

1 AMENDMENT TO HOUSE BILL 3

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3 by replacing the  
3 title with the following:

4 "AN ACT in relation to taxes."; and

5 by replacing everything after the enacting clause with the  
6 following:

7 "ARTICLE 5

8 Section 5-1. Short title. This Article may be cited as  
9 the Elder Care Savings Fund Law, and references in this  
10 Article to "this Act" means this Law.

11 Section 5-5. Declaration of purpose. It is declared (i)  
12 that for the benefit of the people of the State of Illinois,  
13 the conduct and increase of their commerce, the protection  
14 and enhancement of their welfare, the development of  
15 continued prosperity, and the improvement of their health and  
16 living conditions, it is essential that this and future  
17 generations be given the fullest opportunity to provide for  
18 their long-term health care needs and (ii) that to achieve  
19 these ends it is of the utmost importance that Illinois  
20 residents be provided with investment alternatives to enhance

1 their financial access to long-term health care. It is the  
2 intent of this Act to create a savings fund that will provide  
3 residents of the State of Illinois with an investment option  
4 that will earn the highest available rate of return while  
5 managing risk and maintaining liquidity.

6 Section 5-10. Definitions. In this Act:

7 (a) "Assisted living establishment" or "establishment"  
8 means a home, building, residence, or any other place where  
9 sleeping accommodations are provided for at least 3 unrelated  
10 adults, at least 80% of whom are 55 years of age or older,  
11 and where the following are provided consistent with the  
12 purposes of this Act:

13 (1) Services consistent with a social model that is  
14 based on the premise that the resident's unit in assisted  
15 living and shared housing is his or her own home.

16 (2) Community-based residential care for persons  
17 who need assistance with activities of daily living,  
18 including personal, supportive, and intermittent  
19 health-related services available 24 hours per day, if  
20 needed, to meet the scheduled and unscheduled needs of a  
21 resident.

22 (3) Counseling for health, social services, and  
23 nutrition by licensed personnel or case coordination  
24 units under the Department on Aging and the area agencies  
25 on aging.

26 (4) Mandatory services, whether provided directly  
27 by the establishment or by another entity arranged for by  
28 the establishment, with the consent of the resident or  
29 resident's representative.

30 (5) A physical environment that is a homelike  
31 setting that includes the following elements, as well as  
32 other elements established by the Department in  
33 conjunction with the Assisted Living and Shared Housing

1       Advisory Board: individual living units, each of which  
2       must accommodate small kitchen appliances and contain  
3       private bathing, washing, and toilet facilities, or  
4       private washing and toilet facilities with a common  
5       bathing room readily accessible to each resident. Units  
6       must be maintained for single occupancy except in cases  
7       in which 2 residents choose to share a unit. Sufficient  
8       common space must exist to permit individual and group  
9       activities.

10       "Assisted living establishment" or "establishment" does  
11       not mean any of the following:

12               (1) A home, institution, or similar place operated  
13       by the federal government or the State of Illinois.

14               (2) A long-term care facility licensed under the  
15       Nursing Home Care Act. A long-term care facility may  
16       convert distinct parts of the facility to assisted  
17       living, however. If the long-term care facility elects  
18       to do so, the facility shall retain the Certificate of  
19       Need for its nursing beds that were converted.

20               (3) A hospital, sanitarium, or other institution,  
21       the principal activity or business of which is the  
22       diagnosis, care, and treatment of human illness and that  
23       is required to be licensed under the Hospital Licensing  
24       Act.

25               (4) A facility for child care as defined in the  
26       Child Care Act of 1969.

27               (5) A community living facility as defined in the  
28       Community Living Facilities Licensing Act.

29               (6) A nursing home or sanitarium operated solely by  
30       and for persons who rely exclusively upon treatment by  
31       spiritual means through prayer in accordance with the  
32       creed or tenets of a well-recognized church or religious  
33       denomination.

34               (7) A facility licensed by the Department of Human

1 Services as a community-integrated living arrangement as  
2 defined in the Community-Integrated Living Arrangements  
3 Licensure and Certification Act.

4 (8) A supportive residence licensed under the  
5 Supportive Residences Licensing Act.

6 (9) A life care facility as defined in the Life  
7 Care Facilities Act; a life care facility may apply under  
8 this Act to convert sections of the community to assisted  
9 living.

10 (10) A free-standing hospice facility.

11 (11) A shared housing establishment.

12 (12) A supportive living facility as described in  
13 Section 5-5.01a of the Illinois Public Aid Code.

14 (b) "Authority" means the Elder Care Trust Authority.

15 (c) "Elder Care Savings Fund" means the fund that is  
16 created and administered by the State Treasurer to supplement  
17 and enhance the investment opportunities otherwise available  
18 to Illinois residents seeking to save money to pay the costs  
19 of long-term health care.

20 Section 5-15. Elder Care Savings Fund.

21 (a) In order to provide investors with investment  
22 alternatives to enhance their financial access to long-term  
23 health care, and in furtherance of the public policy of this  
24 Act, the State Treasurer may establish and administer an  
25 Elder Care Savings Fund.

26 (b) The Treasurer, in administering the Elder Care  
27 Savings Fund, may receive moneys from Illinois residents into  
28 the fund and invest moneys within the fund on their behalf.  
29 The Treasurer may invest the moneys constituting the Elder  
30 Care Savings Fund in the same manner and in the same types of  
31 investments and subject to the same limitations provided for  
32 the investment of moneys in the State treasury.

33 The Treasurer shall develop, publish, and implement an

1 investment policy covering the management of moneys in the  
2 Elder Care Savings Fund. The policy shall be published at  
3 least once each year in at least one newspaper of general  
4 circulation in both Springfield and Chicago, and each year as  
5 part of the audit of the Elder Care Savings Fund by the  
6 Auditor General, which shall be distributed to all  
7 participants in the fund. The Treasurer shall notify all  
8 participants in writing, and the Treasurer shall publish in a  
9 newspaper of general circulation in both Chicago and  
10 Springfield any changes to the previously published  
11 investment policy at least 30 calendar days before  
12 implementing the policy. Any investment policy adopted by  
13 the Treasurer shall be reviewed, and updated if necessary,  
14 within 90 days following the installation of a new Treasurer.

15 (c) A portion of the administrative expenses of the  
16 Elder Care Savings Fund shall be paid from the earnings of  
17 the fund. No more than 0.005% of the assets of the fund may  
18 be used to pay administrative expenses. The Treasurer must  
19 seek an appropriation for any administrative expenses that  
20 are not paid from the earnings of the fund. As soon as the  
21 Elder Care Savings Fund reaches an asset level that equals or  
22 exceeds \$200,000,000, the administration expenses of the fund  
23 shall be paid solely from its earnings. Interest earnings in  
24 excess of administrative expenses shall be credited or paid  
25 monthly to the several participants in the fund in a manner  
26 that equitably reflects the differing amounts of their  
27 respective investments in the fund and the differing periods  
28 of time for which the amounts were in the custody of the  
29 fund.

30 (d) The Treasurer shall adopt rules as he or she deems  
31 necessary for the efficient administration of the Elder Care  
32 Savings Fund, including specification of minimum and maximum  
33 amounts that may be deposited, minimum and maximum periods of  
34 time for which deposits may be retained in the fund, and

1 conditions under which penalties will be assessed for refunds  
2 of earnings that are not used for long-term health care  
3 expenses defined in Section 5-10 of this Act.

4 (e) Upon creating an Elder Care Savings Fund the State  
5 Treasurer shall give bond with 2 or more sufficient sureties,  
6 payable to and for the benefit of the participants in the  
7 Elder Care Savings Fund, in the penal sum of \$500,000,  
8 conditioned upon the faithful discharge of his or her duties  
9 in relation to the fund.

10 Section 5-20. Exemption from taxation. As provided in  
11 this Act, the investment in the Elder Care Savings Fund is in  
12 all respects for the benefit of the People of the State of  
13 Illinois, the conduct and increase of their commerce, the  
14 protection and enhancement of their welfare, the development  
15 of continued prosperity, and the improvement of their health  
16 and living conditions and is for public purposes. In  
17 consideration of those facts, income derived from investments  
18 in the Elder Care Savings Fund and financial incentives  
19 received under the grant program described in Section 5-25 of  
20 this Act shall be free from all taxation by the State or its  
21 political subdivisions, except for estate, transfer, and  
22 inheritance taxes.

23 Section 5-25. Grant program.

24 (a) The Governor and the Director of the Bureau of the  
25 Budget shall provide for a grant program of additional  
26 financial incentives to be provided to participants in the  
27 Elder Care Savings Program to encourage the use of the Elder  
28 Care Savings Fund and the income derived from the fund for  
29 one or more of the following purposes:

30 (1) Care in a facility licensed under the Nursing  
31 Home Care Act.

32 (2) Home health nursing services or home health

1 aide services provided by a home health agency licensed  
2 under the Home Health Agency Licensing Act.

3 (3) Respite care as defined in the Respite Program  
4 Act.

5 (4) Custodial care services.

6 (5) Care in a hospice licensed under the Hospice  
7 Program Licensing Act.

8 (6) Long-term health care services for the aged,  
9 the disabled, or persons diagnosed as infected with HIV  
10 or having AIDS or a related condition. These services  
11 include, without limitation, chore-housekeeping services,  
12 a personal care attendant, adult day care, assistive  
13 equipment, home renovation, home-delivered meals, and  
14 emergency response systems. As used in this paragraph,  
15 "AIDS" means acquired immunodeficiency syndrome; "HIV"  
16 means the Human Immunodeficiency Virus or any other  
17 identified causative agent of AIDS.

18 (7) Care in an assisted living establishment.

19 (b) The grant program of financial incentives shall be  
20 administered by the State Treasurer pursuant to  
21 administrative rules adopted by the Treasurer. The financial  
22 incentives shall be in forms determined by the Governor and  
23 the Director of the Bureau of the Budget and may include,  
24 among others, supplemental payments to the participants in  
25 the Elder Care Savings Fund to be applied to costs of care or  
26 services specified in items (1) through (6) of subsection  
27 (a). The Treasurer may establish, by rule, administrative  
28 procedures and eligibility criteria for the grant program;  
29 those rules must be consistent with the purposes of this Act.  
30 The Treasurer may require participants in the Elder Care  
31 Savings Fund, providers of long-term health care services,  
32 and other necessary parties to assist in determining  
33 eligibility for financial incentives under the grant program.

34 (c) All grants shall be subject to annual appropriation

1 of moneys for that purpose by the General Assembly.  
2 Financial incentives shall be provided only if, in the sole  
3 judgment of the Director of the Bureau of the Budget, the  
4 total incentives offered in a given year will not exceed the  
5 balance of the Elder Care Savings Fund on the day the  
6 incentives are offered by more than 0.5%.

7 Section 5-30. Education program. The State Treasurer, in  
8 cooperation with the Department on Aging and area agencies on  
9 aging, shall develop and implement an education program and  
10 marketing strategies designed to inform residents of this  
11 State about the options available for financing long-term  
12 health care and the need to accumulate the financial  
13 resources necessary to pay for that care. The Treasurer  
14 shall report to the General Assembly on the program developed  
15 and its operation before May 1, 2002. The Treasurer shall  
16 adopt rules with respect to his or her powers and duties  
17 under this Act.

18 Section 5-35. Elder Care Trust Authority.

19 (a) The Elder Care Trust Authority is created. The  
20 Authority shall consist of 11 members, 7 of whom shall be  
21 appointed as follows: the Speaker and Minority Leader of the  
22 House of Representatives and the President and Minority  
23 Leader of the Senate shall each appoint one member, and the  
24 Governor shall appoint 3 members. The State Treasurer, the  
25 Director of the Bureau of the Budget, the Director of Public  
26 Health, and the Director of the Illinois Economic and Fiscal  
27 Commission, or their respective designees, shall each be a  
28 member ex officio. The Governor and legislative leaders  
29 shall give consideration to selecting members that include  
30 representatives from the following categories: (i) a  
31 director, officer, or employee of an entity that provides  
32 long-term health care services; (ii) a person having a



1 favorable reputation for skill, knowledge, and experience in  
2 the field of portfolio management; and (iii) a person  
3 experienced in and having a favorable reputation for skill,  
4 knowledge, and experience in the long-term health care  
5 savings field.

6 The State Treasurer or the Treasurer's designee shall  
7 serve as the chairperson of the Authority.

8 The appointed members of the Authority first appointed  
9 shall serve for terms expiring on June 30 in 2002, 2003,  
10 2004, 2005, 2006, 2007, and 2008 respectively, or until their  
11 respective successors have been appointed and have qualified.  
12 The initial term of each of those members shall be determined  
13 by lot. Upon the expiration of the term of any member, the  
14 member's successor shall be appointed for a term of 6 years  
15 and until his or her successor has been appointed and has  
16 qualified.

17 Any vacancy shall be filled in the manner of the original  
18 appointment for the remainder of the unexpired term.

19 Any member of the Authority may be removed by the  
20 appointing authority for misfeasance, malfeasance, or wilful  
21 neglect of duty or other cause after notice and a public  
22 hearing, unless that notice and hearing are expressly waived  
23 by the member in writing.

24 Members are entitled to be compensated from moneys  
25 appropriated to the State Treasurer for their reasonable  
26 expenses actually incurred in performing their duties.

27 Staff assistance shall be provided to the Authority by  
28 the State Treasurer.

29 The Authority shall meet at least once each year.

30 (b) The Authority has the following responsibilities:

31 (1) To make recommendations to the Elder Care  
32 Savings Fund staff regarding the marketing of the fund to  
33 ensure the use of the fund by participants throughout the  
34 State for long-term health care purposes.



1 "Person" means any natural individual, firm, partnership,  
2 association, joint stock company, joint venture, public or  
3 private corporation, or a receiver, executor, trustee,  
4 conservator, or other representatives appointed by order of  
5 any court.

6 "Leasing" means any transfer of the possession or right  
7 to possession of an automobile to a user for a valuable  
8 consideration for a period of more than 1 year.

9 "Lessor" means any person, firm, corporation, or  
10 association engaged in the business of leasing automobiles to  
11 users. For this purpose, the objective of making a profit is  
12 not necessary to make the leasing activity a business.

13 "Lessee" means any user to whom the possession, or the  
14 right to possession, of an automobile is transferred for a  
15 valuable consideration for a period more than one year which  
16 is paid by such lessee or by someone else.

17 "Gross receipts" means the total leasing price for the  
18 lease of an automobile. In the case of lease transactions in  
19 which the consideration is paid to the lessor on an  
20 installment basis, the amounts of such payments shall be  
21 included by the lessor in gross receipts only as and when  
22 payments are received by the lessor.

23 "Leasing price" means the consideration for leasing an  
24 automobile valued in money, whether received in money or  
25 otherwise, including cash, credits, property and services,  
26 and shall be determined without any deduction on account of  
27 the cost of the property leased, the cost of materials used,  
28 labor or service cost or any other expense whatsoever, but  
29 does not include charges that are added by lessors on account  
30 of the lessor's tax liability under this Act, or on account  
31 of the lessor's duty to collect, from the lessee, the tax  
32 that is imposed by Section 10-20 of this Act. The phrase  
33 "leasing price" does not include the residual value of the  
34 automobile or any separately stated charge on the lessee's

1 bill for insurance.

2 "Maintaining a place of business in this State" means  
3 having or maintaining within this State, directly or by a  
4 subsidiary, an office, repair facilities, distribution house,  
5 sales house, warehouse, or other place of business, or any  
6 agent, or other representative, operating within this State,  
7 irrespective of whether the place of business or agent or  
8 other representative is located here permanently or  
9 temporarily.

10 "Residual value" means the estimated value of the vehicle  
11 at the end of the scheduled lease term, used by the lessor in  
12 determining the base lease payment, as established by the  
13 lessor at the time the lessor and lessee enter into the  
14 lease.

15 Section 10-10. Imposition of occupation tax. A tax is  
16 imposed upon persons engaged in this State in the business of  
17 leasing automobiles in Illinois at the rate of 5% of the  
18 gross receipts received from such business. The tax herein  
19 imposed does not apply to the leasing of automobiles to any  
20 governmental body, nor to any corporation, society,  
21 association, foundation or institution organized and operated  
22 exclusively for charitable, religious or educational  
23 purposes, nor to any not for profit corporation, society,  
24 association, foundation, institution or organization which  
25 has no compensated officers or employees and which is  
26 organized and operated primarily for the recreation of  
27 persons 55 years of age or older. Beginning July 1, 2001  
28 through June 30, 2002, each month the Department shall pay  
29 into the Tax Compliance and Administration Fund 3% of the  
30 revenue realized from the tax imposed by this Section, and  
31 the remaining such revenue shall be paid as provided for in  
32 Section 3 of the Retailers' Occupation Tax Act. Beginning  
33 July 1, 2002 and each month thereafter, the Department shall

1 pay into the Tax Compliance and Administration Fund 1% of the  
2 revenue realized from the tax imposed by this Section, and  
3 the remaining such revenue shall be paid as provided for in  
4 Section 3 of the Retailers' Occupation Tax Act.

5 The Department shall have full power to administer and  
6 enforce this Section, to collect all taxes and penalties due  
7 hereunder, to dispose of taxes and penalties so collected in  
8 the manner hereinafter provided, and to determine all rights  
9 to credit memoranda, arising on account of the erroneous  
10 payment of tax or penalty hereunder. In the administration  
11 of, and compliance with, this Section, the Department and  
12 persons who are subject to this Section shall have the same  
13 rights, remedies, privileges, immunities, powers and duties,  
14 and be subject to the same conditions, restrictions,  
15 limitation, penalties and definitions of terms, and employ  
16 the same modes of procedure, as are prescribed in Sections 1,  
17 1a, 2 through 2-65 (in respect to all provisions therein  
18 other than the State rate of tax), 2a, 2b, 2c, 3 (except  
19 provisions relating to transaction returns and quarter  
20 monthly payments), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j,  
21 6, 6a, 6b, 6c, 7, 8, 9, 10, 11, 11a, 12 and 13 of the  
22 Retailers' Occupation Tax Act and Section 3-7 of the Uniform  
23 Penalty and Interest Act as fully as if those provisions were  
24 set forth herein. For purposes of this Section, references  
25 in such incorporated Sections of the Retailers' Occupation  
26 Tax Act to retailers, sellers or persons engaged in the  
27 business of selling tangible personal property means persons  
28 engaged in the leasing of automobiles under leases subject to  
29 this Act.

30 Section 10-15. Registration. Every person engaged in  
31 this State in the business of leasing automobiles shall apply  
32 to the Department (upon a form prescribed and furnished by  
33 the Department) for a certificate of registration under this

1 Act. The certificate of registration that is issued by the  
2 Department to a retailer under the Retailers' Occupation Tax  
3 Act shall permit such lessor to engage in a business that is  
4 taxable under this Section without registering separately  
5 with the Department.

6 Section 10-20. Imposition of use tax. A tax is imposed  
7 upon the privilege of using in this State, an automobile  
8 which is leased from a lessor. Such tax is at the rate of 5%  
9 of the leasing price of such automobile paid to the lessor  
10 under any lease agreement. The tax herein imposed shall not  
11 apply to any governmental body, nor to any corporation,  
12 society, association, foundation or institution, organized  
13 and operated exclusively for charitable, religious or  
14 educational purposes, nor to 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  
18 persons 55 years of age or older, when using tangible  
19 personal property as a lessee. Beginning July 1, 2001  
20 through June 30, 2002, each month the Department shall pay  
21 into the Tax Compliance and Administration Fund 3% of the  
22 revenue realized from the tax imposed by this Section, and  
23 the remaining such revenue shall be paid as provided for in  
24 Section 9 of the Use Tax Act. Beginning July 1, 2002 and  
25 each month thereafter, the Department shall pay into the Tax  
26 Compliance and Administration Fund 1% of the revenue realized  
27 from the tax imposed by this Section, and the remaining such  
28 revenue shall be paid as provided for in Section 9 of the Use  
29 Tax Act.

30 The Department shall have full power to administer and  
31 enforce this Section; to collect all taxes, penalties and  
32 interest due hereunder; to dispose of taxes, penalties and  
33 interest so collected in the manner hereinafter provided, and

1 to determine all rights to credit memoranda or refunds  
2 arising on account of the erroneous payment of tax, penalty  
3 or interest hereunder. In the administration of, and  
4 compliance with, this Section, the Department and persons who  
5 are subject to this Section shall have the same rights,  
6 remedies, privileges, immunities, powers and duties, and be  
7 subject to the same conditions, restrictions, limitations,  
8 penalties and definitions of terms, and employ the same modes  
9 of procedure, as are prescribed in Sections 2, 3 through  
10 3-80, 4, 6, 7, 8, 9 (except provisions relating to  
11 transaction returns and quarter monthly payments), 10, 11,  
12 12, 12a, 12b, 13, 14, 15, 19, 20, 21 and 22 of the Use Tax  
13 Act, and are not inconsistent with this Section, as fully as  
14 if those provisions were set forth herein. For purposes of  
15 this Section, references in such incorporated Sections of the  
16 Use Tax Act to users or purchasers means lessees of  
17 automobiles under leases subject to this Act.

18 Section 10-25. Use tax collected. The use tax imposed  
19 by Section 10-20 shall be collected from the lessee and  
20 remitted to the Department by a lessor maintaining a place of  
21 business in this State or who titles or registers an  
22 automobile with an agency of this State's government that is  
23 used for leasing in this State.

24 The use tax imposed by Section 10-20 and not paid to a  
25 lessor pursuant to the preceding paragraph of this Section  
26 shall be paid to the Department directly by any person using  
27 such automobile within this State.

28 Lessors shall collect the tax from lessees by adding the  
29 tax to the leasing price of the automobile, when leased for  
30 use, in the manner prescribed by the Department. The  
31 Department shall have the power to adopt and promulgate  
32 reasonable rules and regulations for the adding of such tax  
33 by lessors to leasing prices by prescribing bracket systems

1 for the purpose of enabling such lessors to add and collect,  
2 as far as practicable, the amount of such tax.

3 The tax imposed by this Section shall, when collected, be  
4 stated as a distinct item on the customer's bill, separate  
5 and apart from the leasing price of the automobile.

6 Section 10-30. Severability clause. If any clause,  
7 sentence, Section, provision or part thereof of this Act or  
8 the application thereof to any person or circumstance shall  
9 be adjudged to be unconstitutional, the remainder of this Act  
10 or its application to persons or circumstances other than  
11 those to which it is held invalid, shall not be affected  
12 thereby. In particular, if any provision which exempts or  
13 has the effect of exempting some class of users or some kind  
14 of use from the tax imposed by this Act should be held to  
15 constitute or to result in an invalid classification or to be  
16 unconstitutional for some other reason, such provision shall  
17 be deemed to be severable with the remainder of this Act  
18 without said provision being held constitutional.

19 ARTICLE 99

20 Section 99-5. The Illinois Enterprise Zone Act is  
21 amended by adding Section 4.5 as follows:

22 (20 ILCS 655/4.5 new)

23 Sec. 4.5. Eligibility of environmental remediation  
24 projects. A project eligible for an environmental  
25 remediation tax credit under Section 58.14 of the  
26 Environmental Protection Act may be eligible for the  
27 incentives provided under this Act as provided in subsection  
28 (f-10) of Section 58.14 of the Environmental Protection Act.

29 Section 99-10. The State Finance Act is amended by



1 changing Sections 6z-18 and 6z-20 and adding Section 5.545 as  
2 follows:

3 (30 ILCS 105/5.545 new)

4 Sec. 5.545. The Distressed Communities and Industries  
5 Grant Fund. Subsections (b) and (c) of Section 5 of this Act  
6 do not apply to this Fund.

7 (30 ILCS 105/6z-18) (from Ch. 127, par. 142z-18)

8 Sec. 6z-18. A portion of the money paid into the Local  
9 Government Tax Fund from sales of food for human consumption  
10 which is to be consumed off the premises where it is sold  
11 (other than alcoholic beverages, soft drinks and food which  
12 has been prepared for immediate consumption) and prescription  
13 and nonprescription medicines, drugs, medical appliances and  
14 insulin, urine testing materials, syringes and needles used  
15 by diabetics, which occurred in municipalities, shall be  
16 distributed to each municipality based upon the sales which  
17 occurred in that municipality. The remainder shall be  
18 distributed to each county based upon the sales which  
19 occurred in the unincorporated area of that county.

20 A portion of the money paid into the Local Government Tax  
21 Fund from the 6.25% general use tax rate on the selling price  
22 of tangible personal property which is purchased outside  
23 Illinois at retail from a retailer and which is titled or  
24 registered by any agency of this State's government shall be  
25 distributed to municipalities as provided in this paragraph.  
26 Each municipality shall receive the amount attributable to  
27 sales for which Illinois addresses for titling or  
28 registration purposes are given as being in such  
29 municipality. The remainder of the money paid into the Local  
30 Government Tax Fund from such sales shall be distributed to  
31 counties. Each county shall receive the amount attributable  
32 to sales for which Illinois addresses for titling or

1 registration purposes are given as being located in the  
2 unincorporated area of such county.

3 A portion of the money paid into the Local Government Tax  
4 Fund from the 1.25% rate imposed under the Use Tax Act upon  
5 the selling price of any motor vehicle that is purchased  
6 outside of Illinois at retail by a lessor for purposes of  
7 leasing under a lease subject to the Automobile Leasing  
8 Occupation and Use Tax Act which is titled or registered by  
9 any agency of this State's government shall be distributed as  
10 provided in this paragraph, less 3% for the first 12 monthly  
11 distributions and 1% for each monthly distribution  
12 thereafter, which sum shall be paid into the Tax Compliance  
13 and Administration Fund. Each municipality shall receive the  
14 amount attributable to sales for which Illinois addresses for  
15 titling or registration purposes are given as being in such  
16 municipality. The remainder of the money paid into the Local  
17 Government Tax Fund from such sales shall be distributed to  
18 counties. Each county shall receive the amount attributable  
19 to sales for which Illinois addresses for titling or  
20 registration purposes are given as being located in the  
21 unincorporated area of such county.

22 A portion of the money paid into the Local Government Tax  
23 Fund from the 6.25% general rate (and, beginning July 1, 2000  
24 and through December 31, 2000, and, beginning again on July  
25 1, 2001, the 1.25% rate on motor fuel and gasohol) on sales  
26 subject to taxation under the Retailers' Occupation Tax Act  
27 and the Service Occupation Tax Act, which occurred in  
28 municipalities, shall be distributed to each municipality,  
29 based upon the sales which occurred in that municipality. The  
30 remainder shall be distributed to each county, based upon the  
31 sales which occurred in the unincorporated area of such  
32 county.

33 A portion of the money paid into the Local Government Tax  
34 Fund from the 1.25% rate imposed by the Retailers' Occupation

1 Tax Act upon the sale of any motor vehicle that is sold at  
2 retail to a lessor for purposes of leasing under a lease  
3 subject to the Automobile Leasing Occupation and Use Tax Act  
4 shall be distributed as provided in this paragraph, less 3%  
5 for the first 12 monthly distributions and 1% for each  
6 monthly distribution thereafter, which sum shall be paid into  
7 the Tax Compliance and Administration Fund. The funds shall  
8 be distributed to each municipality, based upon the sales  
9 which occurred in that municipality. The remainder shall be  
10 distributed to each county, based upon the sales which  
11 occurred in the unincorporated area of such county.

12 For the purpose of determining allocation to the local  
13 government unit, a retail sale by a producer of coal or other  
14 mineral mined in Illinois is a sale at retail at the place  
15 where the coal or other mineral mined in Illinois is  
16 extracted from the earth. This paragraph does not apply to  
17 coal or other mineral when it is delivered or shipped by the  
18 seller to the purchaser at a point outside Illinois so that  
19 the sale is exempt under the United States Constitution as a  
20 sale in interstate or foreign commerce.

21 Whenever the Department determines that a refund of money  
22 paid into the Local Government Tax Fund should be made to a  
23 claimant instead of issuing a credit memorandum, the  
24 Department shall notify the State Comptroller, who shall  
25 cause the order to be drawn for the amount specified, and to  
26 the person named, in such notification from the Department.  
27 Such refund shall be paid by the State Treasurer out of the  
28 Local Government Tax Fund.

29 On or before the 25th day of each calendar month, the  
30 Department shall prepare and certify to the Comptroller the  
31 disbursement of stated sums of money to named municipalities  
32 and counties, the municipalities and counties to be those  
33 entitled to distribution of taxes or penalties paid to the  
34 Department during the second preceding calendar month. The

1 amount to be paid to each municipality or county shall be the  
2 amount (not including credit memoranda) collected during the  
3 second preceding calendar month by the Department and paid  
4 into the Local Government Tax Fund, plus an amount the  
5 Department determines is necessary to offset any amounts  
6 which were erroneously paid to a different taxing body, and  
7 not including an amount equal to the amount of refunds made  
8 during the second preceding calendar month by the Department,  
9 and not including any amount which the Department determines  
10 is necessary to offset any amounts which are payable to a  
11 different taxing body but were erroneously paid to the  
12 municipality or county. Within 10 days after receipt, by the  
13 Comptroller, of the disbursement certification to the  
14 municipalities and counties, provided for in this Section to  
15 be given to the Comptroller by the Department, the  
16 Comptroller shall cause the orders to be drawn for the  
17 respective amounts in accordance with the directions  
18 contained in such certification.

19 When certifying the amount of monthly disbursement to a  
20 municipality or county under this Section, the Department  
21 shall increase or decrease that amount by an amount necessary  
22 to offset any misallocation of previous disbursements. The  
23 offset amount shall be the amount erroneously disbursed  
24 within the 6 months preceding the time a misallocation is  
25 discovered.

26 The provisions directing the distributions from the  
27 special fund in the State Treasury provided for in this  
28 Section shall constitute an irrevocable and continuing  
29 appropriation of all amounts as provided herein. The State  
30 Treasurer and State Comptroller are hereby authorized to make  
31 distributions as provided in this Section.

32 In construing any development, redevelopment, annexation,  
33 preannexation or other lawful agreement in effect prior to  
34 September 1, 1990, which describes or refers to receipts from

1 a county or municipal retailers' occupation tax, use tax or  
 2 service occupation tax which now cannot be imposed, such  
 3 description or reference shall be deemed to include the  
 4 replacement revenue for such abolished taxes, distributed  
 5 from the Local Government Tax Fund.

6 (Source: P.A. 90-491, eff. 1-1-98; 91-51, eff. 6-30-99;  
 7 91-872, eff. 7-1-00.)

8 (30 ILCS 105/6z-20) (from Ch. 127, par. 142z-20)

9 Sec. 6z-20. Of the money received from the 6.25% general  
 10 rate (and, beginning July 1, 2000 and through December 31,  
 11 2000, and, beginning again on July 1, 2001, the 1.25% rate on  
 12 motor fuel and gasohol) on sales subject to taxation under  
 13 the Retailers' Occupation Tax Act and Service Occupation Tax  
 14 Act and paid into the County and Mass Transit District Fund,  
 15 distribution to the Regional Transportation Authority tax  
 16 fund, created pursuant to Section 4.03 of the Regional  
 17 Transportation Authority Act, for deposit therein shall be  
 18 made based upon the retail sales occurring in a county having  
 19 more than 3,000,000 inhabitants. The remainder shall be  
 20 distributed to each county having 3,000,000 or fewer  
 21 inhabitants based upon the retail sales occurring in each  
 22 such county.

23 Of the money received from the 1.25% rate imposed by the  
 24 Retailers' Occupation Tax Act upon the sale of any motor  
 25 vehicle that is sold at retail to a lessor for purposes of  
 26 leasing under a lease subject to the Automobile Leasing  
 27 Occupation and Use Tax Act, and paid into the County and Mass  
 28 Transit District Fund shall be distributed as provided in  
 29 this paragraph, less 3% for the first 12 monthly  
 30 distributions and 1% for each monthly distribution  
 31 thereafter, which sum shall be paid into the Tax Compliance  
 32 and Administration Fund. Distribution to the Regional  
 33 Transportation Authority Tax Fund, created pursuant to

1 Section 4.03 of the Regional Transportation Authority Act,  
2 for deposit therein shall be made based upon the retail sales  
3 occurring in a county having more than 3,000,000 inhabitants.  
4 The remainder shall be distributed to each county having  
5 3,000,000 or fewer inhabitants based upon the retail sales  
6 occurring in each such county.

7 For the purpose of determining allocation to the local  
8 government unit, a retail sale by a producer of coal or other  
9 mineral mined in Illinois is a sale at retail at the place  
10 where the coal or other mineral mined in Illinois is  
11 extracted from the earth. This paragraph does not apply to  
12 coal or other mineral when it is delivered or shipped by the  
13 seller to the purchaser at a point outside Illinois so that  
14 the sale is exempt under the United States Constitution as a  
15 sale in interstate or foreign commerce.

16 Of the money received from the 6.25% general use tax rate  
17 on tangible personal property which is purchased outside  
18 Illinois at retail from a retailer and which is titled or  
19 registered by any agency of this State's government and paid  
20 into the County and Mass Transit District Fund, the amount  
21 for which Illinois addresses for titling or registration  
22 purposes are given as being in each county having more than  
23 3,000,000 inhabitants shall be distributed into the Regional  
24 Transportation Authority tax fund, created pursuant to  
25 Section 4.03 of the Regional Transportation Authority Act.  
26 The remainder of the money paid from such sales shall be  
27 distributed to each county based on sales for which Illinois  
28 addresses for titling or registration purposes are given as  
29 being located in the county. Any money paid into the  
30 Regional Transportation Authority Occupation and Use Tax  
31 Replacement Fund from the County and Mass Transit District  
32 Fund prior to January 14, 1991, which has not been paid to  
33 the Authority prior to that date, shall be transferred to the  
34 Regional Transportation Authority tax fund.

1       Of the money received from the 1.25% rate imposed under  
2 the Use Tax Act upon the selling price of any motor vehicle  
3 that is purchased outside of Illinois at retail by a lessor  
4 for purposes of leasing under a lease subject to the  
5 Automobile Leasing Occupation and Use Tax Act which is titled  
6 or registered by any agency of this State's government and is  
7 paid into the County and Mass Transit District Fund, shall be  
8 distributed as provided in this paragraph, less 3% for the  
9 first 12 monthly distributions and 1% for each monthly  
10 distribution thereafter, which sum shall be paid into the Tax  
11 Compliance and Administration Fund. The amount for which  
12 Illinois addresses for titling or registration purposes are  
13 given as being in each county having more than 3,000,000  
14 inhabitants shall be distributed into the Regional  
15 Transportation Authority Tax Fund, created pursuant to  
16 Section 4.03 of the Regional Transportation Authority Act.  
17 The remainder of the moneys paid from such sales shall be  
18 distributed to each county based on sales for which Illinois  
19 addresses for titling or registration purposes are given as  
20 being located in that county.

21       Whenever the Department determines that a refund of money  
22 paid into the County and Mass Transit District Fund should be  
23 made to a claimant instead of issuing a credit memorandum,  
24 the Department shall notify the State Comptroller, who shall  
25 cause the order to be drawn for the amount specified, and to  
26 the person named, in such notification from the Department.  
27 Such refund shall be paid by the State Treasurer out of the  
28 County and Mass Transit District Fund.

29       On or before the 25th day of each calendar month, the  
30 Department shall prepare and certify to the Comptroller the  
31 disbursement of stated sums of money to the Regional  
32 Transportation Authority and to named counties, the counties  
33 to be those entitled to distribution, as hereinabove  
34 provided, of taxes or penalties paid to the Department during

1 the second preceding calendar month. The amount to be paid  
2 to the Regional Transportation Authority and each county  
3 having 3,000,000 or fewer inhabitants shall be the amount  
4 (not including credit memoranda) collected during the second  
5 preceding calendar month by the Department and paid into the  
6 County and Mass Transit District Fund, plus an amount the  
7 Department determines is necessary to offset any amounts  
8 which were erroneously paid to a different taxing body, and  
9 not including an amount equal to the amount of refunds made  
10 during the second preceding calendar month by the Department,  
11 and not including any amount which the Department determines  
12 is necessary to offset any amounts which were payable to a  
13 different taxing body but were erroneously paid to the  
14 Regional Transportation Authority or county. Within 10 days  
15 after receipt, by the Comptroller, of the disbursement  
16 certification to the Regional Transportation Authority and  
17 counties, provided for in this Section to be given to the  
18 Comptroller by the Department, the Comptroller shall cause  
19 the orders to be drawn for the respective amounts in  
20 accordance with the directions contained in such  
21 certification.

22 When certifying the amount of a monthly disbursement to  
23 the Regional Transportation Authority or to a county under  
24 this Section, the Department shall increase or decrease that  
25 amount by an amount necessary to offset any misallocation of  
26 previous disbursements. The offset amount shall be the  
27 amount erroneously disbursed within the 6 months preceding  
28 the time a misallocation is discovered.

29 The provisions directing the distributions from the  
30 special fund in the State Treasury provided for in this  
31 Section and from the Regional Transportation Authority tax  
32 fund created by Section 4.03 of the Regional Transportation  
33 Authority Act shall constitute an irrevocable and continuing  
34 appropriation of all amounts as provided herein. The State



1 Treasurer and State Comptroller are hereby authorized to make  
2 distributions as provided in this Section.

3 In construing any development, redevelopment, annexation,  
4 preannexation or other lawful agreement in effect prior to  
5 September 1, 1990, which describes or refers to receipts from  
6 a county or municipal retailers' occupation tax, use tax or  
7 service occupation tax which now cannot be imposed, such  
8 description or reference shall be deemed to include the  
9 replacement revenue for such abolished taxes, distributed  
10 from the County and Mass Transit District Fund or Local  
11 Government Distributive Fund, as the case may be.

12 (Source: P.A. 90-491, eff. 1-1-98; 91-872, eff. 7-1-00.)

13 Section 99-15. The Illinois Income Tax Act is amended by  
14 changing Sections 201, 203, 204, 208, and 212 and adding  
15 Sections 208.5, 208.7, 213, 214, 215, 216, 217, 218, and 219  
16 as follows:

17 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

18 Sec. 201. Tax Imposed.

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

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

29 (1) In the case of an individual, trust or estate,  
30 for taxable years ending prior to July 1, 1989, an amount  
31 equal to 2 1/2% of the taxpayer's net income for the  
32 taxable year.

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

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

12           (4) (Blank).

13           (5) (Blank).

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

17           (7) In the case of a corporation, for taxable years  
18 beginning prior to July 1, 1989 and ending after June 30,  
19 1989, an amount equal to the sum of (i) 4% of the  
20 taxpayer's net income for the period prior to July 1,  
21 1989, as calculated under Section 202.3, and (ii) 4.8% of  
22 the taxpayer's net income for the period after June 30,  
23 1989, as calculated under Section 202.3.

24           (8) In the case of a corporation, for taxable years  
25 beginning after June 30, 1989, an amount equal to 4.8% of  
26 the taxpayer's net income for the taxable year.

27           (c) Beginning on July 1, 1979 and thereafter, in  
28 addition to such income tax, there is also hereby imposed the  
29 Personal Property Tax Replacement Income Tax measured by net  
30 income on every corporation (including Subchapter S  
31 corporations), partnership and trust, for each taxable year  
32 ending after June 30, 1979. Such taxes are imposed on the  
33 privilege of earning or receiving income in or as a resident  
34 of this State. The Personal Property Tax Replacement Income

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

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

18 (d-1) Rate reduction for certain foreign insurers. In  
19 the case of a foreign insurer, as defined by Section 35A-5 of  
20 the Illinois Insurance Code, whose state or country of  
21 domicile imposes on insurers domiciled in Illinois a  
22 retaliatory tax (excluding any insurer whose premiums from  
23 reinsurance assumed are 50% or more of its total insurance  
24 premiums as determined under paragraph (2) of subsection (b)  
25 of Section 304, except that for purposes of this  
26 determination premiums from reinsurance do not include  
27 premiums from inter-affiliate reinsurance arrangements),  
28 beginning with taxable years ending on or after December 31,  
29 1999, the sum of the rates of tax imposed by subsections (b)  
30 and (d) shall be reduced (but not increased) to the rate at  
31 which the total amount of tax imposed under this Act, net of  
32 all credits allowed under this Act, shall equal (i) the total  
33 amount of tax that would be imposed on the foreign insurer's  
34 net income allocable to Illinois for the taxable year by such

1 foreign insurer's state or country of domicile if that net  
2 income were subject to all income taxes and taxes measured by  
3 net income imposed by such foreign insurer's state or country  
4 of domicile, net of all credits allowed or (ii) a rate of  
5 zero if no such tax is imposed on such income by the foreign  
6 insurer's state of domicile. For the purposes of this  
7 subsection (d-1), an inter-affiliate includes a mutual  
8 insurer under common management.

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

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

16 (B) the privilege tax imposed by Section 409  
17 of the Illinois Insurance Code, the fire insurance  
18 company tax imposed by Section 12 of the Fire  
19 Investigation Act, and the fire department taxes  
20 imposed under Section 11-10-1 of the Illinois  
21 Municipal Code,

22 equals 1.25% of the net taxable premiums written for the  
23 taxable year, as described by subsection (1) of Section  
24 409 of the Illinois Insurance Code. This paragraph will  
25 in no event increase the rates imposed under subsections  
26 (b) and (d).

27 (2) Any reduction in the rates of tax imposed by  
28 this subsection shall be applied first against the rates  
29 imposed by subsection (b) and only after the tax imposed  
30 by subsection (a) net of all credits allowed under this  
31 Section other than the credit allowed under subsection  
32 (i) has been reduced to zero, against the rates imposed  
33 by subsection (d).

34 This subsection (d-1) is exempt from the provisions of

1 Section 250.

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

5 (1) A taxpayer shall be allowed a credit equal to  
6 .5% of the basis of qualified property placed in service  
7 during the taxable year, provided such property is placed  
8 in service on or after July 1, 1984. There shall be  
9 allowed an additional credit equal to .5% of the basis of  
10 qualified property placed in service during the taxable  
11 year, provided such property is placed in service on or  
12 after July 1, 1986, and the taxpayer's base employment  
13 within Illinois has increased by 1% or more over the  
14 preceding year as determined by the taxpayer's employment  
15 records filed with the Illinois Department of Employment  
16 Security. Taxpayers who are new to Illinois shall be  
17 deemed to have met the 1% growth in base employment for  
18 the first year in which they file employment records with  
19 the Illinois Department of Employment Security. The  
20 provisions added to this Section by Public Act 85-1200  
21 (and restored by Public Act 87-895) shall be construed as  
22 declaratory of existing law and not as a new enactment.  
23 If, in any year, the increase in base employment within  
24 Illinois over the preceding year is less than 1%, the  
25 additional credit shall be limited to that percentage  
26 times a fraction, the numerator of which is .5% and the  
27 denominator of which is 1%, but shall not exceed .5%.  
28 The investment credit shall not be allowed to the extent  
29 that it would reduce a taxpayer's liability in any tax  
30 year below zero, nor may any credit for qualified  
31 property be allowed for any year other than the year in  
32 which the property was placed in service in Illinois. For  
33 tax years ending on or after December 31, 1987, and on or  
34 before December 31, 1988, the credit shall be allowed for

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

28 (2) The term "qualified property" means property  
29 which:

30 (A) is tangible, whether new or used,  
31 including buildings and structural components of  
32 buildings and signs that are real property, but not  
33 including land or improvements to real property that  
34 are not a structural component of a building such as

1           landscaping, sewer lines, local access roads,  
2           fencing, parking lots, and other appurtenances;

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

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

10           (D) is used in Illinois by a taxpayer who is  
11           primarily engaged in manufacturing, or in mining  
12           coal or fluorite, or in retailing; and

13           (E) has not previously been used in Illinois  
14           in such a manner and by such a person as would  
15           qualify for the credit provided by this subsection  
16           (e) or subsection (f).

17           (3) For purposes of this subsection (e),  
18           "manufacturing" means the material staging and production  
19           of tangible personal property by procedures commonly  
20           regarded as manufacturing, processing, fabrication, or  
21           assembling which changes some existing material into new  
22           shapes, new qualities, or new combinations. For purposes  
23           of this subsection (e) the term "mining" shall have the  
24           same meaning as the term "mining" in Section 613(c) of  
25           the Internal Revenue Code. For purposes of this  
26           subsection (e), the term "retailing" means the sale of  
27           tangible personal property or services rendered in  
28           conjunction with the sale of tangible consumer goods or  
29           commodities.

30           (4) The basis of qualified property shall be the  
31           basis used to compute the depreciation deduction for  
32           federal income tax purposes.

33           (5) If the basis of the property for federal income  
34           tax depreciation purposes is increased after it has been

1 placed in service in Illinois by the taxpayer, the amount  
2 of such increase shall be deemed property placed in  
3 service on the date of such increase in basis.

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

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

24 (8) Unless the investment credit is extended by  
25 law, the basis of qualified property shall not include  
26 costs incurred after December 31, 2003, except for costs  
27 incurred pursuant to a binding contract entered into on  
28 or before December 31, 2003.

29 (9) Each taxable year ending before December 31,  
30 2000, a partnership may elect to pass through to its  
31 partners the credits to which the partnership is entitled  
32 under this subsection (e) for the taxable year. A  
33 partner may use the credit allocated to him or her under  
34 this paragraph only against the tax imposed in



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

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

26 (f) Investment credit; Enterprise Zone.

27 (1) A taxpayer shall be allowed a credit against  
28 the tax imposed by subsections (a) and (b) of this  
29 Section for investment in qualified property which is  
30 placed in service in an Enterprise Zone created pursuant  
31 to the Illinois Enterprise Zone Act. For partners,  
32 shareholders of Subchapter S corporations, and owners of  
33 limited liability companies, if the liability company is  
34 treated as a partnership for purposes of federal and

1 State income taxation, there shall be allowed a credit  
2 under this subsection (f) to be determined in accordance  
3 with the determination of income and distributive share  
4 of income under Sections 702 and 704 and Subchapter S of  
5 the Internal Revenue Code. The credit shall be .5% of the  
6 basis for such property. The credit shall be available  
7 only in the taxable year in which the property is placed  
8 in service in the Enterprise Zone and shall not be  
9 allowed to the extent that it would reduce a taxpayer's  
10 liability for the tax imposed by subsections (a) and (b)  
11 of this Section to below zero. For tax years ending on or  
12 after December 31, 1985, the credit shall be allowed for  
13 the tax year in which the property is placed in service,  
14 or, if the amount of the credit exceeds the tax liability  
15 for that year, whether it exceeds the original liability  
16 or the liability as later amended, such excess may be  
17 carried forward and applied to the tax liability of the 5  
18 taxable years following the excess credit year. The  
19 credit shall be applied to the earliest year for which  
20 there is a liability. If there is credit from more than  
21 one tax year that is available to offset a liability, the  
22 credit accruing first in time shall be applied first.

23 (2) The term qualified property means property  
24 which:

25 (A) is tangible, whether new or used,  
26 including buildings and structural components of  
27 buildings;

28 (B) is depreciable pursuant to Section 167 of  
29 the Internal Revenue Code, except that "3-year  
30 property" as defined in Section 168(c)(2)(A) of that  
31 Code is not eligible for the credit provided by this  
32 subsection (f);

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

1 (D) is used in the Enterprise Zone by the  
2 taxpayer; and

3 (E) has not been previously used in Illinois  
4 in such a manner and by such a person as would  
5 qualify for the credit provided by this subsection  
6 (f) or subsection (e).

7 (3) The basis of qualified property shall be the  
8 basis used to compute the depreciation deduction for  
9 federal income tax purposes.

10 (4) If the basis of the property for federal income  
11 tax depreciation purposes is increased after it has been  
12 placed in service in the Enterprise Zone by the taxpayer,  
13 the amount of such increase shall be deemed property  
14 placed in service on the date of such increase in basis.

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

18 (6) If during any taxable year, any property ceases  
19 to be qualified property in the hands of the taxpayer  
20 within 48 months after being placed in service, or the  
21 situs of any qualified property is moved outside the  
22 Enterprise Zone within 48 months after being placed in  
23 service, the tax imposed under subsections (a) and (b) of  
24 this Section for such taxable year shall be increased.  
25 Such increase shall be determined by (i) recomputing the  
26 investment credit which would have been allowed for the  
27 year in which credit for such property was originally  
28 allowed by eliminating such property from such  
29 computation, and (ii) subtracting such recomputed credit  
30 from the amount of credit previously allowed. For the  
31 purposes of this paragraph (6), a reduction of the basis  
32 of qualified property resulting from a redetermination of  
33 the purchase price shall be deemed a disposition of  
34 qualified property to the extent of such reduction.

1 (g) Jobs Tax Credit; Enterprise Zone and Foreign Trade  
2 Zone or Sub-Zone.

3 (1) A taxpayer conducting a trade or business in an  
4 enterprise zone or a High Impact Business designated by  
5 the Department of Commerce and Community Affairs  
6 conducting a trade or business in a federally designated  
7 Foreign Trade Zone or Sub-Zone shall be allowed a credit  
8 against the tax imposed by subsections (a) and (b) of  
9 this Section in the amount of \$500 per eligible employee  
10 hired to work in the zone during the taxable year.

11 (2) To qualify for the credit:

12 (A) the taxpayer must hire 5 or more eligible  
13 employees to work in an enterprise zone or federally  
14 designated Foreign Trade Zone or Sub-Zone during the  
15 taxable year;

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

24 (C) the eligible employees must be employed  
25 180 consecutive days in order to be deemed hired for  
26 purposes of this subsection.

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

29 (A) Certified by the Department of Commerce  
30 and Community Affairs as "eligible for services"  
31 pursuant to regulations promulgated in accordance  
32 with Title II of the Job Training Partnership Act,  
33 Training Services for the Disadvantaged or Title III  
34 of the Job Training Partnership Act, Employment and

1 Training Assistance for Dislocated Workers Program.

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

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

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

14 (4) For tax years ending on or after December 31,  
15 1985 and prior to December 31, 1988, the credit shall be  
16 allowed for the tax year in which the eligible employees  
17 are hired. For tax years ending on or after December 31,  
18 1988, the credit shall be allowed for the tax year  
19 immediately following the tax year in which the eligible  
20 employees are hired. If the amount of the credit exceeds  
21 the tax liability for that year, whether it exceeds the  
22 original liability or the liability as later amended,  
23 such excess may be carried forward and applied to the tax  
24 liability of the 5 taxable years following the excess  
25 credit year. The credit shall be applied to the earliest  
26 year for which there is a liability. If there is credit  
27 from more than one tax year that is available to offset a  
28 liability, earlier credit shall be applied first.

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

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

34 (h) Investment credit; High Impact Business.

1           (1) Subject to subsection (b) of Section 5.5 of the  
2 Illinois Enterprise Zone Act, a taxpayer shall be allowed  
3 a credit against the tax imposed by subsections (a) and  
4 (b) of this Section for investment in qualified property  
5 which is placed in service by a Department of Commerce  
6 and Community Affairs designated High Impact Business.  
7 The credit shall be .5% of the basis for such property.  
8 The credit shall not be available until the minimum  
9 investments in qualified property set forth in Section  
10 5.5 of the Illinois Enterprise Zone Act have been  
11 satisfied and shall not be allowed to the extent that it  
12 would reduce a taxpayer's liability for the tax imposed  
13 by subsections (a) and (b) of this Section to below zero.  
14 The credit applicable to such minimum investments shall  
15 be taken in the taxable year in which such minimum  
16 investments have been completed. The credit for  
17 additional investments beyond the minimum investment by a  
18 designated high impact business shall be available only  
19 in the taxable year in which the property is placed in  
20 service and shall not be allowed to the extent that it  
21 would reduce a taxpayer's liability for the tax imposed  
22 by subsections (a) and (b) of this Section to below zero.  
23 For tax years ending on or after December 31, 1987, the  
24 credit shall be allowed for the tax year in which the  
25 property is placed in service, or, if the amount of the  
26 credit exceeds the tax liability for that year, whether  
27 it exceeds the original liability or the liability as  
28 later amended, such excess may be carried forward and  
29 applied to the tax liability of the 5 taxable years  
30 following the excess credit year. The credit shall be  
31 applied to the earliest year for which there is a  
32 liability. If there is credit from more than one tax  
33 year that is available to offset a liability, the credit  
34 accruing first in time shall be applied first.

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

4 (2) The term qualified property means property  
5 which:

6 (A) is tangible, whether new or used,  
7 including buildings and structural components of  
8 buildings;

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

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

16 (D) is not eligible for the Enterprise Zone  
17 Investment Credit provided by subsection (f) of this  
18 Section.

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

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

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

31 (6) If during any taxable year ending on or before  
32 December 31, 1996, any property ceases to be qualified  
33 property in the hands of the taxpayer within 48 months  
34 after being placed in service, or the situs of any

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

15 (7) Beginning with tax years ending after December  
16 31, 1996, if a taxpayer qualifies for the credit under  
17 this subsection (h) and thereby is granted a tax  
18 abatement and the taxpayer relocates its entire facility  
19 in violation of the explicit terms and length of the  
20 contract under Section 18-183 of the Property Tax Code,  
21 the tax imposed under subsections (a) and (b) of this  
22 Section shall be increased for the taxable year in which  
23 the taxpayer relocated its facility by an amount equal to  
24 the amount of credit received by the taxpayer under this  
25 subsection (h).

26 (i) A credit shall be allowed against the tax imposed by  
27 subsections (a) and (b) of this Section for the tax imposed  
28 by subsections (c) and (d) of this Section. This credit  
29 shall be computed by multiplying the tax imposed by  
30 subsections (c) and (d) of this Section by a fraction, the  
31 numerator of which is base income allocable to Illinois and  
32 the denominator of which is Illinois base income, and further  
33 multiplying the product by the tax rate imposed by  
34 subsections (a) and (b) of this Section.



1 Any credit earned on or after December 31, 1986 under  
2 this subsection which is unused in the year the credit is  
3 computed because it exceeds the tax liability imposed by  
4 subsections (a) and (b) for that year (whether it exceeds the  
5 original liability or the liability as later amended) may be  
6 carried forward and applied to the tax liability imposed by  
7 subsections (a) and (b) of the 5 taxable years following the  
8 excess credit year. This credit shall be applied first to  
9 the earliest year for which there is a liability. If there  
10 is a credit under this subsection from more than one tax year  
11 that is available to offset a liability the earliest credit  
12 arising under this subsection shall be applied first.

13 If, during any taxable year ending on or after December  
14 31, 1986, the tax imposed by subsections (c) and (d) of this  
15 Section for which a taxpayer has claimed a credit under this  
16 subsection (i) is reduced, the amount of credit for such tax  
17 shall also be reduced. Such reduction shall be determined by  
18 recomputing the credit to take into account the reduced tax  
19 imposed by subsection (c) and (d). If any portion of the  
20 reduced amount of credit has been carried to a different  
21 taxable year, an amended return shall be filed for such  
22 taxable year to reduce the amount of credit claimed.

23 (j) Training expense credit. Beginning with tax years  
24 ending on or after December 31, 1986, a taxpayer shall be  
25 allowed a credit against the tax imposed by subsection (a)  
26 and (b) under this Section for all amounts paid or accrued,  
27 on behalf of all persons employed by the taxpayer in Illinois  
28 or Illinois residents employed outside of Illinois by a  
29 taxpayer, for educational or vocational training in  
30 semi-technical or technical fields or semi-skilled or skilled  
31 fields, which were deducted from gross income in the  
32 computation of taxable income. The credit against the tax  
33 imposed by subsections (a) and (b) shall be 1.6% of such  
34 training expenses. For partners, shareholders of subchapter

1 S corporations, and owners of limited liability companies, if  
2 the liability company is treated as a partnership for  
3 purposes of federal and State income taxation, there shall be  
4 allowed a credit under this subsection (j) to be determined  
5 in accordance with the determination of income and  
6 distributive share of income under Sections 702 and 704 and  
7 subchapter S of the Internal Revenue Code.

8 Any credit allowed under this subsection which is unused  
9 in the year the credit is earned may be carried forward to  
10 each of the 5 taxable years following the year for which the  
11 credit is first computed until it is used. This credit shall  
12 be applied first to the earliest year for which there is a  
13 liability. If there is a credit under this subsection from  
14 more than one tax year that is available to offset a  
15 liability the earliest credit arising under this subsection  
16 shall be applied first.

17 (k) Research and development credit.

18 Beginning with tax years ending after July 1, 1990, a  
19 taxpayer shall be allowed a credit against the tax imposed by  
20 subsections (a) and (b) of this Section for increasing  
21 research activities in this State. The credit allowed  
22 against the tax imposed by subsections (a) and (b) shall be  
23 equal to 6 1/2% of the qualifying expenditures for increasing  
24 research activities in this State. For partners, shareholders  
25 of subchapter S corporations, and owners of limited liability  
26 companies, if the liability company is treated as a  
27 partnership for purposes of federal and State income  
28 taxation, there shall be allowed a credit under this  
29 subsection to be determined in accordance with the  
30 determination of income and distributive share of income  
31 under Sections 702 and 704 and subchapter S of the Internal  
32 Revenue Code.

33 For purposes of this subsection, "qualifying  
34 expenditures" means the qualifying expenditures as defined

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

12 Any credit in excess of the tax liability for the taxable  
13 year may be carried forward. A taxpayer may elect to have the  
14 unused credit shown on its final completed return carried  
15 over as a credit against the tax liability for the following  
16 5 taxable years or until it has been fully used, whichever  
17 occurs first.

18 If an unused credit is carried forward to a given year  
19 from 2 or more earlier years, that credit arising in the  
20 earliest year will be applied first against the tax liability  
21 for the given year. If a tax liability for the given year  
22 still remains, the credit from the next earliest year will  
23 then be applied, and so on, until all credits have been used  
24 or no tax liability for the given year remains. Any  
25 remaining unused credit or credits then will be carried  
26 forward to the next following year in which a tax liability  
27 is incurred, except that no credit can be carried forward to  
28 a year which is more than 5 years after the year in which the  
29 expense for which the credit is given was incurred.

30 Unless extended by law, the credit shall not include  
31 costs incurred after December 31, 2004, except for costs  
32 incurred pursuant to a binding contract entered into on or  
33 before December 31, 2004.

34 No inference shall be drawn from this amendatory Act of

1 the 91st General Assembly in construing this Section for  
2 taxable years beginning before January 1, 1999.

3 (1) Environmental Remediation Tax Credit.

4 (i) For tax years ending after December 31, 1997  
5 and on or before December 31, 2010 2001, a taxpayer shall  
6 be allowed a credit against the tax imposed by  
7 subsections (a) and (b) of this Section for certain  
8 amounts paid for unreimbursed eligible remediation costs,  
9 as specified in this subsection. For purposes of this  
10 Section, "unreimbursed eligible remediation costs" means  
11 costs approved by the Illinois Environmental Protection  
12 Agency ("Agency") under Section 58.14 of the  
13 Environmental Protection Act that were paid in performing  
14 environmental remediation at a site accepted into the  
15 Site Remediation Program that meets the criteria set  
16 forth in Section 58.14 of the Illinois Environmental  
17 Protection Act. The credit applies only to costs  
18 incurred during the 10-year period following the  
19 acceptance of the site into the Site Remediation Program  
20 unless an extension of this period is granted by the  
21 Agency for--which--a--No--Further--Remediation--Letter--was  
22 issued--by--the--Agency--and--recorded--under--Section--58.10--of  
23 the--Environmental--Protection--Act.---The--credit--must--be  
24 claimed--for--the--taxable--year--in--which--Agency--approval--of  
25 the--eligible--remediation--costs--is--granted. The credit is  
26 not available to any taxpayer if the taxpayer or any  
27 related party caused or contributed to, in any material  
28 respect, a release of regulated substances on, in, or  
29 under the site that is being was identified and addressed  
30 by the remedial action pursuant to the Site Remediation  
31 Program of the Environmental Protection Act. After the  
32 Pollution Control Board rules are adopted pursuant to the  
33 Illinois Administrative Procedure Act for the  
34 administration and enforcement of Section 58.9 of the

1 Environmental Protection Act, determinations as to credit  
 2 availability for purposes of this Section shall be made  
 3 consistent with those rules. For purposes of this  
 4 Section, "taxpayer" includes a person whose tax  
 5 attributes the taxpayer has succeeded to under Section  
 6 381 of the Internal Revenue Code and "related party"  
 7 includes the persons disallowed a deduction for losses by  
 8 paragraphs (b), (c), and (f)(1) of Section 267 of the  
 9 Internal Revenue Code by virtue of being a related  
 10 taxpayer, as well as any of its partners. The credit  
 11 allowed against the tax imposed by subsections (a) and  
 12 (b) shall be equal to 100% ~~25%~~ of the unreimbursed  
 13 eligible remediation costs, as set forth in Section 58.14  
 14 of the Environmental Protection Act in-excess-of-\$100,000  
 15 ~~per-site,-except-that-the-\$100,000--threshold--shall--not~~  
 16 ~~apply--to--any--site--contained--in-an-enterprise-zone-as~~  
 17 ~~determined-by-the-Department-of--Commerce--and--Community~~  
 18 ~~Affairs,----The--total--credit--allowed--shall-not-exceed~~  
 19 ~~\$40,000-per-year-with-a-maximum--total--of--\$150,000--per~~  
 20 ~~site.~~ For partners and shareholders of subchapter S  
 21 corporations, there shall be allowed a credit under this  
 22 subsection to be determined in accordance with the  
 23 determination of income and distributive share of income  
 24 under Sections 702 and 704 and ~~of~~ subchapter S of the  
 25 Internal Revenue Code.

26 (ii) Until the Agency issues a No Further  
 27 Remediation Letter for the site, no more than 75% of the  
 28 allowed credit may be claimed by the eligible taxpayer.  
 29 The remaining 25% in allowed tax credits may be claimed  
 30 following the issuance by the Agency of a No Further  
 31 Remediation Letter for the site.

32 (iii) ~~(ii)~~ A credit allowed under this subsection  
 33 that is unused in the year the credit is earned may be  
 34 carried forward to each of the 15 ~~5~~ taxable years

1 following the year for which the credit is first earned  
2 until it is used. The--term--"unused--credit"--does--not  
3 include--any-amounts-of-unreimbursed-eligible-remediation  
4 costs-in-excess-of-the-maximum-credit-per-site-authorized  
5 under-paragraph-(i). This credit shall be applied first  
6 to the earliest year for which there is a liability. If  
7 there is a credit under this subsection from more than  
8 one tax year that is available to offset a liability, the  
9 earliest credit arising under this subsection shall be  
10 applied first. The recipient of credits may assign, sell,  
11 or transfer, in whole or in part, the tax credit allowed  
12 under this subsection to any other person. A-credit  
13 allowed-under-this-subsection-may-be-sold-to-a-buyer--as  
14 part-of-a-sale-of-all-or-part-of-the-remediation-site-for  
15 which--the--credit--was--granted,---The--purchaser--of--a  
16 remediation--site-and-the-tax-credit-shall-succeed-to-the  
17 unused-credit-and-remaining-carry-forward-period--of--the  
18 seller. To perfect the transfer, the assignor shall  
19 record-the-transfer-in-the-chain-of-title--for--the--site  
20 and provide written notice to the Director of the  
21 Illinois Department of Revenue of (i) the assignor's  
22 intent to transfer the tax credits to the assignee, (ii)  
23 the date the transfer is effective, (iii) the assignee's  
24 name and address, (iv) the assignee's tax period, and (v)  
25 the amount of tax credits to be transferred. The number  
26 of tax periods during which the assignee may subsequently  
27 claim the tax credits shall not exceed 15 tax periods,  
28 less the number of tax periods the assignor previously  
29 claimed the credits before the transfer occurred sell-the  
30 remediation--site--and-the-amount-of-the-tax-credit-to-be  
31 transferred-as-a-portion-of-the-sale. In no event may a  
32 credit be transferred to any taxpayer if the taxpayer or  
33 a related party would not be eligible under the  
34 provisions of subsection (i).

1           (iv) ~~(iii)~~ For purposes of this Section, the term  
2 "site" shall have the same meaning as under Section 58.2  
3 of the Environmental Protection Act.

4           The changes made to this subsection (l) by this  
5 amendatory Act of the 92nd General Assembly apply to taxable  
6 years ending on or after December 31, 2001.

7           (m) Education expense credit.

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

20           For purposes of this subsection;

21           "Qualifying pupils" means individuals who (i) are  
22 residents of the State of Illinois, (ii) are under the age of  
23 21 at the close of the school year for which a credit is  
24 sought, and (iii) during the school year for which a credit  
25 is sought were full-time pupils enrolled in a kindergarten  
26 through twelfth grade education program at any school, as  
27 defined in this subsection.

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

32           "School" means any public or nonpublic elementary or  
33 secondary school in Illinois that is in compliance with Title  
34 VI of the Civil Rights Act of 1964 and attendance at which

1 satisfies the requirements of Section 26-1 of the School  
2 Code, except that nothing shall be construed to require a  
3 child to attend any particular public or nonpublic school to  
4 qualify for the credit under this Section.

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

8 (Source: P.A. 90-123, eff. 7-21-97; 90-458, eff. 8-17-97;  
9 90-605, eff. 6-30-98; 90-655, eff. 7-30-98; 90-717, eff.  
10 8-7-98; 90-792, eff. 1-1-99; 91-9, eff. 1-1-00; 91-357, eff.  
11 7-29-99; 91-643, eff. 8-20-99; 91-644, eff. 8-20-99; 91-860,  
12 eff. 6-22-00; 91-913, eff. 1-1-01; revised 10-24-00.) as  
13 follows:

14 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

15 Sec. 203. Base income defined.

16 (a) Individuals.

17 (1) In general. In the case of an individual, base  
18 income means an amount equal to the taxpayer's adjusted  
19 gross income for the taxable year as modified by  
20 paragraph (2).

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

24 (A) An amount equal to all amounts paid or  
25 accrued to the taxpayer as interest or dividends  
26 during the taxable year to the extent excluded from  
27 gross income in the computation of adjusted gross  
28 income, except stock dividends of qualified public  
29 utilities described in Section 305(e) of the  
30 Internal Revenue Code;

31 (B) An amount equal to the amount of tax  
32 imposed by this Act to the extent deducted from  
33 gross income in the computation of adjusted gross



1 income for the taxable year;

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

15 (D) An amount equal to the amount of the  
16 capital gain deduction allowable under the Internal  
17 Revenue Code, to the extent deducted from gross  
18 income in the computation of adjusted gross income;

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

28 (D-10) For taxable years ending after December  
29 31, 1997, an amount equal to any eligible  
30 remediation costs that the individual deducted in  
31 computing adjusted gross income and for which the  
32 individual claims a credit under subsection (1) of  
33 Section 201;

34 and by deducting from the total so obtained the sum of

1 the following amounts:

2 (E) Any amount included in such total in  
3 respect of any compensation (including but not  
4 limited to any compensation paid or accrued to a  
5 serviceman while a prisoner of war or missing in  
6 action) paid to a resident by reason of being on  
7 active duty in the Armed Forces of the United States  
8 and in respect of any compensation paid or accrued  
9 to a resident who as a governmental employee was a  
10 prisoner of war or missing in action, and in respect  
11 of any compensation paid to a resident in 1971 or  
12 thereafter for annual training performed pursuant to  
13 Sections 502 and 503, Title 32, United States Code  
14 as a member of the Illinois National Guard;

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

26 (G) The valuation limitation amount;

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

31 (I) An amount equal to all amounts included in  
32 such total pursuant to the provisions of Section 111  
33 of the Internal Revenue Code as a recovery of items  
34 previously deducted from adjusted gross income in

1 the computation of taxable income;

2 (J) An amount equal to those dividends  
3 included in such total which were paid by a  
4 corporation which conducts business operations in an  
5 Enterprise Zone or zones created under the Illinois  
6 Enterprise Zone Act, and conducts substantially all  
7 of its operations in an Enterprise Zone or zones;

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

18 (L) For taxable years ending after December  
19 31, 1983, an amount equal to all social security  
20 benefits and railroad retirement benefits included  
21 in such total pursuant to Sections 72(r) and 86 of  
22 the Internal Revenue Code;

23 (M) With the exception of any amounts  
24 subtracted under subparagraph (N), an amount equal  
25 to the sum of all amounts disallowed as deductions  
26 by (i) Sections 171(a) (2), and 265(2) of the  
27 Internal Revenue Code of 1954, as now or hereafter  
28 amended, and all amounts of expenses allocable to  
29 interest and disallowed as deductions by Section  
30 265(1) of the Internal Revenue Code of 1954, as now  
31 or hereafter amended; and (ii) for taxable years  
32 ending on or after August 13, 1999, Sections  
33 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the  
34 Internal Revenue Code; the provisions of this

1           subparagraph are exempt from the provisions of  
2           Section 250;

3           (N) An amount equal to all amounts included in  
4           such total which are exempt from taxation by this  
5           State either by reason of its statutes or  
6           Constitution or by reason of the Constitution,  
7           treaties or statutes of the United States; provided  
8           that, in the case of any statute of this State that  
9           exempts income derived from bonds or other  
10          obligations from the tax imposed under this Act, the  
11          amount exempted shall be the interest net of bond  
12          premium amortization;

13          (O) An amount equal to any contribution made  
14          to a job training project established pursuant to  
15          the Tax Increment Allocation Redevelopment Act;

16          (P) An amount equal to the amount of the  
17          deduction used to compute the federal income tax  
18          credit for restoration of substantial amounts held  
19          under claim of right for the taxable year pursuant  
20          to Section 1341 of the Internal Revenue Code of  
21          1986;

22          (Q) An amount equal to any amounts included in  
23          such total, received by the taxpayer as an  
24          acceleration in the payment of life, endowment or  
25          annuity benefits in advance of the time they would  
26          otherwise be payable as an indemnity for a terminal  
27          illness;

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

31          (S) An amount, to the extent included in  
32          adjusted gross income, equal to the amount of a  
33          contribution made in the taxable year on behalf of  
34          the taxpayer to a medical care savings account

1 established under the Medical Care Savings Account  
2 Act or the Medical Care Savings Account Act of 2000  
3 to the extent the contribution is accepted by the  
4 account administrator as provided in that Act;

5 (T) An amount, to the extent included in  
6 adjusted gross income, equal to the amount of  
7 interest earned in the taxable year on a medical  
8 care savings account established under the Medical  
9 Care Savings Account Act or the Medical Care Savings  
10 Account Act of 2000 on behalf of the taxpayer, other  
11 than interest added pursuant to item (D-5) of this  
12 paragraph (2);

13 (U) For one taxable year beginning on or after  
14 January 1, 1994, an amount equal to the total amount  
15 of tax imposed and paid under subsections (a) and  
16 (b) of Section 201 of this Act on grant amounts  
17 received by the taxpayer under the Nursing Home  
18 Grant Assistance Act during the taxpayer's taxable  
19 years 1992 and 1993;

20 (V) Beginning with tax years ending on or  
21 after December 31, 1995 and ending with tax years  
22 ending on or before December 31, 2004, an amount  
23 equal to the amount paid by a taxpayer who is a  
24 self-employed taxpayer, a partner of a partnership,  
25 or a shareholder in a Subchapter S corporation for  
26 health insurance or long-term care insurance for  
27 that taxpayer or that taxpayer's spouse or  
28 dependents, to the extent that the amount paid for  
29 that health insurance or long-term care insurance  
30 may be deducted under Section 213 of the Internal  
31 Revenue Code of 1986, has not been deducted on the  
32 federal income tax return of the taxpayer, and does  
33 not exceed the taxable income attributable to that  
34 taxpayer's income, self-employment income, or

1 Subchapter S corporation income; except that no  
2 deduction shall be allowed under this item (V) if  
3 the taxpayer is eligible to participate in any  
4 health insurance or long-term care insurance plan of  
5 an employer of the taxpayer or the taxpayer's  
6 spouse. The amount of the health insurance and  
7 long-term care insurance subtracted under this item  
8 (V) shall be determined by multiplying total health  
9 insurance and long-term care insurance premiums paid  
10 by the taxpayer times a number that represents the  
11 fractional percentage of eligible medical expenses  
12 under Section 213 of the Internal Revenue Code of  
13 1986 not actually deducted on the taxpayer's federal  
14 income tax return;

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

21 (X) For taxable year 1999 and thereafter, an  
22 amount equal to the amount of any (i) distributions,  
23 to the extent includible in gross income for federal  
24 income tax purposes, made to the taxpayer because of  
25 his or her status as a victim of persecution for  
26 racial or religious reasons by Nazi Germany or any  
27 other Axis regime or as an heir of the victim and  
28 (ii) items of income, to the extent includible in  
29 gross income for federal income tax purposes,  
30 attributable to, derived from or in any way related  
31 to assets stolen from, hidden from, or otherwise  
32 lost to a victim of persecution for racial or  
33 religious reasons by Nazi Germany or any other Axis  
34 regime immediately prior to, during, and immediately

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

22 (Y) Beginning with taxable years ending on or  
23 after December 31, 2001, for taxpayers 62 years of  
24 age and older, an amount equal to all amounts the  
25 taxpayer pays during the taxable year for Medicare  
26 Part B benefits under Title XVIII of the federal  
27 Social Security Act for costs of, including but not  
28 limited to, physician services, outpatient hospital  
29 services, medical equipment and supplies, and other  
30 health services and supplies. This subparagraph (Y)  
31 is exempt from the provisions of Section 250;

32 (Z) Beginning with tax years ending on or  
33 after December 31, 2001, and ending with tax years  
34 ending on or before December 31, 2010, all

1 unreimbursed amounts, but not more than a total  
2 amount that would result in a tax liability of less  
3 than zero for the taxpayer, expended by persons 65  
4 years of age or older for home health services, as  
5 defined by Section 2.05 of the Home Health Agency  
6 Licensing Act, if provided by a public or private  
7 organization licensed under that Act, or for  
8 services provided to a person at that person's  
9 residence by a licensed practical nurse or  
10 registered nurse in accordance with a plan of  
11 treatment for illness or infirmity prescribed by a  
12 physician;

13 (AA) For taxable years ending on or after  
14 December 31, 2001, all amounts included in the  
15 taxpayer's federal gross income in the taxable year  
16 from amounts contributed to a Roth IRA. This  
17 subparagraph (AA) is exempt from the provisions of  
18 Section 250; and

19 (BB) For taxable years ending on or after  
20 December 31, 2001, up to \$5,000 paid by the taxpayer  
21 for dependent care provided for a child, disabled  
22 spouse, or other dependent adult during the taxable  
23 year. No amount paid or incurred for dependent care  
24 shall be deducted unless (i) the name, address, and  
25 taxpayer identification number of the person  
26 performing the services are included on the return  
27 to which the deduction relates or (ii) if the person  
28 performing the services is an organization described  
29 in Section 501(c)(3) of the Internal Revenue Code  
30 and is exempt from tax under Section 501(a) of the  
31 Internal Revenue Code, the name and address of the  
32 person are included on the return to which the  
33 deduction relates. This subparagraph (BB) is exempt  
34 from the provisions of Section 250.



1            (CC) Beginning with taxable years ending on or  
2            after December 31, 2001, \$500 for a person holding  
3            a teaching certificate issued under the School Code  
4            and employed as a teacher in a public school  
5            district governed by the School Code.

6            (b) Corporations.

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

10           (2) Modifications. The taxable income referred to  
11           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  
14           accrued to the taxpayer as interest and all  
15           distributions received from regulated investment  
16           companies during the taxable year to the extent  
17           excluded from gross income in the computation of  
18           taxable income;

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

23           (C) In the case of a regulated investment  
24           company, an amount equal to the excess of (i) the  
25           net long-term capital gain for the taxable year,  
26           over (ii) the amount of the capital gain dividends  
27           designated as such in accordance with Section  
28           852(b)(3)(C) of the Internal Revenue Code and any  
29           amount designated under Section 852(b)(3)(D) of the  
30           Internal Revenue Code, attributable to the taxable  
31           year (this amendatory Act of 1995 (Public Act 89-89)  
32           is declarative of existing law and is not a new  
33           enactment);

34           (D) The amount of any net operating loss

1 deduction taken in arriving at taxable income, other  
2 than a net operating loss carried forward from a  
3 taxable year ending prior to December 31, 1986;

4 (E) For taxable years in which a net operating  
5 loss carryback or carryforward from a taxable year  
6 ending prior to December 31, 1986 is an element of  
7 taxable income under paragraph (1) of subsection (e)  
8 or subparagraph (E) of paragraph (2) of subsection  
9 (e), the amount by which addition modifications  
10 other than those provided by this subparagraph (E)  
11 exceeded subtraction modifications in such earlier  
12 taxable year, with the following limitations applied  
13 in the order that they are listed:

14 (i) the addition modification relating to  
15 the net operating loss carried back or forward  
16 to the taxable year from any taxable year  
17 ending prior to December 31, 1986 shall be  
18 reduced by the amount of addition modification  
19 under this subparagraph (E) which related to  
20 that net operating loss and which was taken  
21 into account in calculating the base income of  
22 an earlier taxable year, and

23 (ii) the addition modification relating  
24 to the net operating loss carried back or  
25 forward to the taxable year from any taxable  
26 year ending prior to December 31, 1986 shall  
27 not exceed the amount of such carryback or  
28 carryforward;

29 For taxable years in which there is a net  
30 operating loss carryback or carryforward from more  
31 than one other taxable year ending prior to December  
32 31, 1986, the addition modification provided in this  
33 subparagraph (E) shall be the sum of the amounts  
34 computed independently under the preceding

1 provisions of this subparagraph (E) for each such  
2 taxable year; and

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

9 and by deducting from the total so obtained the sum of  
10 the following amounts:

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

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

18 (H) In the case of a regulated investment  
19 company, an amount equal to the amount of exempt  
20 interest dividends as defined in subsection (b) (5)  
21 of Section 852 of the Internal Revenue Code, paid to  
22 shareholders for the taxable year;

23 (I) With the exception of any amounts  
24 subtracted under subparagraph (J), an amount equal  
25 to the sum of all amounts disallowed as deductions  
26 by (i) Sections 171(a) (2), and 265(a)(2) and  
27 amounts disallowed as interest expense by Section  
28 291(a)(3) of the Internal Revenue Code, as now or  
29 hereafter amended, and all amounts of expenses  
30 allocable to interest and disallowed as deductions  
31 by Section 265(a)(1) of the Internal Revenue Code,  
32 as now or hereafter amended; and (ii) for taxable  
33 years ending on or after August 13, 1999, Sections  
34 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)

1 of the Internal Revenue Code; the provisions of this  
2 subparagraph are exempt from the provisions of  
3 Section 250;

4 (J) An amount equal to all amounts included in  
5 such total which are exempt from taxation by this  
6 State either by reason of its statutes or  
7 Constitution or by reason of the Constitution,  
8 treaties or statutes of the United States; provided  
9 that, in the case of any statute of this State that  
10 exempts income derived from bonds or other  
11 obligations from the tax imposed under this Act, the  
12 amount exempted shall be the interest net of bond  
13 premium amortization;

14 (K) An amount equal to those dividends  
15 included in such total which were paid by a  
16 corporation which conducts business operations in an  
17 Enterprise Zone or zones created under the Illinois  
18 Enterprise Zone Act and conducts substantially all  
19 of its operations in an Enterprise Zone or zones;

20 (L) An amount equal to those dividends  
21 included in such total that were paid by a  
22 corporation that conducts business operations in a  
23 federally designated Foreign Trade Zone or Sub-Zone  
24 and that is designated a High Impact Business  
25 located in Illinois; provided that dividends  
26 eligible for the deduction provided in subparagraph  
27 (K) of paragraph 2 of this subsection shall not be  
28 eligible for the deduction provided under this  
29 subparagraph (L);

30 (M) For any taxpayer that is a financial  
31 organization within the meaning of Section 304(c) of  
32 this Act, an amount included in such total as  
33 interest income from a loan or loans made by such  
34 taxpayer to a borrower, to the extent that such a

1 loan is secured by property which is eligible for  
2 the Enterprise Zone Investment Credit. To determine  
3 the portion of a loan or loans that is secured by  
4 property eligible for a Section 201(f) ~~201(h)~~  
5 investment credit to the borrower, the entire  
6 principal amount of the loan or loans between the  
7 taxpayer and the borrower should be divided into the  
8 basis of the Section 201(f) ~~201(h)~~ investment credit  
9 property which secures the loan or loans, using for  
10 this purpose the original basis of such property on  
11 the date that it was placed in service in the  
12 Enterprise Zone. The subtraction modification  
13 available to taxpayer in any year under this  
14 subsection shall be that portion of the total  
15 interest paid by the borrower with respect to such  
16 loan attributable to the eligible property as  
17 calculated under the previous sentence;

18 (M-1) For any taxpayer that is a financial  
19 organization within the meaning of Section 304(c) of  
20 this Act, an amount included in such total as  
21 interest income from a loan or loans made by such  
22 taxpayer to a borrower, to the extent that such a  
23 loan is secured by property which is eligible for  
24 the High Impact Business Investment Credit. To  
25 determine the portion of a loan or loans that is  
26 secured by property eligible for a Section 201(h)  
27 ~~201(i)~~ investment credit to the borrower, the entire  
28 principal amount of the loan or loans between the  
29 taxpayer and the borrower should be divided into the  
30 basis of the Section 201(h) ~~201(i)~~ investment credit  
31 property which secures the loan or loans, using for  
32 this purpose the original basis of such property on  
33 the date that it was placed in service in a  
34 federally designated Foreign Trade Zone or Sub-Zone

1 located in Illinois. No taxpayer that is eligible  
2 for the deduction provided in subparagraph (M) of  
3 paragraph (2) of this subsection shall be eligible  
4 for the deduction provided under this subparagraph  
5 (M-1). The subtraction modification available to  
6 taxpayers in any year under this subsection shall be  
7 that portion of the total interest paid by the  
8 borrower with respect to such loan attributable to  
9 the eligible property as calculated under the  
10 previous sentence;

11 (N) Two times any contribution made during the  
12 taxable year to a designated zone organization to  
13 the extent that the contribution (i) qualifies as a  
14 charitable contribution under subsection (c) of  
15 Section 170 of the Internal Revenue Code and (ii)  
16 must, by its terms, be used for a project approved  
17 by the Department of Commerce and Community Affairs  
18 under Section 11 of the Illinois Enterprise Zone  
19 Act;

20 (O) An amount equal to: (i) 85% for taxable  
21 years ending on or before December 31, 1992, or, a  
22 percentage equal to the percentage allowable under  
23 Section 243(a)(1) of the Internal Revenue Code of  
24 1986 for taxable years ending after December 31,  
25 1992, of the amount by which dividends included in  
26 taxable income and received from a corporation that  
27 is not created or organized under the laws of the  
28 United States or any state or political subdivision  
29 thereof, including, for taxable years ending on or  
30 after December 31, 1988, dividends received or  
31 deemed received or paid or deemed paid under  
32 Sections 951 through 964 of the Internal Revenue  
33 Code, exceed the amount of the modification provided  
34 under subparagraph (G) of paragraph (2) of this

1 subsection (b) which is related to such dividends;  
2 plus (ii) 100% of the amount by which dividends,  
3 included in taxable income and received, including,  
4 for taxable years ending on or after December 31,  
5 1988, dividends received or deemed received or paid  
6 or deemed paid under Sections 951 through 964 of the  
7 Internal Revenue Code, from any such corporation  
8 specified in clause (i) that would but for the  
9 provisions of Section 1504 (b) (3) of the Internal  
10 Revenue Code be treated as a member of the  
11 affiliated group which includes the dividend  
12 recipient, exceed the amount of the modification  
13 provided under subparagraph (G) of paragraph (2) of  
14 this subsection (b) which is related to such  
15 dividends;

16 (P) An amount equal to any contribution made  
17 to a job training project established pursuant to  
18 the Tax Increment Allocation Redevelopment Act;

19 (Q) An amount equal to the amount of the  
20 deduction used to compute the federal income tax  
21 credit for restoration of substantial amounts held  
22 under claim of right for the taxable year pursuant  
23 to Section 1341 of the Internal Revenue Code of  
24 1986;

25 (R) In the case of an attorney-in-fact with  
26 respect to whom an interinsurer or a reciprocal  
27 insurer has made the election under Section 835 of  
28 the Internal Revenue Code, 26 U.S.C. 835, an amount  
29 equal to the excess, if any, of the amounts paid or  
30 incurred by that interinsurer or reciprocal insurer  
31 in the taxable year to the attorney-in-fact over the  
32 deduction allowed to that interinsurer or reciprocal  
33 insurer with respect to the attorney-in-fact under  
34 Section 835(b) of the Internal Revenue Code for the

1 taxable year; and

2 (S) For taxable years ending on or after  
3 December 31, 1997, in the case of a Subchapter S  
4 corporation, an amount equal to all amounts of  
5 income allocable to a shareholder subject to the  
6 Personal Property Tax Replacement Income Tax imposed  
7 by subsections (c) and (d) of Section 201 of this  
8 Act, including amounts allocable to organizations  
9 exempt from federal income tax by reason of Section  
10 501(a) of the Internal Revenue Code. This  
11 subparagraph (S) is exempt from the provisions of  
12 Section 250.

13 (3) Special rule. For purposes of paragraph (2)  
14 (A), "gross income" in the case of a life insurance  
15 company, for tax years ending on and after December 31,  
16 1994, shall mean the gross investment income for the  
17 taxable year.

18 (c) Trusts and estates.

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

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

27 (A) An amount equal to all amounts paid or  
28 accrued to the taxpayer as interest or dividends  
29 during the taxable year to the extent excluded from  
30 gross income in the computation of taxable income;

31 (B) In the case of (i) an estate, \$600; (ii) a  
32 trust which, under its governing instrument, is  
33 required to distribute all of its income currently,  
34 \$300; and (iii) any other trust, \$100, but in each



1 such case, only to the extent such amount was  
2 deducted in the computation of taxable income;

3 (C) An amount equal to the amount of tax  
4 imposed by this Act to the extent deducted from  
5 gross income in the computation of taxable income  
6 for the taxable year;

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

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

21 (i) the addition modification relating to  
22 the net operating loss carried back or forward  
23 to the taxable year from any taxable year  
24 ending prior to December 31, 1986 shall be  
25 reduced by the amount of addition modification  
26 under this subparagraph (E) which related to  
27 that net operating loss and which was taken  
28 into account in calculating the base income of  
29 an earlier taxable year, and

30 (ii) the addition modification relating  
31 to the net operating loss carried back or  
32 forward to the taxable year from any taxable  
33 year ending prior to December 31, 1986 shall  
34 not exceed the amount of such carryback or

1 carryforward;

2 For taxable years in which there is a net  
3 operating loss carryback or carryforward from more  
4 than one other taxable year ending prior to December  
5 31, 1986, the addition modification provided in this  
6 subparagraph (E) shall be the sum of the amounts  
7 computed independently under the preceding  
8 provisions of this subparagraph (E) for each such  
9 taxable year;

10 (F) For taxable years ending on or after  
11 January 1, 1989, an amount equal to the tax deducted  
12 pursuant to Section 164 of the Internal Revenue Code  
13 if the trust or estate is claiming the same tax for  
14 purposes of the Illinois foreign tax credit under  
15 Section 601 of this Act;

16 (G) An amount equal to the amount of the  
17 capital gain deduction allowable under the Internal  
18 Revenue Code, to the extent deducted from gross  
19 income in the computation of taxable income; and

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

26 and by deducting from the total so obtained the sum of  
27 the following amounts:

28 (H) An amount equal to all amounts included in  
29 such total pursuant to the provisions of Sections  
30 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and  
31 408 of the Internal Revenue Code or included in such  
32 total as distributions under the provisions of any  
33 retirement or disability plan for employees of any  
34 governmental agency or unit, or retirement payments

1 to retired partners, which payments are excluded in  
2 computing net earnings from self employment by  
3 Section 1402 of the Internal Revenue Code and  
4 regulations adopted pursuant thereto;

5 (I) The valuation limitation amount;

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

10 (K) An amount equal to all amounts included in  
11 taxable income as modified by subparagraphs (A),  
12 (B), (C), (D), (E), (F) and (G) which are exempt  
13 from taxation by this State either by reason of its  
14 statutes or Constitution or by reason of the  
15 Constitution, treaties or statutes of the United  
16 States; provided that, in the case of any statute of  
17 this State that exempts income derived from bonds or  
18 other obligations from the tax imposed under this  
19 Act, the amount exempted shall be the interest net  
20 of bond premium amortization;

21 (L) With the exception of any amounts  
22 subtracted under subparagraph (K), an amount equal  
23 to the sum of all amounts disallowed as deductions  
24 by (i) Sections 171(a) (2) and 265(a)(2) of the  
25 Internal Revenue Code, as now or hereafter amended,  
26 and all amounts of expenses allocable to interest  
27 and disallowed as deductions by Section 265(1) of  
28 the Internal Revenue Code of 1954, as now or  
29 hereafter amended; and (ii) for taxable years ending  
30 on or after August 13, 1999, Sections 171(a)(2),  
31 265, 280C, and 832(b)(5)(B)(i) of the Internal  
32 Revenue Code; the provisions of this subparagraph  
33 are exempt from the provisions of Section 250;

34 (M) An amount equal to those dividends

1 included in such total which were paid by a  
2 corporation which conducts business operations in an  
3 Enterprise Zone or zones created under the Illinois  
4 Enterprise Zone Act and conducts substantially all  
5 of its operations in an Enterprise Zone or Zones;

6 (N) An amount equal to any contribution made  
7 to a job training project established pursuant to  
8 the Tax Increment Allocation Redevelopment Act;

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

19 (P) An amount equal to the amount of the  
20 deduction used to compute the federal income tax  
21 credit for restoration of substantial amounts held  
22 under claim of right for the taxable year pursuant  
23 to Section 1341 of the Internal Revenue Code of  
24 1986; and

25 (Q) For taxable year 1999 and thereafter, an  
26 amount equal to the amount of any (i) distributions,  
27 to the extent includible in gross income for federal  
28 income tax purposes, made to the taxpayer because of  
29 his or her status as a victim of persecution for  
30 racial or religious reasons by Nazi Germany or any  
31 other Axis regime or as an heir of the victim and  
32 (ii) items of income, to the extent includible in  
33 gross income for federal income tax purposes,  
34 attributable to, derived from or in any way related

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

26 (3) Limitation. The amount of any modification  
27 otherwise required under this subsection shall, under  
28 regulations prescribed by the Department, be adjusted by  
29 any amounts included therein which were properly paid,  
30 credited, or required to be distributed, or permanently  
31 set aside for charitable purposes pursuant to Internal  
32 Revenue Code Section 642(c) during the taxable year.

33 (d) Partnerships.

34 (1) In general. In the case of a partnership, base

1 income means an amount equal to the taxpayer's taxable  
2 income for the taxable year as modified by paragraph (2).

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

6 (A) An amount equal to all amounts paid or  
7 accrued to the taxpayer as interest or dividends  
8 during the taxable year to the extent excluded from  
9 gross income in the computation of taxable income;

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

13 (C) The amount of deductions allowed to the  
14 partnership pursuant to Section 707 (c) of the  
15 Internal Revenue Code in calculating its taxable  
16 income; and

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

21 and by deducting from the total so obtained the following  
22 amounts:

23 (E) The valuation limitation amount;

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

28 (G) An amount equal to all amounts included in  
29 taxable income as modified by subparagraphs (A),  
30 (B), (C) and (D) which are exempt from taxation by  
31 this State either by reason of its statutes or  
32 Constitution or by reason of the Constitution,  
33 treaties or statutes of the United States; provided  
34 that, in the case of any statute of this State that

1 exempts income derived from bonds or other  
2 obligations from the tax imposed under this Act, the  
3 amount exempted shall be the interest net of bond  
4 premium amortization;

5 (H) Any income of the partnership which  
6 constitutes personal service income as defined in  
7 Section 1348 (b) (1) of the Internal Revenue Code  
8 (as in effect December 31, 1981) or a reasonable  
9 allowance for compensation paid or accrued for  
10 services rendered by partners to the partnership,  
11 whichever is greater;

12 (I) An amount equal to all amounts of income  
13 distributable to an entity subject to the Personal  
14 Property Tax Replacement Income Tax imposed by  
15 subsections (c) and (d) of Section 201 of this Act  
16 including amounts distributable to organizations  
17 exempt from federal income tax by reason of Section  
18 501(a) of the Internal Revenue Code;

19 (J) With the exception of any amounts  
20 subtracted under subparagraph (G), an amount equal  
21 to the sum of all amounts disallowed as deductions  
22 by (i) Sections 171(a) (2), and 265(2) of the  
23 Internal Revenue Code of 1954, as now or hereafter  
24 amended, and all amounts of expenses allocable to  
25 interest and disallowed as deductions by Section  
26 265(1) of the Internal Revenue Code, as now or  
27 hereafter amended; and (ii) for taxable years ending  
28 on or after August 13, 1999, Sections 171(a)(2),  
29 265, 280C, and 832(b)(5)(B)(i) of the Internal  
30 Revenue Code; the provisions of this subparagraph  
31 are exempt from the provisions of Section 250;

32 (K) An amount equal to those dividends  
33 included in such total which were paid by a  
34 corporation which conducts business operations in an

1 Enterprise Zone or zones created under the Illinois  
2 Enterprise Zone Act, enacted by the 82nd General  
3 Assembly, and which does not conduct such operations  
4 other than in an Enterprise Zone or Zones;

5 (L) An amount equal to any contribution made  
6 to a job training project established pursuant to  
7 the Real Property Tax Increment Allocation  
8 Redevelopment Act;

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

19 (N) An amount equal to the amount of the  
20 deduction used to compute the federal income tax  
21 credit for restoration of substantial amounts held  
22 under claim of right for the taxable year pursuant  
23 to Section 1341 of the Internal Revenue Code of  
24 1986.

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

26 (1) In general. Subject to the provisions of  
27 paragraph (2) and subsection (b) (3), for purposes of  
28 this Section and Section 803(e), a taxpayer's gross  
29 income, adjusted gross income, or taxable income for the  
30 taxable year shall mean the amount of gross income,  
31 adjusted gross income or taxable income properly  
32 reportable for federal income tax purposes for the  
33 taxable year under the provisions of the Internal Revenue  
34 Code. Taxable income may be less than zero. However, for



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

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

28 (A) Certain life insurance companies. In the  
29 case of a life insurance company subject to the tax  
30 imposed by Section 801 of the Internal Revenue Code,  
31 life insurance company taxable income, plus the  
32 amount of distribution from pre-1984 policyholder  
33 surplus accounts as calculated under Section 815a of  
34 the Internal Revenue Code;

1           (B) Certain other insurance companies. In the  
2 case of mutual insurance companies subject to the  
3 tax imposed by Section 831 of the Internal Revenue  
4 Code, insurance company taxable income;

5           (C) Regulated investment companies. In the  
6 case of a regulated investment company subject to  
7 the tax imposed by Section 852 of the Internal  
8 Revenue Code, investment company taxable income;

9           (D) Real estate investment trusts. In the  
10 case of a real estate investment trust subject to  
11 the tax imposed by Section 857 of the Internal  
12 Revenue Code, real estate investment trust taxable  
13 income;

14           (E) Consolidated corporations. In the case of  
15 a corporation which is a member of an affiliated  
16 group of corporations filing a consolidated income  
17 tax return for the taxable year for federal income  
18 tax purposes, taxable income determined as if such  
19 corporation had filed a separate return for federal  
20 income tax purposes for the taxable year and each  
21 preceding taxable year for which it was a member of  
22 an affiliated group. For purposes of this  
23 subparagraph, the taxpayer's separate taxable income  
24 shall be determined as if the election provided by  
25 Section 243(b) (2) of the Internal Revenue Code had  
26 been in effect for all such years;

27           (F) Cooperatives. In the case of a  
28 cooperative corporation or association, the taxable  
29 income of such organization determined in accordance  
30 with the provisions of Section 1381 through 1388 of  
31 the Internal Revenue Code;

32           (G) Subchapter S corporations. In the case  
33 of: (i) a Subchapter S corporation for which there  
34 is in effect an election for the taxable year under

1 Section 1362 of the Internal Revenue Code, the  
2 taxable income of such corporation determined in  
3 accordance with Section 1363(b) of the Internal  
4 Revenue Code, except that taxable income shall take  
5 into account those items which are required by  
6 Section 1363(b)(1) of the Internal Revenue Code to  
7 be separately stated; and (ii) a Subchapter S  
8 corporation for which there is in effect a federal  
9 election to opt out of the provisions of the  
10 Subchapter S Revision Act of 1982 and have applied  
11 instead the prior federal Subchapter S rules as in  
12 effect on July 1, 1982, the taxable income of such  
13 corporation determined in accordance with the  
14 federal Subchapter S rules as in effect on July 1,  
15 1982; and

16 (H) Partnerships. In the case of a  
17 partnership, taxable income determined in accordance  
18 with Section 703 of the Internal Revenue Code,  
19 except that taxable income shall take into account  
20 those items which are required by Section 703(a)(1)  
21 to be separately stated but which would be taken  
22 into account by an individual in calculating his  
23 taxable income.

24 (f) Valuation limitation amount.

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

28 (A) The sum of the pre-August 1, 1969  
29 appreciation amounts (to the extent consisting of  
30 gain reportable under the provisions of Section 1245  
31 or 1250 of the Internal Revenue Code) for all  
32 property in respect of which such gain was reported  
33 for the taxable year; plus

34 (B) The lesser of (i) the sum of the

1 pre-August 1, 1969 appreciation amounts (to the  
2 extent consisting of capital gain) for all property  
3 in respect of which such gain was reported for  
4 federal income tax purposes for the taxable year, or  
5 (ii) the net capital gain for the taxable year,  
6 reduced in either case by any amount of such gain  
7 included in the amount determined under subsection  
8 (a) (2) (F) or (c) (2) (H).

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

10 (A) If the fair market value of property  
11 referred to in paragraph (1) was readily  
12 ascertainable on August 1, 1969, the pre-August 1,  
13 1969 appreciation amount for such property is the  
14 lesser of (i) the excess of such fair market value  
15 over the taxpayer's basis (for determining gain) for  
16 such property on that date (determined under the  
17 Internal Revenue Code as in effect on that date), or  
18 (ii) the total gain realized and reportable for  
19 federal income tax purposes in respect of the sale,  
20 exchange or other disposition of such property.

21 (B) If the fair market value of property  
22 referred to in paragraph (1) was not readily  
23 ascertainable on August 1, 1969, the pre-August 1,  
24 1969 appreciation amount for such property is that  
25 amount which bears the same ratio to the total gain  
26 reported in respect of the property for federal  
27 income tax purposes for the taxable year, as the  
28 number of full calendar months in that part of the  
29 taxpayer's holding period for the property ending  
30 July 31, 1969 bears to the number of full calendar  
31 months in the taxpayer's entire holding period for  
32 the property.

33 (C) The Department shall prescribe such  
34 regulations as may be necessary to carry out the

1 purposes of this paragraph.

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

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

14 (Source: P.A. 90-491, eff. 1-1-98; 90-717, eff. 8-7-98;  
15 90-770, eff. 8-14-98; 91-192, eff. 7-20-99; 91-205, eff.  
16 7-20-99; 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676,  
17 eff. 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01;  
18 revised 1-15-01.)

19 (35 ILCS 5/204) (from Ch. 120, par. 2-204)  
20 Sec. 204. Standard Exemption.

21 (a) Allowance of exemption. In computing net income  
22 under this Act, there shall be allowed as an exemption the  
23 sum of the amounts determined under subsections (b), (c) and  
24 (d), multiplied by a fraction the numerator of which is the  
25 amount of the taxpayer's base income allocable to this State  
26 for the taxable year and the denominator of which is the  
27 taxpayer's total base income for the taxable year.

28 (b) Basic amount. For the purpose of subsection (a) of  
29 this Section, except as provided by subsection (a) of Section  
30 205 and in this subsection, each taxpayer shall be allowed a  
31 basic amount of \$1000, except that for individuals the basic  
32 amount shall be:

1           (1) for taxable years ending on or after December  
2           31, 1998 and prior to December 31, 1999, \$1,300;

3           (2) for taxable years ending on or after December  
4           31, 1999 and prior to December 31, 2000, \$1,650;

5           (3) for taxable years ending on or after December  
6           31, 2000 and prior to December 31, 2001, \$2,000; and

7           (4) for taxable years ending on or after December  
8           31, 2001, \$4,000.

9           For taxable years ending on or after December 31, 1992, a  
10           taxpayer whose Illinois base income exceeds the basic amount  
11           and who is claimed as a dependent on another person's tax  
12           return under the Internal Revenue Code of 1986 shall not be  
13           allowed any basic amount under this subsection.

14           (c) Additional amount for individuals. In the case of an  
15           individual taxpayer, there shall be allowed for the purpose  
16           of subsection (a), in addition to the basic amount provided  
17           by subsection (b), an additional exemption equal to the basic  
18           amount for each exemption in excess of one allowable to such  
19           individual taxpayer for the taxable year under Section 151 of  
20           the Internal Revenue Code.

21           (d) Additional exemptions for an individual taxpayer and  
22           his or her spouse. In the case of an individual taxpayer and  
23           his or her spouse, he or she shall each be allowed additional  
24           exemptions as follows:

25           (1) Additional exemption for taxpayer or spouse 65  
26           years of age or older.

27           (A) For taxpayer. An additional exemption of  
28           \$1,000 for the taxpayer if he or she has attained  
29           the age of 65 before the end of the taxable year.

30           (B) For spouse when a joint return is not  
31           filed. An additional exemption of \$1,000 for the  
32           spouse of the taxpayer if a joint return is not made  
33           by the taxpayer and his spouse, and if the spouse  
34           has attained the age of 65 before the end of such

1 taxable year, and, for the calendar year in which  
2 the taxable year of the taxpayer begins, has no  
3 gross income and is not the dependent of another  
4 taxpayer.

5 (2) Additional exemption for blindness of taxpayer  
6 or spouse.

7 (A) For taxpayer. An additional exemption of  
8 \$1,000 for the taxpayer if he or she is blind at the  
9 end of the taxable year.

10 (B) For spouse when a joint return is not  
11 filed. An additional exemption of \$1,000 for the  
12 spouse of the taxpayer if a separate return is made  
13 by the taxpayer, and if the spouse is blind and, for  
14 the calendar year in which the taxable year of the  
15 taxpayer begins, has no gross income and is not the  
16 dependent of another taxpayer. For purposes of this  
17 paragraph, the determination of whether the spouse  
18 is blind shall be made as of the end of the taxable  
19 year of the taxpayer; except that if the spouse dies  
20 during such taxable year such determination shall be  
21 made as of the time of such death.

22 (C) Blindness defined. For purposes of this  
23 subsection, an individual is blind only if his or  
24 her central visual acuity does not exceed 20/200 in  
25 the better eye with correcting lenses, or if his or  
26 her visual acuity is greater than 20/200 but is  
27 accompanied by a limitation in the fields of vision  
28 such that the widest diameter of the visual fields  
29 subtends an angle no greater than 20 degrees.

30 (e) Cross reference. See Article 3 for the manner of  
31 determining base income allocable to this State.

32 (f) Application of Section 250. Section 250 does not  
33 apply to the amendments to this Section made by Public Act  
34 90-613 or this amendatory Act of the 92nd General Assembly.

1 (Source: P.A. 90-613, eff. 7-9-98; 91-357, eff. 7-29-99.)

2 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

3 Sec. 208. Tax credit for residential real property taxes.

4 (a) Beginning with tax years ending on or after December  
5 31, 1991, every individual taxpayer shall be entitled to a  
6 tax credit equal to 5% of real property taxes paid by such  
7 taxpayer during the taxable year on the principal residence  
8 of the taxpayer.

9 (b) In addition to the tax credit provided under  
10 subsection (a), for tax years ending on or after December 31,  
11 2001, every individual taxpayer whose principal residence has  
12 an equalized assessed value as determined by the Department  
13 of less than \$166,667 shall be entitled to an additional tax  
14 credit equal to 5% of the real property taxes paid by the  
15 taxpayer during the taxable year on the principal residence  
16 of the taxpayer. The changes to this Section made by this  
17 amendatory Act of the 92nd General Assembly are exempt from  
18 the provisions of Section 250.

19 (c) In the case of multi-unit or multi-use structures  
20 and farm dwellings, the taxes on the taxpayer's principal  
21 residence shall be that portion of the total taxes which is  
22 attributable to such principal residence.

23 (Source: P.A. 87-17.)

24 (35 ILCS 5/208.5 new)

25 Sec. 208.5. Residential rent credit. Beginning with tax  
26 years ending on or after December 31, 2001 and ending with  
27 tax years ending on or before December 31, 2002, each  
28 individual taxpayer is entitled to a credit against the tax  
29 imposed under this Act in the amount of 5% of the average  
30 monthly rent paid by the taxpayer during the taxable year for  
31 the residence of the taxpayer. For purposes of this credit,  
32 the amount of rent for any single month used for calculating



1 the average monthly rent shall not exceed \$1,000. In no event  
2 shall a credit under this Section reduce the taxpayer's  
3 liability under this Act to less than zero.

4 (35 ILCS 5/208.7 new)

5 Sec. 208.7. Tax credit for real property taxes paid by  
6 Subchapter S corporations or sole proprietorships. For tax  
7 years ending on or after December 31, 2001, every Subchapter  
8 S corporation and sole proprietorship in this State shall be  
9 entitled to a tax credit equal to 5% of the real property  
10 taxes paid by the Subchapter S corporation or sole  
11 proprietorship during the taxable year on eligible property  
12 owned by the Subchapter S corporation or sole proprietorship.  
13 For purposes of this Section, "eligible property" means  
14 property with an equalized assessed value of less than (i)  
15 \$399,000 in a county with 3,000,000 or more inhabitants or  
16 (ii) \$166,667 in a county with fewer than 3,000,000  
17 inhabitants. In no event shall a credit under this Section  
18 reduce the liability under this Act of the Subchapter S  
19 corporation or sole proprietorship to less than zero. This  
20 Section is exempt from the provisions of Section 250.

21 (35 ILCS 5/212)

22 (Section scheduled to be repealed on June 1, 2003)

23 Sec. 212. Earned income tax credit.

24 (a) With respect to the federal earned income tax credit  
25 allowed for the taxable year under Section 32 of the federal  
26 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer  
27 is entitled to a credit against the tax imposed by  
28 subsections (a) and (b) of Section 201 in an amount equal to:

29 (1) 5% of the federal tax credit for each taxable  
30 year beginning on or after January 1, 2000 and ending on  
31 or before December 31, 2001;

32 (2) 10% of the federal tax credit for each taxable

1 year beginning on or after January 1, 2002 and ending on  
2 or before December 31, 2002;

3 (3) 15% of the federal tax credit for each taxable  
4 year beginning on or after January 1, 2003 and ending on  
5 or before December 31, 2003;

6 (4) 20% of the federal tax credit for each taxable  
7 year beginning on or after January 1, 2004 and ending on  
8 or before December 31, 2005 2002.

9 For a non-resident or part-year resident, the amount of  
10 the credit under this Section shall be in proportion to the  
11 amount of income attributable to this State.

12 (b) In no event shall a credit under this Section reduce  
13 the taxpayer's liability to less than zero.

14 (c) This Section is repealed on June 1, 2006 2003.

15 (Source: P.A. 91-700, eff. 5-11-00.)

16 (35 ILCS 5/213 new)

17 Sec. 213. Senior Citizen Unreimbursed Health Care Costs  
18 Tax Credit. Beginning with taxable years ending on or after  
19 December 31, 2001 and ending with taxable years ending on or  
20 before December 31, 2010, an individual 65 years or older or  
21 an individual who will become 65 during the calendar year in  
22 which a claim is filed and whose annual household income is  
23 below the minimum income level specified in Section 4 of the  
24 Senior Citizens and Disabled Persons Property Tax Relief and  
25 Pharmaceutical Assistance Act is entitled to a credit against  
26 the tax imposed under this Act in an amount up to \$1,000 per  
27 taxable year for unreimbursed health care costs. If a credit  
28 allowed under this Section exceeds the tax liability of the  
29 taxpayer, the taxpayer shall receive a refund for the amount  
30 of the excess.

31 For purposes of this Section, "unreimbursed health care  
32 costs" means those expenditures not covered and paid by  
33 Medicare, Medicaid, or private insurance.

1 (35 ILCS 5/214 new)

2 Sec. 214. Tax credit for long term care insurance  
3 premiums. For taxable years ending on or after December 31,  
4 2001, an individual taxpayer is entitled to a credit against  
5 the tax imposed by subsections (a) and (b) of Section 201 in  
6 an amount equal to 15% of the premium costs paid by the  
7 taxpayer during the taxable year for a qualified long term  
8 care insurance contract as defined by Section 7702B of the  
9 Internal Revenue Code that offers coverage to either the  
10 individual or the individual's spouse, parent, or dependent  
11 as defined in Section 152 of the Internal Revenue Code. The  
12 credit allowed under this Section may not exceed \$200 for  
13 each qualified long term care policy or the amount of the  
14 taxpayer's liability under this Act, whichever is less. A  
15 taxpayer is not entitled to the credit with respect to  
16 amounts expended for the same qualified long term care  
17 insurance contract that are claimed by another taxpayer. If  
18 the amount of the credit exceeds the taxpayer's liability  
19 under this Act for the year, then the excess may not be  
20 carried forward to apply to the taxpayer's liability for the  
21 succeeding year. The provisions of Section 250 do not apply  
22 to the credit under this Section.

23 (Source: P.A. 91-700, eff. 5-11-00.)

24 (35 ILCS 5/215 new)

25 Sec. 215. Tax credit for volunteer firefighters. For  
26 taxable years ending on or after December 31, 2001, each  
27 taxpayer who was a member in good standing of a volunteer  
28 fire department during the entire taxable year is entitled to  
29 a credit against the tax imposed by subsections (a) and (b)  
30 of Section 201. The credit allowed under this Section may  
31 not exceed \$500 or the amount of the taxpayer's liability  
32 under this Act, whichever is less. If the amount of the  
33 credit exceeds the taxpayer's liability under this Act for

1 the year, then the excess may not be carried forward to apply  
2 to the taxpayer's liability for the succeeding year. This  
3 Section is exempt from the provisions of Section 250.

4 (35 ILCS 5/216 new)

5 Sec. 216. Tax credit for tuition and fees paid at any  
6 public or private college, university, or community college  
7 located in Illinois. Beginning with taxable years ending on  
8 or after December 31, 2001 and ending with taxable years  
9 ending on or before December 31, 2010, a taxpayer with an  
10 adjusted gross income of less than \$100,000 is entitled to a  
11 credit against the tax imposed under this Act in an amount  
12 not to exceed \$500 for amounts spent during the taxable year  
13 for the tuition and fees of the taxpayer and any dependent of  
14 the taxpayer engaged in full-time or part-time undergraduate  
15 studies at any public or private college, university, or  
16 community college located in Illinois. This credit shall not  
17 be available to individuals whose tuition or fees are  
18 reimbursed by their employers. In no event shall a credit  
19 under this Section reduce the taxpayer's liability under this  
20 Act to less than zero.

21 (35 ILCS 5/217 new)

22 Sec. 217. Lactation room tax credit. For taxable years  
23 beginning on or after January 1, 2001, a taxpayer is entitled  
24 to a credit against the taxes imposed by subsections (a) and  
25 (b) of Section 201 in an amount equal to the expenditures  
26 required for providing an on-site lactation room on the  
27 premises of the taxpayer's workplace for employees. For the  
28 purposes of this Section, an "on-site lactation room" means a  
29 private room that has a locking door, comfortable  
30 accommodations, electric amenities including a refrigerator,  
31 and other reasonable items. If the amount of a credit  
32 exceeds the tax liability for the year, then the excess may

1 be carried forward and applied to the tax liability of the 3  
2 taxable years following the excess credit year. A credit  
3 must be applied to the earliest year for which there is a tax  
4 liability. If there are credits from more than one taxable  
5 year that are available to offset a liability, then the  
6 earlier credit must be applied first. This Section is exempt  
7 from the provisions of Section 250.

8 (35 ILCS 5/218 new)

9 Sec. 218. Tax credit for affordable housing donations.

10 (a) Beginning with taxable years ending on or after  
11 December 31, 2001 and until the taxable year ending on  
12 December 31, 2006, a taxpayer who makes a donation under  
13 Section 8.24 of the Housing Authorities Act for the  
14 development of affordable housing in this State is entitled  
15 to a credit against the tax imposed by subsections (a) and  
16 (b) of Section 201 in an amount equal to 50% of the value of  
17 the donation. Partners, shareholders of subchapter S  
18 corporations, and owners of limited liability companies (if  
19 the liability company is treated as a partnership for  
20 purposes of federal and State income taxation) are entitled a  
21 credit under this Section to be determined in accordance with  
22 the determination of income and distributive share of income  
23 under Sections 702 and 703 of subchapter S of the Internal  
24 Revenue Code.

25 (b) If the amount of the credit exceeds the tax  
26 liability for the year, the excess may be carried forward and  
27 applied to the tax liability of the 5 taxable years following  
28 the excess credit year. The tax credit shall be applied to  
29 the earliest year for which there is a tax liability. If  
30 there are credits for more than one year that are available  
31 to offset a liability, the earlier credit shall be applied  
32 first.

33 (c) The transfer of the tax credit allowed under this

1 Section may be made (i) to the purchaser of land that has  
 2 been designated solely for affordable housing projects in  
 3 accordance with the Housing Authorities Act or (ii) to  
 4 another donor who has also made an eligible donation to the  
 5 sponsor of an affordable housing project in accordance with  
 6 the Housing Authorities Act.

7 (d) A taxpayer claiming the credit provided by this  
 8 Section must maintain and record any information that the  
 9 Department may require by regulation regarding the affordable  
 10 housing project for which the credit is claimed. When  
 11 claiming the credit provided by this Section, the taxpayer  
 12 must provide information regarding the taxpayer's donation to  
 13 the development of affordable housing under the Housing  
 14 Authorities Act.

15 (35 ILCS 5/219 new)

16 Sec. 219. Dependent care tax credit.

17 (a) Beginning with taxable years ending on or after  
 18 December 31, 2001 and ending with taxable years ending on or  
 19 before December 30, 2006, each individual taxpayer is  
 20 entitled to a credit against the tax imposed by subsections  
 21 (a) and (b) of Section 201 in an amount equal to \$500  
 22 multiplied by the number of applicable individuals with  
 23 respect to whom the taxpayer is an eligible caregiver for the  
 24 taxable year.

25 (b) As used in this Section, "applicable individual"  
 26 means, with respect to any taxable year, any individual who  
 27 has been certified, before the due date for filing the return  
 28 of tax for the taxable year (without extensions), by a  
 29 physician licensed to practice medicine in all its branches  
 30 under the Medical Practice Act of 1987 as being an individual  
 31 with long-term care needs described in subsection (c) for a  
 32 period:

33 (1) which is at least 180 consecutive days, and

1           (2) a portion of which occurs within the taxable  
2           year.

3           "Applicable individual" does not include any individual  
4           otherwise meeting the requirements of the preceding sentence  
5           unless within the 39 1/2 month period ending on that due date  
6           (or such other period as the Department prescribes) a  
7           physician licensed to practice medicine in all its branches  
8           under the Medical Practice Act of 1987 has certified that  
9           that individual meets those requirements.

10          (c) As used in this Section, an individual is an  
11          individual with long term care needs if the individual meets  
12          any of the following requirements:

13               (1) The individual is at least 6 years of age and:  
14                       (A) is unable to perform (without substantial  
15                       assistance from another individual) at least 3  
16                       activities of daily living, as defined in Section  
17                       7702B(c)(2)(B) of the Internal Revenue Code, due to  
18                       a loss of functional capacity, or  
19                       (B) requires substantial supervision to  
20                       protect that individual from threats to health and  
21                       safety due to severe cognitive impairment and is  
22                       unable to perform at least one activity of daily  
23                       living, as defined in Section 7702B(c)(2)(B) of the  
24                       Internal Revenue Code, or to the extent provided by  
25                       the Department (in consultation with the Secretary  
26                       of Human Services), is unable to engage in age  
27                       appropriate activities.

28               (2) The individual is at least 2 years of age but  
29               less than 6 years of age and is unable due to a loss of  
30               functional capacity to perform (without substantial  
31               assistance from another individual) at least 2 of the  
32               following activities: eating, transferring, or mobility.

33               (3) The individual is under 2 years of age and  
34               requires specific durable medical equipment by reason of

1 a severe health condition or requires a skilled  
2 practitioner trained to address the individual's  
3 condition to be available if the individual's parents or  
4 guardians are absent.

5 (d) A taxpayer shall be treated as an "eligible  
6 caregiver" for any taxable year with respect to the following  
7 individuals:

8 (1) The taxpayer.

9 (2) The taxpayer's spouse.

10 (3) An individual with respect to whom the taxpayer  
11 is allowed an exemption under Section 204 for the taxable  
12 year.

13 (4) An individual who would be described in  
14 subdivision (d)(3) for the taxable year if Section  
15 151(c)(1)(A) of the Internal Revenue Code, relating to  
16 gross income limitation, were applied by substituting for  
17 the federal exemption amount specified in that Section,  
18 an amount equal to the sum of the federal exemption  
19 amount specified in that Section, the federal standard  
20 deduction under Section 63(c)(2)(C) of the Internal  
21 Revenue Code, and any additional federal standard  
22 deduction under Section 63(c)(3) of the Internal Revenue  
23 Code which would be applicable to the individual if  
24 subdivision (d)(3) applied.

25 (5) An individual who would be described in  
26 subdivision (d)(3) for the taxable year if:

27 (A) the requirements of subdivision (d)(4) are  
28 met with respect to the individual, and

29 (B) the requirements of subsection (e) are met  
30 with respect to the individual in lieu of the  
31 support test of Section 152(a) of the Internal  
32 Revenue Code.

33 (e) The requirements of this subsection are met if an  
34 individual has as his or her principal place of abode the



1 home of the taxpayer, and

2 (1) in the case of an individual who is an ancestor  
3 or descendant of the taxpayer or the taxpayer's spouse,  
4 is a member of the taxpayer's household for over half the  
5 taxable year, or

6 (2) in the case of any other individual, is a  
7 member of the taxpayer's household for the entire taxable  
8 year.

9 (f) Persons eligible to claim credit.

10 (1) If more than one individual is an eligible  
11 caregiver with respect to the same applicable individual  
12 for taxable years ending with or within the same calendar  
13 year, a taxpayer shall be treated as the eligible  
14 caregiver if each of those individuals (other than the  
15 taxpayer) files a written declaration (in the form and  
16 manner as the Department may prescribe) that that  
17 individual will not claim that applicable individual for  
18 the credit under this Section.

19 (2) If each individual required under subdivision  
20 (f)(1) to file a written declaration under subdivision  
21 (f)(1) does not do so, the individual with the highest  
22 federal modified adjusted gross income (as defined in  
23 Section 32(c)(5) of the Internal Revenue Code for federal  
24 purposes) shall be treated as the eligible caregiver.

25 (3) In the case of married individuals filing  
26 separate returns, the determination under this subsection  
27 (f) as to whether the husband or wife is the eligible  
28 caregiver shall be made under the rules of subdivision  
29 (f)(2) (whether or not one of them has filed a written  
30 declaration under subdivision (f)(1)).

31 (g) No credit shall be allowed under this Section to a  
32 taxpayer with respect to any applicable individual unless the  
33 taxpayer includes the name and taxpayer identification number  
34 of that individual, and the identification number of the

1 physician certifying that individual, on the return of tax  
2 for the taxable year.

3 (h) The taxpayer shall retain the physician  
4 certification required by subdivision (b) and shall make that  
5 certification available to the Department upon request.

6 Section 99-20. The Economic Development for a Growing  
7 Economy Tax Credit Act is amended by changing Section 5-20 as  
8 follows:

9 (35 ILCS 10/5-20)

10 Sec. 5-20. Application for a project to create and  
11 retain new jobs.

12 (a) Any Taxpayer proposing a project located or planned  
13 to be located in Illinois may request consideration for  
14 designation of its project, by formal written letter of  
15 request or by formal application to the Department, in which  
16 the Applicant states its intent to make at least a specified  
17 level of investment and intends to hire or retain a specified  
18 number of full-time employees at a designated location in  
19 Illinois. As circumstances require, the Department may  
20 require a formal application from an Applicant and a formal  
21 letter of request for assistance.

22 (b) In order to qualify for Credits under this Act, an  
23 Applicant's project must:

24 (1) involve an investment of at least \$5,000,000 in  
25 capital improvements to be placed in service and to  
26 employ at least 25 New Employees within the State as a  
27 direct result of the project; or

28 (2) involve an investment of at least an amount (to  
29 be expressly specified by the Department and the  
30 Committee) in capital improvements to be placed in  
31 service and will employ at least an amount (to be  
32 expressly specified by the Department and the Committee)

1 of New Employees within the State, provided that the  
2 Department and the Committee have determined that the  
3 project will provide a substantial economic benefit to  
4 the State; or

5 (3) meet the requirements set forth in subsection  
6 (f-10) of Section 58.14 of the Environmental Protection  
7 Act.

8 (c) After receipt of an application, the Department may  
9 enter into an Agreement with the Applicant if the application  
10 is accepted in accordance with Section 5-25.

11 (Source: P.A. 91-476, eff. 8-11-99.)

12 Section 99-25. The Use Tax Act is amended by changing  
13 Sections 1a, 3-5, 3-10, and 9 and by adding Sections 3-87 and  
14 3b as follows:

15 (35 ILCS 105/1a) (from Ch. 120, par. 439.1a)

16 Sec. 1a. A person who is engaged in the business of  
17 leasing or renting motor vehicles to others and who, in  
18 connection with such business sells any used motor vehicle to  
19 a purchaser for his use and not for the purpose of resale, is  
20 a retailer engaged in the business of selling tangible  
21 personal property at retail under this Act to the extent of  
22 the value of the vehicle sold. For the purpose of this  
23 Section, "motor vehicle" means any motor vehicle of the first  
24 division, a motor vehicle of the second division which is a  
25 self-contained motor vehicle designed or permanently  
26 converted to provide living quarters for recreational,  
27 camping or travel use, with direct walk through access to the  
28 living quarters from the driver's seat, or a motor vehicle of  
29 a second division which is of the van configuration designed  
30 for the transportation of not less than 7 nor more than 16  
31 passengers, as defined in Section 1-146 of the Illinois  
32 Vehicle Code. For--the--purpose--of--this--Section,--"motor

1 vehicle" has the meaning prescribed in Section 1-157 of The  
 2 Illinois Vehicle Code, as now or hereafter amended. (Nothing  
 3 provided herein shall affect liability incurred under this  
 4 Act because of the use of such motor vehicles as a lesser.)  
 5 (Source: P.A. 80-598.)

6 (35 ILCS 105/3-5) (from Ch. 120, par. 439.3-5)  
 7 Sec. 3-5. Exemptions. Use of the following tangible  
 8 personal property is exempt from the tax imposed by this Act:

9 (1) Personal property purchased from a corporation,  
 10 society, association, foundation, institution, or  
 11 organization, other than a limited liability company, that is  
 12 organized and operated as a not-for-profit service enterprise  
 13 for the benefit of persons 65 years of age or older if the  
 14 personal property was not purchased by the enterprise for the  
 15 purpose of resale by the enterprise.

16 (2) Personal property purchased by a not-for-profit  
 17 Illinois county fair association for use in conducting,  
 18 operating, or promoting the county fair.

19 (3) Personal property purchased by a not-for-profit arts  
 20 or cultural organization that establishes, by proof required  
 21 by the Department by rule, that it has received an exemption  
 22 under Section 501(c)(3) of the Internal Revenue Code and that  
 23 is organized and operated for the presentation or support of  
 24 arts or cultural programming, activities, or services. These  
 25 organizations include, but are not limited to, music and  
 26 dramatic arts organizations such as symphony orchestras and  
 27 theatrical groups, arts and cultural service organizations,  
 28 local arts councils, visual arts organizations, and media  
 29 arts organizations.

30 (4) Personal property purchased by a governmental body,  
 31 by a corporation, society, association, foundation, or  
 32 institution organized and operated exclusively for  
 33 charitable, religious, or educational purposes, or by a

1 not-for-profit corporation, society, association, foundation,  
2 institution, or organization that has no compensated officers  
3 or employees and that is organized and operated primarily for  
4 the recreation of persons 55 years of age or older. A limited  
5 liability company may qualify for the exemption under this  
6 paragraph only if the limited liability company is organized  
7 and operated exclusively for educational purposes. On and  
8 after July 1, 1987, however, no entity otherwise eligible for  
9 this exemption shall make tax-free purchases unless it has an  
10 active exemption identification number issued by the  
11 Department.

12 (5) A passenger car that is a replacement vehicle to the  
13 extent that the purchase price of the car is subject to the  
14 Replacement Vehicle Tax.

15 (6) Graphic arts machinery and equipment, including  
16 repair and replacement parts, both new and used, and  
17 including that manufactured on special order, certified by  
18 the purchaser to be used primarily for graphic arts  
19 production, and including machinery and equipment purchased  
20 for lease.

21 (7) Farm chemicals.

22 (8) Legal tender, currency, medallions, or gold or  
23 silver coinage issued by the State of Illinois, the  
24 government of the United States of America, or the government  
25 of any foreign country, and bullion.

26 (9) Personal property purchased from a teacher-sponsored  
27 student organization affiliated with an elementary or  
28 secondary school located in Illinois.

29 (10) A motor vehicle of the first division, a motor  
30 vehicle of the second division that is a self-contained motor  
31 vehicle designed or permanently converted to provide living  
32 quarters for recreational, camping, or travel use, with  
33 direct walk through to the living quarters from the driver's  
34 seat, or a motor vehicle of the second division that is of

1 the van configuration designed for the transportation of not  
2 less than 7 nor more than 16 passengers, as defined in  
3 Section 1-146 of the Illinois Vehicle Code, that is used for  
4 automobile renting, as defined in the Automobile Renting  
5 Occupation and Use Tax Act.

6 (11) Farm machinery and equipment, both new and used,  
7 including that manufactured on special order, certified by  
8 the purchaser to be used primarily for production agriculture  
9 or State or federal agricultural programs, including  
10 individual replacement parts for the machinery and equipment,  
11 including machinery and equipment purchased for lease, and  
12 including implements of husbandry defined in Section 1-130 of  
13 the Illinois Vehicle Code, farm machinery and agricultural  
14 chemical and fertilizer spreaders, and nurse wagons required  
15 to be registered under Section 3-809 of the Illinois Vehicle  
16 Code, but excluding other motor vehicles required to be  
17 registered under the Illinois Vehicle Code. Horticultural  
18 polyhouses or hoop houses used for propagating, growing, or  
19 overwintering plants shall be considered farm machinery and  
20 equipment under this item (11). Agricultural chemical tender  
21 tanks and dry boxes shall include units sold separately from  
22 a motor vehicle required to be licensed and units sold  
23 mounted on a motor vehicle required to be licensed if the  
24 selling price of the tender is separately stated.

25 Farm machinery and equipment shall include precision  
26 farming equipment that is installed or purchased to be  
27 installed on farm machinery and equipment including, but not  
28 limited to, tractors, harvesters, sprayers, planters,  
29 seeders, or spreaders. Precision farming equipment includes,  
30 but is not limited to, soil testing sensors, computers,  
31 monitors, software, global positioning and mapping systems,  
32 and other such equipment.

33 Farm machinery and equipment also includes computers,  
34 sensors, software, and related equipment used primarily in

1 the computer-assisted operation of production agriculture  
2 facilities, equipment, and activities such as, but not  
3 limited to, the collection, monitoring, and correlation of  
4 animal and crop data for the purpose of formulating animal  
5 diets and agricultural chemicals. This item (11) is exempt  
6 from the provisions of Section 3-90.

7 (12) Fuel and petroleum products sold to or used by an  
8 air common carrier, certified by the carrier to be used for  
9 consumption, shipment, or storage in the conduct of its  
10 business as an air common carrier, for a flight destined for  
11 or returning from a location or locations outside the United  
12 States without regard to previous or subsequent domestic  
13 stopovers.

14 (13) Proceeds of mandatory service charges separately  
15 stated on customers' bills for the purchase and consumption  
16 of food and beverages purchased at retail from a retailer, to  
17 the extent that the proceeds of the service charge are in  
18 fact turned over as tips or as a substitute for tips to the  
19 employees who participate directly in preparing, serving,  
20 hosting or cleaning up the food or beverage function with  
21 respect to which the service charge is imposed.

22 (14) Oil field exploration, drilling, and production  
23 equipment, including (i) rigs and parts of rigs, rotary rigs,  
24 cable tool rigs, and workover rigs, (ii) pipe and tubular  
25 goods, including casing and drill strings, (iii) pumps and  
26 pump-jack units, (iv) storage tanks and flow lines, (v) any  
27 individual replacement part for oil field exploration,  
28 drilling, and production equipment, and (vi) machinery and  
29 equipment purchased for lease; but excluding motor vehicles  
30 required to be registered under the Illinois Vehicle Code.

31 (15) Photoprocessing machinery and equipment, including  
32 repair and replacement parts, both new and used, including  
33 that manufactured on special order, certified by the  
34 purchaser to be used primarily for photoprocessing, and

1 including photoprocessing machinery and equipment purchased  
2 for lease.

3 (16) Coal exploration, mining, offhighway hauling,  
4 processing, maintenance, and reclamation equipment, including  
5 replacement parts and equipment, and including equipment  
6 purchased for lease, but excluding motor vehicles required to  
7 be registered under the Illinois Vehicle Code.

8 (17) Distillation machinery and equipment, sold as a  
9 unit or kit, assembled or installed by the retailer,  
10 certified by the user to be used only for the production of  
11 ethyl alcohol that will be used for consumption as motor fuel  
12 or as a component of motor fuel for the personal use of the  
13 user, and not subject to sale or resale.

14 (18) Manufacturing and assembling machinery and  
15 equipment used primarily in the process of manufacturing or  
16 assembling tangible personal property for wholesale or retail  
17 sale or lease, whether that sale or lease is made directly by  
18 the manufacturer or by some other person, whether the  
19 materials used in the process are owned by the manufacturer  
20 or some other person, or whether that sale or lease is made  
21 apart from or as an incident to the seller's engaging in the  
22 service occupation of producing machines, tools, dies, jigs,  
23 patterns, gauges, or other similar items of no commercial  
24 value on special order for a particular purchaser.

25 (19) Personal property delivered to a purchaser or  
26 purchaser's donee inside Illinois when the purchase order for  
27 that personal property was received by a florist located  
28 outside Illinois who has a florist located inside Illinois  
29 deliver the personal property.

30 (20) Semen used for artificial insemination of livestock  
31 for direct agricultural production.

32 (21) Horses, or interests in horses, registered with and  
33 meeting the requirements of any of the Arabian Horse Club  
34 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.

4 (22) Computers and communications equipment utilized for  
5 any hospital purpose and equipment used in the diagnosis,  
6 analysis, or treatment of hospital patients purchased by a  
7 lessor who leases the equipment, under a lease of one year or  
8 longer executed or in effect at the time the lessor would  
9 otherwise be subject to the tax imposed by this Act, to a  
10 hospital that has been issued an active tax exemption  
11 identification number by the Department under Section 1g of  
12 the Retailers' Occupation Tax Act. If the equipment is  
13 leased in a manner that does not qualify for this exemption  
14 or is used in any other non-exempt manner, the lessor shall  
15 be liable for the tax imposed under this Act or the Service  
16 Use Tax Act, as the case may be, based on the fair market  
17 value of the property at the time the non-qualifying use  
18 occurs. No lessor shall collect or attempt to collect an  
19 amount (however designated) that purports to reimburse that  
20 lessor for the tax imposed by this Act or the Service Use Tax  
21 Act, as the case may be, if the tax has not been paid by the  
22 lessor. If a lessor improperly collects any such amount from  
23 the lessee, the lessee shall have a legal right to claim a  
24 refund of that amount from the lessor. If, however, that  
25 amount is not refunded to the lessee for any reason, the  
26 lessor is liable to pay that amount to the Department.

27 (23) Personal property purchased by a lessor who leases  
28 the property, under a lease of one year or longer executed  
29 or in effect at the time the lessor would otherwise be  
30 subject to the tax imposed by this Act, to a governmental  
31 body that has been issued an active sales tax exemption  
32 identification number by the Department under Section 1g of  
33 the Retailers' Occupation Tax Act. If the property is leased  
34 in a manner that does not qualify for this exemption or used

1 in any other non-exempt manner, the lessor shall be liable  
2 for the tax imposed under this Act or the Service Use Tax  
3 Act, as the case may be, based on the fair market value of  
4 the property at the time the non-qualifying use occurs. No  
5 lessor shall collect or attempt to collect an amount (however  
6 designated) that purports to reimburse that lessor for the  
7 tax imposed by this Act or the Service Use Tax Act, as the  
8 case may be, if the tax has not been paid by the lessor. If  
9 a lessor improperly collects any such amount from the lessee,  
10 the lessee shall have a legal right to claim a refund of that  
11 amount from the lessor. If, however, that amount is not  
12 refunded to the lessee for any reason, the lessor is liable  
13 to pay that amount to the Department.

14 (24) Beginning with taxable years ending on or after  
15 December 31, 1995 and ending with taxable years ending on or  
16 before December 31, 2004, personal property that is donated  
17 for disaster relief to be used in a State or federally  
18 declared disaster area in Illinois or bordering Illinois by a  
19 manufacturer or retailer that is registered in this State to  
20 a corporation, society, association, foundation, or  
21 institution that has been issued a sales tax exemption  
22 identification number by the Department that assists victims  
23 of the disaster who reside within the declared disaster area.

24 (25) 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 used in  
27 the performance of infrastructure repairs in this State,  
28 including but not limited to municipal roads and streets,  
29 access roads, bridges, sidewalks, waste disposal systems,  
30 water and sewer line extensions, water distribution and  
31 purification facilities, storm water drainage and retention  
32 facilities, and sewage treatment facilities, resulting from a  
33 State or federally declared disaster in Illinois or bordering  
34 Illinois when such repairs are initiated on facilities

1 located in the declared disaster area within 6 months after  
2 the disaster.

3 (26) Beginning July 1, 1999, game or game birds  
4 purchased at a "game breeding and hunting preserve area" or  
5 an "exotic game hunting area" as those terms are used in the  
6 Wildlife Code or at a hunting enclosure approved through  
7 rules adopted by the Department of Natural Resources. This  
8 paragraph is exempt from the provisions of Section 3-90.

9 (27) A motor vehicle, as that term is defined in Section  
10 1-146 of the Illinois Vehicle Code, that is donated to a  
11 corporation, limited liability company, society, association,  
12 foundation, or institution that is determined by the  
13 Department to be organized and operated exclusively for  
14 educational purposes. For purposes of this exemption, "a  
15 corporation, limited liability company, society, association,  
16 foundation, or institution organized and operated exclusively  
17 for educational purposes" means all tax-supported public  
18 schools, private schools that offer systematic instruction in  
19 useful branches of learning by methods common to public  
20 schools and that compare favorably in their scope and  
21 intensity with the course of study presented in tax-supported  
22 schools, and vocational or technical schools or institutes  
23 organized and operated exclusively to provide a course of  
24 study of not less than 6 weeks duration and designed to  
25 prepare individuals to follow a trade or to pursue a manual,  
26 technical, mechanical, industrial, business, or commercial  
27 occupation.

28 (28) Beginning January 1, 2000, personal property,  
29 including food, purchased through fundraising events for the  
30 benefit of a public or private elementary or secondary  
31 school, a group of those schools, or one or more school  
32 districts if the events are sponsored by an entity recognized  
33 by the school district that consists primarily of volunteers  
34 and includes parents and teachers of the school children.

1 This paragraph does not apply to fundraising events (i) for  
2 the benefit of private home instruction or (ii) for which the  
3 fundraising entity purchases the personal property sold at  
4 the events from another individual or entity that sold the  
5 property for the purpose of resale by the fundraising entity  
6 and that profits from the sale to the fundraising entity.  
7 This paragraph is exempt from the provisions of Section 3-90.

8 (29) Beginning January 1, 2000, new or used automatic  
9 vending machines that prepare and serve hot food and  
10 beverages, including coffee, soup, and other items, and  
11 replacement parts for these machines. This paragraph is  
12 exempt from the provisions of Section 3-90.

13 (30) Food for human consumption that is to be consumed  
14 off the premises where it is sold (other than alcoholic  
15 beverages, soft drinks, and food that has been prepared for  
16 immediate consumption) and prescription and nonprescription  
17 medicines, drugs, medical appliances, and insulin, urine  
18 testing materials, syringes, and needles used by diabetics,  
19 for human use, when purchased for use by a person receiving  
20 medical assistance under Article 5 of the Illinois Public Aid  
21 Code who resides in a licensed long-term care facility, as  
22 defined in the Nursing Home Care Act.

23 (31) Beginning January 1, 2002, tangible personal  
24 property and its component parts purchased by a  
25 telecommunications carrier if the property and parts are used  
26 directly and primarily in transmitting, receiving, switching,  
27 or recording any interactive, two-way electromagnetic  
28 communications, including voice, image, data, and  
29 information, through the use of any medium, including, but  
30 not limited to, poles, wires, cables, switching equipment,  
31 computers, and record storage devices and media. This  
32 paragraph is exempt from the provisions of Section 3-90.

33 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
34 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.

1 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,  
2 eff. 8-20-99; 91-901, eff. 1-1-01.)

3 (35 ILCS 105/3-10) (from Ch. 120, par. 439.3-10)

4 Sec. 3-10. Rate of tax. Unless otherwise provided in  
5 this Section, the tax imposed by this Act is at the rate of  
6 6.25% of either the selling price or the fair market value,  
7 if any, of the tangible personal property. In all cases  
8 where property functionally used or consumed is the same as  
9 the property that was purchased at retail, then the tax is  
10 imposed on the selling price of the property. In all cases  
11 where property functionally used or consumed is a by-product  
12 or waste product that has been refined, manufactured, or  
13 produced from property purchased at retail, then the tax is  
14 imposed on the lower of the fair market value, if any, of the  
15 specific property so used in this State or on the selling  
16 price of the property purchased at retail. For purposes of  
17 this Section "fair market value" means the price at which  
18 property would change hands between a willing buyer and a  
19 willing seller, neither being under any compulsion to buy or  
20 sell and both having reasonable knowledge of the relevant  
21 facts. The fair market value shall be established by Illinois  
22 sales by the taxpayer of the same property as that  
23 functionally used or consumed, or if there are no such sales  
24 by the taxpayer, then comparable sales or purchases of  
25 property of like kind and character in Illinois.

26 Beginning on July 1, 2000 and through December 31, 2000,  
27 and, beginning again on July 1, 2001, with respect to motor  
28 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law,  
29 and gasohol, as defined in Section 3-40 of the Use Tax Act,  
30 the tax is imposed at the rate of 1.25%. The changes to this  
31 Section made by this amendatory Act of the 92nd General  
32 Assembly are exempt from the provisions of Section 3-90.

33 With respect to gasohol, the tax imposed by this Act

1 applies to 70% of the proceeds of sales made on or after  
2 January 1, 1990, and before July 1, 2003, and to 100% of the  
3 proceeds of sales made thereafter.

4 With respect to food for human consumption that is to be  
5 consumed off the premises where it is sold (other than  
6 alcoholic beverages, soft drinks, and food that has been  
7 prepared for immediate consumption) and prescription and  
8 nonprescription medicines, drugs, medical appliances,  
9 modifications to a motor vehicle for the purpose of rendering  
10 it usable by a disabled person, and insulin, urine testing  
11 materials, syringes, and needles used by diabetics, for human  
12 use, the tax is imposed at the rate of 1%. For the purposes  
13 of this Section, the term "soft drinks" means any complete,  
14 finished, ready-to-use, non-alcoholic drink, whether  
15 carbonated or not, including but not limited to soda water,  
16 cola, fruit juice, vegetable juice, carbonated water, and all  
17 other preparations commonly known as soft drinks of whatever  
18 kind or description that are contained in any closed or  
19 sealed bottle, can, carton, or container, regardless of size.  
20 "Soft drinks" does not include coffee, tea, non-carbonated  
21 water, infant formula, milk or milk products as defined in  
22 the Grade A Pasteurized Milk and Milk Products Act, or drinks  
23 containing 50% or more natural fruit or vegetable juice.

24 Notwithstanding any other provisions of this Act, "food  
25 for human consumption that is to be consumed off the premises  
26 where it is sold" includes all food sold through a vending  
27 machine, except soft drinks and food products that are  
28 dispensed hot from a vending machine, regardless of the  
29 location of the vending machine.

30 With respect to any motor vehicle (as the term "motor  
31 vehicle" is defined in Section 1a of this Act) that is  
32 purchased by a lessor for purposes of leasing under a lease  
33 subject to the Automobile Leasing Occupation and Use Tax Act,  
34 the tax is imposed at the rate of 1.25%.

1 With respect to any motor vehicle (as the term "motor  
2 vehicle" is defined in Section 1a of this Act) that has been  
3 leased by a lessor to a lessee under a lease that is subject  
4 to the Automobile Leasing Occupation and Use Tax Act, and is  
5 subsequently purchased by the lessee of such vehicle, the tax  
6 is imposed at the rate of 5%.

7 If the property that is purchased at retail from a  
8 retailer is acquired outside Illinois and used outside  
9 Illinois before being brought to Illinois for use here and is  
10 taxable under this Act, the "selling price" on which the tax  
11 is computed shall be reduced by an amount that represents a  
12 reasonable allowance for depreciation for the period of prior  
13 out-of-state use.

14 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
15 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

16 (35 ILCS 105/3-87 new)

17 Sec. 3-87. Gasohol retailer credit. For sales of  
18 gasohol, as defined in Section 3-40 of this Act, made on or  
19 after December 1, 2001, a retailer is entitled to a credit  
20 against the retailer's tax liability under this Act of 2  
21 cents per gallon of gasohol sold.

22 (35 ILCS 105/3b new)

23 Sec. 3b. Tax holiday for clothing and footwear.

24 (a) Notwithstanding any other provision to the contrary,  
25 no tax shall be imposed under this Act upon the privilege of  
26 using in this State an individual item of clothing or  
27 footwear designed to be worn about the human body purchased  
28 at retail from a retailer if that item of clothing or that  
29 footwear (i) is purchased for a selling price of \$200 or less  
30 and (ii) is purchased from 12:01 a.m. on the first Friday in  
31 August through midnight of the Sunday that follows 9 days  
32 later. Any discount, coupon, or other credit offered either

1 by the retailer or by a vendor of the retailer to reduce the  
2 final price to the customer shall be taken into account in  
3 determining the selling price of the item for purposes of  
4 this holiday.

5 (b) A unit of local government may, by ordinance adopted  
6 by that unit of local government, opt out of the tax holiday  
7 imposed by this Section and continue to collect and remit the  
8 tax imposed under this Act during the tax holiday period.

9 (c) Articles that are normally sold as a unit must  
10 continue to be sold in that manner; they cannot be priced  
11 separately and sold as individual items in order to be  
12 subject to the holiday. For example, if a pair of shoes  
13 sells for \$250, the pair cannot be split in order to sell  
14 each shoe for \$125 to qualify for the holiday. If a suit is  
15 normally priced at \$250 on a single price tag, the suit  
16 cannot be split into separate articles so that any of the  
17 components may be sold for less than \$200 in order to qualify  
18 for the holiday. However, components that are normally  
19 priced as separate articles may continue to be sold as  
20 separate articles and qualify for the holiday if the price of  
21 an article is less than \$200.

22 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

23 Sec. 9. Except as to motor vehicles, watercraft,  
24 aircraft, and trailers that are required to be registered  
25 with an agency of this State, each retailer required or  
26 authorized to collect the tax imposed by this Act shall pay  
27 to the Department the amount of such tax (except as otherwise  
28 provided) at the time when he is required to file his return  
29 for the period during which such tax was collected, less a  
30 discount of 2.1% prior to January 1, 1990, and 1.75% on and  
31 after January 1, 1990, or \$5 per calendar year, whichever is  
32 greater, which is allowed to reimburse the retailer for  
33 expenses incurred in collecting the tax, keeping records,



1 preparing and filing returns, remitting the tax and supplying  
2 data to the Department on request. In the case of retailers  
3 who report and pay the tax on a transaction by transaction  
4 basis, as provided in this Section, such discount shall be  
5 taken with each such tax remittance instead of when such  
6 retailer files his periodic return. A retailer need not  
7 remit that part of any tax collected by him to the extent  
8 that he is required to remit and does remit the tax imposed  
9 by the Retailers' Occupation Tax Act, with respect to the  
10 sale of the 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,  
14 is extended beyond the close of the period for which the  
15 return is filed, the retailer, in collecting the tax (except  
16 as to motor vehicles, watercraft, aircraft, and trailers that  
17 are required to be registered with an agency of this State),  
18 may collect for each tax return period, only the tax  
19 applicable to that part of the selling price actually  
20 received during such tax return period.

21 Except as provided in this Section, on or before the  
22 twentieth day of each calendar month, such retailer shall  
23 file a return for the preceding calendar month. Such return  
24 shall be filed on forms prescribed by the Department and  
25 shall furnish such information as the Department may  
26 reasonably require.

27 The Department may require returns to be filed on a  
28 quarterly basis. If so required, a return for each calendar  
29 quarter shall be filed on or before the twentieth day of the  
30 calendar month following the end of such calendar quarter.  
31 The taxpayer shall also file a return with the Department for  
32 each of the first two months of each calendar quarter, on or  
33 before the twentieth day of the following calendar month,  
34 stating:

- 1           1. The name of the seller;
- 2           2. The address of the principal place of business
- 3           from which he engages in the business of selling tangible
- 4           personal property at retail in this State;
- 5           3. The total amount of taxable receipts received by
- 6           him during the preceding calendar month from sales of
- 7           tangible personal property by him during such preceding
- 8           calendar month, including receipts from charge and time
- 9           sales, but less all deductions allowed by law;
- 10          4. The amount of credit provided in Section 2d of
- 11          this Act;
- 12          5. The amount of tax due;
- 13          5-5. The signature of the taxpayer; and
- 14          6. Such other reasonable information as the
- 15          Department may require.

16          If a taxpayer fails to sign a return within 30 days after  
17          the proper notice and demand for signature by the Department,  
18          the return shall be considered valid and any amount shown to  
19          be due on the return shall be deemed assessed.

20          Beginning October 1, 1993, a taxpayer who has an average  
21          monthly tax liability of \$150,000 or more shall make all  
22          payments required by rules of the Department by electronic  
23          funds transfer. Beginning October 1, 1994, a taxpayer who has  
24          an average monthly tax liability of \$100,000 or more shall  
25          make all payments required by rules of the Department by  
26          electronic funds transfer. Beginning October 1, 1995, a  
27          taxpayer who has an average monthly tax liability of \$50,000  
28          or more shall make all payments required by rules of the  
29          Department by electronic funds transfer. Beginning October 1,  
30          2000, a taxpayer who has an annual tax liability of \$200,000  
31          or more shall make all payments required by rules of the  
32          Department by electronic funds transfer. The term "annual  
33          tax liability" shall be the sum of the taxpayer's liabilities  
34          under this Act, and under all other State and local

1 occupation and use tax laws administered by the Department,  
2 for the immediately preceding calendar year. The term  
3 "average monthly tax liability" means the sum of the  
4 taxpayer's liabilities under this Act, and under all other  
5 State and local occupation and use tax laws administered by  
6 the Department, for the immediately preceding calendar year  
7 divided by 12.

8 Before August 1 of each year beginning in 1993, the  
9 Department shall notify all taxpayers required to make  
10 payments by electronic funds transfer. All taxpayers required  
11 to make payments by electronic funds transfer shall make  
12 those payments for a minimum of one year beginning on October  
13 1.

14 Any taxpayer not required to make payments by electronic  
15 funds transfer may make payments by electronic funds transfer  
16 with the permission of the Department.

17 All taxpayers required to make payment by electronic  
18 funds transfer and any taxpayers authorized to voluntarily  
19 make payments by electronic funds transfer shall make those  
20 payments in the manner authorized by the Department.

21 The Department shall adopt such rules as are necessary to  
22 effectuate a program of electronic funds transfer and the  
23 requirements of this Section.

24 Before October 1, 2000, if the taxpayer's average monthly  
25 tax liability to the Department under this Act, the  
26 Retailers' Occupation Tax Act, the Service Occupation Tax  
27 Act, the Service Use Tax Act was \$10,000 or more during the  
28 preceding 4 complete calendar quarters, he shall file a  
29 return with the Department each month by the 20th day of the  
30 month next following the month during which such tax  
31 liability is incurred and shall make payments to the  
32 Department on or before the 7th, 15th, 22nd and last day of  
33 the month during which such liability is incurred. On and  
34 after October 1, 2000, if the taxpayer's average monthly tax

1 liability to the Department under this Act, the Retailers'  
2 Occupation Tax Act, the Service Occupation Tax Act, and the  
3 Service Use Tax Act was \$20,000 or more during the preceding  
4 4 complete calendar quarters, he shall file a return with the  
5 Department each month by the 20th day of the month next  
6 following the month during which such tax liability is  
7 incurred and shall make payment to the Department on or  
8 before the 7th, 15th, 22nd and last day of the month during  
9 which such liability is incurred. If the month during which  
10 such tax liability is incurred began prior to January 1,  
11 1985, each payment shall be in an amount equal to 1/4 of the  
12 taxpayer's actual liability for the month or an amount set by  
13 the Department not to exceed 1/4 of the average monthly  
14 liability of the taxpayer to the Department for the preceding  
15 4 complete calendar quarters (excluding the month of highest  
16 liability and the month of lowest liability in such 4 quarter  
17 period). If the month during which such tax liability is  
18 incurred begins on or after January 1, 1985, and prior to  
19 January 1, 1987, each payment shall be in an amount equal to  
20 22.5% of the taxpayer's actual liability for the month or  
21 27.5% of the taxpayer's liability for the same calendar month  
22 of the preceding year. If the month during which such tax  
23 liability is incurred begins on or after January 1, 1987, and  
24 prior to January 1, 1988, each payment shall be in an amount  
25 equal to 22.5% of the taxpayer's actual liability for the  
26 month or 26.25% of the taxpayer's liability for the same  
27 calendar month of the preceding year. If the month during  
28 which such tax liability is incurred begins on or after  
29 January 1, 1988, and prior to January 1, 1989, or begins on  
30 or after January 1, 1996, each payment shall be in an amount  
31 equal to 22.5% of the taxpayer's actual liability for the  
32 month or 25% of the taxpayer's liability for the same  
33 calendar month of the preceding year. If the month during  
34 which such tax liability is incurred begins on or after

1 January 1, 1989, and prior to January 1, 1996, each payment  
2 shall be in an amount equal to 22.5% of the taxpayer's actual  
3 liability for the month or 25% of the taxpayer's liability  
4 for the same calendar month of the preceding year or 100% of  
5 the taxpayer's actual liability for the quarter monthly  
6 reporting period. The amount of such quarter monthly  
7 payments shall be credited against the final tax liability of  
8 the taxpayer's return for that month. Before October 1,  
9 2000, once applicable, the requirement of the making of  
10 quarter monthly payments to the Department shall continue  
11 until such taxpayer's average monthly liability to the  
12 Department during the preceding 4 complete calendar quarters  
13 (excluding the month of highest liability and the month of  
14 lowest liability) is less than \$9,000, or until such  
15 taxpayer's average monthly liability to the Department as  
16 computed for each calendar quarter of the 4 preceding  
17 complete calendar quarter period is less than \$10,000.  
18 However, if a taxpayer can show the Department that a  
19 substantial change in the taxpayer's business has occurred  
20 which causes the taxpayer to anticipate that his average  
21 monthly tax liability for the reasonably foreseeable future  
22 will fall below the \$10,000 threshold stated above, then such  
23 taxpayer may petition the Department for change in such  
24 taxpayer's reporting status. On and after October 1, 2000,  
25 once applicable, the requirement of the making of quarter  
26 monthly payments to the Department shall continue until such  
27 taxpayer's average monthly liability to the Department during  
28 the preceding 4 complete calendar quarters (excluding the  
29 month of highest liability and the month of lowest liability)  
30 is less than \$19,000 or until such taxpayer's average monthly  
31 liability to the Department as computed for each calendar  
32 quarter of the 4 preceding complete calendar quarter period  
33 is less than \$20,000. However, if a taxpayer can show the  
34 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  
4 stated above, then such taxpayer may petition the Department  
5 for a change in such taxpayer's reporting status. The  
6 Department shall change such taxpayer's reporting status  
7 unless it finds that such change is seasonal in nature and  
8 not likely to be long term. If any such quarter monthly  
9 payment is not paid at the time or in the amount required by  
10 this Section, then the taxpayer shall be liable for penalties  
11 and interest on the difference between the minimum amount due  
12 and the amount of such quarter monthly payment actually and  
13 timely paid, except insofar as the taxpayer has previously  
14 made payments for that month to the Department in excess of  
15 the minimum payments previously due as provided in this  
16 Section. The Department shall make reasonable rules and  
17 regulations to govern the quarter monthly payment amount and  
18 quarter monthly payment dates for taxpayers who file on other  
19 than a calendar monthly basis.

20 If any such payment provided for in this Section exceeds  
21 the taxpayer's liabilities under this Act, the Retailers'  
22 Occupation Tax Act, the Service Occupation Tax Act and the  
23 Service Use Tax Act, as shown by an original monthly return,  
24 the Department shall issue to the taxpayer a credit  
25 memorandum no later than 30 days after the date of payment,  
26 which memorandum may be submitted by the taxpayer to the  
27 Department in payment of tax liability subsequently to be  
28 remitted by the taxpayer to the Department or be assigned by  
29 the taxpayer to a similar taxpayer under this Act, the  
30 Retailers' Occupation Tax Act, the Service Occupation Tax Act  
31 or the Service Use Tax Act, in accordance with reasonable  
32 rules and regulations to be prescribed by the Department,  
33 except that if such excess payment is shown on an original  
34 monthly return and is made after December 31, 1986, no credit

1 memorandum shall be issued, unless requested by the taxpayer.  
2 If no such request is made, the taxpayer may credit such  
3 excess payment against tax liability subsequently to be  
4 remitted by the taxpayer to the Department under this Act,  
5 the Retailers' Occupation Tax Act, the Service Occupation Tax  
6 Act or the Service Use Tax Act, in accordance with reasonable  
7 rules and regulations prescribed by the Department. If the  
8 Department subsequently determines that all or any part of  
9 the credit taken was not actually due to the taxpayer, the  
10 taxpayer's 2.1% or 1.75% vendor's discount shall be reduced  
11 by 2.1% or 1.75% of the difference between the credit taken  
12 and that actually due, and the taxpayer shall be liable for  
13 penalties and interest on such difference.

14 If the retailer is otherwise required to file a monthly  
15 return and if the retailer's average monthly tax liability to  
16 the Department does not exceed \$200, the Department may  
17 authorize his returns to be filed on a quarter annual basis,  
18 with the return for January, February, and March of a given  
19 year being due by April 20 of such year; with the return for  
20 April, May and June of a given year being due by July 20 of  
21 such year; with the return for July, August and September of  
22 a given year being due by October 20 of such year, and with  
23 the return for October, November and December of a given year  
24 being due by January 20 of the following year.

25 If the retailer is otherwise required to file a monthly  
26 or quarterly return and if the retailer's average monthly tax  
27 liability to the Department does not exceed \$50, the  
28 Department may authorize his returns to be filed on an annual  
29 basis, with the return for a given year being due by January  
30 20 of the following year.

31 Such quarter annual and annual returns, as to form and  
32 substance, shall be subject to the same requirements as  
33 monthly returns.

34 Notwithstanding any other provision in this Act

1 concerning the time within which a retailer may file his  
2 return, in the case of any retailer who ceases to engage in a  
3 kind of business which makes him responsible for filing  
4 returns under this Act, such retailer shall file a final  
5 return under this Act with the Department not more than one  
6 month after discontinuing such business.

7 In addition, with respect to motor vehicles, watercraft,  
8 aircraft, and trailers that are required to be registered  
9 with an agency of this State, every retailer selling this  
10 kind of tangible personal property shall file, with the  
11 Department, upon a form to be prescribed and supplied by the  
12 Department, a separate return for each such item of tangible  
13 personal property which the retailer sells, except that if,  
14 in the same transaction, (i) a retailer of aircraft,  
15 watercraft, motor vehicles or trailers transfers more than  
16 one aircraft, watercraft, motor vehicle or trailer to another  
17 aircraft, watercraft, motor vehicle or trailer retailer for  
18 the purpose of resale or (ii) a retailer of aircraft,  
19 watercraft, motor vehicles, or trailers transfers more than  
20 one aircraft, watercraft, motor vehicle, or trailer to a  
21 purchaser for use as a qualifying rolling stock as provided  
22 in Section 3-55 of this Act, then that seller may report the  
23 transfer of all the aircraft, watercraft, motor vehicles or  
24 trailers involved in that transaction to the Department on  
25 the same uniform invoice-transaction reporting return form.  
26 For purposes of this Section, "watercraft" means a Class 2,  
27 Class 3, or Class 4 watercraft as defined in Section 3-2 of  
28 the Boat Registration and Safety Act, a personal watercraft,  
29 or any boat equipped with an inboard motor.

30 The transaction reporting return in the case of motor  
31 vehicles or trailers that are required to be registered with  
32 an agency of this State, shall be the same document as the  
33 Uniform Invoice referred to in Section 5-402 of the Illinois  
34 Vehicle Code and must show the name and address of the



1 seller; the name and address of the purchaser; the amount of  
2 the selling price including the amount allowed by the  
3 retailer for traded-in property, if any; the amount allowed  
4 by the retailer for the traded-in tangible personal property,  
5 if any, to the extent to which Section 2 of this Act allows  
6 an exemption for the value of traded-in property; the balance  
7 payable after deducting such trade-in allowance from the  
8 total selling price; the amount of tax due from the retailer  
9 with respect to such transaction; the amount of tax collected  
10 from the purchaser by the retailer on such transaction (or  
11 satisfactory evidence that such tax is not due in that  
12 particular instance, if that is claimed to be the fact); the  
13 place and date of the sale; a sufficient identification of  
14 the property sold; such other information as is required in  
15 Section 5-402 of the Illinois Vehicle Code, and such other  
16 information as the Department may reasonably require.

17 The transaction reporting return in the case of  
18 watercraft and aircraft must show the name and address of the  
19 seller; the name and address of the purchaser; the amount of  
20 the selling price including the amount allowed by the  
21 retailer for traded-in property, if any; the amount allowed  
22 by the retailer for the traded-in tangible personal property,  
23 if any, to the extent to which Section 2 of this Act allows  
24 an exemption for the value of traded-in property; the balance  
25 payable after deducting such trade-in allowance from the  
26 total selling price; the amount of tax due from the retailer  
27 with respect to such transaction; the amount of tax collected  
28 from the purchaser by the retailer on such transaction (or  
29 satisfactory evidence that such tax is not due in that  
30 particular instance, if that is claimed to be the fact); the  
31 place and date of the sale, a sufficient identification of  
32 the property sold, and such other information as the  
33 Department may reasonably require.

34 Such transaction reporting return shall be filed not

1 later than 20 days after the date of delivery of the item  
2 that is being sold, but may be filed by the retailer at any  
3 time sooner than that if he chooses to do so. The  
4 transaction reporting return and tax remittance or proof of  
5 exemption from the tax that is imposed by this Act may be  
6 transmitted to the Department by way of the State agency with  
7 which, or State officer with whom, the tangible personal  
8 property must be titled or registered (if titling or  
9 registration is required) if the Department and such agency  
10 or State officer determine that this procedure will expedite  
11 the processing of applications for title or registration.

12 With each such transaction reporting return, the retailer  
13 shall remit the proper amount of tax due (or shall submit  
14 satisfactory evidence that the sale is not taxable if that is  
15 the case), to the Department or its agents, whereupon the  
16 Department shall issue, in the purchaser's name, a tax  
17 receipt (or a certificate of exemption if the Department is  
18 satisfied that the particular sale is tax exempt) which such  
19 purchaser may submit to the agency with which, or State  
20 officer with whom, he must title or register the tangible  
21 personal property that is involved (if titling or  
22 registration is required) in support of such purchaser's  
23 application for an Illinois certificate or other evidence of  
24 title or registration to such tangible personal property.

25 No retailer's failure or refusal to remit tax under this  
26 Act precludes a user, who has paid the proper tax to the  
27 retailer, from obtaining his certificate of title or other  
28 evidence of title or registration (if titling or registration  
29 is required) upon satisfying the Department that such user  
30 has paid the proper tax (if tax is due) to the retailer. The  
31 Department shall adopt appropriate rules to carry out the  
32 mandate of this paragraph.

33 If the user who would otherwise pay tax to the retailer  
34 wants the transaction reporting return filed and the payment

1 of tax or proof of exemption made to the Department before  
2 the retailer is willing to take these actions and such user  
3 has not paid the tax to the retailer, such user may certify  
4 to the fact of such delay by the retailer, and may (upon the  
5 Department being satisfied of the truth of such  
6 certification) transmit the information required by the  
7 transaction reporting return and the remittance for tax or  
8 proof of exemption directly to the Department and obtain his  
9 tax receipt or exemption determination, in which event the  
10 transaction reporting return and tax remittance (if a tax  
11 payment was required) shall be credited by the Department to  
12 the proper retailer's account with the Department, but  
13 without the 2.1% or 1.75% discount provided for in this  
14 Section being allowed. When the user pays the tax directly  
15 to the Department, he shall pay the tax in the same amount  
16 and in the same form in which it would be remitted if the tax  
17 had been remitted to the Department by the retailer.

18 Where a retailer collects the tax with respect to the  
19 selling price of tangible personal property which he sells  
20 and the purchaser thereafter returns such tangible personal  
21 property and the retailer refunds the selling price thereof  
22 to the purchaser, such retailer shall also refund, to the  
23 purchaser, the tax so collected from the purchaser. When  
24 filing his return for the period in which he refunds such tax  
25 to the purchaser, the retailer may deduct the amount of the  
26 tax so refunded by him to the purchaser from any other use  
27 tax which such retailer may be required to pay or remit to  
28 the Department, as shown by such return, if the amount of the  
29 tax to be deducted was previously remitted to the Department  
30 by such retailer. If the retailer has not previously  
31 remitted the amount of such tax to the Department, he is  
32 entitled to no deduction under this Act upon refunding such  
33 tax to the purchaser.

34 Any retailer filing a return under this Section shall

1 also include (for the purpose of paying tax thereon) the  
2 total tax covered by such return upon the selling price of  
3 tangible personal property purchased by him at retail from a  
4 retailer, but as to which the tax imposed by this Act was not  
5 collected from the retailer filing such return, and such  
6 retailer shall remit the amount of such tax to the Department  
7 when filing such return.

8 If experience indicates such action to be practicable,  
9 the Department may prescribe and furnish a combination or  
10 joint return which will enable retailers, who are required to  
11 file returns hereunder and also under the Retailers'  
12 Occupation Tax Act, to furnish all the return information  
13 required by both Acts on the one form.

14 Where the retailer has more than one business registered  
15 with the Department under separate registration under this  
16 Act, such retailer may 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  
19 business.

20 Beginning January 1, 1990, each month the Department  
21 shall pay into the State and Local Sales Tax Reform Fund, a  
22 special fund in the State Treasury which is hereby created,  
23 the net revenue realized for the preceding month from the 1%  
24 tax on sales of food for human consumption which is to be  
25 consumed off the premises where it is sold (other than  
26 alcoholic beverages, soft drinks and food which has been  
27 prepared for immediate consumption) and prescription and  
28 nonprescription medicines, drugs, medical appliances and  
29 insulin, urine testing materials, syringes and needles used  
30 by diabetics.

31 Beginning January 1, 1990, each month the Department  
32 shall pay into the County and Mass Transit District Fund 4%  
33 of the net revenue realized for the preceding month from the  
34 6.25% general rate on the selling price of tangible personal

1 property which is purchased outside Illinois at retail from a  
2 retailer and which is titled or registered by an agency of  
3 this State's government.

4 Beginning January 1, 1990, each month the Department  
5 shall pay into the State and Local Sales Tax Reform Fund, a  
6 special fund in the State Treasury, 20% of the net revenue  
7 realized for the preceding month from the 6.25% general rate  
8 on the selling price of tangible personal property, other  
9 than tangible personal property which is purchased outside  
10 Illinois at retail from a retailer and which is titled or  
11 registered by an agency of this State's government.

12 Beginning August 1, 2000, each month the Department shall  
13 pay into the State and Local Sales Tax Reform Fund 100% of  
14 the net revenue realized for the preceding month from the  
15 1.25% rate on the selling price of motor fuel and gasohol.

16 Each month the Department shall pay into the County and  
17 Mass Transit District Fund 20% the net revenue realized for  
18 the preceding month from the 1.25% rate imposed upon the  
19 selling price of any motor vehicle that is purchased outside  
20 Illinois at retail by a lessor for purposes of leasing under  
21 a lease subject to the Automobile Leasing Occupation and Use  
22 Tax Act and which is titled or registered by an agency of  
23 this State's government.

24 Beginning January 1, 1990, each month the Department  
25 shall pay into the Local Government Tax Fund 16% of the net  
26 revenue realized for the preceding month from the 6.25%  
27 general rate on the selling price of tangible personal  
28 property which is purchased outside Illinois at retail from a  
29 retailer and which is titled or registered by an agency of  
30 this State's government.

31 Each month the Department shall pay into the Local  
32 Government Tax Fund 80% of the net revenue realized for the  
33 preceding month from the 1.25% rate imposed upon the selling  
34 price of any motor vehicle that is purchased outside Illinois

1 at retail by a lessor for purposes of leasing under a lease  
 2 subject to the Automobile Leasing Occupation and Use Tax Act  
 3 and which is titled or registered by an agency of this  
 4 State's government.

5 Of the remainder of the moneys received by the Department  
 6 pursuant to this Act, and including all moneys received by  
 7 the Department under Section 20 of the Automobile Leasing  
 8 Occupation and Use Tax Act and including all of the moneys  
 9 received pursuant to the 5% rate imposed upon the selling  
 10 price of any motor vehicle that is purchased from lessors by  
 11 lessees of such vehicles in connection with a lease that was  
 12 subject to the Automobile Leasing Occupation and Use Tax Act

13 ~~Of--the--remainder--of--the--moneys--received--by--the--Department~~  
 14 ~~pursuant--to--this--Act,~~ (a) 1.75% thereof shall be paid into  
 15 the Build Illinois Fund and (b) prior to July 1, 1989, 2.2%  
 16 and on and after July 1, 1989, 3.8% thereof shall be paid  
 17 into the Build Illinois Fund; provided, however, that if in  
 18 any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%,  
 19 as the case may be, of the moneys received by the Department  
 20 and required to be paid into the Build Illinois Fund pursuant  
 21 to Section 3 of the Retailers' Occupation Tax Act, Section 9  
 22 of the Use Tax Act, Section 9 of the Service Use Tax Act, and  
 23 Section 9 of the Service Occupation Tax Act, such Acts being  
 24 hereinafter called the "Tax Acts" and such aggregate of 2.2%  
 25 or 3.8%, as the case may be, of moneys being hereinafter  
 26 called the "Tax Act Amount", and (2) the amount transferred  
 27 to the Build Illinois Fund from the State and Local Sales Tax  
 28 Reform Fund shall be less than the Annual Specified Amount  
 29 (as defined in Section 3 of the Retailers' Occupation Tax  
 30 Act), an amount equal to the difference shall be immediately  
 31 paid into the Build Illinois Fund from other moneys received  
 32 by the Department pursuant to the Tax Acts; and further  
 33 provided, that if on the last business day of any month the  
 34 sum of (1) the Tax Act Amount required to be deposited into

1 the Build Illinois Bond Account in the Build Illinois Fund  
2 during such month and (2) the amount transferred during such  
3 month to the Build Illinois Fund from the State and Local  
4 Sales Tax Reform Fund shall have been less than 1/12 of the  
5 Annual Specified Amount, an amount equal to the difference  
6 shall be immediately paid into the Build Illinois Fund from  
7 other moneys received by the Department pursuant to the Tax  
8 Acts; and, further provided, that in no event shall the  
9 payments required under the preceding proviso result in  
10 aggregate payments into the Build Illinois Fund pursuant to  
11 this clause (b) for any fiscal year in excess of the greater  
12 of (i) the Tax Act Amount or (ii) the Annual Specified Amount  
13 for such fiscal year; and, further provided, that the amounts  
14 payable into the Build Illinois Fund under this clause (b)  
15 shall be payable only until such time as the aggregate amount  
16 on deposit under each trust indenture securing Bonds issued  
17 and outstanding pursuant to the Build Illinois Bond Act is  
18 sufficient, taking into account any future investment income,  
19 to fully provide, in accordance with such indenture, for the  
20 defeasance of or the payment of the principal of, premium, if  
21 any, and interest on the Bonds secured by such indenture and  
22 on any Bonds expected to be issued thereafter and all fees  
23 and costs payable with respect thereto, all as certified by  
24 the Director of the Bureau of the Budget. If on the last  
25 business day of any month in which Bonds are outstanding  
26 pursuant to the Build Illinois Bond Act, the aggregate of the  
27 moneys deposited in the Build Illinois Bond Account in the  
28 Build Illinois Fund in such month shall be less than the  
29 amount required to be transferred in such month from the  
30 Build Illinois Bond Account to the Build Illinois Bond  
31 Retirement and Interest Fund pursuant to Section 13 of the  
32 Build Illinois Bond Act, an amount equal to such deficiency  
33 shall be immediately paid from other moneys received by the  
34 Department pursuant to the Tax Acts to the Build Illinois

1 Fund; provided, however, that any amounts paid to the Build  
 2 Illinois Fund in any fiscal year pursuant to this sentence  
 3 shall be deemed to constitute payments pursuant to clause (b)  
 4 of the preceding sentence and shall reduce the amount  
 5 otherwise payable for such fiscal year pursuant to clause (b)  
 6 of the preceding sentence. The moneys received by the  
 7 Department pursuant to this Act and required to be deposited  
 8 into the Build Illinois Fund are subject to the pledge, claim  
 9 and charge set forth in Section 12 of the Build Illinois Bond  
 10 Act.

11 Subject to payment of amounts into the Build Illinois  
 12 Fund as provided in the preceding paragraph or in any  
 13 amendment thereto hereafter enacted, the following specified  
 14 monthly installment of the amount requested in the  
 15 certificate of the Chairman of the Metropolitan Pier and  
 16 Exposition Authority provided under Section 8.25f of the  
 17 State Finance Act, but not in excess of the sums designated  
 18 as "Total Deposit", shall be deposited in the aggregate from  
 19 collections under Section 9 of the Use Tax Act, Section 9 of  
 20 the Service Use Tax Act, Section 9 of the Service Occupation  
 21 Tax Act, and Section 3 of the Retailers' Occupation Tax Act  
 22 into the McCormick Place Expansion Project Fund in the  
 23 specified fiscal years.

24	Fiscal Year	Total Deposit
25	1993	\$0
26	1994	53,000,000
27	1995	58,000,000
28	1996	61,000,000
29	1997	64,000,000
30	1998	68,000,000
31	1999	71,000,000
32	2000	75,000,000
33	2001	80,000,000
34	2002	84,000,000



1	2003	89,000,000
2	2004	93,000,000
3	2005	97,000,000
4	2006	102,000,000
5	2007	108,000,000
6	2008	115,000,000
7	2009	120,000,000
8	2010	126,000,000
9	2011	132,000,000
10	2012	138,000,000
11	2013 and	145,000,000

12 each fiscal year  
13 thereafter that bonds  
14 are outstanding under  
15 Section 13.2 of the  
16 Metropolitan Pier and  
17 Exposition Authority  
18 Act, but not after fiscal year 2029.

19 Beginning July 20, 1993 and in each month of each fiscal  
20 year thereafter, one-eighth of the amount requested in the  
21 certificate of the Chairman of the Metropolitan Pier and  
22 Exposition Authority for that fiscal year, less the amount  
23 deposited into the McCormick Place Expansion Project Fund by  
24 the State Treasurer in the respective month under subsection  
25 (g) of Section 13 of the Metropolitan Pier and Exposition  
26 Authority Act, plus cumulative deficiencies in the deposits  
27 required under this Section for previous months and years,  
28 shall be deposited into the McCormick Place Expansion Project  
29 Fund, until the full amount requested for the fiscal year,  
30 but not in excess of the amount specified above as "Total  
31 Deposit", has been deposited.

32 Subject to payment of amounts into the Build Illinois  
33 Fund and the McCormick Place Expansion Project Fund pursuant  
34 to the preceding paragraphs or in any amendment thereto

1 hereafter enacted, each month the Department shall pay into  
2 the Local Government Distributive Fund .4% of the net revenue  
3 realized for the preceding month from the 5% general rate, or  
4 .4% of 80% of the net revenue realized for the preceding  
5 month from the 6.25% general rate, as the case may be, on the  
6 selling price of tangible personal property which amount  
7 shall, subject to appropriation, be distributed as provided  
8 in Section 2 of the State Revenue Sharing Act. No payments or  
9 distributions pursuant to this paragraph shall be made if the  
10 tax imposed by this Act on photoprocessing products is  
11 declared unconstitutional, or if the proceeds from such tax  
12 are unavailable for distribution because of litigation.

13 Subject to payment of amounts into the Build Illinois  
14 Fund, the McCormick Place Expansion Project Fund, and the  
15 Local Government Distributive Fund pursuant to the preceding  
16 paragraphs or in any amendments thereto hereafter enacted,  
17 beginning July 1, 1993, the Department shall each month pay  
18 into the Illinois Tax Increment Fund 0.27% of 80% of the net  
19 revenue realized for the preceding month from the 6.25%  
20 general rate on the selling price of tangible personal  
21 property.

22 Of the remainder of the moneys received by the Department  
23 pursuant to this Act, 75% thereof shall be paid into the  
24 State Treasury and 25% shall be reserved in a special account  
25 and used only for the transfer to the Common School Fund as  
26 part of the monthly transfer from the General Revenue Fund in  
27 accordance with Section 8a of the State Finance Act.

28 As soon as possible after the first day of each month,  
29 upon certification of the Department of Revenue, the  
30 Comptroller shall order transferred and the Treasurer shall  
31 transfer from the General Revenue Fund to the Motor Fuel Tax  
32 Fund an amount equal to 1.7% of 80% of the net revenue  
33 realized under this Act for the second preceding month.  
34 Beginning April 1, 2000, this transfer is no longer required

1 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 For greater simplicity of administration, manufacturers,  
7 importers and wholesalers whose products are sold at retail  
8 in Illinois by numerous retailers, and who wish to do so, may  
9 assume the responsibility for accounting and paying to the  
10 Department all tax accruing under this Act with respect to  
11 such sales, if the retailers who are affected do not make  
12 written objection to the Department to this arrangement.

13 (Source: P.A. 90-491, eff. 1-1-99; 90-612, eff. 7-8-98;  
14 91-37, eff. 7-1-99; 91-51, eff. 6-30-99; 91-101, eff.  
15 7-12-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00; 91-901,  
16 eff. 1-1-01; revised 8-30-00.)

17 Section 99-30. The Service Use Tax Act is amended by  
18 changing Sections 3-5 and 3-10 and adding Section 3-72 as  
19 follows:

20 (35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

21 Sec. 3-5. Exemptions. Use of the following tangible  
22 personal property is exempt from the tax imposed by this Act:

23 (1) Personal property purchased from a corporation,  
24 society, association, foundation, institution, or  
25 organization, other than a limited liability company, that is  
26 organized and operated as a not-for-profit service enterprise  
27 for the benefit of persons 65 years of age or older if the  
28 personal property was not purchased by the enterprise for the  
29 purpose of resale by the enterprise.

30 (2) Personal property purchased by a non-profit Illinois  
31 county fair association for use in conducting, operating, or  
32 promoting the county fair.

1           (3) Personal property purchased by a not-for-profit arts  
2 or cultural organization that establishes, by proof required  
3 by the Department by rule, that it has received an exemption  
4 under Section 501(c)(3) of the Internal Revenue Code and that  
5 is organized and operated for the presentation or support of  
6 arts or cultural programming, activities, or services. These  
7 organizations include, but are not limited to, music and  
8 dramatic arts organizations such as symphony orchestras and  
9 theatrical groups, arts and cultural service organizations,  
10 local arts councils, visual arts organizations, and media  
11 arts organizations.

12           (4) Legal tender, currency, medallions, or gold or  
13 silver coinage issued by the State of Illinois, the  
14 government of the United States of America, or the government  
15 of any foreign country, and bullion.

16           (5) Graphic arts machinery and equipment, including  
17 repair and replacement parts, both new and used, and  
18 including that manufactured on special order or purchased for  
19 lease, certified by the purchaser to be used primarily for  
20 graphic arts production.

21           (6) Personal property purchased from a teacher-sponsored  
22 student organization affiliated with an elementary or  
23 secondary school located in Illinois.

24           (7) Farm machinery and equipment, both new and used,  
25 including that manufactured on special order, certified by  
26 the purchaser to be used primarily for production agriculture  
27 or State or federal agricultural programs, including  
28 individual replacement parts for the machinery and equipment,  
29 including machinery and equipment purchased for lease, and  
30 including implements of husbandry defined in Section 1-130 of  
31 the Illinois Vehicle Code, farm machinery and agricultural  
32 chemical and fertilizer spreaders, and nurse wagons required  
33 to be registered under Section 3-809 of the Illinois Vehicle  
34 Code, but excluding other motor vehicles required to be

1 registered under the Illinois Vehicle Code. Horticultural  
2 polyhouses or hoop houses used for propagating, growing, or  
3 overwintering plants shall be considered farm machinery and  
4 equipment under this item (7). Agricultural chemical tender  
5 tanks and dry boxes shall include units sold separately from  
6 a motor vehicle required to be licensed and units sold  
7 mounted on a motor vehicle required to be licensed if the  
8 selling price of the 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,  
13 seeders, or spreaders. Precision farming equipment includes,  
14 but is not limited to, soil testing sensors, computers,  
15 monitors, software, global positioning and mapping systems,  
16 and other such equipment.

17 Farm machinery and equipment also includes computers,  
18 sensors, software, and related equipment used primarily in  
19 the computer-assisted operation of production agriculture  
20 facilities, equipment, and activities such as, but not  
21 limited to, the collection, monitoring, and correlation of  
22 animal and crop data for the purpose of formulating animal  
23 diets and agricultural chemicals. This item (7) is exempt  
24 from the provisions of Section 3-75.

25 (8) Fuel and petroleum products sold to or used by an  
26 air common carrier, certified by the carrier to be used for  
27 consumption, shipment, or storage in the conduct of its  
28 business as an air common carrier, for a flight destined for  
29 or returning from a location or locations outside the United  
30 States without regard to previous or subsequent domestic  
31 stopovers.

32 (9) Proceeds of mandatory service charges separately  
33 stated on customers' bills for the purchase and consumption  
34 of food and beverages acquired as an incident to the purchase

1 of a service from a serviceman, to the extent that the  
2 proceeds of the service charge are in fact turned over as  
3 tips or as a substitute for tips to the employees who  
4 participate directly in preparing, serving, hosting or  
5 cleaning up the food or beverage function with respect to  
6 which the service charge is imposed.

7 (10) Oil field exploration, drilling, and production  
8 equipment, including (i) rigs and parts of rigs, rotary rigs,  
9 cable tool rigs, and workover rigs, (ii) pipe and tubular  
10 goods, including casing and drill strings, (iii) pumps and  
11 pump-jack units, (iv) storage tanks and flow lines, (v) any  
12 individual replacement part for oil field exploration,  
13 drilling, and production equipment, and (vi) machinery and  
14 equipment purchased for lease; but excluding motor vehicles  
15 required to be registered under the Illinois Vehicle Code.

16 (11) Proceeds from the sale of photoprocessing machinery  
17 and equipment, including repair and replacement parts, both  
18 new and used, including that manufactured on special order,  
19 certified by the purchaser to be used primarily for  
20 photoprocessing, and including photoprocessing machinery and  
21 equipment purchased for lease.

22 (12) Coal exploration, mining, offhighway hauling,  
23 processing, maintenance, and reclamation equipment, including  
24 replacement parts and equipment, and including equipment  
25 purchased for lease, but excluding motor vehicles required to  
26 be registered under the Illinois Vehicle Code.

27 (13) Semen used for artificial insemination of livestock  
28 for direct agricultural production.

29 (14) Horses, or interests in horses, registered with and  
30 meeting the requirements of any of the Arabian Horse Club  
31 Registry of America, Appaloosa Horse Club, American Quarter  
32 Horse Association, United States Trotting Association, or  
33 Jockey Club, as appropriate, used for purposes of breeding or  
34 racing for prizes.

1           (15) Computers and communications equipment utilized for  
2 any hospital purpose and equipment used in the diagnosis,  
3 analysis, or treatment of hospital patients purchased by a  
4 lessor who leases the equipment, 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 hospital that has been issued an active tax exemption  
8 identification number by the Department under Section 1g of  
9 the Retailers' Occupation Tax Act. If the equipment is leased  
10 in a manner that does not qualify for this exemption or is  
11 used in any other non-exempt manner, the lessor shall be  
12 liable for the tax imposed under this Act or the Use Tax Act,  
13 as the case may be, based on the fair market value of the  
14 property at the time the non-qualifying use occurs. No  
15 lessor shall collect or attempt to collect an amount (however  
16 designated) that purports to reimburse that lessor for the  
17 tax imposed by this Act or the Use Tax Act, as the case may  
18 be, if the tax has not been paid by the lessor. If a lessor  
19 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  
23 to pay that amount to the Department.

24           (16) Personal property purchased by a lessor who leases  
25 the property, under a lease of one year or longer executed or  
26 in effect at the time the lessor would otherwise be subject  
27 to the tax imposed by this Act, to a governmental body that  
28 has been issued an active tax exemption identification number  
29 by the Department under Section 1g of the Retailers'  
30 Occupation Tax Act. If the property is leased in a manner  
31 that does not qualify for this exemption or is used in any  
32 other non-exempt manner, the lessor shall be liable for the  
33 tax imposed under this Act or the Use Tax Act, as the case  
34 may be, based on the fair market value of the property at the

1 time the non-qualifying use occurs. No lessor shall collect  
2 or attempt to collect an amount (however designated) that  
3 purports to reimburse that lessor for the tax imposed by this  
4 Act or the Use Tax Act, as the case may be, if the tax has  
5 not been paid by the lessor. If a lessor improperly collects  
6 any such amount from the lessee, the lessee shall have a  
7 legal right to claim a refund of that amount from the lessor.  
8 If, however, that amount is not refunded to the lessee for  
9 any reason, the lessor is liable to pay that amount to the  
10 Department.

11 (17) 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  
14 for disaster relief to be used in a State or federally  
15 declared disaster area in Illinois or bordering Illinois by a  
16 manufacturer or retailer that is registered in this State to  
17 a corporation, society, association, foundation, or  
18 institution that has been issued a sales tax exemption  
19 identification number by the Department that assists victims  
20 of the disaster who reside within the declared disaster area.

21 (18) 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  
24 the performance of infrastructure repairs in this State,  
25 including but not limited to municipal roads and streets,  
26 access roads, bridges, sidewalks, waste disposal systems,  
27 water and sewer line extensions, water distribution and  
28 purification facilities, storm water drainage and retention  
29 facilities, and sewage treatment facilities, resulting from a  
30 State or federally declared disaster in Illinois or bordering  
31 Illinois when such repairs are initiated on facilities  
32 located in the declared disaster area within 6 months after  
33 the disaster.

34 (19) Beginning July 1, 1999, game or game birds



1 purchased at a "game breeding and hunting preserve area" or  
2 an "exotic game hunting area" as those terms are used in the  
3 Wildlife Code or at a hunting enclosure approved through  
4 rules adopted by the Department of Natural Resources. This  
5 paragraph is exempt from the provisions of Section 3-75.

6 (20) ~~(19)~~ A motor vehicle, as that term is defined in  
7 Section 1-146 of the Illinois Vehicle Code, that is donated  
8 to a corporation, limited liability company, society,  
9 association, foundation, or institution that is determined by  
10 the Department to be organized and operated exclusively for  
11 educational purposes. For purposes of this exemption, "a  
12 corporation, limited liability company, society, association,  
13 foundation, or institution organized and operated exclusively  
14 for educational purposes" means all tax-supported public  
15 schools, private schools that offer systematic instruction in  
16 useful branches of learning by methods common to public  
17 schools and that compare favorably in their scope and  
18 intensity with the course of study presented in tax-supported  
19 schools, and vocational or technical schools or institutes  
20 organized and operated exclusively to provide a course of  
21 study of not less than 6 weeks duration and designed to  
22 prepare individuals to follow a trade or to pursue a manual,  
23 technical, mechanical, industrial, business, or commercial  
24 occupation.

25 (21) ~~(20)~~ Beginning January 1, 2000, personal property,  
26 including food, purchased through fundraising events for the  
27 benefit of a public or private elementary or secondary  
28 school, a group of those schools, or one or more school  
29 districts if the events are sponsored by an entity recognized  
30 by the school district that consists primarily of volunteers  
31 and includes parents and teachers of the school children.  
32 This paragraph does not apply to fundraising events (i) for  
33 the benefit of private home instruction or (ii) for which the  
34 fundraising entity purchases the personal property sold at

1 the events from another individual or entity that sold the  
 2 property for the purpose of resale by the fundraising entity  
 3 and that profits from the sale to the fundraising entity.  
 4 This paragraph is exempt from the provisions of Section 3-75.

5 (22) (19) Beginning January 1, 2000, new or used  
 6 automatic vending machines that prepare and serve hot food  
 7 and beverages, including coffee, soup, and other items, and  
 8 replacement parts for these machines. This paragraph is  
 9 exempt from the provisions of Section 3-75.

10 (23) Beginning January 1, 2002, tangible personal  
 11 property and its component parts purchased by a  
 12 telecommunications carrier if the property and parts are used  
 13 directly and primarily in transmitting, receiving, switching,  
 14 or recording any interactive, two-way electromagnetic  
 15 communications, including voice, image, data, and  
 16 information, through the use of any medium, including, but  
 17 not limited to, poles, wires, cables, switching equipment,  
 18 computers, and record storage devices and media. This  
 19 paragraph is exempt from the provisions of Section 3-75.

20 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
 21 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.  
 22 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644,  
 23 eff. 8-20-99; revised 9-29-99.)

24 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)  
 25 Sec. 3-10. Rate of tax. Unless otherwise provided in  
 26 this Section, the tax imposed by this Act is at the rate of  
 27 6.25% of the selling price of tangible personal property  
 28 transferred as an incident to the sale of service, but, for  
 29 the purpose of computing this tax, in no event shall the  
 30 selling price be less than the cost price of the property to  
 31 the serviceman.

32 Beginning on July 1, 2000 and through December 31, 2000,  
 33 and, beginning again on July 1, 2001, with respect to motor

1 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law,  
2 and gasohol, as defined in Section 3-40 of the Use Tax Act,  
3 the tax is imposed at the rate of 1.25%. The changes to this  
4 Section made by this amendatory Act of the 92nd General  
5 Assembly are exempt from the provisions of Section 3-75.

6 With respect to gasohol, as defined in the Use Tax Act,  
7 the tax imposed by this Act applies to 70% of the selling  
8 price of property transferred as an incident to the sale of  
9 service on or after January 1, 1990, and before July 1, 2003,  
10 and to 100% of the selling price thereafter.

11 At the election of any registered serviceman made for  
12 each fiscal year, sales of service in which the aggregate  
13 annual cost price of tangible personal property transferred  
14 as an incident to the sales of service is less than 35%, or  
15 75% in the case of servicemen transferring prescription drugs  
16 or servicemen engaged in graphic arts production, of the  
17 aggregate annual total gross receipts from all sales of  
18 service, the tax imposed by this Act shall be based on the  
19 serviceman's cost price of the tangible personal property  
20 transferred as an incident to the sale of those services.

21 The tax shall be imposed at the rate of 1% on food  
22 prepared for immediate consumption and transferred incident  
23 to a sale of service subject to this Act or the Service  
24 Occupation Tax Act by an entity licensed under the Hospital  
25 Licensing Act, the Nursing Home Care Act, or the Child Care  
26 Act of 1969. The tax shall also be imposed at the rate of 1%  
27 on food for human consumption that is to be consumed off the  
28 premises where it is sold (other than alcoholic beverages,  
29 soft drinks, and food that has been prepared for immediate  
30 consumption and is not otherwise included in this paragraph)  
31 and prescription and nonprescription medicines, drugs,  
32 medical appliances, modifications to a motor vehicle for the  
33 purpose of rendering it usable by a disabled person, and  
34 insulin, urine testing materials, syringes, and needles used

1 by diabetics, for human use. For the purposes of this  
2 Section, the term "soft drinks" means any complete, finished,  
3 ready-to-use, non-alcoholic drink, whether carbonated or not,  
4 including but not limited to soda water, cola, fruit juice,  
5 vegetable juice, carbonated water, and all other preparations  
6 commonly known as soft drinks of whatever kind or description  
7 that are contained in any closed or sealed bottle, can,  
8 carton, or container, regardless of size. "Soft drinks" does  
9 not include coffee, tea, non-carbonated water, infant  
10 formula, milk or milk products as defined in the Grade A  
11 Pasteurized Milk and Milk Products Act, or drinks containing  
12 50% or more natural fruit or vegetable juice.

13 Notwithstanding any other provisions of this Act, "food  
14 for human consumption that is to be consumed off the premises  
15 where it is sold" includes all food sold through a vending  
16 machine, except soft drinks and food products that are  
17 dispensed hot from a vending machine, regardless of the  
18 location of the vending machine.

19 If the property that is acquired from a serviceman is  
20 acquired outside Illinois and used outside Illinois before  
21 being brought to Illinois for use here and is taxable under  
22 this Act, the "selling price" on which the tax is computed  
23 shall be reduced by an amount that represents a reasonable  
24 allowance for depreciation for the period of prior  
25 out-of-state use.

26 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
27 91-51, eff. 6-30-99; 91-541, eff. 8-13-99; 91-872, eff.  
28 7-1-00.)

29 (35 ILCS 110/3-72 new)

30 Sec. 3-72. Gasohol retailer credit. For sales of  
31 gasohol, as defined in Section 3-40 of the Use Tax Act, made  
32 on or after December 1, 2001, a retailer is entitled to a  
33 credit against the retailer's tax liability under this Act of

1 2 cents per gallon of gasohol sold.

2 Section 99-35. The Service Occupation Tax Act is amended  
3 by changing Sections 3-5 and 3-10 and adding Section 3-52 as  
4 follows:

5 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

6 Sec. 3-5. Exemptions. The following tangible personal  
7 property is exempt from the tax imposed by this Act:

8 (1) Personal property sold by a corporation, society,  
9 association, foundation, institution, or organization, other  
10 than a limited liability company, that is organized and  
11 operated as a not-for-profit service enterprise for the  
12 benefit of persons 65 years of age or older if the personal  
13 property was not purchased by the enterprise for the purpose  
14 of resale by the enterprise.

15 (2) Personal property purchased by a not-for-profit  
16 Illinois county fair association for use in conducting,  
17 operating, or promoting the county fair.

18 (3) Personal property purchased by any not-for-profit  
19 arts or cultural organization that establishes, by proof  
20 required by the Department by rule, that it has received an  
21 exemption under Section 501(c)(3) of the Internal Revenue  
22 Code and that is organized and operated for the presentation  
23 or support of arts or cultural programming, activities, or  
24 services. These organizations include, but are not limited  
25 to, music and dramatic arts organizations such as symphony  
26 orchestras and theatrical groups, arts and cultural service  
27 organizations, local arts councils, visual arts  
28 organizations, and media arts organizations.

29 (4) Legal tender, currency, medallions, or gold or  
30 silver coinage issued by the State of Illinois, the  
31 government of the United States of America, or the government  
32 of any foreign country, and bullion.

1           (5) Graphic arts machinery and equipment, including  
2 repair and replacement parts, both new and used, and  
3 including that manufactured on special order or purchased for  
4 lease, certified by the purchaser to be used primarily for  
5 graphic arts production.

6           (6) Personal property sold by a teacher-sponsored  
7 student organization affiliated with an elementary or  
8 secondary school located in Illinois.

9           (7) Farm machinery and equipment, both new and used,  
10 including that manufactured on special order, certified by  
11 the purchaser to be used primarily for production agriculture  
12 or State or federal agricultural programs, including  
13 individual replacement parts for the machinery and equipment,  
14 including machinery and equipment purchased for lease, and  
15 including implements of husbandry defined in Section 1-130 of  
16 the Illinois Vehicle Code, farm machinery and agricultural  
17 chemical and fertilizer spreaders, and nurse wagons required  
18 to be registered under Section 3-809 of the Illinois Vehicle  
19 Code, but excluding other motor vehicles required to be  
20 registered under the Illinois Vehicle Code. Horticultural  
21 polyhouses or hoop houses used for propagating, growing, or  
22 overwintering plants shall be considered farm machinery and  
23 equipment under this item (7). Agricultural chemical tender  
24 tanks and dry boxes shall include units sold separately from  
25 a motor vehicle required to be licensed and units sold  
26 mounted on a motor vehicle required to be licensed if the  
27 selling price of the tender is separately stated.

28           Farm machinery and equipment shall include precision  
29 farming equipment that is installed or purchased to be  
30 installed on farm machinery and equipment including, but not  
31 limited to, tractors, harvesters, sprayers, planters,  
32 seeders, or spreaders. Precision farming equipment includes,  
33 but is not limited to, soil testing sensors, computers,  
34 monitors, software, global positioning and mapping systems,

1 and other such equipment.

2 Farm machinery and equipment also includes computers,  
3 sensors, software, and related equipment used primarily in  
4 the computer-assisted operation of production agriculture  
5 facilities, equipment, and activities such as, but not  
6 limited to, the collection, monitoring, and correlation of  
7 animal and crop data for the purpose of formulating animal  
8 diets and agricultural chemicals. This item (7) is exempt  
9 from the provisions of Section 3-55.

10 (8) Fuel and petroleum products sold to or used by an  
11 air common carrier, certified by the carrier to be used for  
12 consumption, shipment, or storage in the conduct of its  
13 business as an air common carrier, for a flight destined for  
14 or returning from a location or locations outside the United  
15 States without regard to previous or subsequent domestic  
16 stopovers.

17 (9) Proceeds of mandatory service charges separately  
18 stated on customers' bills for the purchase and consumption  
19 of food and beverages, to the extent that the proceeds of the  
20 service charge are in fact turned over as tips or as a  
21 substitute for tips to the employees who participate directly  
22 in preparing, serving, hosting or cleaning up the food or  
23 beverage function with respect to which the service charge is  
24 imposed.

25 (10) Oil field exploration, drilling, and production  
26 equipment, including (i) rigs and parts of rigs, rotary rigs,  
27 cable tool rigs, and workover rigs, (ii) pipe and tubular  
28 goods, including casing and drill strings, (iii) pumps and  
29 pump-jack units, (iv) storage tanks and flow lines, (v) any  
30 individual replacement part for oil field exploration,  
31 drilling, and production equipment, and (vi) machinery and  
32 equipment purchased for lease; but excluding motor vehicles  
33 required to be registered under the Illinois Vehicle Code.

34 (11) Photoprocessing machinery and equipment, including

1 repair and replacement parts, both new and used, including  
2 that manufactured on special order, certified by the  
3 purchaser to be used primarily for photoprocessing, and  
4 including photoprocessing machinery and equipment purchased  
5 for lease.

6 (12) Coal exploration, mining, offhighway hauling,  
7 processing, maintenance, and reclamation equipment, including  
8 replacement parts and equipment, and including equipment  
9 purchased for lease, but excluding motor vehicles required to  
10 be registered under the Illinois Vehicle Code.

11 (13) Food for human consumption that is to be consumed  
12 off the premises where it is sold (other than alcoholic  
13 beverages, soft drinks and food that has been prepared for  
14 immediate consumption) and prescription and non-prescription  
15 medicines, drugs, medical appliances, and insulin, urine  
16 testing materials, syringes, and needles used by diabetics,  
17 for human use, when purchased for use by a person receiving  
18 medical assistance under Article 5 of the Illinois Public Aid  
19 Code who resides in a licensed long-term care facility, as  
20 defined in the Nursing Home Care Act.

21 (14) Semen used for artificial insemination of livestock  
22 for direct agricultural production.

23 (15) 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  
27 Jockey Club, as appropriate, used for purposes of breeding or  
28 racing for prizes.

29 (16) Computers and communications equipment utilized for  
30 any hospital purpose and equipment used in the diagnosis,  
31 analysis, or treatment of hospital patients sold to a lessor  
32 who leases the equipment, under a lease of one year or longer  
33 executed or in effect at the time of the purchase, to a  
34 hospital that has been issued an active tax exemption



1 identification number by the Department under Section 1g of  
2 the Retailers' Occupation Tax Act.

3 (17) Personal property sold to a lessor who leases the  
4 property, under a lease of one year or longer executed or in  
5 effect at the time of the purchase, to a governmental body  
6 that has been issued an active tax exemption identification  
7 number by the Department under Section 1g of the Retailers'  
8 Occupation Tax Act.

9 (18) 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 donated  
12 for disaster relief to be used in a State or federally  
13 declared disaster area in Illinois or bordering Illinois by a  
14 manufacturer or retailer that is registered in this State to  
15 a corporation, society, association, foundation, or  
16 institution that has been issued a sales tax exemption  
17 identification number by the Department that assists victims  
18 of the disaster who reside within the declared disaster area.

19 (19) Beginning with taxable years ending on or after  
20 December 31, 1995 and ending with taxable years ending on or  
21 before December 31, 2004, personal property that is used in  
22 the performance of infrastructure repairs in this State,  
23 including but not limited to municipal roads and streets,  
24 access roads, bridges, sidewalks, waste disposal systems,  
25 water and sewer line extensions, water distribution and  
26 purification facilities, storm water drainage and retention  
27 facilities, and sewage treatment facilities, resulting from a  
28 State or federally declared disaster in Illinois or bordering  
29 Illinois when such repairs are initiated on facilities  
30 located in the declared disaster area within 6 months after  
31 the disaster.

32 (20) Beginning July 1, 1999, game or game birds sold at  
33 a "game breeding and hunting preserve area" or an "exotic  
34 game hunting area" as those terms are used in the Wildlife

1 Code or at a hunting enclosure approved through rules adopted  
2 by the Department of Natural Resources. This paragraph is  
3 exempt from the provisions of Section 3-55.

4 (21) ~~(20)~~ A motor vehicle, as that term is defined in  
5 Section 1-146 of the Illinois Vehicle Code, that is donated  
6 to a corporation, limited liability company, society,  
7 association, foundation, or institution that is determined by  
8 the Department to be organized and operated exclusively for  
9 educational purposes. For purposes of this exemption, "a  
10 corporation, limited liability company, society, association,  
11 foundation, or institution organized and operated exclusively  
12 for educational purposes" means all tax-supported public  
13 schools, private schools that offer systematic instruction in  
14 useful branches of learning by methods common to public  
15 schools and that compare favorably in their scope and  
16 intensity with the course of study presented in tax-supported  
17 schools, and vocational or technical schools or institutes  
18 organized and operated exclusively to provide a course of  
19 study of not less than 6 weeks duration and designed to  
20 prepare individuals to follow a trade or to pursue a manual,  
21 technical, mechanical, industrial, business, or commercial  
22 occupation.

23 (22) ~~(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  
26 school, a group of those schools, or one or more school  
27 districts if the events are sponsored by an entity recognized  
28 by the school district that consists primarily of volunteers  
29 and includes parents and teachers of the school children.  
30 This paragraph does not apply to fundraising events (i) for  
31 the benefit of private home instruction or (ii) for which the  
32 fundraising entity purchases the personal property sold at  
33 the events from another individual or entity that sold the  
34 property for the purpose of resale by the fundraising entity

1 and that profits from the sale to the fundraising entity.  
2 This paragraph is exempt from the provisions of Section 3-55.

3 (23) (20) Beginning January 1, 2000, new or used  
4 automatic vending machines that prepare and serve hot food  
5 and beverages, including coffee, soup, and other items, and  
6 replacement parts for these machines. This paragraph is  
7 exempt from the provisions of Section 3-55.

8 (24) Beginning January 1, 2002, tangible personal  
9 property and its component parts purchased by a  
10 telecommunications carrier if the property and parts are used  
11 directly and primarily in transmitting, receiving, switching,  
12 or recording any interactive, two-way electromagnetic  
13 communications, including voice, image, data, and  
14 information, through the use of any medium, including, but  
15 not limited to, poles, wires, cables, switching equipment,  
16 computers, and record storage devices and media. This  
17 paragraph is exempt from the provisions of Section 3-55.

18 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;  
19 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.  
20 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,  
21 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

22 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

23 Sec. 3-10. Rate of tax. Unless otherwise provided in  
24 this Section, the tax imposed by this Act is at the rate of  
25 6.25% of the "selling price", as defined in Section 2 of the  
26 Service Use Tax Act, of the tangible personal property. For  
27 the purpose of computing this tax, in no event shall the  
28 "selling price" be less than the cost price to the serviceman  
29 of the tangible personal property transferred. The selling  
30 price of each item of tangible personal property transferred  
31 as an incident of a sale of service may be shown as a  
32 distinct and separate item on the serviceman's billing to the  
33 service customer. If the selling price is not so shown, the

1 selling price of the tangible personal property is deemed to  
2 be 50% of the serviceman's entire billing to the service  
3 customer. When, however, a serviceman contracts to design,  
4 develop, and produce special order machinery or equipment,  
5 the tax imposed by this Act shall be based on the  
6 serviceman's cost price of the tangible personal property  
7 transferred incident to the completion of the contract.

8 Beginning on July 1, 2000 and through December 31, 2000,  
9 and, beginning again on July 1, 2001, with respect to motor  
10 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law,  
11 and gasohol, as defined in Section 3-40 of the Use Tax Act,  
12 the tax is imposed at the rate of 1.25%. The changes to this  
13 Section made by this amendatory Act of the 92nd General  
14 Assembly are exempt from the provisions of Section 3-55.

15 With respect to gasohol, as defined in the Use Tax Act,  
16 the tax imposed by this Act shall apply to 70% of the cost  
17 price of property transferred as an incident to the sale of  
18 service on or after January 1, 1990, and before July 1, 2003,  
19 and to 100% of the cost price thereafter.

20 At the election of any registered serviceman made for  
21 each fiscal year, sales of service in which the aggregate  
22 annual cost price of tangible personal property transferred  
23 as an incident to the sales of service is less than 35%, or  
24 75% in the case of servicemen transferring prescription drugs  
25 or servicemen engaged in graphic arts production, of the  
26 aggregate annual total gross receipts from all sales of  
27 service, the tax imposed by this Act shall be based on the  
28 serviceman's cost price of the tangible personal property  
29 transferred incident to the sale of those services.

30 The tax shall be imposed at the rate of 1% on food  
31 prepared for immediate consumption and transferred incident  
32 to a sale of service subject to this Act or the Service  
33 Occupation Tax Act by an entity licensed under the Hospital  
34 Licensing Act, the Nursing Home Care Act, or the Child Care

1 Act of 1969. The tax shall also be imposed at the rate of 1%  
2 on food for human consumption that is to be consumed off the  
3 premises where it is sold (other than alcoholic beverages,  
4 soft drinks, and food that has been prepared for immediate  
5 consumption and is not otherwise included in this paragraph)  
6 and prescription and nonprescription medicines, drugs,  
7 medical appliances, modifications to a motor vehicle for the  
8 purpose of rendering it usable by a disabled person, and  
9 insulin, urine testing materials, syringes, and needles used  
10 by diabetics, for human use. For the purposes of this  
11 Section, the term "soft drinks" means any complete, finished,  
12 ready-to-use, non-alcoholic drink, whether carbonated or not,  
13 including but not limited to soda water, cola, fruit juice,  
14 vegetable juice, carbonated water, and all other preparations  
15 commonly known as soft drinks of whatever kind or description  
16 that are contained in any closed or sealed can, carton, or  
17 container, regardless of size. "Soft drinks" does not  
18 include coffee, tea, non-carbonated water, infant formula,  
19 milk or milk products as defined in the Grade A Pasteurized  
20 Milk and Milk Products Act, or drinks containing 50% or more  
21 natural fruit or vegetable juice.

22 Notwithstanding any other provisions of this Act, "food  
23 for human consumption that is to be consumed off the premises  
24 where it is sold" includes all food sold through a vending  
25 machine, except soft drinks and food products that are  
26 dispensed hot from a vending machine, regardless of the  
27 location of the vending machine.

28 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
29 91-51, 6-30-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00.)

30 (35 ILCS 115/3-52 new)

31 Sec. 3-52. Gasohol retailer credit. For sales of  
32 gasohol, as defined in Section 3-40 of the Use Tax Act, made  
33 on or after December 1, 2001, a retailer is entitled to a

1 credit against the retailer's tax liability under this Act of  
2 2 cents per gallon of gasohol sold.

3 Section 99-40. The Retailers' Occupation Tax Act is  
4 amended by changing Sections 1c, 2-5, 2-10, 2d, and 3 and by  
5 adding Sections 2-67 and 2-75 as follows:

6 (35 ILCS 120/1c) (from Ch. 120, par. 440c)

7 Sec. 1c. A person who is engaged in the business of  
8 leasing or renting motor vehicles to others and who, in  
9 connection with such business sells any used motor vehicle to  
10 a purchaser for his use and not for the purpose of resale, is  
11 a retailer engaged in the business of selling tangible  
12 personal property at retail under this Act to the extent of  
13 the value of the vehicle sold. For the purpose of this  
14 Section, "motor vehicle" means any motor vehicle of the first  
15 division, a motor vehicle of the second division which is a  
16 self-contained motor vehicle designed or permanently  
17 converted to provide living quarters for recreational,  
18 camping or travel use, with direct walk through access to the  
19 living quarters from the driver's seat, or a motor vehicle of  
20 a second division which is of the van configuration designed  
21 for the transportation of not less than 7 nor more than 16  
22 passengers, as defined in Section 1-146 of the Illinois  
23 Vehicle Code. For-the-purpose-of-this-Section-"motor-vehicle"  
24 has--the--meaning-prescribed-in-Section-1-157-of-The-Illinois  
25 Vehicle-Code,-as-now-or-hereafter-amended.--(Nothing-provided  
26 herein-shall-affect-liability-incurred-under-this-Act-because  
27 of-the-sale-at-retail-of-such-motor-vehicles-to-a-lessor-.)

28 (Source: P.A. 80-598.)

29 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

30 Sec. 2-5. Exemptions. Gross receipts from proceeds from  
31 the sale of the following tangible personal property are

1 exempt from the tax imposed by this Act:

2 (1) Farm chemicals.

3 (2) Farm machinery and equipment, both new and used,  
4 including that manufactured on special order, certified by  
5 the purchaser to be used primarily for production agriculture  
6 or State or federal agricultural programs, including  
7 individual replacement parts for the machinery and equipment,  
8 including machinery and equipment purchased for lease, and  
9 including implements of husbandry defined in Section 1-130 of  
10 the Illinois Vehicle Code, farm machinery and agricultural  
11 chemical and fertilizer spreaders, and nurse wagons required  
12 to be registered under Section 3-809 of the Illinois Vehicle  
13 Code, but excluding other motor vehicles required to be  
14 registered under the Illinois Vehicle Code. Horticultural  
15 polyhouses or hoop houses used for propagating, growing, or  
16 overwintering plants shall be considered farm machinery and  
17 equipment under this item (2). Agricultural chemical tender  
18 tanks and dry boxes shall include units sold separately from  
19 a motor vehicle required to be licensed and units sold  
20 mounted on a motor vehicle required to be licensed, if the  
21 selling price of the tender is separately stated.

22 Farm machinery and equipment shall include precision  
23 farming equipment that is installed or purchased to be  
24 installed on farm machinery and equipment including, but not  
25 limited to, tractors, harvesters, sprayers, planters,  
26 seeders, or spreaders. Precision farming equipment includes,  
27 but is not limited to, soil testing sensors, computers,  
28 monitors, software, global positioning and mapping systems,  
29 and other such equipment.

30 Farm machinery and equipment also includes computers,  
31 sensors, software, and related equipment used primarily in  
32 the computer-assisted operation of production agriculture  
33 facilities, equipment, and activities such as, but not  
34 limited to, the collection, monitoring, and correlation of

1 animal and crop data for the purpose of formulating animal  
2 diets and agricultural chemicals. This item (7) is exempt  
3 from the provisions of Section 2-70.

4 (3) Distillation machinery and equipment, sold as a unit  
5 or kit, assembled or installed by the retailer, certified by  
6 the user to be used only for the production of ethyl alcohol  
7 that will be used for consumption as motor fuel or as a  
8 component of motor fuel for the personal use of the user, and  
9 not subject to sale or resale.

10 (4) Graphic arts machinery and equipment, including  
11 repair and replacement parts, both new and used, and  
12 including that manufactured on special order or purchased for  
13 lease, certified by the purchaser to be used primarily for  
14 graphic arts production.

15 (5) A motor vehicle of the first division, a motor  
16 vehicle of the second division that is a self-contained motor  
17 vehicle designed or permanently converted to provide living  
18 quarters for recreational, camping, or travel use, with  
19 direct walk through access to the living quarters from the  
20 driver's seat, or a motor vehicle of the second division that  
21 is of the van configuration designed for the transportation  
22 of not less than 7 nor more than 16 passengers, as defined in  
23 Section 1-146 of the Illinois Vehicle Code, that is used for  
24 automobile renting, as defined in the Automobile Renting  
25 Occupation and Use Tax Act.

26 (6) Personal property sold by a teacher-sponsored  
27 student organization affiliated with an elementary or  
28 secondary school located in Illinois.

29 (7) Proceeds of that portion of the selling price of a  
30 passenger car the sale of which is subject to the Replacement  
31 Vehicle Tax.

32 (8) Personal property sold to an Illinois county fair  
33 association for use in conducting, operating, or promoting  
34 the county fair.



1           (9) Personal property sold to a not-for-profit arts or  
2 cultural organization that establishes, by proof required by  
3 the Department by rule, that it has received an exemption  
4 under Section 501(c)(3) of the Internal Revenue Code and that  
5 is organized and operated for the presentation or support of  
6 arts or cultural programming, activities, or services. These  
7 organizations include, but are not limited to, music and  
8 dramatic arts organizations such as symphony orchestras and  
9 theatrical groups, arts and cultural service organizations,  
10 local arts councils, visual arts organizations, and media  
11 arts organizations.

12           (10) Personal property sold by a corporation, society,  
13 association, foundation, institution, or organization, other  
14 than a limited liability company, that is organized and  
15 operated as a not-for-profit service enterprise for the  
16 benefit of persons 65 years of age or older if the personal  
17 property was not purchased by the enterprise for the purpose  
18 of resale by the enterprise.

19           (11) Personal property sold to a governmental body, to a  
20 corporation, society, association, foundation, or institution  
21 organized and operated exclusively for charitable, religious,  
22 or educational purposes, or to a not-for-profit corporation,  
23 society, association, foundation, institution, or  
24 organization that has no compensated officers or employees  
25 and that is organized and operated primarily for the  
26 recreation of persons 55 years of age or older. A limited  
27 liability company may qualify for the exemption under this  
28 paragraph only if the limited liability company is organized  
29 and operated exclusively for educational purposes. On and  
30 after July 1, 1987, however, no entity otherwise eligible for  
31 this exemption shall make tax-free purchases unless it has an  
32 active identification number issued by the Department.

33           (12) Personal property sold to interstate carriers for  
34 hire for use as rolling stock moving in interstate commerce

1 or to lessors under leases of one year or longer executed or  
2 in effect at the time of purchase by interstate carriers for  
3 hire for use as rolling stock moving in interstate commerce  
4 and equipment operated by a telecommunications provider,  
5 licensed as a common carrier by the Federal Communications  
6 Commission, which is permanently installed in or affixed to  
7 aircraft moving in interstate commerce.

8 (13) Proceeds from sales to owners, lessors, or shippers  
9 of tangible personal property that is utilized by interstate  
10 carriers for hire for use as rolling stock moving in  
11 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 (14) Machinery and equipment that will be used by the  
17 purchaser, or a lessee of the purchaser, primarily in the  
18 process of manufacturing or assembling tangible personal  
19 property for wholesale or retail sale or lease, whether the  
20 sale or lease is made directly by the manufacturer or by some  
21 other person, whether the materials used in the process are  
22 owned by the manufacturer or some other person, or whether  
23 the sale or lease is made apart from or as an incident to the  
24 seller's engaging in the service occupation of producing  
25 machines, tools, dies, jigs, patterns, gauges, or other  
26 similar items of no commercial value on special order for a  
27 particular purchaser.

28 (15) Proceeds of mandatory service charges separately  
29 stated on customers' bills for purchase and consumption of  
30 food and beverages, to the extent that the proceeds of the  
31 service charge are in fact turned over as tips or as a  
32 substitute for tips to the employees who participate directly  
33 in preparing, serving, hosting or cleaning up the food or  
34 beverage function with respect to which the service charge is

1 imposed.

2 (16) Petroleum products sold to a purchaser if the  
3 seller is prohibited by federal law from charging tax to the  
4 purchaser.

5 (17) Tangible personal property sold to a common carrier  
6 by rail or motor that receives the physical possession of the  
7 property in Illinois and that transports the property, or  
8 shares with another common carrier in the transportation of  
9 the property, out of Illinois on a standard uniform bill of  
10 lading showing the seller of the property as the shipper or  
11 consignor of the property to a destination outside Illinois,  
12 for use outside Illinois.

13 (18) Legal tender, currency, medallions, or gold or  
14 silver coinage issued by the State of Illinois, the  
15 government of the United States of America, or the government  
16 of any foreign country, and bullion.

17 (19) Oil field exploration, drilling, and production  
18 equipment, including (i) rigs and parts of rigs, rotary rigs,  
19 cable tool rigs, and workover rigs, (ii) pipe and tubular  
20 goods, including casing and drill strings, (iii) pumps and  
21 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 (20) Photoprocessing machinery and equipment, including  
27 repair and replacement parts, both new and used, including  
28 that manufactured on special order, certified by the  
29 purchaser to be used primarily for photoprocessing, and  
30 including photoprocessing machinery and equipment purchased  
31 for lease.

32 (21) Coal exploration, mining, offhighway hauling,  
33 processing, maintenance, and reclamation equipment, including  
34 replacement parts and equipment, and including equipment

1 purchased for lease, but excluding motor vehicles required to  
2 be registered under the Illinois Vehicle Code.

3 (22) Fuel and petroleum products sold to or used by an  
4 air carrier, certified by the carrier to be used for  
5 consumption, shipment, or storage in the conduct of its  
6 business as an air common carrier, for a flight destined for  
7 or returning from a location or locations outside the United  
8 States without regard to previous or subsequent domestic  
9 stopovers.

10 (23) A transaction in which the purchase order is  
11 received by a florist who is located outside Illinois, but  
12 who has a florist located in Illinois deliver the property to  
13 the purchaser or the purchaser's donee in Illinois.

14 (24) Fuel consumed or used in the operation of ships,  
15 barges, or vessels that are used primarily in or for the  
16 transportation of property or the conveyance of persons for  
17 hire on rivers bordering on this State if the fuel is  
18 delivered by the seller to the purchaser's barge, ship, or  
19 vessel while it is afloat upon that bordering river.

20 (25) A motor vehicle sold in this State to a nonresident  
21 even though the motor vehicle is delivered to the nonresident  
22 in this State, if the motor vehicle is not to be titled in  
23 this State, and if a driveaway decal permit is issued to the  
24 motor vehicle as provided in Section 3-603 of the Illinois  
25 Vehicle Code or if the nonresident purchaser has vehicle  
26 registration plates to transfer to the motor vehicle upon  
27 returning to his or her home state. The issuance of the  
28 driveaway decal permit or having the out-of-state  
29 registration plates to be transferred is prima facie evidence  
30 that the motor vehicle will not be titled in this State.

31 (26) Semen used for artificial insemination of livestock  
32 for direct agricultural production.

33 (27) Horses, or interests in horses, registered with and  
34 meeting the requirements of any of the Arabian Horse Club

1 Registry of America, Appaloosa Horse Club, American Quarter  
2 Horse Association, United States Trotting Association, or  
3 Jockey Club, as appropriate, used for purposes of breeding or  
4 racing for prizes.

5 (28) Computers and communications equipment utilized for  
6 any hospital purpose and equipment used in the diagnosis,  
7 analysis, or treatment of hospital patients sold to a lessor  
8 who leases the equipment, under a lease of one year or longer  
9 executed or in effect at the time of the purchase, to a  
10 hospital that has been issued an active tax exemption  
11 identification number by the Department under Section 1g of  
12 this Act.

13 (29) Personal property sold to a lessor who leases the  
14 property, under a lease of one year or longer executed or in  
15 effect at the time of the purchase, to a governmental body  
16 that has been issued an active tax exemption identification  
17 number by the Department under Section 1g of this Act.

18 (30) Beginning with taxable years ending on or after  
19 December 31, 1995 and ending with taxable years ending on or  
20 before December 31, 2004, personal property that is donated  
21 for disaster relief to be used in a State or federally  
22 declared disaster area in Illinois or bordering Illinois by a  
23 manufacturer or retailer that is registered in this State to  
24 a corporation, society, association, foundation, or  
25 institution that has been issued a sales tax exemption  
26 identification number by the Department that assists victims  
27 of the disaster who reside within the declared disaster area.

28 (31) Beginning with taxable years ending on or after  
29 December 31, 1995 and ending with taxable years ending on or  
30 before December 31, 2004, personal property that is used in  
31 the performance of infrastructure repairs in this State,  
32 including but not limited to municipal roads and streets,  
33 access roads, bridges, sidewalks, waste disposal systems,  
34 water and sewer line extensions, water distribution and

1 purification facilities, storm water drainage and retention  
2 facilities, and sewage treatment facilities, resulting from a  
3 State or federally declared disaster in Illinois or bordering  
4 Illinois when such repairs are initiated on facilities  
5 located in the declared disaster area within 6 months after  
6 the disaster.

7 (32) Beginning July 1, 1999, game or game birds sold at  
8 a "game breeding and hunting preserve area" or an "exotic  
9 game hunting area" as those terms are used in the Wildlife  
10 Code or at a hunting enclosure approved through rules adopted  
11 by the Department of Natural Resources. This paragraph is  
12 exempt from the provisions of Section 2-70.

13 (33) ~~(32)~~ A motor vehicle, as that term is defined in  
14 Section 1-146 of the Illinois Vehicle Code, that is donated  
15 to a corporation, limited liability company, society,  
16 association, foundation, or institution that is determined by  
17 the Department to be organized and operated exclusively for  
18 educational purposes. For purposes of this exemption, "a  
19 corporation, limited liability company, society, association,  
20 foundation, or institution organized and operated exclusively  
21 for educational purposes" means all tax-supported public  
22 schools, private schools that offer systematic instruction in  
23 useful branches of learning by methods common to public  
24 schools and that compare favorably in their scope and  
25 intensity with the course of study presented in tax-supported  
26 schools, and vocational or technical schools or institutes  
27 organized and operated exclusively to provide a course of  
28 study of not less than 6 weeks duration and designed to  
29 prepare individuals to follow a trade or to pursue a manual,  
30 technical, mechanical, industrial, business, or commercial  
31 occupation.

32 (34) ~~(33)~~ Beginning January 1, 2000, personal property,  
33 including food, purchased through fundraising events for the  
34 benefit of a public or private elementary or secondary

1 school, a group of those schools, or one or more school  
 2 districts if the events are sponsored by an entity recognized  
 3 by the school district that consists primarily of volunteers  
 4 and includes parents and teachers of the school children.  
 5 This paragraph does not apply to fundraising events (i) for  
 6 the benefit of private home instruction or (ii) for which the  
 7 fundraising entity purchases the personal property sold at  
 8 the events from another individual or entity that sold the  
 9 property for the purpose of resale by the fundraising entity  
 10 and that profits from the sale to the fundraising entity.  
 11 This paragraph is exempt from the provisions of Section 2-70.

12 (35) ~~(32)~~ Beginning January 1, 2000, new or used  
 13 automatic vending machines that prepare and serve hot food  
 14 and beverages, including coffee, soup, and other items, and  
 15 replacement parts for these machines. This paragraph is  
 16 exempt from the provisions of Section 2-70.

17 (36) Beginning January 1, 2002, tangible personal  
 18 property and its component parts purchased by a  
 19 telecommunications carrier if the property and parts are used  
 20 directly and primarily in transmitting, receiving, switching,  
 21 or recording any interactive, two-way electromagnetic  
 22 communications, including voice, image, data, and  
 23 information, through the use of any medium, including, but  
 24 not limited to, poles, wires, cables, switching equipment,  
 25 computers, and record storage devices and media. This  
 26 paragraph is exempt from the provisions of Section 2-70.

27 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;  
 28 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.  
 29 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,  
 30 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;  
 31 revised 9-28-99.)

32 (35 ILCS 120/2-10) (from Ch. 120, par. 441-10)  
 33 Sec. 2-10. Rate of tax. Unless otherwise provided in

1 this Section, the tax imposed by this Act is at the rate of  
2 6.25% of gross receipts from sales of tangible personal  
3 property made in the course of business.

4 Beginning on July 1, 2000 and through December 31, 2000,  
5 and, beginning again on July 1, 2001, with respect to motor  
6 fuel, as defined in Section 1.1 of the Motor Fuel Tax Law,  
7 and gasohol, as defined in Section 3-40 of the Use Tax Act,  
8 the tax is imposed at the rate of 1.25%. The changes to this  
9 Section made by this amendatory Act of the 92nd General  
10 Assembly are exempt from the provisions of Section 2-70.

11 Within 14 days after the effective date of this  
12 amendatory Act of the 91st General Assembly, each retailer of  
13 motor fuel and gasohol shall cause the following notice to be  
14 posted in a prominently visible place on each retail  
15 dispensing device that is used to dispense motor fuel or  
16 gasohol in the State of Illinois: "As of July 1, 2000, the  
17 State of Illinois has eliminated the State's share of sales  
18 tax on motor fuel and gasohol through December 31, 2000. The  
19 price on this pump should reflect the elimination of the  
20 tax." The notice shall be printed in bold print on a sign  
21 that is no smaller than 4 inches by 8 inches. The sign shall  
22 be clearly visible to customers. Any retailer who fails to  
23 post or maintain a required sign through December 31, 2000 is  
24 guilty of a petty offense for which the fine shall be \$500  
25 per day per each retail premises where a violation occurs.

26 With respect to gasohol, as defined in the Use Tax Act,  
27 the tax imposed by this Act applies to 70% of the proceeds of  
28 sales made on or after January 1, 1990, and before July 1,  
29 2003, and to 100% of the proceeds of sales made thereafter.

30 With respect to food for human consumption that is to be  
31 consumed off the premises where it is sold (other than  
32 alcoholic beverages, soft drinks, and food that has been  
33 prepared for immediate consumption) and prescription and  
34 nonprescription medicines, drugs, medical appliances,



1 modifications to a motor vehicle for the purpose of rendering  
2 it usable by a disabled person, and insulin, urine testing  
3 materials, syringes, and needles used by diabetics, for human  
4 use, the tax is imposed at the rate of 1%. For the purposes  
5 of this Section, the term "soft drinks" means any complete,  
6 finished, ready-to-use, non-alcoholic drink, whether  
7 carbonated or not, including but not limited to soda water,  
8 cola, fruit juice, vegetable juice, carbonated water, and all  
9 other preparations commonly known as soft drinks of whatever  
10 kind or description that are contained in any closed or  
11 sealed bottle, can, carton, or container, regardless of size.  
12 "Soft drinks" does not include coffee, tea, non-carbonated  
13 water, infant formula, milk or milk products as defined in  
14 the Grade A Pasteurized Milk and Milk Products Act, or drinks  
15 containing 50% or more natural fruit or vegetable juice.

16 Notwithstanding any other provisions of this Act, "food  
17 for human consumption that is to be consumed off the premises  
18 where it is sold" includes all food sold through a vending  
19 machine, except soft drinks and food products that are  
20 dispensed hot from a vending machine, regardless of the  
21 location of the vending machine.

22 With respect to any motor vehicle (as the term "motor  
23 vehicle" is defined in Section 1a of this Act) that is  
24 purchased by a lessor for purposes of leasing under a lease  
25 subject to the Automobile Leasing Occupation and Use Tax Act,  
26 the tax is imposed at the rate of 1.25%.

27 With respect to any motor vehicle (as the term "motor  
28 vehicle" is defined in Section 1a of this Act) that has been  
29 leased by a lessor to a lessee under a lease that is subject  
30 to the Automobile Leasing Occupation and Use Tax Act, and is  
31 subsequently purchased by the lessee of such vehicle, the tax  
32 is imposed at the rate of 5%.

33 (Source: P.A. 90-605, eff. 6-30-98; 90-606, eff. 6-30-98;  
34 91-51, eff. 6-30-99; 91-872, eff. 7-1-00.)

1 (35 ILCS 120/2-67 new)

2 Sec. 2-67. Gasohol retailer credit. For sales of  
3 gasohol, as defined in Section 3-40 of the Use Tax Act, made  
4 on or after December 1, 2001, a retailer is entitled to a  
5 credit against the retailer's tax liability under this Act of  
6 2 cents per gallon of gasohol sold.

7 (35 ILCS 120/2-75 new)

8 Sec. 2-75. Tax holiday for clothing and footwear.

9 (a) Notwithstanding any other provision to the contrary,  
10 no tax shall be imposed under this Act upon persons engaged  
11 in the business of selling at retail an individual item of  
12 clothing or footwear designed to be worn about the human body  
13 if that item of clothing or that footwear (i) is purchased  
14 for a selling price of \$200 or less and (ii) is purchased  
15 from 12:01 a.m. on the first Friday in August through  
16 midnight of the Sunday that follows 9 days later. Any  
17 discount, coupon, or other credit offered either by the  
18 retailer or by a vendor of the retailer to reduce the final  
19 price to the customer shall be taken into account in  
20 determining the selling price of the item for purposes of  
21 this holiday.

22 (b) A unit of local government may, by ordinance adopted  
23 by that unit of local government, opt out of the tax holiday  
24 imposed by this Section and continue to collect and remit the  
25 tax imposed under this Act during the tax holiday period.

26 (c) Articles that are normally sold as a unit must  
27 continue to be sold in that manner; they cannot be priced  
28 separately and sold as individual items in order to be  
29 subject to the holiday. For example, if a pair of shoes  
30 sells for \$250, the pair cannot be split in order to sell  
31 each shoe for \$125 to qualify for the holiday. If a suit is  
32 normally priced at \$250 on a single price tag, the suit  
33 cannot be split into separate articles so that any of the

1 components may be sold for less than \$200 in order to qualify  
2 for the holiday. However, components that are normally  
3 priced as separate articles may continue to be sold as  
4 separate articles and qualify for the holiday if the price of  
5 an article is less than \$200.

6 (35 ILCS 120/2d) (from Ch. 120, par. 441d)

7 Sec. 2d. Tax prepayment by motor fuel retailer. Any  
8 person engaged in the business of selling motor fuel at  
9 retail, as defined in the Motor Fuel Tax Law, and who is not  
10 a licensed distributor or supplier, as defined in the Motor  
11 Fuel Tax Law, shall prepay to his or her distributor,  
12 supplier, or other reseller of motor fuel a portion of the  
13 tax imposed by this Act if the distributor, supplier, or  
14 other reseller of motor fuel is registered under Section 2a  
15 or Section 2c of this Act. The prepayment requirement  
16 provided for in this Section does not apply to liquid propane  
17 gas.

18 Beginning on July 1, 2000 and through December 31, 2000,  
19 the Retailers' Occupation Tax paid to the distributor,  
20 supplier, or other reseller shall be an amount equal to \$0.01  
21 per gallon of the motor fuel, except gasohol as defined in  
22 Section 2-10 of this Act which shall be an amount equal to  
23 \$0.01 per gallon, purchased from the distributor, supplier,  
24 or other reseller.

25 Before July 1, 2000 and then beginning on January 1, 2001  
26 and through June 30, 2001 thereafter, the Retailers'  
27 Occupation Tax paid to the distributor, supplier, or other  
28 reseller shall be an amount equal to \$0.04 per gallon of the  
29 motor fuel, except gasohol as defined in Section 2-10 of this  
30 Act which shall be an amount equal to \$0.03 per gallon,  
31 purchased from the distributor, supplier, or other reseller.

32 Beginning on July 1, 2001, the Retailers' Occupation Tax  
33 paid to the distributor, supplier, or other reseller shall be

1 an amount equal to \$0.01 per gallon of the motor fuel  
2 purchased from the distributor, supplier, or other reseller.

3 Any person engaged in the business of selling motor fuel  
4 at retail shall be entitled to a credit against tax due under  
5 this Act in an amount equal to the tax paid to the  
6 distributor, supplier, or other reseller.

7 Every distributor, supplier, or other reseller registered  
8 as provided in Section 2a or Section 2c of this Act shall  
9 remit the prepaid tax on all motor fuel that is due from any  
10 person engaged in the business of selling at retail motor  
11 fuel with the returns filed under Section 2f or Section 3 of  
12 this Act, but the vendors discount provided in Section 3  
13 shall not apply to the amount of prepaid tax that is  
14 remitted. Any distributor or supplier who fails to properly  
15 collect and remit the tax shall be liable for the tax. For  
16 purposes of this Section, the prepaid tax is due on invoiced  
17 gallons sold during a month by the 20th day of the following  
18 month.

19 (Source: P.A. 91-872, eff. 7-1-00.)

20 (35 ILCS 120/3) (from Ch. 120, par. 442)

21 Sec. 3. Except as provided in this Section, on or before  
22 the twentieth day of each calendar month, every person  
23 engaged in the business of selling tangible personal property  
24 at retail in this State during the preceding calendar month  
25 shall file a return with the Department, stating:

- 26 1. The name of the seller;
- 27 2. His residence address and the address of his  
28 principal place of business and the address of the  
29 principal place of business (if that is a different  
30 address) from which he engages in the business of selling  
31 tangible personal property at retail in this State;
- 32 3. Total amount of receipts received by him during  
33 the preceding calendar month or quarter, as the case may

1 be, from sales of tangible personal property, and from  
2 services furnished, by him during such preceding calendar  
3 month or quarter;

4 4. Total amount received by him during the  
5 preceding calendar month or quarter on charge and time  
6 sales of tangible personal property, and from services  
7 furnished, by him prior to the month or quarter for which  
8 the return is filed;

9 5. Deductions allowed by law;

10 6. Gross receipts which were received by him during  
11 the preceding calendar month or quarter and upon the  
12 basis of which the tax is imposed;

13 7. The amount of credit provided in Section 2d of  
14 this Act;

15 8. The amount of tax due;

16 9. The signature of the taxpayer; and

17 10. Such other reasonable information as the  
18 Department may require.

19 If a taxpayer fails to sign a return within 30 days after  
20 the proper notice and demand for signature by the Department,  
21 the return shall be considered valid and any amount shown to  
22 be due on the return shall be deemed assessed.

23 Each return shall be accompanied by the statement of  
24 prepaid tax issued pursuant to Section 2e for which credit is  
25 claimed.

26 A retailer may accept a Manufacturer's Purchase Credit  
27 certification from a purchaser in satisfaction of Use Tax as  
28 provided in Section 3-85 of the Use Tax Act if the purchaser  
29 provides the appropriate documentation as required by Section  
30 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit  
31 certification, accepted by a retailer as provided in Section  
32 3-85 of the Use Tax Act, may be used by that retailer to  
33 satisfy Retailers' Occupation Tax liability in the amount  
34 claimed in the certification, not to exceed 6.25% of the

1 receipts subject to tax from a qualifying purchase.

2 The Department may require returns to be filed on a  
3 quarterly basis. If so required, a return for each calendar  
4 quarter shall be filed on or before the twentieth day of the  
5 calendar month following the end of such calendar quarter.  
6 The taxpayer shall also file a return with the Department for  
7 each of the first two months of each calendar quarter, on or  
8 before the twentieth day of the following calendar month,  
9 stating:

- 10 1. The name of the seller;
- 11 2. The address of the principal place of business  
12 from which he engages in the business of selling tangible  
13 personal property at retail in this State;
- 14 3. The total amount of taxable receipts received by  
15 him during the preceding calendar month from sales of  
16 tangible personal property by him during such preceding  
17 calendar month, including receipts from charge and time  
18 sales, but less all deductions allowed by law;
- 19 4. The amount of credit provided in Section 2d of  
20 this Act;
- 21 5. The amount of tax due; and
- 22 6. Such other reasonable information as the  
23 Department may require.

24 If a total amount of less than \$1 is payable, refundable  
25 or creditable, such amount shall be disregarded if it is less  
26 than 50 cents and shall be increased to \$1 if it is 50 cents  
27 or more.

28 Beginning October 1, 1993, a taxpayer who has an average  
29 monthly tax liability of \$150,000 or more shall make all  
30 payments required by rules of the Department by electronic  
31 funds transfer. Beginning October 1, 1994, a taxpayer who  
32 has an average monthly tax liability of \$100,000 or more  
33 shall make all payments required by rules of the Department  
34 by electronic funds transfer. Beginning October 1, 1995, a

1 taxpayer who has an average monthly tax liability of \$50,000  
2 or more shall make all payments required by rules of the  
3 Department by electronic funds transfer. Beginning October  
4 1, 2000, a taxpayer who has an annual tax liability of  
5 \$200,000 or more shall make all payments required by rules of  
6 the Department by electronic funds transfer. The term  
7 "annual tax liability" shall be the sum of the taxpayer's  
8 liabilities under this Act, and under all other State and  
9 local occupation and use tax laws administered by the  
10 Department, for the immediately preceding calendar year. The  
11 term "average monthly tax liability" shall be the sum of the  
12 taxpayer's liabilities under this Act, and under all other  
13 State and local occupation and use tax laws administered by  
14 the Department, for the immediately preceding calendar year  
15 divided by 12.

16 Before August 1 of each year beginning in 1993, the  
17 Department shall notify all taxpayers required to make  
18 payments by electronic funds transfer. All taxpayers  
19 required to make payments by electronic funds transfer shall  
20 make those payments for a minimum of one year beginning on  
21 October 1.

22 Any taxpayer not required to make payments by electronic  
23 funds transfer may make payments by electronic funds transfer  
24 with the permission of the Department.

25 All taxpayers required to make payment by electronic  
26 funds transfer and any taxpayers authorized to voluntarily  
27 make payments by electronic funds transfer shall make those  
28 payments in the manner authorized by the Department.

29 The Department shall adopt such rules as are necessary to  
30 effectuate a program of electronic funds transfer and the  
31 requirements of this Section.

32 Any amount which is required to be shown or reported on  
33 any return or other document under this Act shall, if such  
34 amount is not a whole-dollar amount, be increased to the

1 nearest whole-dollar amount in any case where the fractional  
2 part of a dollar is 50 cents or more, and decreased to the  
3 nearest whole-dollar amount where the fractional part of a  
4 dollar is less than 50 cents.

5 If the retailer is otherwise required to file a monthly  
6 return and if the retailer's average monthly tax liability to  
7 the Department does not exceed \$200, the Department may  
8 authorize his returns to be filed on a quarter annual basis,  
9 with the return for January, February and March of a given  
10 year being due by April 20 of such year; with the return for  
11 April, May and June of a given year being due by July 20 of  
12 such year; with the return for July, August and September of  
13 a given year being due by October 20 of such year, and with  
14 the return for October, November and December of a given year  
15 being due by January 20 of the following year.

16 If the retailer is otherwise required to file a monthly  
17 or quarterly return and if the retailer's average monthly tax  
18 liability with the Department does not exceed \$50, the  
19 Department may authorize his returns to be filed on an annual  
20 basis, with the return for a given year being due by January  
21 20 of the following year.

22 Such quarter annual and annual returns, as to form and  
23 substance, shall be subject to the same requirements as  
24 monthly returns.

25 Notwithstanding any other provision in this Act  
26 concerning the time within which a retailer may file his  
27 return, in the case of any retailer who ceases to engage in a  
28 kind of business which makes him responsible for filing  
29 returns under this Act, such retailer shall file a final  
30 return under this Act with the Department not more than one  
31 month after discontinuing such business.

32 Where the same person has more than one business  
33 registered with the Department under separate registrations  
34 under this Act, such person may not file each return that is



1 due as a single return covering all such registered  
2 businesses, but shall file separate returns for each such  
3 registered business.

4 In addition, with respect to motor vehicles, watercraft,  
5 aircraft, and trailers that are required to be registered  
6 with an agency of this State, every retailer selling this  
7 kind of tangible personal property shall file, with the  
8 Department, upon a form to be prescribed and supplied by the  
9 Department, a separate return for each such item of tangible  
10 personal property which the retailer sells, except that if,  
11 in the same transaction, (i) a retailer of aircraft,  
12 watercraft, motor vehicles or trailers transfers more than  
13 one aircraft, watercraft, motor vehicle or trailer to another  
14 aircraft, watercraft, motor vehicle retailer or trailer  
15 retailer for the purpose of resale or (ii) a retailer of  
16 aircraft, watercraft, motor vehicles, or trailers transfers  
17 more than one aircraft, watercraft, motor vehicle, or trailer  
18 to a purchaser for use as a qualifying rolling stock as  
19 provided in Section 2-5 of this Act, then that seller may  
20 report the transfer of all aircraft, watercraft, motor  
21 vehicles or trailers involved in that transaction to the  
22 Department on the same uniform invoice-transaction reporting  
23 return form. For purposes of this Section, "watercraft"  
24 means a Class 2, Class 3, or Class 4 watercraft as defined in  
25 Section 3-2 of the Boat Registration and Safety Act, a  
26 personal watercraft, or any boat equipped with an inboard  
27 motor.

28 Any retailer who sells only motor vehicles, watercraft,  
29 aircraft, or trailers that are required to be registered with  
30 an agency of this State, so that all retailers' occupation  
31 tax liability is required to be reported, and is reported, on  
32 such transaction reporting returns and who is not otherwise  
33 required to file monthly or quarterly returns, need not file  
34 monthly or quarterly returns. However, those retailers shall

1 be required 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  
4 an agency of this State, shall be the same document as the  
5 Uniform Invoice referred to in Section 5-402 of The Illinois  
6 Vehicle Code and must show the name and address of the  
7 seller; the name and address of the purchaser; the amount of  
8 the selling price including the amount allowed by the  
9 retailer for traded-in property, if any; the amount allowed  
10 by the retailer for the traded-in tangible personal property,  
11 if any, to the extent to which Section 1 of this Act allows  
12 an exemption for the value of traded-in property; the balance  
13 payable after deducting such trade-in allowance from the  
14 total selling price; the amount of tax due from the retailer  
15 with respect to such transaction; the amount of tax collected  
16 from the purchaser by the retailer on such transaction (or  
17 satisfactory evidence that such tax is not due in that  
18 particular instance, if that is claimed to be the fact); the  
19 place and date of the sale; a sufficient identification of  
20 the property sold; such other information as is required in  
21 Section 5-402 of The Illinois Vehicle Code, and such other  
22 information as the Department may reasonably require.

23 The transaction reporting return in the case of  
24 watercraft or aircraft must show the name and address of the  
25 seller; the name and address of the purchaser; the amount of  
26 the selling price including the amount allowed by the  
27 retailer for traded-in property, if any; the amount allowed  
28 by the retailer for the traded-in tangible personal property,  
29 if any, to the extent to which Section 1 of this Act allows  
30 an exemption for the value of traded-in property; the balance  
31 payable after deducting such trade-in allowance from the  
32 total selling price; the amount of tax due from the retailer  
33 with respect to such transaction; the amount of tax collected  
34 from the purchaser by the retailer on such transaction (or

1 satisfactory evidence that such tax is not due in that  
2 particular instance, if that is claimed to be the fact); the  
3 place and date of the sale, a sufficient identification of  
4 the property sold, and such other information as the  
5 Department may reasonably require.

6 Such transaction reporting return shall be filed not  
7 later than 20 days after the day of delivery of the item that  
8 is being sold, but may be filed by the retailer at any time  
9 sooner than that if he chooses to do so. The transaction  
10 reporting return and tax remittance or proof of exemption  
11 from the Illinois use tax may be transmitted to the  
12 Department by way of the State agency with which, or State  
13 officer with whom the tangible personal property must be  
14 titled or registered (if titling or registration is required)  
15 if the Department and such agency or State officer determine  
16 that this procedure will expedite the processing of  
17 applications for title or registration.

18 With each such transaction reporting return, the retailer  
19 shall remit the proper amount of tax due (or shall submit  
20 satisfactory evidence that the sale is not taxable if that is  
21 the case), to the Department or its agents, whereupon the  
22 Department shall issue, in the purchaser's name, a use tax  
23 receipt (or a certificate of exemption if the Department is  
24 satisfied that the particular sale is tax exempt) which such  
25 purchaser may submit to the agency with which, or State  
26 officer with whom, he must title or register the tangible  
27 personal property that is involved (if titling or  
28 registration is required) in support of such purchaser's  
29 application for an Illinois certificate or other evidence of  
30 title or registration to such tangible personal property.

31 No retailer's failure or refusal to remit tax under this  
32 Act precludes a user, who has paid the proper tax to the  
33 retailer, from obtaining his certificate of title or other  
34 evidence of title or registration (if titling or registration

1 is required) upon satisfying the Department that such user  
2 has paid the proper tax (if tax is due) to the retailer. The  
3 Department shall adopt appropriate rules to carry out the  
4 mandate of this paragraph.

5 If the user who would otherwise pay tax to the retailer  
6 wants the transaction reporting return filed and the payment  
7 of the tax or proof of exemption made to the Department  
8 before the retailer is willing to take these actions and such  
9 user has not paid the tax to the retailer, such user may  
10 certify to the fact of such delay by the retailer and may  
11 (upon the Department being satisfied of the truth of such  
12 certification) transmit the information required by the  
13 transaction reporting return and the remittance for tax or  
14 proof of exemption directly to the Department and obtain his  
15 tax receipt or exemption determination, in which event the  
16 transaction reporting return and tax remittance (if a tax  
17 payment was required) shall be credited by the Department to  
18 the proper retailer's account with the Department, but  
19 without the 2.1% or 1.75% discount provided for in this  
20 Section being allowed. When the user pays the tax directly  
21 to the Department, he shall pay the tax in the same amount  
22 and in the same form in which it would be remitted if the tax  
23 had been remitted to the Department by the retailer.

24 Refunds made by the seller during the preceding return  
25 period to purchasers, on account of tangible personal  
26 property returned to the seller, shall be allowed as a  
27 deduction under subdivision 5 of his monthly or quarterly  
28 return, as the case may be, in case the seller had  
29 theretofore included the receipts from the sale of such  
30 tangible personal property in a return filed by him and had  
31 paid the tax imposed by this Act with respect to such  
32 receipts.

33 Where the seller is a corporation, the return filed on  
34 behalf of such corporation shall be signed by the president,

1 vice-president, secretary or treasurer or by the properly  
2 accredited agent of such corporation.

3 Where the seller is a limited liability company, the  
4 return filed on behalf of the limited liability company shall  
5 be signed by a manager, member, or properly accredited agent  
6 of the limited liability company.

7 Except as provided in this Section, the retailer filing  
8 the return under this Section shall, at the time of filing  
9 such return, pay to the Department the amount of tax imposed  
10 by this Act less a discount of 2.1% prior to January 1, 1990  
11 and 1.75% on and after January 1, 1990, or \$5 per calendar  
12 year, whichever is greater, which is allowed to reimburse the  
13 retailer for the expenses incurred in keeping records,  
14 preparing and filing returns, remitting the tax and supplying  
15 data to the Department on request. Any prepayment made  
16 pursuant to Section 2d of this Act shall be included in the  
17 amount on which such 2.1% or 1.75% discount is computed. In  
18 the case of retailers who report and pay the tax on a  
19 transaction by transaction basis, as provided in this  
20 Section, such discount shall be taken with each such tax  
21 remittance instead of when such retailer files his periodic  
22 return.

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  
27 remitted in accordance with Section 2d of this Act, was  
28 \$10,000 or more during the preceding 4 complete calendar  
29 quarters, he shall file a return with the Department each  
30 month by the 20th day of the month next following the month  
31 during which such tax liability is incurred and shall make  
32 payments to the Department on or before the 7th, 15th, 22nd  
33 and last day of the month during which such liability is  
34 incurred. On and after October 1, 2000, if the taxpayer's

1 average monthly tax liability to the Department under this  
2 Act, the Use Tax Act, the Service Occupation Tax Act, and the  
3 Service Use Tax Act, excluding any liability for prepaid  
4 sales tax to be remitted in accordance with Section 2d of  
5 this Act, was \$20,000 or more during the preceding 4 complete  
6 calendar quarters, he shall file a return with the Department  
7 each month by the 20th day of the month next following the  
8 month during which such tax liability is incurred and shall  
9 make payment to the Department on or before the 7th, 15th,  
10 22nd and last day of the month during which such liability is  
11 incurred. If the month during which such tax liability is  
12 incurred began prior to January 1, 1985, each payment shall  
13 be in an amount equal to 1/4 of the taxpayer's actual  
14 liability for the month or an amount set by the Department  
15 not to exceed 1/4 of the average monthly liability of the  
16 taxpayer to the Department for the preceding 4 complete  
17 calendar quarters (excluding the month of highest liability  
18 and the month of lowest liability in such 4 quarter period).  
19 If the month during which such tax liability is incurred  
20 begins on or after January 1, 1985 and prior to January 1,  
21 1987, each payment shall be in an amount equal to 22.5% of  
22 the taxpayer's actual liability for the month or 27.5% of the  
23 taxpayer's liability for the same calendar month of the  
24 preceding year. If the month during which such tax liability  
25 is incurred begins on or after January 1, 1987 and prior to  
26 January 1, 1988, each payment shall be in an amount equal to  
27 22.5% of the taxpayer's actual liability for the month or  
28 26.25% of the taxpayer's liability for the same calendar  
29 month of the preceding year. If the month during which such  
30 tax liability is incurred begins on or after January 1, 1988,  
31 and prior to January 1, 1989, or begins on or after January  
32 1, 1996, each payment shall be in an amount equal to 22.5% of  
33 the taxpayer's actual liability for the month or 25% of the  
34 taxpayer's liability for the same calendar month of the

1 preceding year. If the month during which such tax liability  
2 is incurred begins on or after January 1, 1989, and prior to  
3 January 1, 1996, each payment shall be in an amount equal to  
4 22.5% of the taxpayer's actual liability for the month or 25%  
5 of the taxpayer's liability for the same calendar month of  
6 the preceding year or 100% of the taxpayer's actual liability  
7 for the quarter monthly reporting period. The amount of such  
8 quarter monthly payments shall be credited against the final  
9 tax liability of the taxpayer's return for that month.  
10 Before October 1, 2000, once applicable, the requirement of  
11 the making of quarter monthly payments to the Department by  
12 taxpayers having an average monthly tax liability of \$10,000  
13 or more as determined in the manner provided above shall  
14 continue until such taxpayer's average monthly liability to  
15 the Department during the preceding 4 complete calendar  
16 quarters (excluding the month of highest liability and the  
17 month of lowest liability) is less than \$9,000, or until such  
18 taxpayer's average monthly liability to the Department as  
19 computed for each calendar quarter of the 4 preceding  
20 complete calendar quarter period is less than \$10,000.  
21 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 a change in such  
27 taxpayer's reporting status. On and after October 1, 2000,  
28 once applicable, the requirement of the making of quarter  
29 monthly payments to the Department by taxpayers having an  
30 average monthly tax liability of \$20,000 or more as  
31 determined in the manner provided above shall continue until  
32 such taxpayer's average monthly liability to the Department  
33 during the preceding 4 complete calendar quarters (excluding  
34 the month of highest liability and the month of lowest

1 liability) is less than \$19,000 or until such taxpayer's  
2 average monthly liability to the Department as computed for  
3 each calendar quarter of the 4 preceding complete calendar  
4 quarter period is less than \$20,000. However, if a taxpayer  
5 can show the Department that a substantial change in the  
6 taxpayer's business has occurred which causes the taxpayer to  
7 anticipate that his average monthly tax liability for the  
8 reasonably foreseeable future will fall below the \$20,000  
9 threshold stated above, then such taxpayer may petition the  
10 Department for a change in such taxpayer's reporting status.  
11 The Department shall change such taxpayer's reporting status  
12 unless it finds that such change is seasonal in nature and  
13 not likely to be long term. If any such quarter monthly  
14 payment is not paid at the time or in the amount required by  
15 this Section, then the taxpayer shall be liable for penalties  
16 and interest on the difference between the minimum amount due  
17 as a payment and the amount of such quarter monthly payment  
18 actually and timely paid, except insofar as the taxpayer has  
19 previously made payments for that month to the Department in  
20 excess of the minimum payments previously due as provided in  
21 this Section. The Department shall make reasonable rules and  
22 regulations to govern the quarter monthly payment amount and  
23 quarter monthly payment dates for taxpayers who file on other  
24 than a calendar monthly basis.

25 Without regard to whether a taxpayer is required to make  
26 quarter monthly payments as specified above, any taxpayer who  
27 is required by Section 2d of this Act to collect and remit  
28 prepaid taxes and has collected prepaid taxes which average  
29 in excess of \$25,000 per month during the preceding 2  
30 complete calendar quarters, shall file a return with the  
31 Department as required by Section 2f and shall make payments  
32 to the Department on or before the 7th, 15th, 22nd and last  
33 day of the month during which such liability is incurred. If  
34 the month during which such tax liability is incurred began



1 prior to the effective date of this amendatory Act of 1985,  
2 each payment shall be in an amount not less than 22.5% of the  
3 taxpayer's actual liability under Section 2d. If the month  
4 during which such tax liability is incurred begins on or  
5 after January 1, 1986, each payment shall be in an amount  
6 equal to 22.5% of the taxpayer's actual liability for the  
7 month or 27.5% of the taxpayer's liability for the same  
8 calendar month of the preceding calendar year. If the month  
9 during which such tax liability is incurred begins on or  
10 after January 1, 1987, each payment shall be in an amount  
11 equal to 22.5% of the taxpayer's actual liability for the  
12 month or 26.25% of the taxpayer's liability for the same  
13 calendar month of the preceding year. The amount of such  
14 quarter monthly payments shall be credited against the final  
15 tax liability of the taxpayer's return for that month filed  
16 under this Section or Section 2f, as the case may be. Once  
17 applicable, the requirement of the making of quarter monthly  
18 payments to the Department pursuant to this paragraph shall  
19 continue until such taxpayer's average monthly prepaid tax  
20 collections during the preceding 2 complete calendar quarters  
21 is \$25,000 or less. If any such quarter monthly payment is  
22 not paid at the time or in the amount required, the taxpayer  
23 shall be liable for penalties and interest on such  
24 difference, except insofar as the taxpayer has previously  
25 made payments for that month in excess of the minimum  
26 payments previously due.

27 If any payment provided for in this Section exceeds the  
28 taxpayer's liabilities under this Act, the Use Tax Act, the  
29 Service Occupation Tax Act and the Service Use Tax Act, as  
30 shown on an original monthly return, the Department shall, if  
31 requested by the taxpayer, issue to the taxpayer a credit  
32 memorandum no later than 30 days after the date of payment.  
33 The credit evidenced by such credit memorandum may be  
34 assigned by the taxpayer to a similar taxpayer under this

1 Act, the Use Tax Act, the Service Occupation Tax Act or the  
2 Service Use Tax Act, in accordance with reasonable rules and  
3 regulations to be prescribed by the Department. If no such  
4 request is made, the taxpayer may credit such excess payment  
5 against tax liability subsequently to be remitted to the  
6 Department under this Act, the Use Tax Act, the Service  
7 Occupation Tax Act or the Service Use Tax Act, in accordance  
8 with reasonable rules and regulations prescribed by the  
9 Department. If the Department subsequently determined that  
10 all or any part of the credit taken was not actually due to  
11 the taxpayer, the taxpayer's 2.1% and 1.75% vendor's discount  
12 shall be reduced by 2.1% or 1.75% of the difference between  
13 the credit taken and that actually due, and that taxpayer  
14 shall be liable for penalties and interest on such  
15 difference.

16 If a retailer of motor fuel is entitled to a credit under  
17 Section 2d of this Act which exceeds the taxpayer's liability  
18 to the Department under this Act for the month which the  
19 taxpayer is filing a return, the Department shall issue the  
20 taxpayer a credit memorandum for the excess.

21 Beginning January 1, 1990, each month the Department  
22 shall pay into the Local Government Tax Fund, a special fund  
23 in the State treasury which is hereby created, the net  
24 revenue realized for the preceding month from the 1% tax on  
25 sales of food for human consumption which is to be consumed  
26 off the premises where it is sold (other than alcoholic  
27 beverages, soft drinks and food which has been prepared for  
28 immediate consumption) and prescription and nonprescription  
29 medicines, drugs, medical appliances and insulin, urine  
30 testing materials, syringes and needles used by diabetics.

31 Beginning January 1, 1990, each month the Department  
32 shall pay into the County and Mass Transit District Fund, a  
33 special fund in the State treasury which is hereby created,  
34 4% of the net revenue realized for the preceding month from

1 the 6.25% general rate.

2 Beginning August 1, 2000, each month the Department shall  
3 pay into the County and Mass Transit District Fund 20% of the  
4 net revenue realized for the preceding month from the 1.25%  
5 rate on the selling price of motor fuel and gasohol.

6 Each month the Department shall pay into the County and  
7 Mass Transit District Fund 20% of the net revenue realized  
8 for the preceding month from the 1.25% rate imposed upon the  
9 sale of any motor vehicle that is sold at retail to a lessor  
10 for purposes of leasing under a lease subject to the  
11 Automobile Leasing Occupation and Use Tax Act.

12 Beginning January 1, 1990, each month the Department  
13 shall pay into the Local Government Tax Fund 16% of the net  
14 revenue realized for the preceding month from the 6.25%  
15 general rate on the selling price of tangible personal  
16 property.

17 Beginning August 1, 2000, each month the Department shall  
18 pay into the Local Government Tax Fund 80% of the net revenue  
19 realized for the preceding month from the 1.25% rate on the  
20 selling price of motor fuel and gasohol.

21 Each month the Department shall pay into the Local  
22 Government Tax Fund 80% of the net revenue realized for the  
23 preceding month from the 1.25% rate imposed upon the sale of  
24 any motor vehicle that is sold at retail to a lessor for  
25 purposes of leasing under a lease subject to the Automobile  
26 Leasing Occupation and Use Tax Act.

27 Of the remainder of the moneys received by the Department  
28 pursuant to this Act, and including all moneys received by  
29 the Department pursuant to Section 10 of the Automobile  
30 Leasing Occupation and Use Tax Act, and including all of the  
31 moneys received pursuant to the 5% rate imposed upon sales of  
32 motor vehicles by lessors to the lessees of such vehicles in  
33 connection with a lease that was subject to the Automobile  
34 Leasing Occupation and Use Tax Act ~~Of the remainder of the~~

1 ~~moneys--received--by--the--Department--pursuant--to--this--Act,~~ (a)  
2 1.75% thereof shall be paid into the Build Illinois Fund and  
3 (b) prior to July 1, 1989, 2.2% and on and after July 1,  
4 1989, 3.8% thereof shall be paid into the Build Illinois  
5 Fund; provided, however, that if in any fiscal year the sum  
6 of (1) the aggregate of 2.2% or 3.8%, as the case may be, of  
7 the moneys received by the Department and required to be paid  
8 into the Build Illinois Fund pursuant to this Act, Section 9  
9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and  
10 Section 9 of the Service Occupation Tax Act, such Acts being  
11 hereinafter called the "Tax Acts" and such aggregate of 2.2%  
12 or 3.8%, as the case may be, of moneys being hereinafter  
13 called the "Tax Act Amount", and (2) the amount transferred  
14 to the Build Illinois Fund from the State and Local Sales Tax  
15 Reform Fund shall be less than the Annual Specified Amount  
16 (as hereinafter defined), an amount equal to the difference  
17 shall be immediately paid into the Build Illinois Fund from  
18 other moneys received by the Department pursuant to the Tax  
19 Acts; the "Annual Specified Amount" means the amounts  
20 specified below for fiscal years 1986 through 1993:

Fiscal Year	Annual Specified Amount
1986	\$54,800,000
1987	\$76,650,000
1988	\$80,480,000
1989	\$88,510,000
1990	\$115,330,000
1991	\$145,470,000
1992	\$182,730,000
1993	\$206,520,000;

30 and means the Certified Annual Debt Service Requirement (as  
31 defined in Section 13 of the Build Illinois Bond Act) or the  
32 Tax Act Amount, whichever is greater, for fiscal year 1994  
33 and each fiscal year thereafter; and further provided, that  
34 if on the last business day of any month the sum of (1) the

1 Tax Act Amount required to be deposited into the Build  
2 Illinois Bond Account in the Build Illinois Fund during such  
3 month and (2) the amount transferred to the Build Illinois  
4 Fund from the State and Local Sales Tax Reform Fund shall  
5 have been less than 1/12 of the Annual Specified Amount, an  
6 amount equal to the difference shall be immediately paid into  
7 the Build Illinois Fund from other moneys received by the  
8 Department pursuant to the Tax Acts; and, further provided,  
9 that in no event shall the payments required under the  
10 preceding proviso result in aggregate payments into the Build  
11 Illinois Fund pursuant to this clause (b) for any fiscal year  
12 in excess of the greater of (i) the Tax Act Amount or (ii)  
13 the Annual Specified Amount for such fiscal year. The  
14 amounts payable into the Build Illinois Fund under clause (b)  
15 of the first sentence in this paragraph shall be payable only  
16 until such time as the aggregate amount on deposit under each  
17 trust indenture securing Bonds issued and outstanding  
18 pursuant to the Build Illinois Bond Act is sufficient, taking  
19 into account any future investment income, to fully provide,  
20 in accordance with such indenture, for the defeasance of or  
21 the payment of the principal of, premium, if any, and  
22 interest on the Bonds secured by such indenture and on any  
23 Bonds expected to be issued thereafter and all fees and costs  
24 payable with respect thereto, all as certified by the  
25 Director of the Bureau of the Budget. If on the last  
26 business day of any month in which Bonds are outstanding  
27 pursuant to the Build Illinois Bond Act, the aggregate of  
28 moneys deposited in the Build Illinois Bond Account in the  
29 Build Illinois Fund in such month shall be less than the  
30 amount required to be transferred in such month from the  
31 Build Illinois Bond Account to the Build Illinois Bond  
32 Retirement and Interest Fund pursuant to Section 13 of the  
33 Build Illinois Bond Act, an amount equal to such deficiency  
34 shall be immediately paid from other moneys received by the

1 Department pursuant to the Tax Acts to the Build Illinois  
 2 Fund; provided, however, that any amounts paid to the Build  
 3 Illinois Fund in any fiscal year pursuant to this sentence  
 4 shall be deemed to constitute payments pursuant to clause (b)  
 5 of the first sentence of this paragraph and shall reduce the  
 6 amount otherwise payable for such fiscal year pursuant to  
 7 that clause (b). The moneys received by the Department  
 8 pursuant to this Act and required to be deposited into the  
 9 Build Illinois Fund are subject to the pledge, claim and  
 10 charge set forth in Section 12 of the Build Illinois Bond  
 11 Act.

12 Subject to payment of amounts into the Build Illinois  
 13 Fund as provided in the preceding paragraph or in any  
 14 amendment thereto hereafter enacted, the following specified  
 15 monthly installment of the amount requested in the  
 16 certificate of the Chairman of the Metropolitan Pier and  
 17 Exposition Authority provided under Section 8.25f of the  
 18 State Finance Act, but not in excess of sums designated as  
 19 "Total Deposit", shall be deposited in the aggregate from  
 20 collections under Section 9 of the Use Tax Act, Section 9 of  
 21 the Service Use Tax Act, Section 9 of the Service Occupation  
 22 Tax Act, and Section 3 of the Retailers' Occupation Tax Act  
 23 into the McCormick Place Expansion Project Fund in the  
 24 specified fiscal years.

25	Fiscal Year	Total Deposit
26	1993	\$0
27	1994	53,000,000
28	1995	58,000,000
29	1996	61,000,000
30	1997	64,000,000
31	1998	68,000,000
32	1999	71,000,000
33	2000	75,000,000
34	2001	80,000,000

1	2002	84,000,000
2	2003	89,000,000
3	2004	93,000,000
4	2005	97,000,000
5	2006	102,000,000
6	2007	108,000,000
7	2008	115,000,000
8	2009	120,000,000
9	2010	126,000,000
10	2011	132,000,000
11	2012	138,000,000
12	2013 and	145,000,000

13 each fiscal year  
14 thereafter that bonds  
15 are outstanding under  
16 Section 13.2 of the  
17 Metropolitan Pier and  
18 Exposition Authority  
19 Act, but not after fiscal year 2029.

20 Beginning July 20, 1993 and in each month of each fiscal  
21 year thereafter, one-eighth of the amount requested in the  
22 certificate of the Chairman of the Metropolitan Pier and  
23 Exposition Authority for that fiscal year, less the amount  
24 deposited into the McCormick Place Expansion Project Fund by  
25 the State Treasurer in the respective month under subsection  
26 (g) of Section 13 of the Metropolitan Pier and Exposition  
27 Authority Act, plus cumulative deficiencies in the deposits  
28 required under this Section for previous months and years,  
29 shall be deposited into the McCormick Place Expansion Project  
30 Fund, until the full amount requested for the fiscal year,  
31 but not in excess of the amount specified above as "Total  
32 Deposit", has been deposited.

33 Subject to payment of amounts into the Build Illinois  
34 Fund and the McCormick Place Expansion Project Fund pursuant

1 to the preceding paragraphs or in any amendment thereto  
2 hereafter enacted, each month the Department shall pay into  
3 the Local Government Distributive Fund 0.4% of the net  
4 revenue realized for the preceding month from the 5% general  
5 rate or 0.4% of 80% of the net revenue realized for the  
6 preceding month from the 6.25% general rate, as the case may  
7 be, on the selling price of tangible personal property which  
8 amount shall, subject to appropriation, be distributed as  
9 provided in Section 2 of the State Revenue Sharing Act. No  
10 payments or distributions pursuant to this paragraph shall be  
11 made if the tax imposed by this Act on photoprocessing  
12 products is declared unconstitutional, or if the proceeds  
13 from such tax are unavailable for distribution because of  
14 litigation.

15 Subject to payment of amounts into the Build Illinois  
16 Fund, the McCormick Place Expansion Project Fund, and the  
17 Local Government Distributive Fund pursuant to the preceding  
18 paragraphs or in any amendments thereto hereafter enacted,  
19 beginning July 1, 1993, the Department shall each month pay  
20 into the Illinois Tax Increment Fund 0.27% of 80% of the net  
21 revenue realized for the preceding month from the 6.25%  
22 general rate on the selling price of tangible personal  
23 property.

24 Of the remainder of the moneys received by the Department  
25 pursuant to this Act, 75% thereof shall be paid into the  
26 State Treasury and 25% shall be reserved in a special account  
27 and used only for the transfer to the Common School Fund as  
28 part of the monthly transfer from the General Revenue Fund in  
29 accordance with Section 8a of the State Finance Act.

30 The Department may, upon separate written notice to a  
31 taxpayer, require the taxpayer to prepare and file with the  
32 Department on a form prescribed by the Department within not  
33 less than 60 days after receipt of the notice an annual  
34 information return for the tax year specified in the notice.



1 Such annual return to the Department shall include a  
2 statement of gross receipts as shown by the retailer's last  
3 Federal income tax return. If the total receipts of the  
4 business as reported in the Federal income tax return do not  
5 agree with the gross receipts reported to the Department of  
6 Revenue for the same period, the retailer shall attach to his  
7 annual return a schedule showing a reconciliation of the 2  
8 amounts and the reasons for the difference. The retailer's  
9 annual return to the Department shall also disclose the cost  
10 of goods sold by the retailer during the year covered by such  
11 return, opening and closing inventories of such goods for  
12 such year, costs of goods used from stock or taken from stock  
13 and given away by the retailer during such year, payroll  
14 information of the retailer's business during such year and  
15 any additional reasonable information which the Department  
16 deems would be helpful in determining the accuracy of the  
17 monthly, quarterly or annual returns filed by such retailer  
18 as provided for in this Section.

19 If the annual information return required by this Section  
20 is not filed when and as required, the taxpayer shall be  
21 liable as follows:

22 (i) Until January 1, 1994, the taxpayer shall be  
23 liable for a penalty equal to 1/6 of 1% of the tax due  
24 from such taxpayer under this Act during the period to be  
25 covered by the annual return for each month or fraction  
26 of a month until such return is filed as required, the  
27 penalty to be assessed and collected in the same manner  
28 as any other penalty provided for in this Act.

29 (ii) On and after January 1, 1994, the taxpayer  
30 shall be liable for a penalty as described in Section 3-4  
31 of the Uniform Penalty and Interest Act.

32 The chief executive officer, proprietor, owner or highest  
33 ranking manager shall sign the annual return to certify the  
34 accuracy of the information contained therein. Any person

1 who willfully signs the annual return containing false or  
2 inaccurate information shall be guilty of perjury and  
3 punished accordingly. The annual return form prescribed by  
4 the Department shall include a warning that the person  
5 signing the return may be liable for perjury.

6 The provisions of this Section concerning the filing of  
7 an annual information return do not apply to a retailer who  
8 is not required to file an income tax return with the United  
9 States Government.

10 As soon as possible after the first day of each month,  
11 upon certification of the Department of Revenue, the  
12 Comptroller shall order transferred and the Treasurer shall  
13 transfer from the General Revenue Fund to the Motor Fuel Tax  
14 Fund an amount equal to 1.7% of 80% of the net revenue  
15 realized under this Act for the second preceding month.  
16 Beginning April 1, 2000, this transfer is no longer required  
17 and shall not be made.

18 Net revenue realized for a month shall be the revenue  
19 collected by the State pursuant to this Act, less the amount  
20 paid out during that month as refunds to taxpayers for  
21 overpayment of liability.

22 For greater simplicity of administration, manufacturers,  
23 importers and wholesalers whose products are sold at retail  
24 in Illinois by numerous retailers, and who wish to do so, may  
25 assume the responsibility for accounting and paying to the  
26 Department all tax accruing under this Act with respect to  
27 such sales, if the retailers who are affected do not make  
28 written objection to the Department to this arrangement.

29 Any person who promotes, organizes, provides retail  
30 selling space for concessionaires or other types of sellers  
31 at the Illinois State Fair, DuQuoin State Fair, county fairs,  
32 local fairs, art shows, flea markets and similar exhibitions  
33 or events, including any transient merchant as defined by  
34 Section 2 of the Transient Merchant Act of 1987, is required

1 to file a report with the Department providing the name of  
2 the merchant's business, the name of the person or persons  
3 engaged in merchant's business, the permanent address and  
4 Illinois Retailers Occupation Tax Registration Number of the  
5 merchant, the dates and location of the event and other  
6 reasonable information that the Department may require. The  
7 report must be filed not later than the 20th day of the month  
8 next following the month during which the event with retail  
9 sales was held. Any person who fails to file a report  
10 required by this Section commits a business offense and is  
11 subject to a fine not to exceed \$250.

12 Any person engaged in the business of selling tangible  
13 personal property at retail as a concessionaire or other type  
14 of seller at the Illinois State Fair, county fairs, art  
15 shows, flea markets and similar exhibitions or events, or any  
16 transient merchants, as defined by Section 2 of the Transient  
17 Merchant Act of 1987, may be required to make a daily report  
18 of the amount of such sales to the Department and to make a  
19 daily payment of the full amount of tax due. The Department  
20 shall impose this requirement when it finds that there is a  
21 significant risk of loss of revenue to the State at such an  
22 exhibition or event. Such a finding shall be based on  
23 evidence that a substantial number of concessionaires or  
24 other sellers who are not residents of Illinois will be  
25 engaging in the business of selling tangible personal  
26 property at retail at the exhibition or event, or other  
27 evidence of a significant risk of loss of revenue to the  
28 State. The Department shall notify concessionaires and other  
29 sellers affected by the imposition of this requirement. In  
30 the absence of notification by the Department, the  
31 concessionaires and other sellers shall file their returns as  
32 otherwise required in this Section.

33 (Source: P.A. 90-491, eff. 1-1-99; 90-612, eff. 7-8-98;  
34 91-37, eff. 7-1-99; 91-51, eff. 6-30-99; 91-101, eff.

1 7-12-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00; 91-901,  
2 eff. 1-1-01; revised 1-15-01.)

3 Section 99-45. The Hotel Operators' Occupation Tax Act  
4 is amended by changing Section 9 as follows:

5 (35 ILCS 145/9) (from Ch. 120, par. 481b.39)

6 Sec. 9. Exemptions. The tax imposed under this Act does  
7 not apply to the following:

8 (1) Persons engaged in the business of renting, leasing  
9 or letting rooms in a hotel only to permanent residents are  
10 ~~exempt from the provisions of this Act.~~

11 (2) The renting, leasing, or letting of rooms in a hotel  
12 to an organization chartered by the United States Congress to  
13 provide disaster relief services when the rooms are rented on  
14 behalf of its personnel who are providing relief services or  
15 when the rooms are rented for the benefit of victims of a  
16 natural or man-made disaster.

17 (Source: Laws 1961, p. 1728.)

18 Section 99-50. The Motor Fuel Tax Law is amended by  
19 changing Sections 2, 13, and 13a adding Section 8b as  
20 follows:

21 (35 ILCS 505/2) (from Ch. 120, par. 418)

22 Sec. 2. A tax is imposed on the privilege of operating  
23 motor vehicles upon the public highways and recreational-type  
24 watercraft upon the waters of this State.

25 (a) Prior to August 1, 1989, the tax is imposed at the  
26 rate of 13 cents per gallon on all motor fuel used in motor  
27 vehicles operating on the public highways and recreational  
28 type watercraft operating upon the waters of this State.  
29 Beginning on August 1, 1989 and until January 1, 1990, the  
30 rate of the tax imposed in this paragraph shall be 16 cents

1 per gallon. Beginning January 1, 1990, the rate of tax  
2 imposed in this paragraph shall be 19 cents per gallon.

3 (b) The tax on the privilege of operating motor vehicles  
4 which use diesel fuel shall be the rate according to  
5 paragraph (a) plus an additional 2 1/2 cents per gallon.  
6 "Diesel fuel" is defined as any petroleum product intended  
7 for use or offered for sale as a fuel for engines in which  
8 the fuel is injected into the combustion chamber and ignited  
9 by pressure without electric spark.

10 (c) A tax is imposed upon the privilege of engaging in  
11 the business of selling motor fuel as a retailer or reseller  
12 on all motor fuel used in motor vehicles operating on the  
13 public highways and recreational type watercraft operating  
14 upon the waters of this State: (1) at the rate of 3 cents per  
15 gallon on motor fuel owned or possessed by such retailer or  
16 reseller at 12:01 a.m. on August 1, 1989; and (2) at the rate  
17 of 3 cents per gallon on motor fuel owned or possessed by  
18 such retailer or reseller at 12:01 A.M. on January 1, 1990.

19 Retailers and resellers who are subject to this  
20 additional tax shall be required to inventory such motor fuel  
21 and pay this additional tax in a manner prescribed by the  
22 Department of Revenue.

23 The tax imposed in this paragraph (c) shall be in  
24 addition to all other taxes imposed by the State of Illinois  
25 or any unit of local government in this State.

26 (d) Except as provided in Section 2a, the collection of  
27 a tax based on gallonage of gasoline used for the propulsion  
28 of any aircraft is prohibited on and after October 1, 1979.

29 (e) The collection of a tax, based on gallonage of all  
30 products commonly or commercially known or sold as 1-K  
31 kerosene, regardless of its classification or uses, is  
32 prohibited (i) on and after July 1, 1992 until December 31,  
33 1999, except when the 1-K kerosene is either: (1) delivered  
34 into bulk storage facilities of a bulk user, or (2) delivered

1 directly into the fuel supply tanks of motor vehicles and  
2 (ii) on and after January 1, 2000. Beginning on January 1,  
3 2000, the collection of a tax, based on gallonage of all  
4 products commonly or commercially known or sold as 1-K  
5 kerosene, regardless of its classification or uses, is  
6 prohibited except when the 1-K kerosene is delivered directly  
7 into a storage tank that is located at a facility that has  
8 withdrawal facilities that are readily accessible to and are  
9 capable of dispensing 1-K kerosene into the fuel supply tanks  
10 of motor vehicles.

11 Any person who sells or uses 1-K kerosene for use in  
12 motor vehicles upon which the tax imposed by this Law has not  
13 been paid shall be liable for any tax due on the sales or use  
14 of 1-K kerosene.

15 (f) Beginning on July 1, 2001, no tax shall be imposed  
16 under this Act on alternate fuel, as defined in Section 10 of  
17 the Alternate Fuels Act, used in motor vehicles operating on  
18 the public highways and recreational type watercraft  
19 operating on the waters of this State. The exemption from  
20 taxation created by this subsection (f) shall remain in  
21 effect through June 30, 2006 or until the amount of tax  
22 revenue that would have been paid into the Motor Fuel Tax  
23 Fund, but for the provisions of this subsection (f), equals  
24 \$9,500,000, whichever occurs first.

25 (Source: P.A. 91-173, eff. 1-1-00.)

26 (35 ILCS 505/8b new)

27 Sec. 8b. Transfer of funds. On July 1 of 2001, 2002,  
28 2003, 2004, and 2005, the amount of \$1,900,000 shall be  
29 transferred from the General Revenue Fund into the Motor Fuel  
30 Tax Fund. The Motor Fuel Tax Fund shall reimburse the General  
31 Revenue Fund for the transfers made under this Section. The  
32 reimbursement shall occur in fiscal year 2007.

1 (35 ILCS 505/13) (from Ch. 120, par. 429)

2 Sec. 13. Any person other than a distributor or  
3 supplier, who loses motor fuel through any cause or uses  
4 motor fuel (upon which he has paid the amount required to be  
5 collected under Section 2 of this Act) for any purpose other  
6 than operating a motor vehicle upon the public highways or  
7 waters, shall be reimbursed and repaid the amount so paid.

8 Any person who purchases motor fuel in Illinois and uses  
9 that motor fuel in another state and that other state imposes  
10 a tax on the use of such motor fuel shall be reimbursed and  
11 repaid the amount of Illinois tax paid under Section 2 of  
12 this Act on the motor fuel used in such other state.  
13 Reimbursement and repayment shall be made by the Department  
14 upon receipt of adequate proof of taxes paid to another state  
15 and the amount of motor fuel used in that state.

16 Claims for such reimbursement must be made to the  
17 Department of Revenue, duly verified by the claimant (or by  
18 the claimant's legal representative if the claimant has died  
19 or become a person under legal disability), upon forms  
20 prescribed by the Department. The claim must state such  
21 facts relating to the purchase, importation, manufacture or  
22 production of the motor fuel by the claimant as the  
23 Department may deem necessary, and the time when, and the  
24 circumstances of its loss or the specific purpose for which  
25 it was used (as the case may be), together with such other  
26 information as the Department may reasonably require. No  
27 claim based upon idle time shall be allowed, except for idle  
28 time validated by means of an electronic engine monitoring  
29 device agreed upon by the taxpayer and the Department for  
30 fuel consumed during nonhighway use by vehicles of the second  
31 division, as defined in the Illinois Vehicle Code. For  
32 purposes of this Section, "idle time" means the period of  
33 time the vehicle is running while the driver is at rest, in  
34 line waiting to deliver, delivering, warming the engine, or

1 keeping the engine warm. Claims for full reimbursement must  
2 be filed not later than one year after the date on which the  
3 tax was paid by the claimant.

4 If, however, a claim for such reimbursement otherwise  
5 meeting the requirements of this Section is filed more than  
6 one year but less than 2 years after that date, the claimant  
7 shall be reimbursed at the rate of 80% of the amount to which  
8 he would have been entitled if his claim had been timely  
9 filed.

10 The Department may make such investigation of the  
11 correctness of the facts stated in such claims as it deems  
12 necessary. When the Department has approved any such claim,  
13 it shall pay to the claimant (or to the claimant's legal  
14 representative, as such if the claimant has died or become a  
15 person under legal disability) the reimbursement provided in  
16 this Section, out of any moneys appropriated to it for that  
17 purpose.

18 Any distributor or supplier who has paid the tax imposed  
19 by Section 2 of this Act upon motor fuel lost or used by such  
20 distributor or supplier for any purpose other than operating  
21 a motor vehicle upon the public highways or waters may file a  
22 claim for credit or refund to recover the amount so paid.  
23 Such claims shall be filed on forms prescribed by the  
24 Department. Such claims shall be made to the Department,  
25 duly verified by the claimant (or by the claimant's legal  
26 representative if the claimant has died or become a person  
27 under legal disability), upon forms prescribed by the  
28 Department. The claim shall state such facts relating to the  
29 purchase, importation, manufacture or production of the motor  
30 fuel by the claimant as the Department may deem necessary and  
31 the time when the loss or nontaxable use occurred, and the  
32 circumstances of its loss or the specific purpose for which  
33 it was used (as the case may be), together with such other  
34 information as the Department may reasonably require. Claims



1 must be filed not later than one year after the date on which  
2 the tax was paid by the claimant.

3 The Department may make such investigation of the  
4 correctness of the facts stated in such claims as it deems  
5 necessary. When the Department approves a claim, the  
6 Department shall issue a refund or credit memorandum as  
7 requested by the taxpayer, to the distributor or supplier who  
8 made the payment for which the refund or credit is being  
9 given or, if the distributor or supplier has died or become  
10 incompetent, to such distributor's or supplier's legal  
11 representative, as such. The amount of such credit  
12 memorandum shall be credited against any tax due or to become  
13 due under this Act from the distributor or supplier who made  
14 the payment for which credit has been given.

15 Any credit or refund that is allowed under this Section  
16 shall bear interest at the rate and in the manner specified  
17 in the Uniform Penalty and Interest Act.

18 In case the distributor or supplier requests and the  
19 Department determines that the claimant is entitled to a  
20 refund, such refund shall be made only from such  
21 appropriation as may be available for that purpose. If it  
22 appears unlikely that the amount appropriated would permit  
23 everyone having a claim allowed during the period covered by  
24 such appropriation to elect to receive a cash refund, the  
25 Department, by rule or regulation, shall provide for the  
26 payment of refunds in hardship cases and shall define what  
27 types of cases qualify as hardship cases.

28 In any case in which there has been an erroneous refund  
29 of tax payable under this Section, a notice of tax liability  
30 may be issued at any time within 3 years from the making of  
31 that refund, or within 5 years from the making of that refund  
32 if it appears that any part of the refund was induced by  
33 fraud or the misrepresentation of material fact. The amount  
34 of any proposed assessment set forth by the Department shall

1 be limited to the amount of the erroneous refund.

2 If no tax is due and no proceeding is pending to  
3 determine whether such distributor or supplier is indebted to  
4 the Department for tax, the credit memorandum so issued may  
5 be assigned and set over by the lawful holder thereof,  
6 subject to reasonable rules of the Department, to any other  
7 licensed distributor or supplier who is subject to this Act,  
8 and the amount thereof applied by the Department against any  
9 tax due or to become due under this Act from such assignee.

10 If the payment for which the distributor's or supplier's  
11 claim is filed is held in the protest fund of the State  
12 Treasury during the pendency of the claim for credit  
13 proceedings pursuant to the order of the court in accordance  
14 with Section 2a of the State Officers and Employees Money  
15 Disposition Act and if it is determined by the Department or  
16 by the final order of a reviewing court under the  
17 Administrative Review Law that the claimant is entitled to  
18 all or a part of the credit claimed, the claimant, instead of  
19 receiving a credit memorandum from the Department, shall  
20 receive a cash refund from the protest fund as provided for  
21 in Section 2a of the State Officers and Employees Money  
22 Disposition Act.

23 If any person ceases to be licensed as a distributor or  
24 supplier while still holding an unused credit memorandum  
25 issued under this Act, such person may, at his election  
26 (instead of assigning the credit memorandum to a licensed  
27 distributor or licensed supplier under this Act), surrender  
28 such unused credit memorandum to the Department and receive a  
29 refund of the amount to which such person is entitled.

30 No claim based upon the use of undyed diesel fuel shall  
31 be allowed except for undyed diesel fuel used by a commercial  
32 vehicle, as that term is defined in Section 1-111.8 of the  
33 Illinois Vehicle Code, for any purpose other than operating  
34 the commercial vehicle upon the public highways and

1 unlicensed commercial vehicles operating on private property.  
2 Claims shall be limited to commercial vehicles that are  
3 operated for both highway purposes and any purposes other  
4 than operating such vehicles upon the public highways. The  
5 Department shall promulgate regulations establishing specific  
6 limits on the amount of undyed diesel fuel that may be  
7 claimed for refund.

8 For purposes of claims for refund, "loss" means the  
9 reduction of motor fuel resulting from fire, theft, spillage,  
10 spoilage, leakage, or any other provable cause, but does not  
11 include a reduction resulting from evaporation or shrinkage  
12 due to temperature variations.

13 (Source: P.A. 90-491, eff. 1-1-98; 91-173, eff. 1-1-00.)

14 (35 ILCS 505/13a) (from Ch. 120, par. 429a)

15 Sec. 13a. (1) A tax is hereby imposed upon the use of  
16 motor fuel upon highways of this State by commercial motor  
17 vehicles. The tax shall be comprised of 2 parts. Part (a)  
18 shall be at the rate established by Section 2 of this Act, as  
19 heretofore or hereafter amended. Part (b) shall be at the  
20 rate established by subsection (2) of this Section as now or  
21 hereafter amended.

22 (2) A rate shall be established by the Department as of  
23 January 1 of each year through the year 2001 using the  
24 average "selling price", as defined in the Retailers'  
25 Occupation Tax Act, per gallon of motor fuel sold in this  
26 State during the previous 12 months and multiplying it by 6  
27 1/4% to determine the cents per gallon rate. For the period  
28 beginning on July 1, 2000 and through December 31, 2000, the  
29 Department shall establish a rate using the average "selling  
30 price", as defined in the Retailers' Occupation Tax Act, per  
31 gallon of motor fuel sold in this State during calendar year  
32 1999 and multiplying it by 1.25% to determine the cents per  
33 gallon rate. For the period beginning on July 1, 2001 and

1 through December 31, 2001, the Department shall establish a  
2 rate using the average selling price per gallon of motor fuel  
3 sold in this State during calendar year 2000 and multiplying  
4 it by 1.25% to determine the cents per gallon rate.  
5 Beginning in 2002, a rate shall be established by the  
6 Department as of January 1 of each year using the average  
7 selling price per gallon of motor fuel sold in this State  
8 during the previous 12 months and multiplying it by 1.25% to  
9 determine the cents per gallon rate.

10 (Source: P.A. 91-872, eff. 7-1-00.)

11 Section 99-55. The Gas Revenue Tax Act is amended by  
12 changing Section 2 as follows:

13 (35 ILCS 615/2) (from Ch. 120, par. 467.17)

14 Sec. 2. Tax on use or consumption; imposed; rate.

15 (a) Through November 30, 2001 and then on and after June  
16 1, 2002, a tax is imposed upon persons engaged in the  
17 business of distributing, supplying, furnishing or selling  
18 gas to persons for use or consumption and not for resale at  
19 the rate of 2.4 cents per therm of all gas which is so  
20 distributed, supplied, furnished, sold or transported to or  
21 for each customer in the course of such business, or 5% of  
22 the gross receipts received from each customer from such  
23 business, whichever is the lower rate as applied to each  
24 customer for that customer's billing period, provided that  
25 any change in rate imposed by this amendatory Act of 1985  
26 shall become effective only with bills having a meter reading  
27 date on or after January 1, 1986. However, such taxes are not  
28 imposed with respect to any business in interstate commerce,  
29 or otherwise to the extent to which such business may not,  
30 under the Constitution and statutes of the United States, be  
31 made the subject of taxation by this State.

32 Nothing in this amendatory Act of 1985 shall impose a tax

1 with respect to any transaction with respect to which no tax  
2 was imposed immediately preceding the effective date of this  
3 amendatory Act of 1985.

4 (b) No tax is imposed under this Section for the period  
5 beginning December 1, 2001 through May 31, 2002. If a  
6 customer's billing period includes (i) days before December  
7 1, 2001 or days after May 31, 2002 and (ii) days in the  
8 period beginning December 1, 2001 through May 31, 2002, then  
9 taxable therms or taxable gross receipts shall be determined  
10 by multiplying the total therms or gross receipts during the  
11 billing period by the number of days in the billing period  
12 that were before December 1, 2001 or after May 31, 2002 and  
13 then dividing the result by the total number of days in the  
14 billing period.

15 (Source: P.A. 84-307; 84-1093.)

16 Section 99-60. The Higher Education Student Assistance  
17 Act is amended by changing Section 65.25 as follows:

18 (110 ILCS 947/65.25)

19 Sec. 65.25. Teacher shortage scholarships; loan  
20 forgiveness.

21 (a) The Commission may annually award a number of  
22 scholarships to persons preparing to teach in areas of  
23 identified staff shortages. Such scholarships shall be  
24 issued to individuals who make application to the Commission  
25 and who agree to take courses at qualified institutions of  
26 higher learning which will prepare them to teach in areas of  
27 identified staff shortages.

28 (b) Scholarships awarded under this Section shall be  
29 issued pursuant to regulations promulgated by the Commission;  
30 provided that no rule or regulation promulgated by the State  
31 Board of Education prior to the effective date of this  
32 amendatory Act of 1993 pursuant to the exercise of any right,

1 power, duty, responsibility or matter of pending business  
2 transferred from the State Board of Education to the  
3 Commission under this Section shall be affected thereby, and  
4 all such rules and regulations shall become the rules and  
5 regulations of the Commission until modified or changed by  
6 the Commission in accordance with law. The Commission shall  
7 allocate the scholarships awarded between persons initially  
8 preparing to teach, persons holding valid teaching  
9 certificates issued under Articles 21 and 34 of the School  
10 Code, and persons holding a bachelor's degree from any  
11 accredited college or university who have been employed for a  
12 minimum of 10 years in a field other than teaching.

13 (c) Each scholarship shall be utilized by its holder for  
14 the payment of tuition and non-revenue bond fees at any  
15 qualified institution of higher learning. Such tuition and  
16 fees shall be available only for courses that will enable the  
17 individual to be certified to teach in areas of identified  
18 staff shortages. The Commission shall determine which  
19 courses are eligible for tuition payments under this Section.

20 (d) The Commission may make tuition payments directly to  
21 the qualified institution of higher learning which the  
22 individual attends for the courses prescribed or may make  
23 payments to the teacher. Any teacher who received payments  
24 and who fails to enroll in the courses prescribed shall  
25 refund the payments to the Commission.

26 (e) Following the completion of the program of study,  
27 persons who held valid teaching certificates and persons  
28 holding a bachelor's degree from any accredited college or  
29 university who have been employed for a minimum of 10 years  
30 in a field other than teaching prior to receiving a teacher  
31 shortage scholarship must accept employment within 2 years in  
32 a school in Illinois within 60 miles of the person's  
33 residence to teach in an area of identified staff shortage  
34 for a period of at least 3 years; provided, however that any

1 such person instead may elect to accept employment within  
2 such 2 year period to teach in an area of identified staff  
3 shortage for a period of at least 3 years in a school in  
4 Illinois which is more than 60 miles from such person's  
5 residence. Persons initially preparing to teach prior to  
6 receiving a teacher shortage scholarship must accept  
7 employment within 2 years in a school in Illinois to teach in  
8 an area of identified staff shortage for a period of at least  
9 3 years. Individuals who fail to comply with this provision  
10 shall refund all of the scholarships awarded to the  
11 Commission, whether payments were made directly to the  
12 institutions of higher learning or to the individuals, and  
13 this condition shall be agreed to in writing by all  
14 scholarship recipients at the time the scholarship is  
15 awarded. No individual shall be required to refund tuition  
16 payments if his or her failure to obtain employment as a  
17 teacher in a school is the result of financial conditions  
18 within school districts. The rules and regulations  
19 promulgated as provided in this Section shall contain  
20 provisions regarding the waiving and deferral of such  
21 payments.

22 (f) The Commission, with the cooperation of the State  
23 Board of Education, shall assist individuals who have  
24 participated in the scholarship program established by this  
25 Section in finding employment in areas of identified staff  
26 shortages.

27 (g) Beginning in September, 1994 and annually  
28 thereafter, the Commission, using data annually supplied by  
29 the State Board of Education under procedures developed by it  
30 to measure the level of shortage of qualified bilingual  
31 personnel serving students with disabilities, shall annually  
32 publish (i) the level of shortage of qualified bilingual  
33 personnel serving students with disabilities, and (ii)  
34 allocations of scholarships for personnel preparation

1 training programs in the areas of bilingual special education  
2 teacher training and bilingual school service personnel.

3 (h) Appropriations for the scholarships outlined in this  
4 Section shall be made to the Commission from funds  
5 appropriated by the General Assembly. The Commission shall  
6 request an appropriation each year to sufficiently fund at  
7 least 25 scholarships.

8 (i) This Section is substantially the same as Section  
9 30-4c of the School Code, which Section is repealed by this  
10 amendatory Act of 1993, and shall be construed as a  
11 continuation of the teacher shortage scholarship program  
12 established under that prior law, and not as a new or  
13 different teacher shortage scholarship program. The State  
14 Board of Education shall transfer to the Commission, as the  
15 successor to the State Board of Education for all purposes of  
16 administering and implementing the provisions of this  
17 Section, all books, accounts, records, papers, documents,  
18 contracts, agreements, and pending business in any way  
19 relating to the teacher shortage scholarship program  
20 continued under this Section; and all scholarships at any  
21 time awarded under that program by, and all applications for  
22 any such scholarships at any time made to, the State Board of  
23 Education shall be unaffected by the transfer to the  
24 Commission of all responsibility for the administration and  
25 implementation of the teacher shortage scholarship program  
26 continued under this Section. The State Board of Education  
27 shall furnish to the Commission such other information as the  
28 Commission may request to assist it in administering this  
29 Section.

30 (i-5) The Commission shall establish a loan forgiveness  
31 program in which 15% of a person's student loans are forgiven  
32 by teaching in a public school in this State in an area of  
33 identified staff shortage for a period of one year, with an  
34 additional 5% in loan forgiveness for each year thereafter.



1 However, the maximum rate of loan forgiveness per person  
2 under this program may not exceed 30%.

3 (j) For the purposes of this Section:

4 "Qualified institution of higher learning" means the  
5 University of Illinois, Southern Illinois University, Chicago  
6 State University, Eastern Illinois University, Governors  
7 State University, Illinois State University, Northeastern  
8 Illinois University, Northern Illinois University, Western  
9 Illinois University, the public community colleges subject to  
10 the Public Community College Act and any Illinois privately  
11 operated college, community college or university offering  
12 degrees and instructional programs above the high school  
13 level either in residence or by correspondence. The Board of  
14 Higher Education and the Commission, in consultation with the  
15 State Board of Education, shall identify qualified  
16 institutions to supply the demand for bilingual special  
17 education teachers and bilingual school service personnel.

18 "Areas of identified staff shortages" means courses of  
19 study in which the number of teachers is insufficient to meet  
20 student or school district demand for such instruction as  
21 determined by the State Board of Education.

22 (Source: P.A. 88-228; 89-4, eff. 1-1-96.)

23 Section 99-65. The Bingo License and Tax Act is amended  
24 by changing Section 3 as follows:

25 (230 ILCS 25/3) (from Ch. 120, par. 1103)

26 Sec. 3. Report. There shall be delivered paid to the  
27 Department of Revenue, ~~5% of the gross proceeds of any game~~  
28 ~~of bingo conducted under the provision of this Act. Such~~  
29 ~~payments shall be made~~ 4 times per year, between the first  
30 and the 20th day of April, July, October, and January.  
31 ~~Payment must be by money order or certified check.~~  
32 ~~Accompanying each payment shall be~~ a report, on forms

1 provided by the Department of Revenue, listing the number of  
 2 games conducted, the gross income derived and such other  
 3 information as the Department of Revenue may require.  
 4 Failure to submit either ~~the payment or~~ the report within the  
 5 specified time may result in suspension or revocation of the  
 6 license.

7 ~~The provisions of Section 2a of the Retailers' Occupation~~  
 8 ~~Tax Act pertaining to the furnishing of a bond or other~~  
 9 ~~security are incorporated by reference into this Act and are~~  
 10 ~~applicable to licensees under this Act as a precondition of~~  
 11 ~~obtaining a license under this Act. The Department shall~~  
 12 ~~establish by rule the standards and criteria it will use in~~  
 13 ~~determining whether to require the furnishing of a bond or~~  
 14 ~~other security, the amount of such bond or other security,~~  
 15 ~~whether to require the furnishing of an additional bond or~~  
 16 ~~other security by a licensee, and the amount of such~~  
 17 ~~additional bond or other security. Such standards and~~  
 18 ~~criteria may include payment history, general financial~~  
 19 ~~condition or other factors which may pose risks to insuring~~  
 20 ~~the payment to the Department of Revenue, of applicable~~  
 21 ~~taxes. Such rulemaking is subject to the provisions of the~~  
 22 ~~Illinois Administrative Procedure Act. The provisions of~~  
 23 ~~Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b,~~  
 24 ~~6c, 8, 9, 10, 11 and 12 of the Retailers' Occupation Tax Act~~  
 25 ~~which are not inconsistent with this Act, and Section 3-7 of~~  
 26 ~~the Uniform Penalty and Interest Act shall apply, as far as~~  
 27 ~~practicable, to the subject matter of this Act to the same~~  
 28 ~~extent as if such provisions were included in this Act. Tax~~  
 29 ~~returns filed pursuant to this Act shall not be confidential~~  
 30 ~~and shall be available for public inspection. For the~~  
 31 ~~purposes of this Act, references in such incorporated~~  
 32 ~~Sections of the Retailers' Occupation Tax Act to retailers,~~  
 33 ~~sellers or persons engaged in the business of selling~~  
 34 ~~tangible personal property means persons engaged in~~

1 conducting--bingo--games,--and--references--in--such--incorporated  
 2 Sections--of--the--Retailers'-Occupation-Tax--Act--to--sales--of  
 3 tangible--personal--property--mean--the--conducting--of--bingo--games  
 4 and--the--making--of--charges--for--playing--such--games.

5 One-half--of--all--of--the--sums--collected--under--this--Section  
 6 shall--be--deposited--into--the--Mental--Health--Fund--and--1/2--of--all  
 7 of--the--sums--collected--under--this--Section--shall--be--deposited  
 8 in--the--Common--School--Fund.

9 (Source: P.A. 87-205; 87-895.)

10 Section 99-70. The Housing Authorities Act is amended by  
 11 adding Section 8.24 as follows:

12 (310 ILCS 10/8.24 new)

13 Sec. 8.24. Tax credit for donation to sponsors.

14 (a) In this Act:

15 "Affordable housing project" means either (i) a rental  
 16 project in which at least 25% of the units have rents  
 17 (including tenant-paid heat) that do not exceed, on a monthly  
 18 basis, 30% of the gross monthly income of a household earning  
 19 60% of the area median income and at least 25% of the units  
 20 are occupied by persons and families whose incomes do not  
 21 exceed 60% of the median family income for the geographic  
 22 area in which the residential unit is located or (ii) a unit  
 23 for sale to homebuyers whose gross household income is at or  
 24 below 60% of the area median income and who pay no more than  
 25 30% of their gross household income for mortgage principal,  
 26 interest, property taxes, and property insurance (PITI).

27 "Donation" means money, securities, or real or personal  
 28 property that is donated to a not-for-profit sponsor that is  
 29 used solely for costs associated with either (i) purchasing,  
 30 constructing, or rehabilitating an affordable housing project  
 31 in this State, (ii) an employer-assisted housing project in  
 32 this State, (iii) general operating support, or (iv)

1 technical assistance as defined by this Section.

2 "Sponsor" means a not-for-profit organization that (i) is  
3 organized under the General Not For Profit Corporation Act of  
4 1986 for the purpose of constructing or rehabilitating  
5 affordable housing units in this State; (ii) is organized for  
6 the purpose of constructing or rehabilitating affordable  
7 housing units and has been issued a ruling from the Internal  
8 Revenue Service of the United States Department of the  
9 Treasury that the organization is exempt from income taxation  
10 under provisions of the Internal Revenue Code; or (iii) is an  
11 organization designated as a community development  
12 corporation by the United States government under Title VII  
13 of the Economic Opportunity Act of 1964.

14 "Employer-assisted housing project" means either  
15 down-payment assistance, reduced-interest mortgages, mortgage  
16 guarantee programs, rental subsidies, or individual  
17 development account savings plans that are provided by  
18 employers to employees to assist in securing affordable  
19 housing near the work place, that are restricted to housing  
20 near the work place, and that are restricted to employees  
21 whose gross household income is at or below 120% of the area  
22 median income.

23 "General operating support" means any cost incurred by a  
24 sponsor that is a part of its general program costs and is  
25 not limited to costs directly incurred by the affordable  
26 housing project.

27 "Geographical area" means the metropolitan area or county  
28 designated as an area by the federal Department of Housing  
29 and Urban Development under Section 8 of the United States  
30 Housing Act of 1937, as amended, for purposes of determining  
31 fair market rental rates.

32 "Housing authority" means either the Illinois Housing  
33 Development Authority or the Department of Housing of the  
34 City of Chicago.

1       "Median income" means the incomes that are determined by  
2 the federal Department of Housing and Urban Development  
3 guidelines and adjusted for family size.

4       "Technical assistance" means any cost incurred by a  
5 sponsor for project planning, assistance with applying for  
6 financing, or counseling services provided to prospective  
7 homebuyers.

8       (b) A sponsor must apply to the housing authority that  
9 administers the program for approval of the project. The  
10 housing authority must reserve a specific amount of tax  
11 credits for each approved affordable housing project for 24  
12 months after the date of approval. The sponsor must receive  
13 an eligible donation within that 24-month time period or  
14 donations to the project made after the end of the 24-month  
15 period are not eligible for the tax credit allowed under  
16 Section 214 of the Illinois Income Tax Act.

17       (c) The Illinois Housing Development Authority must  
18 adopt rules establishing criteria for eligible costs and  
19 donations, issuing and verifying tax credits, and selecting  
20 affordable housing projects that are eligible for a tax  
21 credit under Section 214 of the Illinois Income Tax Act.

22       (d) Tax credits for employer-assisted housing are  
23 limited to that pool of tax credits that have been set aside  
24 for employer-assisted housing. Tax credits for general  
25 operating support are limited to 10% of the total tax credit  
26 allocation for a project and are also limited to that pool of  
27 tax credits that have been set aside for general operating  
28 support. Tax credits for technical assistance are limited to  
29 that pool of tax credits that have been set aside for  
30 technical assistance.

31       (e) The amount of tax credits reserved by the housing  
32 authority for an approved project is limited to \$13 million  
33 in the initial year and shall increase each year by 5%. The  
34 City of Chicago shall receive 24.5% of total tax credits

1 authorized for each fiscal year. The Illinois Housing  
 2 Development Authority shall receive the balance of the tax  
 3 credits authorized for each fiscal year. The tax credits may  
 4 be used anywhere in the State. The tax credits have the  
 5 following set-asides:

- 6 (1) for employer-assisted housing, \$2 million; and
- 7 (2) for general operating support and technical  
 8 assistance, \$1 million.

9 The balance of the funds must be used for projects that  
 10 would otherwise meet the definition of affordable housing.

11 (f) The housing authority that issues the credit must  
 12 record against the land upon which the project is located an  
 13 instrument to assure that the property maintains its  
 14 affordable housing compliance for a minimum of 10 years. The  
 15 housing authority has flexibility to assure that the  
 16 instrument does not cause undue hardship on homeowners.

17 Section 99-75. The Environmental Protection Act is  
 18 amended by changing Section 58.14 and adding Section 58.13a  
 19 as follows:

20 (415 ILCS 5/58.13a new)

21 Sec. 58.13a. Distressed Communities and Industries Grant  
 22 Fund.

23 (a) The Director of Commerce and Community Affairs,  
 24 subject to other applicable provisions of this Title XVII,  
 25 may issue a grant to any entity for the purpose of paying the  
 26 allowable costs needed to cause an eligible project to occur,  
 27 including, but not limited to, demolition, remediation, site  
 28 preparation remediation, or site investigation costs, subject  
 29 to the following conditions:

- 30 (1) The project otherwise qualifies as an eligible  
 31 project in accordance with Section 58.14 and is  
 32 economically sound.

1           (2) Twenty-five percent of all grant funds will be  
2 made available to counties with populations over  
3 2,000,000 and the remaining grant funds will be disbursed  
4 throughout the State.

5           (3) The proposed recipient of the grant given under  
6 this Section is unable to finance the entire cost of the  
7 project through ordinary financial channels.

8           (4) When completed, the eligible project is  
9 projected to involve an investment of at least an amount  
10 (to be expressly specified by the Department) in capital  
11 improvements to be placed in service and will employ at  
12 least an amount (to be expressly specified by the  
13 Department) of new employees within the State, provided  
14 that the Department has determined that the project will  
15 provide a substantial economic benefit to the State.  
16 This projection shall be made by the proposed recipient  
17 and confirmed by the Department of Commerce and Community  
18 Affairs.

19           (5) The amount to be issued in a grant shall not  
20 exceed \$1,000,000 or 100% of the allowable cost,  
21 whichever is less. In no event, however, may the total  
22 financial assistance provided under this Section, Section  
23 58.14, and Section 201 of the Illinois Income Tax Act  
24 exceed the allowable cost.

25           (6) Priority for grants issued under this Section  
26 shall be given to areas with high levels of poverty,  
27 where the unemployment rate exceeds the State average,  
28 where an enterprise zone exists, or where the area is  
29 otherwise economically depressed as determined by the  
30 Department of Commerce and Community Affairs.

31           (b) The determinations of the Department of Commerce and  
32 Community Affairs under this Section shall be conclusive for  
33 purposes of the validity of a grant agreement signed by the  
34 Director of Commerce and Community Affairs.

1       (c) Grants issued under this Section shall be such as  
2 the Department of Commerce and Community Affairs determines  
3 to be appropriate and in furtherance of the purpose for which  
4 the grants are made. The moneys used in making the grants  
5 shall be disbursed from the Distressed Communities and  
6 Industries Grant Fund upon written order of the Department of  
7 Commerce and Community Affairs.

8       (d) The grants issued under this Section shall be used  
9 for the purposes approved by the Department of Commerce and  
10 Community Affairs. In no event, however, shall the grant  
11 money be used to hire or pay additional employees of the  
12 grant recipient.

13       (e) The Department of Commerce and Community Affairs may  
14 fix service charges for the making of a grant to offset its  
15 costs of administering the program and processing grant  
16 applications. The charges shall be payable at such time and  
17 place and in such amounts and manner as may be prescribed by  
18 the Department.

19       (f) In the exercise of the sound discretion of the  
20 Department of Commerce and Community Affairs, the grant  
21 described in this Section may be terminated, suspended, or  
22 revoked if the grant recipient fails to continue to meet the  
23 conditions set forth in this Section. In making such a  
24 determination, the Department of Commerce and Community  
25 Affairs shall consider the severity of the condition  
26 violation, actions taken to correct the violation, the  
27 frequency of any condition violations, and whether the  
28 actions exhibit a pattern of conduct by the recipient. The  
29 Department shall also consider changes in general economic  
30 conditions affecting the project. The Department shall  
31 notify the Director of the Agency of the suspension or  
32 revocation of the grant. In the event the grant recipient  
33 fails to repay the grant, the Department of Commerce and  
34 Community Affairs shall refer the matter to the Attorney



1 General to institute collection proceedings as appropriate.  
2 In any event, however, the Department of Commerce and  
3 Community Affairs may immediately file a lien on the property  
4 that is the subject of the grant in accordance with  
5 applicable law.

6 (g) There is hereby created in the State treasury a  
7 special fund to be known as the Distressed Communities and  
8 Industries Grant Fund. The Fund is intended to provide  
9 \$10,000,000 annually in uncommitted funds for grants that are  
10 to be made under this Section. The Fund shall consist of all  
11 moneys that may be appropriated to it by the General  
12 Assembly, any gifts, contributions, grants, or bequests  
13 received from federal, private, or other sources, and moneys  
14 from the repayment of any grants terminated, suspended, or  
15 revoked under this Section. Subsections (b) and (c) of  
16 Section 5 of the State Finance Act do not apply to the  
17 Distressed Communities and Industries Grant Fund.

18 (A) At least annually, the State Treasurer shall  
19 certify the amount deposited into the Fund to the  
20 Department of Commerce and Community Affairs.

21 (B) Any portion of the Fund not immediately needed  
22 for the purposes authorized shall be invested by the  
23 State Treasurer as provided by the constitution and laws  
24 of this State. All income from the investments shall be  
25 credited to the Fund.

26 (h) Within 6 months after the effective date of this  
27 amendatory Act of the 92nd General Assembly, the Agency and  
28 the Department of Commerce and Community Affairs shall  
29 propose rules prescribing procedures and standards for the  
30 administration of this Section.

31 (415 ILCS 5/58.14)

32 Sec. 58.14. Environmental Remediation Tax Credit review.

33 (a) Prior to applying for the Environmental Remediation

1 Tax Credit under Section 201 of the Illinois Income Tax Act,  
 2 Remediation Applicants shall first submit to the Agency an  
 3 application for review of remediation costs. The application  
 4 and review process shall be conducted in accordance with the  
 5 requirements of this Section and the rules adopted under  
 6 subsection (g). A preliminary review of the estimated  
 7 remediation costs for development and implementation of the  
 8 Remedial Action Plan may be obtained in accordance with  
 9 subsection (d).

10 (b) ~~No application for review shall be submitted until a~~  
 11 ~~No Further Remediation Letter has been issued by the Agency~~  
 12 ~~and recorded in the chain of title for the site in accordance~~  
 13 ~~with Section 58-10.~~ The Agency shall review the application  
 14 to determine whether the costs submitted are remediation  
 15 costs, and whether the costs incurred are reasonable. The  
 16 application shall be on forms prescribed and provided by the  
 17 Agency. At a minimum, the application shall include the  
 18 following:

19 (1) information identifying the Remediation  
 20 Applicant and the site for which the tax credit is being  
 21 sought and the date of acceptance of the site into the  
 22 Site Remediation Program;

23 (2) a determination by the Department of Commerce  
 24 and Community Affairs that remediation of the site for  
 25 which the credit is being sought will result in a net  
 26 economic benefit to the State of Illinois. "Net economic  
 27 benefit" shall be determined based on factors such as the  
 28 number of jobs created, the number of jobs retained if it  
 29 is demonstrated the jobs would otherwise be lost, capital  
 30 investment, capital improvements, the number of  
 31 construction-related jobs, increased sales, material  
 32 purchases, other increases in service and operational  
 33 expenditures, and other factors established by the  
 34 Department of Commerce and Community Affairs. Priority

1 shall be given to sites located in areas with high levels  
2 of poverty, where the unemployment rate exceeds the State  
3 average, where an enterprise zone exists, or where the  
4 area is otherwise economically depressed as determined by  
5 the Department of Commerce and Community Affairs a copy  
6 of the No Further Remediation Letter with official  
7 verification that the letter has been recorded in the  
8 chain of title for the site and a demonstration that the  
9 site for which the application is submitted is the same  
10 site as the one for which the No Further Remediation  
11 Letter is issued;

12 (3) a demonstration that the release of the  
13 regulated substances of concern that is being remediated  
14 under the Site Remediation Program was for which the No  
15 Further Remediation Letter was issued were not caused or  
16 contributed to in any material respect by the Remediation  
17 Applicant. After the Pollution Control Board rules are  
18 adopted pursuant to the Illinois Administrative Procedure  
19 Act for the administration and enforcement of Section  
20 58.9 of the Environmental Protection Act, determinations  
21 as to credit availability shall be made consistent with  
22 those rules;

23 (4) an itemization and documentation, including  
24 receipts, of the remediation costs incurred;

25 (5) a demonstration that the costs incurred are  
26 remediation costs as defined in this Act and its rules;

27 (6) a demonstration that the costs submitted for  
28 review were incurred by the Remediation Applicant who  
29 received the No Further Remediation Letter;

30 (7) an application fee in the amount set forth in  
31 subsection (e) for each site for which review of  
32 remediation costs is requested and, if applicable,  
33 certification from the Department of Commerce and  
34 Community Affairs that the site is located in an

1 enterprise-zone; and

2 (8) any other information deemed appropriate by the  
3 Agency.

4 (c) Within 60 days after receipt by the Agency of an  
5 application meeting the requirements of subsection (b), the  
6 Agency shall issue a letter to the applicant approving,  
7 disapproving, or modifying the remediation costs submitted in  
8 the application. If the remediation costs are approved as  
9 submitted, the Agency's letter shall state the amount of the  
10 remediation costs to be applied toward the Environmental  
11 Remediation Tax Credit. If an application is disapproved or  
12 approved with modification of remediation costs, the Agency's  
13 letter shall set forth the reasons for the disapproval or  
14 modification and state the amount of the remediation costs,  
15 if any, to be applied toward the Environmental Remediation  
16 Tax Credit.

17 If a preliminary review of a budget plan has been  
18 obtained under subsection (d), the Remediation Applicant may  
19 submit, with the application and supporting documentation  
20 under subsection (b), a copy of the Agency's final  
21 determination accompanied by a certification that the actual  
22 remediation costs incurred for the development and  
23 implementation of the Remedial Action Plan are equal to or  
24 less than the costs approved in the Agency's final  
25 determination on the budget plan. The certification shall be  
26 signed by the Remediation Applicant and notarized. Based on  
27 that submission, the Agency shall not be required to conduct  
28 further review of the costs incurred for development and  
29 implementation of the Remedial Action Plan and may approve  
30 costs as submitted.

31 Within 35 days after receipt of an Agency letter  
32 disapproving or modifying an application for approval of  
33 remediation costs, the Remediation Applicant may appeal the  
34 Agency's decision to the Board in the manner provided for the

1 review of permits in Section 40 of this Act.

2 (d) (1) A Remediation Applicant may obtain a preliminary  
3 review of estimated remediation costs for the development  
4 and implementation of the Remedial Action Plan by  
5 submitting a budget plan along with the Remedial Action  
6 Plan. The budget plan shall be set forth on forms  
7 prescribed and provided by the Agency and shall include  
8 but shall not be limited to line item estimates of the  
9 costs associated with each line item (such as personnel,  
10 equipment, and materials) that the Remediation Applicant  
11 anticipates will be incurred for the development and  
12 implementation of the Remedial Action Plan. The Agency  
13 shall review the budget plan along with the Remedial  
14 Action Plan to determine whether the estimated costs  
15 submitted are remediation costs and whether the costs  
16 estimated for the activities are reasonable.

17 (2) If the Remedial Action Plan is amended by the  
18 Remediation Applicant or as a result of Agency action,  
19 the corresponding budget plan shall be revised  
20 accordingly and resubmitted for Agency review.

21 (3) The budget plan shall be accompanied by the  
22 applicable fee as set forth in subsection (e).

23 (4) Submittal of a budget plan shall be deemed an  
24 automatic 60-day waiver of the Remedial Action Plan  
25 review deadlines set forth in this Section and its rules.

26 (5) Within the applicable period of review, the  
27 Agency shall issue a letter to the Remediation Applicant  
28 approving, disapproving, or modifying the estimated  
29 remediation costs submitted in the budget plan. If a  
30 budget plan is disapproved or approved with modification  
31 of estimated remediation costs, the Agency's letter shall  
32 set forth the reasons for the disapproval or  
33 modification.

34 (6) Within 35 days after receipt of an Agency

1 letter disapproving or modifying a budget plan, the  
2 Remediation Applicant may appeal the Agency's decision to  
3 the Board in the manner provided for the review of  
4 permits in Section 40 of this Act.

5 (e) The fees for reviews conducted under this Section  
6 are in addition to any other fees or payments for Agency  
7 services rendered pursuant to the Site Remediation Program  
8 and shall be as follows:

9 (1) The fee for an application for review of  
10 remediation costs shall be \$1,000 for each site reviewed.

11 (2) The fee for the review of the budget plan  
12 submitted under subsection (d) shall be \$500 for each  
13 site reviewed.

14 (3) In the case of a Remediation Applicant  
15 submitting for review total remediation costs of \$100,000  
16 or less for a site located within an enterprise zone (as  
17 set forth in paragraph (i) of subsection (1) of Section  
18 201 of the Illinois Income Tax Act), the fee for an  
19 application for review of remediation costs shall be \$250  
20 for each site reviewed. For those sites, there shall be  
21 no fee for review of a budget plan under subsection (d).

22 The application fee shall be made payable to the State of  
23 Illinois, for deposit into the Hazardous Waste Fund.

24 Pursuant to appropriation, the Agency shall use the fees  
25 collected under this subsection for development and  
26 administration of the review program.

27 (f) The Agency shall have the authority to enter into  
28 any contracts or agreements that may be necessary to carry  
29 out its duties and responsibilities under this Section.

30 (f-5) The Agency may immediately file a lien on the  
31 property that is the subject of the tax credit in accordance  
32 with applicable law if the recipient of the tax credit fails  
33 to continue to meet the conditions set forth in this Section.  
34 In making such a determination, the Agency shall consider the

1 severity of the condition violation, actions taken to correct  
2 the violation, the frequency of any condition violations, and  
3 whether the actions exhibit a pattern of conduct by the  
4 recipient. The Director of the Agency shall provide notice  
5 to the recipient of alleged noncompliance and allow the  
6 recipient a hearing under the provisions of the Illinois  
7 Administrative Procedure Act. If, after such notice and any  
8 hearing, the Agency determines that a noncompliance exists,  
9 the Director of the Agency shall notify the Director of  
10 Commerce and Community Affairs and the Director of Revenue of  
11 the suspension or revocation of the tax credit.

12 (f-10) For eligible projects, the Director of Commerce  
13 and Community Affairs, with notice to the Directors of the  
14 Agency and Revenue, and subject to the other provisions of  
15 Section 201 of the Illinois Income Tax Act and this Section,  
16 may not create a new enterprise zone but may decide that a  
17 prospective operator of a facility being remedied and  
18 renovated under this Section may receive the tax credits and  
19 exemptions under the Economic Development for a Growing  
20 Economy Tax Credit Act and the Illinois Enterprise Zone Act.  
21 The tax credits allowed under this subsection (f-10) shall be  
22 used to offset the tax imposed by subsections (a) and (b) of  
23 Section 201 of the Illinois Income Tax Act. For purposes of  
24 this subsection (f-10):

25 (1) For receipt of the tax credit for new or  
26 expanded business facilities under the Economic  
27 Development for a Growing Economy Tax Credit Act and the  
28 Illinois Enterprise Zone Act, the eligible project must  
29 create at least 10 new jobs or retain businesses that  
30 supply at least 25 existing jobs, or a combination  
31 thereof. For purposes of this Section, the financial  
32 incentives described in the Economic Development for a  
33 Growing Economy Tax Credit Act are modified only as  
34 follows: the tax credit shall be \$400 per employee per

1 year, an additional \$400 per year for each employee  
 2 exceeding the minimum employment thresholds of 10 and 25  
 3 jobs for new and existing businesses, respectively, and  
 4 an additional \$400 per year for each person who is  
 5 unemployed for at least 3 months immediately prior to  
 6 being employed at the new business facility.

7 (g) Within 6 months after the effective date of this  
 8 amendatory Act of 1997, the Agency shall propose rules  
 9 prescribing procedures and standards for its administration  
 10 of this Section. Within 6 months after receipt of the  
 11 Agency's proposed rules, the Board shall adopt on second  
 12 notice, pursuant to Sections 27 and 28 of this Act and the  
 13 Illinois Administrative Procedure Act, rules that are  
 14 consistent with this Section. Prior to the effective date of  
 15 rules adopted under this Section, the Agency may conduct  
 16 reviews of applications under this Section and the Agency is  
 17 further authorized to distribute guidance documents on costs  
 18 that are eligible or ineligible as remediation costs.

19 (h) Within 6 months after the effective date of this  
 20 amendatory Act of the 92nd General Assembly, the Agency and  
 21 the Department of Commerce and Community Affairs shall  
 22 propose rules prescribing procedures and standards for the  
 23 administration of this Section as changed by this amendatory  
 24 Act of the 92nd General Assembly.

25 (i) The changes relating to taxes made to this Section  
 26 by this amendatory Act of the 92nd General Assembly apply to  
 27 taxable years ending on or after December 31, 2001.

28 (Source: P.A. 90-123, eff. 7-21-97; 90-792, eff. 1-1-99.)

29 Section 99-80. The Alternate Fuels Act is amended by  
 30 changing Sections 25, 30, 35, 40, and 45 and adding Sections  
 31 21, 31, and 32 as follows:

32 (415 ILCS 120/21 new)



1        Sec. 21. Alternate Fuel Infrastructure Advisory Board.  
2        The Governor shall appoint an Alternate Fuel Infrastructure  
3        Advisory Board. The Advisory Board shall be chaired by the  
4        Director. Other members appointed by the Governor shall  
5        consist of one representative from the ethanol industry, one  
6        representative from the natural gas industry, one  
7        representative from the auto manufacturing industry, one  
8        representative from the liquid petroleum gas industry, one  
9        representative from the Department of Commerce and Community  
10       Affairs, one representative from the heavy duty engine  
11       manufacturing industry, one representative from Illinois  
12       private fleet operators, and one representative of local  
13       government from the Chicago nonattainment area.

14       The Advisory Board shall (1) prepare and recommend to the  
15       Agency rules implementing Section 31 of this Act; (2)  
16       determine criteria and procedures to be followed in awarding  
17       grants and review applications for grants under the Alternate  
18       Fuel Infrastructure Program; and (3) make recommendations to  
19       the Agency as to the award of grants under the Alternate Fuel  
20       Infrastructure Program.

21       Members of the Advisory Board shall not be reimbursed  
22       their costs and expenses of participation. All decisions of  
23       the Advisory Board shall be decided on a one vote per member  
24       basis with a majority of the Advisory Board membership to  
25       rule.

26       (415 ILCS 120/25)

27       Sec. 25. Ethanol fuel research program. The Department  
28       of Commerce and Community Affairs shall administer a research  
29       program to reduce the costs of producing ethanol fuels and  
30       increase the viability of ethanol fuels, new ethanol engine  
31       technologies, and ethanol refueling infrastructure. This  
32       research shall be funded from the Alternate Fuels Fund. The  
33       research program shall remain in effect until December 31,

1 2003 2002, or until funds are no longer available.  
2 (Source: P.A. 90-726, eff. 8-7-98; 90-797, eff. 12-15-98;  
3 91-357, eff. 7-29-99.)

4 (415 ILCS 120/30)

5 Sec. 30. Rebate program. Beginning January 1, 1997,  
6 each owner of an alternate fuel vehicle shall be eligible to  
7 apply for a rebate. The Agency shall cause rebates to be  
8 issued under the provisions of this Act. The Alternate Fuels  
9 Advisory Board shall develop and recommend to the Agency  
10 rules that provide incentives or other measures to ensure  
11 that small fleet operators and owners participate in, and  
12 benefit from, the rebate program. Such rules shall define  
13 and identify small fleet operators and owners in the covered  
14 area and make provisions for the establishment of criteria to  
15 ensure that funds from the Alternate Fuels Fund specified in  
16 this Act are made readily available to these entities. The  
17 Advisory Board shall, in the development of its rebate  
18 application review criteria, make provisions for preference  
19 to be given to applications proposing a partnership between  
20 the fleet operator or owner and a fueling service station to  
21 make alternate fuels available to the public. An owner may  
22 apply for only one of 3 types of rebates with regard to an  
23 individual alternate fuel vehicle: (i) a conversion cost  
24 rebate, (ii) an OEM differential cost rebate, or (iii) a  
25 fuel cost differential rebate. Only one rebate may be issued  
26 with regard to a particular alternate fuel vehicle during the  
27 life of that vehicle. A rebate shall not exceed \$4,000 per  
28 vehicle. Over the life of this rebate program, an owner of  
29 an alternate fuel vehicle may not receive rebates for more  
30 than 150 vehicles per location or for 300 vehicles in total.

31 (a) A conversion cost rebate may be issued to an owner  
32 or his or her designee in order to reduce the cost of  
33 converting of a conventional vehicle to an alternate fuel

1 vehicle. Conversion of a conventional vehicle to alternate  
2 fuel capability must take place in Illinois for the owner to  
3 be eligible for the conversion cost rebate. Amounts spent by  
4 applicants within a calendar year may be claimed on a rebate  
5 application submitted during that calendar year. Approved  
6 conversion cost rebates applied for during calendar years  
7 1997, 1998, 1999, 2000, 2001, and 2002, 2003, and 2004 shall  
8 be 80% of all approved conversion costs claimed and  
9 documented. Approval of conversion cost rebates may continue  
10 after calendar year 2004, if funds are still available. An  
11 applicant may include on an application submitted in 1997 all  
12 amounts spent within that calendar year on the conversion,  
13 even if the expenditure occurred before promulgation of the  
14 Agency rules.

15 (b) An OEM differential cost rebate may be issued to an  
16 owner or his or her designee in order to reduce the cost  
17 differential between a conventional vehicle or engine and the  
18 same vehicle or engine, produced by an original equipment  
19 manufacturer, that has the capability to use alternate fuels.

20 A new OEM vehicle or engine must be purchased in Illinois  
21 and must either be an alternate fuel vehicle or used in an  
22 alternate fuel vehicle, respectively, for the owner to be  
23 eligible for an OEM differential cost rebate. Amounts spent  
24 by applicants within a calendar year may be claimed on a  
25 rebate application submitted during that calendar year.

26 Approved OEM differential cost rebates applied for during  
27 calendar years 1997, 1998, 1999, 2000, 2001, and 2002, 2003,  
28 and 2004 shall be 80% of all approved cost differential  
29 claimed and documented. Approval of OEM differential cost  
30 rebates may continue after calendar year 2004, if funds are  
31 still available. An applicant may include on an application  
32 submitted in 1997 all amounts spent within that calendar  
33 year on OEM equipment, even if the expenditure occurred  
34 before promulgation of the Agency rules.

1 (c) A fuel cost differential rebate may be issued to an  
2 owner or his or her designee in order to reduce the cost  
3 differential between conventional fuels and domestic  
4 renewable fuels purchased to operate an alternate fuel  
5 vehicle that runs on domestic renewable fuel. The fuel cost  
6 differential shall be based on a 3-year life cycle cost  
7 analysis developed by the Agency by rulemaking. The rebate  
8 shall apply to and be payable during a consecutive 3-year  
9 period commencing on the date the application is approved by  
10 the Agency. Approved fuel cost differential rebates may be  
11 applied for during calendar years 1997, 1998, 1999, 2000, and  
12 2001, and 2002 and approved rebates shall be 80% of the cost  
13 differential for a consecutive 3-year period. Approval of  
14 fuel cost differential rebates may continue after calendar  
15 year 2002 if funds are still available. Twenty-five percent  
16 of the amount appropriated under Section 40 to be used to  
17 fund the programs authorized by this Section during calendar  
18 year 1998 shall be designated to fund fuel cost differential  
19 rebates. If the total dollar amount of approved fuel cost  
20 differential rebate applications as of October 1, 1998 is  
21 less than the amount designated for that calendar year, the  
22 balance of designated funds shall be immediately available to  
23 fund any rebate authorized by this Section and approved in  
24 the calendar year. An applicant may include on an  
25 application submitted in 1997 all amounts spent within that  
26 calendar year on fuel cost differential, even if the  
27 expenditure occurred before the promulgation of the Agency  
28 rules.

29 Twenty-five percent of the amount appropriated under  
30 Section 40 to be used to fund the programs authorized by this  
31 Section during calendar year 1999 shall be designated to fund  
32 fuel cost differential rebates. If the total dollar amount  
33 of approved fuel cost differential rebate applications as of  
34 July 1, 1999 is less than the amount designated for that

1 calendar year, the balance of designated funds shall be  
2 immediately available to fund any rebate authorized by this  
3 Section and approved in the calendar year.

4 Twenty-five percent of the amount appropriated under  
5 Section 40 to be used to fund programs authorized by this  
6 Section during calendar year 2000 shall be designated to fund  
7 fuel cost differential rebates. If the total dollar amount  
8 of approved fuel cost differential rebate applications as of  
9 July 1, 2000 is less than the amount designated for that  
10 calendar year, the balance of designated funds shall be  
11 immediately available to fund any rebate authorized by this  
12 Section and approved in the calendar year.

13 Twenty-five percent of the amount that is appropriated  
14 under Section 40 to be used to fund programs authorized by  
15 this Section during calendar year 2001 shall be designated to  
16 fund fuel cost differential rebates. If the total dollar  
17 amount of approved fuel cost differential rebate applications  
18 as of July 1, 2001 is less than the amount designated for  
19 that calendar year, the balance of designated funds shall be  
20 immediately available to fund any rebate authorized by this  
21 Section and approved in the calendar year.

22 Twenty-five percent of the amount that is appropriated  
23 under Section 40 to be used to fund programs authorized by  
24 this Section during calendar year 2002 shall be designated to  
25 fund fuel cost differential rebates. If the total dollar  
26 amount of approved fuel cost differential rebate applications  
27 as of July 1, 2002 is less than the amount designated for  
28 that calendar year, the balance of designated funds shall be  
29 immediately available to fund any rebate authorized by this  
30 Section and approved in the calendar year.

31 An approved fuel cost differential rebate shall be paid  
32 to an owner in 3 annual installments on or about the  
33 anniversary date of the approval of the application. Owners  
34 receiving a fuel cost differential rebate shall be required

1 to demonstrate, through recordkeeping, the use of domestic  
2 renewable fuels during the 3-year period commencing on the  
3 date the application is approved by the Agency. If the  
4 alternate fuel vehicle ceases to be registered to the  
5 original applicant owner, a prorated installment shall be  
6 paid to that owner or the owner's designee and the remainder  
7 of the rebate shall be canceled.

8 (d) Vehicles owned by the federal government or vehicles  
9 registered in a state outside Illinois are not eligible for  
10 rebates.

11 (Source: P.A. 89-410; 90-726, eff. 8-7-98.)

12 (415 ILCS 120/31 new)

13 Sec. 31. Alternate Fuel Infrastructure Program. The  
14 Environmental Protection Agency shall establish a grant  
15 program to provide funding for the building of E85 blend,  
16 propane, and compressed natural gas (CNG) fueling facilities,  
17 including private on-site fueling facilities, to be built  
18 within the covered area or in Illinois metropolitan areas  
19 over 100,000 in population. The Agency shall be responsible  
20 for reviewing the proposals and awarding the grants. Under  
21 the grant program, applicants may apply for up to 80% of the  
22 total cost of the project. At least 20% of the total cost  
23 of the project must be provided by the applicant in cash or  
24 material. Subject to appropriation, the total amount of  
25 grants under the program shall not exceed \$6,000,000. For the  
26 period beginning July 1, 2001 and ending June 30, 2004, the  
27 available grant money shall be allocated as follows:  
28 \$2,000,000 for building ethanol fueling stations, \$2,000,000  
29 for building propane fueling stations, and \$2,000,000 for  
30 building CNG fueling stations. Any available grant money  
31 remaining on July 1, 2004 may be used, until July 1, 2005, to  
32 make grants for any of the 3 types of fueling stations.

1 (415 ILCS 120/32 new)

2 Sec. 32. Clean Fuel Education Program. The  
3 Environmental Protection Agency, in cooperation with the  
4 Department of Commerce and Community Affairs and Chicago Area  
5 Clean Cities, shall administer the Clean Fuel Education  
6 Program, the purpose of which is to educate fleet  
7 administrators and Illinois' citizens about the benefits of  
8 using alternate fuels. The program shall include a media  
9 campaign. Subject to appropriation, \$100,000 shall be  
10 allocated to the Environmental Protection Agency in each of  
11 fiscal years 2002 through 2006 to fund the program. The  
12 Agency may use up to \$20,000 annually for administrative  
13 costs of the program.

14 (415 ILCS 120/35)

15 Sec. 35. User fees; transfer of funds.

16 (a) During fiscal years 1999, 2000, and 2001, and--2002  
17 the Office of the Secretary of State shall collect annual  
18 user fees from any individual, partnership, association,  
19 corporation, or agency of the United States government that  
20 registers any combination of 10 or more of the following  
21 types of motor vehicles in the Covered Area: (1) Vehicles  
22 of the First Division, as defined in the Illinois Vehicle  
23 Code; (2) Vehicles of the Second Division registered under  
24 the B, D, F, H, MD, MF, MG, MH and MJ plate categories, as  
25 defined in the Illinois Vehicle Code; and (3) Commuter vans  
26 and livery vehicles as defined in the Illinois Vehicle Code.  
27 This Section does not apply to vehicles registered under the  
28 International Registration Plan under Section 3-402.1 of the  
29 Illinois Vehicle Code. The user fee shall be \$20 for each  
30 vehicle registered in the Covered Area for each fiscal year.  
31 The Office of the Secretary of State shall collect the \$20  
32 when a vehicle's registration fee is paid.

33 (b) Owners of State, county, and local government

1 vehicles, rental vehicles, antique vehicles, electric  
2 vehicles, and motorcycles are exempt from paying the user  
3 fees on such vehicles.

4 (c) The Office of the Secretary of State shall deposit  
5 the user fees collected into the Alternate Fuels Fund.

6 (d) On July 1 of 2001 and 2002, the amount of \$6,100,000  
7 shall be transferred from the General Revenue Fund into the  
8 Alternate Fuels Fund. On July 1, 2003, the amount of  
9 \$3,100,000 shall be transferred from the General Revenue Fund  
10 into the Alternate Fuels Fund. On July 1 of 2004 and 2005,  
11 the amount of \$100,000 shall be transferred from the General  
12 Revenue Fund into the Alternate Fuels Fund.

13 (Source: P.A. 89-410; 90-726, eff. 8-7-98.)

14 (415 ILCS 120/40)

15 Sec. 40. Appropriations from the Alternate Fuels Fund.  
16 The Agency shall estimate the amount of user fees expected to  
17 be collected for fiscal years 1999, 2000, and 2001~~and 2002~~.  
18 Moneys shall be deposited into and distributed from the  
19 Alternate Fuels Fund in the following manner:

20 (1) In each of fiscal years 1999, 2000, 2001, and 2002,  
21 2003, and 2004 an amount not to exceed \$200,000 may be  
22 appropriated to the Agency from the Alternate Fuels Fund to  
23 pay its costs of administering the programs authorized by  
24 this Act. Additional appropriations to the Agency from the  
25 Alternate Fuels Fund to pay its costs of administering the  
26 programs authorized by this Act may be made in fiscal years  
27 following 2004, not to exceed the amount of \$200,000 in any  
28 fiscal year, if funds are still available and program costs  
29 are still being incurred. Up to \$200,000 may be appropriated  
30 to the Office of the Secretary of State in each of fiscal  
31 years 1999, 2000, and 2001~~and 2002~~ from the Alternate Fuels  
32 Fund to pay the Secretary of State's costs of administering  
33 the programs authorized under this Act.



1           (2) In fiscal year 1999, after appropriation of the  
 2 amounts authorized by paragraph (1), the remaining moneys  
 3 estimated to be collected during fiscal year 1999 shall be  
 4 appropriated as follows: 80% of each such remaining moneys  
 5 shall be appropriated to fund the programs authorized in  
 6 Section 30 and 20% shall be appropriated to fund the programs  
 7 authorized in Section 25.

8           (2.5) Beginning in fiscal year 2002, moneys from the  
 9 Fund may be used, subject to appropriation, for the purposes  
 10 of implementing Sections 31 and 32 of this Act, including  
 11 necessary administrative costs.

12           (3) In fiscal years 2000, 2001, and 2002, 2003, and 2004  
 13 after appropriation of the amounts authorized by paragraphs  
 14 paragraph (1) and (2.5), the remaining estimated amount of  
 15 moneys remaining in the Fund ~~user--fees--expected--to--be~~  
 16 ~~collected~~ shall be appropriated as follows: 80% of such  
 17 estimated moneys shall be appropriated to fund the programs  
 18 authorized in Section 30 and 20% shall be appropriated to  
 19 fund the programs authorized in Section 25.

20           (4) Moneys appropriated to fund the programs authorized  
 21 in Sections 25 and 30 shall be expended only after they have  
 22 been ~~collected~~-and deposited into the Alternate Fuels Fund.

23 (Source: P.A. 89-410; 90-726, eff. 8-7-98.)

24 (415 ILCS 120/45)

25           Sec. 45. Alternate Fuels Fund; creation; deposit of user  
 26 fees. A separate fund in the State Treasury called the  
 27 Alternate Fuels Fund is created, into which shall be  
 28 transferred the user fees as provided in Section 35 and any  
 29 other revenues, deposits, appropriations, or transfers as  
 30 provided by law.

31 (Source: P.A. 89-410.)

32           Section 99-90. The State Mandates Act is amended by

1 adding Section 8.25 as follows:

2 (30 ILCS 805/8.25 new)

3 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6  
4 and 8 of this Act, no reimbursement by the State is required  
5 for the implementation of any mandate created by this  
6 amendatory Act of the 92nd General Assembly.

7 Section 99-99. Effective date. This Act takes effect  
8 upon becoming law."