cents or more.

22 Beginning October 1, 1993, a taxpayer who has an average
23 monthly tax liability of \$150,000 or more shall make all
24 payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 1994, a taxpayer who has
26 an average monthly tax liability of \$100,000 or more shall make

1 all payments required by rules of the Department by electronic
2 funds transfer. Beginning October 1, 1995, a taxpayer who has
3 an average monthly tax liability of \$50,000 or more shall make
4 all payments required by rules of the Department by electronic
5 funds transfer. Beginning October 1, 2000, a taxpayer who has
6 an annual tax liability of \$200,000 or more shall make all
7 payments required by rules of the Department by electronic
8 funds transfer. The term "annual tax liability" shall be the
9 sum of the taxpayer's liabilities under this Act, and under all
10 other State and local occupation and use tax laws administered
11 by the Department, for the immediately preceding calendar year.
12 The term "average monthly tax liability" shall be the sum of
13 the taxpayer's liabilities under this Act, and under all other
14 State and local occupation and use tax laws administered by the
15 Department, for the immediately preceding calendar year
16 divided by 12. Beginning on October 1, 2002, a taxpayer who has
17 a tax liability in the amount set forth in subsection (b) of
18 Section 2505-210 of the Department of Revenue Law shall make
19 all payments required by rules of the Department by electronic
20 funds transfer.

21 Before August 1 of each year beginning in 1993, the
22 Department shall notify all taxpayers required to make payments
23 by electronic funds transfer. All taxpayers required to make
24 payments by electronic funds transfer shall make those payments
25 for a minimum of one year beginning on October 1.

26 Any taxpayer not required to make payments by electronic

1 funds transfer may make payments by electronic funds transfer
2 with the permission of the Department.

3 All taxpayers required to make payment by electronic funds
4 transfer and any taxpayers authorized to voluntarily make
5 payments by electronic funds transfer shall make those payments
6 in the manner authorized by the Department.

7 The Department shall adopt such rules as are necessary to
8 effectuate a program of electronic funds transfer and the
9 requirements of this Section.

10 Any amount which is required to be shown or reported on any
11 return or other document under this Act shall, if such amount
12 is not a whole-dollar amount, be increased to the nearest
13 whole-dollar amount in any case where the fractional part of a
14 dollar is 50 cents or more, and decreased to the nearest
15 whole-dollar amount where the fractional part of a dollar is
16 less than 50 cents.

17 If the retailer is otherwise required to file a monthly
18 return and if the retailer's average monthly tax liability to
19 the Department does not exceed \$200, the Department may
20 authorize his returns to be filed on a quarter annual basis,
21 with the return for January, February and March of a given year
22 being due by April 20 of such year; with the return for April,
23 May and June of a given year being due by July 20 of such year;
24 with the return for July, August and September of a given year
25 being due by October 20 of such year, and with the return for
26 October, November and December of a given year being due by

1 January 20 of the following year.

2 If the retailer is otherwise required to file a monthly or
3 quarterly return and if the retailer's average monthly tax
4 liability with the Department does not exceed \$50, the
5 Department may authorize his returns to be filed on an annual
6 basis, with the return for a given year being due by January 20
7 of the following year.

8 Such quarter annual and annual returns, as to form and
9 substance, shall be subject to the same requirements as monthly
10 returns.

11 Notwithstanding any other provision in this Act concerning
12 the time within which a retailer may file his return, in the
13 case of any retailer who ceases to engage in a kind of business
14 which makes him responsible for filing returns under this Act,
15 such retailer shall file a final return under this Act with the
16 Department not more than one month after discontinuing such
17 business.

18 Where the same person has more than one business registered
19 with the Department under separate registrations under this
20 Act, such person may not file each return that is due as a
21 single return covering all such registered businesses, but
22 shall file separate returns for each such registered business.

23 In addition, with respect to motor vehicles, watercraft,
24 aircraft, and trailers that are required to be registered with
25 an agency of this State, every retailer selling this kind of
26 tangible personal property shall file, with the Department,

1 upon a form to be prescribed and supplied by the Department, a
2 separate return for each such item of tangible personal
3 property which the retailer sells, except that if, in the same
4 transaction, (i) a retailer of aircraft, watercraft, motor
5 vehicles or trailers transfers more than one aircraft,
6 watercraft, motor vehicle or trailer to another aircraft,
7 watercraft, motor vehicle retailer or trailer retailer for the
8 purpose of resale or (ii) a retailer of aircraft, watercraft,
9 motor vehicles, or trailers transfers more than one aircraft,
10 watercraft, motor vehicle, or trailer to a purchaser for use as
11 a qualifying rolling stock as provided in Section 2-5 of this
12 Act, then that seller may report the transfer of all aircraft,
13 watercraft, motor vehicles or trailers involved in that
14 transaction to the Department on the same uniform
15 invoice-transaction reporting return form. For purposes of
16 this Section, "watercraft" means a Class 2, Class 3, or Class 4
17 watercraft as defined in Section 3-2 of the Boat Registration
18 and Safety Act, a personal watercraft, or any boat equipped
19 with an inboard motor.

20 Any retailer who sells only motor vehicles, watercraft,
21 aircraft, or trailers that are required to be registered with
22 an agency of this State, so that all retailers' occupation tax
23 liability is required to be reported, and is reported, on such
24 transaction reporting returns and who is not otherwise required
25 to file monthly or quarterly returns, need not file monthly or
26 quarterly returns. However, those retailers shall be required

1 to file returns on an annual basis.

2 The transaction reporting return, in the case of motor
3 vehicles or trailers that are required to be registered with an
4 agency of this State, shall be the same document as the Uniform
5 Invoice referred to in Section 5-402 of The Illinois Vehicle
6 Code and must show the name and address of the seller; the name
7 and address of the purchaser; the amount of the selling price
8 including the amount allowed by the retailer for traded-in
9 property, if any; the amount allowed by the retailer for the
10 traded-in tangible personal property, if any, to the extent to
11 which Section 1 of this Act allows an exemption for the value
12 of traded-in property; the balance payable after deducting such
13 trade-in allowance from the total selling price; the amount of
14 tax due from the retailer with respect to such transaction; the
15 amount of tax collected from the purchaser by the retailer on
16 such transaction (or satisfactory evidence that such tax is not
17 due in that particular instance, if that is claimed to be the
18 fact); the place and date of the sale; a sufficient
19 identification of the property sold; such other information as
20 is required in Section 5-402 of The Illinois Vehicle Code, and
21 such other information as the Department may reasonably
22 require.

23 The transaction reporting return in the case of watercraft
24 or aircraft must show the name and address of the seller; the
25 name and address of the purchaser; the amount of the selling
26 price including the amount allowed by the retailer for

1 traded-in property, if any; the amount allowed by the retailer
2 for the traded-in tangible personal property, if any, to the
3 extent to which Section 1 of this Act allows an exemption for
4 the value of traded-in property; the balance payable after
5 deducting such trade-in allowance from the total selling price;
6 the amount of tax due from the retailer with respect to such
7 transaction; the amount of tax collected from the purchaser by
8 the retailer on such transaction (or satisfactory evidence that
9 such tax is not due in that particular instance, if that is
10 claimed to be the fact); the place and date of the sale, a
11 sufficient identification of the property sold, and such other
12 information as the Department may reasonably require.

13 Such transaction reporting return shall be filed not later
14 than 20 days after the day of delivery of the item that is
15 being sold, but may be filed by the retailer at any time sooner
16 than that if he chooses to do so. The transaction reporting
17 return and tax remittance or proof of exemption from the
18 Illinois use tax may be transmitted to the Department by way of
19 the State agency with which, or State officer with whom the
20 tangible personal property must be titled or registered (if
21 titling or registration is required) if the Department and such
22 agency or State officer determine that this procedure will
23 expedite the processing of applications for title or
24 registration.

25 With each such transaction reporting return, the retailer
26 shall remit the proper amount of tax due (or shall submit

1 satisfactory evidence that the sale is not taxable if that is
2 the case), to the Department or its agents, whereupon the
3 Department shall issue, in the purchaser's name, a use tax
4 receipt (or a certificate of exemption if the Department is
5 satisfied that the particular sale is tax exempt) which such
6 purchaser may submit to the agency with which, or State officer
7 with whom, he must title or register the tangible personal
8 property that is involved (if titling or registration is
9 required) in support of such purchaser's application for an
10 Illinois certificate or other evidence of title or registration
11 to such tangible personal property.

12 No retailer's failure or refusal to remit tax under this
13 Act precludes a user, who has paid the proper tax to the
14 retailer, from obtaining his certificate of title or other
15 evidence of title or registration (if titling or registration
16 is required) upon satisfying the Department that such user has
17 paid the proper tax (if tax is due) to the retailer. The
18 Department shall adopt appropriate rules to carry out the
19 mandate of this paragraph.

20 If the user who would otherwise pay tax to the retailer
21 wants the transaction reporting return filed and the payment of
22 the tax or proof of exemption made to the Department before the
23 retailer is willing to take these actions and such user has not
24 paid the tax to the retailer, such user may certify to the fact
25 of such delay by the retailer and may (upon the Department
26 being satisfied of the truth of such certification) transmit

1 the information required by the transaction reporting return
2 and the remittance for tax or proof of exemption directly to
3 the Department and obtain his tax receipt or exemption
4 determination, in which event the transaction reporting return
5 and tax remittance (if a tax payment was required) shall be
6 credited by the Department to the proper retailer's account
7 with the Department, but without the vendor's ~~2.1% or 1.75%~~
8 discount provided for in this Section being allowed. When the
9 user pays the tax directly to the Department, he shall pay the
10 tax in the same amount and in the same form in which it would be
11 remitted if the tax had been remitted to the Department by the
12 retailer.

13 Refunds made by the seller during the preceding return
14 period to purchasers, on account of tangible personal property
15 returned to the seller, shall be allowed as a deduction under
16 subdivision 5 of his monthly or quarterly return, as the case
17 may be, in case the seller had theretofore included the
18 receipts from the sale of such tangible personal property in a
19 return filed by him and had paid the tax imposed by this Act
20 with respect to such receipts.

21 Where the seller is a corporation, the return filed on
22 behalf of such corporation shall be signed by the president,
23 vice-president, secretary or treasurer or by the properly
24 accredited agent of such corporation.

25 Where the seller is a limited liability company, the return
26 filed on behalf of the limited liability company shall be

1 signed by a manager, member, or properly accredited agent of
2 the limited liability company.

3 Except as provided in this Section, the retailer filing the
4 return under this Section shall, at the time of filing such
5 return, pay to the Department the amount of tax imposed by this
6 Act less a discount of 2.1% prior to January 1, 1990, ~~and~~ 1.75%
7 on and after January 1, 1990 and prior to July 1, 2016, and
8 0.75% on and after July 1, 2016, or \$5 per calendar year,
9 whichever is greater, which is allowed to reimburse the
10 retailer for the expenses incurred in keeping records,
11 preparing and filing returns, remitting the tax and supplying
12 data to the Department on request. Any prepayment made pursuant
13 to Section 2d of this Act shall be included in the amount on
14 which such ~~2.1% or 1.75%~~ discount is computed. In the case of
15 retailers who report and pay the tax on a transaction by
16 transaction basis, as provided in this Section, such discount
17 shall be taken with each such tax remittance instead of when
18 such retailer files his periodic return. The Department may
19 disallow the discount for retailers whose certificate of
20 registration is revoked at the time the return is filed, but
21 only if the Department's decision to revoke the certificate of
22 registration has become final.

23 Before October 1, 2000, if the taxpayer's average monthly
24 tax liability to the Department under this Act, the Use Tax
25 Act, the Service Occupation Tax Act, and the Service Use Tax
26 Act, excluding any liability for prepaid sales tax to be

1 remitted in accordance with Section 2d of this Act, was \$10,000
2 or more during the preceding 4 complete calendar quarters, he
3 shall file a return with the Department each month by the 20th
4 day of the month next following the month during which such tax
5 liability is incurred and shall make payments to the Department
6 on or before the 7th, 15th, 22nd and last day of the month
7 during which such liability is incurred. On and after October
8 1, 2000, if the taxpayer's average monthly tax liability to the
9 Department under this Act, the Use Tax Act, the Service
10 Occupation Tax Act, and the Service Use Tax Act, excluding any
11 liability for prepaid sales tax to be remitted in accordance
12 with Section 2d of this Act, was \$20,000 or more during the
13 preceding 4 complete calendar quarters, he shall file a return
14 with the Department each month by the 20th day of the month
15 next following the month during which such tax liability is
16 incurred and shall make payment to the Department on or before
17 the 7th, 15th, 22nd and last day of the month during which such
18 liability is incurred. If the month during which such tax
19 liability is incurred began prior to January 1, 1985, each
20 payment shall be in an amount equal to 1/4 of the taxpayer's
21 actual liability for the month or an amount set by the
22 Department not to exceed 1/4 of the average monthly liability
23 of the taxpayer to the Department for the preceding 4 complete
24 calendar quarters (excluding the month of highest liability and
25 the month of lowest liability in such 4 quarter period). If the
26 month during which such tax liability is incurred begins on or

1 after January 1, 1985 and prior to January 1, 1987, each
2 payment shall be in an amount equal to 22.5% of the taxpayer's
3 actual liability for the month or 27.5% of the taxpayer's
4 liability for the same calendar month of the preceding year. If
5 the month during which such tax liability is incurred begins on
6 or after January 1, 1987 and prior to January 1, 1988, each
7 payment shall be in an amount equal to 22.5% of the taxpayer's
8 actual liability for the month or 26.25% of the taxpayer's
9 liability for the same calendar month of the preceding year. If
10 the month during which such tax liability is incurred begins on
11 or after January 1, 1988, and prior to January 1, 1989, or
12 begins on or after January 1, 1996, each payment shall be in an
13 amount equal to 22.5% of the taxpayer's actual liability for
14 the month or 25% of the taxpayer's liability for the same
15 calendar month of the preceding year. If the month during which
16 such tax liability is incurred begins on or after January 1,
17 1989, and prior to January 1, 1996, each payment shall be in an
18 amount equal to 22.5% of the taxpayer's actual liability for
19 the month or 25% of the taxpayer's liability for the same
20 calendar month of the preceding year or 100% of the taxpayer's
21 actual liability for the quarter monthly reporting period. The
22 amount of such quarter monthly payments shall be credited
23 against the final tax liability of the taxpayer's return for
24 that month. Before October 1, 2000, once applicable, the
25 requirement of the making of quarter monthly payments to the
26 Department by taxpayers having an average monthly tax liability

1 of \$10,000 or more as determined in the manner provided above
2 shall continue until such taxpayer's average monthly liability
3 to the Department during the preceding 4 complete calendar
4 quarters (excluding the month of highest liability and the
5 month of lowest liability) is less than \$9,000, or until such
6 taxpayer's average monthly liability to the Department as
7 computed for each calendar quarter of the 4 preceding complete
8 calendar quarter period is less than \$10,000. However, if a
9 taxpayer can show the Department that a substantial change in
10 the taxpayer's business has occurred which causes the taxpayer
11 to anticipate that his average monthly tax liability for the
12 reasonably foreseeable future will fall below the \$10,000
13 threshold stated above, then such taxpayer may petition the
14 Department for a change in such taxpayer's reporting status. On
15 and after October 1, 2000, once applicable, the requirement of
16 the making of quarter monthly payments to the Department by
17 taxpayers having an average monthly tax liability of \$20,000 or
18 more as determined in the manner provided above shall continue
19 until such taxpayer's average monthly liability to the
20 Department during the preceding 4 complete calendar quarters
21 (excluding the month of highest liability and the month of
22 lowest liability) is less than \$19,000 or until such taxpayer's
23 average monthly liability to the Department as computed for
24 each calendar quarter of the 4 preceding complete calendar
25 quarter period is less than \$20,000. However, if a taxpayer can
26 show the Department that a substantial change in the taxpayer's

1 business has occurred which causes the taxpayer to anticipate
2 that his average monthly tax liability for the reasonably
3 foreseeable future will fall below the \$20,000 threshold stated
4 above, then such taxpayer may petition the Department for a
5 change in such taxpayer's reporting status. The Department
6 shall change such taxpayer's reporting status unless it finds
7 that such change is seasonal in nature and not likely to be
8 long term. If any such quarter monthly payment is not paid at
9 the time or in the amount required by this Section, then the
10 taxpayer shall be liable for penalties and interest on the
11 difference between the minimum amount due as a payment and the
12 amount of such quarter monthly payment actually and timely
13 paid, except insofar as the taxpayer has previously made
14 payments for that month to the Department in excess of the
15 minimum payments previously due as provided in this Section.
16 The Department shall make reasonable rules and regulations to
17 govern the quarter monthly payment amount and quarter monthly
18 payment dates for taxpayers who file on other than a calendar
19 monthly basis.

20 The provisions of this paragraph apply before October 1,
21 2001. Without regard to whether a taxpayer is required to make
22 quarter monthly payments as specified above, any taxpayer who
23 is required by Section 2d of this Act to collect and remit
24 prepaid taxes and has collected prepaid taxes which average in
25 excess of \$25,000 per month during the preceding 2 complete
26 calendar quarters, shall file a return with the Department as

1 required by Section 2f and shall make payments to the
2 Department on or before the 7th, 15th, 22nd and last day of the
3 month during which such liability is incurred. If the month
4 during which such tax liability is incurred began prior to the
5 effective date of this amendatory Act of 1985, each payment
6 shall be in an amount not less than 22.5% of the taxpayer's
7 actual liability under Section 2d. If the month during which
8 such tax liability is incurred begins on or after January 1,
9 1986, each payment shall be in an amount equal to 22.5% of the
10 taxpayer's actual liability for the month or 27.5% of the
11 taxpayer's liability for the same calendar month of the
12 preceding calendar year. If the month during which such tax
13 liability is incurred begins on or after January 1, 1987, each
14 payment shall be in an amount equal to 22.5% of the taxpayer's
15 actual liability for the month or 26.25% of the taxpayer's
16 liability for the same calendar month of the preceding year.
17 The amount of such quarter monthly payments shall be credited
18 against the final tax liability of the taxpayer's return for
19 that month filed under this Section or Section 2f, as the case
20 may be. Once applicable, the requirement of the making of
21 quarter monthly payments to the Department pursuant to this
22 paragraph shall continue until such taxpayer's average monthly
23 prepaid tax collections during the preceding 2 complete
24 calendar quarters is \$25,000 or less. If any such quarter
25 monthly payment is not paid at the time or in the amount
26 required, the taxpayer shall be liable for penalties and

1 interest on such difference, except insofar as the taxpayer has
2 previously made payments for that month in excess of the
3 minimum payments previously due.

4 The provisions of this paragraph apply on and after October
5 1, 2001. Without regard to whether a taxpayer is required to
6 make quarter monthly payments as specified above, any taxpayer
7 who is required by Section 2d of this Act to collect and remit
8 prepaid taxes and has collected prepaid taxes that average in
9 excess of \$20,000 per month during the preceding 4 complete
10 calendar quarters shall file a return with the Department as
11 required by Section 2f and shall make payments to the
12 Department on or before the 7th, 15th, 22nd and last day of the
13 month during which the liability is incurred. Each payment
14 shall be in an amount equal to 22.5% of the taxpayer's actual
15 liability for the month or 25% of the taxpayer's liability for
16 the same calendar month of the preceding year. The amount of
17 the quarter monthly payments shall be credited against the
18 final tax liability of the taxpayer's return for that month
19 filed under this Section or Section 2f, as the case may be.
20 Once applicable, the requirement of the making of quarter
21 monthly payments to the Department pursuant to this paragraph
22 shall continue until the taxpayer's average monthly prepaid tax
23 collections during the preceding 4 complete calendar quarters
24 (excluding the month of highest liability and the month of
25 lowest liability) is less than \$19,000 or until such taxpayer's
26 average monthly liability to the Department as computed for

1 each calendar quarter of the 4 preceding complete calendar
2 quarters is less than \$20,000. If any such quarter monthly
3 payment is not paid at the time or in the amount required, the
4 taxpayer shall be liable for penalties and interest on such
5 difference, except insofar as the taxpayer has previously made
6 payments for that month in excess of the minimum payments
7 previously due.

8 If any payment provided for in this Section exceeds the
9 taxpayer's liabilities under this Act, the Use Tax Act, the
10 Service Occupation Tax Act and the Service Use Tax Act, as
11 shown on an original monthly return, the Department shall, if
12 requested by the taxpayer, issue to the taxpayer a credit
13 memorandum no later than 30 days after the date of payment. The
14 credit evidenced by such credit memorandum may be assigned by
15 the taxpayer to a similar taxpayer under this Act, the Use Tax
16 Act, the Service Occupation Tax Act or the Service Use Tax Act,
17 in accordance with reasonable rules and regulations to be
18 prescribed by the Department. If no such request is made, the
19 taxpayer may credit such excess payment against tax liability
20 subsequently to be remitted to the Department under this Act,
21 the Use Tax Act, the Service Occupation Tax Act or the Service
22 Use Tax Act, in accordance with reasonable rules and
23 regulations prescribed by the Department. If the Department
24 subsequently determined that all or any part of the credit
25 taken was not actually due to the taxpayer, the taxpayer's ~~2.1%~~
26 ~~and 1.75%~~ vendor's discount shall be reduced by 2.1% ~~or~~ 1.75%.

1 or 0.75% (as applicable) of the difference between the credit
2 taken and that actually due, and that taxpayer shall be liable
3 for penalties and interest on such difference.

4 If a retailer of motor fuel is entitled to a credit under
5 Section 2d of this Act which exceeds the taxpayer's liability
6 to the Department under this Act for the month which the
7 taxpayer is filing a return, the Department shall issue the
8 taxpayer a credit memorandum for the excess.

9 Beginning January 1, 1990, each month the Department shall
10 pay into the Local Government Tax Fund, a special fund in the
11 State treasury which is hereby created, the net revenue
12 realized for the preceding month from the 1% tax on sales of
13 food for human consumption which is to be consumed off the
14 premises where it is sold (other than alcoholic beverages, soft
15 drinks and food which has been prepared for immediate
16 consumption) and prescription and nonprescription medicines,
17 drugs, medical appliances and insulin, urine testing
18 materials, syringes and needles used by diabetics.

19 Beginning January 1, 1990, each month the Department shall
20 pay into the County and Mass Transit District Fund, a special
21 fund in the State treasury which is hereby created, 4% of the
22 net revenue realized for the preceding month from the 6.25%
23 general rate.

24 Beginning August 1, 2000, each month the Department shall
25 pay into the County and Mass Transit District Fund 20% of the
26 net revenue realized for the preceding month from the 1.25%

1 rate on the selling price of motor fuel and gasohol. Beginning
2 September 1, 2010, each month the Department shall pay into the
3 County and Mass Transit District Fund 20% of the net revenue
4 realized for the preceding month from the 1.25% rate on the
5 selling price of sales tax holiday items.

6 Beginning January 1, 1990, each month the Department shall
7 pay into the Local Government Tax Fund 16% of the net revenue
8 realized for the preceding month from the 6.25% general rate on
9 the selling price of tangible personal property.

10 Beginning August 1, 2000, each month the Department shall
11 pay into the Local Government Tax Fund 80% of the net revenue
12 realized for the preceding month from the 1.25% rate on the
13 selling price of motor fuel and gasohol. Beginning September 1,
14 2010, each month the Department shall pay into the Local
15 Government Tax Fund 80% of the net revenue realized for the
16 preceding month from the 1.25% rate on the selling price of
17 sales tax holiday items.

18 Beginning October 1, 2009, each month the Department shall
19 pay into the Capital Projects Fund an amount that is equal to
20 an amount estimated by the Department to represent 80% of the
21 net revenue realized for the preceding month from the sale of
22 candy, grooming and hygiene products, and soft drinks that had
23 been taxed at a rate of 1% prior to September 1, 2009 but that
24 are now taxed at 6.25%.

25 Beginning July 1, 2011, each month the Department shall pay
26 into the Clean Air Act (CAA) Permit Fund 80% of the net revenue

1 realized for the preceding month from the 6.25% general rate on
2 the selling price of sorbents used in Illinois in the process
3 of sorbent injection as used to comply with the Environmental
4 Protection Act or the federal Clean Air Act, but the total
5 payment into the Clean Air Act (CAA) Permit Fund under this Act
6 and the Use Tax Act shall not exceed \$2,000,000 in any fiscal
7 year.

8 Beginning July 1, 2013, each month the Department shall pay
9 into the Underground Storage Tank Fund from the proceeds
10 collected under this Act, the Use Tax Act, the Service Use Tax
11 Act, and the Service Occupation Tax Act an amount equal to the
12 average monthly deficit in the Underground Storage Tank Fund
13 during the prior year, as certified annually by the Illinois
14 Environmental Protection Agency, but the total payment into the
15 Underground Storage Tank Fund under this Act, the Use Tax Act,
16 the Service Use Tax Act, and the Service Occupation Tax Act
17 shall not exceed \$18,000,000 in any State fiscal year. As used
18 in this paragraph, the "average monthly deficit" shall be equal
19 to the difference between the average monthly claims for
20 payment by the fund and the average monthly revenues deposited
21 into the fund, excluding payments made pursuant to this
22 paragraph.

23 Beginning July 1, 2015, of the remainder of the moneys
24 received by the Department under the Use Tax Act, the Service
25 Use Tax Act, the Service Occupation Tax Act, and this Act, each
26 month the Department shall deposit \$500,000 into the State

1 Crime Laboratory Fund.

2 Of the remainder of the moneys received by the Department
3 pursuant to this Act, (a) 1.75% thereof shall be paid into the
4 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
5 and after July 1, 1989, 3.8% thereof shall be paid into the
6 Build Illinois Fund; provided, however, that if in any fiscal
7 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
8 may be, of the moneys received by the Department and required
9 to be paid into the Build Illinois Fund pursuant to this Act,
10 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
11 Act, and Section 9 of the Service Occupation Tax Act, such Acts
12 being hereinafter called the "Tax Acts" and such aggregate of
13 2.2% or 3.8%, as the case may be, of moneys being hereinafter
14 called the "Tax Act Amount", and (2) the amount transferred to
15 the Build Illinois Fund from the State and Local Sales Tax
16 Reform Fund shall be less than the Annual Specified Amount (as
17 hereinafter defined), an amount equal to the difference shall
18 be immediately paid into the Build Illinois Fund from other
19 moneys received by the Department pursuant to the Tax Acts; the
20 "Annual Specified Amount" means the amounts specified below for
21 fiscal years 1986 through 1993:

22	Fiscal Year	Annual Specified Amount
23	1986	\$54,800,000
24	1987	\$76,650,000
25	1988	\$80,480,000
26	1989	\$88,510,000

1	1990	\$115,330,000
2	1991	\$145,470,000
3	1992	\$182,730,000
4	1993	\$206,520,000;

5 and means the Certified Annual Debt Service Requirement (as
6 defined in Section 13 of the Build Illinois Bond Act) or the
7 Tax Act Amount, whichever is greater, for fiscal year 1994 and
8 each fiscal year thereafter; and further provided, that if on
9 the last business day of any month the sum of (1) the Tax Act
10 Amount required to be deposited into the Build Illinois Bond
11 Account in the Build Illinois Fund during such month and (2)
12 the amount transferred to the Build Illinois Fund from the
13 State and Local Sales Tax Reform Fund shall have been less than
14 1/12 of the Annual Specified Amount, an amount equal to the
15 difference shall be immediately paid into the Build Illinois
16 Fund from other moneys received by the Department pursuant to
17 the Tax Acts; and, further provided, that in no event shall the
18 payments required under the preceding proviso result in
19 aggregate payments into the Build Illinois Fund pursuant to
20 this clause (b) for any fiscal year in excess of the greater of
21 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
22 such fiscal year. The amounts payable into the Build Illinois
23 Fund under clause (b) of the first sentence in this paragraph
24 shall be payable only until such time as the aggregate amount
25 on deposit under each trust indenture securing Bonds issued and
26 outstanding pursuant to the Build Illinois Bond Act is

1 sufficient, taking into account any future investment income,
2 to fully provide, in accordance with such indenture, for the
3 defeasance of or the payment of the principal of, premium, if
4 any, and interest on the Bonds secured by such indenture and on
5 any Bonds expected to be issued thereafter and all fees and
6 costs payable with respect thereto, all as certified by the
7 Director of the Bureau of the Budget (now Governor's Office of
8 Management and Budget). If on the last business day of any
9 month in which Bonds are outstanding pursuant to the Build
10 Illinois Bond Act, the aggregate of moneys deposited in the
11 Build Illinois Bond Account in the Build Illinois Fund in such
12 month shall be less than the amount required to be transferred
13 in such month from the Build Illinois Bond Account to the Build
14 Illinois Bond Retirement and Interest Fund pursuant to Section
15 13 of the Build Illinois Bond Act, an amount equal to such
16 deficiency shall be immediately paid from other moneys received
17 by the Department pursuant to the Tax Acts to the Build
18 Illinois Fund; provided, however, that any amounts paid to the
19 Build Illinois Fund in any fiscal year pursuant to this
20 sentence shall be deemed to constitute payments pursuant to
21 clause (b) of the first sentence of this paragraph and shall
22 reduce the amount otherwise payable for such fiscal year
23 pursuant to that clause (b). The moneys received by the
24 Department pursuant to this Act and required to be deposited
25 into the Build Illinois Fund are subject to the pledge, claim
26 and charge set forth in Section 12 of the Build Illinois Bond

1 Act.

2 Subject to payment of amounts into the Build Illinois Fund
 3 as provided in the preceding paragraph or in any amendment
 4 thereto hereafter enacted, the following specified monthly
 5 installment of the amount requested in the certificate of the
 6 Chairman of the Metropolitan Pier and Exposition Authority
 7 provided under Section 8.25f of the State Finance Act, but not
 8 in excess of sums designated as "Total Deposit", shall be
 9 deposited in the aggregate from collections under Section 9 of
 10 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
 11 9 of the Service Occupation Tax Act, and Section 3 of the
 12 Retailers' Occupation Tax Act into the McCormick Place
 13 Expansion Project Fund in the specified fiscal years.

14	Fiscal Year	Total
		Deposit
15	1993	\$0
16	1994	53,000,000
17	1995	58,000,000
18	1996	61,000,000
19	1997	64,000,000
20	1998	68,000,000
21	1999	71,000,000
22	2000	75,000,000
23	2001	80,000,000
24	2002	93,000,000
25	2003	99,000,000

1	2004	103,000,000
2	2005	108,000,000
3	2006	113,000,000
4	2007	119,000,000
5	2008	126,000,000
6	2009	132,000,000
7	2010	139,000,000
8	2011	146,000,000
9	2012	153,000,000
10	2013	161,000,000
11	2014	170,000,000
12	2015	179,000,000
13	2016	189,000,000
14	2017	199,000,000
15	2018	210,000,000
16	2019	221,000,000
17	2020	233,000,000
18	2021	246,000,000
19	2022	260,000,000
20	2023	275,000,000
21	2024	275,000,000
22	2025	275,000,000
23	2026	279,000,000
24	2027	292,000,000
25	2028	307,000,000
26	2029	322,000,000

1	2030	338,000,000
2	2031	350,000,000
3	2032	350,000,000

4 and

5 each fiscal year

6 thereafter that bonds

7 are outstanding under

8 Section 13.2 of the

9 Metropolitan Pier and

10 Exposition Authority Act,

11 but not after fiscal year 2060.

12 Beginning July 20, 1993 and in each month of each fiscal
13 year thereafter, one-eighth of the amount requested in the
14 certificate of the Chairman of the Metropolitan Pier and
15 Exposition Authority for that fiscal year, less the amount
16 deposited into the McCormick Place Expansion Project Fund by
17 the State Treasurer in the respective month under subsection
18 (g) of Section 13 of the Metropolitan Pier and Exposition
19 Authority Act, plus cumulative deficiencies in the deposits
20 required under this Section for previous months and years,
21 shall be deposited into the McCormick Place Expansion Project
22 Fund, until the full amount requested for the fiscal year, but
23 not in excess of the amount specified above as "Total Deposit",
24 has been deposited.

25 Subject to payment of amounts into the Build Illinois Fund
26 and the McCormick Place Expansion Project Fund pursuant to the

1 preceding paragraphs or in any amendments thereto hereafter
2 enacted, beginning July 1, 1993 and ending on September 30,
3 2013, the Department shall each month pay into the Illinois Tax
4 Increment Fund 0.27% of 80% of the net revenue realized for the
5 preceding month from the 6.25% general rate on the selling
6 price of tangible personal property.

7 Subject to payment of amounts into the Build Illinois Fund
8 and the McCormick Place Expansion Project Fund pursuant to the
9 preceding paragraphs or in any amendments thereto hereafter
10 enacted, beginning with the receipt of the first report of
11 taxes paid by an eligible business and continuing for a 25-year
12 period, the Department shall each month pay into the Energy
13 Infrastructure Fund 80% of the net revenue realized from the
14 6.25% general rate on the selling price of Illinois-mined coal
15 that was sold to an eligible business. For purposes of this
16 paragraph, the term "eligible business" means a new electric
17 generating facility certified pursuant to Section 605-332 of
18 the Department of Commerce and Economic Opportunity Law of the
19 Civil Administrative Code of Illinois.

20 Subject to payment of amounts into the Build Illinois Fund,
21 the McCormick Place Expansion Project Fund, the Illinois Tax
22 Increment Fund, and the Energy Infrastructure Fund pursuant to
23 the preceding paragraphs or in any amendments to this Section
24 hereafter enacted, beginning on the first day of the first
25 calendar month to occur on or after the effective date of this
26 amendatory Act of the 98th General Assembly, each month, from

1 the collections made under Section 9 of the Use Tax Act,
2 Section 9 of the Service Use Tax Act, Section 9 of the Service
3 Occupation Tax Act, and Section 3 of the Retailers' Occupation
4 Tax Act, the Department shall pay into the Tax Compliance and
5 Administration Fund, to be used, subject to appropriation, to
6 fund additional auditors and compliance personnel at the
7 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
8 the cash receipts collected during the preceding fiscal year by
9 the Audit Bureau of the Department under the Use Tax Act, the
10 Service Use Tax Act, the Service Occupation Tax Act, the
11 Retailers' Occupation Tax Act, and associated local occupation
12 and use taxes administered by the Department.

13 Of the remainder of the moneys received by the Department
14 pursuant to this Act, 75% thereof shall be paid into the State
15 Treasury and 25% shall be reserved in a special account and
16 used only for the transfer to the Common School Fund as part of
17 the monthly transfer from the General Revenue Fund in
18 accordance with Section 8a of the State Finance Act.

19 The Department may, upon separate written notice to a
20 taxpayer, require the taxpayer to prepare and file with the
21 Department on a form prescribed by the Department within not
22 less than 60 days after receipt of the notice an annual
23 information return for the tax year specified in the notice.
24 Such annual return to the Department shall include a statement
25 of gross receipts as shown by the retailer's last Federal
26 income tax return. If the total receipts of the business as

1 reported in the Federal income tax return do not agree with the
2 gross receipts reported to the Department of Revenue for the
3 same period, the retailer shall attach to his annual return a
4 schedule showing a reconciliation of the 2 amounts and the
5 reasons for the difference. The retailer's annual return to the
6 Department shall also disclose the cost of goods sold by the
7 retailer during the year covered by such return, opening and
8 closing inventories of such goods for such year, costs of goods
9 used from stock or taken from stock and given away by the
10 retailer during such year, payroll information of the
11 retailer's business during such year and any additional
12 reasonable information which the Department deems would be
13 helpful in determining the accuracy of the monthly, quarterly
14 or annual returns filed by such retailer as provided for in
15 this Section.

16 If the annual information return required by this Section
17 is not filed when and as required, the taxpayer shall be liable
18 as follows:

19 (i) Until January 1, 1994, the taxpayer shall be liable
20 for a penalty equal to 1/6 of 1% of the tax due from such
21 taxpayer under this Act during the period to be covered by
22 the annual return for each month or fraction of a month
23 until such return is filed as required, the penalty to be
24 assessed and collected in the same manner as any other
25 penalty provided for in this Act.

26 (ii) On and after January 1, 1994, the taxpayer shall

1 be liable for a penalty as described in Section 3-4 of the
2 Uniform Penalty and Interest Act.

3 The chief executive officer, proprietor, owner or highest
4 ranking manager shall sign the annual return to certify the
5 accuracy of the information contained therein. Any person who
6 willfully signs the annual return containing false or
7 inaccurate information shall be guilty of perjury and punished
8 accordingly. The annual return form prescribed by the
9 Department shall include a warning that the person signing the
10 return may be liable for perjury.

11 The provisions of this Section concerning the filing of an
12 annual information return do not apply to a retailer who is not
13 required to file an income tax return with the United States
14 Government.

15 As soon as possible after the first day of each month, upon
16 certification of the Department of Revenue, the Comptroller
17 shall order transferred and the Treasurer shall transfer from
18 the General Revenue Fund to the Motor Fuel Tax Fund an amount
19 equal to 1.7% of 80% of the net revenue realized under this Act
20 for the second preceding month. Beginning April 1, 2000, this
21 transfer is no longer required and shall not be made.

22 Net revenue realized for a month shall be the revenue
23 collected by the State pursuant to this Act, less the amount
24 paid out during that month as refunds to taxpayers for
25 overpayment of liability.

26 For greater simplicity of administration, manufacturers,

1 importers and wholesalers whose products are sold at retail in
2 Illinois by numerous retailers, and who wish to do so, may
3 assume the responsibility for accounting and paying to the
4 Department all tax accruing under this Act with respect to such
5 sales, if the retailers who are affected do not make written
6 objection to the Department to this arrangement.

7 Any person who promotes, organizes, provides retail
8 selling space for concessionaires or other types of sellers at
9 the Illinois State Fair, DuQuoin State Fair, county fairs,
10 local fairs, art shows, flea markets and similar exhibitions or
11 events, including any transient merchant as defined by Section
12 2 of the Transient Merchant Act of 1987, is required to file a
13 report with the Department providing the name of the merchant's
14 business, the name of the person or persons engaged in
15 merchant's business, the permanent address and Illinois
16 Retailers Occupation Tax Registration Number of the merchant,
17 the dates and location of the event and other reasonable
18 information that the Department may require. The report must be
19 filed not later than the 20th day of the month next following
20 the month during which the event with retail sales was held.
21 Any person who fails to file a report required by this Section
22 commits a business offense and is subject to a fine not to
23 exceed \$250.

24 Any person engaged in the business of selling tangible
25 personal property at retail as a concessionaire or other type
26 of seller at the Illinois State Fair, county fairs, art shows,

1 flea markets and similar exhibitions or events, or any
2 transient merchants, as defined by Section 2 of the Transient
3 Merchant Act of 1987, may be required to make a daily report of
4 the amount of such sales to the Department and to make a daily
5 payment of the full amount of tax due. The Department shall
6 impose this requirement when it finds that there is a
7 significant risk of loss of revenue to the State at such an
8 exhibition or event. Such a finding shall be based on evidence
9 that a substantial number of concessionaires or other sellers
10 who are not residents of Illinois will be engaging in the
11 business of selling tangible personal property at retail at the
12 exhibition or event, or other evidence of a significant risk of
13 loss of revenue to the State. The Department shall notify
14 concessionaires and other sellers affected by the imposition of
15 this requirement. In the absence of notification by the
16 Department, the concessionaires and other sellers shall file
17 their returns as otherwise required in this Section.

18 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
19 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
20 8-26-14; 99-352, eff. 8-12-15.)

21 Section 50-25. The Cigarette Tax Act is amended by changing
22 Section 2 as follows:

23 (35 ILCS 130/2) (from Ch. 120, par. 453.2)

24 Sec. 2. Tax imposed; rate; collection, payment, and

1 distribution; discount.

2 (a) A tax is imposed upon any person engaged in business as
3 a retailer of cigarettes in this State at the rate of 5 1/2
4 mills per cigarette sold, or otherwise disposed of in the
5 course of such business in this State. In addition to any other
6 tax imposed by this Act, a tax is imposed upon any person
7 engaged in business as a retailer of cigarettes in this State
8 at a rate of 1/2 mill per cigarette sold or otherwise disposed
9 of in the course of such business in this State on and after
10 January 1, 1947, and shall be paid into the Metropolitan Fair
11 and Exposition Authority Reconstruction Fund or as otherwise
12 provided in Section 29. On and after December 1, 1985, in
13 addition to any other tax imposed by this Act, a tax is imposed
14 upon any person engaged in business as a retailer of cigarettes
15 in this State at a rate of 4 mills per cigarette sold or
16 otherwise disposed of in the course of such business in this
17 State. Of the additional tax imposed by this amendatory Act of
18 1985, \$9,000,000 of the moneys received by the Department of
19 Revenue pursuant to this Act shall be paid each month into the
20 Common School Fund. On and after the effective date of this
21 amendatory Act of 1989, in addition to any other tax imposed by
22 this Act, a tax is imposed upon any person engaged in business
23 as a retailer of cigarettes at the rate of 5 mills per
24 cigarette sold or otherwise disposed of in the course of such
25 business in this State. On and after the effective date of this
26 amendatory Act of 1993, in addition to any other tax imposed by

1 this Act, a tax is imposed upon any person engaged in business
2 as a retailer of cigarettes at the rate of 7 mills per
3 cigarette sold or otherwise disposed of in the course of such
4 business in this State. On and after December 15, 1997, in
5 addition to any other tax imposed by this Act, a tax is imposed
6 upon any person engaged in business as a retailer of cigarettes
7 at the rate of 7 mills per cigarette sold or otherwise disposed
8 of in the course of such business of this State. All of the
9 moneys received by the Department of Revenue pursuant to this
10 Act and the Cigarette Use Tax Act from the additional taxes
11 imposed by this amendatory Act of 1997, shall be paid each
12 month into the Common School Fund. On and after July 1, 2002,
13 in addition to any other tax imposed by this Act, a tax is
14 imposed upon any person engaged in business as a retailer of
15 cigarettes at the rate of 20.0 mills per cigarette sold or
16 otherwise disposed of in the course of such business in this
17 State. Beginning on June 24, 2012, in addition to any other tax
18 imposed by this Act, a tax is imposed upon any person engaged
19 in business as a retailer of cigarettes at the rate of 50 mills
20 per cigarette sold or otherwise disposed of in the course of
21 such business in this State. All moneys received by the
22 Department of Revenue under this Act and the Cigarette Use Tax
23 Act from the additional taxes imposed by this amendatory Act of
24 the 97th General Assembly shall be paid each month into the
25 Healthcare Provider Relief Fund. The payment of such taxes
26 shall be evidenced by a stamp affixed to each original package

1 of cigarettes, or an authorized substitute for such stamp
2 imprinted on each original package of such cigarettes
3 underneath the sealed transparent outside wrapper of such
4 original package, as hereinafter provided. However, such taxes
5 are not imposed upon any activity in such business in
6 interstate commerce or otherwise, which activity may not under
7 the Constitution and statutes of the United States be made the
8 subject of taxation by this State.

9 Beginning on the effective date of this amendatory Act of
10 the 92nd General Assembly and through June 30, 2006, all of the
11 moneys received by the Department of Revenue pursuant to this
12 Act and the Cigarette Use Tax Act, other than the moneys that
13 are dedicated to the Common School Fund, shall be distributed
14 each month as follows: first, there shall be paid into the
15 General Revenue Fund an amount which, when added to the amount
16 paid into the Common School Fund for that month, equals
17 \$33,300,000, except that in the month of August of 2004, this
18 amount shall equal \$83,300,000; then, from the moneys
19 remaining, if any amounts required to be paid into the General
20 Revenue Fund in previous months remain unpaid, those amounts
21 shall be paid into the General Revenue Fund; then, beginning on
22 April 1, 2003, from the moneys remaining, \$5,000,000 per month
23 shall be paid into the School Infrastructure Fund; then, if any
24 amounts required to be paid into the School Infrastructure Fund
25 in previous months remain unpaid, those amounts shall be paid
26 into the School Infrastructure Fund; then the moneys remaining,

1 if any, shall be paid into the Long-Term Care Provider Fund. To
2 the extent that more than \$25,000,000 has been paid into the
3 General Revenue Fund and Common School Fund per month for the
4 period of July 1, 1993 through the effective date of this
5 amendatory Act of 1994 from combined receipts of the Cigarette
6 Tax Act and the Cigarette Use Tax Act, notwithstanding the
7 distribution provided in this Section, the Department of
8 Revenue is hereby directed to adjust the distribution provided
9 in this Section to increase the next monthly payments to the
10 Long Term Care Provider Fund by the amount paid to the General
11 Revenue Fund and Common School Fund in excess of \$25,000,000
12 per month and to decrease the next monthly payments to the
13 General Revenue Fund and Common School Fund by that same excess
14 amount.

15 Beginning on July 1, 2006, all of the moneys received by
16 the Department of Revenue pursuant to this Act and the
17 Cigarette Use Tax Act, other than the moneys that are dedicated
18 to the Common School Fund and, beginning on the effective date
19 of this amendatory Act of the 97th General Assembly, other than
20 the moneys from the additional taxes imposed by this amendatory
21 Act of the 97th General Assembly that must be paid each month
22 into the Healthcare Provider Relief Fund, shall be distributed
23 each month as follows: first, there shall be paid into the
24 General Revenue Fund an amount that, when added to the amount
25 paid into the Common School Fund for that month, equals
26 \$29,200,000; then, from the moneys remaining, if any amounts

1 required to be paid into the General Revenue Fund in previous
2 months remain unpaid, those amounts shall be paid into the
3 General Revenue Fund; then from the moneys remaining,
4 \$5,000,000 per month shall be paid into the School
5 Infrastructure Fund; then, if any amounts required to be paid
6 into the School Infrastructure Fund in previous months remain
7 unpaid, those amounts shall be paid into the School
8 Infrastructure Fund; then the moneys remaining, if any, shall
9 be paid into the Long-Term Care Provider Fund.

10 Moneys collected from the tax imposed on little cigars
11 under Section 10-10 of the Tobacco Products Tax Act of 1995
12 shall be included with the moneys collected under the Cigarette
13 Tax Act and the Cigarette Use Tax Act when making distributions
14 to the Common School Fund, the Healthcare Provider Relief Fund,
15 the General Revenue Fund, the School Infrastructure Fund, and
16 the Long-Term Care Provider Fund under this Section.

17 When any tax imposed herein terminates or has terminated,
18 distributors who have bought stamps while such tax was in
19 effect and who therefore paid such tax, but who can show, to
20 the Department's satisfaction, that they sold the cigarettes to
21 which they affixed such stamps after such tax had terminated
22 and did not recover the tax or its equivalent from purchasers,
23 shall be allowed by the Department to take credit for such
24 absorbed tax against subsequent tax stamp purchases from the
25 Department by such distributor.

26 The impact of the tax levied by this Act is imposed upon

1 the retailer and shall be prepaid or pre-collected by the
2 distributor for the purpose of convenience and facility only,
3 and the amount of the tax shall be added to the price of the
4 cigarettes sold by such distributor. Collection of the tax
5 shall be evidenced by a stamp or stamps affixed to each
6 original package of cigarettes, as hereinafter provided.

7 Each distributor shall collect the tax from the retailer at
8 or before the time of the sale, shall affix the stamps as
9 hereinafter required, and shall remit the tax collected from
10 retailers to the Department, as hereinafter provided. Any
11 distributor who fails to properly collect and pay the tax
12 imposed by this Act shall be liable for the tax. Any
13 distributor having cigarettes to which stamps have been affixed
14 in his possession for sale on the effective date of this
15 amendatory Act of 1989 shall not be required to pay the
16 additional tax imposed by this amendatory Act of 1989 on such
17 stamped cigarettes. Any distributor having cigarettes to which
18 stamps have been affixed in his or her possession for sale at
19 12:01 a.m. on the effective date of this amendatory Act of
20 1993, is required to pay the additional tax imposed by this
21 amendatory Act of 1993 on such stamped cigarettes. This
22 payment, less the discount provided in subsection (b), shall be
23 due when the distributor first makes a purchase of cigarette
24 tax stamps after the effective date of this amendatory Act of
25 1993, or on the first due date of a return under this Act after
26 the effective date of this amendatory Act of 1993, whichever

1 occurs first. Any distributor having cigarettes to which stamps
2 have been affixed in his possession for sale on December 15,
3 1997 shall not be required to pay the additional tax imposed by
4 this amendatory Act of 1997 on such stamped cigarettes.

5 Any distributor having cigarettes to which stamps have been
6 affixed in his or her possession for sale on July 1, 2002 shall
7 not be required to pay the additional tax imposed by this
8 amendatory Act of the 92nd General Assembly on those stamped
9 cigarettes.

10 Any retailer having cigarettes in his or her possession on
11 June 24, 2012 to which tax stamps have been affixed is not
12 required to pay the additional tax that begins on June 24, 2012
13 imposed by this amendatory Act of the 97th General Assembly on
14 those stamped cigarettes. Any distributor having cigarettes in
15 his or her possession on June 24, 2012 to which tax stamps have
16 been affixed, and any distributor having stamps in his or her
17 possession on June 24, 2012 that have not been affixed to
18 packages of cigarettes before June 24, 2012, is required to pay
19 the additional tax that begins on June 24, 2012 imposed by this
20 amendatory Act of the 97th General Assembly to the extent the
21 calendar year 2012 average monthly volume of cigarette stamps
22 in the distributor's possession exceeds the average monthly
23 volume of cigarette stamps purchased by the distributor in
24 calendar year 2011. This payment, less the discount provided in
25 subsection (b), is due when the distributor first makes a
26 purchase of cigarette stamps on or after June 24, 2012 or on

1 the first due date of a return under this Act occurring on or
2 after June 24, 2012, whichever occurs first. Those distributors
3 may elect to pay the additional tax on packages of cigarettes
4 to which stamps have been affixed and on any stamps in the
5 distributor's possession that have not been affixed to packages
6 of cigarettes over a period not to exceed 12 months from the
7 due date of the additional tax by notifying the Department in
8 writing. The first payment for distributors making such
9 election is due when the distributor first makes a purchase of
10 cigarette tax stamps on or after June 24, 2012 or on the first
11 due date of a return under this Act occurring on or after June
12 24, 2012, whichever occurs first. Distributors making such an
13 election are not entitled to take the discount provided in
14 subsection (b) on such payments.

15 Distributors making sales of cigarettes to secondary
16 distributors shall add the amount of the tax to the price of
17 the cigarettes sold by the distributors. Secondary
18 distributors making sales of cigarettes to retailers shall
19 include the amount of the tax in the price of the cigarettes
20 sold to retailers. The amount of tax shall not be less than the
21 amount of taxes imposed by the State and all local
22 jurisdictions. The amount of local taxes shall be calculated
23 based on the location of the retailer's place of business shown
24 on the retailer's certificate of registration or
25 sub-registration issued to the retailer pursuant to Section 2a
26 of the Retailers' Occupation Tax Act. The original packages of

1 cigarettes sold to the retailer shall bear all the required
2 stamps, or other indicia, for the taxes included in the price
3 of cigarettes.

4 The amount of the Cigarette Tax imposed by this Act shall
5 be separately stated, apart from the price of the goods, by
6 distributors, manufacturer representatives, secondary
7 distributors, and retailers, in all bills and sales invoices.

8 (b) The distributor shall be required to collect the taxes
9 provided under paragraph (a) hereof, and, to cover the costs of
10 such collection, shall be allowed a discount during any year
11 commencing July 1st and ending the following June 30th in
12 accordance with the schedule set out hereinbelow, which
13 discount shall be allowed at the time of purchase of the stamps
14 when purchase is required by this Act, or at the time when the
15 tax is remitted to the Department without the purchase of
16 stamps from the Department when that method of paying the tax
17 is required or authorized by this Act. Prior to December 1,
18 1985, a discount equal to 1 2/3% of the amount of the tax up to
19 and including the first \$700,000 paid hereunder by such
20 distributor to the Department during any such year; 1 1/3% of
21 the next \$700,000 of tax or any part thereof, paid hereunder by
22 such distributor to the Department during any such year; 1% of
23 the next \$700,000 of tax, or any part thereof, paid hereunder
24 by such distributor to the Department during any such year, and
25 2/3 of 1% of the amount of any additional tax paid hereunder by
26 such distributor to the Department during any such year shall

1 apply. On and after December 1, 1985 and through June 30, 2016,
2 a discount equal to 1.75% of the amount of the tax payable
3 under this Act up to and including the first \$3,000,000 paid
4 hereunder by such distributor to the Department during any such
5 year and 1.5% of the amount of any additional tax paid
6 hereunder by such distributor to the Department during any such
7 year shall apply.

8 Two or more distributors that use a common means of
9 affixing revenue tax stamps or that are owned or controlled by
10 the same interests shall be treated as a single distributor for
11 the purpose of computing the discount.

12 (c) The taxes herein imposed are in addition to all other
13 occupation or privilege taxes imposed by the State of Illinois,
14 or by any political subdivision thereof, or by any municipal
15 corporation.

16 (Source: P.A. 97-587, eff. 8-26-11; 97-688, eff. 6-14-12;
17 98-273, eff. 8-9-13.)

18 Section 50-30. The Cigarette Use Tax Act is amended by
19 changing Section 3 as follows:

20 (35 ILCS 135/3) (from Ch. 120, par. 453.33)

21 Sec. 3. Stamp payment. The tax hereby imposed shall be
22 collected by a distributor maintaining a place of business in
23 this State or a distributor authorized by the Department
24 pursuant to Section 7 hereof to collect the tax, and the amount

1 of the tax shall be added to the price of the cigarettes sold
2 by such distributor. Collection of the tax shall be evidenced
3 by a stamp or stamps affixed to each original package of
4 cigarettes or by an authorized substitute for such stamp
5 imprinted on each original package of such cigarettes
6 underneath the sealed transparent outside wrapper of such
7 original package, except as hereinafter provided. Each
8 distributor who is required or authorized to collect the tax
9 herein imposed, before delivering or causing to be delivered
10 any original packages of cigarettes in this State to any
11 purchaser, shall firmly affix a proper stamp or stamps to each
12 such package, or (in the case of manufacturers of cigarettes in
13 original packages which are contained inside a sealed
14 transparent wrapper) shall imprint the required language on the
15 original package of cigarettes beneath such outside wrapper as
16 hereinafter provided. Such stamp or stamps need not be affixed
17 to the original package of any cigarettes with respect to which
18 the distributor is required to affix a like stamp or stamps by
19 virtue of the Cigarette Tax Act, however, and no tax imprint
20 need be placed underneath the sealed transparent wrapper of an
21 original package of cigarettes with respect to which the
22 distributor is required or authorized to employ a like tax
23 imprint by virtue of the Cigarette Tax Act.

24 No stamp or imprint may be affixed to, or made upon, any
25 package of cigarettes unless that package complies with all
26 requirements of the federal Cigarette Labeling and Advertising

1 Act, 15 U.S.C. 1331 and following, for the placement of labels,
2 warnings, or any other information upon a package of cigarettes
3 that is sold within the United States. Under the authority of
4 Section 6, the Department shall revoke the license of any
5 distributor that is determined to have violated this paragraph.
6 A person may not affix a stamp on a package of cigarettes,
7 cigarette papers, wrappers, or tubes if that individual package
8 has been marked for export outside the United States with a
9 label or notice in compliance with Section 290.185 of Title 27
10 of the Code of Federal Regulations. It is not a defense to a
11 proceeding for violation of this paragraph that the label or
12 notice has been removed, mutilated, obliterated, or altered in
13 any manner.

14 Only distributors licensed under this Act and
15 transporters, as defined in Section 9c of the Cigarette Tax
16 Act, may possess unstamped original packages of cigarettes.
17 Prior to shipment to an Illinois retailer or secondary
18 distributor, a stamp shall be applied to each original package
19 of cigarettes sold to the retailer or secondary distributor. A
20 distributor may apply a tax stamp only to an original package
21 of cigarettes purchased or obtained directly from an in-state
22 maker, manufacturer, or fabricator licensed as a distributor
23 under Section 4 of this Act or an out-of-state maker,
24 manufacturer, or fabricator holding a permit under Section 7 of
25 this Act. A licensed distributor may ship or otherwise cause to
26 be delivered unstamped original packages of cigarettes in,

1 into, or from this State. A licensed distributor may transport
2 unstamped original packages of cigarettes to a facility,
3 wherever located, owned or controlled by such distributor;
4 however, a distributor may not transport unstamped original
5 packages of cigarettes to a facility where retail sales of
6 cigarettes take place or to a facility where a secondary
7 distributor makes sales for resale. Any licensed distributor
8 that ships or otherwise causes to be delivered unstamped
9 original packages of cigarettes into, within, or from this
10 State shall ensure that the invoice or equivalent documentation
11 and the bill of lading or freight bill for the shipment
12 identifies the true name and address of the consignor or
13 seller, the true name and address of the consignee or
14 purchaser, and the quantity by brand style of the cigarettes so
15 transported, provided that this Section shall not be construed
16 as to impose any requirement or liability upon any common or
17 contract carrier.

18 Distributors making sales of cigarettes to secondary
19 distributors shall add the amount of the tax to the price of
20 the cigarettes sold by the distributors. Secondary
21 distributors making sales of cigarettes to retailers shall
22 include the amount of the tax in the price of the cigarettes
23 sold to retailers. The amount of tax shall not be less than the
24 amount of taxes imposed by the State and all local
25 jurisdictions. The amount of local taxes shall be calculated
26 based on the location of the retailer's place of business shown

1 on the retailer's certificate of registration or
2 sub-registration issued to the retailer pursuant to Section 2a
3 of the Retailers' Occupation Tax Act. The original packages of
4 cigarettes sold by the retailer shall bear all the required
5 stamps, or other indicia, for the taxes included in the price
6 of cigarettes.

7 Stamps, when required hereunder, shall be purchased from
8 the Department, or any person authorized by the Department, by
9 distributors. On and after July 1, 2003, payment for such
10 stamps must be made by means of electronic funds transfer. The
11 Department may refuse to sell stamps to any person who does not
12 comply with the provisions of this Act. Beginning on June 6,
13 2002 and through June 30, 2002, persons holding valid licenses
14 as distributors may purchase cigarette tax stamps up to an
15 amount equal to 115% of the distributor's average monthly
16 cigarette tax stamp purchases over the 12 calendar months prior
17 to June 6, 2002.

18 Prior to December 1, 1985, the Department shall allow a
19 distributor 21 days in which to make final payment of the
20 amount to be paid for such stamps, by allowing the distributor
21 to make payment for the stamps at the time of purchasing them
22 with a draft which shall be in such form as the Department
23 prescribes, and which shall be payable within 21 days
24 thereafter: Provided that such distributor has filed with the
25 Department, and has received the Department's approval of, a
26 bond, which is in addition to the bond required under Section 4

1 of this Act, payable to the Department in an amount equal to
2 80% of such distributor's average monthly tax liability to the
3 Department under this Act during the preceding calendar year or
4 \$500,000, whichever is less. The bond shall be joint and
5 several and shall be in the form of a surety company bond in
6 such form as the Department prescribes, or it may be in the
7 form of a bank certificate of deposit or bank letter of credit.
8 The bond shall be conditioned upon the distributor's payment of
9 the amount of any 21-day draft which the Department accepts
10 from that distributor for the delivery of stamps to that
11 distributor under this Act. The distributor's failure to pay
12 any such draft, when due, shall also make such distributor
13 automatically liable to the Department for a penalty equal to
14 25% of the amount of such draft.

15 On and after December 1, 1985 and until July 1, 2003, the
16 Department shall allow a distributor 30 days in which to make
17 final payment of the amount to be paid for such stamps, by
18 allowing the distributor to make payment for the stamps at the
19 time of purchasing them with a draft which shall be in such
20 form as the Department prescribes, and which shall be payable
21 within 30 days thereafter, and beginning on January 1, 2003 and
22 thereafter, the draft shall be payable by means of electronic
23 funds transfer: Provided that such distributor has filed with
24 the Department, and has received the Department's approval of,
25 a bond, which is in addition to the bond required under Section
26 4 of this Act, payable to the Department in an amount equal to

1 150% of such distributor's average monthly tax liability to the
2 Department under this Act during the preceding calendar year or
3 \$750,000, whichever is less, except that as to bonds filed on
4 or after January 1, 1987, such additional bond shall be in an
5 amount equal to 100% of such distributor's average monthly tax
6 liability under this Act during the preceding calendar year or
7 \$750,000, whichever is less. The bond shall be joint and
8 several and shall be in the form of a surety company bond in
9 such form as the Department prescribes, or it may be in the
10 form of a bank certificate of deposit or bank letter of credit.
11 The bond shall be conditioned upon the distributor's payment of
12 the amount of any 30-day draft which the Department accepts
13 from that distributor for the delivery of stamps to that
14 distributor under this Act. The distributor's failure to pay
15 any such draft, when due, shall also make such distributor
16 automatically liable to the Department for a penalty equal to
17 25% of the amount of such draft.

18 Every prior continuous compliance taxpayer shall be exempt
19 from all requirements under this Section concerning the
20 furnishing of such bond, as defined in this Section, as a
21 condition precedent to his being authorized to engage in the
22 business licensed under this Act. This exemption shall continue
23 for each such taxpayer until such time as he may be determined
24 by the Department to be delinquent in the filing of any
25 returns, or is determined by the Department (either through the
26 Department's issuance of a final assessment which has become

1 final under the Act, or by the taxpayer's filing of a return
2 which admits tax to be due that is not paid) to be delinquent
3 or deficient in the paying of any tax under this Act, at which
4 time that taxpayer shall become subject to the bond
5 requirements of this Section and, as a condition of being
6 allowed to continue to engage in the business licensed under
7 this Act, shall be required to furnish bond to the Department
8 in such form as provided in this Section. Such taxpayer shall
9 furnish such bond for a period of 2 years, after which, if the
10 taxpayer has not been delinquent in the filing of any returns,
11 or delinquent or deficient in the paying of any tax under this
12 Act, the Department may reinstate such person as a prior
13 continuance compliance taxpayer. Any taxpayer who fails to pay
14 an admitted or established liability under this Act may also be
15 required to post bond or other acceptable security with the
16 Department guaranteeing the payment of such admitted or
17 established liability.

18 Except as otherwise provided in this Section, any person
19 aggrieved by any decision of the Department under this Section
20 may, within the time allowed by law, protest and request a
21 hearing before the Department, whereupon the Department shall
22 give notice and shall hold a hearing in conformity with the
23 provisions of this Act and then issue its final administrative
24 decision in the matter to such person. Effective July 1, 2013,
25 protests concerning matters that are subject to the
26 jurisdiction of the Illinois Independent Tax Tribunal shall be

1 filed in accordance with the Illinois Independent Tax Tribunal
2 Act of 2012, and hearings concerning those matters shall be
3 held before the Tribunal in accordance with that Act. With
4 respect to protests filed with the Department prior to July 1,
5 2013 that would otherwise be subject to the jurisdiction of the
6 Illinois Independent Tax Tribunal, the person filing the
7 protest may elect to be subject to the provisions of the
8 Illinois Independent Tax Tribunal Act of 2012 at any time on or
9 after July 1, 2013, but not later than 30 days after the date
10 on which the protest was filed. If made, the election shall be
11 irrevocable. In the absence of such a protest filed within the
12 time allowed by law, the Department's decision shall become
13 final without any further determination being made or notice
14 given.

15 The Department shall discharge any surety and shall release
16 and return any bond or security deposited, assigned, pledged,
17 or otherwise provided to it by a taxpayer under this Section
18 within 30 days after:

19 (1) such Taxpayer becomes a prior continuous
20 compliance taxpayer; or

21 (2) such taxpayer has ceased to collect receipts on
22 which he is required to remit tax to the Department, has
23 filed a final tax return, and has paid to the Department an
24 amount sufficient to discharge his remaining tax liability
25 as determined by the Department under this Act. The
26 Department shall make a final determination of the

1 taxpayer's outstanding tax liability as expeditiously as
2 possible after his final tax return has been filed. If the
3 Department cannot make such final determination within 45
4 days after receiving the final tax return, within such
5 period it shall so notify the taxpayer, stating its reasons
6 therefor.

7 At the time of purchasing such stamps from the Department
8 when purchase is required by this Act, or at the time when the
9 tax which he has collected is remitted by a distributor to the
10 Department without the purchase of stamps from the Department
11 when that method of remitting the tax that has been collected
12 is required or authorized by this Act, the distributor shall be
13 allowed a discount during any year commencing July 1 and ending
14 the following June 30 in accordance with the schedule set out
15 hereinbelow, from the amount to be paid by him to the
16 Department for such stamps, or to be paid by him to the
17 Department on the basis of monthly remittances (as the case may
18 be), to cover the cost, to such distributor, of collecting the
19 tax herein imposed by affixing such stamps to the original
20 packages of cigarettes sold by such distributor or by placing
21 tax imprints underneath the sealed transparent wrapper of
22 original packages of cigarettes sold by such distributor (as
23 the case may be): (1) Prior to December 1, 1985, a discount
24 equal to 1-2/3% of the amount of the tax up to and including
25 the first \$700,000 paid hereunder by such distributor to the
26 Department during any such year; 1-1/3% of the next \$700,000 of

1 tax or any part thereof, paid hereunder by such distributor to
2 the Department during any such year; 1% of the next \$700,000 of
3 tax, or any part thereof, paid hereunder by such distributor to
4 the Department during any such year; and 2/3 of 1% of the
5 amount of any additional tax paid hereunder by such distributor
6 to the Department during any such year or (2) On and after
7 December 1, 1985 and through June 30, 2016, a discount equal to
8 1.75% of the amount of the tax payable under this Act up to and
9 including the first \$3,000,000 paid hereunder by such
10 distributor to the Department during any such year and 1.5% of
11 the amount of any additional tax paid hereunder by such
12 distributor to the Department during any such year.

13 Two or more distributors that use a common means of
14 affixing revenue tax stamps or that are owned or controlled by
15 the same interests shall be treated as a single distributor for
16 the purpose of computing the discount.

17 Cigarette manufacturers who are distributors under Section
18 7(a) of this Act, and who place their cigarettes in original
19 packages which are contained inside a sealed transparent
20 wrapper, shall be required to remit the tax which they are
21 required to collect under this Act to the Department by
22 remitting the amount thereof to the Department by the 5th day
23 of each month, covering cigarettes shipped or otherwise
24 delivered to points in Illinois to purchasers during the
25 preceding calendar month, but a distributor need not remit to
26 the Department the tax so collected by him from purchasers

1 under this Act to the extent to which such distributor is
2 required to remit the tax imposed by the Cigarette Tax Act to
3 the Department with respect to the same cigarettes. All taxes
4 upon cigarettes under this Act are a direct tax upon the retail
5 consumer and shall conclusively be presumed to be precollected
6 for the purpose of convenience and facility only. Cigarette
7 manufacturers that are distributors licensed under Section
8 7(a) of this Act and who place their cigarettes in original
9 packages which are contained inside a sealed transparent
10 wrapper, before delivering such cigarettes or causing such
11 cigarettes to be delivered in this State to purchasers, shall
12 evidence their obligation to collect and remit the tax due with
13 respect to such cigarettes by imprinting language to be
14 prescribed by the Department on each original package of such
15 cigarettes underneath the sealed transparent outside wrapper
16 of such original package, in such place thereon and in such
17 manner as the Department may prescribe; provided (as stated
18 hereinbefore) that this requirement does not apply when such
19 distributor is required or authorized by the Cigarette Tax Act
20 to place the tax imprint provided for in the last paragraph of
21 Section 3 of that Act underneath the sealed transparent wrapper
22 of such original package of cigarettes. Such imprinted language
23 shall acknowledge the manufacturer's collection and payment of
24 or liability for the tax imposed by this Act with respect to
25 such cigarettes.

26 The Department shall adopt the design or designs of the tax

1 stamps and shall procure the printing of such stamps in such
2 amounts and denominations as it deems necessary to provide for
3 the affixation of the proper amount of tax stamps to each
4 original package of cigarettes.

5 Where tax stamps are required, the Department may authorize
6 distributors to affix revenue tax stamps by imprinting tax
7 meter stamps upon original packages of cigarettes. The
8 Department shall adopt rules and regulations relating to the
9 imprinting of such tax meter stamps as will result in payment
10 of the proper taxes as herein imposed. No distributor may affix
11 revenue tax stamps to original packages of cigarettes by
12 imprinting meter stamps thereon unless such distributor has
13 first obtained permission from the Department to employ this
14 method of affixation. The Department shall regulate the use of
15 tax meters and may, to assure the proper collection of the
16 taxes imposed by this Act, revoke or suspend the privilege,
17 theretofore granted by the Department to any distributor, to
18 imprint tax meter stamps upon original packages of cigarettes.

19 The tax hereby imposed and not paid pursuant to this
20 Section shall be paid to the Department directly by any person
21 using such cigarettes within this State, pursuant to Section 12
22 hereof.

23 A distributor shall not affix, or cause to be affixed, any
24 stamp or imprint to a package of cigarettes, as provided for in
25 this Section, if the tobacco product manufacturer, as defined
26 in Section 10 of the Tobacco Product Manufacturers' Escrow Act,

1 that made or sold the cigarettes has failed to become a
2 participating manufacturer, as defined in subdivision (a)(1)
3 of Section 15 of the Tobacco Product Manufacturers' Escrow Act,
4 or has failed to create a qualified escrow fund for any
5 cigarettes manufactured by the tobacco product manufacturer
6 and sold in this State or otherwise failed to bring itself into
7 compliance with subdivision (a)(2) of Section 15 of the Tobacco
8 Product Manufacturers' Escrow Act.

9 (Source: P.A. 96-782, eff. 1-1-10; 96-1027, eff. 7-12-10;
10 97-1129, eff. 8-28-12.)

11 Section 50-35. The Hotel Operators' Occupation Tax Act is
12 amended by changing Section 6 as follows:

13 (35 ILCS 145/6) (from Ch. 120, par. 481b.36)

14 Sec. 6. Except as provided hereinafter in this Section, on
15 or before the last day of each calendar month, every person
16 engaged in the business of renting, leasing or letting rooms in
17 a hotel in this State during the preceding calendar month shall
18 file a return with the Department, stating:

19 1. The name of the operator;

20 2. His residence address and the address of his
21 principal place of business and the address of the
22 principal place of business (if that is a different
23 address) from which he engages in the business of renting,
24 leasing or letting rooms in a hotel in this State;

1 3. Total amount of rental receipts received by him
2 during the preceding calendar month from renting, leasing
3 or letting rooms during such preceding calendar month;

4 4. Total amount of rental receipts received by him
5 during the preceding calendar month from renting, leasing
6 or letting rooms to permanent residents during such
7 preceding calendar month;

8 5. Total amount of other exclusions from gross rental
9 receipts allowed by this Act;

10 6. Gross rental receipts which were received by him
11 during the preceding calendar month and upon the basis of
12 which the tax is imposed;

13 7. The amount of tax due;

14 8. Such other reasonable information as the Department
15 may require.

16 If the operator's average monthly tax liability to the
17 Department does not exceed \$200, the Department may authorize
18 his returns to be filed on a quarter annual basis, with the
19 return for January, February and March of a given year being
20 due by April 30 of such year; with the return for April, May
21 and June of a given year being due by July 31 of such year; with
22 the return for July, August and September of a given year being
23 due by October 31 of such year, and with the return for
24 October, November and December of a given year being due by
25 January 31 of the following year.

26 If the operator's average monthly tax liability to the

1 Department does not exceed \$50, the Department may authorize
2 his returns to be filed on an annual basis, with the return for
3 a given year being due by January 31 of the following year.

4 Such quarter annual and annual returns, as to form and
5 substance, shall be subject to the same requirements as monthly
6 returns.

7 Notwithstanding any other provision in this Act concerning
8 the time within which an operator may file his return, in the
9 case of any operator who ceases to engage in a kind of business
10 which makes him responsible for filing returns under this Act,
11 such operator shall file a final return under this Act with the
12 Department not more than 1 month after discontinuing such
13 business.

14 Where the same person has more than 1 business registered
15 with the Department under separate registrations under this
16 Act, such person shall not file each return that is due as a
17 single return covering all such registered businesses, but
18 shall file separate returns for each such registered business.

19 In his return, the operator shall determine the value of
20 any consideration other than money received by him in
21 connection with the renting, leasing or letting of rooms in the
22 course of his business and he shall include such value in his
23 return. Such determination shall be subject to review and
24 revision by the Department in the manner hereinafter provided
25 for the correction of returns.

26 Where the operator is a corporation, the return filed on

1 behalf of such corporation shall be signed by the president,
2 vice-president, secretary or treasurer or by the properly
3 accredited agent of such corporation.

4 The person filing the return herein provided for shall, at
5 the time of filing such return, pay to the Department the
6 amount of tax herein imposed. The operator filing the return
7 under this Section shall, at the time of filing such return,
8 pay to the Department the amount of tax imposed by this Act
9 less, through June 30, 2016, a discount of 2.1% or \$25 per
10 calendar year, whichever is greater, which is allowed to
11 reimburse the operator for the expenses incurred in keeping
12 records, preparing and filing returns, remitting the tax and
13 supplying data to the Department on request.

14 There shall be deposited in the Build Illinois Fund in the
15 State Treasury for each State fiscal year 40% of the amount of
16 total net proceeds from the tax imposed by subsection (a) of
17 Section 3. Of the remaining 60%, \$5,000,000 shall be deposited
18 in the Illinois Sports Facilities Fund and credited to the
19 Subsidy Account each fiscal year by making monthly deposits in
20 the amount of 1/8 of \$5,000,000 plus cumulative deficiencies in
21 such deposits for prior months, and an additional \$8,000,000
22 shall be deposited in the Illinois Sports Facilities Fund and
23 credited to the Advance Account each fiscal year by making
24 monthly deposits in the amount of 1/8 of \$8,000,000 plus any
25 cumulative deficiencies in such deposits for prior months;
26 provided, that for fiscal years ending after June 30, 2001, the

1 amount to be so deposited into the Illinois Sports Facilities
2 Fund and credited to the Advance Account each fiscal year shall
3 be increased from \$8,000,000 to the then applicable Advance
4 Amount and the required monthly deposits beginning with July
5 2001 shall be in the amount of 1/8 of the then applicable
6 Advance Amount plus any cumulative deficiencies in those
7 deposits for prior months. (The deposits of the additional
8 \$8,000,000 or the then applicable Advance Amount, as
9 applicable, during each fiscal year shall be treated as
10 advances of funds to the Illinois Sports Facilities Authority
11 for its corporate purposes to the extent paid to the Authority
12 or its trustee and shall be repaid into the General Revenue
13 Fund in the State Treasury by the State Treasurer on behalf of
14 the Authority pursuant to Section 19 of the Illinois Sports
15 Facilities Authority Act, as amended. If in any fiscal year the
16 full amount of the then applicable Advance Amount is not repaid
17 into the General Revenue Fund, then the deficiency shall be
18 paid from the amount in the Local Government Distributive Fund
19 that would otherwise be allocated to the City of Chicago under
20 the State Revenue Sharing Act.)

21 For purposes of the foregoing paragraph, the term "Advance
22 Amount" means, for fiscal year 2002, \$22,179,000, and for
23 subsequent fiscal years through fiscal year 2032, 105.615% of
24 the Advance Amount for the immediately preceding fiscal year,
25 rounded up to the nearest \$1,000.

26 Of the remaining 60% of the amount of total net proceeds

1 prior to August 1, 2011 from the tax imposed by subsection (a)
2 of Section 3 after all required deposits in the Illinois Sports
3 Facilities Fund, the amount equal to 8% of the net revenue
4 realized from this Act plus an amount equal to 8% of the net
5 revenue realized from any tax imposed under Section 4.05 of the
6 Chicago World's Fair-1992 Authority Act during the preceding
7 month shall be deposited in the Local Tourism Fund each month
8 for purposes authorized by Section 605-705 of the Department of
9 Commerce and Economic Opportunity Law (20 ILCS 605/605-705). Of
10 the remaining 60% of the amount of total net proceeds beginning
11 on August 1, 2011 from the tax imposed by subsection (a) of
12 Section 3 after all required deposits in the Illinois Sports
13 Facilities Fund, an amount equal to 8% of the net revenue
14 realized from this Act plus an amount equal to 8% of the net
15 revenue realized from any tax imposed under Section 4.05 of the
16 Chicago World's Fair-1992 Authority Act during the preceding
17 month shall be deposited as follows: 18% of such amount shall
18 be deposited into the Chicago Travel Industry Promotion Fund
19 for the purposes described in subsection (n) of Section 5 of
20 the Metropolitan Pier and Exposition Authority Act and the
21 remaining 82% of such amount shall be deposited into the Local
22 Tourism Fund each month for purposes authorized by Section
23 605-705 of the Department of Commerce and Economic Opportunity
24 Law. Beginning on August 1, 1999 and ending on July 31, 2011,
25 an amount equal to 4.5% of the net revenue realized from the
26 Hotel Operators' Occupation Tax Act during the preceding month

1 shall be deposited into the International Tourism Fund for the
2 purposes authorized in Section 605-707 of the Department of
3 Commerce and Economic Opportunity Law. Beginning on August 1,
4 2011, an amount equal to 4.5% of the net revenue realized from
5 this Act during the preceding month shall be deposited as
6 follows: 55% of such amount shall be deposited into the Chicago
7 Travel Industry Promotion Fund for the purposes described in
8 subsection (n) of Section 5 of the Metropolitan Pier and
9 Exposition Authority Act and the remaining 45% of such amount
10 deposited into the International Tourism Fund for the purposes
11 authorized in Section 605-707 of the Department of Commerce and
12 Economic Opportunity Law. "Net revenue realized for a month"
13 means the revenue collected by the State under that Act during
14 the previous month less the amount paid out during that same
15 month as refunds to taxpayers for overpayment of liability
16 under that Act.

17 After making all these deposits, all other proceeds of the
18 tax imposed under subsection (a) of Section 3 shall be
19 deposited in the General Revenue Fund in the State Treasury.
20 All moneys received by the Department from the additional tax
21 imposed under subsection (b) of Section 3 shall be deposited
22 into the Build Illinois Fund in the State Treasury.

23 The Department may, upon separate written notice to a
24 taxpayer, require the taxpayer to prepare and file with the
25 Department on a form prescribed by the Department within not
26 less than 60 days after receipt of the notice an annual

1 information return for the tax year specified in the notice.
2 Such annual return to the Department shall include a statement
3 of gross receipts as shown by the operator's last State income
4 tax return. If the total receipts of the business as reported
5 in the State income tax return do not agree with the gross
6 receipts reported to the Department for the same period, the
7 operator shall attach to his annual information return a
8 schedule showing a reconciliation of the 2 amounts and the
9 reasons for the difference. The operator's annual information
10 return to the Department shall also disclose pay roll
11 information of the operator's business during the year covered
12 by such return and any additional reasonable information which
13 the Department deems would be helpful in determining the
14 accuracy of the monthly, quarterly or annual tax returns by
15 such operator as hereinbefore provided for in this Section.

16 If the annual information return required by this Section
17 is not filed when and as required the taxpayer shall be liable
18 for a penalty in an amount determined in accordance with
19 Section 3-4 of the Uniform Penalty and Interest Act until such
20 return is filed as required, the penalty to be assessed and
21 collected in the same manner as any other penalty provided for
22 in this Act.

23 The chief executive officer, proprietor, owner or highest
24 ranking manager shall sign the annual return to certify the
25 accuracy of the information contained therein. Any person who
26 willfully signs the annual return containing false or

1 inaccurate information shall be guilty of perjury and punished
2 accordingly. The annual return form prescribed by the
3 Department shall include a warning that the person signing the
4 return may be liable for perjury.

5 The foregoing portion of this Section concerning the filing
6 of an annual information return shall not apply to an operator
7 who is not required to file an income tax return with the
8 United States Government.

9 (Source: P.A. 97-617, eff. 10-26-11.)

10 Section 50-40. The Motor Fuel Tax Law is amended by
11 changing Sections 2b, 6, and 6a as follows:

12 (35 ILCS 505/2b) (from Ch. 120, par. 418b)

13 Sec. 2b. In addition to the tax collection and reporting
14 responsibilities imposed elsewhere in this Act, a person who is
15 required to pay the tax imposed by Section 2a of this Act shall
16 pay the tax to the Department by return showing all fuel
17 purchased, acquired or received and sold, distributed or used
18 during the preceding calendar month including losses of fuel as
19 the result of evaporation or shrinkage due to temperature
20 variations, and such other reasonable information as the
21 Department may require. Losses of fuel as the result of
22 evaporation or shrinkage due to temperature variations may not
23 exceed 1% of the total gallons in storage at the beginning of
24 the month, plus the receipts of gallonage during the month,

1 minus the gallonage remaining in storage at the end of the
2 month. Any loss reported that is in excess of this amount shall
3 be subject to the tax imposed by Section 2a of this Law. On and
4 after July 1, 2001, for each 6-month period January through
5 June, net losses of fuel (for each category of fuel that is
6 required to be reported on a return) as the result of
7 evaporation or shrinkage due to temperature variations may not
8 exceed 1% of the total gallons in storage at the beginning of
9 each January, plus the receipts of gallonage each January
10 through June, minus the gallonage remaining in storage at the
11 end of each June. On and after July 1, 2001, for each 6-month
12 period July through December, net losses of fuel (for each
13 category of fuel that is required to be reported on a return)
14 as the result of evaporation or shrinkage due to temperature
15 variations may not exceed 1% of the total gallons in storage at
16 the beginning of each July, plus the receipts of gallonage each
17 July through December, minus the gallonage remaining in storage
18 at the end of each December. Any net loss reported that is in
19 excess of this amount shall be subject to the tax imposed by
20 Section 2a of this Law. For purposes of this Section, "net
21 loss" means the number of gallons gained through temperature
22 variations minus the number of gallons lost through temperature
23 variations or evaporation for each of the respective 6-month
24 periods.

25 The return shall be prescribed by the Department and shall
26 be filed between the 1st and 20th days of each calendar month.

1 The Department may, in its discretion, combine the returns
2 filed under this Section, Section 5, and Section 5a of this
3 Act. The return must be accompanied by appropriate
4 computer-generated magnetic media supporting schedule data in
5 the format required by the Department, unless, as provided by
6 rule, the Department grants an exception upon petition of a
7 taxpayer. If the return is filed timely, the seller shall take
8 a discount of 2% through June 30, 2003 and 1.75% through June
9 30, 2016, thereafter which is allowed to reimburse the seller
10 for the expenses incurred in keeping records, preparing and
11 filing returns, collecting and remitting the tax and supplying
12 data to the Department on request. The discount, however, shall
13 be applicable only to the amount of payment which accompanies a
14 return that is filed timely in accordance with this Section.

15 (Source: P.A. 92-30, eff. 7-1-01; 93-32, eff. 6-20-03.)

16 (35 ILCS 505/6) (from Ch. 120, par. 422)

17 Sec. 6. Collection of tax; distributors. A distributor who
18 sells or distributes any motor fuel, which he is required by
19 Section 5 to report to the Department when filing a return,
20 shall (except as hereinafter provided) collect at the time of
21 such sale and distribution, the amount of tax imposed under
22 this Act on all such motor fuel sold and distributed, and at
23 the time of making a return, the distributor shall pay to the
24 Department the amount so collected less a discount of 2%
25 through June 30, 2003 and 1.75% through June 30, 2016

1 ~~thereafter~~ which is allowed to reimburse the distributor for
2 the expenses incurred in keeping records, preparing and filing
3 returns, collecting and remitting the tax and supplying data to
4 the Department on request, and shall also pay to the Department
5 an amount equal to the amount that would be collectible as a
6 tax in the event of a sale thereof on all such motor fuel used
7 by said distributor during the period covered by the return.
8 However, no payment shall be made based upon dyed diesel fuel
9 used by the distributor for non-highway purposes. The discount
10 shall only be applicable to the amount of tax payment which
11 accompanies a return which is filed timely in accordance with
12 Section 5 of this Act. In each subsequent sale of motor fuel on
13 which the amount of tax imposed under this Act has been
14 collected as provided in this Section, the amount so collected
15 shall be added to the selling price, so that the amount of tax
16 is paid ultimately by the user of the motor fuel. However, no
17 collection or payment shall be made in the case of the sale or
18 use of any motor fuel to the extent to which such sale or use of
19 motor fuel may not, under the constitution and statutes of the
20 United States, be made the subject of taxation by this State. A
21 person whose license to act as a distributor of fuel has been
22 revoked shall, at the time of making a return, also pay to the
23 Department an amount equal to the amount that would be
24 collectible as a tax in the event of a sale thereof on all
25 motor fuel, which he is required by the second paragraph of
26 Section 5 to report to the Department in making a return, and

1 which he had on hand on the date on which the license was
2 revoked, and with respect to which no tax had been previously
3 paid under this Act.

4 A distributor may make tax free sales of motor fuel, with
5 respect to which he is otherwise required to collect the tax,
6 only as specified in the following items 1 through 7.

7 1. When the sale is made to a person holding a valid
8 unrevoked license as a distributor, by making a specific
9 notation thereof on invoices or sales slip covering each
10 sale.

11 2. When the sale is made with delivery to a purchaser
12 outside of this State.

13 3. When the sale is made to the Federal Government or
14 its instrumentalities.

15 4. When the sale is made to a municipal corporation
16 owning and operating a local transportation system for
17 public service in this State when an official certificate
18 of exemption is obtained in lieu of the tax.

19 5. When the sale is made to a privately owned public
20 utility owning and operating 2 axle vehicles designed and
21 used for transporting more than 7 passengers, which
22 vehicles are used as common carriers in general
23 transportation of passengers, are not devoted to any
24 specialized purpose and are operated entirely within the
25 territorial limits of a single municipality or of any group
26 of contiguous municipalities, or in a close radius thereof,

1 and the operations of which are subject to the regulations
2 of the Illinois Commerce Commission, when an official
3 certificate of exemption is obtained in lieu of the tax.

4 6. When a sale of special fuel is made to a person
5 holding a valid, unrevoked license as a supplier, by making
6 a specific notation thereof on the invoice or sales slip
7 covering each such sale.

8 7. When a sale of dyed diesel fuel is made to someone
9 other than a licensed distributor or a licensed supplier
10 for non-highway purposes and the fuel is (i) delivered from
11 a vehicle designed for the specific purpose of such sales
12 and delivered directly into a stationary bulk storage tank
13 that displays the notice required by Section 4f of this
14 Act, (ii) delivered from a vehicle designed for the
15 specific purpose of such sales and delivered directly into
16 the fuel supply tanks of non-highway vehicles that are not
17 required to be registered for highway use, or (iii)
18 dispensed from a dyed diesel fuel dispensing facility that
19 has withdrawal facilities that are not readily accessible
20 to and are not capable of dispensing dyed diesel fuel into
21 the fuel supply tank of a motor vehicle.

22 A specific notation is required on the invoice or sales
23 slip covering such sales, and any supporting documentation
24 that may be required by the Department must be obtained by
25 the distributor. The distributor shall obtain and keep the
26 supporting documentation in such form as the Department may

1 require by rule.

2 For purposes of this item 7, a dyed diesel fuel
3 dispensing facility is considered to have withdrawal
4 facilities that are "not readily accessible to and not
5 capable of dispensing dyed diesel fuel into the fuel supply
6 tank of a motor vehicle" only if the dyed diesel fuel is
7 delivered from: (i) a dispenser hose that is short enough
8 so that it will not reach the fuel supply tank of a motor
9 vehicle or (ii) a dispenser that is enclosed by a fence or
10 other physical barrier so that a vehicle cannot pull
11 alongside the dispenser to permit fueling.

12 8. (Blank).

13 All special fuel sold or used for non-highway purposes must
14 have a dye added in accordance with Section 4d of this Law.

15 All suits or other proceedings brought for the purpose of
16 recovering any taxes, interest or penalties due the State of
17 Illinois under this Act may be maintained in the name of the
18 Department.

19 (Source: P.A. 96-1384, eff. 7-29-10.)

20 (35 ILCS 505/6a) (from Ch. 120, par. 422a)

21 Sec. 6a. Collection of tax; suppliers. A supplier, other
22 than a licensed distributor, who sells or distributes any
23 special fuel, which he is required by Section 5a to report to
24 the Department when filing a return, shall (except as
25 hereinafter provided) collect at the time of such sale and

1 distribution, the amount of tax imposed under this Act on all
2 such special fuel sold and distributed, and at the time of
3 making a return, the supplier shall pay to the Department the
4 amount so collected less a discount of 2% through June 30, 2003
5 and 1.75% through June 30, 2016 ~~thereafter~~ which is allowed to
6 reimburse the supplier for the expenses incurred in keeping
7 records, preparing and filing returns, collecting and
8 remitting the tax and supplying data to the Department on
9 request, and shall also pay to the Department an amount equal
10 to the amount that would be collectible as a tax in the event
11 of a sale thereof on all such special fuel used by said
12 supplier during the period covered by the return. However, no
13 payment shall be made based upon dyed diesel fuel used by said
14 supplier for non-highway purposes. The discount shall only be
15 applicable to the amount of tax payment which accompanies a
16 return which is filed timely in accordance with Section 5(a) of
17 this Act. In each subsequent sale of special fuel on which the
18 amount of tax imposed under this Act has been collected as
19 provided in this Section, the amount so collected shall be
20 added to the selling price, so that the amount of tax is paid
21 ultimately by the user of the special fuel. However, no
22 collection or payment shall be made in the case of the sale or
23 use of any special fuel to the extent to which such sale or use
24 of motor fuel may not, under the Constitution and statutes of
25 the United States, be made the subject of taxation by this
26 State.

1 A person whose license to act as supplier of special fuel
2 has been revoked shall, at the time of making a return, also
3 pay to the Department an amount equal to the amount that would
4 be collectible as a tax in the event of a sale thereof on all
5 special fuel, which he is required by the 1st paragraph of
6 Section 5a to report to the Department in making a return.

7 A supplier may make tax-free sales of special fuel, with
8 respect to which he is otherwise required to collect the tax,
9 only as specified in the following items 1 through 7.

10 1. When the sale is made to the federal government or
11 its instrumentalities.

12 2. When the sale is made to a municipal corporation
13 owning and operating a local transportation system for
14 public service in this State when an official certificate
15 of exemption is obtained in lieu of the tax.

16 3. When the sale is made to a privately owned public
17 utility owning and operating 2 axle vehicles designed and
18 used for transporting more than 7 passengers, which
19 vehicles are used as common carriers in general
20 transportation of passengers, are not devoted to any
21 specialized purpose and are operated entirely within the
22 territorial limits of a single municipality or of any group
23 of contiguous municipalities, or in a close radius thereof,
24 and the operations of which are subject to the regulations
25 of the Illinois Commerce Commission, when an official
26 certificate of exemption is obtained in lieu of the tax.

1 4. When a sale is made to a person holding a valid
2 unrevoked license as a supplier or a distributor by making
3 a specific notation thereof on invoice or sales slip
4 covering each such sale.

5 5. When a sale of dyed diesel fuel is made to someone
6 other than a licensed distributor or licensed supplier for
7 non-highway purposes and the fuel is (i) delivered from a
8 vehicle designed for the specific purpose of such sales and
9 delivered directly into a stationary bulk storage tank that
10 displays the notice required by Section 4f of this Act,
11 (ii) delivered from a vehicle designed for the specific
12 purpose of such sales and delivered directly into the fuel
13 supply tanks of non-highway vehicles that are not required
14 to be registered for highway use, or (iii) dispensed from a
15 dyed diesel fuel dispensing facility that has withdrawal
16 facilities that are not readily accessible to and are not
17 capable of dispensing dyed diesel fuel into the fuel supply
18 tank of a motor vehicle.

19 A specific notation is required on the invoice or sales
20 slip covering such sales, and any supporting documentation
21 that may be required by the Department must be obtained by
22 the supplier. The supplier shall obtain and keep the
23 supporting documentation in such form as the Department may
24 require by rule.

25 For purposes of this item 5, a dyed diesel fuel
26 dispensing facility is considered to have withdrawal

1 facilities that are "not readily accessible to and not
2 capable of dispensing dyed diesel fuel into the fuel supply
3 tank of a motor vehicle" only if the dyed diesel fuel is
4 delivered from: (i) a dispenser hose that is short enough
5 so that it will not reach the fuel supply tank of a motor
6 vehicle or (ii) a dispenser that is enclosed by a fence or
7 other physical barrier so that a vehicle cannot pull
8 alongside the dispenser to permit fueling.

9 6. (Blank).

10 7. When a sale of special fuel is made to a person
11 where delivery is made outside of this State.

12 All special fuel sold or used for non-highway purposes must
13 have a dye added in accordance with Section 4d of this Law.

14 All suits or other proceedings brought for the purpose of
15 recovering any taxes, interest or penalties due the State of
16 Illinois under this Act may be maintained in the name of the
17 Department.

18 (Source: P.A. 96-1384, eff. 7-29-10.)

19 Section 50-45. The Telecommunications Excise Tax Act is
20 amended by changing Section 6 as follows:

21 (35 ILCS 630/6) (from Ch. 120, par. 2006)

22 Sec. 6. Except as provided hereinafter in this Section, on
23 or before the last day of each month, each retailer maintaining
24 a place of business in this State shall make a return to the

1 Department for the preceding calendar month, stating:

2 1. His name;

3 2. The address of his principal place of business, or
4 the address of the principal place of business (if that is
5 a different address) from which he engages in the business
6 of transmitting telecommunications;

7 3. Total amount of gross charges billed by him during
8 the preceding calendar month for providing
9 telecommunications during such calendar month;

10 4. Total amount received by him during the preceding
11 calendar month on credit extended;

12 5. Deductions allowed by law;

13 6. Gross charges which were billed by him during the
14 preceding calendar month and upon the basis of which the
15 tax is imposed;

16 7. Amount of tax (computed upon Item 6);

17 8. Such other reasonable information as the Department
18 may require.

19 Any taxpayer required to make payments under this Section
20 may make the payments by electronic funds transfer. The
21 Department shall adopt rules necessary to effectuate a program
22 of electronic funds transfer. Any taxpayer who has average
23 monthly tax billings due to the Department under this Act and
24 the Simplified Municipal Telecommunications Tax Act that
25 exceed \$1,000 shall make all payments by electronic funds
26 transfer as required by rules of the Department and shall file

1 the return required by this Section by electronic means as
2 required by rules of the Department.

3 If the retailer's average monthly tax billings due to the
4 Department under this Act and the Simplified Municipal
5 Telecommunications Tax Act do not exceed \$1,000, the Department
6 may authorize his returns to be filed on a quarter annual
7 basis, with the return for January, February and March of a
8 given year being due by April 30 of such year; with the return
9 for April, May and June of a given year being due by July 31st
10 of such year; with the return for July, August and September of
11 a given year being due by October 31st of such year; and with
12 the return of October, November and December of a given year
13 being due by January 31st of the following year.

14 If the retailer is otherwise required to file a monthly or
15 quarterly return and if the retailer's average monthly tax
16 billings due to the Department under this Act and the
17 Simplified Municipal Telecommunications Tax Act do not exceed
18 \$400, the Department may authorize his or her return to be
19 filed on an annual basis, with the return for a given year
20 being due by January 31st of the following year.

21 Notwithstanding any other provision of this Article
22 containing the time within which a retailer may file his
23 return, in the case of any retailer who ceases to engage in a
24 kind of business which makes him responsible for filing returns
25 under this Article, such retailer shall file a final return
26 under this Article with the Department not more than one month

1 after discontinuing such business.

2 In making such return, the retailer shall determine the
3 value of any consideration other than money received by him and
4 he shall include such value in his return. Such determination
5 shall be subject to review and revision by the Department in
6 the manner hereinafter provided for the correction of returns.

7 Each retailer whose average monthly liability to the
8 Department under this Article and the Simplified Municipal
9 Telecommunications Tax Act was \$25,000 or more during the
10 preceding calendar year, excluding the month of highest
11 liability and the month of lowest liability in such calendar
12 year, and who is not operated by a unit of local government,
13 shall make estimated payments to the Department on or before
14 the 7th, 15th, 22nd and last day of the month during which tax
15 collection liability to the Department is incurred in an amount
16 not less than the lower of either 22.5% of the retailer's
17 actual tax collections for the month or 25% of the retailer's
18 actual tax collections for the same calendar month of the
19 preceding year. The amount of such quarter monthly payments
20 shall be credited against the final liability of the retailer's
21 return for that month. Any outstanding credit, approved by the
22 Department, arising from the retailer's overpayment of its
23 final liability for any month may be applied to reduce the
24 amount of any subsequent quarter monthly payment or credited
25 against the final liability of the retailer's return for any
26 subsequent month. If any quarter monthly payment is not paid at

1 the time or in the amount required by this Section, the
2 retailer shall be liable for penalty and interest on the
3 difference between the minimum amount due as a payment and the
4 amount of such payment actually and timely paid, except insofar
5 as the retailer has previously made payments for that month to
6 the Department in excess of the minimum payments previously
7 due.

8 The retailer making the return herein provided for shall,
9 at the time of making such return, pay to the Department the
10 amount of tax herein imposed, less, through June 30, 2016, a
11 discount of 1% which is allowed to reimburse the retailer for
12 the expenses incurred in keeping records, billing the customer,
13 preparing and filing returns, remitting the tax, and supplying
14 data to the Department upon request. No discount may be claimed
15 by a retailer on returns not timely filed and for taxes not
16 timely remitted.

17 On and after the effective date of this Article of 1985, of
18 the moneys received by the Department of Revenue pursuant to
19 this Article, other than moneys received pursuant to the
20 additional taxes imposed by Public Act 90-548:

21 (1) \$1,000,000 shall be paid each month into the Common
22 School Fund;

23 (2) beginning on the first day of the first calendar
24 month to occur on or after the effective date of this
25 amendatory Act of the 98th General Assembly, an amount
26 equal to 1/12 of 5% of the cash receipts collected during

1 the preceding fiscal year by the Audit Bureau of the
2 Department from the tax under this Act and the Simplified
3 Municipal Telecommunications Tax Act shall be paid each
4 month into the Tax Compliance and Administration Fund;
5 those moneys shall be used, subject to appropriation, to
6 fund additional auditors and compliance personnel at the
7 Department of Revenue; and

8 (3) the remainder shall be deposited into the General
9 Revenue Fund.

10 On and after February 1, 1998, however, of the moneys
11 received by the Department of Revenue pursuant to the
12 additional taxes imposed by Public Act 90-548, one-half shall
13 be deposited into the School Infrastructure Fund and one-half
14 shall be deposited into the Common School Fund. On and after
15 the effective date of this amendatory Act of the 91st General
16 Assembly, if in any fiscal year the total of the moneys
17 deposited into the School Infrastructure Fund under this Act is
18 less than the total of the moneys deposited into that Fund from
19 the additional taxes imposed by Public Act 90-548 during fiscal
20 year 1999, then, as soon as possible after the close of the
21 fiscal year, the Comptroller shall order transferred and the
22 Treasurer shall transfer from the General Revenue Fund to the
23 School Infrastructure Fund an amount equal to the difference
24 between the fiscal year total deposits and the total amount
25 deposited into the Fund in fiscal year 1999.

26 (Source: P.A. 98-1098, eff. 8-26-14.)

1 Section 50-50. The Liquor Control Act of 1934 is amended by
2 changing Section 8-2 as follows:

3 (235 ILCS 5/8-2) (from Ch. 43, par. 159)

4 Sec. 8-2. It is the duty of each manufacturer with respect
5 to alcoholic liquor produced or imported by such manufacturer,
6 or purchased tax-free by such manufacturer from another
7 manufacturer or importing distributor, and of each importing
8 distributor as to alcoholic liquor purchased by such importing
9 distributor from foreign importers or from anyone from any
10 point in the United States outside of this State or purchased
11 tax-free from another manufacturer or importing distributor,
12 to pay the tax imposed by Section 8-1 to the Department of
13 Revenue on or before the 15th day of the calendar month
14 following the calendar month in which such alcoholic liquor is
15 sold or used by such manufacturer or by such importing
16 distributor other than in an authorized tax-free manner or to
17 pay that tax electronically as provided in this Section.

18 Each manufacturer and each importing distributor shall
19 make payment under one of the following methods: (1) on or
20 before the 15th day of each calendar month, file in person or
21 by United States first-class mail, postage pre-paid, with the
22 Department of Revenue, on forms prescribed and furnished by the
23 Department, a report in writing in such form as may be required
24 by the Department in order to compute, and assure the accuracy

1 of, the tax due on all taxable sales and uses of alcoholic
2 liquor occurring during the preceding month. Payment of the tax
3 in the amount disclosed by the report shall accompany the
4 report or, (2) on or before the 15th day of each calendar
5 month, electronically file with the Department of Revenue, on
6 forms prescribed and furnished by the Department, an electronic
7 report in such form as may be required by the Department in
8 order to compute, and assure the accuracy of, the tax due on
9 all taxable sales and uses of alcoholic liquor occurring during
10 the preceding month. An electronic payment of the tax in the
11 amount disclosed by the report shall accompany the report. A
12 manufacturer or distributor who files an electronic report and
13 electronically pays the tax imposed pursuant to Section 8-1 to
14 the Department of Revenue on or before the 15th day of the
15 calendar month following the calendar month in which such
16 alcoholic liquor is sold or used by that manufacturer or
17 importing distributor other than in an authorized tax-free
18 manner shall pay to the Department the amount of the tax
19 imposed pursuant to Section 8-1, less a discount which is
20 allowed to reimburse the manufacturer or importing distributor
21 for the expenses incurred in keeping and maintaining records,
22 preparing and filing the electronic returns, remitting the tax,
23 and supplying data to the Department upon request.

24 The discount shall be in an amount as follows:

25 (1) For original returns due on or after January 1,
26 2003 through September 30, 2003, the discount shall be

1 1.75% or \$1,250 per return, whichever is less;

2 (2) For original returns due on or after October 1,
3 2003 through September 30, 2004, the discount shall be 2%
4 or \$3,000 per return, whichever is less; ~~and~~

5 (3) For original returns due on or after October 1,
6 2004 through June 30, 2016, the discount shall be 2% or
7 \$2,000 per return, whichever is less; and -

8 (4) No discount shall be allowed on or after July 1,
9 2016.

10 The Department may, if it deems it necessary in order to
11 insure the payment of the tax imposed by this Article, require
12 returns to be made more frequently than and covering periods of
13 less than a month. Such return shall contain such further
14 information as the Department may reasonably require.

15 It shall be presumed that all alcoholic liquors acquired or
16 made by any importing distributor or manufacturer have been
17 sold or used by him in this State and are the basis for the tax
18 imposed by this Article unless proven, to the satisfaction of
19 the Department, that such alcoholic liquors are (1) still in
20 the possession of such importing distributor or manufacturer,
21 or (2) prior to the termination of possession have been lost by
22 theft or through unintentional destruction, or (3) that such
23 alcoholic liquors are otherwise exempt from taxation under this
24 Act.

25 The Department may require any foreign importer to file
26 monthly information returns, by the 15th day of the month

1 following the month which any such return covers, if the
2 Department determines this to be necessary to the proper
3 performance of the Department's functions and duties under this
4 Act. Such return shall contain such information as the
5 Department may reasonably require.

6 Every manufacturer and importing distributor shall also
7 file, with the Department, a bond in an amount not less than
8 \$1,000 and not to exceed \$100,000 on a form to be approved by,
9 and with a surety or sureties satisfactory to, the Department.
10 Such bond shall be conditioned upon the manufacturer or
11 importing distributor paying to the Department all monies
12 becoming due from such manufacturer or importing distributor
13 under this Article. The Department shall fix the penalty of
14 such bond in each case, taking into consideration the amount of
15 alcoholic liquor expected to be sold and used by such
16 manufacturer or importing distributor, and the penalty fixed by
17 the Department shall be sufficient, in the Department's
18 opinion, to protect the State of Illinois against failure to
19 pay any amount due under this Article, but the amount of the
20 penalty fixed by the Department shall not exceed twice the
21 amount of tax liability of a monthly return, nor shall the
22 amount of such penalty be less than \$1,000. The Department
23 shall notify the Commission of the Department's approval or
24 disapproval of any such manufacturer's or importing
25 distributor's bond, or of the termination or cancellation of
26 any such bond, or of the Department's direction to a

1 manufacturer or importing distributor that he must file
2 additional bond in order to comply with this Section. The
3 Commission shall not issue a license to any applicant for a
4 manufacturer's or importing distributor's license unless the
5 Commission has received a notification from the Department
6 showing that such applicant has filed a satisfactory bond with
7 the Department hereunder and that such bond has been approved
8 by the Department. Failure by any licensed manufacturer or
9 importing distributor to keep a satisfactory bond in effect
10 with the Department or to furnish additional bond to the
11 Department, when required hereunder by the Department to do so,
12 shall be grounds for the revocation or suspension of such
13 manufacturer's or importing distributor's license by the
14 Commission. If a manufacturer or importing distributor fails to
15 pay any amount due under this Article, his bond with the
16 Department shall be deemed forfeited, and the Department may
17 institute a suit in its own name on such bond.

18 After notice and opportunity for a hearing the State
19 Commission may revoke or suspend the license of any
20 manufacturer or importing distributor who fails to comply with
21 the provisions of this Section. Notice of such hearing and the
22 time and place thereof shall be in writing and shall contain a
23 statement of the charges against the licensee. Such notice may
24 be given by United States registered or certified mail with
25 return receipt requested, addressed to the person concerned at
26 his last known address and shall be given not less than 7 days

1 prior to the date fixed for the hearing. An order revoking or
2 suspending a license under the provisions of this Section may
3 be reviewed in the manner provided in Section 7-10 of this Act.
4 No new license shall be granted to a person whose license has
5 been revoked for a violation of this Section or, in case of
6 suspension, shall such suspension be terminated until he has
7 paid to the Department all taxes and penalties which he owes
8 the State under the provisions of this Act.

9 Every manufacturer or importing distributor who has, as
10 verified by the Department, continuously complied with the
11 conditions of the bond under this Act for a period of 2 years
12 shall be considered to be a prior continuous compliance
13 taxpayer. In determining the consecutive period of time for
14 qualification as a prior continuous compliance taxpayer, any
15 consecutive period of time of qualifying compliance
16 immediately prior to the effective date of this amendatory Act
17 of 1987 shall be credited to any manufacturer or importing
18 distributor.

19 A manufacturer or importing distributor that is a prior
20 continuous compliance taxpayer under this Section and becomes a
21 successor as the result of an acquisition, merger, or
22 consolidation of a manufacturer or importing distributor shall
23 be deemed to be a prior continuous compliance taxpayer with
24 respect to the acquired, merged, or consolidated entity.

25 Every prior continuous compliance taxpayer shall be exempt
26 from the bond requirements of this Act until the Department has

1 determined the taxpayer to be delinquent in the filing of any
2 return or deficient in the payment of any tax under this Act.
3 Any taxpayer who fails to pay an admitted or established
4 liability under this Act may also be required to post bond or
5 other acceptable security with the Department guaranteeing the
6 payment of such admitted or established liability.

7 The Department shall discharge any surety and shall release
8 and return any bond or security deposit assigned, pledged or
9 otherwise provided to it by a taxpayer under this Section
10 within 30 days after: (1) such taxpayer becomes a prior
11 continuous compliance taxpayer; or (2) such taxpayer has ceased
12 to collect receipts on which he is required to remit tax to the
13 Department, has filed a final tax return, and has paid to the
14 Department an amount sufficient to discharge his remaining tax
15 liability as determined by the Department under this Act.

16 (Source: P.A. 95-769, eff. 7-29-08.)

17 ARTICLE 55. USE AND OCCUPATION TAX; NEWSPRINT

18 Section 55-5. The Use Tax Act is amended by changing
19 Section 2 as follows:

20 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

21 Sec. 2. Definitions.

22 "Use" means the exercise by any person of any right or
23 power over tangible personal property incident to the ownership

1 of that property, except that it does not include the sale of
2 such property in any form as tangible personal property in the
3 regular course of business to the extent that such property is
4 not first subjected to a use for which it was purchased, and
5 does not include the use of such property by its owner for
6 demonstration purposes: Provided that the property purchased
7 is deemed to be purchased for the purpose of resale, despite
8 first being used, to the extent to which it is resold as an
9 ingredient of an intentionally produced product or by-product
10 of manufacturing. "Use" does not mean the demonstration use or
11 interim use of tangible personal property by a retailer before
12 he sells that tangible personal property. For watercraft or
13 aircraft, if the period of demonstration use or interim use by
14 the retailer exceeds 18 months, the retailer shall pay on the
15 retailers' original cost price the tax imposed by this Act, and
16 no credit for that tax is permitted if the watercraft or
17 aircraft is subsequently sold by the retailer. "Use" does not
18 mean the physical incorporation of tangible personal property,
19 to the extent not first subjected to a use for which it was
20 purchased, as an ingredient or constituent, into other tangible
21 personal property (a) which is sold in the regular course of
22 business or (b) which the person incorporating such ingredient
23 or constituent therein has undertaken at the time of such
24 purchase to cause to be transported in interstate commerce to
25 destinations outside the State of Illinois: Provided that the
26 property purchased is deemed to be purchased for the purpose of

1 resale, despite first being used, to the extent to which it is
2 resold as an ingredient of an intentionally produced product or
3 by-product of manufacturing.

4 "Watercraft" means a Class 2, Class 3, or Class 4
5 watercraft as defined in Section 3-2 of the Boat Registration
6 and Safety Act, a personal watercraft, or any boat equipped
7 with an inboard motor.

8 "Purchase at retail" means the acquisition of the ownership
9 of or title to tangible personal property through a sale at
10 retail.

11 "Purchaser" means anyone who, through a sale at retail,
12 acquires the ownership of tangible personal property for a
13 valuable consideration.

14 "Sale at retail" means any transfer of the ownership of or
15 title to tangible personal property to a purchaser, for the
16 purpose of use, and not for the purpose of resale in any form
17 as tangible personal property to the extent not first subjected
18 to a use for which it was purchased, for a valuable
19 consideration: Provided that the property purchased is deemed
20 to be purchased for the purpose of resale, despite first being
21 used, to the extent to which it is resold as an ingredient of
22 an intentionally produced product or by-product of
23 manufacturing. For this purpose, slag produced as an incident
24 to manufacturing pig iron or steel and sold is considered to be
25 an intentionally produced by-product of manufacturing. "Sale
26 at retail" includes any such transfer made for resale unless

1 made in compliance with Section 2c of the Retailers' Occupation
2 Tax Act, as incorporated by reference into Section 12 of this
3 Act. Transactions whereby the possession of the property is
4 transferred but the seller retains the title as security for
5 payment of the selling price are sales.

6 "Sale at retail" shall also be construed to include any
7 Illinois florist's sales transaction in which the purchase
8 order is received in Illinois by a florist and the sale is for
9 use or consumption, but the Illinois florist has a florist in
10 another state deliver the property to the purchaser or the
11 purchaser's donee in such other state.

12 Nonreusable tangible personal property that is used by
13 persons engaged in the business of operating a restaurant,
14 cafeteria, or drive-in is a sale for resale when it is
15 transferred to customers in the ordinary course of business as
16 part of the sale of food or beverages and is used to deliver,
17 package, or consume food or beverages, regardless of where
18 consumption of the food or beverages occurs. Examples of those
19 items include, but are not limited to nonreusable, paper and
20 plastic cups, plates, baskets, boxes, sleeves, buckets or other
21 containers, utensils, straws, placemats, napkins, doggie bags,
22 and wrapping or packaging materials that are transferred to
23 customers as part of the sale of food or beverages in the
24 ordinary course of business.

25 Until July 1, 2016, the ~~The~~ purchase, employment and
26 transfer of such tangible personal property as newsprint and

1 ink for the primary purpose of conveying news (with or without
2 other information) is not a purchase, use or sale of tangible
3 personal property.

4 "Selling price" means the consideration for a sale valued
5 in money whether received in money or otherwise, including
6 cash, credits, property other than as hereinafter provided, and
7 services, but not including the value of or credit given for
8 traded-in tangible personal property where the item that is
9 traded-in is of like kind and character as that which is being
10 sold, and shall be determined without any deduction on account
11 of the cost of the property sold, the cost of materials used,
12 labor or service cost or any other expense whatsoever, but does
13 not include interest or finance charges which appear as
14 separate items on the bill of sale or sales contract nor
15 charges that are added to prices by sellers on account of the
16 seller's tax liability under the "Retailers' Occupation Tax
17 Act", or on account of the seller's duty to collect, from the
18 purchaser, the tax that is imposed by this Act, or, except as
19 otherwise provided with respect to any cigarette tax imposed by
20 a home rule unit, on account of the seller's tax liability
21 under any local occupation tax administered by the Department,
22 or, except as otherwise provided with respect to any cigarette
23 tax imposed by a home rule unit on account of the seller's duty
24 to collect, from the purchasers, the tax that is imposed under
25 any local use tax administered by the Department. Effective
26 December 1, 1985, "selling price" shall include charges that

1 are added to prices by sellers on account of the seller's tax
2 liability under the Cigarette Tax Act, on account of the
3 seller's duty to collect, from the purchaser, the tax imposed
4 under the Cigarette Use Tax Act, and on account of the seller's
5 duty to collect, from the purchaser, any cigarette tax imposed
6 by a home rule unit.

7 Notwithstanding any law to the contrary, for any motor
8 vehicle, as defined in Section 1-146 of the Vehicle Code, that
9 is sold on or after January 1, 2015 for the purpose of leasing
10 the vehicle for a defined period that is longer than one year
11 and (1) is a motor vehicle of the second division that: (A) is
12 a self-contained motor vehicle designed or permanently
13 converted to provide living quarters for recreational,
14 camping, or travel use, with direct walk through access to the
15 living quarters from the driver's seat; (B) is of the van
16 configuration designed for the transportation of not less than
17 7 nor more than 16 passengers; or (C) has a gross vehicle
18 weight rating of 8,000 pounds or less or (2) is a motor vehicle
19 of the first division, "selling price" or "amount of sale"
20 means the consideration received by the lessor pursuant to the
21 lease contract, including amounts due at lease signing and all
22 monthly or other regular payments charged over the term of the
23 lease. Also included in the selling price is any amount
24 received by the lessor from the lessee for the leased vehicle
25 that is not calculated at the time the lease is executed,
26 including, but not limited to, excess mileage charges and

1 charges for excess wear and tear. For sales that occur in
2 Illinois, with respect to any amount received by the lessor
3 from the lessee for the leased vehicle that is not calculated
4 at the time the lease is executed, the lessor who purchased the
5 motor vehicle does not incur the tax imposed by the Use Tax Act
6 on those amounts, and the retailer who makes the retail sale of
7 the motor vehicle to the lessor is not required to collect the
8 tax imposed by this Act or to pay the tax imposed by the
9 Retailers' Occupation Tax Act on those amounts. However, the
10 lessor who purchased the motor vehicle assumes the liability
11 for reporting and paying the tax on those amounts directly to
12 the Department in the same form (Illinois Retailers' Occupation
13 Tax, and local retailers' occupation taxes, if applicable) in
14 which the retailer would have reported and paid such tax if the
15 retailer had accounted for the tax to the Department. For
16 amounts received by the lessor from the lessee that are not
17 calculated at the time the lease is executed, the lessor must
18 file the return and pay the tax to the Department by the due
19 date otherwise required by this Act for returns other than
20 transaction returns. If the retailer is entitled under this Act
21 to a discount for collecting and remitting the tax imposed
22 under this Act to the Department with respect to the sale of
23 the motor vehicle to the lessor, then the right to the discount
24 provided in this Act shall be transferred to the lessor with
25 respect to the tax paid by the lessor for any amount received
26 by the lessor from the lessee for the leased vehicle that is

1 not calculated at the time the lease is executed; provided that
2 the discount is only allowed if the return is timely filed and
3 for amounts timely paid. The "selling price" of a motor vehicle
4 that is sold on or after January 1, 2015 for the purpose of
5 leasing for a defined period of longer than one year shall not
6 be reduced by the value of or credit given for traded-in
7 tangible personal property owned by the lessor, nor shall it be
8 reduced by the value of or credit given for traded-in tangible
9 personal property owned by the lessee, regardless of whether
10 the trade-in value thereof is assigned by the lessee to the
11 lessor. In the case of a motor vehicle that is sold for the
12 purpose of leasing for a defined period of longer than one
13 year, the sale occurs at the time of the delivery of the
14 vehicle, regardless of the due date of any lease payments. A
15 lessor who incurs a Retailers' Occupation Tax liability on the
16 sale of a motor vehicle coming off lease may not take a credit
17 against that liability for the Use Tax the lessor paid upon the
18 purchase of the motor vehicle (or for any tax the lessor paid
19 with respect to any amount received by the lessor from the
20 lessee for the leased vehicle that was not calculated at the
21 time the lease was executed) if the selling price of the motor
22 vehicle at the time of purchase was calculated using the
23 definition of "selling price" as defined in this paragraph.
24 Notwithstanding any other provision of this Act to the
25 contrary, lessors shall file all returns and make all payments
26 required under this paragraph to the Department by electronic

1 means in the manner and form as required by the Department.
2 This paragraph does not apply to leases of motor vehicles for
3 which, at the time the lease is entered into, the term of the
4 lease is not a defined period, including leases with a defined
5 initial period with the option to continue the lease on a
6 month-to-month or other basis beyond the initial defined
7 period.

8 The phrase "like kind and character" shall be liberally
9 construed (including but not limited to any form of motor
10 vehicle for any form of motor vehicle, or any kind of farm or
11 agricultural implement for any other kind of farm or
12 agricultural implement), while not including a kind of item
13 which, if sold at retail by that retailer, would be exempt from
14 retailers' occupation tax and use tax as an isolated or
15 occasional sale.

16 "Department" means the Department of Revenue.

17 "Person" means any natural individual, firm, partnership,
18 association, joint stock company, joint adventure, public or
19 private corporation, limited liability company, or a receiver,
20 executor, trustee, guardian or other representative appointed
21 by order of any court.

22 "Retailer" means and includes every person engaged in the
23 business of making sales at retail as defined in this Section.

24 A person who holds himself or herself out as being engaged
25 (or who habitually engages) in selling tangible personal
26 property at retail is a retailer hereunder with respect to such

1 sales (and not primarily in a service occupation)
2 notwithstanding the fact that such person designs and produces
3 such tangible personal property on special order for the
4 purchaser and in such a way as to render the property of value
5 only to such purchaser, if such tangible personal property so
6 produced on special order serves substantially the same
7 function as stock or standard items of tangible personal
8 property that are sold at retail.

9 A person whose activities are organized and conducted
10 primarily as a not-for-profit service enterprise, and who
11 engages in selling tangible personal property at retail
12 (whether to the public or merely to members and their guests)
13 is a retailer with respect to such transactions, excepting only
14 a person organized and operated exclusively for charitable,
15 religious or educational purposes either (1), to the extent of
16 sales by such person to its members, students, patients or
17 inmates of tangible personal property to be used primarily for
18 the purposes of such person, or (2), to the extent of sales by
19 such person of tangible personal property which is not sold or
20 offered for sale by persons organized for profit. The selling
21 of school books and school supplies by schools at retail to
22 students is not "primarily for the purposes of" the school
23 which does such selling. This paragraph does not apply to nor
24 subject to taxation occasional dinners, social or similar
25 activities of a person organized and operated exclusively for
26 charitable, religious or educational purposes, whether or not

1 such activities are open to the public.

2 A person who is the recipient of a grant or contract under
3 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
4 serves meals to participants in the federal Nutrition Program
5 for the Elderly in return for contributions established in
6 amount by the individual participant pursuant to a schedule of
7 suggested fees as provided for in the federal Act is not a
8 retailer under this Act with respect to such transactions.

9 Persons who engage in the business of transferring tangible
10 personal property upon the redemption of trading stamps are
11 retailers hereunder when engaged in such business.

12 The isolated or occasional sale of tangible personal
13 property at retail by a person who does not hold himself out as
14 being engaged (or who does not habitually engage) in selling
15 such tangible personal property at retail or a sale through a
16 bulk vending machine does not make such person a retailer
17 hereunder. However, any person who is engaged in a business
18 which is not subject to the tax imposed by the "Retailers'
19 Occupation Tax Act" because of involving the sale of or a
20 contract to sell real estate or a construction contract to
21 improve real estate, but who, in the course of conducting such
22 business, transfers tangible personal property to users or
23 consumers in the finished form in which it was purchased, and
24 which does not become real estate, under any provision of a
25 construction contract or real estate sale or real estate sales
26 agreement entered into with some other person arising out of or

1 because of such nontaxable business, is a retailer to the
2 extent of the value of the tangible personal property so
3 transferred. If, in such transaction, a separate charge is made
4 for the tangible personal property so transferred, the value of
5 such property, for the purposes of this Act, is the amount so
6 separately charged, but not less than the cost of such property
7 to the transferor; if no separate charge is made, the value of
8 such property, for the purposes of this Act, is the cost to the
9 transferor of such tangible personal property.

10 "Retailer maintaining a place of business in this State",
11 or any like term, means and includes any of the following
12 retailers:

13 1. A retailer having or maintaining within this State,
14 directly or by a subsidiary, an office, distribution house,
15 sales house, warehouse or other place of business, or any
16 agent or other representative operating within this State
17 under the authority of the retailer or its subsidiary,
18 irrespective of whether such place of business or agent or
19 other representative is located here permanently or
20 temporarily, or whether such retailer or subsidiary is
21 licensed to do business in this State. However, the
22 ownership of property that is located at the premises of a
23 printer with which the retailer has contracted for printing
24 and that consists of the final printed product, property
25 that becomes a part of the final printed product, or copy
26 from which the printed product is produced shall not result

1 in the retailer being deemed to have or maintain an office,
2 distribution house, sales house, warehouse, or other place
3 of business within this State.

4 1.1. A retailer having a contract with a person located
5 in this State under which the person, for a commission or
6 other consideration based upon the sale of tangible
7 personal property by the retailer, directly or indirectly
8 refers potential customers to the retailer by providing to
9 the potential customers a promotional code or other
10 mechanism that allows the retailer to track purchases
11 referred by such persons. Examples of mechanisms that allow
12 the retailer to track purchases referred by such persons
13 include but are not limited to the use of a link on the
14 person's Internet website, promotional codes distributed
15 through the person's hand-delivered or mailed material,
16 and promotional codes distributed by the person through
17 radio or other broadcast media. The provisions of this
18 paragraph 1.1 shall apply only if the cumulative gross
19 receipts from sales of tangible personal property by the
20 retailer to customers who are referred to the retailer by
21 all persons in this State under such contracts exceed
22 \$10,000 during the preceding 4 quarterly periods ending on
23 the last day of March, June, September, and December. A
24 retailer meeting the requirements of this paragraph 1.1
25 shall be presumed to be maintaining a place of business in
26 this State but may rebut this presumption by submitting

1 proof that the referrals or other activities pursued within
2 this State by such persons were not sufficient to meet the
3 nexus standards of the United States Constitution during
4 the preceding 4 quarterly periods.

5 1.2. Beginning July 1, 2011, a retailer having a
6 contract with a person located in this State under which:

7 A. the retailer sells the same or substantially
8 similar line of products as the person located in this
9 State and does so using an identical or substantially
10 similar name, trade name, or trademark as the person
11 located in this State; and

12 B. the retailer provides a commission or other
13 consideration to the person located in this State based
14 upon the sale of tangible personal property by the
15 retailer.

16 The provisions of this paragraph 1.2 shall apply only if
17 the cumulative gross receipts from sales of tangible
18 personal property by the retailer to customers in this
19 State under all such contracts exceed \$10,000 during the
20 preceding 4 quarterly periods ending on the last day of
21 March, June, September, and December.

22 2. A retailer soliciting orders for tangible personal
23 property by means of a telecommunication or television
24 shopping system (which utilizes toll free numbers) which is
25 intended by the retailer to be broadcast by cable
26 television or other means of broadcasting, to consumers

1 located in this State.

2 3. A retailer, pursuant to a contract with a
3 broadcaster or publisher located in this State, soliciting
4 orders for tangible personal property by means of
5 advertising which is disseminated primarily to consumers
6 located in this State and only secondarily to bordering
7 jurisdictions.

8 4. A retailer soliciting orders for tangible personal
9 property by mail if the solicitations are substantial and
10 recurring and if the retailer benefits from any banking,
11 financing, debt collection, telecommunication, or
12 marketing activities occurring in this State or benefits
13 from the location in this State of authorized installation,
14 servicing, or repair facilities.

15 5. A retailer that is owned or controlled by the same
16 interests that own or control any retailer engaging in
17 business in the same or similar line of business in this
18 State.

19 6. A retailer having a franchisee or licensee operating
20 under its trade name if the franchisee or licensee is
21 required to collect the tax under this Section.

22 7. A retailer, pursuant to a contract with a cable
23 television operator located in this State, soliciting
24 orders for tangible personal property by means of
25 advertising which is transmitted or distributed over a
26 cable television system in this State.

1 8. A retailer engaging in activities in Illinois, which
2 activities in the state in which the retail business
3 engaging in such activities is located would constitute
4 maintaining a place of business in that state.

5 "Bulk vending machine" means a vending machine, containing
6 unsorted confections, nuts, toys, or other items designed
7 primarily to be used or played with by children which, when a
8 coin or coins of a denomination not larger than \$0.50 are
9 inserted, are dispensed in equal portions, at random and
10 without selection by the customer.

11 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14;
12 98-1089, eff. 1-1-15; 99-78, eff. 7-20-15.)

13 Section 55-10. The Service Use Tax Act is amended by
14 changing Section 2 as follows:

15 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

16 Sec. 2. Definitions.

17 "Use" means the exercise by any person of any right or
18 power over tangible personal property incident to the ownership
19 of that property, but does not include the sale or use for
20 demonstration by him of that property in any form as tangible
21 personal property in the regular course of business. "Use" does
22 not mean the interim use of tangible personal property nor the
23 physical incorporation of tangible personal property, as an
24 ingredient or constituent, into other tangible personal

1 property, (a) which is sold in the regular course of business
2 or (b) which the person incorporating such ingredient or
3 constituent therein has undertaken at the time of such purchase
4 to cause to be transported in interstate commerce to
5 destinations outside the State of Illinois.

6 "Purchased from a serviceman" means the acquisition of the
7 ownership of, or title to, tangible personal property through a
8 sale of service.

9 "Purchaser" means any person who, through a sale of
10 service, acquires the ownership of, or title to, any tangible
11 personal property.

12 "Cost price" means the consideration paid by the serviceman
13 for a purchase valued in money, whether paid in money or
14 otherwise, including cash, credits and services, and shall be
15 determined without any deduction on account of the supplier's
16 cost of the property sold or on account of any other expense
17 incurred by the supplier. When a serviceman contracts out part
18 or all of the services required in his sale of service, it
19 shall be presumed that the cost price to the serviceman of the
20 property transferred to him or her by his or her subcontractor
21 is equal to 50% of the subcontractor's charges to the
22 serviceman in the absence of proof of the consideration paid by
23 the subcontractor for the purchase of such property.

24 "Selling price" means the consideration for a sale valued
25 in money whether received in money or otherwise, including
26 cash, credits and service, and shall be determined without any

1 deduction on account of the serviceman's cost of the property
2 sold, the cost of materials used, labor or service cost or any
3 other expense whatsoever, but does not include interest or
4 finance charges which appear as separate items on the bill of
5 sale or sales contract nor charges that are added to prices by
6 sellers on account of the seller's duty to collect, from the
7 purchaser, the tax that is imposed by this Act.

8 "Department" means the Department of Revenue.

9 "Person" means any natural individual, firm, partnership,
10 association, joint stock company, joint venture, public or
11 private corporation, limited liability company, and any
12 receiver, executor, trustee, guardian or other representative
13 appointed by order of any court.

14 "Sale of service" means any transaction except:

15 (1) a retail sale of tangible personal property taxable
16 under the Retailers' Occupation Tax Act or under the Use
17 Tax Act.

18 (2) a sale of tangible personal property for the
19 purpose of resale made in compliance with Section 2c of the
20 Retailers' Occupation Tax Act.

21 (3) except as hereinafter provided, a sale or transfer
22 of tangible personal property as an incident to the
23 rendering of service for or by any governmental body, or
24 for or by any corporation, society, association,
25 foundation or institution organized and operated
26 exclusively for charitable, religious or educational

1 purposes or any not-for-profit corporation, society,
2 association, foundation, institution or organization which
3 has no compensated officers or employees and which is
4 organized and operated primarily for the recreation of
5 persons 55 years of age or older. A limited liability
6 company may qualify for the exemption under this paragraph
7 only if the limited liability company is organized and
8 operated exclusively for educational purposes.

9 (4) a sale or transfer of tangible personal property as
10 an incident to the rendering of service for interstate
11 carriers for hire for use as rolling stock moving in
12 interstate commerce or by lessors under a lease of one year
13 or longer, executed or in effect at the time of purchase of
14 personal property, to interstate carriers for hire for use
15 as rolling stock moving in interstate commerce so long as
16 so used by such interstate carriers for hire, and equipment
17 operated by a telecommunications provider, licensed as a
18 common carrier by the Federal Communications Commission,
19 which is permanently installed in or affixed to aircraft
20 moving in interstate commerce.

21 (4a) a sale or transfer of tangible personal property
22 as an incident to the rendering of service for owners,
23 lessors, or shippers of tangible personal property which is
24 utilized by interstate carriers for hire for use as rolling
25 stock moving in interstate commerce so long as so used by
26 interstate carriers for hire, and equipment operated by a

1 telecommunications provider, licensed as a common carrier
2 by the Federal Communications Commission, which is
3 permanently installed in or affixed to aircraft moving in
4 interstate commerce.

5 (4a-5) on and after July 1, 2003 and through June 30,
6 2004, a sale or transfer of a motor vehicle of the second
7 division with a gross vehicle weight in excess of 8,000
8 pounds as an incident to the rendering of service if that
9 motor vehicle is subject to the commercial distribution fee
10 imposed under Section 3-815.1 of the Illinois Vehicle Code.
11 Beginning on July 1, 2004 and through June 30, 2005, the
12 use in this State of motor vehicles of the second division:
13 (i) with a gross vehicle weight rating in excess of 8,000
14 pounds; (ii) that are subject to the commercial
15 distribution fee imposed under Section 3-815.1 of the
16 Illinois Vehicle Code; and (iii) that are primarily used
17 for commercial purposes. Through June 30, 2005, this
18 exemption applies to repair and replacement parts added
19 after the initial purchase of such a motor vehicle if that
20 motor vehicle is used in a manner that would qualify for
21 the rolling stock exemption otherwise provided for in this
22 Act. For purposes of this paragraph, "used for commercial
23 purposes" means the transportation of persons or property
24 in furtherance of any commercial or industrial enterprise
25 whether for-hire or not.

26 (5) a sale or transfer of machinery and equipment used

1 primarily in the process of the manufacturing or
2 assembling, either in an existing, an expanded or a new
3 manufacturing facility, of tangible personal property for
4 wholesale or retail sale or lease, whether such sale or
5 lease is made directly by the manufacturer or by some other
6 person, whether the materials used in the process are owned
7 by the manufacturer or some other person, or whether such
8 sale or lease is made apart from or as an incident to the
9 seller's engaging in a service occupation and the
10 applicable tax is a Service Use Tax or Service Occupation
11 Tax, rather than Use Tax or Retailers' Occupation Tax. The
12 exemption provided by this paragraph (5) does not include
13 machinery and equipment used in (i) the generation of
14 electricity for wholesale or retail sale; (ii) the
15 generation or treatment of natural or artificial gas for
16 wholesale or retail sale that is delivered to customers
17 through pipes, pipelines, or mains; or (iii) the treatment
18 of water for wholesale or retail sale that is delivered to
19 customers through pipes, pipelines, or mains. The
20 provisions of this amendatory Act of the 98th General
21 Assembly are declaratory of existing law as to the meaning
22 and scope of this exemption.

23 (5a) the repairing, reconditioning or remodeling, for
24 a common carrier by rail, of tangible personal property
25 which belongs to such carrier for hire, and as to which
26 such carrier receives the physical possession of the

1 repaired, reconditioned or remodeled item of tangible
2 personal property in Illinois, and which such carrier
3 transports, or shares with another common carrier in the
4 transportation of such property, out of Illinois on a
5 standard uniform bill of lading showing the person who
6 repaired, reconditioned or remodeled the property to a
7 destination outside Illinois, for use outside Illinois.

8 (5b) a sale or transfer of tangible personal property
9 which is produced by the seller thereof on special order in
10 such a way as to have made the applicable tax the Service
11 Occupation Tax or the Service Use Tax, rather than the
12 Retailers' Occupation Tax or the Use Tax, for an interstate
13 carrier by rail which receives the physical possession of
14 such property in Illinois, and which transports such
15 property, or shares with another common carrier in the
16 transportation of such property, out of Illinois on a
17 standard uniform bill of lading showing the seller of the
18 property as the shipper or consignor of such property to a
19 destination outside Illinois, for use outside Illinois.

20 (6) until July 1, 2003, a sale or transfer of
21 distillation machinery and equipment, sold as a unit or kit
22 and assembled or installed by the retailer, which machinery
23 and equipment is certified by the user to be used only for
24 the production of ethyl alcohol that will be used for
25 consumption as motor fuel or as a component of motor fuel
26 for the personal use of such user and not subject to sale

1 or resale.

2 (7) at the election of any serviceman not required to
3 be otherwise registered as a retailer under Section 2a of
4 the Retailers' Occupation Tax Act, made for each fiscal
5 year sales of service in which the aggregate annual cost
6 price of tangible personal property transferred as an
7 incident to the sales of service is less than 35%, or 75%
8 in the case of servicemen transferring prescription drugs
9 or servicemen engaged in graphic arts production, of the
10 aggregate annual total gross receipts from all sales of
11 service. The purchase of such tangible personal property by
12 the serviceman shall be subject to tax under the Retailers'
13 Occupation Tax Act and the Use Tax Act. However, if a
14 primary serviceman who has made the election described in
15 this paragraph subcontracts service work to a secondary
16 serviceman who has also made the election described in this
17 paragraph, the primary serviceman does not incur a Use Tax
18 liability if the secondary serviceman (i) has paid or will
19 pay Use Tax on his or her cost price of any tangible
20 personal property transferred to the primary serviceman
21 and (ii) certifies that fact in writing to the primary
22 serviceman.

23 Tangible personal property transferred incident to the
24 completion of a maintenance agreement is exempt from the tax
25 imposed pursuant to this Act.

26 Exemption (5) also includes machinery and equipment used in

1 the general maintenance or repair of such exempt machinery and
2 equipment or for in-house manufacture of exempt machinery and
3 equipment. The machinery and equipment exemption does not
4 include machinery and equipment used in (i) the generation of
5 electricity for wholesale or retail sale; (ii) the generation
6 or treatment of natural or artificial gas for wholesale or
7 retail sale that is delivered to customers through pipes,
8 pipelines, or mains; or (iii) the treatment of water for
9 wholesale or retail sale that is delivered to customers through
10 pipes, pipelines, or mains. The provisions of this amendatory
11 Act of the 98th General Assembly are declaratory of existing
12 law as to the meaning and scope of this exemption. For the
13 purposes of exemption (5), each of these terms shall have the
14 following meanings: (1) "manufacturing process" shall mean the
15 production of any article of tangible personal property,
16 whether such article is a finished product or an article for
17 use in the process of manufacturing or assembling a different
18 article of tangible personal property, by procedures commonly
19 regarded as manufacturing, processing, fabricating, or
20 refining which changes some existing material or materials into
21 a material with a different form, use or name. In relation to a
22 recognized integrated business composed of a series of
23 operations which collectively constitute manufacturing, or
24 individually constitute manufacturing operations, the
25 manufacturing process shall be deemed to commence with the
26 first operation or stage of production in the series, and shall

1 not be deemed to end until the completion of the final product
2 in the last operation or stage of production in the series; and
3 further, for purposes of exemption (5), photoprocessing is
4 deemed to be a manufacturing process of tangible personal
5 property for wholesale or retail sale; (2) "assembling process"
6 shall mean the production of any article of tangible personal
7 property, whether such article is a finished product or an
8 article for use in the process of manufacturing or assembling a
9 different article of tangible personal property, by the
10 combination of existing materials in a manner commonly regarded
11 as assembling which results in a material of a different form,
12 use or name; (3) "machinery" shall mean major mechanical
13 machines or major components of such machines contributing to a
14 manufacturing or assembling process; and (4) "equipment" shall
15 include any independent device or tool separate from any
16 machinery but essential to an integrated manufacturing or
17 assembly process; including computers used primarily in a
18 manufacturer's computer assisted design, computer assisted
19 manufacturing (CAD/CAM) system; or any subunit or assembly
20 comprising a component of any machinery or auxiliary, adjunct
21 or attachment parts of machinery, such as tools, dies, jigs,
22 fixtures, patterns and molds; or any parts which require
23 periodic replacement in the course of normal operation; but
24 shall not include hand tools. Equipment includes chemicals or
25 chemicals acting as catalysts but only if the chemicals or
26 chemicals acting as catalysts effect a direct and immediate

1 change upon a product being manufactured or assembled for
2 wholesale or retail sale or lease. The purchaser of such
3 machinery and equipment who has an active resale registration
4 number shall furnish such number to the seller at the time of
5 purchase. The user of such machinery and equipment and tools
6 without an active resale registration number shall prepare a
7 certificate of exemption for each transaction stating facts
8 establishing the exemption for that transaction, which
9 certificate shall be available to the Department for inspection
10 or audit. The Department shall prescribe the form of the
11 certificate.

12 Any informal rulings, opinions or letters issued by the
13 Department in response to an inquiry or request for any opinion
14 from any person regarding the coverage and applicability of
15 exemption (5) to specific devices shall be published,
16 maintained as a public record, and made available for public
17 inspection and copying. If the informal ruling, opinion or
18 letter contains trade secrets or other confidential
19 information, where possible the Department shall delete such
20 information prior to publication. Whenever such informal
21 rulings, opinions, or letters contain any policy of general
22 applicability, the Department shall formulate and adopt such
23 policy as a rule in accordance with the provisions of the
24 Illinois Administrative Procedure Act.

25 On and after July 1, 1987, no entity otherwise eligible
26 under exemption (3) of this Section shall make tax free

1 purchases unless it has an active exemption identification
2 number issued by the Department.

3 Until July 1, 2016, the ~~The~~ purchase, employment and
4 transfer of such tangible personal property as newsprint and
5 ink for the primary purpose of conveying news (with or without
6 other information) is not a purchase, use or sale of service or
7 of tangible personal property within the meaning of this Act.

8 "Serviceman" means any person who is engaged in the
9 occupation of making sales of service.

10 "Sale at retail" means "sale at retail" as defined in the
11 Retailers' Occupation Tax Act.

12 "Supplier" means any person who makes sales of tangible
13 personal property to servicemen for the purpose of resale as an
14 incident to a sale of service.

15 "Serviceman maintaining a place of business in this State",
16 or any like term, means and includes any serviceman:

17 1. having or maintaining within this State, directly or
18 by a subsidiary, an office, distribution house, sales
19 house, warehouse or other place of business, or any agent
20 or other representative operating within this State under
21 the authority of the serviceman or its subsidiary,
22 irrespective of whether such place of business or agent or
23 other representative is located here permanently or
24 temporarily, or whether such serviceman or subsidiary is
25 licensed to do business in this State;

26 1.1. having a contract with a person located in this

1 State under which the person, for a commission or other
2 consideration based on the sale of service by the
3 serviceman, directly or indirectly refers potential
4 customers to the serviceman by providing to the potential
5 customers a promotional code or other mechanism that allows
6 the serviceman to track purchases referred by such persons.
7 Examples of mechanisms that allow the serviceman to track
8 purchases referred by such persons include but are not
9 limited to the use of a link on the person's Internet
10 website, promotional codes distributed through the
11 person's hand-delivered or mailed material, and
12 promotional codes distributed by the person through radio
13 or other broadcast media. The provisions of this paragraph
14 1.1 shall apply only if the cumulative gross receipts from
15 sales of service by the serviceman to customers who are
16 referred to the serviceman by all persons in this State
17 under such contracts exceed \$10,000 during the preceding 4
18 quarterly periods ending on the last day of March, June,
19 September, and December; a serviceman meeting the
20 requirements of this paragraph 1.1 shall be presumed to be
21 maintaining a place of business in this State but may rebut
22 this presumption by submitting proof that the referrals or
23 other activities pursued within this State by such persons
24 were not sufficient to meet the nexus standards of the
25 United States Constitution during the preceding 4
26 quarterly periods;

1 1.2. beginning July 1, 2011, having a contract with a
2 person located in this State under which:

3 A. the serviceman sells the same or substantially
4 similar line of services as the person located in this
5 State and does so using an identical or substantially
6 similar name, trade name, or trademark as the person
7 located in this State; and

8 B. the serviceman provides a commission or other
9 consideration to the person located in this State based
10 upon the sale of services by the serviceman.

11 The provisions of this paragraph 1.2 shall apply only if
12 the cumulative gross receipts from sales of service by the
13 serviceman to customers in this State under all such
14 contracts exceed \$10,000 during the preceding 4 quarterly
15 periods ending on the last day of March, June, September,
16 and December;

17 2. soliciting orders for tangible personal property by
18 means of a telecommunication or television shopping system
19 (which utilizes toll free numbers) which is intended by the
20 retailer to be broadcast by cable television or other means
21 of broadcasting, to consumers located in this State;

22 3. pursuant to a contract with a broadcaster or
23 publisher located in this State, soliciting orders for
24 tangible personal property by means of advertising which is
25 disseminated primarily to consumers located in this State
26 and only secondarily to bordering jurisdictions;

1 4. soliciting orders for tangible personal property by
2 mail if the solicitations are substantial and recurring and
3 if the retailer benefits from any banking, financing, debt
4 collection, telecommunication, or marketing activities
5 occurring in this State or benefits from the location in
6 this State of authorized installation, servicing, or
7 repair facilities;

8 5. being owned or controlled by the same interests
9 which own or control any retailer engaging in business in
10 the same or similar line of business in this State;

11 6. having a franchisee or licensee operating under its
12 trade name if the franchisee or licensee is required to
13 collect the tax under this Section;

14 7. pursuant to a contract with a cable television
15 operator located in this State, soliciting orders for
16 tangible personal property by means of advertising which is
17 transmitted or distributed over a cable television system
18 in this State; or

19 8. engaging in activities in Illinois, which
20 activities in the state in which the supply business
21 engaging in such activities is located would constitute
22 maintaining a place of business in that state.

23 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

24 Section 55-15. The Retailers' Occupation Tax Act is amended
25 by changing Section 1 as follows:

1 (35 ILCS 120/1) (from Ch. 120, par. 440)

2 Sec. 1. Definitions. "Sale at retail" means any transfer of
3 the ownership of or title to tangible personal property to a
4 purchaser, for the purpose of use or consumption, and not for
5 the purpose of resale in any form as tangible personal property
6 to the extent not first subjected to a use for which it was
7 purchased, for a valuable consideration: Provided that the
8 property purchased is deemed to be purchased for the purpose of
9 resale, despite first being used, to the extent to which it is
10 resold as an ingredient of an intentionally produced product or
11 byproduct of manufacturing. For this purpose, slag produced as
12 an incident to manufacturing pig iron or steel and sold is
13 considered to be an intentionally produced byproduct of
14 manufacturing. Transactions whereby the possession of the
15 property is transferred but the seller retains the title as
16 security for payment of the selling price shall be deemed to be
17 sales.

18 "Sale at retail" shall be construed to include any transfer
19 of the ownership of or title to tangible personal property to a
20 purchaser, for use or consumption by any other person to whom
21 such purchaser may transfer the tangible personal property
22 without a valuable consideration, and to include any transfer,
23 whether made for or without a valuable consideration, for
24 resale in any form as tangible personal property unless made in
25 compliance with Section 2c of this Act.

1 Sales of tangible personal property, which property, to the
2 extent not first subjected to a use for which it was purchased,
3 as an ingredient or constituent, goes into and forms a part of
4 tangible personal property subsequently the subject of a "Sale
5 at retail", are not sales at retail as defined in this Act:
6 Provided that the property purchased is deemed to be purchased
7 for the purpose of resale, despite first being used, to the
8 extent to which it is resold as an ingredient of an
9 intentionally produced product or byproduct of manufacturing.

10 "Sale at retail" shall be construed to include any Illinois
11 florist's sales transaction in which the purchase order is
12 received in Illinois by a florist and the sale is for use or
13 consumption, but the Illinois florist has a florist in another
14 state deliver the property to the purchaser or the purchaser's
15 donee in such other state.

16 Nonreusable tangible personal property that is used by
17 persons engaged in the business of operating a restaurant,
18 cafeteria, or drive-in is a sale for resale when it is
19 transferred to customers in the ordinary course of business as
20 part of the sale of food or beverages and is used to deliver,
21 package, or consume food or beverages, regardless of where
22 consumption of the food or beverages occurs. Examples of those
23 items include, but are not limited to nonreusable, paper and
24 plastic cups, plates, baskets, boxes, sleeves, buckets or other
25 containers, utensils, straws, placemats, napkins, doggie bags,
26 and wrapping or packaging materials that are transferred to

1 customers as part of the sale of food or beverages in the
2 ordinary course of business.

3 Until July 1, 2016, the ~~The~~ purchase, employment and
4 transfer of such tangible personal property as newsprint and
5 ink for the primary purpose of conveying news (with or without
6 other information) is not a purchase, use or sale of tangible
7 personal property.

8 A person whose activities are organized and conducted
9 primarily as a not-for-profit service enterprise, and who
10 engages in selling tangible personal property at retail
11 (whether to the public or merely to members and their guests)
12 is engaged in the business of selling tangible personal
13 property at retail with respect to such transactions, excepting
14 only a person organized and operated exclusively for
15 charitable, religious or educational purposes either (1), to
16 the extent of sales by such person to its members, students,
17 patients or inmates of tangible personal property to be used
18 primarily for the purposes of such person, or (2), to the
19 extent of sales by such person of tangible personal property
20 which is not sold or offered for sale by persons organized for
21 profit. The selling of school books and school supplies by
22 schools at retail to students is not "primarily for the
23 purposes of" the school which does such selling. The provisions
24 of this paragraph shall not apply to nor subject to taxation
25 occasional dinners, socials or similar activities of a person
26 organized and operated exclusively for charitable, religious

1 or educational purposes, whether or not such activities are
2 open to the public.

3 A person who is the recipient of a grant or contract under
4 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
5 serves meals to participants in the federal Nutrition Program
6 for the Elderly in return for contributions established in
7 amount by the individual participant pursuant to a schedule of
8 suggested fees as provided for in the federal Act is not
9 engaged in the business of selling tangible personal property
10 at retail with respect to such transactions.

11 "Purchaser" means anyone who, through a sale at retail,
12 acquires the ownership of or title to tangible personal
13 property for a valuable consideration.

14 "Reseller of motor fuel" means any person engaged in the
15 business of selling or delivering or transferring title of
16 motor fuel to another person other than for use or consumption.
17 No person shall act as a reseller of motor fuel within this
18 State without first being registered as a reseller pursuant to
19 Section 2c or a retailer pursuant to Section 2a.

20 "Selling price" or the "amount of sale" means the
21 consideration for a sale valued in money whether received in
22 money or otherwise, including cash, credits, property, other
23 than as hereinafter provided, and services, but not including
24 the value of or credit given for traded-in tangible personal
25 property where the item that is traded-in is of like kind and
26 character as that which is being sold, and shall be determined

1 without any deduction on account of the cost of the property
2 sold, the cost of materials used, labor or service cost or any
3 other expense whatsoever, but does not include charges that are
4 added to prices by sellers on account of the seller's tax
5 liability under this Act, or on account of the seller's duty to
6 collect, from the purchaser, the tax that is imposed by the Use
7 Tax Act, or, except as otherwise provided with respect to any
8 cigarette tax imposed by a home rule unit, on account of the
9 seller's tax liability under any local occupation tax
10 administered by the Department, or, except as otherwise
11 provided with respect to any cigarette tax imposed by a home
12 rule unit on account of the seller's duty to collect, from the
13 purchasers, the tax that is imposed under any local use tax
14 administered by the Department. Effective December 1, 1985,
15 "selling price" shall include charges that are added to prices
16 by sellers on account of the seller's tax liability under the
17 Cigarette Tax Act, on account of the sellers' duty to collect,
18 from the purchaser, the tax imposed under the Cigarette Use Tax
19 Act, and on account of the seller's duty to collect, from the
20 purchaser, any cigarette tax imposed by a home rule unit.

21 Notwithstanding any law to the contrary, for any motor
22 vehicle, as defined in Section 1-146 of the Vehicle Code, that
23 is sold on or after January 1, 2015 for the purpose of leasing
24 the vehicle for a defined period that is longer than one year
25 and (1) is a motor vehicle of the second division that: (A) is
26 a self-contained motor vehicle designed or permanently

1 converted to provide living quarters for recreational,
2 camping, or travel use, with direct walk through access to the
3 living quarters from the driver's seat; (B) is of the van
4 configuration designed for the transportation of not less than
5 7 nor more than 16 passengers; or (C) has a gross vehicle
6 weight rating of 8,000 pounds or less or (2) is a motor vehicle
7 of the first division, "selling price" or "amount of sale"
8 means the consideration received by the lessor pursuant to the
9 lease contract, including amounts due at lease signing and all
10 monthly or other regular payments charged over the term of the
11 lease. Also included in the selling price is any amount
12 received by the lessor from the lessee for the leased vehicle
13 that is not calculated at the time the lease is executed,
14 including, but not limited to, excess mileage charges and
15 charges for excess wear and tear. For sales that occur in
16 Illinois, with respect to any amount received by the lessor
17 from the lessee for the leased vehicle that is not calculated
18 at the time the lease is executed, the lessor who purchased the
19 motor vehicle does not incur the tax imposed by the Use Tax Act
20 on those amounts, and the retailer who makes the retail sale of
21 the motor vehicle to the lessor is not required to collect the
22 tax imposed by the Use Tax Act or to pay the tax imposed by this
23 Act on those amounts. However, the lessor who purchased the
24 motor vehicle assumes the liability for reporting and paying
25 the tax on those amounts directly to the Department in the same
26 form (Illinois Retailers' Occupation Tax, and local retailers'

1 occupation taxes, if applicable) in which the retailer would
2 have reported and paid such tax if the retailer had accounted
3 for the tax to the Department. For amounts received by the
4 lessor from the lessee that are not calculated at the time the
5 lease is executed, the lessor must file the return and pay the
6 tax to the Department by the due date otherwise required by
7 this Act for returns other than transaction returns. If the
8 retailer is entitled under this Act to a discount for
9 collecting and remitting the tax imposed under this Act to the
10 Department with respect to the sale of the motor vehicle to the
11 lessor, then the right to the discount provided in this Act
12 shall be transferred to the lessor with respect to the tax paid
13 by the lessor for any amount received by the lessor from the
14 lessee for the leased vehicle that is not calculated at the
15 time the lease is executed; provided that the discount is only
16 allowed if the return is timely filed and for amounts timely
17 paid. The "selling price" of a motor vehicle that is sold on or
18 after January 1, 2015 for the purpose of leasing for a defined
19 period of longer than one year shall not be reduced by the
20 value of or credit given for traded-in tangible personal
21 property owned by the lessor, nor shall it be reduced by the
22 value of or credit given for traded-in tangible personal
23 property owned by the lessee, regardless of whether the
24 trade-in value thereof is assigned by the lessee to the lessor.
25 In the case of a motor vehicle that is sold for the purpose of
26 leasing for a defined period of longer than one year, the sale

1 occurs at the time of the delivery of the vehicle, regardless
2 of the due date of any lease payments. A lessor who incurs a
3 Retailers' Occupation Tax liability on the sale of a motor
4 vehicle coming off lease may not take a credit against that
5 liability for the Use Tax the lessor paid upon the purchase of
6 the motor vehicle (or for any tax the lessor paid with respect
7 to any amount received by the lessor from the lessee for the
8 leased vehicle that was not calculated at the time the lease
9 was executed) if the selling price of the motor vehicle at the
10 time of purchase was calculated using the definition of
11 "selling price" as defined in this paragraph. Notwithstanding
12 any other provision of this Act to the contrary, lessors shall
13 file all returns and make all payments required under this
14 paragraph to the Department by electronic means in the manner
15 and form as required by the Department. This paragraph does not
16 apply to leases of motor vehicles for which, at the time the
17 lease is entered into, the term of the lease is not a defined
18 period, including leases with a defined initial period with the
19 option to continue the lease on a month-to-month or other basis
20 beyond the initial defined period.

21 The phrase "like kind and character" shall be liberally
22 construed (including but not limited to any form of motor
23 vehicle for any form of motor vehicle, or any kind of farm or
24 agricultural implement for any other kind of farm or
25 agricultural implement), while not including a kind of item
26 which, if sold at retail by that retailer, would be exempt from

1 retailers' occupation tax and use tax as an isolated or
2 occasional sale.

3 "Gross receipts" from the sales of tangible personal
4 property at retail means the total selling price or the amount
5 of such sales, as hereinbefore defined. In the case of charge
6 and time sales, the amount thereof shall be included only as
7 and when payments are received by the seller. Receipts or other
8 consideration derived by a seller from the sale, transfer or
9 assignment of accounts receivable to a wholly owned subsidiary
10 will not be deemed payments prior to the time the purchaser
11 makes payment on such accounts.

12 "Department" means the Department of Revenue.

13 "Person" means any natural individual, firm, partnership,
14 association, joint stock company, joint adventure, public or
15 private corporation, limited liability company, or a receiver,
16 executor, trustee, guardian or other representative appointed
17 by order of any court.

18 The isolated or occasional sale of tangible personal
19 property at retail by a person who does not hold himself out as
20 being engaged (or who does not habitually engage) in selling
21 such tangible personal property at retail, or a sale through a
22 bulk vending machine, does not constitute engaging in a
23 business of selling such tangible personal property at retail
24 within the meaning of this Act; provided that any person who is
25 engaged in a business which is not subject to the tax imposed
26 by this Act because of involving the sale of or a contract to

1 sell real estate or a construction contract to improve real
2 estate or a construction contract to engineer, install, and
3 maintain an integrated system of products, but who, in the
4 course of conducting such business, transfers tangible
5 personal property to users or consumers in the finished form in
6 which it was purchased, and which does not become real estate
7 or was not engineered and installed, under any provision of a
8 construction contract or real estate sale or real estate sales
9 agreement entered into with some other person arising out of or
10 because of such nontaxable business, is engaged in the business
11 of selling tangible personal property at retail to the extent
12 of the value of the tangible personal property so transferred.
13 If, in such a transaction, a separate charge is made for the
14 tangible personal property so transferred, the value of such
15 property, for the purpose of this Act, shall be the amount so
16 separately charged, but not less than the cost of such property
17 to the transferor; if no separate charge is made, the value of
18 such property, for the purposes of this Act, is the cost to the
19 transferor of such tangible personal property. Construction
20 contracts for the improvement of real estate consisting of
21 engineering, installation, and maintenance of voice, data,
22 video, security, and all telecommunication systems do not
23 constitute engaging in a business of selling tangible personal
24 property at retail within the meaning of this Act if they are
25 sold at one specified contract price.

26 A person who holds himself or herself out as being engaged

1 (or who habitually engages) in selling tangible personal
2 property at retail is a person engaged in the business of
3 selling tangible personal property at retail hereunder with
4 respect to such sales (and not primarily in a service
5 occupation) notwithstanding the fact that such person designs
6 and produces such tangible personal property on special order
7 for the purchaser and in such a way as to render the property
8 of value only to such purchaser, if such tangible personal
9 property so produced on special order serves substantially the
10 same function as stock or standard items of tangible personal
11 property that are sold at retail.

12 Persons who engage in the business of transferring tangible
13 personal property upon the redemption of trading stamps are
14 engaged in the business of selling such property at retail and
15 shall be liable for and shall pay the tax imposed by this Act
16 on the basis of the retail value of the property transferred
17 upon redemption of such stamps.

18 "Bulk vending machine" means a vending machine, containing
19 unsorted confections, nuts, toys, or other items designed
20 primarily to be used or played with by children which, when a
21 coin or coins of a denomination not larger than \$0.50 are
22 inserted, are dispensed in equal portions, at random and
23 without selection by the customer.

24 (Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14.)

25

ARTICLE 60. HOTEL OPERATORS' OCCUPATION TAX

1 Section 60-5. The Hotel Operators' Occupation Tax Act is
2 amended by changing Section 2 as follows:

3 (35 ILCS 145/2) (from Ch. 120, par. 481b.32)

4 Sec. 2. As used in this Act, unless the context otherwise
5 requires:

6 (1) "Hotel" means any building or buildings in which
7 the public may, for a consideration, obtain living
8 quarters, sleeping or housekeeping accommodations. The
9 term includes inns, motels, tourist homes or courts,
10 lodging houses, rooming houses and apartment houses.

11 (2) "Operator" means any person operating a hotel,
12 including, but not limited to, an online travel company
13 that sells hotel rooms to the general public.

14 (3) "Occupancy" means the use or possession, or the
15 right to the use or possession, of any room or rooms in a
16 hotel for any purpose, or the right to the use or
17 possession of the furnishings or to the services and
18 accommodations accompanying the use and possession of the
19 room or rooms.

20 "Online travel company" means a retailer that
21 purchases hotel rooms in the State at a wholesale price and
22 resells those rooms to the general public via an Internet
23 website.

24 (4) "Room" or "rooms" means any living quarters,

1 sleeping or housekeeping accommodations.

2 (5) "Permanent resident" means any person who occupied
3 or has the right to occupy any room or rooms, regardless of
4 whether or not it is the same room or rooms, in a hotel for
5 at least 30 consecutive days.

6 (6) "Rent" or "rental" means the consideration
7 received for occupancy, valued in money, whether received
8 in money or otherwise, including all receipts, cash,
9 credits and property or services of any kind or nature.

10 (7) "Department" means the Department of Revenue.

11 (8) "Person" means any natural individual, firm,
12 partnership, association, joint stock company, joint
13 adventure, public or private corporation, limited
14 liability company, or a receiver, executor, trustee,
15 guardian or other representative appointed by order of any
16 court.

17 (Source: P.A. 87-951; 88-480.)

18 ARTICLE 65. HOTEL OPERATORS' OCCUPATION TAX

19 Section 65-5. The State Finance Act is amended by changing
20 Section 12-2 as follows:

21 (30 ILCS 105/12-2) (from Ch. 127, par. 148-2)

22 Sec. 12-2. (a) The chairmen of the travel control boards
23 established by Section 12-1, or their designees, shall together

1 comprise the Travel Regulation Council. The Travel Regulation
2 Council shall be chaired by the Director of Central Management
3 Services, who shall be a nonvoting member of the Council,
4 unless he is otherwise qualified to vote by virtue of being the
5 designee of a voting member. No later than March 1, 1986, and
6 at least biennially thereafter, the Council shall adopt State
7 Travel Regulations and Reimbursement Rates which shall be
8 applicable to all personnel subject to the jurisdiction of the
9 travel control boards established by Section 12-1. An
10 affirmative vote of a majority of the members of the Council
11 shall be required to adopt regulations and reimbursement rates.
12 If the Council fails to adopt regulations by March 1 of any
13 odd-numbered year, the Director of Central Management Services
14 shall adopt emergency regulations and reimbursement rates
15 pursuant to the Illinois Administrative Procedure Act.

16 (b) Mileage for automobile travel shall be reimbursed at
17 the allowance rate in effect under regulations promulgated
18 pursuant to 5 U.S.C. 5707(b)(2). In the event the rate set
19 under federal regulations increases or decreases during the
20 course of the State's fiscal year, the effective date of the
21 new rate shall be the effective date of the change in the
22 federal rate.

23 (c) Rates for reimbursement of expenses other than mileage
24 shall not exceed the actual cost of travel as determined by the
25 United States Internal Revenue Service.

26 (d) Reimbursements to travelers shall be made pursuant to

1 the rates and regulations applicable to the respective State
2 agency as of the effective date of this amendatory Act, until
3 the State Travel Regulations and Reimbursement Rates
4 established by this Section are adopted and effective.

5 (e) Lodging in Cook County, Illinois and the District of
6 Columbia shall be reimbursed at the maximum lodging rate in
7 effect under regulations promulgated pursuant to 5 U.S.C.
8 5701-5709. For purposes of this subsection (e), the District of
9 Columbia shall include the cities and counties included in the
10 per diem locality of the District of Columbia, as defined by
11 the regulations in effect promulgated pursuant to 5 U.S.C.
12 5701-5709. Individual travel control boards may set a lodging
13 reimbursement rate more restrictive than the rate set forth in
14 the federal regulations.

15 (f) Notwithstanding any provisions of law to the contrary,
16 all State employees shall receive mileage reimbursement, when
17 applicable, at a rate of \$0.39 per mile.

18 (Source: P.A. 96-240, eff. 1-1-10.)

19 ARTICLE 70. FILM PRODUCTION CREDIT

20 Section 70-5. The Film Production Services Tax Credit Act
21 of 2008 is amended by changing Section 40 as follows:

22 (35 ILCS 16/40)

23 Sec. 40. Amount and duration of the credit. The amount of

1 the credit awarded under this Act is based on the amount of the
2 Illinois labor expenditure and Illinois production spending
3 approved by the Department for the production as set forth
4 under Section 10. The duration of the credit may not exceed one
5 taxable year. Beginning on July 1, 2016, the maximum aggregate
6 amount of credits that may be awarded under this Act for all
7 taxpayers in any State fiscal year may not exceed \$20,000,000.

8 (Source: P.A. 95-720, eff. 5-27-08.)

9 ARTICLE 75. LOTTERY

10 Section 75-5. The Illinois Lottery Law is amended by adding
11 Section 7.9 as follows:

12 (20 ILCS 1605/7.9 new)

13 Sec. 7.9. Report; increasing revenues. The Department
14 shall submit a report to the Governor and the General Assembly
15 on or before June 1st of every year on the Department's
16 progress towards achieving the following goals:

17 (i) a \$1,000,000,000 increase in revenue from the
18 revenue gained in Fiscal Year 2014;

19 (ii) an increase of retailers who sell lottery tickets
20 and other related items to the general public;

21 (iii) more innovating games for a younger audience;

22 (iv) more effective marketing to unreached
23 demographics; and

1 (v) more inventive technology in the redeeming,
2 selling, and purchasing of products sold by the Lottery.
3 The report shall also include any other items determined by
4 the Department to be relevant to the increase of lottery
5 revenues.

6 ARTICLE 80. RESEARCH AND DEVELOPMENT CREDIT

7 Section 80-5. The Illinois Income Tax Act is amended by
8 changing Section 201 as follows:

9 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

10 Sec. 201. Tax Imposed.

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

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

21 (1) In the case of an individual, trust or estate, for
22 taxable years ending prior to July 1, 1989, an amount equal
23 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 (5) In the case of an individual, trust, or estate, for
21 taxable years beginning on or after January 1, 2011, and
22 ending prior to January 1, 2015, an amount equal to 5% of
23 the taxpayer's net income for the taxable year.

24 (5.1) In the case of an individual, trust, or estate,
25 for taxable years beginning prior to January 1, 2015, and
26 ending after December 31, 2014, an amount equal to the sum

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

5 (5.2) In the case of an individual, trust, or estate,
6 for taxable years beginning on or after January 1, 2015,
7 and ending prior to January 1, 2025, an amount equal to
8 3.75% of the taxpayer's net income for the taxable year.

9 (5.3) In the case of an individual, trust, or estate,
10 for taxable years beginning prior to January 1, 2025, and
11 ending after December 31, 2024, an amount equal to the sum
12 of (i) 3.75% of the taxpayer's net income for the period
13 prior to January 1, 2025, as calculated under Section
14 202.5, and (ii) 3.25% of the taxpayer's net income for the
15 period after December 31, 2024, as calculated under Section
16 202.5.

17 (5.4) In the case of an individual, trust, or estate,
18 for taxable years beginning on or after January 1, 2025, an
19 amount equal to 3.25% of the taxpayer's net income for the
20 taxable year.

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

24 (7) In the case of a corporation, for taxable years
25 beginning prior to July 1, 1989 and ending after June 30,
26 1989, an amount equal to the sum of (i) 4% of the

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

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

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

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

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

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

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

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

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

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

1 addition to all other occupation or privilege taxes imposed by
2 this State or by any municipal corporation or political
3 subdivision thereof.

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

16 (d-1) Rate reduction for certain foreign insurers. In the
17 case of a foreign insurer, as defined by Section 35A-5 of the
18 Illinois Insurance Code, whose state or country of domicile
19 imposes on insurers domiciled in Illinois a retaliatory tax
20 (excluding any insurer whose premiums from reinsurance assumed
21 are 50% or more of its total insurance premiums as determined
22 under paragraph (2) of subsection (b) of Section 304, except
23 that for purposes of this determination premiums from
24 reinsurance do not include premiums from inter-affiliate
25 reinsurance arrangements), beginning with taxable years ending
26 on or after December 31, 1999, the sum of the rates of tax

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

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

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

20 (B) the privilege tax imposed by Section 409 of the
21 Illinois Insurance Code, the fire insurance company
22 tax imposed by Section 12 of the Fire Investigation
23 Act, and the fire department taxes imposed under
24 Section 11-10-1 of the Illinois Municipal Code,
25 equals 1.25% for taxable years ending prior to December 31,
26 2003, or 1.75% for taxable years ending on or after

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

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

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

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

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

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

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

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

26 (A) is tangible, whether new or used, including

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

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

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

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

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

24 (3) For purposes of this subsection (e),
25 "manufacturing" means the material staging and production
26 of tangible personal property by procedures commonly

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

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

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

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

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

17 (8) Unless the investment credit is extended by law,
18 the basis of qualified property shall not include costs
19 incurred after December 31, 2018, except for costs incurred
20 pursuant to a binding contract entered into on or before
21 December 31, 2018.

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

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

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

26 (f) Investment credit; Enterprise Zone; River Edge

1 Redevelopment Zone.

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

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

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

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

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

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

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

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

25 (3) The basis of qualified property shall be the basis
26 used to compute the depreciation deduction for federal

1 income tax purposes.

2 (4) If the basis of the property for federal income tax
3 depreciation purposes is increased after it has been placed
4 in service in the Enterprise Zone or River Edge
5 Redevelopment Zone by the taxpayer, the amount of such
6 increase shall be deemed property placed in service on the
7 date of such increase in basis.

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

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

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

18 (g) (Blank).

19 (h) Investment credit; High Impact Business.

20 (1) Subject to subsections (b) and (b-5) of Section 5.5
21 of the Illinois Enterprise Zone Act, a taxpayer shall be
22 allowed a credit against the tax imposed by subsections (a)
23 and (b) of this Section for investment in qualified
24 property which is placed in service by a Department of
25 Commerce and Economic Opportunity designated High Impact
26 Business. The credit shall be .5% of the basis for such

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

1 may be carried forward and applied to the tax liability of
2 the 5 taxable years following the excess credit year. The
3 credit shall be applied to the earliest year for which
4 there is a liability. If there is credit from more than one
5 tax year that is available to offset a liability, the
6 credit accruing first in time shall be applied first.

7 Changes made in this subdivision (h) (1) by Public Act
8 88-670 restore changes made by Public Act 85-1182 and
9 reflect existing law.

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 (h);

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

20 (D) is not eligible for the Enterprise Zone
21 Investment Credit provided by subsection (f) of this
22 Section.

23 (3) The basis of qualified property shall be the basis
24 used to compute the depreciation deduction for federal
25 income tax purposes.

26 (4) If the basis of the property for federal income tax

1 depreciation purposes is increased after it has been placed
2 in service in a federally designated Foreign Trade Zone or
3 Sub-Zone located in Illinois by the taxpayer, the amount of
4 such increase shall be deemed property placed in service on
5 the date of such increase in basis.

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

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

26 (7) Beginning with tax years ending after December 31,

1 1996, if a taxpayer qualifies for the credit under this
2 subsection (h) and thereby is granted a tax abatement and
3 the taxpayer relocates its entire facility in violation of
4 the explicit terms and length of the contract under Section
5 18-183 of the Property Tax Code, the tax imposed under
6 subsections (a) and (b) of this Section shall be increased
7 for the taxable year in which the taxpayer relocated its
8 facility by an amount equal to the amount of credit
9 received by the taxpayer under this subsection (h).

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

20 Any credit earned on or after December 31, 1986 under this
21 subsection which is unused in the year the credit is computed
22 because it exceeds the tax liability imposed by subsections (a)
23 and (b) for that year (whether it exceeds the original
24 liability or the liability as later amended) may be carried
25 forward and applied to the tax liability imposed by subsections
26 (a) and (b) of the 5 taxable years following the excess credit

1 year, provided that no credit may be carried forward to any
2 year ending on or after December 31, 2003. This credit shall be
3 applied first to the earliest year for which there is a
4 liability. If there is a credit under this subsection from more
5 than one tax year that is available to offset a liability the
6 earliest credit arising under this subsection shall be applied
7 first.

8 If, during any taxable year ending on or after December 31,
9 1986, the tax imposed by subsections (c) and (d) of this
10 Section for which a taxpayer has claimed a credit under this
11 subsection (i) is reduced, the amount of credit for such tax
12 shall also be reduced. Such reduction shall be determined by
13 recomputing the credit to take into account the reduced tax
14 imposed by subsections (c) and (d). If any portion of the
15 reduced amount of credit has been carried to a different
16 taxable year, an amended return shall be filed for such taxable
17 year to reduce the amount of credit claimed.

18 (j) Training expense credit. Beginning with tax years
19 ending on or after December 31, 1986 and prior to December 31,
20 2003, a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) under this Section for all
22 amounts paid or accrued, on behalf of all persons employed by
23 the taxpayer in Illinois or Illinois residents employed outside
24 of Illinois by a taxpayer, for educational or vocational
25 training in semi-technical or technical fields or semi-skilled
26 or skilled fields, which were deducted from gross income in the

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

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

21 (k) Research and development credit. For tax years ending
22 after July 1, 1990 and prior to December 31, 2003, and
23 beginning again for tax years ending on or after December 31,
24 ~~2004, and ending prior to January 1, 2016,~~ a taxpayer shall be
25 allowed a credit against the tax imposed by subsections (a) and
26 (b) of this Section for increasing research activities in this

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

12 For purposes of this subsection, "qualifying expenditures"
13 means the qualifying expenditures as defined for the federal
14 credit for increasing research activities which would be
15 allowable under Section 41 of the Internal Revenue Code and
16 which are conducted in this State, "qualifying expenditures for
17 increasing research activities in this State" means the excess
18 of qualifying expenditures for the taxable year in which
19 incurred over qualifying expenditures for the base period,
20 "qualifying expenditures for the base period" means: (1) for
21 tax years ending prior to December 31, 2015, the average of the
22 qualifying expenditures for each year in the base period; and
23 (2) for for tax years ending on or after December 31, 2015, 50%
24 of the average of the qualifying expenditures for each year in
25 the base period, and "base period" means the 3 taxable years
26 immediately preceding the taxable year for which the

1 determination is being made.

2 Any credit in excess of the tax liability for the taxable
3 year may be carried forward. A taxpayer may elect to have the
4 unused credit shown on its final completed return carried over
5 as a credit against the tax liability for the following 20 ~~5~~
6 taxable years or until it has been fully used, whichever occurs
7 first; provided that no credit earned in a tax year ending
8 prior to December 31, 2003 may be carried forward to any year
9 ending on or after December 31, 2003.

10 If an unused credit is carried forward to a given year from
11 2 or more earlier years, that credit arising in the earliest
12 year will be applied first against the tax liability for the
13 given year. If a tax liability for the given year still
14 remains, the credit from the next earliest year will then be
15 applied, and so on, until all credits have been used or no tax
16 liability for the given year remains. Any remaining unused
17 credit or credits then will be carried forward to the next
18 following year in which a tax liability is incurred, except
19 that no credit can be carried forward to a year which is more
20 than 5 years after the year in which the expense for which the
21 credit is given was incurred.

22 No inference shall be drawn from this amendatory Act of the
23 91st General Assembly in construing this Section for taxable
24 years beginning before January 1, 1999.

25 This subsection (k) is exempt from the provisions of
26 Section 250.

1 (1) Environmental Remediation Tax Credit.

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

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

23 (ii) A credit allowed under this subsection that is
24 unused in the year the credit is earned may be carried
25 forward to each of the 5 taxable years following the year
26 for which the credit is first earned until it is used. The

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

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

25 (m) Education expense credit. Beginning with tax years
26 ending after December 31, 1999, a taxpayer who is the custodian

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

11 For purposes of this subsection:

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

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

23 "School" means any public or nonpublic elementary or
24 secondary school in Illinois that is in compliance with Title
25 VI of the Civil Rights Act of 1964 and attendance at which
26 satisfies the requirements of Section 26-1 of the School Code,

1 except that nothing shall be construed to require a child to
2 attend any particular public or nonpublic school to qualify for
3 the credit under this Section.

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

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

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

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

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

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

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

18 (o) For each of taxable years during the Compassionate Use
19 of Medical Cannabis Pilot Program, a surcharge is imposed on
20 all taxpayers on income arising from the sale or exchange of
21 capital assets, depreciable business property, real property
22 used in the trade or business, and Section 197 intangibles of
23 an organization registrant under the Compassionate Use of
24 Medical Cannabis Pilot Program Act. The amount of the surcharge
25 is equal to the amount of federal income tax liability for the
26 taxable year attributable to those sales and exchanges. The

1 surcharge imposed does not apply if:

2 (1) the medical cannabis cultivation center
3 registration, medical cannabis dispensary registration, or
4 the property of a registration is transferred as a result
5 of any of the following:

6 (A) bankruptcy, a receivership, or a debt
7 adjustment initiated by or against the initial
8 registration or the substantial owners of the initial
9 registration;

10 (B) cancellation, revocation, or termination of
11 any registration by the Illinois Department of Public
12 Health;

13 (C) a determination by the Illinois Department of
14 Public Health that transfer of the registration is in
15 the best interests of Illinois qualifying patients as
16 defined by the Compassionate Use of Medical Cannabis
17 Pilot Program Act;

18 (D) the death of an owner of the equity interest in
19 a registrant;

20 (E) the acquisition of a controlling interest in
21 the stock or substantially all of the assets of a
22 publicly traded company;

23 (F) a transfer by a parent company to a wholly
24 owned subsidiary; or

25 (G) the transfer or sale to or by one person to
26 another person where both persons were initial owners

1 of the registration when the registration was issued;

2 or

3 (2) the cannabis cultivation center registration,
4 medical cannabis dispensary registration, or the
5 controlling interest in a registrant's property is
6 transferred in a transaction to lineal descendants in which
7 no gain or loss is recognized or as a result of a
8 transaction in accordance with Section 351 of the Internal
9 Revenue Code in which no gain or loss is recognized.

10 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
11 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
12 eff. 7-16-14.)

13 ARTICLE 85. MANUFACTURING CREDITS

14 Section 85-5. The Use Tax Act is amended by changing
15 Sections 3-5 and 3-50 as follows:

16 (35 ILCS 105/3-5)

17 Sec. 3-5. Exemptions. Use of the following tangible
18 personal property is exempt from the tax imposed by this Act:

19 (1) Personal property purchased from a corporation,
20 society, association, foundation, institution, or
21 organization, other than a limited liability company, that is
22 organized and operated as a not-for-profit service enterprise
23 for the benefit of persons 65 years of age or older if the

1 personal property was not purchased by the enterprise for the
2 purpose of resale by the enterprise.

3 (2) Personal property purchased by a not-for-profit
4 Illinois county fair association for use in conducting,
5 operating, or promoting the county fair.

6 (3) Personal property purchased by a not-for-profit arts or
7 cultural organization that establishes, by proof required by
8 the Department by rule, that it has received an exemption under
9 Section 501(c)(3) of the Internal Revenue Code and that is
10 organized and operated primarily for the presentation or
11 support of arts or cultural programming, activities, or
12 services. These organizations include, but are not limited to,
13 music and dramatic arts organizations such as symphony
14 orchestras and theatrical groups, arts and cultural service
15 organizations, local arts councils, visual arts organizations,
16 and media arts organizations. On and after the effective date
17 of this amendatory Act of the 92nd General Assembly, however,
18 an entity otherwise eligible for this exemption shall not make
19 tax-free purchases unless it has an active identification
20 number issued by the Department.

21 (4) Personal property purchased by a governmental body, by
22 a corporation, society, association, foundation, or
23 institution organized and operated exclusively for charitable,
24 religious, or educational purposes, or by a not-for-profit
25 corporation, society, association, foundation, institution, or
26 organization that has no compensated officers or employees and

1 that is organized and operated primarily for the recreation of
2 persons 55 years of age or older. A limited liability company
3 may qualify for the exemption under this paragraph only if the
4 limited liability company is organized and operated
5 exclusively for educational purposes. On and after July 1,
6 1987, however, no entity otherwise eligible for this exemption
7 shall make tax-free purchases unless it has an active exemption
8 identification number issued by the Department.

9 (5) Until July 1, 2003, a passenger car that is a
10 replacement vehicle to the extent that the purchase price of
11 the car is subject to the Replacement Vehicle Tax.

12 (6) Until July 1, 2003 and beginning again on September 1,
13 2004 through August 30, 2014, graphic arts machinery and
14 equipment, including repair and replacement parts, both new and
15 used, and including that manufactured on special order,
16 certified by the purchaser to be used primarily for graphic
17 arts production, and including machinery and equipment
18 purchased for lease. Equipment includes chemicals or chemicals
19 acting as catalysts but only if the chemicals or chemicals
20 acting as catalysts effect a direct and immediate change upon a
21 graphic arts product.

22 (7) Farm chemicals.

23 (8) Legal tender, currency, medallions, or gold or silver
24 coinage issued by the State of Illinois, the government of the
25 United States of America, or the government of any foreign
26 country, and bullion.

1 (9) Personal property purchased from a teacher-sponsored
2 student organization affiliated with an elementary or
3 secondary school located in Illinois.

4 (10) A motor vehicle that is used for automobile renting,
5 as defined in the Automobile Renting Occupation and Use Tax
6 Act.

7 (11) Farm machinery and equipment, both new and used,
8 including that manufactured on special order, certified by the
9 purchaser to be used primarily for production agriculture or
10 State or federal agricultural programs, including individual
11 replacement parts for the machinery and equipment, including
12 machinery and equipment purchased for lease, and including
13 implements of husbandry defined in Section 1-130 of the
14 Illinois Vehicle Code, farm machinery and agricultural
15 chemical and fertilizer spreaders, and nurse wagons required to
16 be registered under Section 3-809 of the Illinois Vehicle Code,
17 but excluding other motor vehicles required to be registered
18 under the Illinois Vehicle Code. Horticultural polyhouses or
19 hoop houses used for propagating, growing, or overwintering
20 plants shall be considered farm machinery and equipment under
21 this item (11). Agricultural chemical tender tanks and dry
22 boxes shall include units sold separately from a motor vehicle
23 required to be licensed and units sold mounted on a motor
24 vehicle required to be licensed if the selling price of the
25 tender is separately stated.

26 Farm machinery and equipment shall include precision

1 farming equipment that is installed or purchased to be
2 installed on farm machinery and equipment including, but not
3 limited to, tractors, harvesters, sprayers, planters, seeders,
4 or spreaders. Precision farming equipment includes, but is not
5 limited to, soil testing sensors, computers, monitors,
6 software, global positioning and mapping systems, and other
7 such equipment.

8 Farm machinery and equipment also includes computers,
9 sensors, software, and related equipment used primarily in the
10 computer-assisted operation of production agriculture
11 facilities, equipment, and activities such as, but not limited
12 to, the collection, monitoring, and correlation of animal and
13 crop data for the purpose of formulating animal diets and
14 agricultural chemicals. This item (11) is exempt from the
15 provisions of Section 3-90.

16 (12) Until June 30, 2013, fuel and petroleum products sold
17 to or used by an air common carrier, certified by the carrier
18 to be used for consumption, shipment, or storage in the conduct
19 of its business as an air common carrier, for a flight destined
20 for or returning from a location or locations outside the
21 United States without regard to previous or subsequent domestic
22 stopovers.

23 Beginning July 1, 2013, fuel and petroleum products sold to
24 or used by an air carrier, certified by the carrier to be used
25 for consumption, shipment, or storage in the conduct of its
26 business as an air common carrier, for a flight that (i) is

1 engaged in foreign trade or is engaged in trade between the
2 United States and any of its possessions and (ii) transports at
3 least one individual or package for hire from the city of
4 origination to the city of final destination on the same
5 aircraft, without regard to a change in the flight number of
6 that aircraft.

7 (13) Proceeds of mandatory service charges separately
8 stated on customers' bills for the purchase and consumption of
9 food and beverages purchased at retail from a retailer, to the
10 extent that the proceeds of the service charge are in fact
11 turned over as tips or as a substitute for tips to the
12 employees who participate directly in preparing, serving,
13 hosting or cleaning up the food or beverage function with
14 respect to which the service charge is imposed.

15 (14) Until July 1, 2003, oil field exploration, drilling,
16 and production equipment, including (i) rigs and parts of rigs,
17 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
18 tubular goods, including casing and drill strings, (iii) pumps
19 and pump-jack units, (iv) storage tanks and flow lines, (v) any
20 individual replacement part for oil field exploration,
21 drilling, and production equipment, and (vi) machinery and
22 equipment purchased for lease; but excluding motor vehicles
23 required to be registered under the Illinois Vehicle Code.

24 (15) Photoprocessing machinery and equipment, including
25 repair and replacement parts, both new and used, including that
26 manufactured on special order, certified by the purchaser to be

1 used primarily for photoprocessing, and including
2 photoprocessing machinery and equipment purchased for lease.

3 (16) Coal and aggregate exploration, mining, off-highway
4 hauling, processing, maintenance, and reclamation equipment,
5 including replacement parts and equipment, and including
6 equipment purchased for lease, but excluding motor vehicles
7 required to be registered under the Illinois Vehicle Code. The
8 changes made to this Section by Public Act 97-767 apply on and
9 after July 1, 2003, but no claim for credit or refund is
10 allowed on or after August 16, 2013 (the effective date of
11 Public Act 98-456) for such taxes paid during the period
12 beginning July 1, 2003 and ending on August 16, 2013 (the
13 effective date of Public Act 98-456).

14 (17) Until July 1, 2003, distillation machinery and
15 equipment, sold as a unit or kit, assembled or installed by the
16 retailer, certified by the user to be used only for the
17 production of ethyl alcohol that will be used for consumption
18 as motor fuel or as a component of motor fuel for the personal
19 use of the user, and not subject to sale or resale.

20 (18) Manufacturing and assembling machinery and equipment
21 used primarily in the process of manufacturing or assembling
22 tangible personal property for wholesale or retail sale or
23 lease, whether that sale or lease is made directly by the
24 manufacturer or by some other person, whether the materials
25 used in the process are owned by the manufacturer or some other
26 person, or whether that sale or lease is made apart from or as

1 an incident to the seller's engaging in the service occupation
2 of producing machines, tools, dies, jigs, patterns, gauges, or
3 other similar items of no commercial value on special order for
4 a particular purchaser. The exemption provided by this
5 paragraph (18) includes production related tangible personal
6 property, as defined in Section 3-50, purchased on or after
7 July 1, 2016. The exemption provided by this paragraph (18)
8 does not include machinery and equipment used in (i) the
9 generation of electricity for wholesale or retail sale; (ii)
10 the generation or treatment of natural or artificial gas for
11 wholesale or retail sale that is delivered to customers through
12 pipes, pipelines, or mains; or (iii) the treatment of water for
13 wholesale or retail sale that is delivered to customers through
14 pipes, pipelines, or mains. The provisions of Public Act 98-583
15 are declaratory of existing law as to the meaning and scope of
16 this exemption.

17 (19) Personal property delivered to a purchaser or
18 purchaser's donee inside Illinois when the purchase order for
19 that personal property was received by a florist located
20 outside Illinois who has a florist located inside Illinois
21 deliver the personal property.

22 (20) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (21) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (21) is exempt from the provisions
4 of Section 3-90, and the exemption provided for under this item
5 (21) applies for all periods beginning May 30, 1995, but no
6 claim for credit or refund is allowed on or after January 1,
7 2008 for such taxes paid during the period beginning May 30,
8 2000 and ending on January 1, 2008.

9 (22) Computers and communications equipment utilized for
10 any hospital purpose and equipment used in the diagnosis,
11 analysis, or treatment of hospital patients purchased by a
12 lessor who leases the equipment, under a lease of one year or
13 longer executed or in effect at the time the lessor would
14 otherwise be subject to the tax imposed by this Act, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of the
17 Retailers' Occupation Tax Act. If the equipment is leased in a
18 manner that does not qualify for this exemption or is used in
19 any other non-exempt manner, the lessor shall be liable for the
20 tax imposed under this Act or the Service Use Tax Act, as the
21 case may be, based on the fair market value of the property at
22 the time the non-qualifying use occurs. No lessor shall collect
23 or attempt to collect an amount (however designated) that
24 purports to reimburse that lessor for the tax imposed by this
25 Act or the Service Use Tax Act, as the case may be, if the tax
26 has not been paid by the lessor. If a lessor improperly

1 collects any such amount from the lessee, the lessee shall have
2 a legal right to claim a refund of that amount from the lessor.
3 If, however, that amount is not refunded to the lessee for any
4 reason, the lessor is liable to pay that amount to the
5 Department.

6 (23) Personal property purchased by a lessor who leases the
7 property, under a lease of one year or longer executed or in
8 effect at the time the lessor would otherwise be subject to the
9 tax imposed by this Act, to a governmental body that has been
10 issued an active sales tax exemption identification number by
11 the Department under Section 1g of the Retailers' Occupation
12 Tax Act. If the property is leased in a manner that does not
13 qualify for this exemption or used in any other non-exempt
14 manner, the lessor shall be liable for the tax imposed under
15 this Act or the Service Use Tax Act, as the case may be, based
16 on the fair market value of the property at the time the
17 non-qualifying use occurs. No lessor shall collect or attempt
18 to collect an amount (however designated) that purports to
19 reimburse that lessor for the tax imposed by this Act or the
20 Service Use Tax Act, as the case may be, if the tax has not been
21 paid by the lessor. If a lessor improperly collects any such
22 amount from the lessee, the lessee shall have a legal right to
23 claim a refund of that amount from the lessor. If, however,
24 that amount is not refunded to the lessee for any reason, the
25 lessor is liable to pay that amount to the Department.

26 (24) Beginning with taxable years ending on or after

1 December 31, 1995 and ending with taxable years ending on or
2 before December 31, 2004, personal property that is donated for
3 disaster relief to be used in a State or federally declared
4 disaster area in Illinois or bordering Illinois by a
5 manufacturer or retailer that is registered in this State to a
6 corporation, society, association, foundation, or institution
7 that has been issued a sales tax exemption identification
8 number by the Department that assists victims of the disaster
9 who reside within the declared disaster area.

10 (25) Beginning with taxable years ending on or after
11 December 31, 1995 and ending with taxable years ending on or
12 before December 31, 2004, personal property that is used in the
13 performance of infrastructure repairs in this State, including
14 but not limited to municipal roads and streets, access roads,
15 bridges, sidewalks, waste disposal systems, water and sewer
16 line extensions, water distribution and purification
17 facilities, storm water drainage and retention facilities, and
18 sewage treatment facilities, resulting from a State or
19 federally declared disaster in Illinois or bordering Illinois
20 when such repairs are initiated on facilities located in the
21 declared disaster area within 6 months after the disaster.

22 (26) Beginning July 1, 1999, game or game birds purchased
23 at a "game breeding and hunting preserve area" as that term is
24 used in the Wildlife Code. This paragraph is exempt from the
25 provisions of Section 3-90.

26 (27) A motor vehicle, as that term is defined in Section

1 1-146 of the Illinois Vehicle Code, that is donated to a
2 corporation, limited liability company, society, association,
3 foundation, or institution that is determined by the Department
4 to be organized and operated exclusively for educational
5 purposes. For purposes of this exemption, "a corporation,
6 limited liability company, society, association, foundation,
7 or institution organized and operated exclusively for
8 educational purposes" means all tax-supported public schools,
9 private schools that offer systematic instruction in useful
10 branches of learning by methods common to public schools and
11 that compare favorably in their scope and intensity with the
12 course of study presented in tax-supported schools, and
13 vocational or technical schools or institutes organized and
14 operated exclusively to provide a course of study of not less
15 than 6 weeks duration and designed to prepare individuals to
16 follow a trade or to pursue a manual, technical, mechanical,
17 industrial, business, or commercial occupation.

18 (28) Beginning January 1, 2000, personal property,
19 including food, purchased through fundraising events for the
20 benefit of a public or private elementary or secondary school,
21 a group of those schools, or one or more school districts if
22 the events are sponsored by an entity recognized by the school
23 district that consists primarily of volunteers and includes
24 parents and teachers of the school children. This paragraph
25 does not apply to fundraising events (i) for the benefit of
26 private home instruction or (ii) for which the fundraising

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 3-90.

6 (29) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and other
9 items, and replacement parts for these machines. Beginning
10 January 1, 2002 and through June 30, 2003, machines and parts
11 for machines used in commercial, coin-operated amusement and
12 vending business if a use or occupation tax is paid on the
13 gross receipts derived from the use of the commercial,
14 coin-operated amusement and vending machines. This paragraph
15 is exempt from the provisions of Section 3-90.

16 (30) Beginning January 1, 2001 and through June 30, 2016,
17 food for human consumption that is to be consumed off the
18 premises where it is sold (other than alcoholic beverages, soft
19 drinks, and food that has been prepared for immediate
20 consumption) and prescription and nonprescription medicines,
21 drugs, medical appliances, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, when purchased for use by a person receiving medical
24 assistance under Article V of the Illinois Public Aid Code who
25 resides in a licensed long-term care facility, as defined in
26 the Nursing Home Care Act, or in a licensed facility as defined

1 in the ID/DD Community Care Act, the MC/DD Act, or the
2 Specialized Mental Health Rehabilitation Act of 2013.

3 (31) Beginning on the effective date of this amendatory Act
4 of the 92nd General Assembly, computers and communications
5 equipment utilized for any hospital purpose and equipment used
6 in the diagnosis, analysis, or treatment of hospital patients
7 purchased by a lessor who leases the equipment, under a lease
8 of one year or longer executed or in effect at the time the
9 lessor would otherwise be subject to the tax imposed by this
10 Act, to a hospital that has been issued an active tax exemption
11 identification number by the Department under Section 1g of the
12 Retailers' Occupation Tax Act. If the equipment is leased in a
13 manner that does not qualify for this exemption or is used in
14 any other nonexempt manner, the lessor shall be liable for the
15 tax imposed under this Act or the Service Use Tax Act, as the
16 case may be, based on the fair market value of the property at
17 the time the nonqualifying use occurs. No lessor shall collect
18 or attempt to collect an amount (however designated) that
19 purports to reimburse that lessor for the tax imposed by this
20 Act or the Service Use Tax Act, as the case may be, if the tax
21 has not been paid by the lessor. If a lessor improperly
22 collects any such amount from the lessee, the lessee shall have
23 a legal right to claim a refund of that amount from the lessor.
24 If, however, that amount is not refunded to the lessee for any
25 reason, the lessor is liable to pay that amount to the
26 Department. This paragraph is exempt from the provisions of

1 Section 3-90.

2 (32) Beginning on the effective date of this amendatory Act
3 of the 92nd General Assembly, personal property purchased by a
4 lessor who leases the property, under a lease of one year or
5 longer executed or in effect at the time the lessor would
6 otherwise be subject to the tax imposed by this Act, to a
7 governmental body that has been issued an active sales tax
8 exemption identification number by the Department under
9 Section 1g of the Retailers' Occupation Tax Act. If the
10 property is leased in a manner that does not qualify for this
11 exemption or used in any other nonexempt manner, the lessor
12 shall be liable for the tax imposed under this Act or the
13 Service Use Tax Act, as the case may be, based on the fair
14 market value of the property at the time the nonqualifying use
15 occurs. No lessor shall collect or attempt to collect an amount
16 (however designated) that purports to reimburse that lessor for
17 the tax imposed by this Act or the Service Use Tax Act, as the
18 case may be, if the tax has not been paid by the lessor. If a
19 lessor improperly collects any such amount from the lessee, the
20 lessee shall have a legal right to claim a refund of that
21 amount from the lessor. If, however, that amount is not
22 refunded to the lessee for any reason, the lessor is liable to
23 pay that amount to the Department. This paragraph is exempt
24 from the provisions of Section 3-90.

25 (33) On and after July 1, 2003 and through June 30, 2004,
26 the use in this State of motor vehicles of the second division

1 with a gross vehicle weight in excess of 8,000 pounds and that
2 are subject to the commercial distribution fee imposed under
3 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
4 1, 2004 and through June 30, 2005, the use in this State of
5 motor vehicles of the second division: (i) with a gross vehicle
6 weight rating in excess of 8,000 pounds; (ii) that are subject
7 to the commercial distribution fee imposed under Section
8 3-815.1 of the Illinois Vehicle Code; and (iii) that are
9 primarily used for commercial purposes. Through June 30, 2005,
10 this exemption applies to repair and replacement parts added
11 after the initial purchase of such a motor vehicle if that
12 motor vehicle is used in a manner that would qualify for the
13 rolling stock exemption otherwise provided for in this Act. For
14 purposes of this paragraph, the term "used for commercial
15 purposes" means the transportation of persons or property in
16 furtherance of any commercial or industrial enterprise,
17 whether for-hire or not.

18 (34) Beginning January 1, 2008, tangible personal property
19 used in the construction or maintenance of a community water
20 supply, as defined under Section 3.145 of the Environmental
21 Protection Act, that is operated by a not-for-profit
22 corporation that holds a valid water supply permit issued under
23 Title IV of the Environmental Protection Act. This paragraph is
24 exempt from the provisions of Section 3-90.

25 (35) Beginning January 1, 2010, materials, parts,
26 equipment, components, and furnishings incorporated into or

1 upon an aircraft as part of the modification, refurbishment,
2 completion, replacement, repair, or maintenance of the
3 aircraft. This exemption includes consumable supplies used in
4 the modification, refurbishment, completion, replacement,
5 repair, and maintenance of aircraft, but excludes any
6 materials, parts, equipment, components, and consumable
7 supplies used in the modification, replacement, repair, and
8 maintenance of aircraft engines or power plants, whether such
9 engines or power plants are installed or uninstalled upon any
10 such aircraft. "Consumable supplies" include, but are not
11 limited to, adhesive, tape, sandpaper, general purpose
12 lubricants, cleaning solution, latex gloves, and protective
13 films. This exemption applies only to the use of qualifying
14 tangible personal property by persons who modify, refurbish,
15 complete, repair, replace, or maintain aircraft and who (i)
16 hold an Air Agency Certificate and are empowered to operate an
17 approved repair station by the Federal Aviation
18 Administration, (ii) have a Class IV Rating, and (iii) conduct
19 operations in accordance with Part 145 of the Federal Aviation
20 Regulations. The exemption does not include aircraft operated
21 by a commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part 129
23 of the Federal Aviation Regulations. The changes made to this
24 paragraph (35) by Public Act 98-534 are declarative of existing
25 law.

26 (36) Tangible personal property purchased by a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall, but
4 only if the legal title to the municipal convention hall is
5 transferred to the municipality without any further
6 consideration by or on behalf of the municipality at the time
7 of the completion of the municipal convention hall or upon the
8 retirement or redemption of any bonds or other debt instruments
9 issued by the public-facilities corporation in connection with
10 the development of the municipal convention hall. This
11 exemption includes existing public-facilities corporations as
12 provided in Section 11-65-25 of the Illinois Municipal Code.
13 This paragraph is exempt from the provisions of Section 3-90.

14 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
15 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
16 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
17 7-29-15.)

18 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

19 Sec. 3-50. Manufacturing and assembly exemption. The
20 manufacturing and assembling machinery and equipment exemption
21 includes machinery and equipment that replaces machinery and
22 equipment in an existing manufacturing facility as well as
23 machinery and equipment that are for use in an expanded or new
24 manufacturing facility. The machinery and equipment exemption
25 also includes machinery and equipment used in the general

1 maintenance or repair of exempt machinery and equipment or for
2 in-house manufacture of exempt machinery and equipment. The
3 machinery and equipment exemption does not include machinery
4 and equipment used in (i) the generation of electricity for
5 wholesale or retail sale; (ii) the generation or treatment of
6 natural or artificial gas for wholesale or retail sale that is
7 delivered to customers through pipes, pipelines, or mains; or
8 (iii) the treatment of water for wholesale or retail sale that
9 is delivered to customers through pipes, pipelines, or mains.
10 The provisions of this amendatory Act of the 98th General
11 Assembly are declaratory of existing law as to the meaning and
12 scope of this exemption. For the purposes of this exemption,
13 terms have the following meanings:

14 (1) "Manufacturing process" means the production of an
15 article of tangible personal property, whether the article
16 is a finished product or an article for use in the process
17 of manufacturing or assembling a different article of
18 tangible personal property, by a procedure commonly
19 regarded as manufacturing, processing, fabricating, or
20 refining that changes some existing material into a
21 material with a different form, use, or name. In relation
22 to a recognized integrated business composed of a series of
23 operations that collectively constitute manufacturing, or
24 individually constitute manufacturing operations, the
25 manufacturing process commences with the first operation
26 or stage of production in the series and does not end until

1 the completion of the final product in the last operation
2 or stage of production in the series. For purposes of this
3 exemption, photoprocessing is a manufacturing process of
4 tangible personal property for wholesale or retail sale.

5 (2) "Assembling process" means the production of an
6 article of tangible personal property, whether the article
7 is a finished product or an article for use in the process
8 of manufacturing or assembling a different article of
9 tangible personal property, by the combination of existing
10 materials in a manner commonly regarded as assembling that
11 results in an article or material of a different form, use,
12 or name.

13 (3) "Machinery" means major mechanical machines or
14 major components of those machines contributing to a
15 manufacturing or assembling process.

16 (4) "Equipment" includes an independent device or tool
17 separate from machinery but essential to an integrated
18 manufacturing or assembly process; including computers
19 used primarily in a manufacturer's computer assisted
20 design, computer assisted manufacturing (CAD/CAM) system;
21 any subunit or assembly comprising a component of any
22 machinery or auxiliary, adjunct, or attachment parts of
23 machinery, such as tools, dies, jigs, fixtures, patterns,
24 and molds; and any parts that require periodic replacement
25 in the course of normal operation; but does not include
26 hand tools. Equipment includes chemicals or chemicals

1 acting as catalysts but only if the chemicals or chemicals
2 acting as catalysts effect a direct and immediate change
3 upon a product being manufactured or assembled for
4 wholesale or retail sale or lease.

5 (5) "Production related tangible personal property"
6 means all tangible personal property that is used or
7 consumed by the purchaser in a manufacturing facility in
8 which a manufacturing process takes place and includes,
9 without limitation, tangible personal property that is
10 purchased for incorporation into real estate within a
11 manufacturing facility, supplies and consumables used in a
12 manufacturing facility including fuels, coolants,
13 solvents, oils, lubricants, and adhesives, hand tools,
14 protective apparel, and fire and safety equipment used or
15 consumed within a manufacturing facility, and tangible
16 personal property that is used or consumed in activities
17 such as research and development, preproduction material
18 handling, receiving, quality control, inventory control,
19 storage, staging, and packaging for shipping and
20 transportation purposes. "Production related tangible
21 personal property" does not include (i) tangible personal
22 property that is used, within or without a manufacturing
23 facility, in sales, purchasing, accounting, fiscal
24 management, marketing, personnel recruitment or selection,
25 or landscaping or (ii) tangible personal property that is
26 required to be titled or registered with a department,

1 agency, or unit of federal, State, or local government.

2 The manufacturing and assembling machinery and equipment
3 exemption includes production related tangible personal
4 property that is purchased on or after July 1, 2007 and on or
5 before June 30, 2008 and on or after July 1, 2016. The
6 exemption for production related tangible personal property
7 purchased on or after July 1, 2007 and on or before June 30,
8 2008 is subject to both of the following limitations:

9 (1) The maximum amount of the exemption for any one
10 taxpayer may not exceed 5% of the purchase price of
11 production related tangible personal property that is
12 purchased on or after July 1, 2007 and on or before June
13 30, 2008. A credit under Section 3-85 of this Act may not
14 be earned by the purchase of production related tangible
15 personal property for which an exemption is received under
16 this Section.

17 (2) The maximum aggregate amount of the exemptions for
18 production related tangible personal property awarded
19 under this Act and the Retailers' Occupation Tax Act to all
20 taxpayers purchased on or after July 1, 2007 and before
21 June 30, 2008 may not exceed \$10,000,000. If the claims for
22 the exemption exceed \$10,000,000, then the Department
23 shall reduce the amount of the exemption to each taxpayer
24 on a pro rata basis.

25 The Department shall ~~may~~ adopt rules to implement and
26 administer the exemption for production related tangible

1 personal property.

2 The manufacturing and assembling machinery and equipment
3 exemption includes the sale of materials to a purchaser who
4 produces exempted types of machinery, equipment, or tools and
5 who rents or leases that machinery, equipment, or tools to a
6 manufacturer of tangible personal property. This exemption
7 also includes the sale of materials to a purchaser who
8 manufactures those materials into an exempted type of
9 machinery, equipment, or tools that the purchaser uses himself
10 or herself in the manufacturing of tangible personal property.
11 This exemption includes the sale of exempted types of machinery
12 or equipment to a purchaser who is not the manufacturer, but
13 who rents or leases the use of the property to a manufacturer.
14 The purchaser of the machinery and equipment who has an active
15 resale registration number shall furnish that number to the
16 seller at the time of purchase. A user of the machinery,
17 equipment, or tools without an active resale registration
18 number shall prepare a certificate of exemption for each
19 transaction stating facts establishing the exemption for that
20 transaction, and that certificate shall be available to the
21 Department for inspection or audit. The Department shall
22 prescribe the form of the certificate. Informal rulings,
23 opinions, or letters issued by the Department in response to an
24 inquiry or request for an opinion from any person regarding the
25 coverage and applicability of this exemption to specific
26 devices shall be published, maintained as a public record, and

1 made available for public inspection and copying. If the
2 informal ruling, opinion, or letter contains trade secrets or
3 other confidential information, where possible, the Department
4 shall delete that information before publication. Whenever
5 informal rulings, opinions, or letters contain a policy of
6 general applicability, the Department shall formulate and
7 adopt that policy as a rule in accordance with the Illinois
8 Administrative Procedure Act.

9 (Source: P.A. 98-583, eff. 1-1-14.)

10 Section 85-10. The Service Use Tax Act is amended by
11 changing Section 2 as follows:

12 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

13 Sec. 2. Definitions.

14 "Use" means the exercise by any person of any right or
15 power over tangible personal property incident to the ownership
16 of that property, but does not include the sale or use for
17 demonstration by him of that property in any form as tangible
18 personal property in the regular course of business. "Use" does
19 not mean the interim use of tangible personal property nor the
20 physical incorporation of tangible personal property, as an
21 ingredient or constituent, into other tangible personal
22 property, (a) which is sold in the regular course of business
23 or (b) which the person incorporating such ingredient or
24 constituent therein has undertaken at the time of such purchase

1 to cause to be transported in interstate commerce to
2 destinations outside the State of Illinois.

3 "Purchased from a serviceman" means the acquisition of the
4 ownership of, or title to, tangible personal property through a
5 sale of service.

6 "Purchaser" means any person who, through a sale of
7 service, acquires the ownership of, or title to, any tangible
8 personal property.

9 "Cost price" means the consideration paid by the serviceman
10 for a purchase valued in money, whether paid in money or
11 otherwise, including cash, credits and services, and shall be
12 determined without any deduction on account of the supplier's
13 cost of the property sold or on account of any other expense
14 incurred by the supplier. When a serviceman contracts out part
15 or all of the services required in his sale of service, it
16 shall be presumed that the cost price to the serviceman of the
17 property transferred to him or her by his or her subcontractor
18 is equal to 50% of the subcontractor's charges to the
19 serviceman in the absence of proof of the consideration paid by
20 the subcontractor for the purchase of such property.

21 "Selling price" means the consideration for a sale valued
22 in money whether received in money or otherwise, including
23 cash, credits and service, and shall be determined without any
24 deduction on account of the serviceman's cost of the property
25 sold, the cost of materials used, labor or service cost or any
26 other expense whatsoever, but does not include interest or

1 finance charges which appear as separate items on the bill of
2 sale or sales contract nor charges that are added to prices by
3 sellers on account of the seller's duty to collect, from the
4 purchaser, the tax that is imposed by this Act.

5 "Department" means the Department of Revenue.

6 "Person" means any natural individual, firm, partnership,
7 association, joint stock company, joint venture, public or
8 private corporation, limited liability company, and any
9 receiver, executor, trustee, guardian or other representative
10 appointed by order of any court.

11 "Sale of service" means any transaction except:

12 (1) a retail sale of tangible personal property taxable
13 under the Retailers' Occupation Tax Act or under the Use
14 Tax Act.

15 (2) a sale of tangible personal property for the
16 purpose of resale made in compliance with Section 2c of the
17 Retailers' Occupation Tax Act.

18 (3) except as hereinafter provided, a sale or transfer
19 of tangible personal property as an incident to the
20 rendering of service for or by any governmental body, or
21 for or by any corporation, society, association,
22 foundation or institution organized and operated
23 exclusively for charitable, religious or educational
24 purposes or any not-for-profit corporation, society,
25 association, foundation, institution or organization which
26 has no compensated officers or employees and which is

1 organized and operated primarily for the recreation of
2 persons 55 years of age or older. A limited liability
3 company may qualify for the exemption under this paragraph
4 only if the limited liability company is organized and
5 operated exclusively for educational purposes.

6 (4) a sale or transfer of tangible personal property as
7 an incident to the rendering of service for interstate
8 carriers for hire for use as rolling stock moving in
9 interstate commerce or by lessors under a lease of one year
10 or longer, executed or in effect at the time of purchase of
11 personal property, to interstate carriers for hire for use
12 as rolling stock moving in interstate commerce so long as
13 so used by such interstate carriers for hire, and equipment
14 operated by a telecommunications provider, licensed as a
15 common carrier by the Federal Communications Commission,
16 which is permanently installed in or affixed to aircraft
17 moving in interstate commerce.

18 (4a) a sale or transfer of tangible personal property
19 as an incident to the rendering of service for owners,
20 lessors, or shippers of tangible personal property which is
21 utilized by interstate carriers for hire for use as rolling
22 stock moving in interstate commerce so long as so used by
23 interstate carriers for hire, and equipment operated by a
24 telecommunications provider, licensed as a common carrier
25 by the Federal Communications Commission, which is
26 permanently installed in or affixed to aircraft moving in

1 interstate commerce.

2 (4a-5) on and after July 1, 2003 and through June 30,
3 2004, a sale or transfer of a motor vehicle of the second
4 division with a gross vehicle weight in excess of 8,000
5 pounds as an incident to the rendering of service if that
6 motor vehicle is subject to the commercial distribution fee
7 imposed under Section 3-815.1 of the Illinois Vehicle Code.
8 Beginning on July 1, 2004 and through June 30, 2005, the
9 use in this State of motor vehicles of the second division:
10 (i) with a gross vehicle weight rating in excess of 8,000
11 pounds; (ii) that are subject to the commercial
12 distribution fee imposed under Section 3-815.1 of the
13 Illinois Vehicle Code; and (iii) that are primarily used
14 for commercial purposes. Through June 30, 2005, this
15 exemption applies to repair and replacement parts added
16 after the initial purchase of such a motor vehicle if that
17 motor vehicle is used in a manner that would qualify for
18 the rolling stock exemption otherwise provided for in this
19 Act. For purposes of this paragraph, "used for commercial
20 purposes" means the transportation of persons or property
21 in furtherance of any commercial or industrial enterprise
22 whether for-hire or not.

23 (5) a sale or transfer of machinery and equipment used
24 primarily in the process of the manufacturing or
25 assembling, either in an existing, an expanded or a new
26 manufacturing facility, of tangible personal property for

1 wholesale or retail sale or lease, whether such sale or
2 lease is made directly by the manufacturer or by some other
3 person, whether the materials used in the process are owned
4 by the manufacturer or some other person, or whether such
5 sale or lease is made apart from or as an incident to the
6 seller's engaging in a service occupation and the
7 applicable tax is a Service Use Tax or Service Occupation
8 Tax, rather than Use Tax or Retailers' Occupation Tax. The
9 exemption provided by this paragraph (5) includes
10 production related tangible personal property, as defined
11 in Section 3-50 of the Use Tax Act, purchased on or after
12 July 1, 2016. The exemption provided by this paragraph (5)
13 does not include machinery and equipment used in (i) the
14 generation of electricity for wholesale or retail sale;
15 (ii) the generation or treatment of natural or artificial
16 gas for wholesale or retail sale that is delivered to
17 customers through pipes, pipelines, or mains; or (iii) the
18 treatment of water for wholesale or retail sale that is
19 delivered to customers through pipes, pipelines, or mains.
20 The provisions of this amendatory Act of the 98th General
21 Assembly are declaratory of existing law as to the meaning
22 and scope of this exemption.

23 (5a) the repairing, reconditioning or remodeling, for
24 a common carrier by rail, of tangible personal property
25 which belongs to such carrier for hire, and as to which
26 such carrier receives the physical possession of the

1 repaired, reconditioned or remodeled item of tangible
2 personal property in Illinois, and which such carrier
3 transports, or shares with another common carrier in the
4 transportation of such property, out of Illinois on a
5 standard uniform bill of lading showing the person who
6 repaired, reconditioned or remodeled the property to a
7 destination outside Illinois, for use outside Illinois.

8 (5b) a sale or transfer of tangible personal property
9 which is produced by the seller thereof on special order in
10 such a way as to have made the applicable tax the Service
11 Occupation Tax or the Service Use Tax, rather than the
12 Retailers' Occupation Tax or the Use Tax, for an interstate
13 carrier by rail which receives the physical possession of
14 such property in Illinois, and which transports such
15 property, or shares with another common carrier in the
16 transportation of such property, out of Illinois on a
17 standard uniform bill of lading showing the seller of the
18 property as the shipper or consignor of such property to a
19 destination outside Illinois, for use outside Illinois.

20 (6) until July 1, 2003, a sale or transfer of
21 distillation machinery and equipment, sold as a unit or kit
22 and assembled or installed by the retailer, which machinery
23 and equipment is certified by the user to be used only for
24 the production of ethyl alcohol that will be used for
25 consumption as motor fuel or as a component of motor fuel
26 for the personal use of such user and not subject to sale

1 or resale.

2 (7) at the election of any serviceman not required to
3 be otherwise registered as a retailer under Section 2a of
4 the Retailers' Occupation Tax Act, made for each fiscal
5 year sales of service in which the aggregate annual cost
6 price of tangible personal property transferred as an
7 incident to the sales of service is less than 35%, or 75%
8 in the case of servicemen transferring prescription drugs
9 or servicemen engaged in graphic arts production, of the
10 aggregate annual total gross receipts from all sales of
11 service. The purchase of such tangible personal property by
12 the serviceman shall be subject to tax under the Retailers'
13 Occupation Tax Act and the Use Tax Act. However, if a
14 primary serviceman who has made the election described in
15 this paragraph subcontracts service work to a secondary
16 serviceman who has also made the election described in this
17 paragraph, the primary serviceman does not incur a Use Tax
18 liability if the secondary serviceman (i) has paid or will
19 pay Use Tax on his or her cost price of any tangible
20 personal property transferred to the primary serviceman
21 and (ii) certifies that fact in writing to the primary
22 serviceman.

23 Tangible personal property transferred incident to the
24 completion of a maintenance agreement is exempt from the tax
25 imposed pursuant to this Act.

26 Exemption (5) also includes machinery and equipment used in

1 the general maintenance or repair of such exempt machinery and
2 equipment or for in-house manufacture of exempt machinery and
3 equipment. The machinery and equipment exemption does not
4 include machinery and equipment used in (i) the generation of
5 electricity for wholesale or retail sale; (ii) the generation
6 or treatment of natural or artificial gas for wholesale or
7 retail sale that is delivered to customers through pipes,
8 pipelines, or mains; or (iii) the treatment of water for
9 wholesale or retail sale that is delivered to customers through
10 pipes, pipelines, or mains. The provisions of this amendatory
11 Act of the 98th General Assembly are declaratory of existing
12 law as to the meaning and scope of this exemption. For the
13 purposes of exemption (5), each of these terms shall have the
14 following meanings: (1) "manufacturing process" shall mean the
15 production of any article of tangible personal property,
16 whether such article is a finished product or an article for
17 use in the process of manufacturing or assembling a different
18 article of tangible personal property, by procedures commonly
19 regarded as manufacturing, processing, fabricating, or
20 refining which changes some existing material or materials into
21 a material with a different form, use or name. In relation to a
22 recognized integrated business composed of a series of
23 operations which collectively constitute manufacturing, or
24 individually constitute manufacturing operations, the
25 manufacturing process shall be deemed to commence with the
26 first operation or stage of production in the series, and shall

1 not be deemed to end until the completion of the final product
2 in the last operation or stage of production in the series; and
3 further, for purposes of exemption (5), photoprocessing is
4 deemed to be a manufacturing process of tangible personal
5 property for wholesale or retail sale; (2) "assembling process"
6 shall mean the production of any article of tangible personal
7 property, whether such article is a finished product or an
8 article for use in the process of manufacturing or assembling a
9 different article of tangible personal property, by the
10 combination of existing materials in a manner commonly regarded
11 as assembling which results in a material of a different form,
12 use or name; (3) "machinery" shall mean major mechanical
13 machines or major components of such machines contributing to a
14 manufacturing or assembling process; and (4) "equipment" shall
15 include any independent device or tool separate from any
16 machinery but essential to an integrated manufacturing or
17 assembly process; including computers used primarily in a
18 manufacturer's computer assisted design, computer assisted
19 manufacturing (CAD/CAM) system; or any subunit or assembly
20 comprising a component of any machinery or auxiliary, adjunct
21 or attachment parts of machinery, such as tools, dies, jigs,
22 fixtures, patterns and molds; or any parts which require
23 periodic replacement in the course of normal operation; but
24 shall not include hand tools. Equipment includes chemicals or
25 chemicals acting as catalysts but only if the chemicals or
26 chemicals acting as catalysts effect a direct and immediate

1 change upon a product being manufactured or assembled for
2 wholesale or retail sale or lease. The purchaser of such
3 machinery and equipment who has an active resale registration
4 number shall furnish such number to the seller at the time of
5 purchase. The user of such machinery and equipment and tools
6 without an active resale registration number shall prepare a
7 certificate of exemption for each transaction stating facts
8 establishing the exemption for that transaction, which
9 certificate shall be available to the Department for inspection
10 or audit. The Department shall prescribe the form of the
11 certificate.

12 Any informal rulings, opinions or letters issued by the
13 Department in response to an inquiry or request for any opinion
14 from any person regarding the coverage and applicability of
15 exemption (5) to specific devices shall be published,
16 maintained as a public record, and made available for public
17 inspection and copying. If the informal ruling, opinion or
18 letter contains trade secrets or other confidential
19 information, where possible the Department shall delete such
20 information prior to publication. Whenever such informal
21 rulings, opinions, or letters contain any policy of general
22 applicability, the Department shall formulate and adopt such
23 policy as a rule in accordance with the provisions of the
24 Illinois Administrative Procedure Act.

25 On and after July 1, 1987, no entity otherwise eligible
26 under exemption (3) of this Section shall make tax free

1 purchases unless it has an active exemption identification
2 number issued by the Department.

3 The purchase, employment and transfer of such tangible
4 personal property as newsprint and ink for the primary purpose
5 of conveying news (with or without other information) is not a
6 purchase, use or sale of service or of tangible personal
7 property within the meaning of this Act.

8 "Serviceman" means any person who is engaged in the
9 occupation of making sales of service.

10 "Sale at retail" means "sale at retail" as defined in the
11 Retailers' Occupation Tax Act.

12 "Supplier" means any person who makes sales of tangible
13 personal property to servicemen for the purpose of resale as an
14 incident to a sale of service.

15 "Serviceman maintaining a place of business in this State",
16 or any like term, means and includes any serviceman:

17 1. having or maintaining within this State, directly or
18 by a subsidiary, an office, distribution house, sales
19 house, warehouse or other place of business, or any agent
20 or other representative operating within this State under
21 the authority of the serviceman or its subsidiary,
22 irrespective of whether such place of business or agent or
23 other representative is located here permanently or
24 temporarily, or whether such serviceman or subsidiary is
25 licensed to do business in this State;

26 1.1. having a contract with a person located in this

1 State under which the person, for a commission or other
2 consideration based on the sale of service by the
3 serviceman, directly or indirectly refers potential
4 customers to the serviceman by providing to the potential
5 customers a promotional code or other mechanism that allows
6 the serviceman to track purchases referred by such persons.
7 Examples of mechanisms that allow the serviceman to track
8 purchases referred by such persons include but are not
9 limited to the use of a link on the person's Internet
10 website, promotional codes distributed through the
11 person's hand-delivered or mailed material, and
12 promotional codes distributed by the person through radio
13 or other broadcast media. The provisions of this paragraph
14 1.1 shall apply only if the cumulative gross receipts from
15 sales of service by the serviceman to customers who are
16 referred to the serviceman by all persons in this State
17 under such contracts exceed \$10,000 during the preceding 4
18 quarterly periods ending on the last day of March, June,
19 September, and December; a serviceman meeting the
20 requirements of this paragraph 1.1 shall be presumed to be
21 maintaining a place of business in this State but may rebut
22 this presumption by submitting proof that the referrals or
23 other activities pursued within this State by such persons
24 were not sufficient to meet the nexus standards of the
25 United States Constitution during the preceding 4
26 quarterly periods;

1 1.2. beginning July 1, 2011, having a contract with a
2 person located in this State under which:

3 A. the serviceman sells the same or substantially
4 similar line of services as the person located in this
5 State and does so using an identical or substantially
6 similar name, trade name, or trademark as the person
7 located in this State; and

8 B. the serviceman provides a commission or other
9 consideration to the person located in this State based
10 upon the sale of services by the serviceman.

11 The provisions of this paragraph 1.2 shall apply only if
12 the cumulative gross receipts from sales of service by the
13 serviceman to customers in this State under all such
14 contracts exceed \$10,000 during the preceding 4 quarterly
15 periods ending on the last day of March, June, September,
16 and December;

17 2. soliciting orders for tangible personal property by
18 means of a telecommunication or television shopping system
19 (which utilizes toll free numbers) which is intended by the
20 retailer to be broadcast by cable television or other means
21 of broadcasting, to consumers located in this State;

22 3. pursuant to a contract with a broadcaster or
23 publisher located in this State, soliciting orders for
24 tangible personal property by means of advertising which is
25 disseminated primarily to consumers located in this State
26 and only secondarily to bordering jurisdictions;

1 4. soliciting orders for tangible personal property by
2 mail if the solicitations are substantial and recurring and
3 if the retailer benefits from any banking, financing, debt
4 collection, telecommunication, or marketing activities
5 occurring in this State or benefits from the location in
6 this State of authorized installation, servicing, or
7 repair facilities;

8 5. being owned or controlled by the same interests
9 which own or control any retailer engaging in business in
10 the same or similar line of business in this State;

11 6. having a franchisee or licensee operating under its
12 trade name if the franchisee or licensee is required to
13 collect the tax under this Section;

14 7. pursuant to a contract with a cable television
15 operator located in this State, soliciting orders for
16 tangible personal property by means of advertising which is
17 transmitted or distributed over a cable television system
18 in this State; or

19 8. engaging in activities in Illinois, which
20 activities in the state in which the supply business
21 engaging in such activities is located would constitute
22 maintaining a place of business in that state.

23 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

24 Section 85-15. The Service Occupation Tax Act is amended by
25 changing Section 2 as follows:

1 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

2 Sec. 2. "Transfer" means any transfer of the title to
3 property or of the ownership of property whether or not the
4 transferor retains title as security for the payment of amounts
5 due him from the transferee.

6 "Cost Price" means the consideration paid by the serviceman
7 for a purchase valued in money, whether paid in money or
8 otherwise, including cash, credits and services, and shall be
9 determined without any deduction on account of the supplier's
10 cost of the property sold or on account of any other expense
11 incurred by the supplier. When a serviceman contracts out part
12 or all of the services required in his sale of service, it
13 shall be presumed that the cost price to the serviceman of the
14 property transferred to him by his or her subcontractor is
15 equal to 50% of the subcontractor's charges to the serviceman
16 in the absence of proof of the consideration paid by the
17 subcontractor for the purchase of such property.

18 "Department" means the Department of Revenue.

19 "Person" means any natural individual, firm, partnership,
20 association, joint stock company, joint venture, public or
21 private corporation, limited liability company, and any
22 receiver, executor, trustee, guardian or other representative
23 appointed by order of any court.

24 "Sale of Service" means any transaction except:

25 (a) A retail sale of tangible personal property taxable

1 under the Retailers' Occupation Tax Act or under the Use Tax
2 Act.

3 (b) A sale of tangible personal property for the purpose of
4 resale made in compliance with Section 2c of the Retailers'
5 Occupation Tax Act.

6 (c) Except as hereinafter provided, a sale or transfer of
7 tangible personal property as an incident to the rendering of
8 service for or by any governmental body or for or by any
9 corporation, society, association, foundation or institution
10 organized and operated exclusively for charitable, religious
11 or educational purposes or any not-for-profit corporation,
12 society, association, foundation, institution or organization
13 which has no compensated officers or employees and which is
14 organized and operated primarily for the recreation of persons
15 55 years of age or older. A limited liability company may
16 qualify for the exemption under this paragraph only if the
17 limited liability company is organized and operated
18 exclusively for educational purposes.

19 (d) A sale or transfer of tangible personal property as an
20 incident to the rendering of service for interstate carriers
21 for hire for use as rolling stock moving in interstate commerce
22 or lessors under leases of one year or longer, executed or in
23 effect at the time of purchase, to interstate carriers for hire
24 for use as rolling stock moving in interstate commerce, and
25 equipment operated by a telecommunications provider, licensed
26 as a common carrier by the Federal Communications Commission,

1 which is permanently installed in or affixed to aircraft moving
2 in interstate commerce.

3 (d-1) A sale or transfer of tangible personal property as
4 an incident to the rendering of service for owners, lessors or
5 shippers of tangible personal property which is utilized by
6 interstate carriers for hire for use as rolling stock moving in
7 interstate commerce, and equipment operated by a
8 telecommunications provider, licensed as a common carrier by
9 the Federal Communications Commission, which is permanently
10 installed in or affixed to aircraft moving in interstate
11 commerce.

12 (d-1.1) On and after July 1, 2003 and through June 30,
13 2004, a sale or transfer of a motor vehicle of the second
14 division with a gross vehicle weight in excess of 8,000 pounds
15 as an incident to the rendering of service if that motor
16 vehicle is subject to the commercial distribution fee imposed
17 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
18 on July 1, 2004 and through June 30, 2005, the use in this
19 State of motor vehicles of the second division: (i) with a
20 gross vehicle weight rating in excess of 8,000 pounds; (ii)
21 that are subject to the commercial distribution fee imposed
22 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
23 that are primarily used for commercial purposes. Through June
24 30, 2005, this exemption applies to repair and replacement
25 parts added after the initial purchase of such a motor vehicle
26 if that motor vehicle is used in a manner that would qualify

1 for the rolling stock exemption otherwise provided for in this
2 Act. For purposes of this paragraph, "used for commercial
3 purposes" means the transportation of persons or property in
4 furtherance of any commercial or industrial enterprise whether
5 for-hire or not.

6 (d-2) The repairing, reconditioning or remodeling, for a
7 common carrier by rail, of tangible personal property which
8 belongs to such carrier for hire, and as to which such carrier
9 receives the physical possession of the repaired,
10 reconditioned or remodeled item of tangible personal property
11 in Illinois, and which such carrier transports, or shares with
12 another common carrier in the transportation of such property,
13 out of Illinois on a standard uniform bill of lading showing
14 the person who repaired, reconditioned or remodeled the
15 property as the shipper or consignor of such property to a
16 destination outside Illinois, for use outside Illinois.

17 (d-3) A sale or transfer of tangible personal property
18 which is produced by the seller thereof on special order in
19 such a way as to have made the applicable tax the Service
20 Occupation Tax or the Service Use Tax, rather than the
21 Retailers' Occupation Tax or the Use Tax, for an interstate
22 carrier by rail which receives the physical possession of such
23 property in Illinois, and which transports such property, or
24 shares with another common carrier in the transportation of
25 such property, out of Illinois on a standard uniform bill of
26 lading showing the seller of the property as the shipper or

1 consignor of such property to a destination outside Illinois,
2 for use outside Illinois.

3 (d-4) Until January 1, 1997, a sale, by a registered
4 serviceman paying tax under this Act to the Department, of
5 special order printed materials delivered outside Illinois and
6 which are not returned to this State, if delivery is made by
7 the seller or agent of the seller, including an agent who
8 causes the product to be delivered outside Illinois by a common
9 carrier or the U.S. postal service.

10 (e) A sale or transfer of machinery and equipment used
11 primarily in the process of the manufacturing or assembling,
12 either in an existing, an expanded or a new manufacturing
13 facility, of tangible personal property for wholesale or retail
14 sale or lease, whether such sale or lease is made directly by
15 the manufacturer or by some other person, whether the materials
16 used in the process are owned by the manufacturer or some other
17 person, or whether such sale or lease is made apart from or as
18 an incident to the seller's engaging in a service occupation
19 and the applicable tax is a Service Occupation Tax or Service
20 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
21 exemption provided by this paragraph (e) includes production
22 related tangible personal property, as defined in Section 3-50
23 of the Use Tax Act, purchased on or after July 1, 2016. The
24 exemption provided by this paragraph (e) does not include
25 machinery and equipment used in (i) the generation of
26 electricity for wholesale or retail sale; (ii) the generation

1 or treatment of natural or artificial gas for wholesale or
2 retail sale that is delivered to customers through pipes,
3 pipelines, or mains; or (iii) the treatment of water for
4 wholesale or retail sale that is delivered to customers through
5 pipes, pipelines, or mains. The provisions of this amendatory
6 Act of the 98th General Assembly are declaratory of existing
7 law as to the meaning and scope of this exemption.

8 (f) Until July 1, 2003, the sale or transfer of
9 distillation machinery and equipment, sold as a unit or kit and
10 assembled or installed by the retailer, which machinery and
11 equipment is certified by the user to be used only for the
12 production of ethyl alcohol that will be used for consumption
13 as motor fuel or as a component of motor fuel for the personal
14 use of such user and not subject to sale or resale.

15 (g) At the election of any serviceman not required to be
16 otherwise registered as a retailer under Section 2a of the
17 Retailers' Occupation Tax Act, made for each fiscal year sales
18 of service in which the aggregate annual cost price of tangible
19 personal property transferred as an incident to the sales of
20 service is less than 35% (75% in the case of servicemen
21 transferring prescription drugs or servicemen engaged in
22 graphic arts production) of the aggregate annual total gross
23 receipts from all sales of service. The purchase of such
24 tangible personal property by the serviceman shall be subject
25 to tax under the Retailers' Occupation Tax Act and the Use Tax
26 Act. However, if a primary serviceman who has made the election

1 described in this paragraph subcontracts service work to a
2 secondary serviceman who has also made the election described
3 in this paragraph, the primary serviceman does not incur a Use
4 Tax liability if the secondary serviceman (i) has paid or will
5 pay Use Tax on his or her cost price of any tangible personal
6 property transferred to the primary serviceman and (ii)
7 certifies that fact in writing to the primary serviceman.

8 Tangible personal property transferred incident to the
9 completion of a maintenance agreement is exempt from the tax
10 imposed pursuant to this Act.

11 Exemption (e) also includes machinery and equipment used in
12 the general maintenance or repair of such exempt machinery and
13 equipment or for in-house manufacture of exempt machinery and
14 equipment. The machinery and equipment exemption does not
15 include machinery and equipment used in (i) the generation of
16 electricity for wholesale or retail sale; (ii) the generation
17 or treatment of natural or artificial gas for wholesale or
18 retail sale that is delivered to customers through pipes,
19 pipelines, or mains; or (iii) the treatment of water for
20 wholesale or retail sale that is delivered to customers through
21 pipes, pipelines, or mains. The provisions of this amendatory
22 Act of the 98th General Assembly are declaratory of existing
23 law as to the meaning and scope of this exemption. For the
24 purposes of exemption (e), each of these terms shall have the
25 following meanings: (1) "manufacturing process" shall mean the
26 production of any article of tangible personal property,

1 whether such article is a finished product or an article for
2 use in the process of manufacturing or assembling a different
3 article of tangible personal property, by procedures commonly
4 regarded as manufacturing, processing, fabricating, or
5 refining which changes some existing material or materials into
6 a material with a different form, use or name. In relation to a
7 recognized integrated business composed of a series of
8 operations which collectively constitute manufacturing, or
9 individually constitute manufacturing operations, the
10 manufacturing process shall be deemed to commence with the
11 first operation or stage of production in the series, and shall
12 not be deemed to end until the completion of the final product
13 in the last operation or stage of production in the series; and
14 further for purposes of exemption (e), photoprocessing is
15 deemed to be a manufacturing process of tangible personal
16 property for wholesale or retail sale; (2) "assembling process"
17 shall mean the production of any article of tangible personal
18 property, whether such article is a finished product or an
19 article for use in the process of manufacturing or assembling a
20 different article of tangible personal property, by the
21 combination of existing materials in a manner commonly regarded
22 as assembling which results in a material of a different form,
23 use or name; (3) "machinery" shall mean major mechanical
24 machines or major components of such machines contributing to a
25 manufacturing or assembling process; and (4) "equipment" shall
26 include any independent device or tool separate from any

1 machinery but essential to an integrated manufacturing or
2 assembly process; including computers used primarily in a
3 manufacturer's computer assisted design, computer assisted
4 manufacturing (CAD/CAM) system; or any subunit or assembly
5 comprising a component of any machinery or auxiliary, adjunct
6 or attachment parts of machinery, such as tools, dies, jigs,
7 fixtures, patterns and molds; or any parts which require
8 periodic replacement in the course of normal operation; but
9 shall not include hand tools. Equipment includes chemicals or
10 chemicals acting as catalysts but only if the chemicals or
11 chemicals acting as catalysts effect a direct and immediate
12 change upon a product being manufactured or assembled for
13 wholesale or retail sale or lease. The purchaser of such
14 machinery and equipment who has an active resale registration
15 number shall furnish such number to the seller at the time of
16 purchase. The purchaser of such machinery and equipment and
17 tools without an active resale registration number shall
18 furnish to the seller a certificate of exemption for each
19 transaction stating facts establishing the exemption for that
20 transaction, which certificate shall be available to the
21 Department for inspection or audit.

22 Except as provided in Section 2d of this Act, the rolling
23 stock exemption applies to rolling stock used by an interstate
24 carrier for hire, even just between points in Illinois, if such
25 rolling stock transports, for hire, persons whose journeys or
26 property whose shipments originate or terminate outside

1 Illinois.

2 Any informal rulings, opinions or letters issued by the
3 Department in response to an inquiry or request for any opinion
4 from any person regarding the coverage and applicability of
5 exemption (e) to specific devices shall be published,
6 maintained as a public record, and made available for public
7 inspection and copying. If the informal ruling, opinion or
8 letter contains trade secrets or other confidential
9 information, where possible the Department shall delete such
10 information prior to publication. Whenever such informal
11 rulings, opinions, or letters contain any policy of general
12 applicability, the Department shall formulate and adopt such
13 policy as a rule in accordance with the provisions of the
14 Illinois Administrative Procedure Act.

15 On and after July 1, 1987, no entity otherwise eligible
16 under exemption (c) of this Section shall make tax free
17 purchases unless it has an active exemption identification
18 number issued by the Department.

19 "Serviceman" means any person who is engaged in the
20 occupation of making sales of service.

21 "Sale at Retail" means "sale at retail" as defined in the
22 Retailers' Occupation Tax Act.

23 "Supplier" means any person who makes sales of tangible
24 personal property to servicemen for the purpose of resale as an
25 incident to a sale of service.

26 (Source: P.A. 98-583, eff. 1-1-14.)

1 Section 85-20. The Retailers' Occupation Tax Act is amended
2 by changing Section 2-45 as follows:

3 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

4 Sec. 2-45. Manufacturing and assembly exemption. The
5 manufacturing and assembly machinery and equipment exemption
6 includes machinery and equipment that replaces machinery and
7 equipment in an existing manufacturing facility as well as
8 machinery and equipment that are for use in an expanded or new
9 manufacturing facility.

10 The machinery and equipment exemption also includes
11 machinery and equipment used in the general maintenance or
12 repair of exempt machinery and equipment or for in-house
13 manufacture of exempt machinery and equipment. The machinery
14 and equipment exemption does not include machinery and
15 equipment used in (i) the generation of electricity for
16 wholesale or retail sale; (ii) the generation or treatment of
17 natural or artificial gas for wholesale or retail sale that is
18 delivered to customers through pipes, pipelines, or mains; or
19 (iii) the treatment of water for wholesale or retail sale that
20 is delivered to customers through pipes, pipelines, or mains.
21 The provisions of this amendatory Act of the 98th General
22 Assembly are declaratory of existing law as to the meaning and
23 scope of this exemption. For the purposes of this exemption,
24 terms have the following meanings:

1 (1) "Manufacturing process" means the production of an
2 article of tangible personal property, whether the article
3 is a finished product or an article for use in the process
4 of manufacturing or assembling a different article of
5 tangible personal property, by a procedure commonly
6 regarded as manufacturing, processing, fabricating, or
7 refining that changes some existing material or materials
8 into a material with a different form, use, or name. In
9 relation to a recognized integrated business composed of a
10 series of operations that collectively constitute
11 manufacturing, or individually constitute manufacturing
12 operations, the manufacturing process commences with the
13 first operation or stage of production in the series and
14 does not end until the completion of the final product in
15 the last operation or stage of production in the series.
16 For purposes of this exemption, photoprocessing is a
17 manufacturing process of tangible personal property for
18 wholesale or retail sale.

19 (2) "Assembling process" means the production of an
20 article of tangible personal property, whether the article
21 is a finished product or an article for use in the process
22 of manufacturing or assembling a different article of
23 tangible personal property, by the combination of existing
24 materials in a manner commonly regarded as assembling that
25 results in a material of a different form, use, or name.

26 (3) "Machinery" means major mechanical machines or

1 major components of those machines contributing to a
2 manufacturing or assembling process.

3 (4) "Equipment" includes an independent device or tool
4 separate from machinery but essential to an integrated
5 manufacturing or assembly process; including computers
6 used primarily in a manufacturer's computer assisted
7 design, computer assisted manufacturing (CAD/CAM) system;
8 any subunit or assembly comprising a component of any
9 machinery or auxiliary, adjunct, or attachment parts of
10 machinery, such as tools, dies, jigs, fixtures, patterns,
11 and molds; and any parts that require periodic replacement
12 in the course of normal operation; but does not include
13 hand tools. Equipment includes chemicals or chemicals
14 acting as catalysts but only if the chemicals or chemicals
15 acting as catalysts effect a direct and immediate change
16 upon a product being manufactured or assembled for
17 wholesale or retail sale or lease.

18 (5) "Production related tangible personal property"
19 means all tangible personal property that is used or
20 consumed by the purchaser in a manufacturing facility in
21 which a manufacturing process takes place and includes,
22 without limitation, tangible personal property that is
23 purchased for incorporation into real estate within a
24 manufacturing facility, supplies and consumables used in a
25 manufacturing facility including fuels, coolants,
26 solvents, oils, lubricants, and adhesives, hand tools,

1 protective apparel, and fire and safety equipment used or
2 consumed within a manufacturing facility, and tangible
3 personal property that is used or consumed in activities
4 such as research and development, preproduction material
5 handling, receiving, quality control, inventory control,
6 storage, staging, and packaging for shipping and
7 transportation purposes. "Production related tangible
8 personal property" does not include (i) tangible personal
9 property that is used, within or without a manufacturing
10 facility, in sales, purchasing, accounting, fiscal
11 management, marketing, personnel recruitment or selection,
12 or landscaping or (ii) tangible personal property that is
13 required to be titled or registered with a department,
14 agency, or unit of federal, State, or local government.

15 The manufacturing and assembling machinery and equipment
16 exemption includes production related tangible personal
17 property that is purchased on or after July 1, 2007 and on or
18 before June 30, 2008 and on or after July 1, 2016. The
19 exemption for production related tangible personal property
20 purchased on or after July 1, 2007 and before June 30, 2008 is
21 subject to both of the following limitations:

22 (1) The maximum amount of the exemption for any one
23 taxpayer may not exceed 5% of the purchase price of
24 production related tangible personal property that is
25 purchased on or after July 1, 2007 and on or before June
26 30, 2008. A credit under Section 3-85 of this Act may not

1 be earned by the purchase of production related tangible
2 personal property for which an exemption is received under
3 this Section.

4 (2) The maximum aggregate amount of the exemptions for
5 production related tangible personal property awarded
6 under this Act and the Use Tax Act to all taxpayers may not
7 exceed \$10,000,000. If the claims for the exemption exceed
8 \$10,000,000, then the Department shall reduce the amount of
9 the exemption to each taxpayer on a pro rata basis.

10 The Department shall ~~may~~ adopt rules to implement and
11 administer the exemption for production related tangible
12 personal property.

13 The manufacturing and assembling machinery and equipment
14 exemption includes the sale of materials to a purchaser who
15 produces exempted types of machinery, equipment, or tools and
16 who rents or leases that machinery, equipment, or tools to a
17 manufacturer of tangible personal property. This exemption
18 also includes the sale of materials to a purchaser who
19 manufactures those materials into an exempted type of
20 machinery, equipment, or tools that the purchaser uses himself
21 or herself in the manufacturing of tangible personal property.
22 The purchaser of the machinery and equipment who has an active
23 resale registration number shall furnish that number to the
24 seller at the time of purchase. A purchaser of the machinery,
25 equipment, and tools without an active resale registration
26 number shall furnish to the seller a certificate of exemption

1 for each transaction stating facts establishing the exemption
2 for that transaction, and that certificate shall be available
3 to the Department for inspection or audit. Informal rulings,
4 opinions, or letters issued by the Department in response to an
5 inquiry or request for an opinion from any person regarding the
6 coverage and applicability of this exemption to specific
7 devices shall be published, maintained as a public record, and
8 made available for public inspection and copying. If the
9 informal ruling, opinion, or letter contains trade secrets or
10 other confidential information, where possible, the Department
11 shall delete that information before publication. Whenever
12 informal rulings, opinions, or letters contain a policy of
13 general applicability, the Department shall formulate and
14 adopt that policy as a rule in accordance with the Illinois
15 Administrative Procedure Act.

16 (Source: P.A. 98-583, eff. 1-1-14.)

17 ARTICLE 90. ANGEL INVESTMENT CREDIT

18 Section 90-5. The Illinois Income Tax Act is amended by
19 changing Section 220 as follows:

20 (35 ILCS 5/220)

21 Sec. 220. Angel investment credit.

22 (a) As used in this Section:

23 "Applicant" means a corporation, partnership, limited

1 liability company, or a natural person that makes an investment
2 in a qualified new business venture. The term "applicant" does
3 not include a corporation, partnership, limited liability
4 company, or a natural person who has a direct or indirect
5 ownership interest of at least 51% in the profits, capital, or
6 value of the investment or a related member.

7 "Claimant" means an applicant certified by the Department
8 who files a claim for a credit under this Section.

9 "Department" means the Department of Commerce and Economic
10 Opportunity.

11 "Qualified new business venture" means a business that is
12 registered with the Department under this Section.

13 "Related member" means a person that, with respect to the
14 investment, is any one of the following:

15 (1) An individual, if the individual and the members of
16 the individual's family (as defined in Section 318 of the
17 Internal Revenue Code) own directly, indirectly,
18 beneficially, or constructively, in the aggregate, at
19 least 50% of the value of the outstanding profits, capital,
20 stock, or other ownership interest in the applicant.

21 (2) A partnership, estate, or trust and any partner or
22 beneficiary, if the partnership, estate, or trust and its
23 partners or beneficiaries own directly, indirectly,
24 beneficially, or constructively, in the aggregate, at
25 least 50% of the profits, capital, stock, or other
26 ownership interest in the applicant.

1 (3) A corporation, and any party related to the
2 corporation in a manner that would require an attribution
3 of stock from the corporation under the attribution rules
4 of Section 318 of the Internal Revenue Code, if the
5 applicant and any other related member own, in the
6 aggregate, directly, indirectly, beneficially, or
7 constructively, at least 50% of the value of the
8 corporation's outstanding stock.

9 (4) A corporation and any party related to that
10 corporation in a manner that would require an attribution
11 of stock from the corporation to the party or from the
12 party to the corporation under the attribution rules of
13 Section 318 of the Internal Revenue Code, if the
14 corporation and all such related parties own, in the
15 aggregate, at least 50% of the profits, capital, stock, or
16 other ownership interest in the applicant.

17 (5) A person to or from whom there is attribution of
18 stock ownership in accordance with Section 1563(e) of the
19 Internal Revenue Code, except that for purposes of
20 determining whether a person is a related member under this
21 paragraph, "20%" shall be substituted for "5%" whenever
22 "5%" appears in Section 1563(e) of the Internal Revenue
23 Code.

24 (b) For taxable years beginning after December 31, 2010,
25 and ending on or before December 31, 2021 ~~December 31, 2016~~,
26 subject to the limitations provided in this Section, a claimant

1 may claim, as a credit against the tax imposed under
2 subsections (a) and (b) of Section 201 of this Act, an amount
3 equal to 25% of the claimant's investment made directly in a
4 qualified new business venture. In order for an investment in a
5 qualified new business venture to be eligible for tax credits,
6 the business must have applied for and received certification
7 under subsection (e) for the taxable year in which the
8 investment was made prior to the date on which the investment
9 was made. The credit under this Section may not exceed the
10 taxpayer's Illinois income tax liability for the taxable year.
11 If the amount of the credit exceeds the tax liability for the
12 year, the excess may be carried forward and applied to the tax
13 liability of the 5 taxable years following the excess credit
14 year. The credit shall be applied to the earliest year for
15 which there is a tax liability. If there are credits from more
16 than one tax year that are available to offset a liability, the
17 earlier credit shall be applied first. In the case of a
18 partnership or Subchapter S Corporation, the credit is allowed
19 to the partners or shareholders in accordance with the
20 determination of income and distributive share of income under
21 Sections 702 and 704 and Subchapter S of the Internal Revenue
22 Code.

23 (c) The maximum amount of an applicant's investment that
24 may be used as the basis for a credit under this Section is
25 \$2,000,000 for each investment made directly in a qualified new
26 business venture.

1 (d) The Department shall implement a program to certify an
2 applicant for an angel investment credit. Upon satisfactory
3 review, the Department shall issue a tax credit certificate
4 stating the amount of the tax credit to which the applicant is
5 entitled. The Department shall annually certify that the
6 claimant's investment has been made and remains in the
7 qualified new business venture for no less than 3 years.

8 If an investment for which a claimant is allowed a credit
9 under subsection (b) is held by the claimant for less than 3
10 years, or, if within that period of time the qualified new
11 business venture is moved from the State of Illinois, the
12 claimant shall pay to the Department of Revenue, in the manner
13 prescribed by the Department of Revenue, the amount of the
14 credit that the claimant received related to the investment.

15 (e) The Department shall implement a program to register
16 qualified new business ventures for purposes of this Section. A
17 business desiring registration shall submit an application to
18 the Department in each taxable year for which the business
19 desires registration. The Department may register the business
20 only if the business satisfies all of the following conditions:

21 (1) it has its headquarters in this State;

22 (2) at least 51% of the employees employed by the
23 business are employed in this State;

24 (3) it has the potential for increasing jobs in this
25 State, increasing capital investment in this State, or
26 both, and either of the following apply:

1 (A) it is principally engaged in innovation in any
2 of the following: manufacturing; biotechnology;
3 nanotechnology; communications; agricultural sciences;
4 clean energy creation or storage technology;
5 processing or assembling products, including medical
6 devices, pharmaceuticals, computer software, computer
7 hardware, semiconductors, other innovative technology
8 products, or other products that are produced using
9 manufacturing methods that are enabled by applying
10 proprietary technology; or providing services that are
11 enabled by applying proprietary technology; or

12 (B) it is undertaking pre-commercialization
13 activity related to proprietary technology that
14 includes conducting research, developing a new product
15 or business process, or developing a service that is
16 principally reliant on applying proprietary
17 technology;

18 (4) it is not principally engaged in real estate
19 development, insurance, banking, lending, lobbying,
20 political consulting, professional services provided by
21 attorneys, accountants, business consultants, physicians,
22 or health care consultants, wholesale or retail trade,
23 leisure, hospitality, transportation, or construction,
24 except construction of power production plants that derive
25 energy from a renewable energy resource, as defined in
26 Section 1 of the Illinois Power Agency Act;

1 (5) at the time it is first certified:

2 (A) it has fewer than 100 employees;

3 (B) it has been in operation in Illinois for not
4 more than 10 consecutive years prior to the year of
5 certification; and

6 (C) it has received not more than \$10,000,000 in
7 aggregate private equity investment in cash;

8 (6) (blank); and

9 (7) it has received not more than \$4,000,000 in
10 investments that qualified for tax credits under this
11 Section.

12 (f) The Department, in consultation with the Department of
13 Revenue, shall adopt rules to administer this Section. The
14 aggregate amount of the tax credits that may be claimed under
15 this Section for investments made in qualified new business
16 ventures shall be limited at \$20,000,000 ~~\$10,000,000~~ per
17 calendar year.

18 (g) A claimant may not sell or otherwise transfer a credit
19 awarded under this Section to another person.

20 (h) On or before March 1 of each year, the Department shall
21 report to the Governor and to the General Assembly on the tax
22 credit certificates awarded under this Section for the prior
23 calendar year.

24 (1) This report must include, for each tax credit
25 certificate awarded:

26 (A) the name of the claimant and the amount of

1 credit awarded or allocated to that claimant;

2 (B) the name and address of the qualified new
3 business venture that received the investment giving
4 rise to the credit and the county in which the
5 qualified new business venture is located; and

6 (C) the date of approval by the Department of the
7 applications for the tax credit certificate.

8 (2) The report must also include:

9 (A) the total number of applicants and amount for
10 tax credit certificates awarded under this Section in
11 the prior calendar year;

12 (B) the total number of applications and amount for
13 which tax credit certificates were issued in the prior
14 calendar year; and

15 (C) the total tax credit certificates and amount
16 authorized under this Section for all calendar years.

17 (Source: P.A. 96-939, eff. 1-1-11; 97-507, eff. 8-23-11;
18 97-1097, eff. 8-24-12.)

19 ARTICLE 95. DATA CENTER EXEMPTION

20 Section 95-5. The Department of Revenue Law of the Civil
21 Administrative Code of Illinois is amended by adding Section
22 2505-760 as follows:

23 (20 ILCS 2505/2505-760 new)

1 Sec. 2505-760. Data center investment.

2 (a) The Department shall issue certificates of exemption
3 from the Retailers' Occupation Tax Act, the Use Tax Act, the
4 Service Use Tax Act, the Service Occupation Tax Act, and the
5 Electricity Excise Tax Act to qualifying new or existing
6 Illinois data centers.

7 (b) Definitions:

8 For purposes of this Act, "data center" means a
9 building or a series of buildings rehabilitated or
10 constructed to house a group of networked server computers
11 in one physical location or several sites in order to
12 centralize the storage, management, and dissemination of
13 data and information.

14 A "qualifying Illinois data center" means a data center
15 that is located in Illinois and which results in either:

16 (1) a capital investment on or after July 1, 2016
17 of at least \$15,000,000, collectively, by the data
18 center operator and the tenants of the data center over
19 a period of 48 months; or

20 (2) a new capital investment on or after July 1,
21 2016 of at least \$5,000,000 but not more than
22 \$15,000,000, collectively, by the data center operator
23 and the tenants of the data center over a period of 48
24 months, in which case the data center will qualify for
25 50% of all exemption amounts; and

26 (3) results in the creation, on or after July 1,

1 2016 and over a period of 48 months, of at least 10
2 full-time or full-time equivalent new jobs by the data
3 center operator and the tenants of the data center,
4 collectively, associated with the operation or
5 maintenance of the data center.

6 "Full-time equivalent job" means a job in which the new
7 employee works for the owner, operator, or tenant of a data
8 center or for a corporation under contract with the owner,
9 operator or tenant of a data center at a rate of at least
10 35 hours per week. An owner, operator, or tenant who
11 employs labor or services at a specific site or facility
12 under contract with another may declare one full-time,
13 permanent job for every 1,820 man hours worked per year
14 under that contract. Vacations, paid holidays, and sick
15 time are included in this computation. Overtime is not
16 considered a part of regular hours.

17 (c) Data centers seeking qualification for a facility shall
18 apply to the Department in the manner specified by the
19 Department. The Department and any qualifying person seeking to
20 claim the exemption, including a data center operator on behalf
21 of itself and its tenants, must enter into a memorandum of
22 understanding that, at a minimum, provides the details for
23 determining the amount of capital investment made and the
24 number of new jobs created, the timeline for achieving the
25 capital investment and new job goals, the repayment obligation
26 should those goals not be achieved, and any conditions under

1 which repayment by the qualifying data center or data center
2 tenant claiming the exemption may be required.

3 (d) In addition, the exemption shall apply to any such
4 computer equipment or enabling equipment, software purchased
5 or leased to upgrade, supplement, or replace computer equipment
6 or enabling software purchased or leased in the initial
7 investment. A data center that would have qualified under
8 subsection (b) prior to July 1, 2016, may apply for and obtain
9 an exemption for subsequent purchases of computer equipment or
10 enabling software purchased or leased to upgrade, supplement,
11 or replace computer equipment or enabling software purchased or
12 leased in the original investment that would have qualified
13 under subsection (b).

14 (e) Beginning July 15, 2017, and each year thereafter until
15 July 1, 2027, the Department shall annually compile a report on
16 the outcomes and effectiveness of this Section.

17 Section 95-10. The Use Tax Act is amended by changing
18 Section 3-5 as follows:

19 (35 ILCS 105/3-5)

20 Sec. 3-5. Exemptions. Use of the following tangible
21 personal property is exempt from the tax imposed by this Act:

22 (1) Personal property purchased from a corporation,
23 society, association, foundation, institution, or
24 organization, other than a limited liability company, that is

1 organized and operated as a not-for-profit service enterprise
2 for the benefit of persons 65 years of age or older if the
3 personal property was not purchased by the enterprise for the
4 purpose of resale by the enterprise.

5 (2) Personal property purchased by a not-for-profit
6 Illinois county fair association for use in conducting,
7 operating, or promoting the county fair.

8 (3) Personal property purchased by a not-for-profit arts or
9 cultural organization that establishes, by proof required by
10 the Department by rule, that it has received an exemption under
11 Section 501(c)(3) of the Internal Revenue Code and that is
12 organized and operated primarily for the presentation or
13 support of arts or cultural programming, activities, or
14 services. These organizations include, but are not limited to,
15 music and dramatic arts organizations such as symphony
16 orchestras and theatrical groups, arts and cultural service
17 organizations, local arts councils, visual arts organizations,
18 and media arts organizations. On and after the effective date
19 of this amendatory Act of the 92nd General Assembly, however,
20 an entity otherwise eligible for this exemption shall not make
21 tax-free purchases unless it has an active identification
22 number issued by the Department.

23 (4) Personal property purchased by a governmental body, by
24 a corporation, society, association, foundation, or
25 institution organized and operated exclusively for charitable,
26 religious, or educational purposes, or by a not-for-profit

1 corporation, society, association, foundation, institution, or
2 organization that has no compensated officers or employees and
3 that is organized and operated primarily for the recreation of
4 persons 55 years of age or older. A limited liability company
5 may qualify for the exemption under this paragraph only if the
6 limited liability company is organized and operated
7 exclusively for educational purposes. On and after July 1,
8 1987, however, no entity otherwise eligible for this exemption
9 shall make tax-free purchases unless it has an active exemption
10 identification number issued by the Department.

11 (5) Until July 1, 2003, a passenger car that is a
12 replacement vehicle to the extent that the purchase price of
13 the car is subject to the Replacement Vehicle Tax.

14 (6) Until July 1, 2003 and beginning again on September 1,
15 2004 through August 30, 2014, graphic arts machinery and
16 equipment, including repair and replacement parts, both new and
17 used, and including that manufactured on special order,
18 certified by the purchaser to be used primarily for graphic
19 arts production, and including machinery and equipment
20 purchased for lease. Equipment includes chemicals or chemicals
21 acting as catalysts but only if the chemicals or chemicals
22 acting as catalysts effect a direct and immediate change upon a
23 graphic arts product.

24 (7) Farm chemicals.

25 (8) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

3 (9) Personal property purchased from a teacher-sponsored
4 student organization affiliated with an elementary or
5 secondary school located in Illinois.

6 (10) A motor vehicle that is used for automobile renting,
7 as defined in the Automobile Renting Occupation and Use Tax
8 Act.

9 (11) Farm machinery and equipment, both new and used,
10 including that manufactured on special order, certified by the
11 purchaser to be used primarily for production agriculture or
12 State or federal agricultural programs, including individual
13 replacement parts for the machinery and equipment, including
14 machinery and equipment purchased for lease, and including
15 implements of husbandry defined in Section 1-130 of the
16 Illinois Vehicle Code, farm machinery and agricultural
17 chemical and fertilizer spreaders, and nurse wagons required to
18 be registered under Section 3-809 of the Illinois Vehicle Code,
19 but excluding other motor vehicles required to be registered
20 under the Illinois Vehicle Code. Horticultural polyhouses or
21 hoop houses used for propagating, growing, or overwintering
22 plants shall be considered farm machinery and equipment under
23 this item (11). Agricultural chemical tender tanks and dry
24 boxes shall include units sold separately from a motor vehicle
25 required to be licensed and units sold mounted on a motor
26 vehicle required to be licensed if the selling price of the

1 tender is separately stated.

2 Farm machinery and equipment shall include precision
3 farming equipment that is installed or purchased to be
4 installed on farm machinery and equipment including, but not
5 limited to, tractors, harvesters, sprayers, planters, seeders,
6 or spreaders. Precision farming equipment includes, but is not
7 limited to, soil testing sensors, computers, monitors,
8 software, global positioning and mapping systems, and other
9 such equipment.

10 Farm machinery and equipment also includes computers,
11 sensors, software, and related equipment used primarily in the
12 computer-assisted operation of production agriculture
13 facilities, equipment, and activities such as, but not limited
14 to, the collection, monitoring, and correlation of animal and
15 crop data for the purpose of formulating animal diets and
16 agricultural chemicals. This item (11) is exempt from the
17 provisions of Section 3-90.

18 (12) Until June 30, 2013, fuel and petroleum products sold
19 to or used by an air common carrier, certified by the carrier
20 to be used for consumption, shipment, or storage in the conduct
21 of its business as an air common carrier, for a flight destined
22 for or returning from a location or locations outside the
23 United States without regard to previous or subsequent domestic
24 stopovers.

25 Beginning July 1, 2013, fuel and petroleum products sold to
26 or used by an air carrier, certified by the carrier to be used

1 for consumption, shipment, or storage in the conduct of its
2 business as an air common carrier, for a flight that (i) is
3 engaged in foreign trade or is engaged in trade between the
4 United States and any of its possessions and (ii) transports at
5 least one individual or package for hire from the city of
6 origination to the city of final destination on the same
7 aircraft, without regard to a change in the flight number of
8 that aircraft.

9 (13) Proceeds of mandatory service charges separately
10 stated on customers' bills for the purchase and consumption of
11 food and beverages purchased at retail from a retailer, to the
12 extent that the proceeds of the service charge are in fact
13 turned over as tips or as a substitute for tips to the
14 employees who participate directly in preparing, serving,
15 hosting or cleaning up the food or beverage function with
16 respect to which the service charge is imposed.

17 (14) Until July 1, 2003, oil field exploration, drilling,
18 and production equipment, including (i) rigs and parts of rigs,
19 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
20 tubular goods, including casing and drill strings, (iii) pumps
21 and pump-jack units, (iv) storage tanks and flow lines, (v) any
22 individual replacement part for oil field exploration,
23 drilling, and production equipment, and (vi) machinery and
24 equipment purchased for lease; but excluding motor vehicles
25 required to be registered under the Illinois Vehicle Code.

26 (15) Photoprocessing machinery and equipment, including

1 repair and replacement parts, both new and used, including that
2 manufactured on special order, certified by the purchaser to be
3 used primarily for photoprocessing, and including
4 photoprocessing machinery and equipment purchased for lease.

5 (16) Coal and aggregate exploration, mining, off-highway
6 hauling, processing, maintenance, and reclamation equipment,
7 including replacement parts and equipment, and including
8 equipment purchased for lease, but excluding motor vehicles
9 required to be registered under the Illinois Vehicle Code. The
10 changes made to this Section by Public Act 97-767 apply on and
11 after July 1, 2003, but no claim for credit or refund is
12 allowed on or after August 16, 2013 (the effective date of
13 Public Act 98-456) for such taxes paid during the period
14 beginning July 1, 2003 and ending on August 16, 2013 (the
15 effective date of Public Act 98-456).

16 (17) Until July 1, 2003, distillation machinery and
17 equipment, sold as a unit or kit, assembled or installed by the
18 retailer, certified by the user to be used only for the
19 production of ethyl alcohol that will be used for consumption
20 as motor fuel or as a component of motor fuel for the personal
21 use of the user, and not subject to sale or resale.

22 (18) Manufacturing and assembling machinery and equipment
23 used primarily in the process of manufacturing or assembling
24 tangible personal property for wholesale or retail sale or
25 lease, whether that sale or lease is made directly by the
26 manufacturer or by some other person, whether the materials

1 used in the process are owned by the manufacturer or some other
2 person, or whether that sale or lease is made apart from or as
3 an incident to the seller's engaging in the service occupation
4 of producing machines, tools, dies, jigs, patterns, gauges, or
5 other similar items of no commercial value on special order for
6 a particular purchaser. The exemption provided by this
7 paragraph (18) does not include machinery and equipment used in
8 (i) the generation of electricity for wholesale or retail sale;
9 (ii) the generation or treatment of natural or artificial gas
10 for wholesale or retail sale that is delivered to customers
11 through pipes, pipelines, or mains; or (iii) the treatment of
12 water for wholesale or retail sale that is delivered to
13 customers through pipes, pipelines, or mains. The provisions of
14 Public Act 98-583 are declaratory of existing law as to the
15 meaning and scope of this exemption.

16 (19) Personal property delivered to a purchaser or
17 purchaser's donee inside Illinois when the purchase order for
18 that personal property was received by a florist located
19 outside Illinois who has a florist located inside Illinois
20 deliver the personal property.

21 (20) Semen used for artificial insemination of livestock
22 for direct agricultural production.

23 (21) Horses, or interests in horses, registered with and
24 meeting the requirements of any of the Arabian Horse Club
25 Registry of America, Appaloosa Horse Club, American Quarter
26 Horse Association, United States Trotting Association, or

1 Jockey Club, as appropriate, used for purposes of breeding or
2 racing for prizes. This item (21) is exempt from the provisions
3 of Section 3-90, and the exemption provided for under this item
4 (21) applies for all periods beginning May 30, 1995, but no
5 claim for credit or refund is allowed on or after January 1,
6 2008 for such taxes paid during the period beginning May 30,
7 2000 and ending on January 1, 2008.

8 (22) Computers and communications equipment utilized for
9 any hospital purpose and equipment used in the diagnosis,
10 analysis, or treatment of hospital patients purchased by a
11 lessor who leases the equipment, under a lease of one year or
12 longer executed or in effect at the time the lessor would
13 otherwise be subject to the tax imposed by this Act, to a
14 hospital that has been issued an active tax exemption
15 identification number by the Department under Section 1g of the
16 Retailers' Occupation Tax Act. If the equipment is leased in a
17 manner that does not qualify for this exemption or is used in
18 any other non-exempt manner, the lessor shall be liable for the
19 tax imposed under this Act or the Service Use Tax Act, as the
20 case may be, based on the fair market value of the property at
21 the time the non-qualifying use occurs. No lessor shall collect
22 or attempt to collect an amount (however designated) that
23 purports to reimburse that lessor for the tax imposed by this
24 Act or the Service Use Tax Act, as the case may be, if the tax
25 has not been paid by the lessor. If a lessor improperly
26 collects any such amount from the lessee, the lessee shall have

1 a legal right to claim a refund of that amount from the lessor.
2 If, however, that amount is not refunded to the lessee for any
3 reason, the lessor is liable to pay that amount to the
4 Department.

5 (23) Personal property purchased by a lessor who leases the
6 property, under a lease of one year or longer executed or in
7 effect at the time the lessor would otherwise be subject to the
8 tax imposed by this Act, to a governmental body that has been
9 issued an active sales tax exemption identification number by
10 the Department under Section 1g of the Retailers' Occupation
11 Tax Act. If the property is leased in a manner that does not
12 qualify for this exemption or used in any other non-exempt
13 manner, the lessor shall be liable for the tax imposed under
14 this Act or the Service Use Tax Act, as the case may be, based
15 on the fair market value of the property at the time the
16 non-qualifying use occurs. No lessor shall collect or attempt
17 to collect an amount (however designated) that purports to
18 reimburse that lessor for the tax imposed by this Act or the
19 Service Use Tax Act, as the case may be, if the tax has not been
20 paid by the lessor. If a lessor improperly collects any such
21 amount from the lessee, the lessee shall have a legal right to
22 claim a refund of that amount from the lessor. If, however,
23 that amount is not refunded to the lessee for any reason, the
24 lessor is liable to pay that amount to the Department.

25 (24) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

1 before December 31, 2004, personal property that is donated for
2 disaster relief to be used in a State or federally declared
3 disaster area in Illinois or bordering Illinois by a
4 manufacturer or retailer that is registered in this State to a
5 corporation, society, association, foundation, or institution
6 that has been issued a sales tax exemption identification
7 number by the Department that assists victims of the disaster
8 who reside within the declared disaster area.

9 (25) Beginning with taxable years ending on or after
10 December 31, 1995 and ending with taxable years ending on or
11 before December 31, 2004, personal property that is used in the
12 performance of infrastructure repairs in this State, including
13 but not limited to municipal roads and streets, access roads,
14 bridges, sidewalks, waste disposal systems, water and sewer
15 line extensions, water distribution and purification
16 facilities, storm water drainage and retention facilities, and
17 sewage treatment facilities, resulting from a State or
18 federally declared disaster in Illinois or bordering Illinois
19 when such repairs are initiated on facilities located in the
20 declared disaster area within 6 months after the disaster.

21 (26) Beginning July 1, 1999, game or game birds purchased
22 at a "game breeding and hunting preserve area" as that term is
23 used in the Wildlife Code. This paragraph is exempt from the
24 provisions of Section 3-90.

25 (27) A motor vehicle, as that term is defined in Section
26 1-146 of the Illinois Vehicle Code, that is donated to a

1 corporation, limited liability company, society, association,
2 foundation, or institution that is determined by the Department
3 to be organized and operated exclusively for educational
4 purposes. For purposes of this exemption, "a corporation,
5 limited liability company, society, association, foundation,
6 or institution organized and operated exclusively for
7 educational purposes" means all tax-supported public schools,
8 private schools that offer systematic instruction in useful
9 branches of learning by methods common to public schools and
10 that compare favorably in their scope and intensity with the
11 course of study presented in tax-supported schools, and
12 vocational or technical schools or institutes organized and
13 operated exclusively to provide a course of study of not less
14 than 6 weeks duration and designed to prepare individuals to
15 follow a trade or to pursue a manual, technical, mechanical,
16 industrial, business, or commercial occupation.

17 (28) Beginning January 1, 2000, personal property,
18 including food, purchased through fundraising events for the
19 benefit of a public or private elementary or secondary school,
20 a group of those schools, or one or more school districts if
21 the events are sponsored by an entity recognized by the school
22 district that consists primarily of volunteers and includes
23 parents and teachers of the school children. This paragraph
24 does not apply to fundraising events (i) for the benefit of
25 private home instruction or (ii) for which the fundraising
26 entity purchases the personal property sold at the events from

1 another individual or entity that sold the property for the
2 purpose of resale by the fundraising entity and that profits
3 from the sale to the fundraising entity. This paragraph is
4 exempt from the provisions of Section 3-90.

5 (29) Beginning January 1, 2000 and through December 31,
6 2001, new or used automatic vending machines that prepare and
7 serve hot food and beverages, including coffee, soup, and other
8 items, and replacement parts for these machines. Beginning
9 January 1, 2002 and through June 30, 2003, machines and parts
10 for machines used in commercial, coin-operated amusement and
11 vending business if a use or occupation tax is paid on the
12 gross receipts derived from the use of the commercial,
13 coin-operated amusement and vending machines. This paragraph
14 is exempt from the provisions of Section 3-90.

15 (30) Beginning January 1, 2001 and through June 30, 2016,
16 food for human consumption that is to be consumed off the
17 premises where it is sold (other than alcoholic beverages, soft
18 drinks, and food that has been prepared for immediate
19 consumption) and prescription and nonprescription medicines,
20 drugs, medical appliances, and insulin, urine testing
21 materials, syringes, and needles used by diabetics, for human
22 use, when purchased for use by a person receiving medical
23 assistance under Article V of the Illinois Public Aid Code who
24 resides in a licensed long-term care facility, as defined in
25 the Nursing Home Care Act, or in a licensed facility as defined
26 in the ID/DD Community Care Act, the MC/DD Act, or the

1 Specialized Mental Health Rehabilitation Act of 2013.

2 (31) Beginning on the effective date of this amendatory Act
3 of the 92nd General Assembly, computers and communications
4 equipment utilized for any hospital purpose and equipment used
5 in the diagnosis, analysis, or treatment of hospital patients
6 purchased by a lessor who leases the equipment, under a lease
7 of one year or longer executed or in effect at the time the
8 lessor would otherwise be subject to the tax imposed by this
9 Act, to a hospital that has been issued an active tax exemption
10 identification number by the Department under Section 1g of the
11 Retailers' Occupation Tax Act. If the equipment is leased in a
12 manner that does not qualify for this exemption or is used in
13 any other nonexempt manner, the lessor shall be liable for the
14 tax imposed under this Act or the Service Use Tax Act, as the
15 case may be, based on the fair market value of the property at
16 the time the nonqualifying use occurs. No lessor shall collect
17 or attempt to collect an amount (however designated) that
18 purports to reimburse that lessor for the tax imposed by this
19 Act or the Service Use Tax Act, as the case may be, if the tax
20 has not been paid by the lessor. If a lessor improperly
21 collects any such amount from the lessee, the lessee shall have
22 a legal right to claim a refund of that amount from the lessor.
23 If, however, that amount is not refunded to the lessee for any
24 reason, the lessor is liable to pay that amount to the
25 Department. This paragraph is exempt from the provisions of
26 Section 3-90.

1 (32) Beginning on the effective date of this amendatory Act
2 of the 92nd General Assembly, personal property purchased by a
3 lessor who leases the property, under a lease of one year or
4 longer executed or in effect at the time the lessor would
5 otherwise be subject to the tax imposed by this Act, to a
6 governmental body that has been issued an active sales tax
7 exemption identification number by the Department under
8 Section 1g of the Retailers' Occupation Tax Act. If the
9 property is leased in a manner that does not qualify for this
10 exemption or used in any other nonexempt manner, the lessor
11 shall be liable for the tax imposed under this Act or the
12 Service Use Tax Act, as the case may be, based on the fair
13 market value of the property at the time the nonqualifying use
14 occurs. No lessor shall collect or attempt to collect an amount
15 (however designated) that purports to reimburse that lessor for
16 the tax imposed by this Act or the Service Use Tax Act, as the
17 case may be, if the tax has not been paid by the lessor. If a
18 lessor improperly collects any such amount from the lessee, the
19 lessee shall have a legal right to claim a refund of that
20 amount from the lessor. If, however, that amount is not
21 refunded to the lessee for any reason, the lessor is liable to
22 pay that amount to the Department. This paragraph is exempt
23 from the provisions of Section 3-90.

24 (33) On and after July 1, 2003 and through June 30, 2004,
25 the use in this State of motor vehicles of the second division
26 with a gross vehicle weight in excess of 8,000 pounds and that

1 are subject to the commercial distribution fee imposed under
2 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
3 1, 2004 and through June 30, 2005, the use in this State of
4 motor vehicles of the second division: (i) with a gross vehicle
5 weight rating in excess of 8,000 pounds; (ii) that are subject
6 to the commercial distribution fee imposed under Section
7 3-815.1 of the Illinois Vehicle Code; and (iii) that are
8 primarily used for commercial purposes. Through June 30, 2005,
9 this exemption applies to repair and replacement parts added
10 after the initial purchase of such a motor vehicle if that
11 motor vehicle is used in a manner that would qualify for the
12 rolling stock exemption otherwise provided for in this Act. For
13 purposes of this paragraph, the term "used for commercial
14 purposes" means the transportation of persons or property in
15 furtherance of any commercial or industrial enterprise,
16 whether for-hire or not.

17 (34) Beginning January 1, 2008, tangible personal property
18 used in the construction or maintenance of a community water
19 supply, as defined under Section 3.145 of the Environmental
20 Protection Act, that is operated by a not-for-profit
21 corporation that holds a valid water supply permit issued under
22 Title IV of the Environmental Protection Act. This paragraph is
23 exempt from the provisions of Section 3-90.

24 (35) Beginning January 1, 2010, materials, parts,
25 equipment, components, and furnishings incorporated into or
26 upon an aircraft as part of the modification, refurbishment,

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used in
3 the modification, refurbishment, completion, replacement,
4 repair, and maintenance of aircraft, but excludes any
5 materials, parts, equipment, components, and consumable
6 supplies used in the modification, replacement, repair, and
7 maintenance of aircraft engines or power plants, whether such
8 engines or power plants are installed or uninstalled upon any
9 such aircraft. "Consumable supplies" include, but are not
10 limited to, adhesive, tape, sandpaper, general purpose
11 lubricants, cleaning solution, latex gloves, and protective
12 films. This exemption applies only to the use of qualifying
13 tangible personal property by persons who modify, refurbish,
14 complete, repair, replace, or maintain aircraft and who (i)
15 hold an Air Agency Certificate and are empowered to operate an
16 approved repair station by the Federal Aviation
17 Administration, (ii) have a Class IV Rating, and (iii) conduct
18 operations in accordance with Part 145 of the Federal Aviation
19 Regulations. The exemption does not include aircraft operated
20 by a commercial air carrier providing scheduled passenger air
21 service pursuant to authority issued under Part 121 or Part 129
22 of the Federal Aviation Regulations. The changes made to this
23 paragraph (35) by Public Act 98-534 are declarative of existing
24 law.

25 (36) Tangible personal property purchased by a
26 public-facilities corporation, as described in Section

1 11-65-10 of the Illinois Municipal Code, for purposes of
2 constructing or furnishing a municipal convention hall, but
3 only if the legal title to the municipal convention hall is
4 transferred to the municipality without any further
5 consideration by or on behalf of the municipality at the time
6 of the completion of the municipal convention hall or upon the
7 retirement or redemption of any bonds or other debt instruments
8 issued by the public-facilities corporation in connection with
9 the development of the municipal convention hall. This
10 exemption includes existing public-facilities corporations as
11 provided in Section 11-65-25 of the Illinois Municipal Code.
12 This paragraph is exempt from the provisions of Section 3-90.

13 (37) Beginning on July 1, 2016 and until July 1, 2021,
14 qualified tangible personal property used in the construction
15 or operation of a new or existing data center that has been
16 granted a certificate of exemption by the Department under
17 Section 2505-760 of the Department of Revenue Law of the Civil
18 Administrative Code of Illinois, whether that tangible
19 personal property is purchased by the owner of the data center
20 or by a contractor, subcontractor, or tenant of the owner.

21 For the purposes of this item (37):

22 "Data Center" has the meaning ascribed to that term in
23 Section 2505-760 of the Department of Revenue Law of the
24 Civil Administrative Code of Illinois.

25 "Qualified tangible personal property" means
26 electrical systems and equipment; mechanical systems and

1 equipment; emergency generators; hardware or distributed
2 computers or servers; data storage devices; network
3 connectivity equipment; racks; cabinets; raised floor
4 systems; peripheral components or systems; software;
5 mechanical, electrical, or plumbing systems necessary to
6 operate other items of tangible personal property,
7 including fixtures; and component parts of any of the
8 foregoing, including installation, maintenance, repair,
9 refurbishment, and replacement of qualified tangible
10 personal property. The term "qualified tangible personal
11 property" also includes building materials physically
12 incorporated in to the qualifying data center. To document
13 the exemption allowed under this Section, the retailer must
14 obtain from the purchaser a copy of the Certificate of
15 Eligibility for Sales Tax Exemption issued by the
16 Department.

17 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
18 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
19 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
20 7-29-15.)

21 Section 95-15. The Service Use Tax Act is amended by
22 changing Section 3-5 as follows:

23 (35 ILCS 110/3-5)

24 Sec. 3-5. Exemptions. Use of the following tangible

1 personal property is exempt from the tax imposed by this Act:

2 (1) Personal property purchased from a corporation,
3 society, association, foundation, institution, or
4 organization, other than a limited liability company, that is
5 organized and operated as a not-for-profit service enterprise
6 for the benefit of persons 65 years of age or older if the
7 personal property was not purchased by the enterprise for the
8 purpose of resale by the enterprise.

9 (2) Personal property purchased by a non-profit Illinois
10 county fair association for use in conducting, operating, or
11 promoting the county fair.

12 (3) Personal property purchased by a not-for-profit arts or
13 cultural organization that establishes, by proof required by
14 the Department by rule, that it has received an exemption under
15 Section 501(c)(3) of the Internal Revenue Code and that is
16 organized and operated primarily for the presentation or
17 support of arts or cultural programming, activities, or
18 services. These organizations include, but are not limited to,
19 music and dramatic arts organizations such as symphony
20 orchestras and theatrical groups, arts and cultural service
21 organizations, local arts councils, visual arts organizations,
22 and media arts organizations. On and after the effective date
23 of this amendatory Act of the 92nd General Assembly, however,
24 an entity otherwise eligible for this exemption shall not make
25 tax-free purchases unless it has an active identification
26 number issued by the Department.

1 (4) Legal tender, currency, medallions, or gold or silver
2 coinage issued by the State of Illinois, the government of the
3 United States of America, or the government of any foreign
4 country, and bullion.

5 (5) Until July 1, 2003 and beginning again on September 1,
6 2004 through August 30, 2014, graphic arts machinery and
7 equipment, including repair and replacement parts, both new and
8 used, and including that manufactured on special order or
9 purchased for lease, certified by the purchaser to be used
10 primarily for graphic arts production. Equipment includes
11 chemicals or chemicals acting as catalysts but only if the
12 chemicals or chemicals acting as catalysts effect a direct and
13 immediate change upon a graphic arts product.

14 (6) Personal property purchased from a teacher-sponsored
15 student organization affiliated with an elementary or
16 secondary school located in Illinois.

17 (7) Farm machinery and equipment, both new and used,
18 including that manufactured on special order, certified by the
19 purchaser to be used primarily for production agriculture or
20 State or federal agricultural programs, including individual
21 replacement parts for the machinery and equipment, including
22 machinery and equipment purchased for lease, and including
23 implements of husbandry defined in Section 1-130 of the
24 Illinois Vehicle Code, farm machinery and agricultural
25 chemical and fertilizer spreaders, and nurse wagons required to
26 be registered under Section 3-809 of the Illinois Vehicle Code,

1 but excluding other motor vehicles required to be registered
2 under the Illinois Vehicle Code. Horticultural polyhouses or
3 hoop houses used for propagating, growing, or overwintering
4 plants shall be considered farm machinery and equipment under
5 this item (7). Agricultural chemical tender tanks and dry boxes
6 shall include units sold separately from a motor vehicle
7 required to be licensed and units sold mounted on a motor
8 vehicle required to be licensed if the selling price of the
9 tender is separately stated.

10 Farm machinery and equipment shall include precision
11 farming equipment that is installed or purchased to be
12 installed on farm machinery and equipment including, but not
13 limited to, tractors, harvesters, sprayers, planters, seeders,
14 or spreaders. Precision farming equipment includes, but is not
15 limited to, soil testing sensors, computers, monitors,
16 software, global positioning and mapping systems, and other
17 such equipment.

18 Farm machinery and equipment also includes computers,
19 sensors, software, and related equipment used primarily in the
20 computer-assisted operation of production agriculture
21 facilities, equipment, and activities such as, but not limited
22 to, the collection, monitoring, and correlation of animal and
23 crop data for the purpose of formulating animal diets and
24 agricultural chemicals. This item (7) is exempt from the
25 provisions of Section 3-75.

26 (8) Until June 30, 2013, fuel and petroleum products sold

1 to or used by an air common carrier, certified by the carrier
2 to be used for consumption, shipment, or storage in the conduct
3 of its business as an air common carrier, for a flight destined
4 for or returning from a location or locations outside the
5 United States without regard to previous or subsequent domestic
6 stopovers.

7 Beginning July 1, 2013, fuel and petroleum products sold to
8 or used by an air carrier, certified by the carrier to be used
9 for consumption, shipment, or storage in the conduct of its
10 business as an air common carrier, for a flight that (i) is
11 engaged in foreign trade or is engaged in trade between the
12 United States and any of its possessions and (ii) transports at
13 least one individual or package for hire from the city of
14 origination to the city of final destination on the same
15 aircraft, without regard to a change in the flight number of
16 that aircraft.

17 (9) Proceeds of mandatory service charges separately
18 stated on customers' bills for the purchase and consumption of
19 food and beverages acquired as an incident to the purchase of a
20 service from a serviceman, to the extent that the proceeds of
21 the service charge are in fact turned over as tips or as a
22 substitute for tips to the employees who participate directly
23 in preparing, serving, hosting or cleaning up the food or
24 beverage function with respect to which the service charge is
25 imposed.

26 (10) Until July 1, 2003, oil field exploration, drilling,

1 and production equipment, including (i) rigs and parts of rigs,
2 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
3 tubular goods, including casing and drill strings, (iii) pumps
4 and pump-jack units, (iv) storage tanks and flow lines, (v) any
5 individual replacement part for oil field exploration,
6 drilling, and production equipment, and (vi) machinery and
7 equipment purchased for lease; but excluding motor vehicles
8 required to be registered under the Illinois Vehicle Code.

9 (11) Proceeds from the sale of photoprocessing machinery
10 and equipment, including repair and replacement parts, both new
11 and used, including that manufactured on special order,
12 certified by the purchaser to be used primarily for
13 photoprocessing, and including photoprocessing machinery and
14 equipment purchased for lease.

15 (12) Coal and aggregate exploration, mining, off-highway
16 hauling, processing, maintenance, and reclamation equipment,
17 including replacement parts and equipment, and including
18 equipment purchased for lease, but excluding motor vehicles
19 required to be registered under the Illinois Vehicle Code. The
20 changes made to this Section by Public Act 97-767 apply on and
21 after July 1, 2003, but no claim for credit or refund is
22 allowed on or after August 16, 2013 (the effective date of
23 Public Act 98-456) for such taxes paid during the period
24 beginning July 1, 2003 and ending on August 16, 2013 (the
25 effective date of Public Act 98-456).

26 (13) Semen used for artificial insemination of livestock

1 for direct agricultural production.

2 (14) Horses, or interests in horses, registered with and
3 meeting the requirements of any of the Arabian Horse Club
4 Registry of America, Appaloosa Horse Club, American Quarter
5 Horse Association, United States Trotting Association, or
6 Jockey Club, as appropriate, used for purposes of breeding or
7 racing for prizes. This item (14) is exempt from the provisions
8 of Section 3-75, and the exemption provided for under this item
9 (14) applies for all periods beginning May 30, 1995, but no
10 claim for credit or refund is allowed on or after the effective
11 date of this amendatory Act of the 95th General Assembly for
12 such taxes paid during the period beginning May 30, 2000 and
13 ending on the effective date of this amendatory Act of the 95th
14 General Assembly.

15 (15) Computers and communications equipment utilized for
16 any hospital purpose and equipment used in the diagnosis,
17 analysis, or treatment of hospital patients purchased by a
18 lessor who leases the equipment, under a lease of one year or
19 longer executed or in effect at the time the lessor would
20 otherwise be subject to the tax imposed by this Act, to a
21 hospital that has been issued an active tax exemption
22 identification number by the Department under Section 1g of the
23 Retailers' Occupation Tax Act. If the equipment is leased in a
24 manner that does not qualify for this exemption or is used in
25 any other non-exempt manner, the lessor shall be liable for the
26 tax imposed under this Act or the Use Tax Act, as the case may

1 be, based on the fair market value of the property at the time
2 the non-qualifying use occurs. No lessor shall collect or
3 attempt to collect an amount (however designated) that purports
4 to reimburse that lessor for the tax imposed by this Act or the
5 Use Tax Act, as the case may be, if the tax has not been paid by
6 the lessor. If a lessor improperly collects any such amount
7 from the lessee, the lessee shall have a legal right to claim a
8 refund of that amount from the lessor. If, however, that amount
9 is not refunded to the lessee for any reason, the lessor is
10 liable to pay that amount to the Department.

11 (16) Personal property purchased by a lessor who leases the
12 property, under a lease of one year or longer executed or in
13 effect at the time the lessor would otherwise be subject to the
14 tax imposed by this Act, to a governmental body that has been
15 issued an active tax exemption identification number by the
16 Department under Section 1g of the Retailers' Occupation Tax
17 Act. If the property is leased in a manner that does not
18 qualify for this exemption or is used in any other non-exempt
19 manner, the lessor shall be liable for the tax imposed under
20 this Act or the Use Tax Act, as the case may be, based on the
21 fair market value of the property at the time the
22 non-qualifying use occurs. No lessor shall collect or attempt
23 to collect an amount (however designated) that purports to
24 reimburse that lessor for the tax imposed by this Act or the
25 Use Tax Act, as the case may be, if the tax has not been paid by
26 the lessor. If a lessor improperly collects any such amount

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that amount
3 is not refunded to the lessee for any reason, the lessor is
4 liable to pay that amount to the Department.

5 (17) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is donated for
8 disaster relief to be used in a State or federally declared
9 disaster area in Illinois or bordering Illinois by a
10 manufacturer or retailer that is registered in this State to a
11 corporation, society, association, foundation, or institution
12 that has been issued a sales tax exemption identification
13 number by the Department that assists victims of the disaster
14 who reside within the declared disaster area.

15 (18) Beginning with taxable years ending on or after
16 December 31, 1995 and ending with taxable years ending on or
17 before December 31, 2004, personal property that is used in the
18 performance of infrastructure repairs in this State, including
19 but not limited to municipal roads and streets, access roads,
20 bridges, sidewalks, waste disposal systems, water and sewer
21 line extensions, water distribution and purification
22 facilities, storm water drainage and retention facilities, and
23 sewage treatment facilities, resulting from a State or
24 federally declared disaster in Illinois or bordering Illinois
25 when such repairs are initiated on facilities located in the
26 declared disaster area within 6 months after the disaster.

1 (19) Beginning July 1, 1999, game or game birds purchased
2 at a "game breeding and hunting preserve area" as that term is
3 used in the Wildlife Code. This paragraph is exempt from the
4 provisions of Section 3-75.

5 (20) A motor vehicle, as that term is defined in Section
6 1-146 of the Illinois Vehicle Code, that is donated to a
7 corporation, limited liability company, society, association,
8 foundation, or institution that is determined by the Department
9 to be organized and operated exclusively for educational
10 purposes. For purposes of this exemption, "a corporation,
11 limited liability company, society, association, foundation,
12 or institution organized and operated exclusively for
13 educational purposes" means all tax-supported public schools,
14 private schools that offer systematic instruction in useful
15 branches of learning by methods common to public schools and
16 that compare favorably in their scope and intensity with the
17 course of study presented in tax-supported schools, and
18 vocational or technical schools or institutes organized and
19 operated exclusively to provide a course of study of not less
20 than 6 weeks duration and designed to prepare individuals to
21 follow a trade or to pursue a manual, technical, mechanical,
22 industrial, business, or commercial occupation.

23 (21) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for the
25 benefit of a public or private elementary or secondary school,
26 a group of those schools, or one or more school districts if

1 the events are sponsored by an entity recognized by the school
2 district that consists primarily of volunteers and includes
3 parents and teachers of the school children. This paragraph
4 does not apply to fundraising events (i) for the benefit of
5 private home instruction or (ii) for which the fundraising
6 entity purchases the personal property sold at the events from
7 another individual or entity that sold the property for the
8 purpose of resale by the fundraising entity and that profits
9 from the sale to the fundraising entity. This paragraph is
10 exempt from the provisions of Section 3-75.

11 (22) Beginning January 1, 2000 and through December 31,
12 2001, new or used automatic vending machines that prepare and
13 serve hot food and beverages, including coffee, soup, and other
14 items, and replacement parts for these machines. Beginning
15 January 1, 2002 and through June 30, 2003, machines and parts
16 for machines used in commercial, coin-operated amusement and
17 vending business if a use or occupation tax is paid on the
18 gross receipts derived from the use of the commercial,
19 coin-operated amusement and vending machines. This paragraph
20 is exempt from the provisions of Section 3-75.

21 (23) Beginning August 23, 2001 and through June 30, 2016,
22 food for human consumption that is to be consumed off the
23 premises where it is sold (other than alcoholic beverages, soft
24 drinks, and food that has been prepared for immediate
25 consumption) and prescription and nonprescription medicines,
26 drugs, medical appliances, and insulin, urine testing

1 materials, syringes, and needles used by diabetics, for human
2 use, when purchased for use by a person receiving medical
3 assistance under Article V of the Illinois Public Aid Code who
4 resides in a licensed long-term care facility, as defined in
5 the Nursing Home Care Act, or in a licensed facility as defined
6 in the ID/DD Community Care Act, the MC/DD Act, or the
7 Specialized Mental Health Rehabilitation Act of 2013.

8 (24) Beginning on the effective date of this amendatory Act
9 of the 92nd General Assembly, computers and communications
10 equipment utilized for any hospital purpose and equipment used
11 in the diagnosis, analysis, or treatment of hospital patients
12 purchased by a lessor who leases the equipment, under a lease
13 of one year or longer executed or in effect at the time the
14 lessor would otherwise be subject to the tax imposed by this
15 Act, to a hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of the
17 Retailers' Occupation Tax Act. If the equipment is leased in a
18 manner that does not qualify for this exemption or is used in
19 any other nonexempt manner, the lessor shall be liable for the
20 tax imposed under this Act or the Use Tax Act, as the case may
21 be, based on the fair market value of the property at the time
22 the nonqualifying use occurs. No lessor shall collect or
23 attempt to collect an amount (however designated) that purports
24 to reimburse that lessor for the tax imposed by this Act or the
25 Use Tax Act, as the case may be, if the tax has not been paid by
26 the lessor. If a lessor improperly collects any such amount

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that amount
3 is not refunded to the lessee for any reason, the lessor is
4 liable to pay that amount to the Department. This paragraph is
5 exempt from the provisions of Section 3-75.

6 (25) Beginning on the effective date of this amendatory Act
7 of the 92nd General Assembly, personal property purchased by a
8 lessor who leases the property, under a lease of one year or
9 longer executed or in effect at the time the lessor would
10 otherwise be subject to the tax imposed by this Act, to a
11 governmental body that has been issued an active tax exemption
12 identification number by the Department under Section 1g of the
13 Retailers' Occupation Tax Act. If the property is leased in a
14 manner that does not qualify for this exemption or is used in
15 any other nonexempt manner, the lessor shall be liable for the
16 tax imposed under this Act or the Use Tax Act, as the case may
17 be, based on the fair market value of the property at the time
18 the nonqualifying use occurs. No lessor shall collect or
19 attempt to collect an amount (however designated) that purports
20 to reimburse that lessor for the tax imposed by this Act or the
21 Use Tax Act, as the case may be, if the tax has not been paid by
22 the lessor. If a lessor improperly collects any such amount
23 from the lessee, the lessee shall have a legal right to claim a
24 refund of that amount from the lessor. If, however, that amount
25 is not refunded to the lessee for any reason, the lessor is
26 liable to pay that amount to the Department. This paragraph is

1 exempt from the provisions of Section 3-75.

2 (26) Beginning January 1, 2008, tangible personal property
3 used in the construction or maintenance of a community water
4 supply, as defined under Section 3.145 of the Environmental
5 Protection Act, that is operated by a not-for-profit
6 corporation that holds a valid water supply permit issued under
7 Title IV of the Environmental Protection Act. This paragraph is
8 exempt from the provisions of Section 3-75.

9 (27) Beginning January 1, 2010, materials, parts,
10 equipment, components, and furnishings incorporated into or
11 upon an aircraft as part of the modification, refurbishment,
12 completion, replacement, repair, or maintenance of the
13 aircraft. This exemption includes consumable supplies used in
14 the modification, refurbishment, completion, replacement,
15 repair, and maintenance of aircraft, but excludes any
16 materials, parts, equipment, components, and consumable
17 supplies used in the modification, replacement, repair, and
18 maintenance of aircraft engines or power plants, whether such
19 engines or power plants are installed or uninstalled upon any
20 such aircraft. "Consumable supplies" include, but are not
21 limited to, adhesive, tape, sandpaper, general purpose
22 lubricants, cleaning solution, latex gloves, and protective
23 films. This exemption applies only to the use of qualifying
24 tangible personal property transferred incident to the
25 modification, refurbishment, completion, replacement, repair,
26 or maintenance of aircraft by persons who (i) hold an Air

1 Agency Certificate and are empowered to operate an approved
2 repair station by the Federal Aviation Administration, (ii)
3 have a Class IV Rating, and (iii) conduct operations in
4 accordance with Part 145 of the Federal Aviation Regulations.
5 The exemption does not include aircraft operated by a
6 commercial air carrier providing scheduled passenger air
7 service pursuant to authority issued under Part 121 or Part 129
8 of the Federal Aviation Regulations. The changes made to this
9 paragraph (27) by Public Act 98-534 are declarative of existing
10 law.

11 (28) Tangible personal property purchased by a
12 public-facilities corporation, as described in Section
13 11-65-10 of the Illinois Municipal Code, for purposes of
14 constructing or furnishing a municipal convention hall, but
15 only if the legal title to the municipal convention hall is
16 transferred to the municipality without any further
17 consideration by or on behalf of the municipality at the time
18 of the completion of the municipal convention hall or upon the
19 retirement or redemption of any bonds or other debt instruments
20 issued by the public-facilities corporation in connection with
21 the development of the municipal convention hall. This
22 exemption includes existing public-facilities corporations as
23 provided in Section 11-65-25 of the Illinois Municipal Code.
24 This paragraph is exempt from the provisions of Section 3-75.

25 (29) Beginning on July 1, 2016 and until July 1, 2021,
26 qualified tangible personal property used in the construction

1 or operation of a new or existing data center that has been
2 granted a certificate of exemption by the Department under
3 Section 2505-760 of the Department of Revenue Law of the Civil
4 Administrative Code of Illinois, whether that tangible
5 personal property is purchased by the owner of the data center
6 or by a contractor, subcontractor, or tenant of the owner.

7 For the purposes of this item (29):

8 "Data Center" has the meaning ascribed to that term in
9 Section 2505-760 of the Department of Revenue Law of the
10 Civil Administrative Code of Illinois.

11 "Qualified tangible personal property" means
12 electrical systems and equipment; mechanical systems and
13 equipment; emergency generators; hardware or distributed
14 computers or servers; data storage devices; network
15 connectivity equipment; racks; cabinets; raised floor
16 systems; peripheral components or systems; software;
17 mechanical, electrical, or plumbing systems necessary to
18 operate other items of tangible personal property,
19 including fixtures; and component parts of any of the
20 foregoing, including installation, maintenance, repair,
21 refurbishment, and replacement of qualified tangible
22 personal property. The term "qualified tangible personal
23 property" also includes building materials physically
24 incorporated in to the qualifying data center. To document
25 the exemption allowed under this Section, the retailer must
26 obtain from the purchaser a copy of the Certificate of

1 Eligibility for Sales Tax Exemption issued by the
2 Department.

3 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
4 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
5 7-16-14; 99-180, eff. 7-29-15.)

6 Section 95-20. The Service Occupation Tax Act is amended by
7 changing Section 3-5 as follows:

8 (35 ILCS 115/3-5)

9 Sec. 3-5. Exemptions. The following tangible personal
10 property is exempt from the tax imposed by this Act:

11 (1) Personal property sold by a corporation, society,
12 association, foundation, institution, or organization, other
13 than a limited liability company, that is organized and
14 operated as a not-for-profit service enterprise for the benefit
15 of persons 65 years of age or older if the personal property
16 was not purchased by the enterprise for the purpose of resale
17 by the enterprise.

18 (2) Personal property purchased by a not-for-profit
19 Illinois county fair association for use in conducting,
20 operating, or promoting the county fair.

21 (3) Personal property purchased by any not-for-profit arts
22 or cultural organization that establishes, by proof required by
23 the Department by rule, that it has received an exemption under
24 Section 501(c)(3) of the Internal Revenue Code and that is

1 organized and operated primarily for the presentation or
2 support of arts or cultural programming, activities, or
3 services. These organizations include, but are not limited to,
4 music and dramatic arts organizations such as symphony
5 orchestras and theatrical groups, arts and cultural service
6 organizations, local arts councils, visual arts organizations,
7 and media arts organizations. On and after the effective date
8 of this amendatory Act of the 92nd General Assembly, however,
9 an entity otherwise eligible for this exemption shall not make
10 tax-free purchases unless it has an active identification
11 number issued by the Department.

12 (4) Legal tender, currency, medallions, or gold or silver
13 coinage issued by the State of Illinois, the government of the
14 United States of America, or the government of any foreign
15 country, and bullion.

16 (5) Until July 1, 2003 and beginning again on September 1,
17 2004 through August 30, 2014, graphic arts machinery and
18 equipment, including repair and replacement parts, both new and
19 used, and including that manufactured on special order or
20 purchased for lease, certified by the purchaser to be used
21 primarily for graphic arts production. Equipment includes
22 chemicals or chemicals acting as catalysts but only if the
23 chemicals or chemicals acting as catalysts effect a direct and
24 immediate change upon a graphic arts product.

25 (6) Personal property sold by a teacher-sponsored student
26 organization affiliated with an elementary or secondary school

1 located in Illinois.

2 (7) Farm machinery and equipment, both new and used,
3 including that manufactured on special order, certified by the
4 purchaser to be used primarily for production agriculture or
5 State or federal agricultural programs, including individual
6 replacement parts for the machinery and equipment, including
7 machinery and equipment purchased for lease, and including
8 implements of husbandry defined in Section 1-130 of the
9 Illinois Vehicle Code, farm machinery and agricultural
10 chemical and fertilizer spreaders, and nurse wagons required to
11 be registered under Section 3-809 of the Illinois Vehicle Code,
12 but excluding other motor vehicles required to be registered
13 under the Illinois Vehicle Code. Horticultural polyhouses or
14 hoop houses used for propagating, growing, or overwintering
15 plants shall be considered farm machinery and equipment under
16 this item (7). Agricultural chemical tender tanks and dry boxes
17 shall include units sold separately from a motor vehicle
18 required to be licensed and units sold mounted on a motor
19 vehicle required to be licensed if the selling price of the
20 tender is separately stated.

21 Farm machinery and equipment shall include precision
22 farming equipment that is installed or purchased to be
23 installed on farm machinery and equipment including, but not
24 limited to, tractors, harvesters, sprayers, planters, seeders,
25 or spreaders. Precision farming equipment includes, but is not
26 limited to, soil testing sensors, computers, monitors,

1 software, global positioning and mapping systems, and other
2 such equipment.

3 Farm machinery and equipment also includes computers,
4 sensors, software, and related equipment used primarily in the
5 computer-assisted operation of production agriculture
6 facilities, equipment, and activities such as, but not limited
7 to, the collection, monitoring, and correlation of animal and
8 crop data for the purpose of formulating animal diets and
9 agricultural chemicals. This item (7) is exempt from the
10 provisions of Section 3-55.

11 (8) Until June 30, 2013, fuel and petroleum products sold
12 to or used by an air common carrier, certified by the carrier
13 to be used for consumption, shipment, or storage in the conduct
14 of its business as an air common carrier, for a flight destined
15 for or returning from a location or locations outside the
16 United States without regard to previous or subsequent domestic
17 stopovers.

18 Beginning July 1, 2013, fuel and petroleum products sold to
19 or used by an air carrier, certified by the carrier to be used
20 for consumption, shipment, or storage in the conduct of its
21 business as an air common carrier, for a flight that (i) is
22 engaged in foreign trade or is engaged in trade between the
23 United States and any of its possessions and (ii) transports at
24 least one individual or package for hire from the city of
25 origination to the city of final destination on the same
26 aircraft, without regard to a change in the flight number of

1 that aircraft.

2 (9) Proceeds of mandatory service charges separately
3 stated on customers' bills for the purchase and consumption of
4 food and beverages, to the extent that the proceeds of the
5 service charge are in fact turned over as tips or as a
6 substitute for tips to the employees who participate directly
7 in preparing, serving, hosting or cleaning up the food or
8 beverage function with respect to which the service charge is
9 imposed.

10 (10) Until July 1, 2003, oil field exploration, drilling,
11 and production equipment, including (i) rigs and parts of rigs,
12 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
13 tubular goods, including casing and drill strings, (iii) pumps
14 and pump-jack units, (iv) storage tanks and flow lines, (v) any
15 individual replacement part for oil field exploration,
16 drilling, and production equipment, and (vi) machinery and
17 equipment purchased for lease; but excluding motor vehicles
18 required to be registered under the Illinois Vehicle Code.

19 (11) Photoprocessing machinery and equipment, including
20 repair and replacement parts, both new and used, including that
21 manufactured on special order, certified by the purchaser to be
22 used primarily for photoprocessing, and including
23 photoprocessing machinery and equipment purchased for lease.

24 (12) Coal and aggregate exploration, mining, off-highway
25 hauling, processing, maintenance, and reclamation equipment,
26 including replacement parts and equipment, and including

1 equipment purchased for lease, but excluding motor vehicles
2 required to be registered under the Illinois Vehicle Code. The
3 changes made to this Section by Public Act 97-767 apply on and
4 after July 1, 2003, but no claim for credit or refund is
5 allowed on or after August 16, 2013 (the effective date of
6 Public Act 98-456) for such taxes paid during the period
7 beginning July 1, 2003 and ending on August 16, 2013 (the
8 effective date of Public Act 98-456).

9 (13) Beginning January 1, 1992 and through June 30, 2016,
10 food for human consumption that is to be consumed off the
11 premises where it is sold (other than alcoholic beverages, soft
12 drinks and food that has been prepared for immediate
13 consumption) and prescription and non-prescription medicines,
14 drugs, medical appliances, and insulin, urine testing
15 materials, syringes, and needles used by diabetics, for human
16 use, when purchased for use by a person receiving medical
17 assistance under Article V of the Illinois Public Aid Code who
18 resides in a licensed long-term care facility, as defined in
19 the Nursing Home Care Act, or in a licensed facility as defined
20 in the ID/DD Community Care Act, the MC/DD Act, or the
21 Specialized Mental Health Rehabilitation Act of 2013.

22 (14) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (15) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (15) is exempt from the provisions
4 of Section 3-55, and the exemption provided for under this item
5 (15) applies for all periods beginning May 30, 1995, but no
6 claim for credit or refund is allowed on or after January 1,
7 2008 (the effective date of Public Act 95-88) for such taxes
8 paid during the period beginning May 30, 2000 and ending on
9 January 1, 2008 (the effective date of Public Act 95-88).

10 (16) Computers and communications equipment utilized for
11 any hospital purpose and equipment used in the diagnosis,
12 analysis, or treatment of hospital patients sold to a lessor
13 who leases the equipment, under a lease of one year or longer
14 executed or in effect at the time of the purchase, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of the
17 Retailers' Occupation Tax Act.

18 (17) Personal property sold to a lessor who leases the
19 property, under a lease of one year or longer executed or in
20 effect at the time of the purchase, to a governmental body that
21 has been issued an active tax exemption identification number
22 by the Department under Section 1g of the Retailers' Occupation
23 Tax Act.

24 (18) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated for

1 disaster relief to be used in a State or federally declared
2 disaster area in Illinois or bordering Illinois by a
3 manufacturer or retailer that is registered in this State to a
4 corporation, society, association, foundation, or institution
5 that has been issued a sales tax exemption identification
6 number by the Department that assists victims of the disaster
7 who reside within the declared disaster area.

8 (19) Beginning with taxable years ending on or after
9 December 31, 1995 and ending with taxable years ending on or
10 before December 31, 2004, personal property that is used in the
11 performance of infrastructure repairs in this State, including
12 but not limited to municipal roads and streets, access roads,
13 bridges, sidewalks, waste disposal systems, water and sewer
14 line extensions, water distribution and purification
15 facilities, storm water drainage and retention facilities, and
16 sewage treatment facilities, resulting from a State or
17 federally declared disaster in Illinois or bordering Illinois
18 when such repairs are initiated on facilities located in the
19 declared disaster area within 6 months after the disaster.

20 (20) Beginning July 1, 1999, game or game birds sold at a
21 "game breeding and hunting preserve area" as that term is used
22 in the Wildlife Code. This paragraph is exempt from the
23 provisions of Section 3-55.

24 (21) A motor vehicle, as that term is defined in Section
25 1-146 of the Illinois Vehicle Code, that is donated to a
26 corporation, limited liability company, society, association,

1 foundation, or institution that is determined by the Department
2 to be organized and operated exclusively for educational
3 purposes. For purposes of this exemption, "a corporation,
4 limited liability company, society, association, foundation,
5 or institution organized and operated exclusively for
6 educational purposes" means all tax-supported public schools,
7 private schools that offer systematic instruction in useful
8 branches of learning by methods common to public schools and
9 that compare favorably in their scope and intensity with the
10 course of study presented in tax-supported schools, and
11 vocational or technical schools or institutes organized and
12 operated exclusively to provide a course of study of not less
13 than 6 weeks duration and designed to prepare individuals to
14 follow a trade or to pursue a manual, technical, mechanical,
15 industrial, business, or commercial occupation.

16 (22) Beginning January 1, 2000, personal property,
17 including food, purchased through fundraising events for the
18 benefit of a public or private elementary or secondary school,
19 a group of those schools, or one or more school districts if
20 the events are sponsored by an entity recognized by the school
21 district that consists primarily of volunteers and includes
22 parents and teachers of the school children. This paragraph
23 does not apply to fundraising events (i) for the benefit of
24 private home instruction or (ii) for which the fundraising
25 entity purchases the personal property sold at the events from
26 another individual or entity that sold the property for the

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 3-55.

4 (23) Beginning January 1, 2000 and through December 31,
5 2001, new or used automatic vending machines that prepare and
6 serve hot food and beverages, including coffee, soup, and other
7 items, and replacement parts for these machines. Beginning
8 January 1, 2002 and through June 30, 2003, machines and parts
9 for machines used in commercial, coin-operated amusement and
10 vending business if a use or occupation tax is paid on the
11 gross receipts derived from the use of the commercial,
12 coin-operated amusement and vending machines. This paragraph
13 is exempt from the provisions of Section 3-55.

14 (24) Beginning on the effective date of this amendatory Act
15 of the 92nd General Assembly, computers and communications
16 equipment utilized for any hospital purpose and equipment used
17 in the diagnosis, analysis, or treatment of hospital patients
18 sold to a lessor who leases the equipment, under a lease of one
19 year or longer executed or in effect at the time of the
20 purchase, to a hospital that has been issued an active tax
21 exemption identification number by the Department under
22 Section 1g of the Retailers' Occupation Tax Act. This paragraph
23 is exempt from the provisions of Section 3-55.

24 (25) Beginning on the effective date of this amendatory Act
25 of the 92nd General Assembly, personal property sold to a
26 lessor who leases the property, under a lease of one year or

1 longer executed or in effect at the time of the purchase, to a
2 governmental body that has been issued an active tax exemption
3 identification number by the Department under Section 1g of the
4 Retailers' Occupation Tax Act. This paragraph is exempt from
5 the provisions of Section 3-55.

6 (26) Beginning on January 1, 2002 and through June 30,
7 2016, tangible personal property purchased from an Illinois
8 retailer by a taxpayer engaged in centralized purchasing
9 activities in Illinois who will, upon receipt of the property
10 in Illinois, temporarily store the property in Illinois (i) for
11 the purpose of subsequently transporting it outside this State
12 for use or consumption thereafter solely outside this State or
13 (ii) for the purpose of being processed, fabricated, or
14 manufactured into, attached to, or incorporated into other
15 tangible personal property to be transported outside this State
16 and thereafter used or consumed solely outside this State. The
17 Director of Revenue shall, pursuant to rules adopted in
18 accordance with the Illinois Administrative Procedure Act,
19 issue a permit to any taxpayer in good standing with the
20 Department who is eligible for the exemption under this
21 paragraph (26). The permit issued under this paragraph (26)
22 shall authorize the holder, to the extent and in the manner
23 specified in the rules adopted under this Act, to purchase
24 tangible personal property from a retailer exempt from the
25 taxes imposed by this Act. Taxpayers shall maintain all
26 necessary books and records to substantiate the use and

1 consumption of all such tangible personal property outside of
2 the State of Illinois.

3 (27) Beginning January 1, 2008, tangible personal property
4 used in the construction or maintenance of a community water
5 supply, as defined under Section 3.145 of the Environmental
6 Protection Act, that is operated by a not-for-profit
7 corporation that holds a valid water supply permit issued under
8 Title IV of the Environmental Protection Act. This paragraph is
9 exempt from the provisions of Section 3-55.

10 (28) Tangible personal property sold to a
11 public-facilities corporation, as described in Section
12 11-65-10 of the Illinois Municipal Code, for purposes of
13 constructing or furnishing a municipal convention hall, but
14 only if the legal title to the municipal convention hall is
15 transferred to the municipality without any further
16 consideration by or on behalf of the municipality at the time
17 of the completion of the municipal convention hall or upon the
18 retirement or redemption of any bonds or other debt instruments
19 issued by the public-facilities corporation in connection with
20 the development of the municipal convention hall. This
21 exemption includes existing public-facilities corporations as
22 provided in Section 11-65-25 of the Illinois Municipal Code.
23 This paragraph is exempt from the provisions of Section 3-55.

24 (29) Beginning January 1, 2010, materials, parts,
25 equipment, components, and furnishings incorporated into or
26 upon an aircraft as part of the modification, refurbishment,

1 completion, replacement, repair, or maintenance of the
2 aircraft. This exemption includes consumable supplies used in
3 the modification, refurbishment, completion, replacement,
4 repair, and maintenance of aircraft, but excludes any
5 materials, parts, equipment, components, and consumable
6 supplies used in the modification, replacement, repair, and
7 maintenance of aircraft engines or power plants, whether such
8 engines or power plants are installed or uninstalled upon any
9 such aircraft. "Consumable supplies" include, but are not
10 limited to, adhesive, tape, sandpaper, general purpose
11 lubricants, cleaning solution, latex gloves, and protective
12 films. This exemption applies only to the transfer of
13 qualifying tangible personal property incident to the
14 modification, refurbishment, completion, replacement, repair,
15 or maintenance of an aircraft by persons who (i) hold an Air
16 Agency Certificate and are empowered to operate an approved
17 repair station by the Federal Aviation Administration, (ii)
18 have a Class IV Rating, and (iii) conduct operations in
19 accordance with Part 145 of the Federal Aviation Regulations.
20 The exemption does not include aircraft operated by a
21 commercial air carrier providing scheduled passenger air
22 service pursuant to authority issued under Part 121 or Part 129
23 of the Federal Aviation Regulations. The changes made to this
24 paragraph (29) by Public Act 98-534 are declarative of existing
25 law.

26 (30) Beginning on July 1, 2016 and until July 1, 2021,

1 qualified tangible personal property used in the construction
2 or operation of a new or existing data center that has been
3 granted a certificate of exemption by the Department under
4 Section 2505-760 of the Department of Revenue Law of the Civil
5 Administrative Code of Illinois, whether that tangible
6 personal property is purchased by the owner of the data center
7 or by a contractor, subcontractor, or tenant of the owner.

8 For the purposes of this item (30):

9 "Data Center" has the meaning ascribed to that term in
10 Section 2505-760 of the Department of Revenue Law of the
11 Civil Administrative Code of Illinois.

12 "Qualified tangible personal property" means
13 electrical systems and equipment; mechanical systems and
14 equipment; emergency generators; hardware or distributed
15 computers or servers; data storage devices; network
16 connectivity equipment; racks; cabinets; raised floor
17 systems; peripheral components or systems; software;
18 mechanical, electrical, or plumbing systems necessary to
19 operate other items of tangible personal property,
20 including fixtures; and component parts of any of the
21 foregoing, including installation, maintenance, repair,
22 refurbishment, and replacement of qualified tangible
23 personal property. The term "qualified tangible personal
24 property" also includes building materials physically
25 incorporated in to the qualifying data center. To document
26 the exemption allowed under this Section, the retailer must

1 obtain from the purchaser a copy of the Certificate of
2 Eligibility for Sales Tax Exemption issued by the
3 Department.

4 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
5 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
6 7-16-14; 99-180, eff. 7-29-15.)

7 Section 95-25. The Retailers' Occupation Tax Act is amended
8 by changing Section 2-5 as follows:

9 (35 ILCS 120/2-5)

10 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
11 sale of the following tangible personal property are exempt
12 from the tax imposed by this Act:

13 (1) Farm chemicals.

14 (2) Farm machinery and equipment, both new and used,
15 including that manufactured on special order, certified by the
16 purchaser to be used primarily for production agriculture or
17 State or federal agricultural programs, including individual
18 replacement parts for the machinery and equipment, including
19 machinery and equipment purchased for lease, and including
20 implements of husbandry defined in Section 1-130 of the
21 Illinois Vehicle Code, farm machinery and agricultural
22 chemical and fertilizer spreaders, and nurse wagons required to
23 be registered under Section 3-809 of the Illinois Vehicle Code,
24 but excluding other motor vehicles required to be registered

1 under the Illinois Vehicle Code. Horticultural polyhouses or
2 hoop houses used for propagating, growing, or overwintering
3 plants shall be considered farm machinery and equipment under
4 this item (2). Agricultural chemical tender tanks and dry boxes
5 shall include units sold separately from a motor vehicle
6 required to be licensed and units sold mounted on a motor
7 vehicle required to be licensed, if the selling price of the
8 tender is separately stated.

9 Farm machinery and equipment shall include precision
10 farming equipment that is installed or purchased to be
11 installed on farm machinery and equipment including, but not
12 limited to, tractors, harvesters, sprayers, planters, seeders,
13 or spreaders. Precision farming equipment includes, but is not
14 limited to, soil testing sensors, computers, monitors,
15 software, global positioning and mapping systems, and other
16 such equipment.

17 Farm machinery and equipment also includes computers,
18 sensors, software, and related equipment used primarily in the
19 computer-assisted operation of production agriculture
20 facilities, equipment, and activities such as, but not limited
21 to, the collection, monitoring, and correlation of animal and
22 crop data for the purpose of formulating animal diets and
23 agricultural chemicals. This item (2) is exempt from the
24 provisions of Section 2-70.

25 (3) Until July 1, 2003, distillation machinery and
26 equipment, sold as a unit or kit, assembled or installed by the

1 retailer, certified by the user to be used only for the
2 production of ethyl alcohol that will be used for consumption
3 as motor fuel or as a component of motor fuel for the personal
4 use of the user, and not subject to sale or resale.

5 (4) Until July 1, 2003 and beginning again September 1,
6 2004 through August 30, 2014, graphic arts machinery and
7 equipment, including repair and replacement parts, both new and
8 used, and including that manufactured on special order or
9 purchased for lease, certified by the purchaser to be used
10 primarily for graphic arts production. Equipment includes
11 chemicals or chemicals acting as catalysts but only if the
12 chemicals or chemicals acting as catalysts effect a direct and
13 immediate change upon a graphic arts product.

14 (5) A motor vehicle that is used for automobile renting, as
15 defined in the Automobile Renting Occupation and Use Tax Act.
16 This paragraph is exempt from the provisions of Section 2-70.

17 (6) Personal property sold by a teacher-sponsored student
18 organization affiliated with an elementary or secondary school
19 located in Illinois.

20 (7) Until July 1, 2003, proceeds of that portion of the
21 selling price of a passenger car the sale of which is subject
22 to the Replacement Vehicle Tax.

23 (8) Personal property sold to an Illinois county fair
24 association for use in conducting, operating, or promoting the
25 county fair.

26 (9) Personal property sold to a not-for-profit arts or

1 cultural organization that establishes, by proof required by
2 the Department by rule, that it has received an exemption under
3 Section 501(c)(3) of the Internal Revenue Code and that is
4 organized and operated primarily for the presentation or
5 support of arts or cultural programming, activities, or
6 services. These organizations include, but are not limited to,
7 music and dramatic arts organizations such as symphony
8 orchestras and theatrical groups, arts and cultural service
9 organizations, local arts councils, visual arts organizations,
10 and media arts organizations. On and after the effective date
11 of this amendatory Act of the 92nd General Assembly, however,
12 an entity otherwise eligible for this exemption shall not make
13 tax-free purchases unless it has an active identification
14 number issued by the Department.

15 (10) Personal property sold by a corporation, society,
16 association, foundation, institution, or organization, other
17 than a limited liability company, that is organized and
18 operated as a not-for-profit service enterprise for the benefit
19 of persons 65 years of age or older if the personal property
20 was not purchased by the enterprise for the purpose of resale
21 by the enterprise.

22 (11) Personal property sold to a governmental body, to a
23 corporation, society, association, foundation, or institution
24 organized and operated exclusively for charitable, religious,
25 or educational purposes, or to a not-for-profit corporation,
26 society, association, foundation, institution, or organization

1 that has no compensated officers or employees and that is
2 organized and operated primarily for the recreation of persons
3 55 years of age or older. A limited liability company may
4 qualify for the exemption under this paragraph only if the
5 limited liability company is organized and operated
6 exclusively for educational purposes. On and after July 1,
7 1987, however, no entity otherwise eligible for this exemption
8 shall make tax-free purchases unless it has an active
9 identification number issued by the Department.

10 (12) Tangible personal property sold to interstate
11 carriers for hire for use as rolling stock moving in interstate
12 commerce or to lessors under leases of one year or longer
13 executed or in effect at the time of purchase by interstate
14 carriers for hire for use as rolling stock moving in interstate
15 commerce and equipment operated by a telecommunications
16 provider, licensed as a common carrier by the Federal
17 Communications Commission, which is permanently installed in
18 or affixed to aircraft moving in interstate commerce.

19 (12-5) On and after July 1, 2003 and through June 30, 2004,
20 motor vehicles of the second division with a gross vehicle
21 weight in excess of 8,000 pounds that are subject to the
22 commercial distribution fee imposed under Section 3-815.1 of
23 the Illinois Vehicle Code. Beginning on July 1, 2004 and
24 through June 30, 2005, the use in this State of motor vehicles
25 of the second division: (i) with a gross vehicle weight rating
26 in excess of 8,000 pounds; (ii) that are subject to the

1 commercial distribution fee imposed under Section 3-815.1 of
2 the Illinois Vehicle Code; and (iii) that are primarily used
3 for commercial purposes. Through June 30, 2005, this exemption
4 applies to repair and replacement parts added after the initial
5 purchase of such a motor vehicle if that motor vehicle is used
6 in a manner that would qualify for the rolling stock exemption
7 otherwise provided for in this Act. For purposes of this
8 paragraph, "used for commercial purposes" means the
9 transportation of persons or property in furtherance of any
10 commercial or industrial enterprise whether for-hire or not.

11 (13) Proceeds from sales to owners, lessors, or shippers of
12 tangible personal property that is utilized by interstate
13 carriers for hire for use as rolling stock moving in interstate
14 commerce and equipment operated by a telecommunications
15 provider, licensed as a common carrier by the Federal
16 Communications Commission, which is permanently installed in
17 or affixed to aircraft moving in interstate commerce.

18 (14) Machinery and equipment that will be used by the
19 purchaser, or a lessee of the purchaser, primarily in the
20 process of manufacturing or assembling tangible personal
21 property for wholesale or retail sale or lease, whether the
22 sale or lease is made directly by the manufacturer or by some
23 other person, whether the materials used in the process are
24 owned by the manufacturer or some other person, or whether the
25 sale or lease is made apart from or as an incident to the
26 seller's engaging in the service occupation of producing

1 machines, tools, dies, jigs, patterns, gauges, or other similar
2 items of no commercial value on special order for a particular
3 purchaser. The exemption provided by this paragraph (14) does
4 not include machinery and equipment used in (i) the generation
5 of electricity for wholesale or retail sale; (ii) the
6 generation or treatment of natural or artificial gas for
7 wholesale or retail sale that is delivered to customers through
8 pipes, pipelines, or mains; or (iii) the treatment of water for
9 wholesale or retail sale that is delivered to customers through
10 pipes, pipelines, or mains. The provisions of Public Act 98-583
11 are declaratory of existing law as to the meaning and scope of
12 this exemption.

13 (15) Proceeds of mandatory service charges separately
14 stated on customers' bills for purchase and consumption of food
15 and beverages, to the extent that the proceeds of the service
16 charge are in fact turned over as tips or as a substitute for
17 tips to the employees who participate directly in preparing,
18 serving, hosting or cleaning up the food or beverage function
19 with respect to which the service charge is imposed.

20 (16) Petroleum products sold to a purchaser if the seller
21 is prohibited by federal law from charging tax to the
22 purchaser.

23 (17) Tangible personal property sold to a common carrier by
24 rail or motor that receives the physical possession of the
25 property in Illinois and that transports the property, or
26 shares with another common carrier in the transportation of the

1 property, out of Illinois on a standard uniform bill of lading
2 showing the seller of the property as the shipper or consignor
3 of the property to a destination outside Illinois, for use
4 outside Illinois.

5 (18) Legal tender, currency, medallions, or gold or silver
6 coinage issued by the State of Illinois, the government of the
7 United States of America, or the government of any foreign
8 country, and bullion.

9 (19) Until July 1 2003, oil field exploration, drilling,
10 and production equipment, including (i) rigs and parts of rigs,
11 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
12 tubular goods, including casing and drill strings, (iii) pumps
13 and pump-jack units, (iv) storage tanks and flow lines, (v) any
14 individual replacement part for oil field exploration,
15 drilling, and production equipment, and (vi) machinery and
16 equipment purchased for lease; but excluding motor vehicles
17 required to be registered under the Illinois Vehicle Code.

18 (20) Photoprocessing machinery and equipment, including
19 repair and replacement parts, both new and used, including that
20 manufactured on special order, certified by the purchaser to be
21 used primarily for photoprocessing, and including
22 photoprocessing machinery and equipment purchased for lease.

23 (21) Coal and aggregate exploration, mining, off-highway
24 hauling, processing, maintenance, and reclamation equipment,
25 including replacement parts and equipment, and including
26 equipment purchased for lease, but excluding motor vehicles

1 required to be registered under the Illinois Vehicle Code. The
2 changes made to this Section by Public Act 97-767 apply on and
3 after July 1, 2003, but no claim for credit or refund is
4 allowed on or after August 16, 2013 (the effective date of
5 Public Act 98-456) for such taxes paid during the period
6 beginning July 1, 2003 and ending on August 16, 2013 (the
7 effective date of Public Act 98-456).

8 (22) Until June 30, 2013, fuel and petroleum products sold
9 to or used by an air carrier, certified by the carrier to be
10 used for consumption, shipment, or storage in the conduct of
11 its business as an air common carrier, for a flight destined
12 for or returning from a location or locations outside the
13 United States without regard to previous or subsequent domestic
14 stopovers.

15 Beginning July 1, 2013, fuel and petroleum products sold to
16 or used by an air carrier, certified by the carrier to be used
17 for consumption, shipment, or storage in the conduct of its
18 business as an air common carrier, for a flight that (i) is
19 engaged in foreign trade or is engaged in trade between the
20 United States and any of its possessions and (ii) transports at
21 least one individual or package for hire from the city of
22 origination to the city of final destination on the same
23 aircraft, without regard to a change in the flight number of
24 that aircraft.

25 (23) A transaction in which the purchase order is received
26 by a florist who is located outside Illinois, but who has a

1 florist located in Illinois deliver the property to the
2 purchaser or the purchaser's donee in Illinois.

3 (24) Fuel consumed or used in the operation of ships,
4 barges, or vessels that are used primarily in or for the
5 transportation of property or the conveyance of persons for
6 hire on rivers bordering on this State if the fuel is delivered
7 by the seller to the purchaser's barge, ship, or vessel while
8 it is afloat upon that bordering river.

9 (25) Except as provided in item (25-5) of this Section, a
10 motor vehicle sold in this State to a nonresident even though
11 the motor vehicle is delivered to the nonresident in this
12 State, if the motor vehicle is not to be titled in this State,
13 and if a drive-away permit is issued to the motor vehicle as
14 provided in Section 3-603 of the Illinois Vehicle Code or if
15 the nonresident purchaser has vehicle registration plates to
16 transfer to the motor vehicle upon returning to his or her home
17 state. The issuance of the drive-away permit or having the
18 out-of-state registration plates to be transferred is prima
19 facie evidence that the motor vehicle will not be titled in
20 this State.

21 (25-5) The exemption under item (25) does not apply if the
22 state in which the motor vehicle will be titled does not allow
23 a reciprocal exemption for a motor vehicle sold and delivered
24 in that state to an Illinois resident but titled in Illinois.
25 The tax collected under this Act on the sale of a motor vehicle
26 in this State to a resident of another state that does not

1 allow a reciprocal exemption shall be imposed at a rate equal
2 to the state's rate of tax on taxable property in the state in
3 which the purchaser is a resident, except that the tax shall
4 not exceed the tax that would otherwise be imposed under this
5 Act. At the time of the sale, the purchaser shall execute a
6 statement, signed under penalty of perjury, of his or her
7 intent to title the vehicle in the state in which the purchaser
8 is a resident within 30 days after the sale and of the fact of
9 the payment to the State of Illinois of tax in an amount
10 equivalent to the state's rate of tax on taxable property in
11 his or her state of residence and shall submit the statement to
12 the appropriate tax collection agency in his or her state of
13 residence. In addition, the retailer must retain a signed copy
14 of the statement in his or her records. Nothing in this item
15 shall be construed to require the removal of the vehicle from
16 this state following the filing of an intent to title the
17 vehicle in the purchaser's state of residence if the purchaser
18 titles the vehicle in his or her state of residence within 30
19 days after the date of sale. The tax collected under this Act
20 in accordance with this item (25-5) shall be proportionately
21 distributed as if the tax were collected at the 6.25% general
22 rate imposed under this Act.

23 (25-7) Beginning on July 1, 2007, no tax is imposed under
24 this Act on the sale of an aircraft, as defined in Section 3 of
25 the Illinois Aeronautics Act, if all of the following
26 conditions are met:

1 (1) the aircraft leaves this State within 15 days after
2 the later of either the issuance of the final billing for
3 the sale of the aircraft, or the authorized approval for
4 return to service, completion of the maintenance record
5 entry, and completion of the test flight and ground test
6 for inspection, as required by 14 C.F.R. 91.407;

7 (2) the aircraft is not based or registered in this
8 State after the sale of the aircraft; and

9 (3) the seller retains in his or her books and records
10 and provides to the Department a signed and dated
11 certification from the purchaser, on a form prescribed by
12 the Department, certifying that the requirements of this
13 item (25-7) are met. The certificate must also include the
14 name and address of the purchaser, the address of the
15 location where the aircraft is to be titled or registered,
16 the address of the primary physical location of the
17 aircraft, and other information that the Department may
18 reasonably require.

19 For purposes of this item (25-7):

20 "Based in this State" means hangared, stored, or otherwise
21 used, excluding post-sale customizations as defined in this
22 Section, for 10 or more days in each 12-month period
23 immediately following the date of the sale of the aircraft.

24 "Registered in this State" means an aircraft registered
25 with the Department of Transportation, Aeronautics Division,
26 or titled or registered with the Federal Aviation

1 Administration to an address located in this State.

2 This paragraph (25-7) is exempt from the provisions of
3 Section 2-70.

4 (26) Semen used for artificial insemination of livestock
5 for direct agricultural production.

6 (27) Horses, or interests in horses, registered with and
7 meeting the requirements of any of the Arabian Horse Club
8 Registry of America, Appaloosa Horse Club, American Quarter
9 Horse Association, United States Trotting Association, or
10 Jockey Club, as appropriate, used for purposes of breeding or
11 racing for prizes. This item (27) is exempt from the provisions
12 of Section 2-70, and the exemption provided for under this item
13 (27) applies for all periods beginning May 30, 1995, but no
14 claim for credit or refund is allowed on or after January 1,
15 2008 (the effective date of Public Act 95-88) for such taxes
16 paid during the period beginning May 30, 2000 and ending on
17 January 1, 2008 (the effective date of Public Act 95-88).

18 (28) Computers and communications equipment utilized for
19 any hospital purpose and equipment used in the diagnosis,
20 analysis, or treatment of hospital patients sold to a lessor
21 who leases the equipment, under a lease of one year or longer
22 executed or in effect at the time of the purchase, to a
23 hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of
25 this Act.

26 (29) Personal property sold to a lessor who leases the

1 property, under a lease of one year or longer executed or in
2 effect at the time of the purchase, to a governmental body that
3 has been issued an active tax exemption identification number
4 by the Department under Section 1g of this Act.

5 (30) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is donated for
8 disaster relief to be used in a State or federally declared
9 disaster area in Illinois or bordering Illinois by a
10 manufacturer or retailer that is registered in this State to a
11 corporation, society, association, foundation, or institution
12 that has been issued a sales tax exemption identification
13 number by the Department that assists victims of the disaster
14 who reside within the declared disaster area.

15 (31) Beginning with taxable years ending on or after
16 December 31, 1995 and ending with taxable years ending on or
17 before December 31, 2004, personal property that is used in the
18 performance of infrastructure repairs in this State, including
19 but not limited to municipal roads and streets, access roads,
20 bridges, sidewalks, waste disposal systems, water and sewer
21 line extensions, water distribution and purification
22 facilities, storm water drainage and retention facilities, and
23 sewage treatment facilities, resulting from a State or
24 federally declared disaster in Illinois or bordering Illinois
25 when such repairs are initiated on facilities located in the
26 declared disaster area within 6 months after the disaster.

1 (32) Beginning July 1, 1999, game or game birds sold at a
2 "game breeding and hunting preserve area" as that term is used
3 in the Wildlife Code. This paragraph is exempt from the
4 provisions of Section 2-70.

5 (33) A motor vehicle, as that term is defined in Section
6 1-146 of the Illinois Vehicle Code, that is donated to a
7 corporation, limited liability company, society, association,
8 foundation, or institution that is determined by the Department
9 to be organized and operated exclusively for educational
10 purposes. For purposes of this exemption, "a corporation,
11 limited liability company, society, association, foundation,
12 or institution organized and operated exclusively for
13 educational purposes" means all tax-supported public schools,
14 private schools that offer systematic instruction in useful
15 branches of learning by methods common to public schools and
16 that compare favorably in their scope and intensity with the
17 course of study presented in tax-supported schools, and
18 vocational or technical schools or institutes organized and
19 operated exclusively to provide a course of study of not less
20 than 6 weeks duration and designed to prepare individuals to
21 follow a trade or to pursue a manual, technical, mechanical,
22 industrial, business, or commercial occupation.

23 (34) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for the
25 benefit of a public or private elementary or secondary school,
26 a group of those schools, or one or more school districts if

1 the events are sponsored by an entity recognized by the school
2 district that consists primarily of volunteers and includes
3 parents and teachers of the school children. This paragraph
4 does not apply to fundraising events (i) for the benefit of
5 private home instruction or (ii) for which the fundraising
6 entity purchases the personal property sold at the events from
7 another individual or entity that sold the property for the
8 purpose of resale by the fundraising entity and that profits
9 from the sale to the fundraising entity. This paragraph is
10 exempt from the provisions of Section 2-70.

11 (35) Beginning January 1, 2000 and through December 31,
12 2001, new or used automatic vending machines that prepare and
13 serve hot food and beverages, including coffee, soup, and other
14 items, and replacement parts for these machines. Beginning
15 January 1, 2002 and through June 30, 2003, machines and parts
16 for machines used in commercial, coin-operated amusement and
17 vending business if a use or occupation tax is paid on the
18 gross receipts derived from the use of the commercial,
19 coin-operated amusement and vending machines. This paragraph
20 is exempt from the provisions of Section 2-70.

21 (35-5) Beginning August 23, 2001 and through June 30, 2016,
22 food for human consumption that is to be consumed off the
23 premises where it is sold (other than alcoholic beverages, soft
24 drinks, and food that has been prepared for immediate
25 consumption) and prescription and nonprescription medicines,
26 drugs, medical appliances, and insulin, urine testing

1 materials, syringes, and needles used by diabetics, for human
2 use, when purchased for use by a person receiving medical
3 assistance under Article V of the Illinois Public Aid Code who
4 resides in a licensed long-term care facility, as defined in
5 the Nursing Home Care Act, or a licensed facility as defined in
6 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
7 Mental Health Rehabilitation Act of 2013.

8 (36) Beginning August 2, 2001, computers and
9 communications equipment utilized for any hospital purpose and
10 equipment used in the diagnosis, analysis, or treatment of
11 hospital patients sold to a lessor who leases the equipment,
12 under a lease of one year or longer executed or in effect at
13 the time of the purchase, to a hospital that has been issued an
14 active tax exemption identification number by the Department
15 under Section 1g of this Act. This paragraph is exempt from the
16 provisions of Section 2-70.

17 (37) Beginning August 2, 2001, personal property sold to a
18 lessor who leases the property, under a lease of one year or
19 longer executed or in effect at the time of the purchase, to a
20 governmental body that has been issued an active tax exemption
21 identification number by the Department under Section 1g of
22 this Act. This paragraph is exempt from the provisions of
23 Section 2-70.

24 (38) Beginning on January 1, 2002 and through June 30,
25 2016, tangible personal property purchased from an Illinois
26 retailer by a taxpayer engaged in centralized purchasing

1 activities in Illinois who will, upon receipt of the property
2 in Illinois, temporarily store the property in Illinois (i) for
3 the purpose of subsequently transporting it outside this State
4 for use or consumption thereafter solely outside this State or
5 (ii) for the purpose of being processed, fabricated, or
6 manufactured into, attached to, or incorporated into other
7 tangible personal property to be transported outside this State
8 and thereafter used or consumed solely outside this State. The
9 Director of Revenue shall, pursuant to rules adopted in
10 accordance with the Illinois Administrative Procedure Act,
11 issue a permit to any taxpayer in good standing with the
12 Department who is eligible for the exemption under this
13 paragraph (38). The permit issued under this paragraph (38)
14 shall authorize the holder, to the extent and in the manner
15 specified in the rules adopted under this Act, to purchase
16 tangible personal property from a retailer exempt from the
17 taxes imposed by this Act. Taxpayers shall maintain all
18 necessary books and records to substantiate the use and
19 consumption of all such tangible personal property outside of
20 the State of Illinois.

21 (39) Beginning January 1, 2008, tangible personal property
22 used in the construction or maintenance of a community water
23 supply, as defined under Section 3.145 of the Environmental
24 Protection Act, that is operated by a not-for-profit
25 corporation that holds a valid water supply permit issued under
26 Title IV of the Environmental Protection Act. This paragraph is

1 exempt from the provisions of Section 2-70.

2 (40) Beginning January 1, 2010, materials, parts,
3 equipment, components, and furnishings incorporated into or
4 upon an aircraft as part of the modification, refurbishment,
5 completion, replacement, repair, or maintenance of the
6 aircraft. This exemption includes consumable supplies used in
7 the modification, refurbishment, completion, replacement,
8 repair, and maintenance of aircraft, but excludes any
9 materials, parts, equipment, components, and consumable
10 supplies used in the modification, replacement, repair, and
11 maintenance of aircraft engines or power plants, whether such
12 engines or power plants are installed or uninstalled upon any
13 such aircraft. "Consumable supplies" include, but are not
14 limited to, adhesive, tape, sandpaper, general purpose
15 lubricants, cleaning solution, latex gloves, and protective
16 films. This exemption applies only to the sale of qualifying
17 tangible personal property to persons who modify, refurbish,
18 complete, replace, or maintain an aircraft and who (i) hold an
19 Air Agency Certificate and are empowered to operate an approved
20 repair station by the Federal Aviation Administration, (ii)
21 have a Class IV Rating, and (iii) conduct operations in
22 accordance with Part 145 of the Federal Aviation Regulations.
23 The exemption does not include aircraft operated by a
24 commercial air carrier providing scheduled passenger air
25 service pursuant to authority issued under Part 121 or Part 129
26 of the Federal Aviation Regulations. The changes made to this

1 paragraph (40) by Public Act 98-534 are declarative of existing
2 law.

3 (41) Tangible personal property sold to a
4 public-facilities corporation, as described in Section
5 11-65-10 of the Illinois Municipal Code, for purposes of
6 constructing or furnishing a municipal convention hall, but
7 only if the legal title to the municipal convention hall is
8 transferred to the municipality without any further
9 consideration by or on behalf of the municipality at the time
10 of the completion of the municipal convention hall or upon the
11 retirement or redemption of any bonds or other debt instruments
12 issued by the public-facilities corporation in connection with
13 the development of the municipal convention hall. This
14 exemption includes existing public-facilities corporations as
15 provided in Section 11-65-25 of the Illinois Municipal Code.
16 This paragraph is exempt from the provisions of Section 2-70.

17 (42) Beginning on July 1, 2016 and until July 1, 2021,
18 qualified tangible personal property used in the construction
19 or operation of a new or existing data center that has been
20 granted a certificate of exemption by the Department under
21 Section 2505-760 of the Department of Revenue Law of the Civil
22 Administrative Code of Illinois, whether that tangible
23 personal property is purchased by the owner of the data center
24 or by a contractor, subcontractor, or tenant of the owner.

25 For the purposes of this item (42):

26 "Data Center" has the meaning ascribed to that term in

1 Section 2505-760 of the Department of Revenue Law of the
2 Civil Administrative Code of Illinois.

3 "Qualified tangible personal property" means
4 electrical systems and equipment; mechanical systems and
5 equipment; emergency generators; hardware or distributed
6 computers or servers; data storage devices; network
7 connectivity equipment; racks; cabinets; raised floor
8 systems; peripheral components or systems; software;
9 mechanical, electrical, or plumbing systems necessary to
10 operate other items of tangible personal property,
11 including fixtures; and component parts of any of the
12 foregoing, including installation, maintenance, repair,
13 refurbishment, and replacement of qualified tangible
14 personal property. The term "qualified tangible personal
15 property" also includes building materials physically
16 incorporated in to the qualifying data center. To document
17 the exemption allowed under this Section, the retailer must
18 obtain from the purchaser a copy of the Certificate of
19 Eligibility for Sales Tax Exemption issued by the
20 Department.

21 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
22 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
23 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
24 7-29-15.)

25 Section 95-30. The Electricity Excise Tax Law is amended by

1 changing Section 2-4 as follows:

2 (35 ILCS 640/2-4)

3 Sec. 2-4. Tax imposed.

4 (a) Except as provided in subsection (b), a tax is imposed
5 on the privilege of using in this State electricity purchased
6 for use or consumption and not for resale, other than by
7 municipal corporations owning and operating a local
8 transportation system for public service, at the following
9 rates per kilowatt-hour delivered to the purchaser:

10 (i) For the first 2000 kilowatt-hours used or consumed
11 in a month: 0.330 cents per kilowatt-hour;

12 (ii) For the next 48,000 kilowatt-hours used or
13 consumed in a month: 0.319 cents per kilowatt-hour;

14 (iii) For the next 50,000 kilowatt-hours used or
15 consumed in a month: 0.303 cents per kilowatt-hour;

16 (iv) For the next 400,000 kilowatt-hours used or
17 consumed in a month: 0.297 cents per kilowatt-hour;

18 (v) For the next 500,000 kilowatt-hours used or
19 consumed in a month: 0.286 cents per kilowatt-hour;

20 (vi) For the next 2,000,000 kilowatt-hours used or
21 consumed in a month: 0.270 cents per kilowatt-hour;

22 (vii) For the next 2,000,000 kilowatt-hours used or
23 consumed in a month: 0.254 cents per kilowatt-hour;

24 (viii) For the next 5,000,000 kilowatt-hours used or
25 consumed in a month: 0.233 cents per kilowatt-hour;

1 (ix) For the next 10,000,000 kilowatt-hours used or
2 consumed in a month: 0.207 cents per kilowatt-hour;

3 (x) For all electricity in excess of 20,000,000
4 kilowatt-hours used or consumed in a month: 0.202 cents per
5 kilowatt-hour.

6 Provided, that in lieu of the foregoing rates, the tax is
7 imposed on a self-assessing purchaser at the rate of 5.1% of
8 the self-assessing purchaser's purchase price for all
9 electricity distributed, supplied, furnished, sold,
10 transmitted and delivered to the self-assessing purchaser in a
11 month.

12 (b) A tax is imposed on the privilege of using in this
13 State electricity purchased from a municipal system or electric
14 cooperative, as defined in Article XVII of the Public Utilities
15 Act, which has not made an election as permitted by either
16 Section 17-200 or Section 17-300 of such Act, at the lesser of
17 0.32 cents per kilowatt hour of all electricity distributed,
18 supplied, furnished, sold, transmitted, and delivered by such
19 municipal system or electric cooperative to the purchaser or 5%
20 of each such purchaser's purchase price for all electricity
21 distributed, supplied, furnished, sold, transmitted, and
22 delivered by such municipal system or electric cooperative to
23 the purchaser, whichever is the lower rate as applied to each
24 purchaser in each billing period.

25 (c) The tax imposed by this Section 2-4 is not imposed with
26 respect to any use of electricity by business enterprises

1 certified under Section 9-222.1 or 9-222.1A of the Public
2 Utilities Act, as amended, to the extent of such exemption and
3 during the time specified by the Department of Commerce and
4 Economic Opportunity; or with respect to any transaction in
5 interstate commerce, or otherwise, to the extent to which such
6 transaction may not, under the Constitution and statutes of the
7 United States, be made the subject of taxation by this State.

8 (d) Beginning July 1, 2016 and until July 1, 2021, a
9 business enterprise that is certified as a qualifying Illinois
10 data center by the Department under Section 2505-760 of the
11 Department of Revenue Law of the Civil Administrative Code of
12 Illinois is exempt from the tax imposed under this Section. The
13 Department may adopt rules to carry out the provisions of this
14 subsection, including procedures for applying for the
15 exemption. The Department shall notify the public utility of
16 the exemption status of the business enterprise. The exemption
17 shall take effect upon certification of the qualifying data
18 center.

19 (Source: P.A. 94-793, eff. 5-19-06.)

20 ARTICLE 100. PUBLIC AID

21 Section 100-5. The Illinois Public Aid Code is amended by
22 changing Sections 5-5, 5-5.2, 5A-2, 5A-12.2, 5A-12.5, and
23 12-13.1 and by adding Sections 5-5b.1a, 5-5b.2, and 5-30.3 as
24 follows:

1 (305 ILCS 5/5-5) (from Ch. 23, par. 5-5)

2 (Text of Section before amendment by P.A. 99-407)

3 Sec. 5-5. Medical services. The Illinois Department, by
4 rule, shall determine the quantity and quality of and the rate
5 of reimbursement for the medical assistance for which payment
6 will be authorized, and the medical services to be provided,
7 which may include all or part of the following: (1) inpatient
8 hospital services; (2) outpatient hospital services; (3) other
9 laboratory and X-ray services; (4) skilled nursing home
10 services; (5) physicians' services whether furnished in the
11 office, the patient's home, a hospital, a skilled nursing home,
12 or elsewhere; (6) medical care, or any other type of remedial
13 care furnished by licensed practitioners; (7) home health care
14 services; (8) private duty nursing service; (9) clinic
15 services; (10) dental services, including prevention and
16 treatment of periodontal disease and dental caries disease for
17 pregnant women, provided by an individual licensed to practice
18 dentistry or dental surgery; for purposes of this item (10),
19 "dental services" means diagnostic, preventive, or corrective
20 procedures provided by or under the supervision of a dentist in
21 the practice of his or her profession; (11) physical therapy
22 and related services; (12) prescribed drugs, dentures, and
23 prosthetic devices; and eyeglasses prescribed by a physician
24 skilled in the diseases of the eye, or by an optometrist,
25 whichever the person may select; (13) other diagnostic,

1 screening, preventive, and rehabilitative services, including
2 to ensure that the individual's need for intervention or
3 treatment of mental disorders or substance use disorders or
4 co-occurring mental health and substance use disorders is
5 determined using a uniform screening, assessment, and
6 evaluation process inclusive of criteria, for children and
7 adults; for purposes of this item (13), a uniform screening,
8 assessment, and evaluation process refers to a process that
9 includes an appropriate evaluation and, as warranted, a
10 referral; "uniform" does not mean the use of a singular
11 instrument, tool, or process that all must utilize; (14)
12 transportation and such other expenses as may be necessary;
13 (15) medical treatment of sexual assault survivors, as defined
14 in Section 1a of the Sexual Assault Survivors Emergency
15 Treatment Act, for injuries sustained as a result of the sexual
16 assault, including examinations and laboratory tests to
17 discover evidence which may be used in criminal proceedings
18 arising from the sexual assault; (16) the diagnosis and
19 treatment of sickle cell anemia; and (17) any other medical
20 care, and any other type of remedial care recognized under the
21 laws of this State, but not including abortions, or induced
22 miscarriages or premature births, unless, in the opinion of a
23 physician, such procedures are necessary for the preservation
24 of the life of the woman seeking such treatment, or except an
25 induced premature birth intended to produce a live viable child
26 and such procedure is necessary for the health of the mother or

1 her unborn child. The Illinois Department, by rule, shall
2 prohibit any physician from providing medical assistance to
3 anyone eligible therefor under this Code where such physician
4 has been found guilty of performing an abortion procedure in a
5 wilful and wanton manner upon a woman who was not pregnant at
6 the time such abortion procedure was performed. The term "any
7 other type of remedial care" shall include nursing care and
8 nursing home service for persons who rely on treatment by
9 spiritual means alone through prayer for healing.

10 Notwithstanding any other provision of this Section, a
11 comprehensive tobacco use cessation program that includes
12 purchasing prescription drugs or prescription medical devices
13 approved by the Food and Drug Administration shall be covered
14 under the medical assistance program under this Article for
15 persons who are otherwise eligible for assistance under this
16 Article.

17 Notwithstanding any other provision of this Code, the
18 Illinois Department may not require, as a condition of payment
19 for any laboratory test authorized under this Article, that a
20 physician's handwritten signature appear on the laboratory
21 test order form. The Illinois Department may, however, impose
22 other appropriate requirements regarding laboratory test order
23 documentation.

24 Upon receipt of federal approval of an amendment to the
25 Illinois Title XIX State Plan for this purpose, the Department
26 shall authorize the Chicago Public Schools (CPS) to procure a

1 vendor or vendors to manufacture eyeglasses for individuals
2 enrolled in a school within the CPS system. CPS shall ensure
3 that its vendor or vendors are enrolled as providers in the
4 medical assistance program and in any capitated Medicaid
5 managed care entity (MCE) serving individuals enrolled in a
6 school within the CPS system. Under any contract procured under
7 this provision, the vendor or vendors must serve only
8 individuals enrolled in a school within the CPS system. Claims
9 for services provided by CPS's vendor or vendors to recipients
10 of benefits in the medical assistance program under this Code,
11 the Children's Health Insurance Program, or the Covering ALL
12 KIDS Health Insurance Program shall be submitted to the
13 Department or the MCE in which the individual is enrolled for
14 payment and shall be reimbursed at the Department's or the
15 MCE's established rates or rate methodologies for eyeglasses.

16 On and after July 1, 2012, the Department of Healthcare and
17 Family Services may provide the following services to persons
18 eligible for assistance under this Article who are
19 participating in education, training or employment programs
20 operated by the Department of Human Services as successor to
21 the Department of Public Aid:

22 (1) dental services provided by or under the
23 supervision of a dentist; and

24 (2) eyeglasses prescribed by a physician skilled in the
25 diseases of the eye, or by an optometrist, whichever the
26 person may select.

1 Notwithstanding any other provision of this Code and
2 subject to federal approval, the Department may adopt rules to
3 allow a dentist who is volunteering his or her service at no
4 cost to render dental services through an enrolled
5 not-for-profit health clinic without the dentist personally
6 enrolling as a participating provider in the medical assistance
7 program. A not-for-profit health clinic shall include a public
8 health clinic or Federally Qualified Health Center or other
9 enrolled provider, as determined by the Department, through
10 which dental services covered under this Section are performed.
11 The Department shall establish a process for payment of claims
12 for reimbursement for covered dental services rendered under
13 this provision.

14 The Illinois Department, by rule, may distinguish and
15 classify the medical services to be provided only in accordance
16 with the classes of persons designated in Section 5-2.

17 The Department of Healthcare and Family Services must
18 provide coverage and reimbursement for amino acid-based
19 elemental formulas, regardless of delivery method, for the
20 diagnosis and treatment of (i) eosinophilic disorders and (ii)
21 short bowel syndrome when the prescribing physician has issued
22 a written order stating that the amino acid-based elemental
23 formula is medically necessary.

24 The Illinois Department shall authorize the provision of,
25 and shall authorize payment for, screening by low-dose
26 mammography for the presence of occult breast cancer for women

1 35 years of age or older who are eligible for medical
2 assistance under this Article, as follows:

3 (A) A baseline mammogram for women 35 to 39 years of
4 age.

5 (B) An annual mammogram for women 40 years of age or
6 older.

7 (C) A mammogram at the age and intervals considered
8 medically necessary by the woman's health care provider for
9 women under 40 years of age and having a family history of
10 breast cancer, prior personal history of breast cancer,
11 positive genetic testing, or other risk factors.

12 (D) A comprehensive ultrasound screening of an entire
13 breast or breasts if a mammogram demonstrates
14 heterogeneous or dense breast tissue, when medically
15 necessary as determined by a physician licensed to practice
16 medicine in all of its branches.

17 (E) A screening MRI when medically necessary, as
18 determined by a physician licensed to practice medicine in
19 all of its branches.

20 All screenings shall include a physical breast exam,
21 instruction on self-examination and information regarding the
22 frequency of self-examination and its value as a preventative
23 tool. For purposes of this Section, "low-dose mammography"
24 means the x-ray examination of the breast using equipment
25 dedicated specifically for mammography, including the x-ray
26 tube, filter, compression device, and image receptor, with an

1 average radiation exposure delivery of less than one rad per
2 breast for 2 views of an average size breast. The term also
3 includes digital mammography.

4 On and after January 1, 2016, the Department shall ensure
5 that all networks of care for adult clients of the Department
6 include access to at least one breast imaging Center of Imaging
7 Excellence as certified by the American College of Radiology.

8 On and after January 1, 2012, providers participating in a
9 quality improvement program approved by the Department shall be
10 reimbursed for screening and diagnostic mammography at the same
11 rate as the Medicare program's rates, including the increased
12 reimbursement for digital mammography.

13 The Department shall convene an expert panel including
14 representatives of hospitals, free-standing mammography
15 facilities, and doctors, including radiologists, to establish
16 quality standards for mammography.

17 On and after January 1, 2017, providers participating in a
18 breast cancer treatment quality improvement program approved
19 by the Department shall be reimbursed for breast cancer
20 treatment at a rate that is no lower than 95% of the Medicare
21 program's rates for the data elements included in the breast
22 cancer treatment quality program.

23 The Department shall convene an expert panel, including
24 representatives of hospitals, free standing breast cancer
25 treatment centers, breast cancer quality organizations, and
26 doctors, including breast surgeons, reconstructive breast

1 surgeons, oncologists, and primary care providers to establish
2 quality standards for breast cancer treatment.

3 Subject to federal approval, the Department shall
4 establish a rate methodology for mammography at federally
5 qualified health centers and other encounter-rate clinics.
6 These clinics or centers may also collaborate with other
7 hospital-based mammography facilities. By January 1, 2016, the
8 Department shall report to the General Assembly on the status
9 of the provision set forth in this paragraph.

10 The Department shall establish a methodology to remind
11 women who are age-appropriate for screening mammography, but
12 who have not received a mammogram within the previous 18
13 months, of the importance and benefit of screening mammography.
14 The Department shall work with experts in breast cancer
15 outreach and patient navigation to optimize these reminders and
16 shall establish a methodology for evaluating their
17 effectiveness and modifying the methodology based on the
18 evaluation.

19 The Department shall establish a performance goal for
20 primary care providers with respect to their female patients
21 over age 40 receiving an annual mammogram. This performance
22 goal shall be used to provide additional reimbursement in the
23 form of a quality performance bonus to primary care providers
24 who meet that goal.

25 The Department shall devise a means of case-managing or
26 patient navigation for beneficiaries diagnosed with breast

1 cancer. This program shall initially operate as a pilot program
2 in areas of the State with the highest incidence of mortality
3 related to breast cancer. At least one pilot program site shall
4 be in the metropolitan Chicago area and at least one site shall
5 be outside the metropolitan Chicago area. On or after July 1,
6 2016, the pilot program shall be expanded to include one site
7 in western Illinois, one site in southern Illinois, one site in
8 central Illinois, and 4 sites within metropolitan Chicago. An
9 evaluation of the pilot program shall be carried out measuring
10 health outcomes and cost of care for those served by the pilot
11 program compared to similarly situated patients who are not
12 served by the pilot program.

13 The Department shall require all networks of care to
14 develop a means either internally or by contract with experts
15 in navigation and community outreach to navigate cancer
16 patients to comprehensive care in a timely fashion. The
17 Department shall require all networks of care to include access
18 for patients diagnosed with cancer to at least one academic
19 commission on cancer-accredited cancer program as an
20 in-network covered benefit.

21 Any medical or health care provider shall immediately
22 recommend, to any pregnant woman who is being provided prenatal
23 services and is suspected of drug abuse or is addicted as
24 defined in the Alcoholism and Other Drug Abuse and Dependency
25 Act, referral to a local substance abuse treatment provider
26 licensed by the Department of Human Services or to a licensed

1 hospital which provides substance abuse treatment services.
2 The Department of Healthcare and Family Services shall assure
3 coverage for the cost of treatment of the drug abuse or
4 addiction for pregnant recipients in accordance with the
5 Illinois Medicaid Program in conjunction with the Department of
6 Human Services.

7 All medical providers providing medical assistance to
8 pregnant women under this Code shall receive information from
9 the Department on the availability of services under the Drug
10 Free Families with a Future or any comparable program providing
11 case management services for addicted women, including
12 information on appropriate referrals for other social services
13 that may be needed by addicted women in addition to treatment
14 for addiction.

15 The Illinois Department, in cooperation with the
16 Departments of Human Services (as successor to the Department
17 of Alcoholism and Substance Abuse) and Public Health, through a
18 public awareness campaign, may provide information concerning
19 treatment for alcoholism and drug abuse and addiction, prenatal
20 health care, and other pertinent programs directed at reducing
21 the number of drug-affected infants born to recipients of
22 medical assistance.

23 Neither the Department of Healthcare and Family Services
24 nor the Department of Human Services shall sanction the
25 recipient solely on the basis of her substance abuse.

26 The Illinois Department shall establish such regulations

1 governing the dispensing of health services under this Article
2 as it shall deem appropriate. The Department should seek the
3 advice of formal professional advisory committees appointed by
4 the Director of the Illinois Department for the purpose of
5 providing regular advice on policy and administrative matters,
6 information dissemination and educational activities for
7 medical and health care providers, and consistency in
8 procedures to the Illinois Department.

9 The Illinois Department may develop and contract with
10 Partnerships of medical providers to arrange medical services
11 for persons eligible under Section 5-2 of this Code.
12 Implementation of this Section may be by demonstration projects
13 in certain geographic areas. The Partnership shall be
14 represented by a sponsor organization. The Department, by rule,
15 shall develop qualifications for sponsors of Partnerships.
16 Nothing in this Section shall be construed to require that the
17 sponsor organization be a medical organization.

18 The sponsor must negotiate formal written contracts with
19 medical providers for physician services, inpatient and
20 outpatient hospital care, home health services, treatment for
21 alcoholism and substance abuse, and other services determined
22 necessary by the Illinois Department by rule for delivery by
23 Partnerships. Physician services must include prenatal and
24 obstetrical care. The Illinois Department shall reimburse
25 medical services delivered by Partnership providers to clients
26 in target areas according to provisions of this Article and the

1 Illinois Health Finance Reform Act, except that:

2 (1) Physicians participating in a Partnership and
3 providing certain services, which shall be determined by
4 the Illinois Department, to persons in areas covered by the
5 Partnership may receive an additional surcharge for such
6 services.

7 (2) The Department may elect to consider and negotiate
8 financial incentives to encourage the development of
9 Partnerships and the efficient delivery of medical care.

10 (3) Persons receiving medical services through
11 Partnerships may receive medical and case management
12 services above the level usually offered through the
13 medical assistance program.

14 Medical providers shall be required to meet certain
15 qualifications to participate in Partnerships to ensure the
16 delivery of high quality medical services. These
17 qualifications shall be determined by rule of the Illinois
18 Department and may be higher than qualifications for
19 participation in the medical assistance program. Partnership
20 sponsors may prescribe reasonable additional qualifications
21 for participation by medical providers, only with the prior
22 written approval of the Illinois Department.

23 Nothing in this Section shall limit the free choice of
24 practitioners, hospitals, and other providers of medical
25 services by clients. In order to ensure patient freedom of
26 choice, the Illinois Department shall immediately promulgate

1 all rules and take all other necessary actions so that provided
2 services may be accessed from therapeutically certified
3 optometrists to the full extent of the Illinois Optometric
4 Practice Act of 1987 without discriminating between service
5 providers.

6 The Department shall apply for a waiver from the United
7 States Health Care Financing Administration to allow for the
8 implementation of Partnerships under this Section.

9 The Illinois Department shall require health care
10 providers to maintain records that document the medical care
11 and services provided to recipients of Medical Assistance under
12 this Article. Such records must be retained for a period of not
13 less than 6 years from the date of service or as provided by
14 applicable State law, whichever period is longer, except that
15 if an audit is initiated within the required retention period
16 then the records must be retained until the audit is completed
17 and every exception is resolved. The Illinois Department shall
18 require health care providers to make available, when
19 authorized by the patient, in writing, the medical records in a
20 timely fashion to other health care providers who are treating
21 or serving persons eligible for Medical Assistance under this
22 Article. All dispensers of medical services shall be required
23 to maintain and retain business and professional records
24 sufficient to fully and accurately document the nature, scope,
25 details and receipt of the health care provided to persons
26 eligible for medical assistance under this Code, in accordance

1 with regulations promulgated by the Illinois Department. The
2 rules and regulations shall require that proof of the receipt
3 of prescription drugs, dentures, prosthetic devices and
4 eyeglasses by eligible persons under this Section accompany
5 each claim for reimbursement submitted by the dispenser of such
6 medical services. No such claims for reimbursement shall be
7 approved for payment by the Illinois Department without such
8 proof of receipt, unless the Illinois Department shall have put
9 into effect and shall be operating a system of post-payment
10 audit and review which shall, on a sampling basis, be deemed
11 adequate by the Illinois Department to assure that such drugs,
12 dentures, prosthetic devices and eyeglasses for which payment
13 is being made are actually being received by eligible
14 recipients. Within 90 days after the effective date of this
15 amendatory Act of 1984, the Illinois Department shall establish
16 a current list of acquisition costs for all prosthetic devices
17 and any other items recognized as medical equipment and
18 supplies reimbursable under this Article and shall update such
19 list on a quarterly basis, except that the acquisition costs of
20 all prescription drugs shall be updated no less frequently than
21 every 30 days as required by Section 5-5.12.

22 The rules and regulations of the Illinois Department shall
23 require that a written statement including the required opinion
24 of a physician shall accompany any claim for reimbursement for
25 abortions, or induced miscarriages or premature births. This
26 statement shall indicate what procedures were used in providing

1 such medical services.

2 Notwithstanding any other law to the contrary, the Illinois
3 Department shall, within 365 days after July 22, 2013 (the
4 effective date of Public Act 98-104), establish procedures to
5 permit skilled care facilities licensed under the Nursing Home
6 Care Act to submit monthly billing claims for reimbursement
7 purposes. Following development of these procedures, the
8 Department shall, by July 1, 2016, test the viability of the
9 new system and implement any necessary operational or
10 structural changes to its information technology platforms in
11 order to allow for the direct acceptance and payment of nursing
12 home claims.

13 Notwithstanding any other law to the contrary, the Illinois
14 Department shall, within 365 days after August 15, 2014 (the
15 effective date of Public Act 98-963), establish procedures to
16 permit ID/DD facilities licensed under the ID/DD Community Care
17 Act and MC/DD facilities licensed under the MC/DD Act to submit
18 monthly billing claims for reimbursement purposes. Following
19 development of these procedures, the Department shall have an
20 additional 365 days to test the viability of the new system and
21 to ensure that any necessary operational or structural changes
22 to its information technology platforms are implemented.

23 The Illinois Department shall require all dispensers of
24 medical services, other than an individual practitioner or
25 group of practitioners, desiring to participate in the Medical
26 Assistance program established under this Article to disclose

1 all financial, beneficial, ownership, equity, surety or other
2 interests in any and all firms, corporations, partnerships,
3 associations, business enterprises, joint ventures, agencies,
4 institutions or other legal entities providing any form of
5 health care services in this State under this Article.

6 The Illinois Department may require that all dispensers of
7 medical services desiring to participate in the medical
8 assistance program established under this Article disclose,
9 under such terms and conditions as the Illinois Department may
10 by rule establish, all inquiries from clients and attorneys
11 regarding medical bills paid by the Illinois Department, which
12 inquiries could indicate potential existence of claims or liens
13 for the Illinois Department.

14 Enrollment of a vendor shall be subject to a provisional
15 period and shall be conditional for one year. During the period
16 of conditional enrollment, the Department may terminate the
17 vendor's eligibility to participate in, or may disenroll the
18 vendor from, the medical assistance program without cause.
19 Unless otherwise specified, such termination of eligibility or
20 disenrollment is not subject to the Department's hearing
21 process. However, a disenrolled vendor may reapply without
22 penalty.

23 The Department has the discretion to limit the conditional
24 enrollment period for vendors based upon category of risk of
25 the vendor.

26 Prior to enrollment and during the conditional enrollment

1 period in the medical assistance program, all vendors shall be
2 subject to enhanced oversight, screening, and review based on
3 the risk of fraud, waste, and abuse that is posed by the
4 category of risk of the vendor. The Illinois Department shall
5 establish the procedures for oversight, screening, and review,
6 which may include, but need not be limited to: criminal and
7 financial background checks; fingerprinting; license,
8 certification, and authorization verifications; unscheduled or
9 unannounced site visits; database checks; prepayment audit
10 reviews; audits; payment caps; payment suspensions; and other
11 screening as required by federal or State law.

12 The Department shall define or specify the following: (i)
13 by provider notice, the "category of risk of the vendor" for
14 each type of vendor, which shall take into account the level of
15 screening applicable to a particular category of vendor under
16 federal law and regulations; (ii) by rule or provider notice,
17 the maximum length of the conditional enrollment period for
18 each category of risk of the vendor; and (iii) by rule, the
19 hearing rights, if any, afforded to a vendor in each category
20 of risk of the vendor that is terminated or disenrolled during
21 the conditional enrollment period.

22 To be eligible for payment consideration, a vendor's
23 payment claim or bill, either as an initial claim or as a
24 resubmitted claim following prior rejection, must be received
25 by the Illinois Department, or its fiscal intermediary, no
26 later than 180 days after the latest date on the claim on which

1 medical goods or services were provided, with the following
2 exceptions:

3 (1) In the case of a provider whose enrollment is in
4 process by the Illinois Department, the 180-day period
5 shall not begin until the date on the written notice from
6 the Illinois Department that the provider enrollment is
7 complete.

8 (2) In the case of errors attributable to the Illinois
9 Department or any of its claims processing intermediaries
10 which result in an inability to receive, process, or
11 adjudicate a claim, the 180-day period shall not begin
12 until the provider has been notified of the error.

13 (3) In the case of a provider for whom the Illinois
14 Department initiates the monthly billing process.

15 (4) In the case of a provider operated by a unit of
16 local government with a population exceeding 3,000,000
17 when local government funds finance federal participation
18 for claims payments.

19 For claims for services rendered during a period for which
20 a recipient received retroactive eligibility, claims must be
21 filed within 180 days after the Department determines the
22 applicant is eligible. For claims for which the Illinois
23 Department is not the primary payer, claims must be submitted
24 to the Illinois Department within 180 days after the final
25 adjudication by the primary payer.

26 In the case of long term care facilities, within 5 days of

1 receipt by the facility of required prescreening information,
2 data for new admissions shall be entered into the Medical
3 Electronic Data Interchange (MEDI) or the Recipient
4 Eligibility Verification (REV) System or successor system, and
5 within 15 days of receipt by the facility of required
6 prescreening information, admission documents shall be
7 submitted through MEDI or REV or shall be submitted directly to
8 the Department of Human Services using required admission
9 forms. Effective September 1, 2014, admission documents,
10 including all prescreening information, must be submitted
11 through MEDI or REV. Confirmation numbers assigned to an
12 accepted transaction shall be retained by a facility to verify
13 timely submittal. Once an admission transaction has been
14 completed, all resubmitted claims following prior rejection
15 are subject to receipt no later than 180 days after the
16 admission transaction has been completed.

17 Claims that are not submitted and received in compliance
18 with the foregoing requirements shall not be eligible for
19 payment under the medical assistance program, and the State
20 shall have no liability for payment of those claims.

21 To the extent consistent with applicable information and
22 privacy, security, and disclosure laws, State and federal
23 agencies and departments shall provide the Illinois Department
24 access to confidential and other information and data necessary
25 to perform eligibility and payment verifications and other
26 Illinois Department functions. This includes, but is not

1 limited to: information pertaining to licensure;
2 certification; earnings; immigration status; citizenship; wage
3 reporting; unearned and earned income; pension income;
4 employment; supplemental security income; social security
5 numbers; National Provider Identifier (NPI) numbers; the
6 National Practitioner Data Bank (NPDB); program and agency
7 exclusions; taxpayer identification numbers; tax delinquency;
8 corporate information; and death records.

9 The Illinois Department shall enter into agreements with
10 State agencies and departments, and is authorized to enter into
11 agreements with federal agencies and departments, under which
12 such agencies and departments shall share data necessary for
13 medical assistance program integrity functions and oversight.
14 The Illinois Department shall develop, in cooperation with
15 other State departments and agencies, and in compliance with
16 applicable federal laws and regulations, appropriate and
17 effective methods to share such data. At a minimum, and to the
18 extent necessary to provide data sharing, the Illinois
19 Department shall enter into agreements with State agencies and
20 departments, and is authorized to enter into agreements with
21 federal agencies and departments, including but not limited to:
22 the Secretary of State; the Department of Revenue; the
23 Department of Public Health; the Department of Human Services;
24 and the Department of Financial and Professional Regulation.

25 Beginning in fiscal year 2013, the Illinois Department
26 shall set forth a request for information to identify the

1 benefits of a pre-payment, post-adjudication, and post-edit
2 claims system with the goals of streamlining claims processing
3 and provider reimbursement, reducing the number of pending or
4 rejected claims, and helping to ensure a more transparent
5 adjudication process through the utilization of: (i) provider
6 data verification and provider screening technology; and (ii)
7 clinical code editing; and (iii) pre-pay, pre- or
8 post-adjudicated predictive modeling with an integrated case
9 management system with link analysis. Such a request for
10 information shall not be considered as a request for proposal
11 or as an obligation on the part of the Illinois Department to
12 take any action or acquire any products or services.

13 The Illinois Department shall establish policies,
14 procedures, standards and criteria by rule for the acquisition,
15 repair and replacement of orthotic and prosthetic devices and
16 durable medical equipment. Such rules shall provide, but not be
17 limited to, the following services: (1) immediate repair or
18 replacement of such devices by recipients; and (2) rental,
19 lease, purchase or lease-purchase of durable medical equipment
20 in a cost-effective manner, taking into consideration the
21 recipient's medical prognosis, the extent of the recipient's
22 needs, and the requirements and costs for maintaining such
23 equipment. Subject to prior approval, such rules shall enable a
24 recipient to temporarily acquire and use alternative or
25 substitute devices or equipment pending repairs or
26 replacements of any device or equipment previously authorized

1 for such recipient by the Department. The Department may
2 contract with one or more third-party vendors and suppliers to
3 supply durable medical equipment in a more cost-effective
4 manner.

5 The Department shall execute, relative to the nursing home
6 prescreening project, written inter-agency agreements with the
7 Department of Human Services and the Department on Aging, to
8 effect the following: (i) intake procedures and common
9 eligibility criteria for those persons who are receiving
10 non-institutional services; and (ii) the establishment and
11 development of non-institutional services in areas of the State
12 where they are not currently available or are undeveloped; and
13 (iii) notwithstanding any other provision of law, subject to
14 federal approval, on and after July 1, 2012, an increase in the
15 determination of need (DON) scores from 29 to 37 for applicants
16 for institutional and home and community-based long term care;
17 if and only if federal approval is not granted, the Department
18 may, in conjunction with other affected agencies, implement
19 utilization controls or changes in benefit packages to
20 effectuate a similar savings amount for this population; and
21 (iv) no later than July 1, 2013, minimum level of care
22 eligibility criteria for institutional and home and
23 community-based long term care; and (v) no later than October
24 1, 2013, establish procedures to permit long term care
25 providers access to eligibility scores for individuals with an
26 admission date who are seeking or receiving services from the

1 long term care provider. In order to select the minimum level
2 of care eligibility criteria, the Governor shall establish a
3 workgroup that includes affected agency representatives and
4 stakeholders representing the institutional and home and
5 community-based long term care interests. This Section shall
6 not restrict the Department from implementing lower level of
7 care eligibility criteria for community-based services in
8 circumstances where federal approval has been granted.

9 The Illinois Department shall develop and operate, in
10 cooperation with other State Departments and agencies and in
11 compliance with applicable federal laws and regulations,
12 appropriate and effective systems of health care evaluation and
13 programs for monitoring of utilization of health care services
14 and facilities, as it affects persons eligible for medical
15 assistance under this Code.

16 The Illinois Department shall report annually to the
17 General Assembly, no later than the second Friday in April of
18 1979 and each year thereafter, in regard to:

19 (a) actual statistics and trends in utilization of
20 medical services by public aid recipients;

21 (b) actual statistics and trends in the provision of
22 the various medical services by medical vendors;

23 (c) current rate structures and proposed changes in
24 those rate structures for the various medical vendors; and

25 (d) efforts at utilization review and control by the
26 Illinois Department.

1 The period covered by each report shall be the 3 years
2 ending on the June 30 prior to the report. The report shall
3 include suggested legislation for consideration by the General
4 Assembly. The filing of one copy of the report with the
5 Speaker, one copy with the Minority Leader and one copy with
6 the Clerk of the House of Representatives, one copy with the
7 President, one copy with the Minority Leader and one copy with
8 the Secretary of the Senate, one copy with the Legislative
9 Research Unit, and such additional copies with the State
10 Government Report Distribution Center for the General Assembly
11 as is required under paragraph (t) of Section 7 of the State
12 Library Act shall be deemed sufficient to comply with this
13 Section.

14 Rulemaking authority to implement Public Act 95-1045, if
15 any, is conditioned on the rules being adopted in accordance
16 with all provisions of the Illinois Administrative Procedure
17 Act and all rules and procedures of the Joint Committee on
18 Administrative Rules; any purported rule not so adopted, for
19 whatever reason, is unauthorized.

20 On and after July 1, 2012, the Department shall reduce any
21 rate of reimbursement for services or other payments or alter
22 any methodologies authorized by this Code to reduce any rate of
23 reimbursement for services or other payments in accordance with
24 Section 5-5e.

25 Because kidney transplantation can be an appropriate, cost
26 effective alternative to renal dialysis when medically

1 necessary and notwithstanding the provisions of Section 1-11 of
2 this Code, beginning October 1, 2014, the Department shall
3 cover kidney transplantation for noncitizens with end-stage
4 renal disease who are not eligible for comprehensive medical
5 benefits, who meet the residency requirements of Section 5-3 of
6 this Code, and who would otherwise meet the financial
7 requirements of the appropriate class of eligible persons under
8 Section 5-2 of this Code. To qualify for coverage of kidney
9 transplantation, such person must be receiving emergency renal
10 dialysis services covered by the Department. Providers under
11 this Section shall be prior approved and certified by the
12 Department to perform kidney transplantation and the services
13 under this Section shall be limited to services associated with
14 kidney transplantation.

15 (Source: P.A. 98-104, Article 9, Section 9-5, eff. 7-22-13;
16 98-104, Article 12, Section 12-20, eff. 7-22-13; 98-303, eff.
17 8-9-13; 98-463, eff. 8-16-13; 98-651, eff. 6-16-14; 98-756,
18 eff. 7-16-14; 98-963, eff. 8-15-14; 99-78, eff. 7-20-15;
19 99-180, eff. 7-29-15; 99-236, eff. 8-3-15; 99-433, eff.
20 8-21-15; revised 8-31-15.)

21 (Text of Section after amendment by P.A. 99-407)

22 Sec. 5-5. Medical services. The Illinois Department, by
23 rule, shall determine the quantity and quality of and the rate
24 of reimbursement for the medical assistance for which payment
25 will be authorized, and the medical services to be provided,

1 which may include all or part of the following: (1) inpatient
2 hospital services; (2) outpatient hospital services; (3) other
3 laboratory and X-ray services; (4) skilled nursing home
4 services; (5) physicians' services whether furnished in the
5 office, the patient's home, a hospital, a skilled nursing home,
6 or elsewhere; (6) medical care, or any other type of remedial
7 care furnished by licensed practitioners; (7) home health care
8 services; (8) private duty nursing service; (9) clinic
9 services; (10) dental services, including prevention and
10 treatment of periodontal disease and dental caries disease for
11 pregnant women, provided by an individual licensed to practice
12 dentistry or dental surgery; for purposes of this item (10),
13 "dental services" means diagnostic, preventive, or corrective
14 procedures provided by or under the supervision of a dentist in
15 the practice of his or her profession; (11) physical therapy
16 and related services; (12) prescribed drugs, dentures, and
17 prosthetic devices; and eyeglasses prescribed by a physician
18 skilled in the diseases of the eye, or by an optometrist,
19 whichever the person may select; (13) other diagnostic,
20 screening, preventive, and rehabilitative services, including
21 to ensure that the individual's need for intervention or
22 treatment of mental disorders or substance use disorders or
23 co-occurring mental health and substance use disorders is
24 determined using a uniform screening, assessment, and
25 evaluation process inclusive of criteria, for children and
26 adults; for purposes of this item (13), a uniform screening,

1 assessment, and evaluation process refers to a process that
2 includes an appropriate evaluation and, as warranted, a
3 referral; "uniform" does not mean the use of a singular
4 instrument, tool, or process that all must utilize; (14)
5 transportation and such other expenses as may be necessary;
6 (15) medical treatment of sexual assault survivors, as defined
7 in Section 1a of the Sexual Assault Survivors Emergency
8 Treatment Act, for injuries sustained as a result of the sexual
9 assault, including examinations and laboratory tests to
10 discover evidence which may be used in criminal proceedings
11 arising from the sexual assault; (16) the diagnosis and
12 treatment of sickle cell anemia; and (17) any other medical
13 care, and any other type of remedial care recognized under the
14 laws of this State, but not including abortions, or induced
15 miscarriages or premature births, unless, in the opinion of a
16 physician, such procedures are necessary for the preservation
17 of the life of the woman seeking such treatment, or except an
18 induced premature birth intended to produce a live viable child
19 and such procedure is necessary for the health of the mother or
20 her unborn child. The Illinois Department, by rule, shall
21 prohibit any physician from providing medical assistance to
22 anyone eligible therefor under this Code where such physician
23 has been found guilty of performing an abortion procedure in a
24 wilful and wanton manner upon a woman who was not pregnant at
25 the time such abortion procedure was performed. The term "any
26 other type of remedial care" shall include nursing care and

1 nursing home service for persons who rely on treatment by
2 spiritual means alone through prayer for healing.

3 Notwithstanding any other provision of this Section, a
4 comprehensive tobacco use cessation program that includes
5 purchasing prescription drugs or prescription medical devices
6 approved by the Food and Drug Administration shall be covered
7 under the medical assistance program under this Article for
8 persons who are otherwise eligible for assistance under this
9 Article.

10 Notwithstanding any other provision of this Code, the
11 Illinois Department may not require, as a condition of payment
12 for any laboratory test authorized under this Article, that a
13 physician's handwritten signature appear on the laboratory
14 test order form. The Illinois Department may, however, impose
15 other appropriate requirements regarding laboratory test order
16 documentation.

17 Upon receipt of federal approval of an amendment to the
18 Illinois Title XIX State Plan for this purpose, the Department
19 shall authorize the Chicago Public Schools (CPS) to procure a
20 vendor or vendors to manufacture eyeglasses for individuals
21 enrolled in a school within the CPS system. CPS shall ensure
22 that its vendor or vendors are enrolled as providers in the
23 medical assistance program and in any capitated Medicaid
24 managed care entity (MCE) serving individuals enrolled in a
25 school within the CPS system. Under any contract procured under
26 this provision, the vendor or vendors must serve only

1 individuals enrolled in a school within the CPS system. Claims
2 for services provided by CPS's vendor or vendors to recipients
3 of benefits in the medical assistance program under this Code,
4 the Children's Health Insurance Program, or the Covering ALL
5 KIDS Health Insurance Program shall be submitted to the
6 Department or the MCE in which the individual is enrolled for
7 payment and shall be reimbursed at the Department's or the
8 MCE's established rates or rate methodologies for eyeglasses.

9 On and after July 1, 2012, the Department of Healthcare and
10 Family Services may provide the following services to persons
11 eligible for assistance under this Article who are
12 participating in education, training or employment programs
13 operated by the Department of Human Services as successor to
14 the Department of Public Aid:

15 (1) dental services provided by or under the
16 supervision of a dentist; and

17 (2) eyeglasses prescribed by a physician skilled in the
18 diseases of the eye, or by an optometrist, whichever the
19 person may select.

20 Notwithstanding any other provision of this Code and
21 subject to federal approval, the Department may adopt rules to
22 allow a dentist who is volunteering his or her service at no
23 cost to render dental services through an enrolled
24 not-for-profit health clinic without the dentist personally
25 enrolling as a participating provider in the medical assistance
26 program. A not-for-profit health clinic shall include a public

1 health clinic or Federally Qualified Health Center or other
2 enrolled provider, as determined by the Department, through
3 which dental services covered under this Section are performed.
4 The Department shall establish a process for payment of claims
5 for reimbursement for covered dental services rendered under
6 this provision.

7 The Illinois Department, by rule, may distinguish and
8 classify the medical services to be provided only in accordance
9 with the classes of persons designated in Section 5-2.

10 The Department of Healthcare and Family Services must
11 provide coverage and reimbursement for amino acid-based
12 elemental formulas, regardless of delivery method, for the
13 diagnosis and treatment of (i) eosinophilic disorders and (ii)
14 short bowel syndrome when the prescribing physician has issued
15 a written order stating that the amino acid-based elemental
16 formula is medically necessary.

17 The Illinois Department shall authorize the provision of,
18 and shall authorize payment for, screening by low-dose
19 mammography for the presence of occult breast cancer for women
20 35 years of age or older who are eligible for medical
21 assistance under this Article, as follows:

22 (A) A baseline mammogram for women 35 to 39 years of
23 age.

24 (B) An annual mammogram for women 40 years of age or
25 older.

26 (C) A mammogram at the age and intervals considered

1 medically necessary by the woman's health care provider for
2 women under 40 years of age and having a family history of
3 breast cancer, prior personal history of breast cancer,
4 positive genetic testing, or other risk factors.

5 (D) A comprehensive ultrasound screening of an entire
6 breast or breasts if a mammogram demonstrates
7 heterogeneous or dense breast tissue, when medically
8 necessary as determined by a physician licensed to practice
9 medicine in all of its branches.

10 (E) A screening MRI when medically necessary, as
11 determined by a physician licensed to practice medicine in
12 all of its branches.

13 All screenings shall include a physical breast exam,
14 instruction on self-examination and information regarding the
15 frequency of self-examination and its value as a preventative
16 tool. For purposes of this Section, "low-dose mammography"
17 means the x-ray examination of the breast using equipment
18 dedicated specifically for mammography, including the x-ray
19 tube, filter, compression device, and image receptor, with an
20 average radiation exposure delivery of less than one rad per
21 breast for 2 views of an average size breast. The term also
22 includes digital mammography and includes breast
23 tomosynthesis. As used in this Section, the term "breast
24 tomosynthesis" means a radiologic procedure that involves the
25 acquisition of projection images over the stationary breast to
26 produce cross-sectional digital three-dimensional images of

1 the breast.

2 On and after January 1, 2016, the Department shall ensure
3 that all networks of care for adult clients of the Department
4 include access to at least one breast imaging Center of Imaging
5 Excellence as certified by the American College of Radiology.

6 On and after January 1, 2012, providers participating in a
7 quality improvement program approved by the Department shall be
8 reimbursed for screening and diagnostic mammography at the same
9 rate as the Medicare program's rates, including the increased
10 reimbursement for digital mammography.

11 The Department shall convene an expert panel including
12 representatives of hospitals, free-standing mammography
13 facilities, and doctors, including radiologists, to establish
14 quality standards for mammography.

15 On and after January 1, 2017, providers participating in a
16 breast cancer treatment quality improvement program approved
17 by the Department shall be reimbursed for breast cancer
18 treatment at a rate that is no lower than 95% of the Medicare
19 program's rates for the data elements included in the breast
20 cancer treatment quality program.

21 The Department shall convene an expert panel, including
22 representatives of hospitals, free standing breast cancer
23 treatment centers, breast cancer quality organizations, and
24 doctors, including breast surgeons, reconstructive breast
25 surgeons, oncologists, and primary care providers to establish
26 quality standards for breast cancer treatment.

1 Subject to federal approval, the Department shall
2 establish a rate methodology for mammography at federally
3 qualified health centers and other encounter-rate clinics.
4 These clinics or centers may also collaborate with other
5 hospital-based mammography facilities. By January 1, 2016, the
6 Department shall report to the General Assembly on the status
7 of the provision set forth in this paragraph.

8 The Department shall establish a methodology to remind
9 women who are age-appropriate for screening mammography, but
10 who have not received a mammogram within the previous 18
11 months, of the importance and benefit of screening mammography.
12 The Department shall work with experts in breast cancer
13 outreach and patient navigation to optimize these reminders and
14 shall establish a methodology for evaluating their
15 effectiveness and modifying the methodology based on the
16 evaluation.

17 The Department shall establish a performance goal for
18 primary care providers with respect to their female patients
19 over age 40 receiving an annual mammogram. This performance
20 goal shall be used to provide additional reimbursement in the
21 form of a quality performance bonus to primary care providers
22 who meet that goal.

23 The Department shall devise a means of case-managing or
24 patient navigation for beneficiaries diagnosed with breast
25 cancer. This program shall initially operate as a pilot program
26 in areas of the State with the highest incidence of mortality

1 related to breast cancer. At least one pilot program site shall
2 be in the metropolitan Chicago area and at least one site shall
3 be outside the metropolitan Chicago area. On or after July 1,
4 2016, the pilot program shall be expanded to include one site
5 in western Illinois, one site in southern Illinois, one site in
6 central Illinois, and 4 sites within metropolitan Chicago. An
7 evaluation of the pilot program shall be carried out measuring
8 health outcomes and cost of care for those served by the pilot
9 program compared to similarly situated patients who are not
10 served by the pilot program.

11 The Department shall require all networks of care to
12 develop a means either internally or by contract with experts
13 in navigation and community outreach to navigate cancer
14 patients to comprehensive care in a timely fashion. The
15 Department shall require all networks of care to include access
16 for patients diagnosed with cancer to at least one academic
17 commission on cancer-accredited cancer program as an
18 in-network covered benefit.

19 Any medical or health care provider shall immediately
20 recommend, to any pregnant woman who is being provided prenatal
21 services and is suspected of drug abuse or is addicted as
22 defined in the Alcoholism and Other Drug Abuse and Dependency
23 Act, referral to a local substance abuse treatment provider
24 licensed by the Department of Human Services or to a licensed
25 hospital which provides substance abuse treatment services.
26 The Department of Healthcare and Family Services shall assure

1 coverage for the cost of treatment of the drug abuse or
2 addiction for pregnant recipients in accordance with the
3 Illinois Medicaid Program in conjunction with the Department of
4 Human Services.

5 All medical providers providing medical assistance to
6 pregnant women under this Code shall receive information from
7 the Department on the availability of services under the Drug
8 Free Families with a Future or any comparable program providing
9 case management services for addicted women, including
10 information on appropriate referrals for other social services
11 that may be needed by addicted women in addition to treatment
12 for addiction.

13 The Illinois Department, in cooperation with the
14 Departments of Human Services (as successor to the Department
15 of Alcoholism and Substance Abuse) and Public Health, through a
16 public awareness campaign, may provide information concerning
17 treatment for alcoholism and drug abuse and addiction, prenatal
18 health care, and other pertinent programs directed at reducing
19 the number of drug-affected infants born to recipients of
20 medical assistance.

21 Neither the Department of Healthcare and Family Services
22 nor the Department of Human Services shall sanction the
23 recipient solely on the basis of her substance abuse.

24 The Illinois Department shall establish such regulations
25 governing the dispensing of health services under this Article
26 as it shall deem appropriate. The Department should seek the

1 advice of formal professional advisory committees appointed by
2 the Director of the Illinois Department for the purpose of
3 providing regular advice on policy and administrative matters,
4 information dissemination and educational activities for
5 medical and health care providers, and consistency in
6 procedures to the Illinois Department.

7 The Illinois Department may develop and contract with
8 Partnerships of medical providers to arrange medical services
9 for persons eligible under Section 5-2 of this Code.
10 Implementation of this Section may be by demonstration projects
11 in certain geographic areas. The Partnership shall be
12 represented by a sponsor organization. The Department, by rule,
13 shall develop qualifications for sponsors of Partnerships.
14 Nothing in this Section shall be construed to require that the
15 sponsor organization be a medical organization.

16 The sponsor must negotiate formal written contracts with
17 medical providers for physician services, inpatient and
18 outpatient hospital care, home health services, treatment for
19 alcoholism and substance abuse, and other services determined
20 necessary by the Illinois Department by rule for delivery by
21 Partnerships. Physician services must include prenatal and
22 obstetrical care. The Illinois Department shall reimburse
23 medical services delivered by Partnership providers to clients
24 in target areas according to provisions of this Article and the
25 Illinois Health Finance Reform Act, except that:

26 (1) Physicians participating in a Partnership and

1 providing certain services, which shall be determined by
2 the Illinois Department, to persons in areas covered by the
3 Partnership may receive an additional surcharge for such
4 services.

5 (2) The Department may elect to consider and negotiate
6 financial incentives to encourage the development of
7 Partnerships and the efficient delivery of medical care.

8 (3) Persons receiving medical services through
9 Partnerships may receive medical and case management
10 services above the level usually offered through the
11 medical assistance program.

12 Medical providers shall be required to meet certain
13 qualifications to participate in Partnerships to ensure the
14 delivery of high quality medical services. These
15 qualifications shall be determined by rule of the Illinois
16 Department and may be higher than qualifications for
17 participation in the medical assistance program. Partnership
18 sponsors may prescribe reasonable additional qualifications
19 for participation by medical providers, only with the prior
20 written approval of the Illinois Department.

21 Nothing in this Section shall limit the free choice of
22 practitioners, hospitals, and other providers of medical
23 services by clients. In order to ensure patient freedom of
24 choice, the Illinois Department shall immediately promulgate
25 all rules and take all other necessary actions so that provided
26 services may be accessed from therapeutically certified

1 optometrists to the full extent of the Illinois Optometric
2 Practice Act of 1987 without discriminating between service
3 providers.

4 The Department shall apply for a waiver from the United
5 States Health Care Financing Administration to allow for the
6 implementation of Partnerships under this Section.

7 The Illinois Department shall require health care
8 providers to maintain records that document the medical care
9 and services provided to recipients of Medical Assistance under
10 this Article. Such records must be retained for a period of not
11 less than 6 years from the date of service or as provided by
12 applicable State law, whichever period is longer, except that
13 if an audit is initiated within the required retention period
14 then the records must be retained until the audit is completed
15 and every exception is resolved. The Illinois Department shall
16 require health care providers to make available, when
17 authorized by the patient, in writing, the medical records in a
18 timely fashion to other health care providers who are treating
19 or serving persons eligible for Medical Assistance under this
20 Article. All dispensers of medical services shall be required
21 to maintain and retain business and professional records
22 sufficient to fully and accurately document the nature, scope,
23 details and receipt of the health care provided to persons
24 eligible for medical assistance under this Code, in accordance
25 with regulations promulgated by the Illinois Department. The
26 rules and regulations shall require that proof of the receipt

1 of prescription drugs, dentures, prosthetic devices and
2 eyeglasses by eligible persons under this Section accompany
3 each claim for reimbursement submitted by the dispenser of such
4 medical services. No such claims for reimbursement shall be
5 approved for payment by the Illinois Department without such
6 proof of receipt, unless the Illinois Department shall have put
7 into effect and shall be operating a system of post-payment
8 audit and review which shall, on a sampling basis, be deemed
9 adequate by the Illinois Department to assure that such drugs,
10 dentures, prosthetic devices and eyeglasses for which payment
11 is being made are actually being received by eligible
12 recipients. Within 90 days after the effective date of this
13 amendatory Act of 1984, the Illinois Department shall establish
14 a current list of acquisition costs for all prosthetic devices
15 and any other items recognized as medical equipment and
16 supplies reimbursable under this Article and shall update such
17 list on a quarterly basis, except that the acquisition costs of
18 all prescription drugs shall be updated no less frequently than
19 every 30 days as required by Section 5-5.12.

20 The rules and regulations of the Illinois Department shall
21 require that a written statement including the required opinion
22 of a physician shall accompany any claim for reimbursement for
23 abortions, or induced miscarriages or premature births. This
24 statement shall indicate what procedures were used in providing
25 such medical services.

26 Notwithstanding any other law to the contrary, the Illinois

1 Department shall, within 365 days after July 22, 2013 (the
2 effective date of Public Act 98-104), establish procedures to
3 permit skilled care facilities licensed under the Nursing Home
4 Care Act to submit monthly billing claims for reimbursement
5 purposes. Following development of these procedures, the
6 Department shall, by July 1, 2016, test the viability of the
7 new system and implement any necessary operational or
8 structural changes to its information technology platforms in
9 order to allow for the direct acceptance and payment of nursing
10 home claims.

11 Notwithstanding any other law to the contrary, the Illinois
12 Department shall, within 365 days after August 15, 2014 (the
13 effective date of Public Act 98-963), establish procedures to
14 permit ID/DD facilities licensed under the ID/DD Community Care
15 Act and MC/DD facilities licensed under the MC/DD Act to submit
16 monthly billing claims for reimbursement purposes. Following
17 development of these procedures, the Department shall have an
18 additional 365 days to test the viability of the new system and
19 to ensure that any necessary operational or structural changes
20 to its information technology platforms are implemented.

21 The Illinois Department shall require all dispensers of
22 medical services, other than an individual practitioner or
23 group of practitioners, desiring to participate in the Medical
24 Assistance program established under this Article to disclose
25 all financial, beneficial, ownership, equity, surety or other
26 interests in any and all firms, corporations, partnerships,

1 associations, business enterprises, joint ventures, agencies,
2 institutions or other legal entities providing any form of
3 health care services in this State under this Article.

4 The Illinois Department may require that all dispensers of
5 medical services desiring to participate in the medical
6 assistance program established under this Article disclose,
7 under such terms and conditions as the Illinois Department may
8 by rule establish, all inquiries from clients and attorneys
9 regarding medical bills paid by the Illinois Department, which
10 inquiries could indicate potential existence of claims or liens
11 for the Illinois Department.

12 Enrollment of a vendor shall be subject to a provisional
13 period and shall be conditional for one year. During the period
14 of conditional enrollment, the Department may terminate the
15 vendor's eligibility to participate in, or may disenroll the
16 vendor from, the medical assistance program without cause.
17 Unless otherwise specified, such termination of eligibility or
18 disenrollment is not subject to the Department's hearing
19 process. However, a disenrolled vendor may reapply without
20 penalty.

21 The Department has the discretion to limit the conditional
22 enrollment period for vendors based upon category of risk of
23 the vendor.

24 Prior to enrollment and during the conditional enrollment
25 period in the medical assistance program, all vendors shall be
26 subject to enhanced oversight, screening, and review based on

1 the risk of fraud, waste, and abuse that is posed by the
2 category of risk of the vendor. The Illinois Department shall
3 establish the procedures for oversight, screening, and review,
4 which may include, but need not be limited to: criminal and
5 financial background checks; fingerprinting; license,
6 certification, and authorization verifications; unscheduled or
7 unannounced site visits; database checks; prepayment audit
8 reviews; audits; payment caps; payment suspensions; and other
9 screening as required by federal or State law.

10 The Department shall define or specify the following: (i)
11 by provider notice, the "category of risk of the vendor" for
12 each type of vendor, which shall take into account the level of
13 screening applicable to a particular category of vendor under
14 federal law and regulations; (ii) by rule or provider notice,
15 the maximum length of the conditional enrollment period for
16 each category of risk of the vendor; and (iii) by rule, the
17 hearing rights, if any, afforded to a vendor in each category
18 of risk of the vendor that is terminated or disenrolled during
19 the conditional enrollment period.

20 To be eligible for payment consideration, a vendor's
21 payment claim or bill, either as an initial claim or as a
22 resubmitted claim following prior rejection, must be received
23 by the Illinois Department, or its fiscal intermediary, no
24 later than 180 days after the latest date on the claim on which
25 medical goods or services were provided, with the following
26 exceptions:

1 (1) In the case of a provider whose enrollment is in
2 process by the Illinois Department, the 180-day period
3 shall not begin until the date on the written notice from
4 the Illinois Department that the provider enrollment is
5 complete.

6 (2) In the case of errors attributable to the Illinois
7 Department or any of its claims processing intermediaries
8 which result in an inability to receive, process, or
9 adjudicate a claim, the 180-day period shall not begin
10 until the provider has been notified of the error.

11 (3) In the case of a provider for whom the Illinois
12 Department initiates the monthly billing process.

13 (4) In the case of a provider operated by a unit of
14 local government with a population exceeding 3,000,000
15 when local government funds finance federal participation
16 for claims payments.

17 For claims for services rendered during a period for which
18 a recipient received retroactive eligibility, claims must be
19 filed within 180 days after the Department determines the
20 applicant is eligible. For claims for which the Illinois
21 Department is not the primary payer, claims must be submitted
22 to the Illinois Department within 180 days after the final
23 adjudication by the primary payer.

24 In the case of long term care facilities, within 5 days of
25 receipt by the facility of required prescreening information,
26 data for new admissions shall be entered into the Medical

1 Electronic Data Interchange (MEDI) or the Recipient
2 Eligibility Verification (REV) System or successor system, and
3 within 15 days of receipt by the facility of required
4 prescreening information, admission documents shall be
5 submitted through MEDI or REV or shall be submitted directly to
6 the Department of Human Services using required admission
7 forms. Effective September 1, 2014, admission documents,
8 including all prescreening information, must be submitted
9 through MEDI or REV. Confirmation numbers assigned to an
10 accepted transaction shall be retained by a facility to verify
11 timely submittal. Once an admission transaction has been
12 completed, all resubmitted claims following prior rejection
13 are subject to receipt no later than 180 days after the
14 admission transaction has been completed.

15 Claims that are not submitted and received in compliance
16 with the foregoing requirements shall not be eligible for
17 payment under the medical assistance program, and the State
18 shall have no liability for payment of those claims.

19 To the extent consistent with applicable information and
20 privacy, security, and disclosure laws, State and federal
21 agencies and departments shall provide the Illinois Department
22 access to confidential and other information and data necessary
23 to perform eligibility and payment verifications and other
24 Illinois Department functions. This includes, but is not
25 limited to: information pertaining to licensure;
26 certification; earnings; immigration status; citizenship; wage

1 reporting; unearned and earned income; pension income;
2 employment; supplemental security income; social security
3 numbers; National Provider Identifier (NPI) numbers; the
4 National Practitioner Data Bank (NPDB); program and agency
5 exclusions; taxpayer identification numbers; tax delinquency;
6 corporate information; and death records.

7 The Illinois Department shall enter into agreements with
8 State agencies and departments, and is authorized to enter into
9 agreements with federal agencies and departments, under which
10 such agencies and departments shall share data necessary for
11 medical assistance program integrity functions and oversight.
12 The Illinois Department shall develop, in cooperation with
13 other State departments and agencies, and in compliance with
14 applicable federal laws and regulations, appropriate and
15 effective methods to share such data. At a minimum, and to the
16 extent necessary to provide data sharing, the Illinois
17 Department shall enter into agreements with State agencies and
18 departments, and is authorized to enter into agreements with
19 federal agencies and departments, including but not limited to:
20 the Secretary of State; the Department of Revenue; the
21 Department of Public Health; the Department of Human Services;
22 and the Department of Financial and Professional Regulation.

23 Beginning in fiscal year 2013, the Illinois Department
24 shall set forth a request for information to identify the
25 benefits of a pre-payment, post-adjudication, and post-edit
26 claims system with the goals of streamlining claims processing

1 and provider reimbursement, reducing the number of pending or
2 rejected claims, and helping to ensure a more transparent
3 adjudication process through the utilization of: (i) provider
4 data verification and provider screening technology; and (ii)
5 clinical code editing; and (iii) pre-pay, pre- or
6 post-adjudicated predictive modeling with an integrated case
7 management system with link analysis. Such a request for
8 information shall not be considered as a request for proposal
9 or as an obligation on the part of the Illinois Department to
10 take any action or acquire any products or services.

11 The Illinois Department shall establish policies,
12 procedures, standards and criteria by rule for the acquisition,
13 repair and replacement of orthotic and prosthetic devices and
14 durable medical equipment. Such rules shall provide, but not be
15 limited to, the following services: (1) immediate repair or
16 replacement of such devices by recipients; and (2) rental,
17 lease, purchase or lease-purchase of durable medical equipment
18 in a cost-effective manner, taking into consideration the
19 recipient's medical prognosis, the extent of the recipient's
20 needs, and the requirements and costs for maintaining such
21 equipment. Subject to prior approval, such rules shall enable a
22 recipient to temporarily acquire and use alternative or
23 substitute devices or equipment pending repairs or
24 replacements of any device or equipment previously authorized
25 for such recipient by the Department. The Department may
26 contract with one or more third-party vendors and suppliers to

1 supply durable medical equipment in a more cost-effective
2 manner.

3 The Department shall execute, relative to the nursing home
4 prescreening project, written inter-agency agreements with the
5 Department of Human Services and the Department on Aging, to
6 effect the following: (i) intake procedures and common
7 eligibility criteria for those persons who are receiving
8 non-institutional services; and (ii) the establishment and
9 development of non-institutional services in areas of the State
10 where they are not currently available or are undeveloped; and
11 (iii) notwithstanding any other provision of law, subject to
12 federal approval, on and after July 1, 2012, an increase in the
13 determination of need (DON) scores from 29 to 37 for applicants
14 for institutional and home and community-based long term care;
15 if and only if federal approval is not granted, the Department
16 may, in conjunction with other affected agencies, implement
17 utilization controls or changes in benefit packages to
18 effectuate a similar savings amount for this population; and
19 (iv) no later than July 1, 2013, minimum level of care
20 eligibility criteria for institutional and home and
21 community-based long term care; and (v) no later than October
22 1, 2013, establish procedures to permit long term care
23 providers access to eligibility scores for individuals with an
24 admission date who are seeking or receiving services from the
25 long term care provider. In order to select the minimum level
26 of care eligibility criteria, the Governor shall establish a

1 workgroup that includes affected agency representatives and
2 stakeholders representing the institutional and home and
3 community-based long term care interests. This Section shall
4 not restrict the Department from implementing lower level of
5 care eligibility criteria for community-based services in
6 circumstances where federal approval has been granted.

7 The Illinois Department shall develop and operate, in
8 cooperation with other State Departments and agencies and in
9 compliance with applicable federal laws and regulations,
10 appropriate and effective systems of health care evaluation and
11 programs for monitoring of utilization of health care services
12 and facilities, as it affects persons eligible for medical
13 assistance under this Code.

14 The Illinois Department shall report annually to the
15 General Assembly, no later than the second Friday in April of
16 1979 and each year thereafter, in regard to:

17 (a) actual statistics and trends in utilization of
18 medical services by public aid recipients;

19 (b) actual statistics and trends in the provision of
20 the various medical services by medical vendors;

21 (c) current rate structures and proposed changes in
22 those rate structures for the various medical vendors; and

23 (d) efforts at utilization review and control by the
24 Illinois Department.

25 The period covered by each report shall be the 3 years
26 ending on the June 30 prior to the report. The report shall

1 include suggested legislation for consideration by the General
2 Assembly. The filing of one copy of the report with the
3 Speaker, one copy with the Minority Leader and one copy with
4 the Clerk of the House of Representatives, one copy with the
5 President, one copy with the Minority Leader and one copy with
6 the Secretary of the Senate, one copy with the Legislative
7 Research Unit, and such additional copies with the State
8 Government Report Distribution Center for the General Assembly
9 as is required under paragraph (t) of Section 7 of the State
10 Library Act shall be deemed sufficient to comply with this
11 Section.

12 Rulemaking authority to implement Public Act 95-1045, if
13 any, is conditioned on the rules being adopted in accordance
14 with all provisions of the Illinois Administrative Procedure
15 Act and all rules and procedures of the Joint Committee on
16 Administrative Rules; any purported rule not so adopted, for
17 whatever reason, is unauthorized.

18 On and after July 1, 2012, the Department shall reduce any
19 rate of reimbursement for services or other payments or alter
20 any methodologies authorized by this Code to reduce any rate of
21 reimbursement for services or other payments in accordance with
22 Section 5-5e.

23 Because kidney transplantation can be an appropriate, cost
24 effective alternative to renal dialysis when medically
25 necessary and notwithstanding the provisions of Section 1-11 of
26 this Code, beginning October 1, 2014, the Department shall

1 cover kidney transplantation for noncitizens with end-stage
2 renal disease who are not eligible for comprehensive medical
3 benefits, who meet the residency requirements of Section 5-3 of
4 this Code, and who would otherwise meet the financial
5 requirements of the appropriate class of eligible persons under
6 Section 5-2 of this Code. To qualify for coverage of kidney
7 transplantation, such person must be receiving emergency renal
8 dialysis services covered by the Department. Providers under
9 this Section shall be prior approved and certified by the
10 Department to perform kidney transplantation and the services
11 under this Section shall be limited to services associated with
12 kidney transplantation.

13 (Source: P.A. 98-104, Article 9, Section 9-5, eff. 7-22-13;
14 98-104, Article 12, Section 12-20, eff. 7-22-13; 98-303, eff.
15 8-9-13; 98-463, eff. 8-16-13; 98-651, eff. 6-16-14; 98-756,
16 eff. 7-16-14; 98-963, eff. 8-15-14; 99-78, eff. 7-20-15;
17 99-180, eff. 7-29-15; 99-236, eff. 8-3-15; 99-407 (see Section
18 99 of P.A. 99-407 for its effective date); 99-433, eff.
19 8-21-15; revised 8-31-15.)

20 (305 ILCS 5/5-5.2) (from Ch. 23, par. 5-5.2)

21 Sec. 5-5.2. Payment.

22 (a) All nursing facilities that are grouped pursuant to
23 Section 5-5.1 of this Act shall receive the same rate of
24 payment for similar services.

25 (b) It shall be a matter of State policy that the Illinois

1 Department shall utilize a uniform billing cycle throughout the
2 State for the long-term care providers.

3 (c) Notwithstanding any other provisions of this Code, the
4 methodologies for reimbursement of nursing services as
5 provided under this Article shall no longer be applicable for
6 bills payable for nursing services rendered on or after a new
7 reimbursement system based on the Resource Utilization Groups
8 (RUGs) has been fully operationalized, which shall take effect
9 for services provided on or after January 1, 2014.

10 (d) The new nursing services reimbursement methodology
11 utilizing RUG-IV 48 grouper model, which shall be referred to
12 as the RUGs reimbursement system, taking effect January 1,
13 2014, shall be based on the following:

14 (1) The methodology shall be resident-driven,
15 facility-specific, and cost-based.

16 (2) Costs shall be annually rebased and case mix index
17 quarterly updated. The nursing services methodology will
18 be assigned to the Medicaid enrolled residents on record as
19 of 30 days prior to the beginning of the rate period in the
20 Department's Medicaid Management Information System (MMIS)
21 as present on the last day of the second quarter preceding
22 the rate period based upon the Assessment Reference Date of
23 the Minimum Data Set (MDS).

24 (3) Regional wage adjustors based on the Health Service
25 Areas (HSA) groupings and adjusters in effect on April 30,
26 2012 shall be included.

1 (4) Case mix index shall be assigned to each resident
2 class based on the Centers for Medicare and Medicaid
3 Services staff time measurement study in effect on July 1,
4 2013, utilizing an index maximization approach.

5 (5) The pool of funds available for distribution by
6 case mix and the base facility rate shall be determined
7 using the formula contained in subsection (d-1).

8 (d-1) Calculation of base year Statewide RUG-IV nursing
9 base per diem rate.

10 (1) Base rate spending pool shall be:

11 (A) The base year resident days which are
12 calculated by multiplying the number of Medicaid
13 residents in each nursing home as indicated in the MDS
14 data defined in paragraph (4) by 365.

15 (B) Each facility's nursing component per diem in
16 effect on July 1, 2012 shall be multiplied by
17 subsection (A).

18 (C) Thirteen million is added to the product of
19 subparagraph (A) and subparagraph (B) to adjust for the
20 exclusion of nursing homes defined in paragraph (5).

21 (2) For each nursing home with Medicaid residents as
22 indicated by the MDS data defined in paragraph (4),
23 weighted days adjusted for case mix and regional wage
24 adjustment shall be calculated. For each home this
25 calculation is the product of:

26 (A) Base year resident days as calculated in

1 subparagraph (A) of paragraph (1).

2 (B) The nursing home's regional wage adjustor
3 based on the Health Service Areas (HSA) groupings and
4 adjustors in effect on April 30, 2012.

5 (C) Facility weighted case mix which is the number
6 of Medicaid residents as indicated by the MDS data
7 defined in paragraph (4) multiplied by the associated
8 case weight for the RUG-IV 48 grouper model using
9 standard RUG-IV procedures for index maximization.

10 (D) The sum of the products calculated for each
11 nursing home in subparagraphs (A) through (C) above
12 shall be the base year case mix, rate adjusted weighted
13 days.

14 (3) The Statewide RUG-IV nursing base per diem rate:

15 (A) on January 1, 2014 shall be the quotient of the
16 paragraph (1) divided by the sum calculated under
17 subparagraph (D) of paragraph (2); and

18 (B) on and after July 1, 2014, shall be the amount
19 calculated under subparagraph (A) of this paragraph
20 (3) plus \$1.76.

21 (4) Minimum Data Set (MDS) comprehensive assessments
22 for Medicaid residents on the last day of the quarter used
23 to establish the base rate.

24 (5) Nursing facilities designated as of July 1, 2012 by
25 the Department as "Institutions for Mental Disease" shall
26 be excluded from all calculations under this subsection.

1 The data from these facilities shall not be used in the
2 computations described in paragraphs (1) through (4) above
3 to establish the base rate.

4 (e) Beginning July 1, 2014, the Department shall allocate
5 funding in the amount up to \$10,000,000 for per diem add-ons to
6 the RUGS methodology for dates of service on and after July 1,
7 2014:

8 (1) \$0.63 for each resident who scores in I4200
9 Alzheimer's Disease or I4800 non-Alzheimer's Dementia.

10 (2) \$2.67 for each resident who scores either a "1" or
11 "2" in any items S1200A through S1200I and also scores in
12 RUG groups PA1, PA2, BA1, or BA2.

13 (e-1) (Blank).

14 (e-2) For dates of services beginning January 1, 2014, the
15 RUG-IV nursing component per diem for a nursing home shall be
16 the product of the statewide RUG-IV nursing base per diem rate,
17 the facility average case mix index, and the regional wage
18 adjustor. Transition rates for services provided between
19 January 1, 2014 and December 31, 2014 shall be as follows:

20 (1) The transition RUG-IV per diem nursing rate for
21 nursing homes whose rate calculated in this subsection
22 (e-2) is greater than the nursing component rate in effect
23 July 1, 2012 shall be paid the sum of:

24 (A) The nursing component rate in effect July 1,
25 2012; plus

26 (B) The difference of the RUG-IV nursing component

1 per diem calculated for the current quarter minus the
2 nursing component rate in effect July 1, 2012
3 multiplied by 0.88.

4 (2) The transition RUG-IV per diem nursing rate for
5 nursing homes whose rate calculated in this subsection
6 (e-2) is less than the nursing component rate in effect
7 July 1, 2012 shall be paid the sum of:

8 (A) The nursing component rate in effect July 1,
9 2012; plus

10 (B) The difference of the RUG-IV nursing component
11 per diem calculated for the current quarter minus the
12 nursing component rate in effect July 1, 2012
13 multiplied by 0.13.

14 (f) Notwithstanding any other provision of this Code, on
15 and after July 1, 2012, reimbursement rates associated with the
16 nursing or support components of the current nursing facility
17 rate methodology shall not increase beyond the level effective
18 May 1, 2011 until a new reimbursement system based on the RUGs
19 IV 48 grouper model has been fully operationalized.

20 (g) Notwithstanding any other provision of this Code, on
21 and after July 1, 2012, for facilities not designated by the
22 Department of Healthcare and Family Services as "Institutions
23 for Mental Disease", rates effective May 1, 2011 shall be
24 adjusted as follows:

25 (1) Individual nursing rates for residents classified
26 in RUG IV groups PA1, PA2, BA1, and BA2 during the quarter

1 ending March 31, 2012 shall be reduced by 10%;

2 (2) Individual nursing rates for residents classified
3 in all other RUG IV groups shall be reduced by 1.0%;

4 (3) Facility rates for the capital and support
5 components shall be reduced by 1.7%.

6 (h) Notwithstanding any other provision of this Code, on
7 and after July 1, 2012, nursing facilities designated by the
8 Department of Healthcare and Family Services as "Institutions
9 for Mental Disease" and "Institutions for Mental Disease" that
10 are facilities licensed under the Specialized Mental Health
11 Rehabilitation Act of 2013 shall have the nursing,
12 socio-developmental, capital, and support components of their
13 reimbursement rate effective May 1, 2011 reduced in total by
14 2.7%.

15 (i) On and after July 1, 2014, the reimbursement rates for
16 the support component of the nursing facility rate for
17 facilities licensed under the Nursing Home Care Act as skilled
18 or intermediate care facilities shall be the rate in effect on
19 June 30, 2014 increased by 8.17%.

20 (j) The Department may contract with a third-party auditor
21 to perform auditing to determine the accuracy of resident
22 assessment information transmitted in the MDS that is relevant
23 to the determination of reimbursement rates.

24 (Source: P.A. 98-104, Article 6, Section 6-240, eff. 7-22-13;
25 98-104, Article 11, Section 11-35, eff. 7-22-13; 98-651, eff.
26 6-16-14; 98-727, eff. 7-16-14; 98-756, eff. 7-16-14; 99-78,

1 eff. 7-20-15.)

2 (305 ILCS 5/5-5b.1a new)

3 Sec. 5-5b.1a. Pharmacy services; dispensing fees. For
4 pharmacy services limited to the dispensing fees reduced in
5 State fiscal year 2015 under Section 5-5b.1, the dispensing
6 fees in State fiscal year 2016 shall be \$2.35 for brand name
7 drugs and \$5.38 for generic drugs. Reimbursement methodology
8 for product shall not be reduced as a result of this Section.
9 This Section does not prevent the Department from making
10 customary adjustments to pharmacy product prices for the
11 State's Maximum Allowable Cost list for generic prescription
12 medicines.

13 (305 ILCS 5/5-5b.2 new)

14 Sec. 5-5b.2. Reimbursement rates; fiscal year 2016
15 reductions; fiscal year 2017 reductions.

16 (a) Except as provided in subsections (b) and (b-1),
17 notwithstanding any other provision of this Code to the
18 contrary, and subject to rescission if not federally approved,
19 providers of the following services shall have their
20 reimbursement rates or dispensing fees reduced for State fiscal
21 year 2016. For each provider class, the Department must
22 calculate a rate reduction which produces for each service type
23 a total reduction in State fiscal year 2016 no greater than an
24 amount equal to the product of 2.25% multiplied by the

1 originally enacted State fiscal year 2015 appropriations from
2 the General Revenue Fund for each medical service type. The
3 Department must only use appropriations from the General
4 Revenue Fund to calculate the rate reduction amount for each
5 service type. The rate reduction shall be applied equally to
6 all services within the service type regardless of the fund
7 from which payment is made. Medical services subject to rate
8 reduction in State fiscal year 2016 are the following:

9 (1) Nursing facility services delivered by a nursing
10 facility licensed under the Nursing Home Care Act.

11 (2) Home health services.

12 (3) Services delivered by a supportive living facility
13 as defined in Section 5-5.01a.

14 (4) Services delivered by a specialized mental health
15 rehabilitation facility licensed under the Specialized
16 Mental Health Rehabilitation Act of 2013.

17 (5) Medical transportation services, including
18 services delivered by a hospital, provided by (i) emergency
19 and non-emergency ground and air ambulance, (ii) medi-car,
20 (iii) service car, and (iv) taxi cab.

21 (6) Capitation payment rates to managed care entities
22 shall include all reductions for those services as provided
23 in this Section, as well as reductions in the
24 administrative portion of the capitation rate. All
25 reductions shall be made in an actuarially sound manner.

26 (7) Services for the treatment of hemophilia.

1 (8) Physician services.

2 (9) Dental services.

3 (10) Optometric services.

4 (11) Podiatry services.

5 (12) Laboratory services or services provided by
6 independent laboratories.

7 (13) Durable medical equipment and supplies.

8 (14) Renal dialysis services.

9 (15) Birth Center Services.

10 (16) Emergency services other than those offered by or
11 in a hospital.

12 (a-1) Notwithstanding any other provision of this Code to
13 the contrary, and subject to rescission if not federally
14 approved, beginning with State fiscal year 2017, and for each
15 fiscal year thereafter, managed care entities shall have their
16 capitation payment rates reduced by no greater than an amount
17 equal to the product of 1.6% multiplied by the appropriations
18 from the General Revenue Fund for the preceding fiscal year.
19 The Department must only use appropriations from the General
20 Revenue Fund to calculate the rate reduction.

21 (b) No provider shall be exempt from the rate reductions
22 authorized under this Section, except that rates or payments,
23 or the portion thereof, paid for private duty nursing services
24 or paid to a provider that is operated by a unit of government
25 that provides the non-federal share of such services shall not
26 be reduced as provided in this Section.

1 (b-1) The Department shall develop a State fiscal year 2016
2 blended rate for nursing services provided by facilities
3 licensed under the Nursing Home Care Act that takes into
4 account the State fiscal year 2016 appropriation from the
5 Long-Term Care Provider Fund and the adjusted State fiscal year
6 2016 appropriation for nursing services from the General
7 Revenue Fund. The State fiscal year 2016 blended rate shall
8 produce a savings to the State for fiscal year 2016 no greater
9 than an amount equal to the product of 2.25% multiplied by the
10 originally enacted State fiscal year 2015 appropriations from
11 the General Revenue Fund for nursing services. The State fiscal
12 year 2016 blended rate shall be applied to all nursing services
13 regardless of the source from which payment is made.

14 (c) For any rates which the Department cannot reduce due to
15 federal law, court order, or specific statutory exemptions, the
16 Department must identify the sum of reductions which cannot be
17 attained. The sum must be proportionally distributed and added
18 into the originally enacted State fiscal year 2015
19 appropriations from the General Revenue Fund for each medical
20 service type prior to the calculation of the rate reduction
21 specified in subsection (a). The Department may not
22 redistribute reductions in any other manner.

23 The reductions required under this Section must be applied
24 uniformly to all providers who deliver the same medical service
25 type.

26 (d) In order to provide for the expeditious and timely

1 implementation of the provisions of this Section, the
2 Department shall adopt rules and may adopt emergency rules in
3 accordance with subsection (s) of Section 5-45 of the Illinois
4 Administrative Procedure Act.

5 (305 ILCS 5/5-30.3 new)

6 Sec. 5-30.3. Managed care; wards of the Department of
7 Children and Family Services. The Department shall seek a
8 waiver from the federal Centers for Medicare and Medicaid
9 Services to allow mandatory enrollment of wards of the
10 Department of Children and Family Services into Medicaid
11 managed care and care coordination plans. The Department must
12 submit a waiver request to the federal Centers for Medicare and
13 Medicaid Services no later than October 1, 2015 and shall take
14 all necessary actions to obtain approval, including appeal of
15 any denial. Beginning January 1, 2016, the Department shall
16 report progress on the waiver required under this Section and
17 shall report quarterly until the waiver request is approved or
18 denied. Upon federal approval, the Department shall develop a
19 process to ensure that all wards of the Department of Children
20 and Family Services are enrolled in Medicaid managed care and
21 care coordination plans.

22 (305 ILCS 5/5A-2) (from Ch. 23, par. 5A-2)

23 (Section scheduled to be repealed on July 1, 2018)

24 Sec. 5A-2. Assessment.

1 (a) Subject to Sections 5A-3 and 5A-10, for State fiscal
2 years 2009 through 2018, an annual assessment on inpatient
3 services is imposed on each hospital provider in an amount
4 equal to \$218.38 multiplied by the difference of the hospital's
5 occupied bed days less the hospital's Medicare bed days,
6 provided, however, that the amount of \$218.38 shall be
7 increased by a uniform percentage to generate an amount equal
8 to 75% of the State share of the payments authorized under
9 Section 12-5, with such increase only taking effect upon the
10 date that a State share for such payments is required under
11 federal law. For the period of April through June 2015, the
12 amount of \$218.38 used to calculate the assessment under this
13 paragraph shall, by emergency rule under subsection (s) of
14 Section 5-45 of the Illinois Administrative Procedure Act, be
15 increased by a uniform percentage to generate \$20,250,000 in
16 the aggregate for that period from all hospitals subject to the
17 annual assessment under this paragraph. In lieu of a reduction
18 in the reimbursement rates paid to hospitals under Section
19 5-5b.2 of this Code, for State fiscal year 2016, the amount of
20 \$218.38 used to calculate the assessment under this paragraph
21 shall, by emergency rule under subsection (s) of Section 5-45
22 of the Illinois Administrative Procedure Act, be increased by a
23 uniform percentage to generate \$20,250,000 annually in the
24 aggregate from all hospitals subject to the annual assessment
25 under this paragraph.

26 For State fiscal years 2009 through 2014 and after, a

1 hospital's occupied bed days and Medicare bed days shall be
2 determined using the most recent data available from each
3 hospital's 2005 Medicare cost report as contained in the
4 Healthcare Cost Report Information System file, for the quarter
5 ending on December 31, 2006, without regard to any subsequent
6 adjustments or changes to such data. If a hospital's 2005
7 Medicare cost report is not contained in the Healthcare Cost
8 Report Information System, then the Illinois Department may
9 obtain the hospital provider's occupied bed days and Medicare
10 bed days from any source available, including, but not limited
11 to, records maintained by the hospital provider, which may be
12 inspected at all times during business hours of the day by the
13 Illinois Department or its duly authorized agents and
14 employees.

15 (b) (Blank).

16 (b-5) Subject to Sections 5A-3 and 5A-10, for the portion
17 of State fiscal year 2012, beginning June 10, 2012 through June
18 30, 2012, and for State fiscal years 2013 through 2018, an
19 annual assessment on outpatient services is imposed on each
20 hospital provider in an amount equal to .008766 multiplied by
21 the hospital's outpatient gross revenue, provided, however,
22 that the amount of .008766 shall be increased by a uniform
23 percentage to generate an amount equal to 25% of the State
24 share of the payments authorized under Section 12-5, with such
25 increase only taking effect upon the date that a State share
26 for such payments is required under federal law. For the period

1 beginning June 10, 2012 through June 30, 2012, the annual
2 assessment on outpatient services shall be prorated by
3 multiplying the assessment amount by a fraction, the numerator
4 of which is 21 days and the denominator of which is 365 days.
5 For the period of April through June 2015, the amount of
6 .008766 used to calculate the assessment under this paragraph
7 shall, by emergency rule under subsection (s) of Section 5-45
8 of the Illinois Administrative Procedure Act, be increased by a
9 uniform percentage to generate \$6,750,000 in the aggregate for
10 that period from all hospitals subject to the annual assessment
11 under this paragraph. In lieu of a reduction in the
12 reimbursement rates paid to hospitals under Section 5-5b.2 of
13 this Code, for State fiscal year 2016, the amount of .008766
14 used to calculate the assessment under this paragraph shall, by
15 emergency rule under subsection (s) of Section 5-45 of the
16 Illinois Administrative Procedure Act, be increased by a
17 uniform percentage to generate \$6,750,000 annually in the
18 aggregate from all hospitals subject to the annual assessment
19 under this paragraph.

20 For the portion of State fiscal year 2012, beginning June
21 10, 2012 through June 30, 2012, and State fiscal years 2013
22 through 2018, a hospital's outpatient gross revenue shall be
23 determined using the most recent data available from each
24 hospital's 2009 Medicare cost report as contained in the
25 Healthcare Cost Report Information System file, for the quarter
26 ending on June 30, 2011, without regard to any subsequent

1 adjustments or changes to such data. If a hospital's 2009
2 Medicare cost report is not contained in the Healthcare Cost
3 Report Information System, then the Department may obtain the
4 hospital provider's outpatient gross revenue from any source
5 available, including, but not limited to, records maintained by
6 the hospital provider, which may be inspected at all times
7 during business hours of the day by the Department or its duly
8 authorized agents and employees.

9 (c) (Blank).

10 (d) Notwithstanding any of the other provisions of this
11 Section, the Department is authorized to adopt rules to reduce
12 the rate of any annual assessment imposed under this Section,
13 as authorized by Section 5-46.2 of the Illinois Administrative
14 Procedure Act.

15 (e) Notwithstanding any other provision of this Section,
16 any plan providing for an assessment on a hospital provider as
17 a permissible tax under Title XIX of the federal Social
18 Security Act and Medicaid-eligible payments to hospital
19 providers from the revenues derived from that assessment shall
20 be reviewed by the Illinois Department of Healthcare and Family
21 Services, as the Single State Medicaid Agency required by
22 federal law, to determine whether those assessments and
23 hospital provider payments meet federal Medicaid standards. If
24 the Department determines that the elements of the plan may
25 meet federal Medicaid standards and a related State Medicaid
26 Plan Amendment is prepared in a manner and form suitable for

1 submission, that State Plan Amendment shall be submitted in a
2 timely manner for review by the Centers for Medicare and
3 Medicaid Services of the United States Department of Health and
4 Human Services and subject to approval by the Centers for
5 Medicare and Medicaid Services of the United States Department
6 of Health and Human Services. No such plan shall become
7 effective without approval by the Illinois General Assembly by
8 the enactment into law of related legislation. Notwithstanding
9 any other provision of this Section, the Department is
10 authorized to adopt rules to reduce the rate of any annual
11 assessment imposed under this Section. Any such rules may be
12 adopted by the Department under Section 5-50 of the Illinois
13 Administrative Procedure Act.

14 (Source: P.A. 98-104, eff. 7-22-13; 98-651, eff. 6-16-14; 99-2,
15 eff. 3-26-15.)

16 (305 ILCS 5/5A-12.2)

17 (Section scheduled to be repealed on July 1, 2018)

18 Sec. 5A-12.2. Hospital access payments on or after July 1,
19 2008.

20 (a) To preserve and improve access to hospital services,
21 for hospital services rendered on or after July 1, 2008, the
22 Illinois Department shall, except for hospitals described in
23 subsection (b) of Section 5A-3, make payments to hospitals as
24 set forth in this Section. These payments shall be paid in 12
25 equal installments on or before the seventh State business day

1 of each month, except that no payment shall be due within 100
2 days after the later of the date of notification of federal
3 approval of the payment methodologies required under this
4 Section or any waiver required under 42 CFR 433.68, at which
5 time the sum of amounts required under this Section prior to
6 the date of notification is due and payable. Payments under
7 this Section are not due and payable, however, until (i) the
8 methodologies described in this Section are approved by the
9 federal government in an appropriate State Plan amendment and
10 (ii) the assessment imposed under this Article is determined to
11 be a permissible tax under Title XIX of the Social Security
12 Act.

13 (a-5) The Illinois Department may, when practicable,
14 accelerate the schedule upon which payments authorized under
15 this Section are made.

16 (b) Across-the-board inpatient adjustment.

17 (1) In addition to rates paid for inpatient hospital
18 services, the Department shall pay to each Illinois general
19 acute care hospital an amount equal to 40% of the total
20 base inpatient payments paid to the hospital for services
21 provided in State fiscal year 2005.

22 (2) In addition to rates paid for inpatient hospital
23 services, the Department shall pay to each freestanding
24 Illinois specialty care hospital as defined in 89 Ill. Adm.
25 Code 149.50(c)(1), (2), or (4) an amount equal to 60% of
26 the total base inpatient payments paid to the hospital for

1 services provided in State fiscal year 2005.

2 (3) In addition to rates paid for inpatient hospital
3 services, the Department shall pay to each freestanding
4 Illinois rehabilitation or psychiatric hospital an amount
5 equal to \$1,000 per Medicaid inpatient day multiplied by
6 the increase in the hospital's Medicaid inpatient
7 utilization ratio (determined using the positive
8 percentage change from the rate year 2005 Medicaid
9 inpatient utilization ratio to the rate year 2007 Medicaid
10 inpatient utilization ratio, as calculated by the
11 Department for the disproportionate share determination).

12 (4) In addition to rates paid for inpatient hospital
13 services, the Department shall pay to each Illinois
14 children's hospital an amount equal to 20% of the total
15 base inpatient payments paid to the hospital for services
16 provided in State fiscal year 2005 and an additional amount
17 equal to 20% of the base inpatient payments paid to the
18 hospital for psychiatric services provided in State fiscal
19 year 2005.

20 (5) In addition to rates paid for inpatient hospital
21 services, the Department shall pay to each Illinois
22 hospital eligible for a pediatric inpatient adjustment
23 payment under 89 Ill. Adm. Code 148.298, as in effect for
24 State fiscal year 2007, a supplemental pediatric inpatient
25 adjustment payment equal to:

26 (i) For freestanding children's hospitals as

1 defined in 89 Ill. Adm. Code 149.50(c)(3)(A), 2.5
2 multiplied by the hospital's pediatric inpatient
3 adjustment payment required under 89 Ill. Adm. Code
4 148.298, as in effect for State fiscal year 2008.

5 (ii) For hospitals other than freestanding
6 children's hospitals as defined in 89 Ill. Adm. Code
7 149.50(c)(3)(B), 1.0 multiplied by the hospital's
8 pediatric inpatient adjustment payment required under
9 89 Ill. Adm. Code 148.298, as in effect for State
10 fiscal year 2008.

11 (c) Outpatient adjustment.

12 (1) In addition to the rates paid for outpatient
13 hospital services, the Department shall pay each Illinois
14 hospital an amount equal to 2.2 multiplied by the
15 hospital's ambulatory procedure listing payments for
16 categories 1, 2, 3, and 4, as defined in 89 Ill. Adm. Code
17 148.140(b), for State fiscal year 2005.

18 (2) In addition to the rates paid for outpatient
19 hospital services, the Department shall pay each Illinois
20 freestanding psychiatric hospital an amount equal to 3.25
21 multiplied by the hospital's ambulatory procedure listing
22 payments for category 5b, as defined in 89 Ill. Adm. Code
23 148.140(b)(1)(E), for State fiscal year 2005.

24 (d) Medicaid high volume adjustment. In addition to rates
25 paid for inpatient hospital services, the Department shall pay
26 to each Illinois general acute care hospital that provided more

1 than 20,500 Medicaid inpatient days of care in State fiscal
2 year 2005 amounts as follows:

3 (1) For hospitals with a case mix index equal to or
4 greater than the 85th percentile of hospital case mix
5 indices, \$350 for each Medicaid inpatient day of care
6 provided during that period; and

7 (2) For hospitals with a case mix index less than the
8 85th percentile of hospital case mix indices, \$100 for each
9 Medicaid inpatient day of care provided during that period.

10 (e) Capital adjustment. In addition to rates paid for
11 inpatient hospital services, the Department shall pay an
12 additional payment to each Illinois general acute care hospital
13 that has a Medicaid inpatient utilization rate of at least 10%
14 (as calculated by the Department for the rate year 2007
15 disproportionate share determination) amounts as follows:

16 (1) For each Illinois general acute care hospital that
17 has a Medicaid inpatient utilization rate of at least 10%
18 and less than 36.94% and whose capital cost is less than
19 the 60th percentile of the capital costs of all Illinois
20 hospitals, the amount of such payment shall equal the
21 hospital's Medicaid inpatient days multiplied by the
22 difference between the capital costs at the 60th percentile
23 of the capital costs of all Illinois hospitals and the
24 hospital's capital costs.

25 (2) For each Illinois general acute care hospital that
26 has a Medicaid inpatient utilization rate of at least

1 36.94% and whose capital cost is less than the 75th
2 percentile of the capital costs of all Illinois hospitals,
3 the amount of such payment shall equal the hospital's
4 Medicaid inpatient days multiplied by the difference
5 between the capital costs at the 75th percentile of the
6 capital costs of all Illinois hospitals and the hospital's
7 capital costs.

8 (f) Obstetrical care adjustment.

9 (1) In addition to rates paid for inpatient hospital
10 services, the Department shall pay \$1,500 for each Medicaid
11 obstetrical day of care provided in State fiscal year 2005
12 by each Illinois rural hospital that had a Medicaid
13 obstetrical percentage (Medicaid obstetrical days divided
14 by Medicaid inpatient days) greater than 15% for State
15 fiscal year 2005.

16 (2) In addition to rates paid for inpatient hospital
17 services, the Department shall pay \$1,350 for each Medicaid
18 obstetrical day of care provided in State fiscal year 2005
19 by each Illinois general acute care hospital that was
20 designated a level III perinatal center as of December 31,
21 2006, and that had a case mix index equal to or greater
22 than the 45th percentile of the case mix indices for all
23 level III perinatal centers.

24 (3) In addition to rates paid for inpatient hospital
25 services, the Department shall pay \$900 for each Medicaid
26 obstetrical day of care provided in State fiscal year 2005

1 by each Illinois general acute care hospital that was
2 designated a level II or II+ perinatal center as of
3 December 31, 2006, and that had a case mix index equal to
4 or greater than the 35th percentile of the case mix indices
5 for all level II and II+ perinatal centers.

6 (g) Trauma adjustment.

7 (1) In addition to rates paid for inpatient hospital
8 services, the Department shall pay each Illinois general
9 acute care hospital designated as a trauma center as of
10 July 1, 2007, a payment equal to 3.75 multiplied by the
11 hospital's State fiscal year 2005 Medicaid capital
12 payments.

13 (2) In addition to rates paid for inpatient hospital
14 services, the Department shall pay \$400 for each Medicaid
15 acute inpatient day of care provided in State fiscal year
16 2005 by each Illinois general acute care hospital that was
17 designated a level II trauma center, as defined in 89 Ill.
18 Adm. Code 148.295(a)(3) and 148.295(a)(4), as of July 1,
19 2007.

20 (3) In addition to rates paid for inpatient hospital
21 services, the Department shall pay \$235 for each Illinois
22 Medicaid acute inpatient day of care provided in State
23 fiscal year 2005 by each level I pediatric trauma center
24 located outside of Illinois that had more than 8,000
25 Illinois Medicaid inpatient days in State fiscal year 2005.

26 (h) Supplemental tertiary care adjustment. In addition to

1 rates paid for inpatient services, the Department shall pay to
2 each Illinois hospital eligible for tertiary care adjustment
3 payments under 89 Ill. Adm. Code 148.296, as in effect for
4 State fiscal year 2007, a supplemental tertiary care adjustment
5 payment equal to the tertiary care adjustment payment required
6 under 89 Ill. Adm. Code 148.296, as in effect for State fiscal
7 year 2007.

8 (i) Crossover adjustment. In addition to rates paid for
9 inpatient services, the Department shall pay each Illinois
10 general acute care hospital that had a ratio of crossover days
11 to total inpatient days for medical assistance programs
12 administered by the Department (utilizing information from
13 2005 paid claims) greater than 50%, and a case mix index
14 greater than the 65th percentile of case mix indices for all
15 Illinois hospitals, a rate of \$1,125 for each Medicaid
16 inpatient day including crossover days.

17 (j) Magnet hospital adjustment. In addition to rates paid
18 for inpatient hospital services, the Department shall pay to
19 each Illinois general acute care hospital and each Illinois
20 freestanding children's hospital that, as of February 1, 2008,
21 was recognized as a Magnet hospital by the American Nurses
22 Credentialing Center and that had a case mix index greater than
23 the 75th percentile of case mix indices for all Illinois
24 hospitals amounts as follows:

25 (1) For hospitals located in a county whose eligibility
26 growth factor is greater than the mean, \$450 multiplied by

1 the eligibility growth factor for the county in which the
2 hospital is located for each Medicaid inpatient day of care
3 provided by the hospital during State fiscal year 2005.

4 (2) For hospitals located in a county whose eligibility
5 growth factor is less than or equal to the mean, \$225
6 multiplied by the eligibility growth factor for the county
7 in which the hospital is located for each Medicaid
8 inpatient day of care provided by the hospital during State
9 fiscal year 2005.

10 For purposes of this subsection, "eligibility growth
11 factor" means the percentage by which the number of Medicaid
12 recipients in the county increased from State fiscal year 1998
13 to State fiscal year 2005.

14 (k) For purposes of this Section, a hospital that is
15 enrolled to provide Medicaid services during State fiscal year
16 2005 shall have its utilization and associated reimbursements
17 annualized prior to the payment calculations being performed
18 under this Section.

19 (l) For purposes of this Section, the terms "Medicaid
20 days", "ambulatory procedure listing services", and
21 "ambulatory procedure listing payments" do not include any
22 days, charges, or services for which Medicare or a managed care
23 organization reimbursed on a capitated basis was liable for
24 payment, except where explicitly stated otherwise in this
25 Section.

26 (m) For purposes of this Section, in determining the

1 percentile ranking of an Illinois hospital's case mix index or
2 capital costs, hospitals described in subsection (b) of Section
3 5A-3 shall be excluded from the ranking.

4 (n) Definitions. Unless the context requires otherwise or
5 unless provided otherwise in this Section, the terms used in
6 this Section for qualifying criteria and payment calculations
7 shall have the same meanings as those terms have been given in
8 the Illinois Department's administrative rules as in effect on
9 March 1, 2008. Other terms shall be defined by the Illinois
10 Department by rule.

11 As used in this Section, unless the context requires
12 otherwise:

13 "Base inpatient payments" means, for a given hospital, the
14 sum of base payments for inpatient services made on a per diem
15 or per admission (DRG) basis, excluding those portions of per
16 admission payments that are classified as capital payments.
17 Disproportionate share hospital adjustment payments, Medicaid
18 Percentage Adjustments, Medicaid High Volume Adjustments, and
19 outlier payments, as defined by rule by the Department as of
20 January 1, 2008, are not base payments.

21 "Capital costs" means, for a given hospital, the total
22 capital costs determined using the most recent 2005 Medicare
23 cost report as contained in the Healthcare Cost Report
24 Information System file, for the quarter ending on December 31,
25 2006, divided by the total inpatient days from the same cost
26 report to calculate a capital cost per day. The resulting

1 capital cost per day is inflated to the midpoint of State
2 fiscal year 2009 utilizing the national hospital market price
3 proxies (DRI) hospital cost index. If a hospital's 2005
4 Medicare cost report is not contained in the Healthcare Cost
5 Report Information System, the Department may obtain the data
6 necessary to compute the hospital's capital costs from any
7 source available, including, but not limited to, records
8 maintained by the hospital provider, which may be inspected at
9 all times during business hours of the day by the Illinois
10 Department or its duly authorized agents and employees.

11 "Case mix index" means, for a given hospital, the sum of
12 the DRG relative weighting factors in effect on January 1,
13 2005, for all general acute care admissions for State fiscal
14 year 2005, excluding Medicare crossover admissions and
15 transplant admissions reimbursed under 89 Ill. Adm. Code
16 148.82, divided by the total number of general acute care
17 admissions for State fiscal year 2005, excluding Medicare
18 crossover admissions and transplant admissions reimbursed
19 under 89 Ill. Adm. Code 148.82.

20 "Medicaid inpatient day" means, for a given hospital, the
21 sum of days of inpatient hospital days provided to recipients
22 of medical assistance under Title XIX of the federal Social
23 Security Act, excluding days for individuals eligible for
24 Medicare under Title XVIII of that Act (Medicaid/Medicare
25 crossover days), as tabulated from the Department's paid claims
26 data for admissions occurring during State fiscal year 2005

1 that was adjudicated by the Department through March 23, 2007.

2 "Medicaid obstetrical day" means, for a given hospital, the
3 sum of days of inpatient hospital days grouped by the
4 Department to DRGs of 370 through 375 provided to recipients of
5 medical assistance under Title XIX of the federal Social
6 Security Act, excluding days for individuals eligible for
7 Medicare under Title XVIII of that Act (Medicaid/Medicare
8 crossover days), as tabulated from the Department's paid claims
9 data for admissions occurring during State fiscal year 2005
10 that was adjudicated by the Department through March 23, 2007.

11 "Outpatient ambulatory procedure listing payments" means,
12 for a given hospital, the sum of payments for ambulatory
13 procedure listing services, as described in 89 Ill. Adm. Code
14 148.140(b), provided to recipients of medical assistance under
15 Title XIX of the federal Social Security Act, excluding
16 payments for individuals eligible for Medicare under Title
17 XVIII of the Act (Medicaid/Medicare crossover days), as
18 tabulated from the Department's paid claims data for services
19 occurring in State fiscal year 2005 that were adjudicated by
20 the Department through March 23, 2007.

21 (o) The Department may adjust payments made under this
22 Section 5A-12.2 to comply with federal law or regulations
23 regarding hospital-specific payment limitations on
24 government-owned or government-operated hospitals.

25 (p) Notwithstanding any of the other provisions of this
26 Section, the Department is authorized to adopt rules that

1 change the hospital access improvement payments specified in
2 this Section, but only to the extent necessary to conform to
3 any federally approved amendment to the Title XIX State plan.
4 Any such rules shall be adopted by the Department as authorized
5 by Section 5-50 of the Illinois Administrative Procedure Act.
6 Notwithstanding any other provision of law, any changes
7 implemented as a result of this subsection (p) shall be given
8 retroactive effect so that they shall be deemed to have taken
9 effect as of the effective date of this Section.

10 (q) (Blank).

11 (r) On and after July 1, 2012, the Department shall reduce
12 any rate of reimbursement for services or other payments or
13 alter any methodologies authorized by this Code to reduce any
14 rate of reimbursement for services or other payments in
15 accordance with Section 5-5e.

16 (s) On or after July 1, 2014, but no later than October 1,
17 2014, and no less than annually thereafter, the Department may
18 increase capitation payments to capitated managed care
19 organizations (MCOs) to equal the aggregate reduction of
20 payments made in this Section and in Section 5A-12.4 by a
21 uniform percentage on a regional basis to preserve access to
22 hospital services for recipients under the Illinois Medical
23 Assistance Program. The aggregate amount of all increased
24 capitation payments to all MCOs for a fiscal year shall be the
25 amount needed to avoid reduction in payments authorized under
26 Section 5A-15. Payments to MCOs under this Section shall be

1 consistent with actuarial certification and shall be published
2 by the Department each year. Each MCO shall only expend the
3 increased capitation payments it receives under this Section to
4 support the availability of hospital services and to ensure
5 access to hospital services, with such expenditures being made
6 within 15 calendar days from when the MCO receives the
7 increased capitation payment. The Department shall make
8 available, on a monthly basis, a report of the capitation
9 payments that are made to each MCO pursuant to this subsection,
10 including the number of enrollees for which such payment is
11 made, the per enrollee amount of the payment, and any
12 adjustments that have been made. Payments made under this
13 subsection shall be guaranteed by a surety bond obtained by the
14 MCO in an amount established by the Department to approximate
15 one month's liability of payments authorized under this
16 subsection. The Department may advance the payments guaranteed
17 by the surety bond. Payments to MCOs that would be paid
18 consistent with actuarial certification and enrollment in the
19 absence of the increased capitation payments under this Section
20 shall not be reduced as a consequence of payments made under
21 this subsection.

22 As used in this subsection, "MCO" means an entity which
23 contracts with the Department to provide services where payment
24 for medical services is made on a capitated basis.

25 (t) On or after July 1, 2014, the Department shall ~~may~~
26 increase capitation payments to capitated managed care

1 organizations (MCOs) to include the payments authorized equal
2 ~~the aggregate reduction of payments made~~ in Section 5A-12.5 to
3 preserve access to hospital services for recipients under the
4 Illinois Medical Assistance Program. Payments to MCOs under
5 this Section shall be consistent with actuarial certification
6 and shall be published by the Department each year. Each MCO
7 shall only expend the increased capitation payments it receives
8 under this Section to support the availability of hospital
9 services and to ensure access to hospital services, with such
10 expenditures being made within 15 calendar days from when the
11 MCO receives the increased capitation payment. The Department
12 may advance the payments to hospitals under this subsection, in
13 the event the MCO fails to make such payments. The Department
14 shall make available, on a monthly basis, a report of the
15 capitation payments that are made to each MCO pursuant to this
16 subsection, including the number of enrollees for which such
17 payment is made, the per enrollee amount of the payment, and
18 any adjustments that have been made. Payments to MCOs that
19 would be paid consistent with actuarial certification and
20 enrollment in the absence of the increased capitation payments
21 under this subsection shall not be reduced as a consequence of
22 payments made under this subsection.

23 As used in this subsection, "MCO" means an entity which
24 contracts with the Department to provide services where payment
25 for medical services is made on a capitated basis.

26 (Source: P.A. 97-689, eff. 6-14-12; 98-651, eff. 6-16-14.)

1 (305 ILCS 5/5A-12.5)

2 Sec. 5A-12.5. Affordable Care Act adults; hospital access
3 payments. The Department shall, subject to federal approval,
4 mirror the Medical Assistance hospital reimbursement
5 methodology, for recipients enrolled under a fee for service or
6 capitated managed care program, including hospital access
7 payments as defined in Section 5A-12.2 of this Article and
8 hospital access improvement payments as defined in Section
9 5A-12.4 of this Article, as well as the amount of such payments
10 pursuant to subsection (s) of Section 5A-12.2 of this Article,
11 in compliance with the equivalent rate provisions of the
12 Affordable Care Act. The Department shall make adjustments to
13 the capitation payments made to MCOs for adults eligible for
14 medical assistance pursuant to the Affordable Care Act for the
15 hospital access payments authorized under this Section
16 attributable to the earliest possible date for which federal
17 financial participation is available.

18 As used in this Section, "Affordable Care Act" is the
19 collective term for the Patient Protection and Affordable Care
20 Act (Pub. L. 111-148) and the Health Care and Education
21 Reconciliation Act of 2010 (Pub. L. 111-152).

22 (Source: P.A. 98-651, eff. 6-16-14.)

23 (305 ILCS 5/12-13.1)

24 Sec. 12-13.1. Inspector General.

1 (a) The Governor shall appoint, and the Senate shall
2 confirm, an Inspector General who shall function within the
3 Illinois Department of Public Aid (now Healthcare and Family
4 Services) and report to the Governor. The term of the Inspector
5 General shall expire on the third Monday of January, 1997 and
6 every 4 years thereafter.

7 (b) In order to prevent, detect, and eliminate fraud,
8 waste, abuse, mismanagement, and misconduct, the Inspector
9 General shall oversee the Department of Healthcare and Family
10 Services' and the Department on Aging's integrity functions,
11 which include, but are not limited to, the following:

12 (1) Investigation of misconduct by employees, vendors,
13 contractors and medical providers, except for allegations
14 of violations of the State Officials and Employees Ethics
15 Act which shall be referred to the Office of the Governor's
16 Executive Inspector General for investigation.

17 (2) Prepayment and post-payment audits of medical
18 providers related to ensuring that appropriate payments
19 are made for services rendered and to the prevention and
20 recovery of overpayments.

21 (3) Monitoring of quality assurance programs
22 administered by the Department of Healthcare and Family
23 Services and the Community Care Program administered by the
24 Department on Aging.

25 (4) Quality control measurements of the programs
26 administered by the Department of Healthcare and Family

1 Services and the Community Care Program administered by the
2 Department on Aging.

3 (5) Investigations of fraud or intentional program
4 violations committed by clients of the Department of
5 Healthcare and Family Services and the Community Care
6 Program administered by the Department on Aging.

7 (6) Actions initiated against contractors, vendors, or
8 medical providers for any of the following reasons:

9 (A) Violations of the medical assistance program
10 and the Community Care Program administered by the
11 Department on Aging.

12 (B) Sanctions against providers brought in
13 conjunction with the Department of Public Health or the
14 Department of Human Services (as successor to the
15 Department of Mental Health and Developmental
16 Disabilities).

17 (C) Recoveries of assessments against hospitals
18 and long-term care facilities.

19 (D) Sanctions mandated by the United States
20 Department of Health and Human Services against
21 medical providers.

22 (E) Violations of contracts related to any
23 programs administered by the Department of Healthcare
24 and Family Services and the Community Care Program
25 administered by the Department on Aging.

26 (7) Representation of the Department of Healthcare and

1 Family Services at hearings with the Illinois Department of
2 Financial and Professional Regulation in actions taken
3 against professional licenses held by persons who are in
4 violation of orders for child support payments.

5 (b-5) At the request of the Secretary of Human Services,
6 the Inspector General shall, in relation to any function
7 performed by the Department of Human Services as successor to
8 the Department of Public Aid, exercise one or more of the
9 powers provided under this Section as if those powers related
10 to the Department of Human Services; in such matters, the
11 Inspector General shall report his or her findings to the
12 Secretary of Human Services.

13 (c) Notwithstanding, and in addition to, any other
14 provision of law, the Inspector General shall have access to
15 all information, personnel and facilities of the Department of
16 Healthcare and Family Services and the Department of Human
17 Services (as successor to the Department of Public Aid), their
18 employees, vendors, contractors and medical providers and any
19 federal, State or local governmental agency that are necessary
20 to perform the duties of the Office as directly related to
21 public assistance programs administered by those departments.
22 No medical provider shall be compelled, however, to provide
23 individual medical records of patients who are not clients of
24 the programs administered by the Department of Healthcare and
25 Family Services. State and local governmental agencies are
26 authorized and directed to provide the requested information,

1 assistance or cooperation.

2 For purposes of enhanced program integrity functions and
3 oversight, and to the extent consistent with applicable
4 information and privacy, security, and disclosure laws, State
5 agencies and departments shall provide the Office of Inspector
6 General access to confidential and other information and data,
7 and the Inspector General is authorized to enter into
8 agreements with appropriate federal agencies and departments
9 to secure similar data. This includes, but is not limited to,
10 information pertaining to: licensure; certification; earnings;
11 immigration status; citizenship; wage reporting; unearned and
12 earned income; pension income; employment; supplemental
13 security income; social security numbers; National Provider
14 Identifier (NPI) numbers; the National Practitioner Data Bank
15 (NPDB); program and agency exclusions; taxpayer identification
16 numbers; tax delinquency; corporate information; and death
17 records.

18 The Inspector General shall enter into agreements with
19 State agencies and departments, and is authorized to enter into
20 agreements with federal agencies and departments, under which
21 such agencies and departments shall share data necessary for
22 medical assistance program integrity functions and oversight.
23 The Inspector General shall enter into agreements with State
24 agencies and departments, and is authorized to enter into
25 agreements with federal agencies and departments, under which
26 such agencies shall share data necessary for recipient and

1 vendor screening, review, and investigation, including but not
2 limited to vendor payment and recipient eligibility
3 verification. The Inspector General shall develop, in
4 cooperation with other State and federal agencies and
5 departments, and in compliance with applicable federal laws and
6 regulations, appropriate and effective methods to share such
7 data. The Inspector General shall enter into agreements with
8 State agencies and departments, and is authorized to enter into
9 agreements with federal agencies and departments, including,
10 but not limited to: the Secretary of State; the Department of
11 Revenue; the Department of Public Health; the Department of
12 Human Services; and the Department of Financial and
13 Professional Regulation.

14 The Inspector General shall have the authority to deny
15 payment, prevent overpayments, and recover overpayments.

16 The Inspector General shall have the authority to deny or
17 suspend payment to, and deny, terminate, or suspend the
18 eligibility of, any vendor who fails to grant the Inspector
19 General timely access to full and complete records, including
20 records of recipients under the medical assistance program for
21 the most recent 6 years, in accordance with Section 140.28 of
22 Title 89 of the Illinois Administrative Code, and other
23 information for the purpose of audits, investigations, or other
24 program integrity functions, after reasonable written request
25 by the Inspector General.

26 (d) The Inspector General shall serve as the Department of

1 Healthcare and Family Services' primary liaison with law
2 enforcement, investigatory and prosecutorial agencies,
3 including but not limited to the following:

4 (1) The Department of State Police.

5 (2) The Federal Bureau of Investigation and other
6 federal law enforcement agencies.

7 (3) The various Inspectors General of federal agencies
8 overseeing the programs administered by the Department of
9 Healthcare and Family Services.

10 (4) The various Inspectors General of any other State
11 agencies with responsibilities for portions of programs
12 primarily administered by the Department of Healthcare and
13 Family Services.

14 (5) The Offices of the several United States Attorneys
15 in Illinois.

16 (6) The several State's Attorneys.

17 (7) The offices of the Centers for Medicare and
18 Medicaid Services that administer the Medicare and
19 Medicaid integrity programs.

20 The Inspector General shall meet on a regular basis with
21 these entities to share information regarding possible
22 misconduct by any persons or entities involved with the public
23 aid programs administered by the Department of Healthcare and
24 Family Services.

25 (e) All investigations conducted by the Inspector General
26 shall be conducted in a manner that ensures the preservation of

1 evidence for use in criminal prosecutions. If the Inspector
2 General determines that a possible criminal act relating to
3 fraud in the provision or administration of the medical
4 assistance program has been committed, the Inspector General
5 shall immediately notify the Medicaid Fraud Control Unit. If
6 the Inspector General determines that a possible criminal act
7 has been committed within the jurisdiction of the Office, the
8 Inspector General may request the special expertise of the
9 Department of State Police. The Inspector General may present
10 for prosecution the findings of any criminal investigation to
11 the Office of the Attorney General, the Offices of the several
12 United States Attorneys in Illinois or the several State's
13 Attorneys.

14 (f) To carry out his or her duties as described in this
15 Section, the Inspector General and his or her designees shall
16 have the power to compel by subpoena the attendance and
17 testimony of witnesses and the production of books, electronic
18 records and papers as directly related to public assistance
19 programs administered by the Department of Healthcare and
20 Family Services or the Department of Human Services (as
21 successor to the Department of Public Aid). No medical provider
22 shall be compelled, however, to provide individual medical
23 records of patients who are not clients of the Medical
24 Assistance Program.

25 (g) The Inspector General shall report all convictions,
26 terminations, and suspensions taken against vendors,

1 contractors and medical providers to the Department of
2 Healthcare and Family Services and to any agency responsible
3 for licensing or regulating those persons or entities.

4 (h) The Inspector General shall make annual reports,
5 findings, and recommendations regarding the Office's
6 investigations into reports of fraud, waste, abuse,
7 mismanagement, or misconduct relating to any programs
8 administered by the Department of Healthcare and Family
9 Services or the Department of Human Services (as successor to
10 the Department of Public Aid) to the General Assembly and the
11 Governor. These reports shall include, but not be limited to,
12 the following information:

13 (1) Aggregate provider billing and payment
14 information, including the number of providers at various
15 Medicaid earning levels.

16 (2) The number of audits of the medical assistance
17 program and the dollar savings resulting from those audits.

18 (3) The number of prescriptions rejected annually
19 under the Department of Healthcare and Family Services'
20 Refill Too Soon program and the dollar savings resulting
21 from that program.

22 (4) Provider sanctions, in the aggregate, including
23 terminations and suspensions.

24 (5) A detailed summary of the investigations
25 undertaken in the previous fiscal year. These summaries
26 shall comply with all laws and rules regarding maintaining

1 confidentiality in the public aid programs.

2 (i) Nothing in this Section shall limit investigations by
3 the Department of Healthcare and Family Services or the
4 Department of Human Services that may otherwise be required by
5 law or that may be necessary in their capacity as the central
6 administrative authorities responsible for administration of
7 their agency's programs in this State.

8 (j) The Inspector General may issue shields or other
9 distinctive identification to his or her employees not
10 exercising the powers of a peace officer if the Inspector
11 General determines that a shield or distinctive identification
12 is needed by an employee to carry out his or her
13 responsibilities.

14 (k) The Office of Inspector General must realign its
15 resources toward activities with the greatest potential to
16 reduce or avoid unnecessary, wasteful, or fraudulent
17 expenditures.

18 (Source: P.A. 97-689, eff. 6-14-12; 98-8, eff. 5-3-13.)

19 ARTICLE 105. DEPARTMENT OF CORRECTIONS

20 Section 105-5. The Unified Code of Corrections is amended
21 by changing Section 3-2-2 as follows:

22 (730 ILCS 5/3-2-2) (from Ch. 38, par. 1003-2-2)

23 Sec. 3-2-2. Powers and Duties of the Department.

1 (1) In addition to the powers, duties and responsibilities
2 which are otherwise provided by law, the Department shall have
3 the following powers:

4 (a) To accept persons committed to it by the courts of
5 this State for care, custody, treatment and
6 rehabilitation, and to accept federal prisoners and aliens
7 over whom the Office of the Federal Detention Trustee is
8 authorized to exercise the federal detention function for
9 limited purposes and periods of time.

10 (b) To develop and maintain reception and evaluation
11 units for purposes of analyzing the custody and
12 rehabilitation needs of persons committed to it and to
13 assign such persons to institutions and programs under its
14 control or transfer them to other appropriate agencies. In
15 consultation with the Department of Alcoholism and
16 Substance Abuse (now the Department of Human Services), the
17 Department of Corrections shall develop a master plan for
18 the screening and evaluation of persons committed to its
19 custody who have alcohol or drug abuse problems, and for
20 making appropriate treatment available to such persons;
21 the Department shall report to the General Assembly on such
22 plan not later than April 1, 1987. The maintenance and
23 implementation of such plan shall be contingent upon the
24 availability of funds.

25 (b-1) To create and implement, on January 1, 2002, a
26 pilot program to establish the effectiveness of

1 pupillometer technology (the measurement of the pupil's
2 reaction to light) as an alternative to a urine test for
3 purposes of screening and evaluating persons committed to
4 its custody who have alcohol or drug problems. The pilot
5 program shall require the pupillometer technology to be
6 used in at least one Department of Corrections facility.
7 The Director may expand the pilot program to include an
8 additional facility or facilities as he or she deems
9 appropriate. A minimum of 4,000 tests shall be included in
10 the pilot program. The Department must report to the
11 General Assembly on the effectiveness of the program by
12 January 1, 2003.

13 (b-5) To develop, in consultation with the Department
14 of State Police, a program for tracking and evaluating each
15 inmate from commitment through release for recording his or
16 her gang affiliations, activities, or ranks.

17 (c) To maintain and administer all State correctional
18 institutions and facilities under its control and to
19 establish new ones as needed. Pursuant to its power to
20 establish new institutions and facilities, the Department
21 may, with the written approval of the Governor, authorize
22 the Department of Central Management Services to enter into
23 an agreement of the type described in subsection (d) of
24 Section 405-300 of the Department of Central Management
25 Services Law (20 ILCS 405/405-300). The Department shall
26 designate those institutions which shall constitute the

1 State Penitentiary System.

2 Pursuant to its power to establish new institutions and
3 facilities, the Department may authorize the Department of
4 Central Management Services to accept bids from counties
5 and municipalities for the construction, remodeling or
6 conversion of a structure to be leased to the Department of
7 Corrections for the purposes of its serving as a
8 correctional institution or facility. Such construction,
9 remodeling or conversion may be financed with revenue bonds
10 issued pursuant to the Industrial Building Revenue Bond Act
11 by the municipality or county. The lease specified in a bid
12 shall be for a term of not less than the time needed to
13 retire any revenue bonds used to finance the project, but
14 not to exceed 40 years. The lease may grant to the State
15 the option to purchase the structure outright.

16 Upon receipt of the bids, the Department may certify
17 one or more of the bids and shall submit any such bids to
18 the General Assembly for approval. Upon approval of a bid
19 by a constitutional majority of both houses of the General
20 Assembly, pursuant to joint resolution, the Department of
21 Central Management Services may enter into an agreement
22 with the county or municipality pursuant to such bid.

23 (c-5) To build and maintain regional juvenile
24 detention centers and to charge a per diem to the counties
25 as established by the Department to defray the costs of
26 housing each minor in a center. In this subsection (c-5),

1 "juvenile detention center" means a facility to house
2 minors during pendency of trial who have been transferred
3 from proceedings under the Juvenile Court Act of 1987 to
4 prosecutions under the criminal laws of this State in
5 accordance with Section 5-805 of the Juvenile Court Act of
6 1987, whether the transfer was by operation of law or
7 permissive under that Section. The Department shall
8 designate the counties to be served by each regional
9 juvenile detention center.

10 (d) To develop and maintain programs of control,
11 rehabilitation and employment of committed persons within
12 its institutions.

13 (d-5) To provide a pre-release job preparation program
14 for inmates at Illinois adult correctional centers.

15 (e) To establish a system of supervision and guidance
16 of committed persons in the community.

17 (f) To establish in cooperation with the Department of
18 Transportation to supply a sufficient number of prisoners
19 for use by the Department of Transportation to clean up the
20 trash and garbage along State, county, township, or
21 municipal highways as designated by the Department of
22 Transportation. The Department of Corrections, at the
23 request of the Department of Transportation, shall furnish
24 such prisoners at least annually for a period to be agreed
25 upon between the Director of Corrections and the Director
26 of Transportation. The prisoners used on this program shall

1 be selected by the Director of Corrections on whatever
2 basis he deems proper in consideration of their term,
3 behavior and earned eligibility to participate in such
4 program - where they will be outside of the prison facility
5 but still in the custody of the Department of Corrections.
6 Prisoners convicted of first degree murder, or a Class X
7 felony, or armed violence, or aggravated kidnapping, or
8 criminal sexual assault, aggravated criminal sexual abuse
9 or a subsequent conviction for criminal sexual abuse, or
10 forcible detention, or arson, or a prisoner adjudged a
11 Habitual Criminal shall not be eligible for selection to
12 participate in such program. The prisoners shall remain as
13 prisoners in the custody of the Department of Corrections
14 and such Department shall furnish whatever security is
15 necessary. The Department of Transportation shall furnish
16 trucks and equipment for the highway cleanup program and
17 personnel to supervise and direct the program. Neither the
18 Department of Corrections nor the Department of
19 Transportation shall replace any regular employee with a
20 prisoner.

21 (g) To maintain records of persons committed to it and
22 to establish programs of research, statistics and
23 planning.

24 (h) To investigate the grievances of any person
25 committed to the Department, to inquire into any alleged
26 misconduct by employees or committed persons, and to

1 investigate the assets of committed persons to implement
2 Section 3-7-6 of this Code; and for these purposes it may
3 issue subpoenas and compel the attendance of witnesses and
4 the production of writings and papers, and may examine
5 under oath any witnesses who may appear before it; to also
6 investigate alleged violations of a parolee's or
7 releasee's conditions of parole or release; and for this
8 purpose it may issue subpoenas and compel the attendance of
9 witnesses and the production of documents only if there is
10 reason to believe that such procedures would provide
11 evidence that such violations have occurred.

12 If any person fails to obey a subpoena issued under
13 this subsection, the Director may apply to any circuit
14 court to secure compliance with the subpoena. The failure
15 to comply with the order of the court issued in response
16 thereto shall be punishable as contempt of court.

17 (i) To appoint and remove the chief administrative
18 officers, and administer programs of training and
19 development of personnel of the Department. Personnel
20 assigned by the Department to be responsible for the
21 custody and control of committed persons or to investigate
22 the alleged misconduct of committed persons or employees or
23 alleged violations of a parolee's or releasee's conditions
24 of parole shall be conservators of the peace for those
25 purposes, and shall have the full power of peace officers
26 outside of the facilities of the Department in the

1 protection, arrest, retaking and reconfining of committed
2 persons or where the exercise of such power is necessary to
3 the investigation of such misconduct or violations. This
4 subsection shall not apply to persons committed to the
5 Department of Juvenile Justice under the Juvenile Court Act
6 of 1987 on aftercare release.

7 (j) To cooperate with other departments and agencies
8 and with local communities for the development of standards
9 and programs for better correctional services in this
10 State.

11 (k) To administer all moneys and properties of the
12 Department.

13 (l) To report annually to the Governor on the committed
14 persons, institutions and programs of the Department.

15 (l-5) (Blank).

16 (m) To make all rules and regulations and exercise all
17 powers and duties vested by law in the Department.

18 (n) To establish rules and regulations for
19 administering a system of sentence credits, established in
20 accordance with Section 3-6-3, subject to review by the
21 Prisoner Review Board.

22 (o) To administer the distribution of funds from the
23 State Treasury to reimburse counties where State penal
24 institutions are located for the payment of assistant
25 state's attorneys' salaries under Section 4-2001 of the
26 Counties Code.

1 (p) To exchange information with the Department of
2 Human Services and the Department of Healthcare and Family
3 Services for the purpose of verifying living arrangements
4 and for other purposes directly connected with the
5 administration of this Code and the Illinois Public Aid
6 Code.

7 (q) To establish a diversion program.

8 The program shall provide a structured environment for
9 selected technical parole or mandatory supervised release
10 violators and committed persons who have violated the rules
11 governing their conduct while in work release. This program
12 shall not apply to those persons who have committed a new
13 offense while serving on parole or mandatory supervised
14 release or while committed to work release.

15 Elements of the program shall include, but shall not be
16 limited to, the following:

17 (1) The staff of a diversion facility shall provide
18 supervision in accordance with required objectives set
19 by the facility.

20 (2) Participants shall be required to maintain
21 employment.

22 (3) Each participant shall pay for room and board
23 at the facility on a sliding-scale basis according to
24 the participant's income.

25 (4) Each participant shall:

26 (A) provide restitution to victims in

1 accordance with any court order;

2 (B) provide financial support to his
3 dependents; and

4 (C) make appropriate payments toward any other
5 court-ordered obligations.

6 (5) Each participant shall complete community
7 service in addition to employment.

8 (6) Participants shall take part in such
9 counseling, educational and other programs as the
10 Department may deem appropriate.

11 (7) Participants shall submit to drug and alcohol
12 screening.

13 (8) The Department shall promulgate rules
14 governing the administration of the program.

15 (r) To enter into intergovernmental cooperation
16 agreements under which persons in the custody of the
17 Department may participate in a county impact
18 incarceration program established under Section 3-6038 or
19 3-15003.5 of the Counties Code.

20 (r-5) (Blank).

21 (r-10) To systematically and routinely identify with
22 respect to each streetgang active within the correctional
23 system: (1) each active gang; (2) every existing inter-gang
24 affiliation or alliance; and (3) the current leaders in
25 each gang. The Department shall promptly segregate leaders
26 from inmates who belong to their gangs and allied gangs.

1 "Segregate" means no physical contact and, to the extent
2 possible under the conditions and space available at the
3 correctional facility, prohibition of visual and sound
4 communication. For the purposes of this paragraph (r-10),
5 "leaders" means persons who:

6 (i) are members of a criminal streetgang;

7 (ii) with respect to other individuals within the
8 streetgang, occupy a position of organizer,
9 supervisor, or other position of management or
10 leadership; and

11 (iii) are actively and personally engaged in
12 directing, ordering, authorizing, or requesting
13 commission of criminal acts by others, which are
14 punishable as a felony, in furtherance of streetgang
15 related activity both within and outside of the
16 Department of Corrections.

17 "Streetgang", "gang", and "streetgang related" have the
18 meanings ascribed to them in Section 10 of the Illinois
19 Streetgang Terrorism Omnibus Prevention Act.

20 (s) To operate a super-maximum security institution,
21 in order to manage and supervise inmates who are disruptive
22 or dangerous and provide for the safety and security of the
23 staff and the other inmates.

24 (t) To monitor any unprivileged conversation or any
25 unprivileged communication, whether in person or by mail,
26 telephone, or other means, between an inmate who, before

1 commitment to the Department, was a member of an organized
2 gang and any other person without the need to show cause or
3 satisfy any other requirement of law before beginning the
4 monitoring, except as constitutionally required. The
5 monitoring may be by video, voice, or other method of
6 recording or by any other means. As used in this
7 subdivision (1)(t), "organized gang" has the meaning
8 ascribed to it in Section 10 of the Illinois Streetgang
9 Terrorism Omnibus Prevention Act.

10 As used in this subdivision (1)(t), "unprivileged
11 conversation" or "unprivileged communication" means a
12 conversation or communication that is not protected by any
13 privilege recognized by law or by decision, rule, or order
14 of the Illinois Supreme Court.

15 (u) To establish a Women's and Children's Pre-release
16 Community Supervision Program for the purpose of providing
17 housing and services to eligible female inmates, as
18 determined by the Department, and their newborn and young
19 children.

20 (u-5) To issue an order, whenever a person committed to
21 the Department absconds or absents himself or herself,
22 without authority to do so, from any facility or program to
23 which he or she is assigned. The order shall be certified
24 by the Director, the Supervisor of the Apprehension Unit,
25 or any person duly designated by the Director, with the
26 seal of the Department affixed. The order shall be directed

1 to all sheriffs, coroners, and police officers, or to any
2 particular person named in the order. Any order issued
3 pursuant to this subdivision (1) (u-5) shall be sufficient
4 warrant for the officer or person named in the order to
5 arrest and deliver the committed person to the proper
6 correctional officials and shall be executed the same as
7 criminal process.

8 (v) To do all other acts necessary to carry out the
9 provisions of this Chapter.

10 (2) The Department of Corrections shall by January 1, 1998,
11 consider building and operating a correctional facility within
12 100 miles of a county of over 2,000,000 inhabitants, especially
13 a facility designed to house juvenile participants in the
14 impact incarceration program.

15 (3) When the Department lets bids for contracts for medical
16 services to be provided to persons committed to Department
17 facilities by a health maintenance organization, medical
18 service corporation, or other health care provider, the bid may
19 only be let to a health care provider that has obtained an
20 irrevocable letter of credit or performance bond issued by a
21 company whose bonds have an investment grade or higher rating
22 by a bond rating organization.

23 (4) When the Department lets bids for contracts for food or
24 commissary services to be provided to Department facilities,
25 the bid may only be let to a food or commissary services
26 provider that has obtained an irrevocable letter of credit or

1 performance bond issued by a company whose bonds have an
2 investment grade or higher rating by a bond rating
3 organization.

4 (5) On and after the date 6 months after August 16, 2013
5 (the effective date of Public Act 98-488), as provided in the
6 Executive Order 1 (2012) Implementation Act, all of the powers,
7 duties, rights, and responsibilities related to State
8 healthcare purchasing under this Code that were transferred
9 from the Department of Corrections to the Department of
10 Healthcare and Family Services by Executive Order 3 (2005) are
11 transferred back to the Department of Corrections; however,
12 powers, duties, rights, and responsibilities related to State
13 healthcare purchasing under this Code that were exercised by
14 the Department of Corrections before the effective date of
15 Executive Order 3 (2005) but that pertain to individuals
16 resident in facilities operated by the Department of Juvenile
17 Justice are transferred to the Department of Juvenile Justice.

18 (6) Beginning July 1, 2016, the Department of Corrections
19 shall implement measures to ensure that the Department
20 establishes and maintains adequate staffing levels of
21 correctional officers at its institutions and facilities such
22 that no officer shall perform more than 2 hours of overtime
23 work per week. Beginning with the effective date of this
24 amendatory Act of the 99th General Assembly, a number of
25 correctional officers shall be added incrementally with
26 subsequent additions established until the adequate staffing

1 level is reached. Anytime the number of correctional officers
2 drops below a level in which an officer must work more than 2
3 hours of overtime per week, the Department shall immediately
4 implement hiring procedures to reestablish the number of
5 correctional officers back to a level in which an officer may
6 not perform more than 2 hours of overtime per week.

7 (Source: P.A. 97-697, eff. 6-22-12; 97-800, eff. 7-13-12;
8 97-802, eff. 7-13-12; 98-463, eff. 8-16-13; 98-488, eff.
9 8-16-13; 98-558, eff. 1-1-14; 98-756, eff. 7-16-14.)

10 ARTICLE 995. NON-ACCELERATION

11 Section 995-95. No acceleration or delay. Where this Act
12 makes changes in a statute that is represented in this Act by
13 text that is not yet or no longer in effect (for example, a
14 Section represented by multiple versions), the use of that text
15 does not accelerate or delay the taking effect of (i) the
16 changes made by this Act or (ii) provisions derived from any
17 other Public Act.

18 ARTICLE 999. EFFECTIVE DATE

19 Section 999-999. Effective date. This Act takes effect upon
20 becoming law.

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10	35 ILCS 5/1501	from Ch. 120, par. 15-1501
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22	20 ILCS 415/7d	from Ch. 127, par. 63b107d
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4 305 ILCS 5/5A-2 from Ch. 23, par. 5A-2

5 305 ILCS 5/5A-12.2

6 305 ILCS 5/5A-12.5

7 305 ILCS 5/12-13.1

8 730 ILCS 5/3-2-2 from Ch. 38, par. 1003-2-2