



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB4078

by Rep. David McSweeney - Jeanne M Ives - David A. Welter -
Peter Breen - Nick Sauer

SYNOPSIS AS INTRODUCED:

See Index

If and only if Senate Bill 9 of the 100th General Assembly becomes law in the form in which it was amended by House Amendment No. 3, repeals the State Tax Lien Registration Act and the Revised Uniform Unclaimed Property Act created by that bill. Repeals provisions of Senate Bill 9 of the 100th General Assembly that would have repealed the Uniform Disposition of Unclaimed Property Act on January 1, 2018. Changes various Acts by restoring language deleted by Senate Bill 9 of the 100th General Assembly and deleting language added by Senate Bill 9 of the 100th General Assembly. Effective immediately.

LRB100 13340 AXK 27924 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 (10000SB0009ham003, Sections 1-1 through 1-40 rep.)

5 Section 1-1. If and only if Senate Bill 9 of the 100th
6 General Assembly becomes law in the form in which it was
7 amended by House Amendment No. 3, then the State Tax Lien
8 Registration Act (Sections 1-1 through 1-40 of Article 1 of
9 Senate Bill 9 of the 100th General Assembly) is repealed.

10 (10000SB0009ham003, Sections 15-101 through 15-1504 rep.)

11 Section 1-2. If and only if Senate Bill 9 of the 100th
12 General Assembly becomes law in the form in which it was
13 amended by House Amendment No. 3, then the Revised Uniform
14 Unclaimed Property Act (Sections 15-101 through 15-1504 of
15 Article 15 of Senate Bill 9 of the 100th General Assembly) is
16 repealed.

17 (10000SB0009ham003, Section 17-5 rep.)

18 Section 1-3. If and only if Senate Bill 9 of the 100th
19 General Assembly becomes law in the form in which it was
20 amended by House Amendment No. 3, then Section 17-5 of Senate
21 Bill 9 of the 100th General Assembly is repealed.

1 (35 ILCS 5/225 rep.)

2 Section 1-4. If and only if Senate Bill 9 of the 100th
3 General Assembly becomes law in the form in which it was
4 amended by House Amendment No. 3, then the Illinois Income Tax
5 Act is amended by repealing Section 225.

6 Section 17-10. If and only if Senate Bill 9 of the 100th
7 General Assembly becomes law in the form in which it was
8 amended by House Amendment No. 3, then the Illinois
9 Administrative Procedure Act is amended by changing Section 1-5
10 as follows:

11 (5 ILCS 100/1-5) (from Ch. 127, par. 1001-5)

12 Sec. 1-5. Applicability.

13 (a) This Act applies to every agency as defined in this
14 Act. Beginning January 1, 1978, in case of conflict between the
15 provisions of this Act and the Act creating or conferring power
16 on an agency, this Act shall control. If, however, an agency
17 (or its predecessor in the case of an agency that has been
18 consolidated or reorganized) has existing procedures on July 1,
19 1977, specifically for contested cases or licensing, those
20 existing provisions control, except that this exception
21 respecting contested cases and licensing does not apply if the
22 Act creating or conferring power on the agency adopts by
23 express reference the provisions of this Act. Where the Act
24 creating or conferring power on an agency establishes

1 administrative procedures not covered by this Act, those
2 procedures shall remain in effect.

3 (b) The provisions of this Act do not apply to (i)
4 preliminary hearings, investigations, or practices where no
5 final determinations affecting State funding are made by the
6 State Board of Education, (ii) legal opinions issued under
7 Section 2-3.7 of the School Code, (iii) as to State colleges
8 and universities, their disciplinary and grievance
9 proceedings, academic irregularity and capricious grading
10 proceedings, and admission standards and procedures, and (iv)
11 the class specifications for positions and individual position
12 descriptions prepared and maintained under the Personnel Code.
13 Those class specifications shall, however, be made reasonably
14 available to the public for inspection and copying. The
15 provisions of this Act do not apply to hearings under Section
16 20 of the Uniform Disposition of Unclaimed Property Act.

17 (c) Section 5-35 of this Act relating to procedures for
18 rulemaking does not apply to the following:

19 (1) Rules adopted by the Pollution Control Board that,
20 in accordance with Section 7.2 of the Environmental
21 Protection Act, are identical in substance to federal
22 regulations or amendments to those regulations
23 implementing the following: Sections 3001, 3002, 3003,
24 3004, 3005, and 9003 of the Solid Waste Disposal Act;
25 Section 105 of the Comprehensive Environmental Response,
26 Compensation, and Liability Act of 1980; Sections 307(b),

1 307(c), 307(d), 402(b)(8), and 402(b)(9) of the Federal
2 Water Pollution Control Act; Sections 1412(b), 1414(c),
3 1417(a), 1421, and 1445(a) of the Safe Drinking Water Act;
4 and Section 109 of the Clean Air Act.

5 (2) Rules adopted by the Pollution Control Board that
6 establish or amend standards for the emission of
7 hydrocarbons and carbon monoxide from gasoline powered
8 motor vehicles subject to inspection under the Vehicle
9 Emissions Inspection Law of 2005 or its predecessor laws.

10 (3) Procedural rules adopted by the Pollution Control
11 Board governing requests for exceptions under Section 14.2
12 of the Environmental Protection Act.

13 (4) The Pollution Control Board's grant, pursuant to an
14 adjudicatory determination, of an adjusted standard for
15 persons who can justify an adjustment consistent with
16 subsection (a) of Section 27 of the Environmental
17 Protection Act.

18 (4.5) The Pollution Control Board's adoption of
19 time-limited water quality standards under Section 38.5 of
20 the Environmental Protection Act.

21 (5) Rules adopted by the Pollution Control Board that
22 are identical in substance to the regulations adopted by
23 the Office of the State Fire Marshal under clause (ii) of
24 paragraph (b) of subsection (3) of Section 2 of the
25 Gasoline Storage Act.

26 (d) Pay rates established under Section 8a of the Personnel

1 Code shall be amended or repealed pursuant to the process set
2 forth in Section 5-50 within 30 days after it becomes necessary
3 to do so due to a conflict between the rates and the terms of a
4 collective bargaining agreement covering the compensation of
5 an employee subject to that Code.

6 (e) Section 10-45 of this Act shall not apply to any
7 hearing, proceeding, or investigation conducted under Section
8 13-515 of the Public Utilities Act.

9 (f) Article 10 of this Act does not apply to any hearing,
10 proceeding, or investigation conducted by the State Council for
11 the State of Illinois created under Section 3-3-11.05 of the
12 Unified Code of Corrections or by the Interstate Commission for
13 Adult Offender Supervision created under the Interstate
14 Compact for Adult Offender Supervision or by the Interstate
15 Commission for Juveniles created under the Interstate Compact
16 for Juveniles.

17 (g) This Act is subject to the provisions of Article XXI of
18 the Public Utilities Act. To the extent that any provision of
19 this Act conflicts with the provisions of that Article XXI, the
20 provisions of that Article XXI control.

21 (Source: P.A. 98-463, eff. 8-16-13; 99-937, eff. 2-24-17;
22 10000SB0009ham003.)

23 Section 17-15. If and only if Senate Bill 9 of the 100th
24 General Assembly becomes law in the form in which it was
25 amended by House Amendment No. 3, then the Freedom of

1 Information Act is amended by changing Section 7.5 as follows:

2 (5 ILCS 140/7.5)

3 Sec. 7.5. Statutory exemptions. To the extent provided for
4 by the statutes referenced below, the following shall be exempt
5 from inspection and copying:

6 (a) All information determined to be confidential
7 under Section 4002 of the Technology Advancement and
8 Development Act.

9 (b) Library circulation and order records identifying
10 library users with specific materials under the Library
11 Records Confidentiality Act.

12 (c) Applications, related documents, and medical
13 records received by the Experimental Organ Transplantation
14 Procedures Board and any and all documents or other records
15 prepared by the Experimental Organ Transplantation
16 Procedures Board or its staff relating to applications it
17 has received.

18 (d) Information and records held by the Department of
19 Public Health and its authorized representatives relating
20 to known or suspected cases of sexually transmissible
21 disease or any information the disclosure of which is
22 restricted under the Illinois Sexually Transmissible
23 Disease Control Act.

24 (e) Information the disclosure of which is exempted
25 under Section 30 of the Radon Industry Licensing Act.

1 (f) Firm performance evaluations under Section 55 of
2 the Architectural, Engineering, and Land Surveying
3 Qualifications Based Selection Act.

4 (g) Information the disclosure of which is restricted
5 and exempted under Section 50 of the Illinois Prepaid
6 Tuition Act.

7 (h) Information the disclosure of which is exempted
8 under the State Officials and Employees Ethics Act, and
9 records of any lawfully created State or local inspector
10 general's office that would be exempt if created or
11 obtained by an Executive Inspector General's office under
12 that Act.

13 (i) Information contained in a local emergency energy
14 plan submitted to a municipality in accordance with a local
15 emergency energy plan ordinance that is adopted under
16 Section 11-21.5-5 of the Illinois Municipal Code.

17 (j) Information and data concerning the distribution
18 of surcharge moneys collected and remitted by wireless
19 carriers under the Wireless Emergency Telephone Safety
20 Act.

21 (k) Law enforcement officer identification information
22 or driver identification information compiled by a law
23 enforcement agency or the Department of Transportation
24 under Section 11-212 of the Illinois Vehicle Code.

25 (l) Records and information provided to a residential
26 health care facility resident sexual assault and death

1 review team or the Executive Council under the Abuse
2 Prevention Review Team Act.

3 (m) Information provided to the predatory lending
4 database created pursuant to Article 3 of the Residential
5 Real Property Disclosure Act, except to the extent
6 authorized under that Article.

7 (n) Defense budgets and petitions for certification of
8 compensation and expenses for court appointed trial
9 counsel as provided under Sections 10 and 15 of the Capital
10 Crimes Litigation Act. This subsection (n) shall apply
11 until the conclusion of the trial of the case, even if the
12 prosecution chooses not to pursue the death penalty prior
13 to trial or sentencing.

14 (o) Information that is prohibited from being
15 disclosed under Section 4 of the Illinois Health and
16 Hazardous Substances Registry Act.

17 (p) Security portions of system safety program plans,
18 investigation reports, surveys, schedules, lists, data, or
19 information compiled, collected, or prepared by or for the
20 Regional Transportation Authority under Section 2.11 of
21 the Regional Transportation Authority Act or the St. Clair
22 County Transit District under the Bi-State Transit Safety
23 Act.

24 (q) Information prohibited from being disclosed by the
25 Personnel Records Review Act.

26 (r) Information prohibited from being disclosed by the

1 Illinois School Student Records Act.

2 (s) Information the disclosure of which is restricted
3 under Section 5-108 of the Public Utilities Act.

4 (t) All identified or deidentified health information
5 in the form of health data or medical records contained in,
6 stored in, submitted to, transferred by, or released from
7 the Illinois Health Information Exchange, and identified
8 or deidentified health information in the form of health
9 data and medical records of the Illinois Health Information
10 Exchange in the possession of the Illinois Health
11 Information Exchange Authority due to its administration
12 of the Illinois Health Information Exchange. The terms
13 "identified" and "deidentified" shall be given the same
14 meaning as in the Health Insurance Portability and
15 Accountability Act of 1996, Public Law 104-191, or any
16 subsequent amendments thereto, and any regulations
17 promulgated thereunder.

18 (u) Records and information provided to an independent
19 team of experts under Brian's Law.

20 (v) Names and information of people who have applied
21 for or received Firearm Owner's Identification Cards under
22 the Firearm Owners Identification Card Act or applied for
23 or received a concealed carry license under the Firearm
24 Concealed Carry Act, unless otherwise authorized by the
25 Firearm Concealed Carry Act; and databases under the
26 Firearm Concealed Carry Act, records of the Concealed Carry

1 Licensing Review Board under the Firearm Concealed Carry
2 Act, and law enforcement agency objections under the
3 Firearm Concealed Carry Act.

4 (w) Personally identifiable information which is
5 exempted from disclosure under subsection (g) of Section
6 19.1 of the Toll Highway Act.

7 (x) Information which is exempted from disclosure
8 under Section 5-1014.3 of the Counties Code or Section
9 8-11-21 of the Illinois Municipal Code.

10 (y) Confidential information under the Adult
11 Protective Services Act and its predecessor enabling
12 statute, the Elder Abuse and Neglect Act, including
13 information about the identity and administrative finding
14 against any caregiver of a verified and substantiated
15 decision of abuse, neglect, or financial exploitation of an
16 eligible adult maintained in the Registry established
17 under Section 7.5 of the Adult Protective Services Act.

18 (z) Records and information provided to a fatality
19 review team or the Illinois Fatality Review Team Advisory
20 Council under Section 15 of the Adult Protective Services
21 Act.

22 (aa) Information which is exempted from disclosure
23 under Section 2.37 of the Wildlife Code.

24 (bb) Information which is or was prohibited from
25 disclosure by the Juvenile Court Act of 1987.

26 (cc) Recordings made under the Law Enforcement

1 Officer-Worn Body Camera Act, except to the extent
2 authorized under that Act.

3 (dd) Information that is prohibited from being
4 disclosed under Section 45 of the Condominium and Common
5 Interest Community Ombudsperson Act.

6 (ee) Information that is exempted from disclosure
7 under Section 30.1 of the Pharmacy Practice Act.

8 ~~(ff) Information that is exempted from disclosure~~
9 ~~under the Revised Uniform Unclaimed Property Act.~~

10 (Source: P.A. 98-49, eff. 7-1-13; 98-63, eff. 7-9-13; 98-756,
11 eff. 7-16-14; 98-1039, eff. 8-25-14; 98-1045, eff. 8-25-14;
12 99-78, eff. 7-20-15; 99-298, eff. 8-6-15; 99-352, eff. 1-1-16;
13 99-642, eff. 7-28-16; 99-776, eff. 8-12-16; 99-863, eff.
14 8-19-16; revised 9-1-16; 10000SB0009ham003.)

15 Section 17-20. If and only if Senate Bill 9 of the 100th
16 General Assembly becomes law in the form in which it was
17 amended by House Amendment No. 3, then the State Comptroller
18 Act is amended by changing Section 9 as follows:

19 (15 ILCS 405/9) (from Ch. 15, par. 209)

20 Sec. 9. Warrants; vouchers; preaudit.

21 (a) No payment may be made from public funds held by the
22 State Treasurer in or outside of the State treasury, except by
23 warrant drawn by the Comptroller and presented by him to the
24 treasurer to be countersigned except for payments made pursuant

1 to Section 9.03 or 9.05 of this Act.

2 (b) No warrant for the payment of money by the State
3 Treasurer may be drawn by the Comptroller without the
4 presentation of itemized vouchers indicating that the
5 obligation or expenditure is pursuant to law and authorized,
6 and authorizing the Comptroller to order payment.

7 (b-1) An itemized voucher for under \$5 that is presented to
8 the Comptroller for payment shall not be paid except through
9 electronic funds transfer. This subsection (b-1) does not apply
10 to (i) vouchers presented by the legislative branch of State
11 government, (ii) vouchers presented by the State Treasurer's
12 Office for the payment of unclaimed property claims authorized
13 under the ~~Revised~~ Uniform Disposition of Unclaimed Property
14 Act, or (iii) vouchers presented by the Department of Revenue
15 for the payment of refunds of taxes administered by the
16 Department.

17 (c) The Comptroller shall examine each voucher required by
18 law to be filed with him and determine whether unencumbered
19 appropriations or unencumbered obligational or expenditure
20 authority other than by appropriation are legally available to
21 incur the obligation or to make the expenditure of public
22 funds. If he determines that unencumbered appropriations or
23 other obligational or expenditure authority are not available
24 from which to incur the obligation or make the expenditure, the
25 Comptroller shall refuse to draw a warrant.

26 (d) The Comptroller shall examine each voucher and all

1 other documentation required to accompany the voucher, and
2 shall ascertain whether the voucher and documentation meet all
3 requirements established by or pursuant to law. If the
4 Comptroller determines that the voucher and documentation do
5 not meet applicable requirements established by or pursuant to
6 law, he shall refuse to draw a warrant. As used in this
7 Section, "requirements established by or pursuant to law"
8 includes statutory enactments and requirements established by
9 rules and regulations adopted pursuant to this Act.

10 (e) Prior to drawing a warrant, the Comptroller may review
11 the voucher, any documentation accompanying the voucher, and
12 any other documentation related to the transaction on file with
13 him, and determine if the transaction is in accordance with the
14 law. If based on his review the Comptroller has reason to
15 believe that such transaction is not in accordance with the
16 law, he shall refuse to draw a warrant.

17 (f) Where the Comptroller refuses to draw a warrant
18 pursuant to this Section, he shall maintain separate records of
19 such transactions.

20 (g) State agencies shall have the principal responsibility
21 for the preaudit of their encumbrances, expenditures, and other
22 transactions as otherwise required by law.

23 (Source: P.A. 97-969, eff. 8-16-12; 97-1142, eff. 12-28-12;
24 98-421, eff. 8-16-13; 10000SB0009ham003.)

25 Section 17-25. If and only if Senate Bill 9 of the 100th

1 General Assembly becomes law in the form in which it was
2 amended by House Amendment No. 3, then the State Treasurer Act
3 is amended by changing Sections 0.02, 0.03, 0.04, 0.05, and
4 0.06 as follows:

5 (15 ILCS 505/0.02)

6 Sec. 0.02. Transfer of powers. The rights, powers, duties,
7 and functions vested in the Department of Financial
8 Institutions to administer the Uniform Disposition of
9 Unclaimed Property Act ~~(superseded by the Revised Uniform~~
10 ~~Unclaimed Property Act)~~ are transferred to the State Treasurer
11 on July 1, 1999; provided, however, that the rights, powers,
12 duties, and functions involving the examination of the records
13 of any person that the State Treasurer has reason to believe
14 has failed to report properly under this Act shall be
15 transferred to the Office of Banks and Real Estate if the
16 person is regulated by the Office of Banks and Real Estate
17 under the Illinois Banking Act, the Corporate Fiduciary Act,
18 the Foreign Banking Office Act, the Illinois Savings and Loan
19 Act of 1985, or the Savings Bank Act and shall be retained by
20 the Department of Financial Institutions if the person is doing
21 business in the State under the supervision of the Department
22 of Financial Institutions, the National Credit Union
23 Administration, the Office of Thrift Supervision, or the
24 Comptroller of the Currency.

25 (Source: P.A. 91-16, eff. 6-4-99; 10000SB0009ham003.)

1 (15 ILCS 505/0.03)

2 Sec. 0.03. Transfer of personnel.

3 (a) Except as provided in subsection (b), personnel
4 employed by the Department of Financial Institutions on June
5 30, 1999 to perform duties pertaining to the administration of
6 the Uniform Disposition of Unclaimed Property Act ~~(superseded~~
7 ~~by the Revised Uniform Unclaimed Property Act)~~ are transferred
8 to the State Treasurer on July 1, 1999.

9 (b) In the case of a person employed by the Department of
10 Financial Institutions to perform both duties pertaining to the
11 administration of the Uniform Disposition of Unclaimed
12 Property Act ~~(superseded by the Revised Uniform Unclaimed~~
13 ~~Property Act)~~ and duties pertaining to a function retained by
14 the Department of Financial Institutions, the State Treasurer,
15 in consultation with the Director of Financial Institutions,
16 shall determine whether to transfer the employee to the Office
17 of the State Treasurer; until this determination has been made,
18 the transfer shall not take effect.

19 (c) The rights of State employees, the State, and its
20 agencies under the Personnel Code and applicable collective
21 bargaining agreements and retirement plans are not affected by
22 this amendatory Act of 1999, except that all positions
23 transferred to the State Treasurer shall be subject to the
24 State Treasurer Employment Code effective July 1, 2000.

25 All transferred employees who are members of collective

1 bargaining units shall retain their seniority, continuous
2 service, salary, and accrued benefits. During the pendency of
3 the existing collective bargaining agreement, the rights
4 provided for under that agreement and memoranda and supplements
5 to that agreement, including but not limited to, the rights of
6 employees performing duties pertaining to the administration
7 of the Uniform Disposition of Unclaimed Property Act
8 ~~(superseded by the Revised Uniform Unclaimed Property Act)~~ to
9 positions in other State agencies and the right of employees in
10 other State agencies covered by the agreement to positions
11 performing duties pertaining to the administration of the
12 Uniform Disposition of Unclaimed Property Act ~~(superseded by~~
13 ~~the Revised Uniform Unclaimed Property Act)~~, shall not be
14 abridged.

15 The State Treasurer shall continue to honor during their
16 pendency all bargaining agreements in effect at the time of the
17 transfer and to recognize all collective bargaining
18 representatives for the employees who perform or will perform
19 functions transferred by this amendatory Act of 1999. For all
20 purposes with respect to the management of the existing
21 agreement and the negotiation and management of any successor
22 agreements, the State Treasurer shall be deemed to be the
23 employer of employees who perform or will perform functions
24 transferred to the Office of the State Treasurer by this
25 amendatory Act of 1999; provided that the Illinois Department
26 of Central Management Services shall be a party to any

1 grievance or arbitration proceeding held pursuant to the
2 provisions of the collective bargaining agreement which
3 involves the movement of employees from the Office of the State
4 Treasurer to an agency under the jurisdiction of the Governor
5 covered by the agreement.

6 (Source: P.A. 91-16, eff. 6-4-99; 10000SB0009ham003.)

7 (15 ILCS 505/0.04)

8 Sec. 0.04. Transfer of property.

9 (a) Except as provided in subsection (b), all real and
10 personal property, including but not limited to all books,
11 records, and documents, and all unexpended appropriations and
12 pending business pertaining to the administration of the
13 Uniform Disposition of Unclaimed Property Act ~~(superseded by~~
14 ~~the Revised Uniform Unclaimed Property Act)~~ shall be
15 transferred and delivered to the State Treasurer effective July
16 1, 1999.

17 (b) In the case of books, records, or documents that
18 pertain both to the administration of the Uniform Disposition
19 of Unclaimed Property Act ~~(superseded by the Revised Uniform~~
20 ~~Unclaimed Property Act)~~ and to a function retained by the
21 Department of Financial Institutions, the State Treasurer, in
22 consultation with the Director of Financial Institutions,
23 shall determine whether the books, records, or documents shall
24 be transferred, copied, or left with the Department of
25 Financial Institutions; until this determination has been

1 made, the transfer shall not take effect.

2 In the case of property or an unexpended appropriation that
3 pertains both to the administration of the Uniform Disposition
4 of Unclaimed Property Act ~~(superseded by the Revised Uniform~~
5 ~~Unclaimed Property Act)~~ and to a function retained by the
6 Department of Financial Institutions, the State Treasurer, in
7 consultation with the Director of Financial Institutions,
8 shall determine whether the property or unexpended
9 appropriation shall be transferred, divided, or left with the
10 Department of Financial Institutions; until this determination
11 has been made (and, in the case of an unexpended appropriation,
12 notice of the determination has been filed with the State
13 Comptroller), the transfer shall not take effect.

14 (Source: P.A. 91-16, eff. 6-4-99; 10000SB0009ham003.)

15 (15 ILCS 505/0.05)

16 Sec. 0.05. Rules and standards.

17 (a) The rules and standards of the Department of Financial
18 Institutions that are in effect on June 30, 1999 and pertain to
19 the administration of the Uniform Disposition of Unclaimed
20 Property Act ~~(superseded by the Revised Uniform Unclaimed~~
21 ~~Property Act)~~ shall become the rules and standards of the State
22 Treasurer on July 1, 1999 and shall continue in effect until
23 amended or repealed by the State Treasurer.

24 (b) Any rules pertaining to the administration of the
25 Uniform Disposition of Unclaimed Property Act ~~(superseded by~~

1 ~~the Revised Uniform Unclaimed Property Act)~~ that have been
2 proposed by the Department of Financial Institutions but have
3 not taken effect or been finally adopted by June 30, 1999 shall
4 become proposed rules of the State Treasurer on July 1, 1999,
5 and any rulemaking procedures that have already been completed
6 by the Department of Financial Institutions need not be
7 repeated.

8 (c) As soon as practical after July 1, 1999, the State
9 Treasurer shall revise and clarify the rules transferred to it
10 under this amendatory Act of 1999 to reflect the reorganization
11 of rights, powers, duties, and functions effected by this
12 amendatory Act of 1999 using the procedures for recodification
13 of rules available under the Illinois Administrative Procedure
14 Act, except that existing title, part, and section numbering
15 for the affected rules may be retained.

16 (d) As soon as practical after July 1, 1999, the Office of
17 Banks and Real Estate and the Office of the State Treasurer
18 shall jointly promulgate rules to reflect the transfer of
19 examination functions to the Office of Banks and Real Estate
20 under this amendatory Act of 1999 using the procedures
21 available under the Illinois Administrative Procedure Act.

22 (e) As soon as practical after July 1, 1999, the Department
23 of Financial Institutions and the Office of the State Treasurer
24 shall jointly promulgate rules to reflect the retention of
25 examination functions by the Department of Financial
26 Institutions under this amendatory Act of 1999 using the

1 procedures available under the Illinois Administrative
2 Procedure Act.

3 (Source: P.A. 91-16, eff. 6-4-99; 10000SB0009ham003.)

4 (15 ILCS 505/0.06)

5 Sec. 0.06. Savings provisions.

6 (a) The rights, powers, duties, and functions transferred
7 to the State Treasurer or the Commissioner of Banks and Real
8 Estate by this amendatory Act of 1999 shall be vested in and
9 exercised by the State Treasurer or the Commissioner of Banks
10 and Real Estate subject to the provisions of this amendatory
11 Act of 1999. An act done by the State Treasurer or the
12 Commissioner of Banks and Real Estate or an officer, employee,
13 or agent of the State Treasurer or the Commissioner of Banks
14 and Real Estate in the exercise of the transferred rights,
15 powers, duties, or functions shall have the same legal effect
16 as if done by the Department of Financial Institutions or an
17 officer, employee, or agent of the Department of Financial
18 Institutions prior to the effective date of this amendatory Act
19 of 1999.

20 (b) The transfer of rights, powers, duties, and functions
21 to the State Treasurer or the Commissioner of Banks and Real
22 Estate under this amendatory Act of 1999 does not invalidate
23 any previous action taken by or in respect to the Department of
24 Financial Institutions or its officers, employees, or agents.
25 References to the Department of Financial Institutions or its

1 officers, employees or agents in any document, contract,
2 agreement, or law shall, in appropriate contexts, be deemed to
3 refer to the State Treasurer or the Commissioner of Banks and
4 Real Estate or the officers, employees, or agents of the State
5 Treasurer or the Commissioner of Banks and Real Estate.

6 (c) The transfer of rights, powers, duties, and functions
7 from the Department of Financial Institutions to the State
8 Treasurer or the Commissioner of Banks and Real Estate under
9 this amendatory Act of 1999 does not affect the rights,
10 obligations, or duties of any other person or entity, including
11 any civil or criminal penalties applicable thereto, arising out
12 of those transferred rights, powers, duties, and functions.

13 (d) With respect to matters that pertain to a right, power,
14 duty, or function transferred to the State Treasurer under this
15 amendatory Act of 1999:

16 (1) Beginning July 1, 1999, any report or notice that
17 was previously required to be made or given by any person
18 to the Department of Financial Institutions or any of its
19 officers, employees, or agents under the Uniform
20 Disposition of Unclaimed Property Act ~~(superseded by the~~
21 ~~Revised Uniform Unclaimed Property Act)~~ or rules
22 promulgated pursuant to that Act shall be made or given in
23 the same manner to the State Treasurer or his or her
24 appropriate officer, employee, or agent.

25 (2) Beginning July 1, 1999, any document that was
26 previously required to be furnished or served by any person

1 to or upon the Department of Financial Institutions or any
2 of its officers, employees, or agents under the Uniform
3 Disposition of Unclaimed Property Act ~~(superseded by the~~
4 ~~Revised Uniform Unclaimed Property Act)~~ or rules
5 promulgated pursuant to that Act shall be furnished or
6 served in the same manner to or upon the State Treasurer or
7 his or her appropriate officer, employee, or agent.

8 (e) This amendatory Act of 1999 does not affect any act
9 done, ratified, or canceled, any right occurring or
10 established, or any action or proceeding had or commenced in an
11 administrative, civil, or criminal cause before July 1, 1999.
12 Any such action or proceeding that pertains to the Uniform
13 Disposition of Unclaimed Property Act ~~(superseded by the~~
14 ~~Revised Uniform Unclaimed Property Act)~~ or rules promulgated
15 pursuant to that Act and that is pending on that date may be
16 prosecuted, defended, or continued by the State Treasurer.

17 (Source: P.A. 91-16, eff. 6-4-99; 10000SB0009ham003.)

18 Section 17-30. If and only if Senate Bill 9 of the 100th
19 General Assembly becomes law in the form in which it was
20 amended by House Amendment No. 3, then the Financial
21 Institutions Code is amended by changing Sections 7 and 18.1 as
22 follows:

23 (20 ILCS 1205/7) (from Ch. 17, par. 108)

24 Sec. 7. The provisions of "The Illinois Administrative

1 Procedure Act", as now or hereafter amended, are hereby
2 expressly adopted and incorporated herein as though a part of
3 this Act, and shall apply to all administrative rules and
4 procedures of the Director and the Department of Financial
5 Institutions under this Act, except that the provisions of the
6 Administrative Procedure Act regarding contested cases shall
7 not apply to actions of the Director under Section 15.1 of "An
8 Act in relation to the definition, licensing and regulation of
9 community currency exchanges and ambulatory currency
10 exchanges, and the operators and employees thereof, and to make
11 an appropriation therefor, and to provide penalties and
12 remedies for the violation thereof", approved June 30, 1943, as
13 amended, or Sections 8 and 61 of "The Illinois Credit Union
14 Act", or to hearings under Section 20 of the "Uniform
15 Disposition of Unclaimed Property Act".

16 (Source: P.A. 81-329; 10000SB0009ham003.)

17 (20 ILCS 1205/18.1)

18 Sec. 18.1. Transfer of administration of Uniform
19 Disposition of Unclaimed Property Act to State Treasurer. The
20 rights, powers, duties, and functions vested in the Department
21 of Financial Institutions to administer the Uniform
22 Disposition of Unclaimed Property Act ~~(superseded by the~~
23 ~~Revised Uniform Unclaimed Property Act)~~ are transferred to the
24 State Treasurer on July 1, 1999 in accordance with Sections
25 0.02 through 0.06 of the State Treasurer Act; provided,

1 however, that the rights, powers, duties, and functions
2 involving the examination of the records of any person that the
3 State Treasurer has reason to believe has failed to report
4 properly under this Act shall be transferred to the Office of
5 Banks and Real Estate if the person is regulated by the Office
6 of Banks and Real Estate under the Illinois Banking Act, the
7 Corporate Fiduciary Act, the Foreign Banking Office Act, the
8 Illinois Savings and Loan Act of 1985, or the Savings Bank Act
9 and shall be retained by the Department of Financial
10 Institutions if the person is doing business in the State under
11 the supervision of the Department of Financial Institutions,
12 the National Credit Union Administration, the Office of Thrift
13 Supervision, or the Comptroller of the Currency.

14 (Source: P.A. 91-16, eff. 6-4-99; 10000SB0009ham003.)

15 Section 17-35. If and only if Senate Bill 9 of the 100th
16 General Assembly becomes law in the form in which it was
17 amended by House Amendment No. 3, then the State Finance Act is
18 amended by changing Sections 6b-1 and 8.12 as follows:

19 (30 ILCS 105/6b-1) (from Ch. 127, par. 142b1)

20 Sec. 6b-1. There shall be paid into the State Pensions Fund
21 the funds and proceeds from the sale of abandoned property as
22 provided in Section 18 of the Revised Uniform "Uniform
23 Disposition of Unclaimed Property Act", enacted by the
24 Seventy-second General Assembly.

1 (Source: Laws 1961, p. 3423; 10000SB0009ham003.)

2 (30 ILCS 105/8.12) (from Ch. 127, par. 144.12)

3 Sec. 8.12. State Pensions Fund.

4 (a) The moneys in the State Pensions Fund shall be used
5 exclusively for the administration of the ~~Revised~~ Uniform
6 Disposition of Unclaimed Property Act and for the expenses
7 incurred by the Auditor General for administering the
8 provisions of Section 2-8.1 of the Illinois State Auditing Act
9 ~~and for operational expenses of the Office of the State~~
10 ~~Treasurer~~ and for the funding of the unfunded liabilities of
11 the designated retirement systems. Beginning in State fiscal
12 year 2018, payments to the designated retirement systems under
13 this Section shall be in addition to, and not in lieu of, any
14 State contributions required under the Illinois Pension Code.

15 "Designated retirement systems" means:

16 (1) the State Employees' Retirement System of
17 Illinois;

18 (2) the Teachers' Retirement System of the State of
19 Illinois;

20 (3) the State Universities Retirement System;

21 (4) the Judges Retirement System of Illinois; and

22 (5) the General Assembly Retirement System.

23 (b) Each year the General Assembly may make appropriations
24 from the State Pensions Fund for the administration of the
25 ~~Revised~~ Uniform Disposition of Unclaimed Property Act.

1 Each month, the Commissioner of the Office of Banks and
2 Real Estate shall certify to the State Treasurer the actual
3 expenditures that the Office of Banks and Real Estate incurred
4 conducting unclaimed property examinations under the Uniform
5 Disposition of Unclaimed Property Act during the immediately
6 preceding month. Within a reasonable time following the
7 acceptance of such certification by the State Treasurer, the
8 State Treasurer shall pay from its appropriation from the State
9 Pensions Fund to the Bank and Trust Company Fund, the Savings
10 Bank Regulatory Fund, and the Residential Finance Regulatory
11 Fund an amount equal to the expenditures incurred by each Fund
12 for that month.

13 Each month, the Director of Financial Institutions shall
14 certify to the State Treasurer the actual expenditures that the
15 Department of Financial Institutions incurred conducting
16 unclaimed property examinations under the Uniform Disposition
17 of Unclaimed Property Act during the immediately preceding
18 month. Within a reasonable time following the acceptance of
19 such certification by the State Treasurer, the State Treasurer
20 shall pay from its appropriation from the State Pensions Fund
21 to the Financial Institution Fund and the Credit Union Fund an
22 amount equal to the expenditures incurred by each Fund for that
23 month.

24 (c) As soon as possible after the effective date of this
25 amendatory Act of the 93rd General Assembly, the General
26 Assembly shall appropriate from the State Pensions Fund (1) to

1 the State Universities Retirement System the amount certified
2 under Section 15-165 during the prior year, (2) to the Judges
3 Retirement System of Illinois the amount certified under
4 Section 18-140 during the prior year, and (3) to the General
5 Assembly Retirement System the amount certified under Section
6 2-134 during the prior year as part of the required State
7 contributions to each of those designated retirement systems;
8 except that amounts appropriated under this subsection (c) in
9 State fiscal year 2005 shall not reduce the amount in the State
10 Pensions Fund below \$5,000,000. If the amount in the State
11 Pensions Fund does not exceed the sum of the amounts certified
12 in Sections 15-165, 18-140, and 2-134 by at least \$5,000,000,
13 the amount paid to each designated retirement system under this
14 subsection shall be reduced in proportion to the amount
15 certified by each of those designated retirement systems.

16 (c-5) For fiscal years 2006 through 2017, the General
17 Assembly shall appropriate from the State Pensions Fund to the
18 State Universities Retirement System the amount estimated to be
19 available during the fiscal year in the State Pensions Fund;
20 provided, however, that the amounts appropriated under this
21 subsection (c-5) shall not reduce the amount in the State
22 Pensions Fund below \$5,000,000.

23 (c-6) For fiscal year 2018 and each fiscal year thereafter,
24 as soon as may be practical after any money is deposited into
25 the State Pensions Fund from the Unclaimed Property Trust Fund,
26 the State Treasurer shall apportion the deposited amount among

1 the designated retirement systems as defined in subsection (a)
2 to reduce their actuarial reserve deficiencies. The State
3 Comptroller and State Treasurer shall pay the apportioned
4 amounts to the designated retirement systems to fund the
5 unfunded liabilities of the designated retirement systems. The
6 amount apportioned to each designated retirement system shall
7 constitute a portion of the amount estimated to be available
8 for appropriation from the State Pensions Fund that is the same
9 as that retirement system's portion of the total actual reserve
10 deficiency of the systems, as determined annually by the
11 Governor's Office of Management and Budget at the request of
12 the State Treasurer. The amounts apportioned under this
13 subsection shall not reduce the amount in the State Pensions
14 Fund below \$5,000,000.

15 (d) The Governor's Office of Management and Budget shall
16 determine the individual and total reserve deficiencies of the
17 designated retirement systems. For this purpose, the
18 Governor's Office of Management and Budget shall utilize the
19 latest available audit and actuarial reports of each of the
20 retirement systems and the relevant reports and statistics of
21 the Public Employee Pension Fund Division of the Department of
22 Insurance.

23 (d-1) As soon as practicable after the effective date of
24 this amendatory Act of the 93rd General Assembly, the
25 Comptroller shall direct and the Treasurer shall transfer from
26 the State Pensions Fund to the General Revenue Fund, as funds

1 become available, a sum equal to the amounts that would have
2 been paid from the State Pensions Fund to the Teachers'
3 Retirement System of the State of Illinois, the State
4 Universities Retirement System, the Judges Retirement System
5 of Illinois, the General Assembly Retirement System, and the
6 State Employees' Retirement System of Illinois after the
7 effective date of this amendatory Act during the remainder of
8 fiscal year 2004 to the designated retirement systems from the
9 appropriations provided for in this Section if the transfers
10 provided in Section 6z-61 had not occurred. The transfers
11 described in this subsection (d-1) are to partially repay the
12 General Revenue Fund for the costs associated with the bonds
13 used to fund the moneys transferred to the designated
14 retirement systems under Section 6z-61.

15 (e) The changes to this Section made by this amendatory Act
16 of 1994 shall first apply to distributions from the Fund for
17 State fiscal year 1996.

18 (Source: P.A. 98-24, eff. 6-19-13; 98-463, eff. 8-16-13;
19 98-674, eff. 6-30-14; 98-1081, eff. 1-1-15; 99-8, eff. 7-9-15;
20 99-78, eff. 7-20-15; 99-523, eff. 6-30-16; 10000SB0009ham003.)

21 Section 17-40. If and only if Senate Bill 9 of the 100th
22 General Assembly becomes law in the form in which it was
23 amended by House Amendment No. 3, then the State Officers and
24 Employees Money Disposition Act is amended by changing Section
25 2 as follows:

1 (30 ILCS 230/2) (from Ch. 127, par. 171)

2 Sec. 2. Accounts of money received; payment into State
3 treasury.

4 (a) Every officer, board, commission, commissioner,
5 department, institution, arm or agency brought within the
6 provisions of this Act by Section 1 shall keep in proper books
7 a detailed itemized account of all moneys received for or on
8 behalf of the State of Illinois, showing the date of receipt,
9 the payor, and purpose and amount, and the date and manner of
10 disbursement as hereinafter provided, and, unless a different
11 time of payment is expressly provided by law or by rules or
12 regulations promulgated under subsection (b) of this Section,
13 shall pay into the State treasury the gross amount of money so
14 received on the day of actual physical receipt with respect to
15 any single item of receipt exceeding \$10,000, within 24 hours
16 of actual physical receipt with respect to an accumulation of
17 receipts of \$10,000 or more, or within 48 hours of actual
18 physical receipt with respect to an accumulation of receipts
19 exceeding \$500 but less than \$10,000, disregarding holidays,
20 Saturdays and Sundays, after the receipt of same, without any
21 deduction on account of salaries, fees, costs, charges,
22 expenses or claims of any description whatever; provided that:

23 (1) the provisions of (i) Section 2505-475 of the
24 Department of Revenue Law (20 ILCS 2505/2505-475), (ii) any
25 specific taxing statute authorizing a claim for credit

1 procedure instead of the actual making of refunds, (iii)
2 Section 505 of the Illinois Controlled Substances Act, (iv)
3 Section 85 of the Methamphetamine Control and Community
4 Protection Act, authorizing the Director of State Police to
5 dispose of forfeited property, which includes the sale and
6 disposition of the proceeds of the sale of forfeited
7 property, and the Department of Central Management
8 Services to be reimbursed for costs incurred with the sales
9 of forfeited vehicles, boats or aircraft and to pay to bona
10 fide or innocent purchasers, conditional sales vendors or
11 mortgagees of such vehicles, boats or aircraft their
12 interest in such vehicles, boats or aircraft, and (v)
13 Section 6b-2 of the State Finance Act, establishing
14 procedures for handling cash receipts from the sale of
15 pari-mutuel wagering tickets, shall not be deemed to be in
16 conflict with the requirements of this Section;

17 (2) any fees received by the State Registrar of Vital
18 Records pursuant to the Vital Records Act which are
19 insufficient in amount may be returned by the Registrar as
20 provided in that Act;

21 (3) any fees received by the Department of Public
22 Health under the Food Handling Regulation Enforcement Act
23 that are submitted for renewal of an expired food service
24 sanitation manager certificate may be returned by the
25 Director as provided in that Act;

26 (3.5) the State Treasurer may permit the deduction of

1 fees by third-party unclaimed property examiners from the
2 property recovered by the examiners for the State of
3 Illinois during examinations of holders located outside
4 the State under which the Office of the Treasurer has
5 agreed to pay for the examinations based upon a percentage,
6 set by rule by the State Treasurer in accordance with the
7 ~~Revised Uniform Unclaimed Property~~ Illinois Administrative
8 Procedure Act, of the property recovered during the
9 examination; and

10 (4) if the amount of money received does not exceed
11 \$500, such money may be retained and need not be paid into
12 the State treasury until the total amount of money so
13 received exceeds \$500, or until the next succeeding 1st or
14 15th day of each month (or until the next business day if
15 these days fall on Sunday or a holiday), whichever is
16 earlier, at which earlier time such money shall be paid
17 into the State treasury, except that if a local bank or
18 savings and loan association account has been authorized by
19 law, any balances shall be paid into the State treasury on
20 Monday of each week if more than \$500 is to be deposited in
21 any fund.

22 Single items of receipt exceeding \$10,000 received after 2 p.m.
23 on a working day may be deemed to have been received on the
24 next working day for purposes of fulfilling the requirement
25 that the item be deposited on the day of actual physical
26 receipt.

1 No money belonging to or left for the use of the State
2 shall be expended or applied except in consequence of an
3 appropriation made by law and upon the warrant of the State
4 Comptroller. However, payments made by the Comptroller to
5 persons by direct deposit need not be made upon the warrant of
6 the Comptroller, but if not made upon a warrant, shall be made
7 in accordance with Section 9.02 of the State Comptroller Act.
8 All moneys so paid into the State treasury shall, unless
9 required by some statute to be held in the State treasury in a
10 separate or special fund, be covered into the General Revenue
11 Fund in the State treasury. Moneys received in the form of
12 checks, drafts or similar instruments shall be properly
13 endorsed, if necessary, and delivered to the State Treasurer
14 for collection. The State Treasurer shall remit such collected
15 funds to the depositing officer, board, commission,
16 commissioner, department, institution, arm or agency by
17 Treasurers Draft or through electronic funds transfer. The
18 draft or notification of the electronic funds transfer shall be
19 provided to the State Comptroller to allow deposit into the
20 appropriate fund.

21 (b) Different time periods for the payment of public funds
22 into the State treasury or to the State Treasurer, in excess of
23 the periods established in subsection (a) of this Section, but
24 not in excess of 30 days after receipt of such funds, may be
25 established and revised from time to time by rules or
26 regulations promulgated jointly by the State Treasurer and the

1 State Comptroller in accordance with the Illinois
2 Administrative Procedure Act. The different time periods
3 established by rule or regulation under this subsection may
4 vary according to the nature and amounts of the funds received,
5 the locations at which the funds are received, whether
6 compliance with the deposit requirements specified in
7 subsection (a) of this Section would be cost effective, and
8 such other circumstances and conditions as the promulgating
9 authorities consider to be appropriate. The Treasurer and the
10 Comptroller shall review all such different time periods
11 established pursuant to this subsection every 2 years from the
12 establishment thereof and upon such review, unless it is
13 determined that it is economically unfeasible for the agency to
14 comply with the provisions of subsection (a), shall repeal such
15 different time period.

16 (Source: P.A. 94-556, eff. 9-11-05; 10000SB0009ham003.)

17 Section 17-45. If and only if Senate Bill 9 of the 100th
18 General Assembly becomes law in the form in which it was
19 amended by House Amendment No. 3, then the Counties Code is
20 amended by changing Section 3-3034 as follows:

21 (55 ILCS 5/3-3034) (from Ch. 34, par. 3-3034)

22 Sec. 3-3034. Disposition of body. After the inquest the
23 coroner may deliver the body or human remains of the deceased
24 to the family of the deceased or, if there are no family

1 members to accept the body or the remains, then to friends of
2 the deceased, if there be any, but if not, the coroner shall
3 cause the body or the remains to be decently buried, cremated,
4 or donated for medical science purposes, the expenses to be
5 paid from the property of the deceased, if there is sufficient,
6 if not, by the county. The coroner may not approve the
7 cremation or donation of the body if it is necessary to
8 preserve the body for law enforcement purposes. If the State
9 Treasurer, pursuant to the ~~Revised~~ Uniform Disposition of
10 Unclaimed Property Act, delivers human remains to the coroner,
11 the coroner shall cause the human remains to be disposed of as
12 provided in this Section. If the police department of any
13 municipality or county investigates abandoned cremated
14 remains, determines that they are human remains, and cannot
15 locate the owner of the remains, then the police shall deliver
16 the remains to the coroner, and the coroner shall cause the
17 remains to be disposed of as provided in this Section.

18 (Source: P.A. 96-1339, eff. 7-27-10; 97-679, eff. 2-6-12;
19 10000SB0009ham003.)

20 Section 17-50. If and only if Senate Bill 9 of the 100th
21 General Assembly becomes law in the form in which it was
22 amended by House Amendment No. 3, then the Illinois Banking Act
23 is amended by changing Sections 48, 48.1, 48.3, and 65 as
24 follows:

1 (205 ILCS 5/48)

2 Sec. 48. Secretary's powers; duties. The Secretary shall
3 have the powers and authority, and is charged with the duties
4 and responsibilities designated in this Act, and a State bank
5 shall not be subject to any other visitorial power other than
6 as authorized by this Act, except those vested in the courts,
7 or upon prior consultation with the Secretary, a foreign bank
8 regulator with an appropriate supervisory interest in the
9 parent or affiliate of a state bank. In the performance of the
10 Secretary's duties:

11 (1) The Commissioner shall call for statements from all
12 State banks as provided in Section 47 at least one time
13 during each calendar quarter.

14 (2) (a) The Commissioner, as often as the Commissioner
15 shall deem necessary or proper, and no less frequently than
16 18 months following the preceding examination, shall
17 appoint a suitable person or persons to make an examination
18 of the affairs of every State bank, except that for every
19 eligible State bank, as defined by regulation, the
20 Commissioner in lieu of the examination may accept on an
21 alternating basis the examination made by the eligible
22 State bank's appropriate federal banking agency pursuant
23 to Section 111 of the Federal Deposit Insurance Corporation
24 Improvement Act of 1991, provided the appropriate federal
25 banking agency has made such an examination. A person so
26 appointed shall not be a stockholder or officer or employee

1 of any bank which that person may be directed to examine,
2 and shall have powers to make a thorough examination into
3 all the affairs of the bank and in so doing to examine any
4 of the officers or agents or employees thereof on oath and
5 shall make a full and detailed report of the condition of
6 the bank to the Commissioner. In making the examination the
7 examiners shall include an examination of the affairs of
8 all the affiliates of the bank, as defined in subsection
9 (b) of Section 35.2 of this Act, or subsidiaries of the
10 bank as shall be necessary to disclose fully the conditions
11 of the subsidiaries or affiliates, the relations between
12 the bank and the subsidiaries or affiliates and the effect
13 of those relations upon the affairs of the bank, and in
14 connection therewith shall have power to examine any of the
15 officers, directors, agents, or employees of the
16 subsidiaries or affiliates on oath. After May 31, 1997, the
17 Commissioner may enter into cooperative agreements with
18 state regulatory authorities of other states to provide for
19 examination of State bank branches in those states, and the
20 Commissioner may accept reports of examinations of State
21 bank branches from those state regulatory authorities.
22 These cooperative agreements may set forth the manner in
23 which the other state regulatory authorities may be
24 compensated for examinations prepared for and submitted to
25 the Commissioner.

26 (b) After May 31, 1997, the Commissioner is authorized

1 to examine, as often as the Commissioner shall deem
2 necessary or proper, branches of out-of-state banks. The
3 Commissioner may establish and may assess fees to be paid
4 to the Commissioner for examinations under this subsection
5 (b). The fees shall be borne by the out-of-state bank,
6 unless the fees are borne by the state regulatory authority
7 that chartered the out-of-state bank, as determined by a
8 cooperative agreement between the Commissioner and the
9 state regulatory authority that chartered the out-of-state
10 bank.

11 (2.1) Pursuant to paragraph (a) of subsection (6) of
12 this Section, the Secretary shall adopt rules that ensure
13 consistency and due process in the examination process. The
14 Secretary may also establish guidelines that (i) define the
15 scope of the examination process and (ii) clarify
16 examination items to be resolved. The rules, formal
17 guidance, interpretive letters, or opinions furnished to
18 State banks by the Secretary may be relied upon by the
19 State banks.

20 (2.5) Whenever any State bank, any subsidiary or
21 affiliate of a State bank, or after May 31, 1997, any
22 branch of an out-of-state bank causes to be performed, by
23 contract or otherwise, any bank services for itself,
24 whether on or off its premises:

25 (a) that performance shall be subject to
26 examination by the Commissioner to the same extent as

1 if services were being performed by the bank or, after
2 May 31, 1997, branch of the out-of-state bank itself on
3 its own premises; and

4 (b) the bank or, after May 31, 1997, branch of the
5 out-of-state bank shall notify the Commissioner of the
6 existence of a service relationship. The notification
7 shall be submitted with the first statement of
8 condition (as required by Section 47 of this Act) due
9 after the making of the service contract or the
10 performance of the service, whichever occurs first.
11 The Commissioner shall be notified of each subsequent
12 contract in the same manner.

13 For purposes of this subsection (2.5), the term "bank
14 services" means services such as sorting and posting of
15 checks and deposits, computation and posting of interest
16 and other credits and charges, preparation and mailing of
17 checks, statements, notices, and similar items, or any
18 other clerical, bookkeeping, accounting, statistical, or
19 similar functions performed for a State bank, including but
20 not limited to electronic data processing related to those
21 bank services.

22 (3) The expense of administering this Act, including
23 the expense of the examinations of State banks as provided
24 in this Act, shall to the extent of the amounts resulting
25 from the fees provided for in paragraphs (a), (a-2), and
26 (b) of this subsection (3) be assessed against and borne by

1 the State banks:

2 (a) Each bank shall pay to the Secretary a Call
3 Report Fee which shall be paid in quarterly
4 installments equal to one-fourth of the sum of the
5 annual fixed fee of \$800, plus a variable fee based on
6 the assets shown on the quarterly statement of
7 condition delivered to the Secretary in accordance
8 with Section 47 for the preceding quarter according to
9 the following schedule: 16¢ per \$1,000 of the first
10 \$5,000,000 of total assets, 15¢ per \$1,000 of the next
11 \$20,000,000 of total assets, 13¢ per \$1,000 of the next
12 \$75,000,000 of total assets, 9¢ per \$1,000 of the next
13 \$400,000,000 of total assets, 7¢ per \$1,000 of the next
14 \$500,000,000 of total assets, and 5¢ per \$1,000 of all
15 assets in excess of \$1,000,000,000, of the State bank.
16 The Call Report Fee shall be calculated by the
17 Secretary and billed to the banks for remittance at the
18 time of the quarterly statements of condition provided
19 for in Section 47. The Secretary may require payment of
20 the fees provided in this Section by an electronic
21 transfer of funds or an automatic debit of an account
22 of each of the State banks. In case more than one
23 examination of any bank is deemed by the Secretary to
24 be necessary in any examination frequency cycle
25 specified in subsection 2(a) of this Section, and is
26 performed at his direction, the Secretary may assess a

1 reasonable additional fee to recover the cost of the
2 additional examination; provided, however, that an
3 examination conducted at the request of the State
4 Treasurer pursuant to the Uniform Disposition of
5 Unclaimed Property Act shall not be deemed to be an
6 additional examination under this Section. In lieu of
7 the method and amounts set forth in this paragraph (a)
8 for the calculation of the Call Report Fee, the
9 Secretary may specify by rule that the Call Report Fees
10 provided by this Section may be assessed semiannually
11 or some other period and may provide in the rule the
12 formula to be used for calculating and assessing the
13 periodic Call Report Fees to be paid by State banks.

14 (a-1) If in the opinion of the Commissioner an
15 emergency exists or appears likely, the Commissioner
16 may assign an examiner or examiners to monitor the
17 affairs of a State bank with whatever frequency he
18 deems appropriate, including but not limited to a daily
19 basis. The reasonable and necessary expenses of the
20 Commissioner during the period of the monitoring shall
21 be borne by the subject bank. The Commissioner shall
22 furnish the State bank a statement of time and expenses
23 if requested to do so within 30 days of the conclusion
24 of the monitoring period.

25 (a-2) On and after January 1, 1990, the reasonable
26 and necessary expenses of the Commissioner during

1 examination of the performance of electronic data
2 processing services under subsection (2.5) shall be
3 borne by the banks for which the services are provided.
4 An amount, based upon a fee structure prescribed by the
5 Commissioner, shall be paid by the banks or, after May
6 31, 1997, branches of out-of-state banks receiving the
7 electronic data processing services along with the
8 Call Report Fee assessed under paragraph (a) of this
9 subsection (3).

10 (a-3) After May 31, 1997, the reasonable and
11 necessary expenses of the Commissioner during
12 examination of the performance of electronic data
13 processing services under subsection (2.5) at or on
14 behalf of branches of out-of-state banks shall be borne
15 by the out-of-state banks, unless those expenses are
16 borne by the state regulatory authorities that
17 chartered the out-of-state banks, as determined by
18 cooperative agreements between the Commissioner and
19 the state regulatory authorities that chartered the
20 out-of-state banks.

21 (b) "Fiscal year" for purposes of this Section 48
22 is defined as a period beginning July 1 of any year and
23 ending June 30 of the next year. The Commissioner shall
24 receive for each fiscal year, commencing with the
25 fiscal year ending June 30, 1987, a contingent fee
26 equal to the lesser of the aggregate of the fees paid

1 by all State banks under paragraph (a) of subsection
2 (3) for that year, or the amount, if any, whereby the
3 aggregate of the administration expenses, as defined
4 in paragraph (c), for that fiscal year exceeds the sum
5 of the aggregate of the fees payable by all State banks
6 for that year under paragraph (a) of subsection (3),
7 plus any amounts transferred into the Bank and Trust
8 Company Fund from the State Pensions Fund for that
9 year, plus all other amounts collected by the
10 Commissioner for that year under any other provision of
11 this Act, plus the aggregate of all fees collected for
12 that year by the Commissioner under the Corporate
13 Fiduciary Act, excluding the receivership fees
14 provided for in Section 5-10 of the Corporate Fiduciary
15 Act, and the Foreign Banking Office Act. The aggregate
16 amount of the contingent fee thus arrived at for any
17 fiscal year shall be apportioned amongst, assessed
18 upon, and paid by the State banks and foreign banking
19 corporations, respectively, in the same proportion
20 that the fee of each under paragraph (a) of subsection
21 (3), respectively, for that year bears to the aggregate
22 for that year of the fees collected under paragraph (a)
23 of subsection (3). The aggregate amount of the
24 contingent fee, and the portion thereof to be assessed
25 upon each State bank and foreign banking corporation,
26 respectively, shall be determined by the Commissioner

1 and shall be paid by each, respectively, within 120
2 days of the close of the period for which the
3 contingent fee is computed and is payable, and the
4 Commissioner shall give 20 ~~days~~ days advance notice of
5 the amount of the contingent fee payable by the State
6 bank and of the date fixed by the Commissioner for
7 payment of the fee.

8 (c) The "administration expenses" for any fiscal
9 year shall mean the ordinary and contingent expenses
10 for that year incident to making the examinations
11 provided for by, and for otherwise administering, this
12 Act, the Corporate Fiduciary Act, excluding the
13 expenses paid from the Corporate Fiduciary
14 Receivership account in the Bank and Trust Company
15 Fund, the Foreign Banking Office Act, the Electronic
16 Fund Transfer Act, and the Illinois Bank Examiners'
17 Education Foundation Act, including all salaries and
18 other compensation paid for personal services rendered
19 for the State by officers or employees of the State,
20 including the Commissioner and the Deputy
21 Commissioners, communication equipment and services,
22 office furnishings, surety bond premiums, and travel
23 expenses of those officers and employees, employees,
24 expenditures or charges for the acquisition,
25 enlargement or improvement of, or for the use of, any
26 office space, building, or structure, or expenditures

1 for the maintenance thereof or for furnishing heat,
2 light, or power with respect thereto, all to the extent
3 that those expenditures are directly incidental to
4 such examinations or administration. The Commissioner
5 shall not be required by paragraphs (c) or (d-1) of
6 this subsection (3) to maintain in any fiscal year's
7 budget appropriated reserves for accrued vacation and
8 accrued sick leave that is required to be paid to
9 employees of the Commissioner upon termination of
10 their service with the Commissioner in an amount that
11 is more than is reasonably anticipated to be necessary
12 for any anticipated turnover in employees, whether due
13 to normal attrition or due to layoffs, terminations, or
14 resignations.

15 (d) The aggregate of all fees collected by the
16 Secretary under this Act, the Corporate Fiduciary Act,
17 or the Foreign Banking Office Act on and after July 1,
18 1979, shall be paid promptly after receipt of the same,
19 accompanied by a detailed statement thereof, into the
20 State treasury and shall be set apart in a special fund
21 to be known as the "Bank and Trust Company Fund",
22 except as provided in paragraph (c) of subsection (11)
23 of this Section. All earnings received from
24 investments of funds in the Bank and Trust Company Fund
25 shall be deposited in the Bank and Trust Company Fund
26 and may be used for the same purposes as fees deposited

1 in that Fund. The amount from time to time deposited
2 into the Bank and Trust Company Fund shall be used: (i)
3 to offset the ordinary administrative expenses of the
4 Secretary as defined in this Section or (ii) as a
5 credit against fees under paragraph (d-1) of this
6 subsection (3). Nothing in this amendatory Act of 1979
7 shall prevent continuing the practice of paying
8 expenses involving salaries, retirement, social
9 security, and State-paid insurance premiums of State
10 officers by appropriations from the General Revenue
11 Fund. However, the General Revenue Fund shall be
12 reimbursed for those payments made on and after July 1,
13 1979, by an annual transfer of funds from the Bank and
14 Trust Company Fund. Moneys in the Bank and Trust
15 Company Fund may be transferred to the Professions
16 Indirect Cost Fund, as authorized under Section
17 2105-300 of the Department of Professional Regulation
18 Law of the Civil Administrative Code of Illinois.

19 Notwithstanding provisions in the State Finance
20 Act, as now or hereafter amended, or any other law to
21 the contrary, the sum of \$18,788,847 shall be
22 transferred from the Bank and Trust Company Fund to the
23 Financial Institutions Settlement of 2008 Fund on the
24 effective date of this amendatory Act of the 95th
25 General Assembly, or as soon thereafter as practical.

26 Notwithstanding provisions in the State Finance

1 Act, as now or hereafter amended, or any other law to
2 the contrary, the Governor may, during any fiscal year
3 through January 10, 2011, from time to time direct the
4 State Treasurer and Comptroller to transfer a
5 specified sum not exceeding 10% of the revenues to be
6 deposited into the Bank and Trust Company Fund during
7 that fiscal year from that Fund to the General Revenue
8 Fund in order to help defray the State's operating
9 costs for the fiscal year. Notwithstanding provisions
10 in the State Finance Act, as now or hereafter amended,
11 or any other law to the contrary, the total sum
12 transferred during any fiscal year through January 10,
13 2011, from the Bank and Trust Company Fund to the
14 General Revenue Fund pursuant to this provision shall
15 not exceed during any fiscal year 10% of the revenues
16 to be deposited into the Bank and Trust Company Fund
17 during that fiscal year. The State Treasurer and
18 Comptroller shall transfer the amounts designated
19 under this Section as soon as may be practicable after
20 receiving the direction to transfer from the Governor.

21 (d-1) Adequate funds shall be available in the Bank
22 and Trust Company Fund to permit the timely payment of
23 administration expenses. In each fiscal year the total
24 administration expenses shall be deducted from the
25 total fees collected by the Commissioner and the
26 remainder transferred into the Cash Flow Reserve

1 Account, unless the balance of the Cash Flow Reserve
2 Account prior to the transfer equals or exceeds
3 one-fourth of the total initial appropriations from
4 the Bank and Trust Company Fund for the subsequent
5 year, in which case the remainder shall be credited to
6 State banks and foreign banking corporations and
7 applied against their fees for the subsequent year. The
8 amount credited to each State bank and foreign banking
9 corporation shall be in the same proportion as the Call
10 Report Fees paid by each for the year bear to the total
11 Call Report Fees collected for the year. If, after a
12 transfer to the Cash Flow Reserve Account is made or if
13 no remainder is available for transfer, the balance of
14 the Cash Flow Reserve Account is less than one-fourth
15 of the total initial appropriations for the subsequent
16 year and the amount transferred is less than 5% of the
17 total Call Report Fees for the year, additional amounts
18 needed to make the transfer equal to 5% of the total
19 Call Report Fees for the year shall be apportioned
20 amongst, assessed upon, and paid by the State banks and
21 foreign banking corporations in the same proportion
22 that the Call Report Fees of each, respectively, for
23 the year bear to the total Call Report Fees collected
24 for the year. The additional amounts assessed shall be
25 transferred into the Cash Flow Reserve Account. For
26 purposes of this paragraph (d-1), the calculation of

1 the fees collected by the Commissioner shall exclude
2 the receivership fees provided for in Section 5-10 of
3 the Corporate Fiduciary Act.

4 (e) The Commissioner may upon request certify to
5 any public record in his keeping and shall have
6 authority to levy a reasonable charge for issuing
7 certifications of any public record in his keeping.

8 (f) In addition to fees authorized elsewhere in
9 this Act, the Commissioner may, in connection with a
10 review, approval, or provision of a service, levy a
11 reasonable charge to recover the cost of the review,
12 approval, or service.

13 (4) Nothing contained in this Act shall be construed to
14 limit the obligation relative to examinations and reports
15 of any State bank, deposits in which are to any extent
16 insured by the United States or any agency thereof, nor to
17 limit in any way the powers of the Commissioner with
18 reference to examinations and reports of that bank.

19 (5) The nature and condition of the assets in or
20 investment of any bonus, pension, or profit sharing plan
21 for officers or employees of every State bank or, after May
22 31, 1997, branch of an out-of-state bank shall be deemed to
23 be included in the affairs of that State bank or branch of
24 an out-of-state bank subject to examination by the
25 Commissioner under the provisions of subsection (2) of this
26 Section, and if the Commissioner shall find from an

1 examination that the condition of or operation of the
2 investments or assets of the plan is unlawful, fraudulent,
3 or unsafe, or that any trustee has abused his trust, the
4 Commissioner shall, if the situation so found by the
5 Commissioner shall not be corrected to his satisfaction
6 within 60 days after the Commissioner has given notice to
7 the board of directors of the State bank or out-of-state
8 bank of his findings, report the facts to the Attorney
9 General who shall thereupon institute proceedings against
10 the State bank or out-of-state bank, the board of directors
11 thereof, or the trustees under such plan as the nature of
12 the case may require.

13 (6) The Commissioner shall have the power:

14 (a) To promulgate reasonable rules for the purpose
15 of administering the provisions of this Act.

16 (a-5) To impose conditions on any approval issued
17 by the Commissioner if he determines that the
18 conditions are necessary or appropriate. These
19 conditions shall be imposed in writing and shall
20 continue in effect for the period prescribed by the
21 Commissioner.

22 (b) To issue orders against any person, if the
23 Commissioner has reasonable cause to believe that an
24 unsafe or unsound banking practice has occurred, is
25 occurring, or is about to occur, if any person has
26 violated, is violating, or is about to violate any law,

1 rule, or written agreement with the Commissioner, or
2 for the purpose of administering the provisions of this
3 Act and any rule promulgated in accordance with this
4 Act.

5 (b-1) To enter into agreements with a bank
6 establishing a program to correct the condition of the
7 bank or its practices.

8 (c) To appoint hearing officers to execute any of
9 the powers granted to the Commissioner under this
10 Section for the purpose of administering this Act and
11 any rule promulgated in accordance with this Act and
12 otherwise to authorize, in writing, an officer or
13 employee of the Office of Banks and Real Estate to
14 exercise his powers under this Act.

15 (d) To subpoena witnesses, to compel their
16 attendance, to administer an oath, to examine any
17 person under oath, and to require the production of any
18 relevant books, papers, accounts, and documents in the
19 course of and pursuant to any investigation being
20 conducted, or any action being taken, by the
21 Commissioner in respect of any matter relating to the
22 duties imposed upon, or the powers vested in, the
23 Commissioner under the provisions of this Act or any
24 rule promulgated in accordance with this Act.

25 (e) To conduct hearings.

26 (7) Whenever, in the opinion of the Secretary, any

1 director, officer, employee, or agent of a State bank or
2 any subsidiary or bank holding company of the bank or,
3 after May 31, 1997, of any branch of an out-of-state bank
4 or any subsidiary or bank holding company of the bank shall
5 have violated any law, rule, or order relating to that bank
6 or any subsidiary or bank holding company of the bank,
7 shall have obstructed or impeded any examination or
8 investigation by the Secretary, shall have engaged in an
9 unsafe or unsound practice in conducting the business of
10 that bank or any subsidiary or bank holding company of the
11 bank, or shall have violated any law or engaged or
12 participated in any unsafe or unsound practice in
13 connection with any financial institution or other
14 business entity such that the character and fitness of the
15 director, officer, employee, or agent does not assure
16 reasonable promise of safe and sound operation of the State
17 bank, the Secretary may issue an order of removal. If, in
18 the opinion of the Secretary, any former director, officer,
19 employee, or agent of a State bank or any subsidiary or
20 bank holding company of the bank, prior to the termination
21 of his or her service with that bank or any subsidiary or
22 bank holding company of the bank, violated any law, rule,
23 or order relating to that State bank or any subsidiary or
24 bank holding company of the bank, obstructed or impeded any
25 examination or investigation by the Secretary, engaged in
26 an unsafe or unsound practice in conducting the business of

1 that bank or any subsidiary or bank holding company of the
2 bank, or violated any law or engaged or participated in any
3 unsafe or unsound practice in connection with any financial
4 institution or other business entity such that the
5 character and fitness of the director, officer, employee,
6 or agent would not have assured reasonable promise of safe
7 and sound operation of the State bank, the Secretary may
8 issue an order prohibiting that person from further service
9 with a bank or any subsidiary or bank holding company of
10 the bank as a director, officer, employee, or agent. An
11 order issued pursuant to this subsection shall be served
12 upon the director, officer, employee, or agent. A copy of
13 the order shall be sent to each director of the bank
14 affected by registered mail. A copy of the order shall also
15 be served upon the bank of which he is a director, officer,
16 employee, or agent, whereupon he shall cease to be a
17 director, officer, employee, or agent of that bank. The
18 Secretary may institute a civil action against the
19 director, officer, or agent of the State bank or, after May
20 31, 1997, of the branch of the out-of-state bank against
21 whom any order provided for by this subsection (7) of this
22 Section 48 has been issued, and against the State bank or,
23 after May 31, 1997, out-of-state bank, to enforce
24 compliance with or to enjoin any violation of the terms of
25 the order. Any person who has been the subject of an order
26 of removal or an order of prohibition issued by the

1 Secretary under this subsection or Section 5-6 of the
2 Corporate Fiduciary Act may not thereafter serve as
3 director, officer, employee, or agent of any State bank or
4 of any branch of any out-of-state bank, or of any corporate
5 fiduciary, as defined in Section 1-5.05 of the Corporate
6 Fiduciary Act, or of any other entity that is subject to
7 licensure or regulation by the Division of Banking unless
8 the Secretary has granted prior approval in writing.

9 For purposes of this paragraph (7), "bank holding
10 company" has the meaning prescribed in Section 2 of the
11 Illinois Bank Holding Company Act of 1957.

12 (8) The Commissioner may impose civil penalties of up
13 to \$100,000 against any person for each violation of any
14 provision of this Act, any rule promulgated in accordance
15 with this Act, any order of the Commissioner, or any other
16 action which in the Commissioner's discretion is an unsafe
17 or unsound banking practice.

18 (9) The Commissioner may impose civil penalties of up
19 to \$100 against any person for the first failure to comply
20 with reporting requirements set forth in the report of
21 examination of the bank and up to \$200 for the second and
22 subsequent failures to comply with those reporting
23 requirements.

24 (10) All final administrative decisions of the
25 Commissioner hereunder shall be subject to judicial review
26 pursuant to the provisions of the Administrative Review

1 Law. For matters involving administrative review, venue
2 shall be in either Sangamon County or Cook County.

3 (11) The endowment fund for the Illinois Bank
4 Examiners' Education Foundation shall be administered as
5 follows:

6 (a) (Blank).

7 (b) The Foundation is empowered to receive
8 voluntary contributions, gifts, grants, bequests, and
9 donations on behalf of the Illinois Bank Examiners'
10 Education Foundation from national banks and other
11 persons for the purpose of funding the endowment of the
12 Illinois Bank Examiners' Education Foundation.

13 (c) The aggregate of all special educational fees
14 collected by the Secretary and property received by the
15 Secretary on behalf of the Illinois Bank Examiners'
16 Education Foundation under this subsection (11) on or
17 after June 30, 1986, shall be either (i) promptly paid
18 after receipt of the same, accompanied by a detailed
19 statement thereof, into the State Treasury and shall be
20 set apart in a special fund to be known as "The
21 Illinois Bank Examiners' Education Fund" to be
22 invested by either the Treasurer of the State of
23 Illinois in the Public Treasurers' Investment Pool or
24 in any other investment he is authorized to make or by
25 the Illinois State Board of Investment as the State
26 Banking Board of Illinois may direct or (ii) deposited

1 into an account maintained in a commercial bank or
2 corporate fiduciary in the name of the Illinois Bank
3 Examiners' Education Foundation pursuant to the order
4 and direction of the Board of Trustees of the Illinois
5 Bank Examiners' Education Foundation.

6 (12) (Blank).

7 (13) The Secretary may borrow funds from the General
8 Revenue Fund on behalf of the Bank and Trust Company Fund
9 if the Director of Banking certifies to the Governor that
10 there is an economic emergency affecting banking that
11 requires a borrowing to provide additional funds to the
12 Bank and Trust Company Fund. The borrowed funds shall be
13 paid back within 3 years and shall not exceed the total
14 funding appropriated to the Agency in the previous year.

15 (14) In addition to the fees authorized in this Act,
16 the Secretary may assess reasonable receivership fees
17 against any State bank that does not maintain insurance
18 with the Federal Deposit Insurance Corporation. All fees
19 collected under this subsection (14) shall be paid into the
20 Non-insured Institutions Receivership account in the Bank
21 and Trust Company Fund, as established by the Secretary.
22 The fees assessed under this subsection (14) shall provide
23 for the expenses that arise from the administration of the
24 receivership of any such institution required to pay into
25 the Non-insured Institutions Receivership account, whether
26 pursuant to this Act, the Corporate Fiduciary Act, the

1 Foreign Banking Office Act, or any other Act that requires
2 payments into the Non-insured Institutions Receivership
3 account. The Secretary may establish by rule a reasonable
4 manner of assessing fees under this subsection (14).

5 (Source: P.A. 98-784, eff. 7-24-14; 99-39, eff. 1-1-16;
6 10000SB0009ham003.)

7 (205 ILCS 5/48.1) (from Ch. 17, par. 360)

8 Sec. 48.1. Customer financial records; confidentiality.

9 (a) For the purpose of this Section, the term "financial
10 records" means any original, any copy, or any summary of:

11 (1) a document granting signature authority over a
12 deposit or account;

13 (2) a statement, ledger card or other record on any
14 deposit or account, which shows each transaction in or with
15 respect to that account;

16 (3) a check, draft or money order drawn on a bank or
17 issued and payable by a bank; or

18 (4) any other item containing information pertaining
19 to any relationship established in the ordinary course of a
20 bank's business between a bank and its customer, including
21 financial statements or other financial information
22 provided by the customer.

23 (b) This Section does not prohibit:

24 (1) The preparation, examination, handling or
25 maintenance of any financial records by any officer,

1 employee or agent of a bank having custody of the records,
2 or the examination of the records by a certified public
3 accountant engaged by the bank to perform an independent
4 audit.

5 (2) The examination of any financial records by, or the
6 furnishing of financial records by a bank to, any officer,
7 employee or agent of (i) the Commissioner of Banks and Real
8 Estate, (ii) after May 31, 1997, a state regulatory
9 authority authorized to examine a branch of a State bank
10 located in another state, (iii) the Comptroller of the
11 Currency, (iv) the Federal Reserve Board, or (v) the
12 Federal Deposit Insurance Corporation for use solely in the
13 exercise of his duties as an officer, employee, or agent.

14 (3) The publication of data furnished from financial
15 records relating to customers where the data cannot be
16 identified to any particular customer or account.

17 (4) The making of reports or returns required under
18 Chapter 61 of the Internal Revenue Code of 1986.

19 (5) Furnishing information concerning the dishonor of
20 any negotiable instrument permitted to be disclosed under
21 the Uniform Commercial Code.

22 (6) The exchange in the regular course of business of
23 (i) credit information between a bank and other banks or
24 financial institutions or commercial enterprises, directly
25 or through a consumer reporting agency or (ii) financial
26 records or information derived from financial records

1 between a bank and other banks or financial institutions or
2 commercial enterprises for the purpose of conducting due
3 diligence pursuant to a purchase or sale involving the bank
4 or assets or liabilities of the bank.

5 (7) The furnishing of information to the appropriate
6 law enforcement authorities where the bank reasonably
7 believes it has been the victim of a crime.

8 (8) The furnishing of information under the ~~Revised~~
9 Uniform Disposition of Unclaimed Property Act.

10 (9) The furnishing of information under the Illinois
11 Income Tax Act and the Illinois Estate and
12 Generation-Skipping Transfer Tax Act.

13 (10) The furnishing of information under the federal
14 Currency and Foreign Transactions Reporting Act Title 31,
15 United States Code, Section 1051 et seq.

16 (11) The furnishing of information under any other
17 statute that by its terms or by regulations promulgated
18 thereunder requires the disclosure of financial records
19 other than by subpoena, summons, warrant, or court order.

20 (12) The furnishing of information about the existence
21 of an account of a person to a judgment creditor of that
22 person who has made a written request for that information.

23 (13) The exchange in the regular course of business of
24 information between commonly owned banks in connection
25 with a transaction authorized under paragraph (23) of
26 Section 5 and conducted at an affiliate facility.

1 (14) The furnishing of information in accordance with
2 the federal Personal Responsibility and Work Opportunity
3 Reconciliation Act of 1996. Any bank governed by this Act
4 shall enter into an agreement for data exchanges with a
5 State agency provided the State agency pays to the bank a
6 reasonable fee not to exceed its actual cost incurred. A
7 bank providing information in accordance with this item
8 shall not be liable to any account holder or other person
9 for any disclosure of information to a State agency, for
10 encumbering or surrendering any assets held by the bank in
11 response to a lien or order to withhold and deliver issued
12 by a State agency, or for any other action taken pursuant
13 to this item, including individual or mechanical errors,
14 provided the action does not constitute gross negligence or
15 willful misconduct. A bank shall have no obligation to
16 hold, encumber, or surrender assets until it has been
17 served with a subpoena, summons, warrant, court or
18 administrative order, lien, or levy.

19 (15) The exchange in the regular course of business of
20 information between a bank and any commonly owned affiliate
21 of the bank, subject to the provisions of the Financial
22 Institutions Insurance Sales Law.

23 (16) The furnishing of information to law enforcement
24 authorities, the Illinois Department on Aging and its
25 regional administrative and provider agencies, the
26 Department of Human Services Office of Inspector General,

1 or public guardians: (i) upon subpoena by the investigatory
2 entity or the guardian, or (ii) if there is suspicion by
3 the bank that a customer who is an elderly person or person
4 with a disability has been or may become the victim of
5 financial exploitation. For the purposes of this item (16),
6 the term: (i) "elderly person" means a person who is 60 or
7 more years of age, (ii) "disabled person" means a person
8 who has or reasonably appears to the bank to have a
9 physical or mental disability that impairs his or her
10 ability to seek or obtain protection from or prevent
11 financial exploitation, and (iii) "financial exploitation"
12 means tortious or illegal use of the assets or resources of
13 an elderly or disabled person, and includes, without
14 limitation, misappropriation of the elderly or disabled
15 person's assets or resources by undue influence, breach of
16 fiduciary relationship, intimidation, fraud, deception,
17 extortion, or the use of assets or resources in any manner
18 contrary to law. A bank or person furnishing information
19 pursuant to this item (16) shall be entitled to the same
20 rights and protections as a person furnishing information
21 under the Adult Protective Services Act and the Illinois
22 Domestic Violence Act of 1986.

23 (17) The disclosure of financial records or
24 information as necessary to effect, administer, or enforce
25 a transaction requested or authorized by the customer, or
26 in connection with:

1 (A) servicing or processing a financial product or
2 service requested or authorized by the customer;

3 (B) maintaining or servicing a customer's account
4 with the bank; or

5 (C) a proposed or actual securitization or
6 secondary market sale (including sales of servicing
7 rights) related to a transaction of a customer.

8 Nothing in this item (17), however, authorizes the sale
9 of the financial records or information of a customer
10 without the consent of the customer.

11 (18) The disclosure of financial records or
12 information as necessary to protect against actual or
13 potential fraud, unauthorized transactions, claims, or
14 other liability.

15 (19)(a) The disclosure of financial records or
16 information related to a private label credit program
17 between a financial institution and a private label party
18 in connection with that private label credit program. Such
19 information is limited to outstanding balance, available
20 credit, payment and performance and account history,
21 product references, purchase information, and information
22 related to the identity of the customer.

23 (b) (1) For purposes of this paragraph (19) of
24 subsection (b) of Section 48.1, a "private label credit
25 program" means a credit program involving a financial
26 institution and a private label party that is used by a

1 customer of the financial institution and the private label
2 party primarily for payment for goods or services sold,
3 manufactured, or distributed by a private label party.

4 (2) For purposes of this paragraph (19) of subsection
5 (b) of Section 48.1, a "private label party" means, with
6 respect to a private label credit program, any of the
7 following: a retailer, a merchant, a manufacturer, a trade
8 group, or any such person's affiliate, subsidiary, member,
9 agent, or service provider.

10 (c) Except as otherwise provided by this Act, a bank may
11 not disclose to any person, except to the customer or his duly
12 authorized agent, any financial records or financial
13 information obtained from financial records relating to that
14 customer of that bank unless:

15 (1) the customer has authorized disclosure to the
16 person;

17 (2) the financial records are disclosed in response to
18 a lawful subpoena, summons, warrant, citation to discover
19 assets, or court order which meets the requirements of
20 subsection (d) of this Section; or

21 (3) the bank is attempting to collect an obligation
22 owed to the bank and the bank complies with the provisions
23 of Section 2I of the Consumer Fraud and Deceptive Business
24 Practices Act.

25 (d) A bank shall disclose financial records under paragraph
26 (2) of subsection (c) of this Section under a lawful subpoena,

1 summons, warrant, citation to discover assets, or court order
2 only after the bank mails a copy of the subpoena, summons,
3 warrant, citation to discover assets, or court order to the
4 person establishing the relationship with the bank, if living,
5 and, otherwise his personal representative, if known, at his
6 last known address by first class mail, postage prepaid, unless
7 the bank is specifically prohibited from notifying the person
8 by order of court or by applicable State or federal law. A bank
9 shall not mail a copy of a subpoena to any person pursuant to
10 this subsection if the subpoena was issued by a grand jury
11 under the Statewide Grand Jury Act.

12 (e) Any officer or employee of a bank who knowingly and
13 willfully furnishes financial records in violation of this
14 Section is guilty of a business offense and, upon conviction,
15 shall be fined not more than \$1,000.

16 (f) Any person who knowingly and willfully induces or
17 attempts to induce any officer or employee of a bank to
18 disclose financial records in violation of this Section is
19 guilty of a business offense and, upon conviction, shall be
20 fined not more than \$1,000.

21 (g) A bank shall be reimbursed for costs that are
22 reasonably necessary and that have been directly incurred in
23 searching for, reproducing, or transporting books, papers,
24 records, or other data of a customer required or requested to
25 be produced pursuant to a lawful subpoena, summons, warrant,
26 citation to discover assets, or court order. The Commissioner

1 shall determine the rates and conditions under which payment
2 may be made.

3 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15;
4 10000SB0009ham003.)

5 (205 ILCS 5/48.3) (from Ch. 17, par. 360.2)

6 Sec. 48.3. Disclosure of reports of examinations and
7 confidential supervisory information; limitations.

8 (a) Any report of examination, visitation, or
9 investigation prepared by the Commissioner under this Act, the
10 Electronic Fund Transfer Act, the Corporate Fiduciary Act, the
11 Illinois Bank Holding Company Act of 1957, and the Foreign
12 Banking Office Act, any report of examination, visitation, or
13 investigation prepared by the state regulatory authority of
14 another state that examines a branch of an Illinois State bank
15 in that state, any document or record prepared or obtained in
16 connection with or relating to any examination, visitation, or
17 investigation, and any record prepared or obtained by the
18 Commissioner to the extent that the record summarizes or
19 contains information derived from any report, document, or
20 record described in this subsection shall be deemed
21 "confidential supervisory information". Confidential
22 supervisory information shall not include any information or
23 record routinely prepared by a bank or other financial
24 institution and maintained in the ordinary course of business
25 or any information or record that is required to be made

1 publicly available pursuant to State or federal law or rule.
2 Confidential supervisory information shall be the property of
3 the Commissioner and shall only be disclosed under the
4 circumstances and for the purposes set forth in this Section.

5 The Commissioner may disclose confidential supervisory
6 information only under the following circumstances:

7 (1) The Commissioner may furnish confidential
8 supervisory information to the Board of Governors of the
9 Federal Reserve System, the federal reserve bank of the
10 federal reserve district in which the State bank is located
11 or in which the parent or other affiliate of the State bank
12 is located, any official or examiner thereof duly
13 accredited for the purpose, or any other state regulator,
14 federal regulator, or in the case of a foreign bank
15 possessing a certificate of authority pursuant to the
16 Foreign Banking Office Act or a license pursuant to the
17 Foreign Bank Representative Office Act, the bank regulator
18 in the country where the foreign bank is chartered, that
19 the Commissioner determines to have an appropriate
20 regulatory interest. Nothing contained in this Act shall be
21 construed to limit the obligation of any member State bank
22 to comply with the requirements relative to examinations
23 and reports of the Federal Reserve Act and of the Board of
24 Governors of the Federal Reserve System or the federal
25 reserve bank of the federal reserve district in which the
26 bank is located, nor to limit in any way the powers of the

1 Commissioner with reference to examinations and reports.

2 (2) The Commissioner may furnish confidential
3 supervisory information to the United States, any agency
4 thereof that has insured a bank's deposits in whole or in
5 part, or any official or examiner thereof duly accredited
6 for the purpose. Nothing contained in this Act shall be
7 construed to limit the obligation relative to examinations
8 and reports of any State bank, deposits in which are to any
9 extent insured by the United States, any agency thereof,
10 nor to limit in any way the powers of the Commissioner with
11 reference to examination and reports of such bank.

12 (3) The Commissioner may furnish confidential
13 supervisory information to the appropriate law enforcement
14 authorities when the Commissioner reasonably believes a
15 bank, which the Commissioner has caused to be examined, has
16 been a victim of a crime.

17 (4) The Commissioner may furnish confidential
18 supervisory information relating to a bank or other
19 financial institution, which the Commissioner has caused
20 to be examined, to be sent to the administrator of the
21 ~~Revised~~ Uniform Disposition of Unclaimed Property Act.

22 (5) The Commissioner may furnish confidential
23 supervisory information relating to a bank or other
24 financial institution, which the Commissioner has caused
25 to be examined, relating to its performance of obligations
26 under the Illinois Income Tax Act and the Illinois Estate

1 and Generation-Skipping Transfer Tax Act to the Illinois
2 Department of Revenue.

3 (6) The Commissioner may furnish confidential
4 supervisory information relating to a bank or other
5 financial institution, which the Commissioner has caused
6 to be examined, under the federal Currency and Foreign
7 Transactions Reporting Act, Title 31, United States Code,
8 Section 1051 et seq.

9 (6.5) The Commissioner may furnish confidential
10 supervisory information to any other agency or entity that
11 the Commissioner determines to have a legitimate
12 regulatory interest.

13 (7) The Commissioner may furnish confidential
14 supervisory information under any other statute that by its
15 terms or by regulations promulgated thereunder requires
16 the disclosure of financial records other than by subpoena,
17 summons, warrant, or court order.

18 (8) At the request of the affected bank or other
19 financial institution, the Commissioner may furnish
20 confidential supervisory information relating to a bank or
21 other financial institution, which the Commissioner has
22 caused to be examined, in connection with the obtaining of
23 insurance coverage or the pursuit of an insurance claim for
24 or on behalf of the bank or other financial institution;
25 provided that, when possible, the Commissioner shall
26 disclose only relevant information while maintaining the

1 confidentiality of financial records not relevant to such
2 insurance coverage or claim and, when appropriate, may
3 delete identifying data relating to any person or
4 individual.

5 (9) The Commissioner may furnish a copy of a report of
6 any examination performed by the Commissioner of the
7 condition and affairs of any electronic data processing
8 entity to the banks serviced by the electronic data
9 processing entity.

10 (10) In addition to the foregoing circumstances, the
11 Commissioner may, but is not required to, furnish
12 confidential supervisory information under the same
13 circumstances authorized for the bank or financial
14 institution pursuant to subsection (b) of this Section,
15 except that the Commissioner shall provide confidential
16 supervisory information under circumstances described in
17 paragraph (3) of subsection (b) of this Section only upon
18 the request of the bank or other financial institution.

19 (b) A bank or other financial institution or its officers,
20 agents, and employees may disclose confidential supervisory
21 information only under the following circumstances:

22 (1) to the board of directors of the bank or other
23 financial institution, as well as the president,
24 vice-president, cashier, and other officers of the bank or
25 other financial institution to whom the board of directors
26 may delegate duties with respect to compliance with

1 recommendations for action, and to the board of directors
2 of a bank holding company that owns at least 80% of the
3 outstanding stock of the bank or other financial
4 institution;

5 (2) to attorneys for the bank or other financial
6 institution and to a certified public accountant engaged by
7 the State bank or financial institution to perform an
8 independent audit provided that the attorney or certified
9 public accountant shall not permit the confidential
10 supervisory information to be further disseminated;

11 (3) to any person who seeks to acquire a controlling
12 interest in, or who seeks to merge with, the bank or
13 financial institution, provided that all attorneys,
14 certified public accountants, officers, agents, or
15 employees of that person shall agree to be bound to respect
16 the confidentiality of the confidential supervisory
17 information and to not further disseminate the information
18 therein contained;

19 (4) (blank); or

20 (5) to the bank's insurance company in relation to an
21 insurance claim or the effort by the bank to procure
22 insurance coverage, provided that, when possible, the bank
23 shall disclose only information that is relevant to the
24 insurance claim or that is necessary to procure the
25 insurance coverage, while maintaining the confidentiality
26 of financial information pertaining to customers. When

1 appropriate, the bank may delete identifying data relating
2 to any person.

3 The disclosure of confidential supervisory information by
4 a bank or other financial institution pursuant to this
5 subsection (b) and the disclosure of information to the
6 Commissioner or other regulatory agency in connection with any
7 examination, visitation, or investigation shall not constitute
8 a waiver of any legal privilege otherwise available to the bank
9 or other financial institution with respect to the information.

10 (c) (1) Notwithstanding any other provision of this Act or
11 any other law, confidential supervisory information shall be
12 the property of the Commissioner and shall be privileged from
13 disclosure to any person except as provided in this Section. No
14 person in possession of confidential supervisory information
15 may disclose that information for any reason or under any
16 circumstances not specified in this Section without the prior
17 authorization of the Commissioner. Any person upon whom a
18 demand for production of confidential supervisory information
19 is made, whether by subpoena, order, or other judicial or
20 administrative process, must withhold production of the
21 confidential supervisory information and must notify the
22 Commissioner of the demand, at which time the Commissioner is
23 authorized to intervene for the purpose of enforcing the
24 limitations of this Section or seeking the withdrawal or
25 termination of the attempt to compel production of the
26 confidential supervisory information.

1 (2) Any request for discovery or disclosure of confidential
2 supervisory information, whether by subpoena, order, or other
3 judicial or administrative process, shall be made to the
4 Commissioner, and the Commissioner shall determine within 15
5 days whether to disclose the information pursuant to procedures
6 and standards that the Commissioner shall establish by rule. If
7 the Commissioner determines that such information will not be
8 disclosed, the Commissioner's decision shall be subject to
9 judicial review under the provisions of the Administrative
10 Review Law, and venue shall be in either Sangamon County or
11 Cook County.

12 (3) Any court order that compels disclosure of confidential
13 supervisory information may be immediately appealed by the
14 Commissioner, and the order shall be automatically stayed
15 pending the outcome of the appeal.

16 (d) If any officer, agent, attorney, or employee of a bank
17 or financial institution knowingly and willfully furnishes
18 confidential supervisory information in violation of this
19 Section, the Commissioner may impose a civil monetary penalty
20 up to \$1,000 for the violation against the officer, agent,
21 attorney, or employee.

22 (Source: P.A. 90-301, eff. 8-1-97; 91-201, eff. 1-1-00;
23 10000SB0009ham003.)

24 (205 ILCS 5/65) (from Ch. 17, par. 377)

25 Sec. 65. Dividends; dissolution. From time to time during a

1 receivership other than a receivership conducted by the Federal
2 Deposit Insurance Corporation, the Commissioner shall make and
3 pay from monies of the bank a ratable dividend on all claims as
4 may be proved to his or her satisfaction or adjudicated by the
5 court. Claims so proven or adjudicated shall bear interest at
6 the rate of 3% per annum from the date of the appointment of
7 the receiver to the date of payment, but all dividends on a
8 claim shall be applied first to principal. In computing the
9 amount of any dividend to be paid, if the Commissioner deems it
10 desirable in the interests of economy of administration and to
11 the interest of the bank and its creditors, he or she may pay
12 up to the amount of \$10 of each claim or unpaid portion thereof
13 in full. As the proceeds of the assets of the bank are
14 collected in the course of liquidation, the Commissioner shall
15 make and pay further dividends on all claims previously proven
16 or adjudicated. After one year from the entry of a judgment of
17 dissolution, all unclaimed dividends shall be remitted to the
18 State Treasurer in accordance with the ~~Revised Uniform~~
19 ~~Unclaimed Property Act~~ "Uniform Disposition of Unclaimed
20 Property Act", as now or hereafter amended, together with a
21 list of all unpaid claimants, their last known addresses and
22 the amounts unpaid.

23 (Source: P.A. 91-16, eff. 7-1-99; 10000SB0009ham003.)

24 Section 17-55. If and only if Senate Bill 9 of the 100th
25 General Assembly becomes law in the form in which it was

1 amended by House Amendment No. 3, then the Savings Bank Act is
2 amended by changing Sections 4013, 9012, and 10090 as follows:

3 (205 ILCS 205/4013) (from Ch. 17, par. 7304-13)

4 Sec. 4013. Access to books and records; communication with
5 members and shareholders.

6 (a) Every member or shareholder shall have the right to
7 inspect books and records of the savings bank that pertain to
8 his accounts. Otherwise, the right of inspection and
9 examination of the books and records shall be limited as
10 provided in this Act, and no other person shall have access to
11 the books and records nor shall be entitled to a list of the
12 members or shareholders.

13 (b) For the purpose of this Section, the term "financial
14 records" means any original, any copy, or any summary of (1) a
15 document granting signature authority over a deposit or
16 account; (2) a statement, ledger card, or other record on any
17 deposit or account that shows each transaction in or with
18 respect to that account; (3) a check, draft, or money order
19 drawn on a savings bank or issued and payable by a savings
20 bank; or (4) any other item containing information pertaining
21 to any relationship established in the ordinary course of a
22 savings bank's business between a savings bank and its
23 customer, including financial statements or other financial
24 information provided by the member or shareholder.

25 (c) This Section does not prohibit:

1 (1) The preparation, examination, handling, or
2 maintenance of any financial records by any officer,
3 employee, or agent of a savings bank having custody of
4 records or examination of records by a certified public
5 accountant engaged by the savings bank to perform an
6 independent audit.

7 (2) The examination of any financial records by, or the
8 furnishing of financial records by a savings bank to, any
9 officer, employee, or agent of the Commissioner of Banks
10 and Real Estate or the federal depository institution
11 regulator for use solely in the exercise of his duties as
12 an officer, employee, or agent.

13 (3) The publication of data furnished from financial
14 records relating to members or holders of capital where the
15 data cannot be identified to any particular member,
16 shareholder, or account.

17 (4) The making of reports or returns required under
18 Chapter 61 of the Internal Revenue Code of 1986.

19 (5) Furnishing information concerning the dishonor of
20 any negotiable instrument permitted to be disclosed under
21 the Uniform Commercial Code.

22 (6) The exchange in the regular course of business of
23 (i) credit information between a savings bank and other
24 savings banks or financial institutions or commercial
25 enterprises, directly or through a consumer reporting
26 agency or (ii) financial records or information derived

1 from financial records between a savings bank and other
2 savings banks or financial institutions or commercial
3 enterprises for the purpose of conducting due diligence
4 pursuant to a purchase or sale involving the savings bank
5 or assets or liabilities of the savings bank.

6 (7) The furnishing of information to the appropriate
7 law enforcement authorities where the savings bank
8 reasonably believes it has been the victim of a crime.

9 (8) The furnishing of information pursuant to the
10 ~~Revised~~ Uniform Disposition of Unclaimed Property Act.

11 (9) The furnishing of information pursuant to the
12 Illinois Income Tax Act and the Illinois Estate and
13 Generation-Skipping Transfer Tax Act.

14 (10) The furnishing of information pursuant to the
15 federal "Currency and Foreign Transactions Reporting Act",
16 (Title 31, United States Code, Section 1051 et seq.).

17 (11) The furnishing of information pursuant to any
18 other statute which by its terms or by regulations
19 promulgated thereunder requires the disclosure of
20 financial records other than by subpoena, summons,
21 warrant, or court order.

22 (12) The furnishing of information in accordance with
23 the federal Personal Responsibility and Work Opportunity
24 Reconciliation Act of 1996. Any savings bank governed by
25 this Act shall enter into an agreement for data exchanges
26 with a State agency provided the State agency pays to the

1 savings bank a reasonable fee not to exceed its actual cost
2 incurred. A savings bank providing information in
3 accordance with this item shall not be liable to any
4 account holder or other person for any disclosure of
5 information to a State agency, for encumbering or
6 surrendering any assets held by the savings bank in
7 response to a lien or order to withhold and deliver issued
8 by a State agency, or for any other action taken pursuant
9 to this item, including individual or mechanical errors,
10 provided the action does not constitute gross negligence or
11 willful misconduct. A savings bank shall have no obligation
12 to hold, encumber, or surrender assets until it has been
13 served with a subpoena, summons, warrant, court or
14 administrative order, lien, or levy.

15 (13) The furnishing of information to law enforcement
16 authorities, the Illinois Department on Aging and its
17 regional administrative and provider agencies, the
18 Department of Human Services Office of Inspector General,
19 or public guardians: (i) upon subpoena by the investigatory
20 entity or the guardian, or (ii) if there is suspicion by
21 the savings bank that a customer who is an elderly person
22 or person with a disability has been or may become the
23 victim of financial exploitation. For the purposes of this
24 item (13), the term: (i) "elderly person" means a person
25 who is 60 or more years of age, (ii) "person with a
26 disability" means a person who has or reasonably appears to

1 the savings bank to have a physical or mental disability
2 that impairs his or her ability to seek or obtain
3 protection from or prevent financial exploitation, and
4 (iii) "financial exploitation" means tortious or illegal
5 use of the assets or resources of an elderly person or
6 person with a disability, and includes, without
7 limitation, misappropriation of the assets or resources of
8 the elderly person or person with a disability by undue
9 influence, breach of fiduciary relationship, intimidation,
10 fraud, deception, extortion, or the use of assets or
11 resources in any manner contrary to law. A savings bank or
12 person furnishing information pursuant to this item (13)
13 shall be entitled to the same rights and protections as a
14 person furnishing information under the Adult Protective
15 Services Act and the Illinois Domestic Violence Act of
16 1986.

17 (14) The disclosure of financial records or
18 information as necessary to effect, administer, or enforce
19 a transaction requested or authorized by the member or
20 holder of capital, or in connection with:

21 (A) servicing or processing a financial product or
22 service requested or authorized by the member or holder
23 of capital;

24 (B) maintaining or servicing an account of a member
25 or holder of capital with the savings bank; or

26 (C) a proposed or actual securitization or

1 secondary market sale (including sales of servicing
2 rights) related to a transaction of a member or holder
3 of capital.

4 Nothing in this item (14), however, authorizes the sale
5 of the financial records or information of a member or
6 holder of capital without the consent of the member or
7 holder of capital.

8 (15) The exchange in the regular course of business of
9 information between a savings bank and any commonly owned
10 affiliate of the savings bank, subject to the provisions of
11 the Financial Institutions Insurance Sales Law.

12 (16) The disclosure of financial records or
13 information as necessary to protect against or prevent
14 actual or potential fraud, unauthorized transactions,
15 claims, or other liability.

16 (17)(a) The disclosure of financial records or
17 information related to a private label credit program
18 between a financial institution and a private label party
19 in connection with that private label credit program. Such
20 information is limited to outstanding balance, available
21 credit, payment and performance and account history,
22 product references, purchase information, and information
23 related to the identity of the customer.

24 (b)(1) For purposes of this paragraph (17) of
25 subsection (c) of Section 4013, a "private label credit
26 program" means a credit program involving a financial

1 institution and a private label party that is used by a
2 customer of the financial institution and the private label
3 party primarily for payment for goods or services sold,
4 manufactured, or distributed by a private label party.

5 (2) For purposes of this paragraph (17) of subsection
6 (c) of Section 4013, a "private label party" means, with
7 respect to a private label credit program, any of the
8 following: a retailer, a merchant, a manufacturer, a trade
9 group, or any such person's affiliate, subsidiary, member,
10 agent, or service provider.

11 (d) A savings bank may not disclose to any person, except
12 to the member or holder of capital or his duly authorized
13 agent, any financial records relating to that member or
14 shareholder of the savings bank unless:

15 (1) the member or shareholder has authorized
16 disclosure to the person; or

17 (2) the financial records are disclosed in response to
18 a lawful subpoena, summons, warrant, citation to discover
19 assets, or court order that meets the requirements of
20 subsection (e) of this Section.

21 (e) A savings bank shall disclose financial records under
22 subsection (d) of this Section pursuant to a lawful subpoena,
23 summons, warrant, citation to discover assets, or court order
24 only after the savings bank mails a copy of the subpoena,
25 summons, warrant, citation to discover assets, or court order
26 to the person establishing the relationship with the savings

1 bank, if living, and otherwise, his personal representative, if
2 known, at his last known address by first class mail, postage
3 prepaid, unless the savings bank is specifically prohibited
4 from notifying the person by order of court.

5 (f) Any officer or employee of a savings bank who knowingly
6 and willfully furnishes financial records in violation of this
7 Section is guilty of a business offense and, upon conviction,
8 shall be fined not more than \$1,000.

9 (g) Any person who knowingly and willfully induces or
10 attempts to induce any officer or employee of a savings bank to
11 disclose financial records in violation of this Section is
12 guilty of a business offense and, upon conviction, shall be
13 fined not more than \$1,000.

14 (h) If any member or shareholder desires to communicate
15 with the other members or shareholders of the savings bank with
16 reference to any question pending or to be presented at an
17 annual or special meeting, the savings bank shall give that
18 person, upon request, a statement of the approximate number of
19 members or shareholders entitled to vote at the meeting and an
20 estimate of the cost of preparing and mailing the
21 communication. The requesting member shall submit the
22 communication to the Commissioner who, upon finding it to be
23 appropriate and truthful, shall direct that it be prepared and
24 mailed to the members upon the requesting member's or
25 shareholder's payment or adequate provision for payment of the
26 expenses of preparation and mailing.

1 (i) A savings bank shall be reimbursed for costs that are
2 necessary and that have been directly incurred in searching
3 for, reproducing, or transporting books, papers, records, or
4 other data of a customer required to be reproduced pursuant to
5 a lawful subpoena, warrant, citation to discover assets, or
6 court order.

7 (j) Notwithstanding the provisions of this Section, a
8 savings bank may sell or otherwise make use of lists of
9 customers' names and addresses. All other information
10 regarding a customer's account ~~is~~ are subject to the disclosure
11 provisions of this Section. At the request of any customer,
12 that customer's name and address shall be deleted from any list
13 that is to be sold or used in any other manner beyond
14 identification of the customer's accounts.

15 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15; revised
16 9-14-16; 10000SB0009ham003.)

17 (205 ILCS 205/9012) (from Ch. 17, par. 7309-12)

18 Sec. 9012. Disclosure of reports of examinations and
19 confidential supervisory information; limitations.

20 (a) Any report of examination, visitation, or
21 investigation prepared by the Commissioner under this Act, any
22 report of examination, visitation, or investigation prepared
23 by the state regulatory authority of another state that
24 examines a branch of an Illinois State savings bank in that
25 state, any document or record prepared or obtained in

1 connection with or relating to any examination, visitation, or
2 investigation, and any record prepared or obtained by the
3 Commissioner to the extent that the record summarizes or
4 contains information derived from any report, document, or
5 record described in this subsection shall be deemed
6 confidential supervisory information. "Confidential
7 supervisory information" shall not include any information or
8 record routinely prepared by a savings bank and maintained in
9 the ordinary course of business or any information or record
10 that is required to be made publicly available pursuant to
11 State or federal law or rule. Confidential supervisory
12 information shall be the property of the Commissioner and shall
13 only be disclosed under the circumstances and for the purposes
14 set forth in this Section.

15 The Commissioner may disclose confidential supervisory
16 information only under the following circumstances:

17 (1) The Commissioner may furnish confidential
18 supervisory information to federal and state depository
19 institution regulators, or any official or examiner
20 thereof duly accredited for the purpose. Nothing contained
21 in this Act shall be construed to limit the obligation of
22 any savings bank to comply with the requirements relative
23 to examinations and reports nor to limit in any way the
24 powers of the Commissioner relative to examinations and
25 reports.

26 (2) The Commissioner may furnish confidential

1 supervisory information to the United States or any agency
2 thereof that to any extent has insured a savings bank's
3 deposits, or any official or examiner thereof duly
4 accredited for the purpose. Nothing contained in this Act
5 shall be construed to limit the obligation relative to
6 examinations and reports of any savings bank in which
7 deposits are to any extent insured by the United States or
8 any agency thereof nor to limit in any way the powers of
9 the Commissioner with reference to examination and reports
10 of the savings bank.

11 (3) The Commissioner may furnish confidential
12 supervisory information to the appropriate law enforcement
13 authorities when the Commissioner reasonably believes a
14 savings bank, which the Commissioner has caused to be
15 examined, has been a victim of a crime.

16 (4) The Commissioner may furnish confidential
17 supervisory information related to a savings bank, which
18 the Commissioner has caused to be examined, to the
19 administrator of the ~~Revised~~ Uniform Disposition of
20 Unclaimed Property Act.

21 (5) The Commissioner may furnish confidential
22 supervisory information relating to a savings bank, which
23 the Commissioner has caused to be examined, relating to its
24 performance of obligations under the Illinois Income Tax
25 Act and the Illinois Estate and Generation-Skipping
26 Transfer Tax Act to the Illinois Department of Revenue.

1 (6) The Commissioner may furnish confidential
2 supervisory information relating to a savings bank, which
3 the Commissioner has caused to be examined, under the
4 federal Currency and Foreign Transactions Reporting Act,
5 31 United States Code, Section 1051 et seq.

6 (7) The Commissioner may furnish confidential
7 supervisory information to any other agency or entity that
8 the Commissioner determines to have a legitimate
9 regulatory interest.

10 (8) The Commissioner may furnish confidential
11 supervisory information as otherwise permitted or required
12 by this Act and may furnish confidential supervisory
13 information under any other statute that by its terms or by
14 regulations promulgated thereunder requires the disclosure
15 of financial records other than by subpoena, summons,
16 warrant, or court order.

17 (9) At the request of the affected savings bank, the
18 Commissioner may furnish confidential supervisory
19 information relating to the savings bank, which the
20 Commissioner has caused to be examined, in connection with
21 the obtaining of insurance coverage or the pursuit of an
22 insurance claim for or on behalf of the savings bank;
23 provided that, when possible, the Commissioner shall
24 disclose only relevant information while maintaining the
25 confidentiality of financial records not relevant to such
26 insurance coverage or claim and, when appropriate, may

1 delete identifying data relating to any person.

2 (10) The Commissioner may furnish a copy of a report of
3 any examination performed by the Commissioner of the
4 condition and affairs of any electronic data processing
5 entity to the savings banks serviced by the electronic data
6 processing entity.

7 (11) In addition to the foregoing circumstances, the
8 Commissioner may, but is not required to, furnish
9 confidential supervisory information under the same
10 circumstances authorized for the savings bank pursuant to
11 subsection (b) of this Section, except that the
12 Commissioner shall provide confidential supervisory
13 information under circumstances described in paragraph (3)
14 of subsection (b) of this Section only upon the request of
15 the savings bank.

16 (b) A savings bank or its officers, agents, and employees
17 may disclose confidential supervisory information only under
18 the following circumstances:

19 (1) to the board of directors of the savings bank, as
20 well as the president, vice-president, cashier, and other
21 officers of the savings bank to whom the board of directors
22 may delegate duties with respect to compliance with
23 recommendations for action, and to the board of directors
24 of a savings bank holding company that owns at least 80% of
25 the outstanding stock of the savings bank or other
26 financial institution.

1 (2) to attorneys for the savings bank and to a
2 certified public accountant engaged by the savings bank to
3 perform an independent audit; provided that the attorney or
4 certified public accountant shall not permit the
5 confidential supervisory information to be further
6 disseminated.

7 (3) to any person who seeks to acquire a controlling
8 interest in, or who seeks to merge with, the savings bank;
9 provided that the person shall agree to be bound to respect
10 the confidentiality of the confidential supervisory
11 information and to not further disseminate the information
12 other than to attorneys, certified public accountants,
13 officers, agents, or employees of that person who likewise
14 shall agree to be bound to respect the confidentiality of
15 the confidential supervisory information and to not
16 further disseminate the information.

17 (4) to the savings bank's insurance company, if the
18 supervisory information contains information that is
19 otherwise unavailable and is strictly necessary to
20 obtaining insurance coverage or pursuing an insurance
21 claim for or on behalf of the savings bank; provided that,
22 when possible, the savings bank shall disclose only
23 information that is relevant to obtaining insurance
24 coverage or pursuing an insurance claim, while maintaining
25 the confidentiality of financial information pertaining to
26 customers; and provided further that, when appropriate,

1 the savings bank may delete identifying data relating to
2 any person.

3 The disclosure of confidential supervisory information by
4 a savings bank pursuant to this subsection (b) and the
5 disclosure of information to the Commissioner or other
6 regulatory agency in connection with any examination,
7 visitation, or investigation shall not constitute a waiver of
8 any legal privilege otherwise available to the savings bank
9 with respect to the information.

10 (c) (1) Notwithstanding any other provision of this Act or
11 any other law, confidential supervisory information shall be
12 the property of the Commissioner and shall be privileged from
13 disclosure to any person except as provided in this Section. No
14 person in possession of confidential supervisory information
15 may disclose that information for any reason or under any
16 circumstances not specified in this Section without the prior
17 authorization of the Commissioner. Any person upon whom a
18 demand for production of confidential supervisory information
19 is made, whether by subpoena, order, or other judicial or
20 administrative process, must withhold production of the
21 confidential supervisory information and must notify the
22 Commissioner of the demand, at which time the Commissioner is
23 authorized to intervene for the purpose of enforcing the
24 limitations of this Section or seeking the withdrawal or
25 termination of the attempt to compel production of the
26 confidential supervisory information.

1 (2) Any request for discovery or disclosure of confidential
2 supervisory information, whether by subpoena, order, or other
3 judicial or administrative process, shall be made to the
4 Commissioner, and the Commissioner shall determine within 15
5 days whether to disclose the information pursuant to procedures
6 and standards that the Commissioner shall establish by rule. If
7 the Commissioner determines that such information will not be
8 disclosed, the Commissioner's decision shall be subject to
9 judicial review under the provisions of the Administrative
10 Review Law, and venue shall be in either Sangamon County or
11 Cook County.

12 (3) Any court order that compels disclosure of confidential
13 supervisory information may be immediately appealed by the
14 Commissioner, and the order shall be automatically stayed
15 pending the outcome of the appeal.

16 (d) If any officer, agent, attorney, or employee of a
17 savings bank knowingly and willfully furnishes confidential
18 supervisory information in violation of this Section, the
19 Commissioner may impose a civil monetary penalty up to \$1,000
20 for the violation against the officer, agent, attorney, or
21 employee.

22 (e) Subject to the limits of this Section, the
23 Commissioner also may promulgate regulations to set procedures
24 and standards for disclosure of the following items:

25 (1) All fixed orders and opinions made in cases of
26 appeals of the Commissioner's actions.

1 (2) Statements of policy and interpretations adopted
2 by the Commissioner's office, but not otherwise made
3 public.

4 (3) Nonconfidential portions of application files,
5 including applications for new charters. The Commissioner
6 shall specify by rule as to what part of the files are
7 confidential.

8 (4) Quarterly reports of income, deposits, and
9 financial condition.

10 (Source: P.A. 93-271, eff. 7-22-03; 10000SB0009ham003.)

11 (205 ILCS 205/10090)

12 Sec. 10090. Dividends; dissolution. From time to time
13 during a receivership other than a receivership conducted by
14 the Federal Deposit Insurance Corporation, the Secretary shall
15 make and pay from moneys of the savings bank a ratable dividend
16 on all claims as may be proved to his or her satisfaction or
17 adjudicated by the court. Claims so proven or adjudicated shall
18 bear interest at the rate of 3% per annum from the date of the
19 appointment of the receiver to the date of payment, but all
20 dividends on a claim shall be applied first to principal. In
21 computing the amount of any dividend to be paid, if the
22 Secretary deems it desirable in the interests of economy of
23 administration and to the interest of the savings bank and its
24 creditors, he or she may pay up to the amount of \$10 of each
25 claim or unpaid portion thereof in full. As the proceeds of the

1 assets of the savings bank are collected in the course of
2 liquidation, the Secretary shall make and pay further dividends
3 on all claims previously proven or adjudicated. After one year
4 from the entry of a judgment of dissolution, all unclaimed
5 dividends shall be remitted to the State Treasurer in
6 accordance with the ~~Revised~~ Uniform Disposition of Unclaimed
7 Property Act, as now or hereafter amended, together with a list
8 of all unpaid claimants, their last known addresses and the
9 amounts unpaid.

10 (Source: P.A. 96-1365, eff. 7-28-10; 10000SB0009ham003.)

11 Section 17-60. If and only if Senate Bill 9 of the 100th
12 General Assembly becomes law in the form in which it was
13 amended by House Amendment No. 3, then the Illinois Credit
14 Union Act is amended by changing Sections 10 and 62 as follows:

15 (205 ILCS 305/10) (from Ch. 17, par. 4411)

16 Sec. 10. Credit union records; member financial records.

17 (1) A credit union shall establish and maintain books,
18 records, accounting systems and procedures which accurately
19 reflect its operations and which enable the Department to
20 readily ascertain the true financial condition of the credit
21 union and whether it is complying with this Act.

22 (2) A photostatic or photographic reproduction of any
23 credit union records shall be admissible as evidence of
24 transactions with the credit union.

1 (3) (a) For the purpose of this Section, the term "financial
2 records" means any original, any copy, or any summary of (1) a
3 document granting signature authority over an account, (2) a
4 statement, ledger card or other record on any account which
5 shows each transaction in or with respect to that account, (3)
6 a check, draft or money order drawn on a financial institution
7 or other entity or issued and payable by or through a financial
8 institution or other entity, or (4) any other item containing
9 information pertaining to any relationship established in the
10 ordinary course of business between a credit union and its
11 member, including financial statements or other financial
12 information provided by the member.

13 (b) This Section does not prohibit:

14 (1) The preparation, examination, handling or
15 maintenance of any financial records by any officer,
16 employee or agent of a credit union having custody of such
17 records, or the examination of such records by a certified
18 public accountant engaged by the credit union to perform an
19 independent audit.

20 (2) The examination of any financial records by or the
21 furnishing of financial records by a credit union to any
22 officer, employee or agent of the Department, the National
23 Credit Union Administration, Federal Reserve board or any
24 insurer of share accounts for use solely in the exercise of
25 his duties as an officer, employee or agent.

26 (3) The publication of data furnished from financial

1 records relating to members where the data cannot be
2 identified to any particular customer of account.

3 (4) The making of reports or returns required under
4 Chapter 61 of the Internal Revenue Code of 1954.

5 (5) Furnishing information concerning the dishonor of
6 any negotiable instrument permitted to be disclosed under
7 the Uniform Commercial Code.

8 (6) The exchange in the regular course of business of
9 (i) credit information between a credit union and other
10 credit unions or financial institutions or commercial
11 enterprises, directly or through a consumer reporting
12 agency or (ii) financial records or information derived
13 from financial records between a credit union and other
14 credit unions or financial institutions or commercial
15 enterprises for the purpose of conducting due diligence
16 pursuant to a merger or a purchase or sale of assets or
17 liabilities of the credit union.

18 (7) The furnishing of information to the appropriate
19 law enforcement authorities where the credit union
20 reasonably believes it has been the victim of a crime.

21 (8) The furnishing of information pursuant to the
22 ~~Revised~~ Uniform Disposition of Unclaimed Property Act.

23 (9) The furnishing of information pursuant to the
24 Illinois Income Tax Act and the Illinois Estate and
25 Generation-Skipping Transfer Tax Act.

26 (10) The furnishing of information pursuant to the

1 federal "Currency and Foreign Transactions Reporting Act",
2 Title 31, United States Code, Section 1051 et sequentia.

3 (11) The furnishing of information pursuant to any
4 other statute which by its terms or by regulations
5 promulgated thereunder requires the disclosure of
6 financial records other than by subpoena, summons, warrant
7 or court order.

8 (12) The furnishing of information in accordance with
9 the federal Personal Responsibility and Work Opportunity
10 Reconciliation Act of 1996. Any credit union governed by
11 this Act shall enter into an agreement for data exchanges
12 with a State agency provided the State agency pays to the
13 credit union a reasonable fee not to exceed its actual cost
14 incurred. A credit union providing information in
15 accordance with this item shall not be liable to any
16 account holder or other person for any disclosure of
17 information to a State agency, for encumbering or
18 surrendering any assets held by the credit union in
19 response to a lien or order to withhold and deliver issued
20 by a State agency, or for any other action taken pursuant
21 to this item, including individual or mechanical errors,
22 provided the action does not constitute gross negligence or
23 willful misconduct. A credit union shall have no obligation
24 to hold, encumber, or surrender assets until it has been
25 served with a subpoena, summons, warrant, court or
26 administrative order, lien, or levy.

1 (13) The furnishing of information to law enforcement
2 authorities, the Illinois Department on Aging and its
3 regional administrative and provider agencies, the
4 Department of Human Services Office of Inspector General,
5 or public guardians: (i) upon subpoena by the investigatory
6 entity or the guardian, or (ii) if there is suspicion by
7 the credit union that a member who is an elderly person or
8 person with a disability has been or may become the victim
9 of financial exploitation. For the purposes of this item
10 (13), the term: (i) "elderly person" means a person who is
11 60 or more years of age, (ii) "person with a disability"
12 means a person who has or reasonably appears to the credit
13 union to have a physical or mental disability that impairs
14 his or her ability to seek or obtain protection from or
15 prevent financial exploitation, and (iii) "financial
16 exploitation" means tortious or illegal use of the assets
17 or resources of an elderly person or person with a
18 disability, and includes, without limitation,
19 misappropriation of the elderly or disabled person's
20 assets or resources by undue influence, breach of fiduciary
21 relationship, intimidation, fraud, deception, extortion,
22 or the use of assets or resources in any manner contrary to
23 law. A credit union or person furnishing information
24 pursuant to this item (13) shall be entitled to the same
25 rights and protections as a person furnishing information
26 under the Adult Protective Services Act and the Illinois

1 Domestic Violence Act of 1986.

2 (14) The disclosure of financial records or
3 information as necessary to effect, administer, or enforce
4 a transaction requested or authorized by the member, or in
5 connection with:

6 (A) servicing or processing a financial product or
7 service requested or authorized by the member;

8 (B) maintaining or servicing a member's account
9 with the credit union; or

10 (C) a proposed or actual securitization or
11 secondary market sale (including sales of servicing
12 rights) related to a transaction of a member.

13 Nothing in this item (14), however, authorizes the sale
14 of the financial records or information of a member without
15 the consent of the member.

16 (15) The disclosure of financial records or
17 information as necessary to protect against or prevent
18 actual or potential fraud, unauthorized transactions,
19 claims, or other liability.

20 (16)(a) The disclosure of financial records or
21 information related to a private label credit program
22 between a financial institution and a private label party
23 in connection with that private label credit program. Such
24 information is limited to outstanding balance, available
25 credit, payment and performance and account history,
26 product references, purchase information, and information

1 related to the identity of the customer.

2 (b) (1) For purposes of this paragraph (16) of
3 subsection (b) of Section 10, a "private label credit
4 program" means a credit program involving a financial
5 institution and a private label party that is used by a
6 customer of the financial institution and the private label
7 party primarily for payment for goods or services sold,
8 manufactured, or distributed by a private label party.

9 (2) For purposes of this paragraph (16) of subsection
10 (b) of Section 10, a "private label party" means, with
11 respect to a private label credit program, any of the
12 following: a retailer, a merchant, a manufacturer, a trade
13 group, or any such person's affiliate, subsidiary, member,
14 agent, or service provider.

15 (c) Except as otherwise provided by this Act, a credit
16 union may not disclose to any person, except to the member or
17 his duly authorized agent, any financial records relating to
18 that member of the credit union unless:

19 (1) the member has authorized disclosure to the person;

20 (2) the financial records are disclosed in response to
21 a lawful subpoena, summons, warrant, citation to discover
22 assets, or court order that meets the requirements of
23 subparagraph (d) of this Section; or

24 (3) the credit union is attempting to collect an
25 obligation owed to the credit union and the credit union
26 complies with the provisions of Section 2I of the Consumer

1 Fraud and Deceptive Business Practices Act.

2 (d) A credit union shall disclose financial records under
3 subparagraph (c)(2) of this Section pursuant to a lawful
4 subpoena, summons, warrant, citation to discover assets, or
5 court order only after the credit union mails a copy of the
6 subpoena, summons, warrant, citation to discover assets, or
7 court order to the person establishing the relationship with
8 the credit union, if living, and otherwise his personal
9 representative, if known, at his last known address by first
10 class mail, postage prepaid unless the credit union is
11 specifically prohibited from notifying the person by order of
12 court or by applicable State or federal law. In the case of a
13 grand jury subpoena, a credit union shall not mail a copy of a
14 subpoena to any person pursuant to this subsection if the
15 subpoena was issued by a grand jury under the Statewide Grand
16 Jury Act or notifying the person would constitute a violation
17 of the federal Right to Financial Privacy Act of 1978.

18 (e)(1) Any officer or employee of a credit union who
19 knowingly and wilfully furnishes financial records in
20 violation of this Section is guilty of a business offense and
21 upon conviction thereof shall be fined not more than \$1,000.

22 (2) Any person who knowingly and wilfully induces or
23 attempts to induce any officer or employee of a credit union to
24 disclose financial records in violation of this Section is
25 guilty of a business offense and upon conviction thereof shall
26 be fined not more than \$1,000.

1 (f) A credit union shall be reimbursed for costs which are
2 reasonably necessary and which have been directly incurred in
3 searching for, reproducing or transporting books, papers,
4 records or other data of a member required or requested to be
5 produced pursuant to a lawful subpoena, summons, warrant,
6 citation to discover assets, or court order. The Secretary and
7 the Director may determine, by rule, the rates and conditions
8 under which payment shall be made. Delivery of requested
9 documents may be delayed until final reimbursement of all costs
10 is received.

11 (Source: P.A. 98-49, eff. 7-1-13; 99-143, eff. 7-27-15;
12 10000SB0009ham003.)

13 (205 ILCS 305/62) (from Ch. 17, par. 4463)

14 Sec. 62. Liquidation.

15 (1) A credit union may elect to dissolve voluntarily and
16 liquidate its affairs in the manner prescribed in this Section.

17 (2) The board of directors shall adopt a resolution
18 recommending the credit union be dissolved voluntarily, and
19 directing that the question of liquidating be submitted to the
20 members.

21 (3) Within 10 days after the board of directors decides to
22 submit the question of liquidation to the members, the chairman
23 or president shall notify the Secretary thereof, in writing,
24 setting forth the reasons for the proposed action. Within 10
25 days after the members act on the question of liquidation, the

1 chairman or president shall notify the Secretary, in writing,
2 as to whether or not the members approved the proposed
3 liquidation. The Secretary then must determine whether this
4 Section has been complied with and if his decision is
5 favorable, he shall prepare a certificate to the effect that
6 this Section has been complied with, a copy of which will be
7 retained by the Department and the other copy forwarded to the
8 credit union. The certificate must be filed with the recorder
9 or if there is no recorder, in the office of the county clerk
10 of the county or counties in which the credit union is
11 operating, whereupon the credit union must cease operations
12 except for the purpose of its liquidation.

13 (4) As soon as the board of directors passes a resolution
14 to submit the question of liquidation to the members, payment
15 on shares, withdrawal of shares, making any transfer of shares
16 to loans and interest, making investments of any kind and
17 granting loans shall be suspended pending action by members. On
18 approval by the members of such proposal, all such operations
19 shall be permanently discontinued. The necessary expenses of
20 operating shall, however, continue to be paid on authorization
21 of the board of directors or the liquidating agent during the
22 period of liquidation.

23 (5) For a credit union to enter voluntary liquidation, it
24 must be approved by affirmative vote of the members owning a
25 majority of the shares entitled to vote, in person or by proxy,
26 at a regular or special meeting of the members. Notice, in

1 writing, shall be given to each member, by first class mail, at
2 least 10 days prior to such meeting. If liquidation is
3 approved, the board of directors shall appoint a liquidating
4 agent for the purpose of conserving and collecting the assets,
5 closing the affairs of the credit union and distributing the
6 assets as required by this Act.

7 (6) A liquidating credit union shall continue in existence
8 for the purpose of discharging its debts, collecting and
9 distributing its assets, and doing all acts required in order
10 to terminate its operations and may sue and be sued for the
11 purpose of enforcing such debts and obligations until its
12 affairs are fully adjusted.

13 (7) Subject to such rules and regulations as the Secretary
14 may promulgate, the liquidating agent shall use the assets of
15 the credit union to pay; first, expenses incidental to
16 liquidating including any surety bond that may be required;
17 then, liabilities of the credit union; then special classes of
18 shares. The remaining assets shall then be distributed to the
19 members proportionately to the dollar value of the shares held
20 by each member in relation to the total dollar value of all
21 shares outstanding as of the date the dissolution was voted.

22 (8) As soon as the liquidating agent determines that all
23 assets as to which there is a reasonable expectancy of sale or
24 transfer have been liquidated and distributed as set forth in
25 this Section, he shall execute a certificate of dissolution on
26 a form prescribed by the Department and file the same, together

1 with all pertinent books and records of the liquidating credit
2 union with the Department, whereupon such credit union shall be
3 dissolved. The liquidating agent must, within 3 years after
4 issuance of a certificate by the Secretary referred to in
5 Subsection (3) of this Section, discharge the debts of the
6 credit union, collect and distribute its assets and do all
7 other acts required to wind up its business.

8 (9) If the Secretary determines that the liquidating agent
9 has failed to make reasonable progress in the liquidating of
10 the credit union's affairs and distribution of its assets or
11 has violated this Act, the Secretary may take possession and
12 control of the credit union and remove the liquidating agent
13 and appoint a liquidating agent to complete the liquidation
14 under his direction and control. The Secretary shall fill any
15 vacancy caused by the resignation, death, illness, removal,
16 desertion or incapacity to function of the liquidating agent.

17 (10) Any funds representing unclaimed dividends and shares
18 in liquidation and remaining in the hands of the board of
19 directors or the liquidating agent at the end of the
20 liquidation must be deposited by them, together with all books
21 and papers of the credit union, with the State Treasurer in
22 compliance with the ~~Revised~~ Uniform Disposition of Unclaimed
23 Property Act, approved August 17, 1961, as amended.

24 (Source: P.A. 97-133, eff. 1-1-12; 10000SB0009ham003.)

25 Section 17-65. If and only if Senate Bill 9 of the 100th

1 General Assembly becomes law in the form in which it was
2 amended by House Amendment No. 3, then the Currency Exchange
3 Act is amended by changing Sections 15.1b and 19.3 as follows:

4 (205 ILCS 405/15.1b) (from Ch. 17, par. 4827)

5 Sec. 15.1b. Liquidation; distribution; priority. The
6 General Assembly finds and declares that community currency
7 exchanges provide important and vital services to Illinois
8 citizens. The General Assembly also finds that in providing
9 such services, community currency exchanges transact extensive
10 business involving check cashing and the writing of money
11 orders in communities in which banking services are generally
12 unavailable. It is therefore declared to be the policy of this
13 State that customers who receive these services must be
14 protected from insolvencies of currency exchanges and
15 interruptions of services. To carry out this policy and to
16 insure that customers of community currency exchanges are
17 protected in the event it is determined that a community
18 currency exchange in receivership should be liquidated in
19 accordance with Section 15.1a of this Act, the Secretary shall
20 make a distribution of moneys collected by the receiver in the
21 following order of priority: First, allowed claims for the
22 actual necessary expenses of the receivership of the community
23 currency exchange being liquidated, including (a) reasonable
24 receiver fees and receiver's attorney's fees approved by the
25 Secretary, (b) all expenses of any preliminary or other

1 examinations into the condition of the community currency
2 exchange or receivership, (c) all expenses incurred by the
3 Secretary which are incident to possession and control of any
4 property or records of the community currency exchange, and (d)
5 reasonable expenses incurred by the Secretary as the result of
6 business agreements or contractual arrangements necessary to
7 insure that the services of the community currency exchanges
8 are delivered to the community without interruption. Said
9 business agreements or contractual arrangements may include,
10 but are not limited to, agreements made by the Secretary, or by
11 the Receiver with the approval of the Secretary, with banks,
12 money order companies, bonding companies and other types of
13 financial institutions; Second, allowed claims by a purchaser
14 of money orders issued on demand of the community currency
15 exchange being liquidated; Third, allowed claims arising by
16 virtue of and to the extent of the amount a utility customer
17 deposits with the community currency exchange being liquidated
18 which are not remitted to the utility company; Fourth, allowed
19 claims arising by virtue of and to the extent of the amount
20 paid by a purchaser of Illinois license plates, vehicle
21 stickers sold for State and municipal governments in Illinois,
22 and temporary Illinois registration permits purchased at the
23 currency exchange being liquidated; Fifth, allowed unsecured
24 claims for wages or salaries, excluding vacation, severance and
25 sick leave pay earned by employee earned within 90 days prior
26 to the appointment of a Receiver; Sixth, secured claims;

1 Seventh, allowed unsecured claims of any tax, and interest and
2 penalty on the tax; Eighth, allowed unsecured claims other than
3 a kind specified in paragraph one, two and three of this
4 Section, filed with the Secretary within the time the Secretary
5 fixes for filing claims; Ninth, allowed unsecured claims, other
6 than a kind specified in paragraphs one, two and three of this
7 Section filed with the Secretary after the time fixed for
8 filing claims by the Secretary; Tenth, allowed creditor claims
9 asserted by an owner, member, or stockholder of the community
10 currency exchange in liquidation; Eleventh, after one year from
11 the final dissolution of the currency exchange, all assets not
12 used to satisfy allowed claims shall be distributed pro rata to
13 the owner, owners, members, or stockholders of the currency
14 exchange.

15 The Secretary shall pay all claims of equal priority
16 according to the schedule set out above, and shall not pay
17 claims of lower priority until all higher priority claims are
18 satisfied. If insufficient assets are available to meet all
19 claims of equal priority, those assets shall be distributed pro
20 rata among those claims. All unclaimed assets of a currency
21 exchange shall be deposited with the Secretary to be paid out
22 by him when proper claims therefor are presented to the
23 Secretary. If there are funds remaining after the conclusion of
24 a receivership of an abandoned currency exchange, the remaining
25 funds shall be considered unclaimed property and remitted to
26 the State Treasurer under the ~~Revised~~ Uniform Disposition of

1 Unclaimed Property Act.

2 (Source: P.A. 97-315, eff. 1-1-12; 10000SB0009ham003.)

3 (205 ILCS 405/19.3) (from Ch. 17, par. 4838)

4 Sec. 19.3. (A) The General Assembly hereby finds and
5 declares: community currency exchanges and ambulatory currency
6 exchanges provide important and vital services to Illinois
7 citizens. In so doing, they transact extensive business
8 involving check cashing and the writing of money orders in
9 communities in which banking services are generally
10 unavailable. Customers of currency exchanges who receive these
11 services must be protected from being charged unreasonable and
12 unconscionable rates for cashing checks and purchasing money
13 orders. The Illinois Department of Financial and Professional
14 Regulation has the responsibility for regulating the
15 operations of currency exchanges and has the expertise to
16 determine reasonable maximum rates to be charged for check
17 cashing and money order purchases. Therefore, it is in the
18 public interest, convenience, welfare and good to have the
19 Department establish reasonable maximum rate schedules for
20 check cashing and the issuance of money orders and to require
21 community and ambulatory currency exchanges to prominently
22 display to the public the fees charged for all services. The
23 Secretary shall review, each year, the cost of operation of the
24 Currency Exchange Section and the revenue generated from
25 currency exchange examinations and report to the General

1 Assembly if the need exists for an increase in the fees
2 mandated by this Act to maintain the Currency Exchange Section
3 at a fiscally self-sufficient level. The Secretary shall
4 include in such report the total amount of funds remitted to
5 the State and delivered to the State Treasurer by currency
6 exchanges pursuant to the ~~Revised~~ Uniform Disposition of
7 Unclaimed Property Act.

8 (B) The Secretary shall, by rules adopted in accordance
9 with the Illinois Administrative Procedure Act, expeditiously
10 formulate and issue schedules of reasonable maximum rates which
11 can be charged for check cashing and writing of money orders by
12 community currency exchanges and ambulatory currency
13 exchanges.

14 (1) In determining the maximum rate schedules for the
15 purposes of this Section the Secretary shall take into
16 account:

17 (a) Rates charged in the past for the cashing of
18 checks and the issuance of money orders by community
19 and ambulatory currency exchanges.

20 (b) Rates charged by banks or other business
21 entities for rendering the same or similar services and
22 the factors upon which those rates are based.

23 (c) The income, cost and expense of the operation
24 of currency exchanges.

25 (d) Rates charged by currency exchanges or other
26 similar entities located in other states for the same

1 or similar services and the factors upon which those
2 rates are based.

3 (e) Rates charged by the United States Postal
4 Service for the issuing of money orders and the factors
5 upon which those rates are based.

6 (f) A reasonable profit for a currency exchange
7 operation.

8 (2) (a) The schedule of reasonable maximum rates
9 established pursuant to this Section may be modified by the
10 Secretary from time to time pursuant to rules adopted in
11 accordance with the Illinois Administrative Procedure Act.

12 (b) Upon the filing of a verified petition setting
13 forth allegations demonstrating reasonable cause to
14 believe that the schedule of maximum rates previously
15 issued and promulgated should be adjusted, the Secretary
16 shall expeditiously:

17 (i) reject the petition if it fails to demonstrate
18 reasonable cause to believe that an adjustment is
19 necessary; or

20 (ii) conduct such hearings, in accordance with
21 this Section, as may be necessary to determine whether
22 the petition should be granted in whole or in part.

23 (c) No petition may be filed pursuant to subparagraph
24 (a) of paragraph (2) of subsection (B) unless:

25 (i) at least nine months have expired since the
26 last promulgation of schedules of maximum rates; and

1 (ii) at least one-fourth of all community currency
2 exchange licensees join in a petition or, in the case
3 of ambulatory currency exchanges, a licensee or
4 licensees authorized to serve at least 100 locations
5 join in a petition.

6 (3) Any currency exchange may charge lower fees than
7 those of the applicable maximum fee schedule after filing
8 with the Secretary a schedule of fees it proposes to use.

9 (Source: P.A. 97-315, eff. 1-1-12; 10000SB0009ham003.)

10 Section 17-70. If and only if Senate Bill 9 of the 100th
11 General Assembly becomes law in the form in which it was
12 amended by House Amendment No. 3, then the Corporate Fiduciary
13 Act is amended by changing Section 6-14 as follows:

14 (205 ILCS 620/6-14) (from Ch. 17, par. 1556-14)

15 Sec. 6-14. From time to time during receivership the
16 Commissioner shall make and pay from monies of the corporate
17 fiduciary a ratable dividend on all claims as may be proved to
18 his or her satisfaction or adjudicated by the court. After one
19 year from the entry of a judgment of dissolution, all unclaimed
20 dividends shall be remitted to the State Treasurer in
21 accordance with the ~~Revised~~ Uniform Disposition of Unclaimed
22 Property Act, as now or hereafter amended, together with a list
23 of all unpaid claimants, their last known addresses and the
24 amounts unpaid.

1 (Source: P.A. 91-16, eff. 7-1-99; 10000SB0009ham003.)

2 Section 17-75. If and only if Senate Bill 9 of the 100th
3 General Assembly becomes law in the form in which it was
4 amended by House Amendment No. 3, then the Transmitters of
5 Money Act is amended by changing Section 30 as follows:

6 (205 ILCS 657/30)

7 Sec. 30. Surety bond.

8 (a) An applicant for a license shall post and a licensee
9 must maintain with the Director a bond or bonds issued by
10 corporations qualified to do business as surety companies in
11 this State.

12 (b) The applicant or licensee shall post a bond in the
13 amount of the greater of \$100,000 or an amount equal to the
14 daily average of outstanding payment instruments for the
15 preceding 12 months or operational history, whichever is
16 shorter, up to a maximum amount of \$2,000,000. When the amount
17 of the required bond exceeds \$1,000,000, the applicant or
18 licensee may, in the alternative, post a bond in the amount of
19 \$1,000,000 plus a dollar for dollar increase in the net worth
20 of the applicant or licensee over and above the amount required
21 in Section 20, up to a total amount of \$2,000,000.

22 (c) The bond must be in a form satisfactory to the Director
23 and shall run to the State of Illinois for the benefit of any
24 claimant against the applicant or licensee with respect to the

1 receipt, handling, transmission, and payment of money by the
2 licensee or authorized seller in connection with the licensed
3 operations. A claimant damaged by a breach of the conditions of
4 a bond shall have a right to action upon the bond for damages
5 suffered thereby and may bring suit directly on the bond, or
6 the Director may bring suit on behalf of the claimant.

7 (d) (Blank).

8 (e) (Blank).

9 (f) After receiving a license, the licensee must maintain
10 the required bond plus net worth (if applicable) until 5 years
11 after it ceases to do business in this State unless all
12 outstanding payment instruments are eliminated or the
13 provisions under the ~~Revised~~ Uniform Disposition of Unclaimed
14 Property Act have become operative and are adhered to by the
15 licensee. Notwithstanding this provision, however, the amount
16 required to be maintained may be reduced to the extent that the
17 amount of the licensee's payment instruments outstanding in
18 this State are reduced.

19 (g) If the Director at any time reasonably determines that
20 the required bond is insecure, deficient in amount, or
21 exhausted in whole or in part, he may in writing require the
22 filing of a new or supplemental bond in order to secure
23 compliance with this Act and may demand compliance with the
24 requirement within 30 days following service on the licensee.

25 (Source: P.A. 92-400, eff. 1-1-02; 10000SB0009ham003.)

1 Section 17-80. If and only if Senate Bill 9 of the 100th
2 General Assembly becomes law in the form in which it was
3 amended by House Amendment No. 3, then the Adverse Claims to
4 Deposit Accounts Act is amended by changing Section 10 as
5 follows:

6 (205 ILCS 700/10)

7 Sec. 10. Application of Act. This Act shall not preempt:

8 (1) the ~~Revised~~ Uniform Disposition of Unclaimed Property
9 Act, nor shall any provision of this Act be construed to
10 relieve any holder, including a financial institution, from
11 reporting and remitting all unclaimed property, including
12 deposit accounts, under the ~~Revised~~ Uniform Disposition of
13 Unclaimed Property Act;

14 (2) the Uniform Commercial Code, nor shall any provision of
15 this Act be construed as affecting the rights of a person with
16 respect to a deposit account under the Uniform Commercial Code;

17 (3) the provisions of Section 2-1402 of the Code of Civil
18 Procedure, nor shall any provision of this Act be construed as
19 affecting the rights of a person with respect to a deposit
20 account under Section 2-1402 of the Code of Civil Procedure;

21 (4) the provisions of Part 7 of Article II of the Code of
22 Civil Procedure, nor shall any provision of this Act be
23 construed as affecting the rights of a person with respect to a
24 deposit account under the provisions of Part 7 of Article II of
25 the Code of Civil Procedure;

1 (5) the provisions of Article XXV of the Probate Act of
2 1975, nor shall any provision of this Act be construed as
3 affecting the rights of a person with respect to a deposit
4 account under the provisions of Article XXV of the Probate Act
5 of 1975; or

6 (6) the Safety Deposit Box Opening Act, nor shall any
7 provision of this Act be construed as affecting the rights of a
8 person with respect to a deposit account under the Safety
9 Deposit Box Opening Act.

10 (Source: P.A. 89-601, eff. 8-2-96; 10000SB0009ham003.)

11 Section 17-85. If and only if Senate Bill 9 of the 100th
12 General Assembly becomes law in the form in which it was
13 amended by House Amendment No. 3, then the Illinois Insurance
14 Code is amended by changing Section 210 as follows:

15 (215 ILCS 5/210) (from Ch. 73, par. 822)

16 Sec. 210. Distribution of assets; priorities; unpaid
17 dividends.

18 (1) Any time after the last day fixed for the filing of
19 proofs of claims in the liquidation of a company, the court
20 may, upon the application of the Director authorize him to
21 declare out of the funds remaining in his hands, one or more
22 dividends upon all claims allowed in accordance with the
23 priorities established in Section 205.

24 (2) Where there has been no adjudication of insolvency, the

1 Director shall pay all allowed claims in full in accordance
2 with the priorities set forth in Section 205. The director
3 shall not be chargeable for any assets so distributed to any
4 claimant who has failed to file a proper proof of claim before
5 such distribution has been made.

6 (3) When subsequent to an adjudication of insolvency,
7 pursuant to Section 208, a surplus is found to exist after the
8 payment in full of all allowed claims falling within the
9 priorities set forth in paragraphs (a), (b), (c), (d), (e), (f)
10 and (g) of subsection (1) of Section 205 and which have been
11 duly filed prior to the last date fixed for the filing thereof,
12 and after the setting aside of a reserve for all additional
13 costs and expenses of the proceeding, the court shall set a new
14 date for the filing of claims. After the expiration of the new
15 date, all allowed claims filed on or before said new date
16 together with all previously allowed claims falling within the
17 priorities set forth in paragraphs (h) and (i) of subsection
18 (1) of Section 205 shall be paid in accordance with the
19 priorities set forth in Section 205.

20 (4) Dividends remaining unclaimed or unpaid in the hands of
21 the Director for 6 months after the final order of distribution
22 may be by him deposited in one or more savings and loan
23 associations, State or national banks, trust companies or
24 savings banks to the credit of the Director, whomsoever he may
25 be, in trust for the person entitled thereto, but no such
26 person shall be entitled to any interest upon such deposit. All

1 such deposits shall be entitled to priority of payment in case
2 of the insolvency or voluntary or involuntary liquidation of
3 the depositary on an equality with any other priority given by
4 the banking law. Any such funds together with interest, if any,
5 paid or credited thereon, remaining and unclaimed in the hands
6 of the Director in Trust after 2 years shall be presumed
7 abandoned and reported and delivered to the State Treasurer and
8 become subject to the provisions of the ~~Revised~~ Uniform
9 Disposition of Unclaimed Property Act.

10 (Source: P.A. 91-16, eff. 7-1-99; 10000SB0009ham003.)

11 Section 17-90. If and only if Senate Bill 9 of the 100th
12 General Assembly becomes law in the form in which it was
13 amended by House Amendment No. 3, then the Unclaimed Life
14 Insurance Benefits Act is amended by changing Sections 5, 15,
15 and 20 as follows:

16 (215 ILCS 185/5)

17 Sec. 5. Purpose. This Act shall require recognition of the
18 ~~Revised~~ Uniform Disposition of Unclaimed Property Act and
19 require the complete and proper disclosure, transparency, and
20 accountability relating to any method of payment for life
21 insurance, annuity, or retained asset agreement death
22 benefits.

23 (Source: P.A. 99-893, eff. 1-1-17; 10000SB0009ham003.)

1 (215 ILCS 185/15)

2 Sec. 15. Insurer conduct.

3 (a) An insurer shall initially perform a comparison of its
4 insureds', annuitants', and retained asset account holders'
5 in-force policies, annuity contracts, and retained asset
6 accounts by using the full Death Master File. The initial
7 comparison shall be completed on or before December 31, 2017,
8 unless extended by the Department pursuant to administrative
9 rule. Thereafter, an insurer shall perform a comparison on at
10 least a semi-annual basis using the Death Master File update
11 files for comparisons to identify potential matches of its
12 insureds, annuitants, and retained asset account holders. In
13 the event that one of the insurer's lines of business conducts
14 a search for matches of its insureds, annuitants, and retained
15 asset account holders against the Death Master File at
16 intervals more frequently than semi-annually, then all lines of
17 the insurer's business shall conduct searches for matches
18 against the Death Master File with the same frequency.

19 An insured, an annuitant, or a retained asset account
20 holder is presumed dead if the date of his or her death is
21 indicated by the comparison required in this subsection (a),
22 unless the insurer has competent and substantial evidence that
23 the person is living, including, but not limited to, a contact
24 made by the insurer with the person or his or her legal
25 representative.

26 For those potential matches identified as a result of a

1 Death Master File match, the insurer shall within 120 days
2 after the date of death notice, if the insurer has not been
3 contacted by a beneficiary, determine whether benefits are due
4 in accordance with the applicable policy or contract and, if
5 benefits are due in accordance with the applicable policy or
6 contract:

7 (1) use good faith efforts, which shall be documented
8 by the insurer, to locate the beneficiary or beneficiaries;
9 the Department shall establish by administrative rule
10 minimum standards for what constitutes good faith efforts
11 to locate a beneficiary, which shall include: (A) searching
12 insurer records; (B) the appropriate use of First Class
13 United States mail, e-mail addresses, and telephone calls;
14 and (C) reasonable efforts by insurers to obtain updated
15 contact information for the beneficiary or beneficiaries;
16 good faith efforts shall not include additional attempts to
17 contact the beneficiary at an address already confirmed not
18 to be current; and

19 (2) provide the appropriate claims forms or
20 instructions to the beneficiary or beneficiaries to make a
21 claim, including the need to provide an official death
22 certificate if applicable under the policy or annuity
23 contract.

24 (b) Insurers shall implement procedures to account for the
25 following when conducting searches of the Death Master File:

26 (1) common nicknames, initials used in lieu of a first

1 or middle name, use of a middle name, compound first and
2 middle names, and interchanged first and middle names;

3 (2) compound last names, maiden or married names, and
4 hyphens, blank spaces, or apostrophes in last names;

5 (3) transposition of the "month" and "date" portions of
6 the date of birth; and

7 (4) incomplete social security numbers.

8 (c) To the extent permitted by law, an insurer may disclose
9 the minimum necessary personal information about the insured,
10 annuity owner, retained asset account holder, or beneficiary to
11 a person whom the insurer reasonably believes may be able to
12 assist the insurer with locating the beneficiary or a person
13 otherwise entitled to payment of the claims proceeds.

14 (d) An insurer or its service provider shall not charge any
15 beneficiary or other authorized representative for any fees or
16 costs associated with a Death Master File search or
17 verification of a Death Master File match conducted pursuant to
18 this Act.

19 (e) The benefits from a policy, annuity contract, or a
20 retained asset account, plus any applicable accrued interest,
21 shall first be payable to the designated beneficiaries or
22 owners and, in the event the beneficiaries or owners cannot be
23 found, shall be reported and delivered to the State Treasurer
24 pursuant to the ~~Revised~~ Uniform Disposition of Unclaimed
25 Property Act. Nothing in this subsection (e) is intended to
26 alter the amounts reportable under the existing provisions of

1 the ~~Revised~~ Uniform Disposition of Unclaimed Property Act or to
2 allow the imposition of additional statutory interest under
3 Article XIV of the Illinois Insurance Code.

4 (f) Failure to meet any requirement of this Section with
5 such frequency as to constitute a general business practice is
6 a violation of Section 424 of the Illinois Insurance Code.
7 Nothing in this Section shall be construed to create or imply a
8 private cause of action for a violation of this Section.

9 (Source: P.A. 99-893, eff. 1-1-17; 10000SB0009ham003.)

10 (215 ILCS 185/20)

11 Sec. 20. ~~Revised~~ Uniform Disposition of Unclaimed Property
12 Act. Nothing in this Act shall be construed to amend, modify,
13 or supersede the ~~Revised~~ Uniform Disposition of Unclaimed
14 Property Act, including the authority of the State Treasurer to
15 examine the records of any person if the State Treasurer has
16 reason to believe that such person has failed to report
17 property that should have been reported pursuant to the ~~Revised~~
18 Uniform Disposition of Unclaimed Property Act.

19 (Source: P.A. 99-893, eff. 1-1-17; 10000SB0009ham003.)

20 Section 17-95. If and only if Senate Bill 9 of the 100th
21 General Assembly becomes law in the form in which it was
22 amended by House Amendment No. 3, then the Real Estate License
23 Act of 2000 is amended by changing Section 20-20 as follows:

1 (225 ILCS 454/20-20)

2 (Section scheduled to be repealed on January 1, 2020)

3 Sec. 20-20. Grounds for discipline.

4 (a) The Department may refuse to issue or renew a license,
5 may place on probation, suspend, or revoke any license,
6 reprimand, or take any other disciplinary or non-disciplinary
7 action as the Department may deem proper and impose a fine not
8 to exceed \$25,000 upon any licensee or applicant under this Act
9 or any person who holds himself or herself out as an applicant
10 or licensee or against a licensee in handling his or her own
11 property, whether held by deed, option, or otherwise, for any
12 one or any combination of the following causes:

13 (1) Fraud or misrepresentation in applying for, or
14 procuring, a license under this Act or in connection with
15 applying for renewal of a license under this Act.

16 (2) The conviction of or plea of guilty or plea of nolo
17 contendere to a felony or misdemeanor in this State or any
18 other jurisdiction; or the entry of an administrative
19 sanction by a government agency in this State or any other
20 jurisdiction. Action taken under this paragraph (2) for a
21 misdemeanor or an administrative sanction is limited to a
22 misdemeanor or administrative sanction that has as an
23 essential element dishonesty or fraud or involves larceny,
24 embezzlement, or obtaining money, property, or credit by
25 false pretenses or by means of a confidence game.

26 (3) Inability to practice the profession with

1 reasonable judgment, skill, or safety as a result of a
2 physical illness, including, but not limited to,
3 deterioration through the aging process or loss of motor
4 skill, or a mental illness or disability.

5 (4) Practice under this Act as a licensee in a retail
6 sales establishment from an office, desk, or space that is
7 not separated from the main retail business by a separate
8 and distinct area within the establishment.

9 (5) Having been disciplined by another state, the
10 District of Columbia, a territory, a foreign nation, or a
11 governmental agency authorized to impose discipline if at
12 least one of the grounds for that discipline is the same as
13 or the equivalent of one of the grounds for which a
14 licensee may be disciplined under this Act. A certified
15 copy of the record of the action by the other state or
16 jurisdiction shall be prima facie evidence thereof.

17 (6) Engaging in the practice of real estate brokerage
18 without a license or after the licensee's license was
19 expired or while the license was inoperative.

20 (7) Cheating on or attempting to subvert the Real
21 Estate License Exam or continuing education exam.

22 (8) Aiding or abetting an applicant to subvert or cheat
23 on the Real Estate License Exam or continuing education
24 exam administered pursuant to this Act.

25 (9) Advertising that is inaccurate, misleading, or
26 contrary to the provisions of the Act.

1 (10) Making any substantial misrepresentation or
2 untruthful advertising.

3 (11) Making any false promises of a character likely to
4 influence, persuade, or induce.

5 (12) Pursuing a continued and flagrant course of
6 misrepresentation or the making of false promises through
7 licensees, employees, agents, advertising, or otherwise.

8 (13) Any misleading or untruthful advertising, or
9 using any trade name or insignia of membership in any real
10 estate organization of which the licensee is not a member.

11 (14) Acting for more than one party in a transaction
12 without providing written notice to all parties for whom
13 the licensee acts.

14 (15) Representing or attempting to represent a broker
15 other than the sponsoring broker.

16 (16) Failure to account for or to remit any moneys or
17 documents coming into his or her possession that belong to
18 others.

19 (17) Failure to maintain and deposit in a special
20 account, separate and apart from personal and other
21 business accounts, all escrow moneys belonging to others
22 entrusted to a licensee while acting as a broker, escrow
23 agent, or temporary custodian of the funds of others or
24 failure to maintain all escrow moneys on deposit in the
25 account until the transactions are consummated or
26 terminated, except to the extent that the moneys, or any

1 part thereof, shall be:

2 (A) disbursed prior to the consummation or
3 termination (i) in accordance with the written
4 direction of the principals to the transaction or their
5 duly authorized agents, (ii) in accordance with
6 directions providing for the release, payment, or
7 distribution of escrow moneys contained in any written
8 contract signed by the principals to the transaction or
9 their duly authorized agents, or (iii) pursuant to an
10 order of a court of competent jurisdiction; or

11 (B) deemed abandoned and transferred to the Office
12 of the State Treasurer to be handled as unclaimed
13 property pursuant to the ~~Revised~~ Uniform Disposition
14 of Unclaimed Property Act. Escrow moneys may be deemed
15 abandoned under this subparagraph (B) only: (i) in the
16 absence of disbursement under subparagraph (A); (ii)
17 in the absence of notice of the filing of any claim in
18 a court of competent jurisdiction; and (iii) if 6
19 months have elapsed after the receipt of a written
20 demand for the escrow moneys from one of the principals
21 to the transaction or the principal's duly authorized
22 agent.

23 The account shall be noninterest bearing, unless the
24 character of the deposit is such that payment of interest
25 thereon is otherwise required by law or unless the
26 principals to the transaction specifically require, in

1 writing, that the deposit be placed in an interest bearing
2 account.

3 (18) Failure to make available to the Department all
4 escrow records and related documents maintained in
5 connection with the practice of real estate within 24 hours
6 of a request for those documents by Department personnel.

7 (19) Failing to furnish copies upon request of
8 documents relating to a real estate transaction to a party
9 who has executed that document.

10 (20) Failure of a sponsoring broker to timely provide
11 information, sponsor cards, or termination of licenses to
12 the Department.

13 (21) Engaging in dishonorable, unethical, or
14 unprofessional conduct of a character likely to deceive,
15 defraud, or harm the public.

16 (22) Commingling the money or property of others with
17 his or her own money or property.

18 (23) Employing any person on a purely temporary or
19 single deal basis as a means of evading the law regarding
20 payment of commission to nonlicensees on some contemplated
21 transactions.

22 (24) Permitting the use of his or her license as a
23 broker to enable a leasing agent or unlicensed person to
24 operate a real estate business without actual
25 participation therein and control thereof by the broker.

26 (25) Any other conduct, whether of the same or a

1 different character from that specified in this Section,
2 that constitutes dishonest dealing.

3 (26) Displaying a "for rent" or "for sale" sign on any
4 property without the written consent of an owner or his or
5 her duly authorized agent or advertising by any means that
6 any property is for sale or for rent without the written
7 consent of the owner or his or her authorized agent.

8 (27) Failing to provide information requested by the
9 Department, or otherwise respond to that request, within 30
10 days of the request.

11 (28) Advertising by means of a blind advertisement,
12 except as otherwise permitted in Section 10-30 of this Act.

13 (29) Offering guaranteed sales plans, as defined in
14 clause (A) of this subdivision (29), except to the extent
15 hereinafter set forth:

16 (A) A "guaranteed sales plan" is any real estate
17 purchase or sales plan whereby a licensee enters into a
18 conditional or unconditional written contract with a
19 seller, prior to entering into a brokerage agreement
20 with the seller, by the terms of which a licensee
21 agrees to purchase a property of the seller within a
22 specified period of time at a specific price in the
23 event the property is not sold in accordance with the
24 terms of a brokerage agreement to be entered into
25 between the sponsoring broker and the seller.

26 (B) A licensee offering a guaranteed sales plan

1 shall provide the details and conditions of the plan in
2 writing to the party to whom the plan is offered.

3 (C) A licensee offering a guaranteed sales plan
4 shall provide to the party to whom the plan is offered
5 evidence of sufficient financial resources to satisfy
6 the commitment to purchase undertaken by the broker in
7 the plan.

8 (D) Any licensee offering a guaranteed sales plan
9 shall undertake to market the property of the seller
10 subject to the plan in the same manner in which the
11 broker would market any other property, unless the
12 agreement with the seller provides otherwise.

13 (E) The licensee cannot purchase seller's property
14 until the brokerage agreement has ended according to
15 its terms or is otherwise terminated.

16 (F) Any licensee who fails to perform on a
17 guaranteed sales plan in strict accordance with its
18 terms shall be subject to all the penalties provided in
19 this Act for violations thereof and, in addition, shall
20 be subject to a civil fine payable to the party injured
21 by the default in an amount of up to \$25,000.

22 (30) Influencing or attempting to influence, by any
23 words or acts, a prospective seller, purchaser, occupant,
24 landlord, or tenant of real estate, in connection with
25 viewing, buying, or leasing real estate, so as to promote
26 or tend to promote the continuance or maintenance of

1 racially and religiously segregated housing or so as to
2 retard, obstruct, or discourage racially integrated
3 housing on or in any street, block, neighborhood, or
4 community.

5 (31) Engaging in any act that constitutes a violation
6 of any provision of Article 3 of the Illinois Human Rights
7 Act, whether or not a complaint has been filed with or
8 adjudicated by the Human Rights Commission.

9 (32) Inducing any party to a contract of sale or lease
10 or brokerage agreement to break the contract of sale or
11 lease or brokerage agreement for the purpose of
12 substituting, in lieu thereof, a new contract for sale or
13 lease or brokerage agreement with a third party.

14 (33) Negotiating a sale, exchange, or lease of real
15 estate directly with any person if the licensee knows that
16 the person has an exclusive brokerage agreement with
17 another broker, unless specifically authorized by that
18 broker.

19 (34) When a licensee is also an attorney, acting as the
20 attorney for either the buyer or the seller in the same
21 transaction in which the licensee is acting or has acted as
22 a managing broker or broker.

23 (35) Advertising or offering merchandise or services
24 as free if any conditions or obligations necessary for
25 receiving the merchandise or services are not disclosed in
26 the same advertisement or offer. These conditions or

1 obligations include without limitation the requirement
2 that the recipient attend a promotional activity or visit a
3 real estate site. As used in this subdivision (35), "free"
4 includes terms such as "award", "prize", "no charge", "free
5 of charge", "without charge", and similar words or phrases
6 that reasonably lead a person to believe that he or she may
7 receive or has been selected to receive something of value,
8 without any conditions or obligations on the part of the
9 recipient.

10 (36) Disregarding or violating any provision of the
11 Land Sales Registration Act of 1989, the Illinois Real
12 Estate Time-Share Act, or the published rules promulgated
13 by the Department to enforce those Acts.

14 (37) Violating the terms of a disciplinary order issued
15 by the Department.

16 (38) Paying or failing to disclose compensation in
17 violation of Article 10 of this Act.

18 (39) Requiring a party to a transaction who is not a
19 client of the licensee to allow the licensee to retain a
20 portion of the escrow moneys for payment of the licensee's
21 commission or expenses as a condition for release of the
22 escrow moneys to that party.

23 (40) Disregarding or violating any provision of this
24 Act or the published rules promulgated by the Department to
25 enforce this Act or aiding or abetting any individual,
26 partnership, registered limited liability partnership,

1 limited liability company, or corporation in disregarding
2 any provision of this Act or the published rules
3 promulgated by the Department to enforce this Act.

4 (41) Failing to provide the minimum services required
5 by Section 15-75 of this Act when acting under an exclusive
6 brokerage agreement.

7 (42) Habitual or excessive use or addiction to alcohol,
8 narcotics, stimulants, or any other chemical agent or drug
9 that results in a managing broker, broker, or leasing
10 agent's inability to practice with reasonable skill or
11 safety.

12 (43) Enabling, aiding, or abetting an auctioneer, as
13 defined in the Auction License Act, to conduct a real
14 estate auction in a manner that is in violation of this
15 Act.

16 (b) The Department may refuse to issue or renew or may
17 suspend the license of any person who fails to file a return,
18 pay the tax, penalty or interest shown in a filed return, or
19 pay any final assessment of tax, penalty, or interest, as
20 required by any tax Act administered by the Department of
21 Revenue, until such time as the requirements of that tax Act
22 are satisfied in accordance with subsection (g) of Section
23 2105-15 of the Civil Administrative Code of Illinois.

24 (c) The Department shall deny a license or renewal
25 authorized by this Act to a person who has defaulted on an
26 educational loan or scholarship provided or guaranteed by the

1 Illinois Student Assistance Commission or any governmental
2 agency of this State in accordance with item (5) of subsection
3 (a) of Section 2105-15 of the Civil Administrative Code of
4 Illinois.

5 (d) In cases where the Department of Healthcare and Family
6 Services (formerly Department of Public Aid) has previously
7 determined that a licensee or a potential licensee is more than
8 30 days delinquent in the payment of child support and has
9 subsequently certified the delinquency to the Department may
10 refuse to issue or renew or may revoke or suspend that person's
11 license or may take other disciplinary action against that
12 person based solely upon the certification of delinquency made
13 by the Department of Healthcare and Family Services in
14 accordance with item (5) of subsection (a) of Section 2105-15
15 of the Civil Administrative Code of Illinois.

16 (e) In enforcing this Section, the Department or Board upon
17 a showing of a possible violation may compel an individual
18 licensed to practice under this Act, or who has applied for
19 licensure under this Act, to submit to a mental or physical
20 examination, or both, as required by and at the expense of the
21 Department. The Department or Board may order the examining
22 physician to present testimony concerning the mental or
23 physical examination of the licensee or applicant. No
24 information shall be excluded by reason of any common law or
25 statutory privilege relating to communications between the
26 licensee or applicant and the examining physician. The

1 examining physicians shall be specifically designated by the
2 Board or Department. The individual to be examined may have, at
3 his or her own expense, another physician of his or her choice
4 present during all aspects of this examination. Failure of an
5 individual to submit to a mental or physical examination, when
6 directed, shall be grounds for suspension of his or her license
7 until the individual submits to the examination if the
8 Department finds, after notice and hearing, that the refusal to
9 submit to the examination was without reasonable cause.

10 If the Department or Board finds an individual unable to
11 practice because of the reasons set forth in this Section, the
12 Department or Board may require that individual to submit to
13 care, counseling, or treatment by physicians approved or
14 designated by the Department or Board, as a condition, term, or
15 restriction for continued, reinstated, or renewed licensure to
16 practice; or, in lieu of care, counseling, or treatment, the
17 Department may file, or the Board may recommend to the
18 Department to file, a complaint to immediately suspend, revoke,
19 or otherwise discipline the license of the individual. An
20 individual whose license was granted, continued, reinstated,
21 renewed, disciplined or supervised subject to such terms,
22 conditions, or restrictions, and who fails to comply with such
23 terms, conditions, or restrictions, shall be referred to the
24 Secretary for a determination as to whether the individual
25 shall have his or her license suspended immediately, pending a
26 hearing by the Department.

1 In instances in which the Secretary immediately suspends a
2 person's license under this Section, a hearing on that person's
3 license must be convened by the Department within 30 days after
4 the suspension and completed without appreciable delay. The
5 Department and Board shall have the authority to review the
6 subject individual's record of treatment and counseling
7 regarding the impairment to the extent permitted by applicable
8 federal statutes and regulations safeguarding the
9 confidentiality of medical records.

10 An individual licensed under this Act and affected under
11 this Section shall be afforded an opportunity to demonstrate to
12 the Department or Board that he or she can resume practice in
13 compliance with acceptable and prevailing standards under the
14 provisions of his or her license.

15 (Source: P.A. 98-553, eff. 1-1-14; 98-756, eff. 7-16-14;
16 99-227, eff. 8-3-15; 10000SB0009ham003.)

17 Section 17-100. If and only if Senate Bill 9 of the 100th
18 General Assembly becomes law in the form in which it was
19 amended by House Amendment No. 3, then the Code of Criminal
20 Procedure of 1963 is amended by changing Section 110-17 as
21 follows:

22 (725 ILCS 5/110-17) (from Ch. 38, par. 110-17)

23 Sec. 110-17. Unclaimed Bail Deposits. Notwithstanding the
24 provisions of the ~~Revised~~ Uniform Disposition of Unclaimed

1 Property Act, any sum of money deposited by any person to
2 secure his release from custody which remains unclaimed by the
3 person entitled to its return for 3 years after the conditions
4 of the bail bond have been performed and the accused has been
5 discharged from all obligations in the cause shall be presumed
6 to be abandoned.

7 (a) The clerk of the circuit court, as soon thereafter as
8 practicable, shall cause notice to be published once, in
9 English, in a newspaper or newspapers of general circulation in
10 the county wherein the deposit of bond was received.

11 (b) The published notice shall be entitled "Notice of
12 Persons Appearing to be Owners of Abandoned Property" and shall
13 contain:

14 (1) The names, in alphabetical order, of persons to
15 whom the notice is directed.

16 (2) A statement that information concerning the amount
17 of the property may be obtained by any persons possessing
18 an interest in the property by making an inquiry at the
19 office of the clerk of the circuit court at a location
20 designated by him.

21 (3) A statement that if proof of claim is not presented
22 by the owner to the clerk of the circuit court and if the
23 owner's right to receive the property is not established to
24 the satisfaction of the clerk of the court within 65 days
25 from the date of the published notice, the abandoned
26 property will be placed in the custody of the treasurer of

1 the county, not later than 85 days after such publication,
2 to whom all further claims must thereafter be directed. If
3 the claim is established as aforesaid and after deducting
4 an amount not to exceed \$20 to cover the cost of notice
5 publication and related clerical expenses, the clerk of the
6 court shall make payment to the person entitled thereto.

7 (4) The clerk of the circuit court is not required to
8 publish in such notice any items of less than \$100 unless
9 he deems such publication in the public interest.

10 (c) Any clerk of the circuit court who has caused notice to
11 be published as provided by this Section shall, within 20 days
12 after the time specified in this Section for claiming the
13 property from the clerk of the court, pay or deliver to the
14 treasurer of the county having jurisdiction of the offense,
15 whether the bond was taken there or any other county, all sums
16 deposited as specified in this section less such amounts as may
17 have been returned to the persons whose rights to receive the
18 sums deposited have been established to the satisfaction of the
19 clerk of the circuit court. Any clerk of the circuit court who
20 transfers such sums to the county treasury including sums
21 deposited by persons whose names are not required to be set
22 forth in the published notice aforesaid, is relieved of all
23 liability for such sums as have been transferred as unclaimed
24 bail deposits or any claim which then exists or which
25 thereafter may arise or be made in respect to such sums.

26 (d) The treasurer of the county shall keep just and true

1 accounts of all moneys paid into the treasury, and if any
2 person appears within 5 years after the deposit of moneys by
3 the clerk of the circuit court and claims any money paid into
4 the treasury, he shall file a claim therefor on the form
5 prescribed by the treasurer of the county who shall consider
6 any claim filed under this Act and who may, in his discretion,
7 hold a hearing and receive evidence concerning it. The
8 treasurer of the county shall prepare a finding and the
9 decision in writing on each hearing, stating the substance of
10 any evidence heard by him, his findings of fact in respect
11 thereto, and the reasons for his decision. The decision shall
12 be a public record.

13 (e) All claims which are not filed within the 5 year period
14 shall be forever barred.

15 (Source: P.A. 85-768; 10000SB0009ham003.)

16 Section 17-105. If and only if Senate Bill 9 of the 100th
17 General Assembly becomes law in the form in which it was
18 amended by House Amendment No. 3, then the Probate Act of 1975
19 is amended by changing Sections 2-1 and 2-2 as follows:

20 (755 ILCS 5/2-1) (from Ch. 110 1/2, par. 2-1)

21 Sec. 2-1. Rules of descent and distribution. The intestate
22 real and personal estate of a resident decedent and the
23 intestate real estate in this State of a nonresident decedent,
24 after all just claims against his estate are fully paid,

1 descends and shall be distributed as follows:

2 (a) If there is a surviving spouse and also a descendant of
3 the decedent: 1/2 of the entire estate to the surviving spouse
4 and 1/2 to the decedent's descendants per stirpes.

5 (b) If there is no surviving spouse but a descendant of the
6 decedent: the entire estate to the decedent's descendants per
7 stirpes.

8 (c) If there is a surviving spouse but no descendant of the
9 decedent: the entire estate to the surviving spouse.

10 (d) If there is no surviving spouse or descendant but a
11 parent, brother, sister or descendant of a brother or sister of
12 the decedent: the entire estate to the parents, brothers and
13 sisters of the decedent in equal parts, allowing to the
14 surviving parent if one is dead a double portion and to the
15 descendants of a deceased brother or sister per stirpes the
16 portion which the deceased brother or sister would have taken
17 if living.

18 (e) If there is no surviving spouse, descendant, parent,
19 brother, sister or descendant of a brother or sister of the
20 decedent but a grandparent or descendant of a grandparent of
21 the decedent: (1) 1/2 of the entire estate to the decedent's
22 maternal grandparents in equal parts or to the survivor of
23 them, or if there is none surviving, to their descendants per
24 stirpes, and (2) 1/2 of the entire estate to the decedent's
25 paternal grandparents in equal parts or to the survivor of
26 them, or if there is none surviving, to their descendants per

1 stirpes. If there is no surviving paternal grandparent or
2 descendant of a paternal grandparent, but a maternal
3 grandparent or descendant of a maternal grandparent of the
4 decedent: the entire estate to the decedent's maternal
5 grandparents in equal parts or to the survivor of them, or if
6 there is none surviving, to their descendants per stirpes. If
7 there is no surviving maternal grandparent or descendant of a
8 maternal grandparent, but a paternal grandparent or descendant
9 of a paternal grandparent of the decedent: the entire estate to
10 the decedent's paternal grandparents in equal parts or to the
11 survivor of them, or if there is none surviving, to their
12 descendants per stirpes.

13 (f) If there is no surviving spouse, descendant, parent,
14 brother, sister, descendant of a brother or sister or
15 grandparent or descendant of a grandparent of the decedent: (1)
16 1/2 of the entire estate to the decedent's maternal
17 great-grandparents in equal parts or to the survivor of them,
18 or if there is none surviving, to their descendants per
19 stirpes, and (2) 1/2 of the entire estate to the decedent's
20 paternal great-grandparents in equal parts or to the survivor
21 of them, or if there is none surviving, to their descendants
22 per stirpes. If there is no surviving paternal
23 great-grandparent or descendant of a paternal
24 great-grandparent, but a maternal great-grandparent or
25 descendant of a maternal great-grandparent of the decedent: the
26 entire estate to the decedent's maternal great-grandparents in

1 equal parts or to the survivor of them, or if there is none
2 surviving, to their descendants per stirpes. If there is no
3 surviving maternal great-grandparent or descendant of a
4 maternal great-grandparent, but a paternal great-grandparent
5 or descendant of a paternal great-grandparent of the decedent:
6 the entire estate to the decedent's paternal
7 great-grandparents in equal parts or to the survivor of them,
8 or if there is none surviving, to their descendants per
9 stirpes.

10 (g) If there is no surviving spouse, descendant, parent,
11 brother, sister, descendant of a brother or sister,
12 grandparent, descendant of a grandparent, great-grandparent or
13 descendant of a great-grandparent of the decedent: the entire
14 estate in equal parts to the nearest kindred of the decedent in
15 equal degree (computing by the rules of the civil law) and
16 without representation.

17 (h) If there is no surviving spouse and no known kindred of
18 the decedent: the real estate escheats to the county in which
19 it is located; the personal estate physically located within
20 this State and the personal estate physically located or held
21 outside this State which is the subject of ancillary
22 administration of an estate being administered within this
23 State escheats to the county of which the decedent was a
24 resident, or, if the decedent was not a resident of this State,
25 to the county in which it is located; all other personal
26 property of the decedent of every class and character, wherever

1 situate, or the proceeds thereof, shall escheat to this State
2 and be delivered to the State Treasurer pursuant to the ~~Revised~~
3 Uniform Disposition of Unclaimed Property Act.

4 In no case is there any distinction between the kindred of
5 the whole and the half blood.

6 (Source: P.A. 91-16, eff. 7-1-99; 10000SB0009ham003.)

7 (755 ILCS 5/2-2) (from Ch. 110 1/2, par. 2-2)

8 Sec. 2-2. Children born out of wedlock. The intestate real
9 and personal estate of a resident decedent who was a child born
10 out of wedlock at the time of death and the intestate real
11 estate in this State of a nonresident decedent who was a child
12 born out of wedlock at the time of death, after all just claims
13 against his estate are fully paid, descends and shall be
14 distributed as provided in Section 2-1, subject to Section
15 2-6.5 of this Act, if both parents are eligible parents. As
16 used in this Section, "eligible parent" means a parent of the
17 decedent who, during the decedent's lifetime, acknowledged the
18 decedent as the parent's child, established a parental
19 relationship with the decedent, and supported the decedent as
20 the parent's child. "Eligible parents" who are in arrears of in
21 excess of one year's child support obligations shall not
22 receive any property benefit or other interest of the decedent
23 unless and until a court of competent jurisdiction makes a
24 determination as to the effect on the deceased of the arrearage
25 and allows a reduced benefit. In no event shall the reduction

1 of the benefit or other interest be less than the amount of
2 child support owed for the support of the decedent at the time
3 of death. The court's considerations shall include but are not
4 limited to the considerations in subsections (1) through (3) of
5 Section 2-6.5 of this Act.

6 If neither parent is an eligible parent, the intestate real
7 and personal estate of a resident decedent who was a child born
8 out of wedlock at the time of death and the intestate real
9 estate in this State of a nonresident decedent who was a child
10 born out of wedlock at the time of death, after all just claims
11 against his or her estate are fully paid, descends and shall be
12 distributed as provided in Section 2-1, but the parents of the
13 decedent shall be treated as having predeceased the decedent.

14 If only one parent is an eligible parent, the intestate
15 real and personal estate of a resident decedent who was a child
16 born out of wedlock at the time of death and the intestate real
17 estate in this State of a nonresident decedent who was a child
18 born out of wedlock at the time of death, after all just claims
19 against his or her estate are fully paid, subject to Section
20 2-6.5 of this Act, descends and shall be distributed as
21 follows:

22 (a) If there is a surviving spouse and also a descendant of
23 the decedent: 1/2 of the entire estate to the surviving spouse
24 and 1/2 to the decedent's descendants per stirpes.

25 (b) If there is no surviving spouse but a descendant of the
26 decedent: the entire estate to the decedent's descendants per

1 stirpes.

2 (c) If there is a surviving spouse but no descendant of the
3 decedent: the entire estate to the surviving spouse.

4 (d) If there is no surviving spouse or descendant but the
5 eligible parent or a descendant of the eligible parent of the
6 decedent: the entire estate to the eligible parent and the
7 eligible parent's descendants, allowing 1/2 to the eligible
8 parent and 1/2 to the eligible parent's descendants per
9 stirpes.

10 (e) If there is no surviving spouse, descendant, eligible
11 parent, or descendant of the eligible parent of the decedent,
12 but a grandparent on the eligible parent's side of the family
13 or descendant of such grandparent of the decedent: the entire
14 estate to the decedent's grandparents on the eligible parent's
15 side of the family in equal parts, or to the survivor of them,
16 or if there is none surviving, to their descendants per
17 stirpes.

18 (f) If there is no surviving spouse, descendant, eligible
19 parent, descendant of the eligible parent, grandparent on the
20 eligible parent's side of the family, or descendant of such
21 grandparent of the decedent: the entire estate to the
22 decedent's great-grandparents on the eligible parent's side of
23 the family in equal parts or to the survivor of them, or if
24 there is none surviving, to their descendants per stirpes.

25 (g) If there is no surviving spouse, descendant, eligible
26 parent, descendant of the eligible parent, grandparent on the

1 eligible parent's side of the family, descendant of such
2 grandparent, great-grandparent on the eligible parent's side
3 of the family, or descendant of such great-grandparent of the
4 decedent: the entire estate in equal parts to the nearest
5 kindred of the eligible parent of the decedent in equal degree
6 (computing by the rules of the civil law) and without
7 representation.

8 (h) If there is no surviving spouse, descendant, or
9 eligible parent of the decedent and no known kindred of the
10 eligible parent of the decedent: the real estate escheats to
11 the county in which it is located; the personal estate
12 physically located within this State and the personal estate
13 physically located or held outside this State which is the
14 subject of ancillary administration within this State escheats
15 to the county of which the decedent was a resident or, if the
16 decedent was not a resident of this State, to the county in
17 which it is located; all other personal property of the
18 decedent of every class and character, wherever situate, or the
19 proceeds thereof, shall escheat to this State and be delivered
20 to the State Treasurer of this State pursuant to the ~~Revised~~
21 Uniform Disposition of Unclaimed Property Act.

22 For purposes of inheritance, the changes made by this
23 amendatory Act of 1998 apply to all decedents who die on or
24 after the effective date of this amendatory Act of 1998. For
25 the purpose of determining the property rights of any person
26 under any instrument, the changes made by this amendatory Act

1 of 1998 apply to all instruments executed on or after the
2 effective date of this amendatory Act of 1998.

3 A child born out of wedlock is heir of his mother and of
4 any maternal ancestor and of any person from whom his mother
5 might have inherited, if living; and the descendants of a
6 person who was a child born out of wedlock shall represent such
7 person and take by descent any estate which the parent would
8 have taken, if living. If a decedent has acknowledged paternity
9 of a child born out of wedlock or if during his lifetime or
10 after his death a decedent has been adjudged to be the father
11 of a child born out of wedlock, that person is heir of his
12 father and of any paternal ancestor and of any person from whom
13 his father might have inherited, if living; and the descendants
14 of a person who was a child born out of wedlock shall represent
15 that person and take by descent any estate which the parent
16 would have taken, if living. If during his lifetime the
17 decedent was adjudged to be the father of a child born out of
18 wedlock by a court of competent jurisdiction, an authenticated
19 copy of the judgment is sufficient proof of the paternity; but
20 in all other cases paternity must be proved by clear and
21 convincing evidence. A person who was a child born out of
22 wedlock whose parents intermarry and who is acknowledged by the
23 father as the father's child is a lawful child of the father.
24 After a child born out of wedlock is adopted, that person's
25 relationship to his or her adopting and natural parents shall
26 be governed by Section 2-4 of this Act. For purposes of

1 inheritance, the changes made by this amendatory Act of 1997
2 apply to all decedents who die on or after January 1, 1998. For
3 the purpose of determining the property rights of any person
4 under any instrument, the changes made by this amendatory Act
5 of 1997 apply to all instruments executed on or after January
6 1, 1998.

7 (Source: P.A. 94-229, eff. 1-1-06; 10000SB0009ham003.)

8 Section 17-110. If and only if Senate Bill 9 of the 100th
9 General Assembly becomes law in the form in which it was
10 amended by House Amendment No. 3, then the Sale of Unclaimed
11 Property Act is amended by changing Section 3 as follows:

12 (770 ILCS 90/3) (from Ch. 141, par. 3)

13 Sec. 3. All persons other than common carriers having a
14 lien on personal property, by virtue of the Innkeepers Lien Act
15 or for more than \$2,000 by virtue of the Labor and Storage Lien
16 Act may enforce the lien by a sale of the property, on giving
17 to the owner thereof, if he and his residence be known to the
18 person having such lien, 30 days' notice by certified mail, in
19 writing of the time and place of such sale, and if the owner or
20 his place of residence be unknown to the person having such
21 lien, then upon his filing his affidavit to that effect with
22 the clerk of the circuit court in the county where such
23 property is situated; notice of the sale may be given by
24 publishing the same once in each week for 3 successive weeks in

1 some newspaper of general circulation published in the county,
2 and out of the proceeds of the sale all costs and charges for
3 advertising and making the same, and the amount of the lien
4 shall be paid, and the surplus, if any, shall be paid to the
5 owner of the property or, if not claimed by said owner, such
6 surplus, if any, shall be disposed under the ~~Revised~~ Uniform
7 Disposition of Unclaimed Property Act. All sales pursuant to
8 this Section must be public and conducted in a commercially
9 reasonable manner so as to maximize the net proceeds of the
10 sale. Conformity to the requirements of this Act shall be a
11 perpetual bar to any action against such lienor by any person
12 for the recovery of such chattels or the value thereof or any
13 damages growing out of the failure of such person to receive
14 such chattels.

15 (Source: P.A. 87-206; 10000SB0009ham003.)

16 Section 17-115. If and only if Senate Bill 9 of the 100th
17 General Assembly becomes law in the form in which it was
18 amended by House Amendment No. 3, then the Business Corporation
19 Act of 1983 is amended by changing Section 12.70 as follows:

20 (805 ILCS 5/12.70) (from Ch. 32, par. 12.70)

21 Sec. 12.70. Deposit of amount due certain shareholders.
22 Upon the distribution of the assets of a corporation among its
23 shareholders, the distributive portion to which a shareholder
24 would be entitled who is unknown or ~~cannot~~ can not be found, or

1 who is under disability and there is no person legally
2 competent to receive such distributive portion, shall be
3 presumed abandoned and reported and delivered to the State
4 Treasurer and become subject to the provision of the ~~Revised~~
5 Uniform Disposition of Unclaimed Property Act. In the event
6 such distribution ~~is~~ be made other than in cash, such
7 distributive portion of the assets shall be reduced to cash
8 before being so reported and delivered.

9 (Source: P.A. 91-16, eff. 7-1-99; 10000SB0009ham003.)

10 Section 17-120. If and only if Senate Bill 9 of the 100th
11 General Assembly becomes law in the form in which it was
12 amended by House Amendment No. 3, then the General Not For
13 Profit Corporation Act of 1986 is amended by changing Section
14 112.70 as follows:

15 (805 ILCS 105/112.70) (from Ch. 32, par. 112.70)

16 Sec. 112.70. Deposit of amount due. Upon the distribution
17 of the assets of a corporation, the distributive portion to
18 which a person would be entitled who is unknown or cannot be
19 found, or who is under disability and there is no person
20 legally competent to receive such distributive portion, shall
21 be presumed abandoned and reported and delivered to the State
22 Treasurer and become subject to the ~~Revised~~ provision of the
23 Uniform Disposition of Unclaimed Property Act. In the event
24 such distribution ~~is~~ be made other than in cash, such

1 distributive portion of the assets shall be reduced to cash
2 before being so reported and delivered.

3 (Source: P.A. 91-16, eff. 7-1-99; 10000SB0009ham003.)

4 Section 20-5. If and only if Senate Bill 9 of the 100th
5 General Assembly becomes law in the form in which it was
6 amended by House Amendment No. 3, then the Illinois Income Tax
7 Act is amended by changing Sections 201, 202.5, 203, 204, 208,
8 212, 901, and 1501 as follows:

9 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

10 Sec. 201. Tax Imposed.

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

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

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

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

8 (3) In the case of an individual, trust or estate, for
9 taxable years beginning after June 30, 1989, and ending
10 prior to January 1, 2011, an amount equal to 3% of the
11 taxpayer's net income for the taxable year.

12 (4) In the case of an individual, trust, or estate, for
13 taxable years beginning prior to January 1, 2011, and
14 ending after December 31, 2010, an amount equal to the sum
15 of (i) 3% of the taxpayer's net income for the period prior
16 to January 1, 2011, as calculated under Section 202.5, and
17 (ii) 5% of the taxpayer's net income for the period after
18 December 31, 2010, as calculated under Section 202.5.

19 (5) In the case of an individual, trust, or estate, for
20 taxable years beginning on or after January 1, 2011, and
21 ending prior to January 1, 2015, an amount equal to 5% of
22 the taxpayer's net income for the taxable year.

23 (5.1) In the case of an individual, trust, or estate,
24 for taxable years beginning prior to January 1, 2015, and
25 ending after December 31, 2014, an amount equal to the sum
26 of (i) 5% of the taxpayer's net income for the period prior

1 to January 1, 2015, as calculated under Section 202.5, and
2 (ii) 3.75% of the taxpayer's net income for the period
3 after December 31, 2014, as calculated under Section 202.5.

4 (5.2) In the case of an individual, trust, or estate,
5 for taxable years beginning on or after January 1, 2015,
6 and ending prior to ~~July 1, 2017~~ January 1, 2025, an amount
7 equal to 3.75% of the taxpayer's net income for the taxable
8 year.

9 (5.3) In the case of an individual, trust, or estate,
10 for taxable years beginning prior to ~~July 1, 2017~~ January
11 1, 2025, and ending after ~~June 30, 2017~~ December 31, 2024,
12 an amount equal to the sum of (i) 3.75% of the taxpayer's
13 net income for the period prior to ~~July 1, 2017~~ January 1,
14 2025, as calculated under Section 202.5, and (ii) ~~4.95%~~
15 3.25% of the taxpayer's net income for the period after
16 ~~June 30, 2017~~ December 31, 2024, as calculated under
17 Section 202.5.

18 (5.4) In the case of an individual, trust, or estate,
19 for taxable years beginning on or after ~~July 1, 2017~~
20 January 1, 2025, an amount equal to ~~4.95%~~ 3.25% of the
21 taxpayer's net income for the taxable year.

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

25 (7) In the case of a corporation, for taxable years
26 beginning prior to July 1, 1989 and ending after June 30,

1 1989, an amount equal to the sum of (i) 4% of the
2 taxpayer's net income for the period prior to July 1, 1989,
3 as calculated under Section 202.3, and (ii) 4.8% of the
4 taxpayer's net income for the period after June 30, 1989,
5 as calculated under Section 202.3.

6 (8) In the case of a corporation, for taxable years
7 beginning after June 30, 1989, and ending prior to January
8 1, 2011, an amount equal to 4.8% of the taxpayer's net
9 income for the taxable year.

10 (9) In the case of a corporation, for taxable years
11 beginning prior to January 1, 2011, and ending after
12 December 31, 2010, an amount equal to the sum of (i) 4.8%
13 of the taxpayer's net income for the period prior to
14 January 1, 2011, as calculated under Section 202.5, and
15 (ii) 7% of the taxpayer's net income for the period after
16 December 31, 2010, as calculated under Section 202.5.

17 (10) In the case of a corporation, for taxable years
18 beginning on or after January 1, 2011, and ending prior to
19 January 1, 2015, an amount equal to 7% of the taxpayer's
20 net income for the taxable year.

21 (11) In the case of a corporation, for taxable years
22 beginning prior to January 1, 2015, and ending after
23 December 31, 2014, an amount equal to the sum of (i) 7% of
24 the taxpayer's net income for the period prior to January
25 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
26 of the taxpayer's net income for the period after December

1 31, 2014, as calculated under Section 202.5.

2 (12) In the case of a corporation, for taxable years
3 beginning on or after January 1, 2015, and ending prior to
4 ~~July 1, 2017~~ January 1, 2025, an amount equal to 5.25% of
5 the taxpayer's net income for the taxable year.

6 (13) In the case of a corporation, for taxable years
7 beginning prior to ~~July 1, 2017~~ January 1, 2025, and ending
8 after ~~June 30, 2017~~ December 31, 2024, an amount equal to
9 the sum of (i) 5.25% of the taxpayer's net income for the
10 period prior to ~~July 1, 2017~~ January 1, 2025, as calculated
11 under Section 202.5, and (ii) ~~7%~~ 4.8% of the taxpayer's net
12 income for the period after ~~June 30, 2017~~ December 31,
13 2024, as calculated under Section 202.5.

14 (14) In the case of a corporation, for taxable years
15 beginning on or after ~~July 1, 2017~~ January 1, 2025, an
16 amount equal to ~~7%~~ 4.8% of the taxpayer's net income for
17 the taxable year.

18 The rates under this subsection (b) are subject to the
19 provisions of Section 201.5.

20 (c) Personal Property Tax Replacement Income Tax.
21 Beginning on July 1, 1979 and thereafter, in addition to such
22 income tax, there is also hereby imposed the Personal Property
23 Tax Replacement Income Tax measured by net income on every
24 corporation (including Subchapter S corporations), partnership
25 and trust, for each taxable year ending after June 30, 1979.
26 Such taxes are imposed on the privilege of earning or receiving

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

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

19 (d-1) Rate reduction for certain foreign insurers. In the
20 case of a foreign insurer, as defined by Section 35A-5 of the
21 Illinois Insurance Code, whose state or country of domicile
22 imposes on insurers domiciled in Illinois a retaliatory tax
23 (excluding any insurer whose premiums from reinsurance assumed
24 are 50% or more of its total insurance premiums as determined
25 under paragraph (2) of subsection (b) of Section 304, except
26 that for purposes of this determination premiums from

1 reinsurance do not include premiums from inter-affiliate
2 reinsurance arrangements), beginning with taxable years ending
3 on or after December 31, 1999, the sum of the rates of tax
4 imposed by subsections (b) and (d) shall be reduced (but not
5 increased) to the rate at which the total amount of tax imposed
6 under this Act, net of all credits allowed under this Act,
7 shall equal (i) the total amount of tax that would be imposed
8 on the foreign insurer's net income allocable to Illinois for
9 the taxable year by such foreign insurer's state or country of
10 domicile if that net income were subject to all income taxes
11 and taxes measured by net income imposed by such foreign
12 insurer's state or country of domicile, net of all credits
13 allowed or (ii) a rate of zero if no such tax is imposed on such
14 income by the foreign insurer's state of domicile. For the
15 purposes of this subsection (d-1), an inter-affiliate includes
16 a mutual insurer under common management.

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

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

23 (B) the privilege tax imposed by Section 409 of the
24 Illinois Insurance Code, the fire insurance company
25 tax imposed by Section 12 of the Fire Investigation
26 Act, and the fire department taxes imposed under

1 Section 11-10-1 of the Illinois Municipal Code,
2 equals 1.25% for taxable years ending prior to December 31,
3 2003, or 1.75% for taxable years ending on or after
4 December 31, 2003, of the net taxable premiums written for
5 the taxable year, as described by subsection (1) of Section
6 409 of the Illinois Insurance Code. This paragraph will in
7 no event increase the rates imposed under subsections (b)
8 and (d).

9 (2) Any reduction in the rates of tax imposed by this
10 subsection shall be applied first against the rates imposed
11 by subsection (b) and only after the tax imposed by
12 subsection (a) net of all credits allowed under this
13 Section other than the credit allowed under subsection (i)
14 has been reduced to zero, against the rates imposed by
15 subsection (d).

16 This subsection (d-1) is exempt from the provisions of
17 Section 250.

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

21 (1) A taxpayer shall be allowed a credit equal to .5%
22 of the basis of qualified property placed in service during
23 the taxable year, provided such property is placed in
24 service on or after July 1, 1984. There shall be allowed an
25 additional credit equal to .5% of the basis of qualified
26 property placed in service during the taxable year,

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

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

1 (2) The term "qualified property" means property
2 which:

3 (A) is tangible, whether new or used, including
4 buildings and structural components of buildings and
5 signs that are real property, but not including land or
6 improvements to real property that are not a structural
7 component of a building such as landscaping, sewer
8 lines, local access roads, fencing, parking lots, and
9 other appurtenances;

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

15 (C) is acquired by purchase as defined in Section
16 179(d) of the Internal Revenue Code;

17 (D) is used in Illinois by a taxpayer who is
18 primarily engaged in manufacturing, or in mining coal
19 or fluorite, or in retailing, or was placed in service
20 on or after July 1, 2006 in a River Edge Redevelopment
21 Zone established pursuant to the River Edge
22 Redevelopment Zone Act; and

23 (E) has not previously been used in Illinois in
24 such a manner and by such a person as would qualify for
25 the credit provided by this subsection (e) or
26 subsection (f).

1 (3) For purposes of this subsection (e),
2 "manufacturing" means the material staging and production
3 of tangible personal property by procedures commonly
4 regarded as manufacturing, processing, fabrication, or
5 assembling which changes some existing material into new
6 shapes, new qualities, or new combinations. For purposes of
7 this subsection (e) the term "mining" shall have the same
8 meaning as the term "mining" in Section 613(c) of the
9 Internal Revenue Code. For purposes of this subsection (e),
10 the term "retailing" means the sale of tangible personal
11 property for use or consumption and not for resale, or
12 services rendered in conjunction with the sale of tangible
13 personal property for use or consumption and not for
14 resale. For purposes of this subsection (e), "tangible
15 personal property" has the same meaning as when that term
16 is used in the Retailers' Occupation Tax Act, and, for
17 taxable years ending after December 31, 2008, does not
18 include the generation, transmission, or distribution of
19 electricity.

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

23 (5) If the basis of the property for federal income tax
24 depreciation purposes is increased after it has been placed
25 in service in Illinois by the taxpayer, the amount of such
26 increase shall be deemed property placed in service on the

1 date of such increase in basis.

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

4 (7) If during any taxable year, any property ceases to
5 be qualified property in the hands of the taxpayer within
6 48 months after being placed in service, or the situs of
7 any qualified property is moved outside Illinois within 48
8 months after being placed in service, the Personal Property
9 Tax Replacement Income Tax for such taxable year shall be
10 increased. Such increase shall be determined by (i)
11 recomputing the investment credit which would have been
12 allowed for the year in which credit for such property was
13 originally allowed by eliminating such property from such
14 computation and, (ii) subtracting such recomputed credit
15 from the amount of credit previously allowed. For the
16 purposes of this paragraph (7), a reduction of the basis of
17 qualified property resulting from a redetermination of the
18 purchase price shall be deemed a disposition of qualified
19 property to the extent of such reduction.

20 (8) Unless the investment credit is extended by law,
21 the basis of qualified property shall not include costs
22 incurred after December 31, 2018, except for costs incurred
23 pursuant to a binding contract entered into on or before
24 December 31, 2018.

25 (9) Each taxable year ending before December 31, 2000,
26 a partnership may elect to pass through to its partners the

1 credits to which the partnership is entitled under this
2 subsection (e) for the taxable year. A partner may use the
3 credit allocated to him or her under this paragraph only
4 against the tax imposed in subsections (c) and (d) of this
5 Section. If the partnership makes that election, those
6 credits shall be allocated among the partners in the
7 partnership in accordance with the rules set forth in
8 Section 704(b) of the Internal Revenue Code, and the rules
9 promulgated under that Section, and the allocated amount of
10 the credits shall be allowed to the partners for that
11 taxable year. The partnership shall make this election on
12 its Personal Property Tax Replacement Income Tax return for
13 that taxable year. The election to pass through the credits
14 shall be irrevocable.

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

1 Revenue Code. This paragraph is exempt from the provisions
2 of Section 250.

3 (f) Investment credit; Enterprise Zone; River Edge
4 Redevelopment Zone.

5 (1) A taxpayer shall be allowed a credit against the
6 tax imposed by subsections (a) and (b) of this Section for
7 investment in qualified property which is placed in service
8 in an Enterprise Zone created pursuant to the Illinois
9 Enterprise Zone Act or, for property placed in service on
10 or after July 1, 2006, a River Edge Redevelopment Zone
11 established pursuant to the River Edge Redevelopment Zone
12 Act. For partners, shareholders of Subchapter S
13 corporations, and owners of limited liability companies,
14 if the liability company is treated as a partnership for
15 purposes of federal and State income taxation, there shall
16 be allowed a credit under this subsection (f) to be
17 determined in accordance with the determination of income
18 and distributive share of income under Sections 702 and 704
19 and Subchapter S of the Internal Revenue Code. The credit
20 shall be .5% of the basis for such property. The credit
21 shall be available only in the taxable year in which the
22 property is placed in service in the Enterprise Zone or
23 River Edge Redevelopment Zone and shall not be allowed to
24 the extent that it would reduce a taxpayer's liability for
25 the tax imposed by subsections (a) and (b) of this Section
26 to below zero. For tax years ending on or after December

1 31, 1985, the credit shall be allowed for the tax year in
2 which the property is placed in service, or, if the amount
3 of the credit exceeds the tax liability for that year,
4 whether it exceeds the original liability or the liability
5 as later amended, such excess may be carried forward and
6 applied to the tax liability of the 5 taxable years
7 following the excess credit year. The credit shall be
8 applied to the earliest year for which there is a
9 liability. If there is credit from more than one tax year
10 that is available to offset a liability, the credit
11 accruing first in time shall be applied first.

12 (2) The term qualified property means property which:

13 (A) is tangible, whether new or used, including
14 buildings and structural components of buildings;

15 (B) is depreciable pursuant to Section 167 of the
16 Internal Revenue Code, except that "3-year property"
17 as defined in Section 168(c)(2)(A) of that Code is not
18 eligible for the credit provided by this subsection
19 (f);

20 (C) is acquired by purchase as defined in Section
21 179(d) of the Internal Revenue Code;

22 (D) is used in the Enterprise Zone or River Edge
23 Redevelopment Zone by the taxpayer; and

24 (E) has not been previously used in Illinois in
25 such a manner and by such a person as would qualify for
26 the credit provided by this subsection (f) or

1 subsection (e).

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

5 (4) If the basis of the property for federal income tax
6 depreciation purposes is increased after it has been placed
7 in service in the Enterprise Zone or River Edge
8 Redevelopment Zone by the taxpayer, the amount of such
9 increase shall be deemed property placed in service on the
10 date of such increase in basis.

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

13 (6) If during any taxable year, any property ceases to
14 be qualified property in the hands of the taxpayer within
15 48 months after being placed in service, or the situs of
16 any qualified property is moved outside the Enterprise Zone
17 or River Edge Redevelopment Zone within 48 months after
18 being placed in service, the tax imposed under subsections
19 (a) and (b) of this Section for such taxable year shall be
20 increased. Such increase shall be determined by (i)
21 recomputing the investment credit which would have been
22 allowed for the year in which credit for such property was
23 originally allowed by eliminating such property from such
24 computation, and (ii) subtracting such recomputed credit
25 from the amount of credit previously allowed. For the
26 purposes of this paragraph (6), a reduction of the basis of

1 qualified property resulting from a redetermination of the
2 purchase price shall be deemed a disposition of qualified
3 property to the extent of such reduction.

4 (7) There shall be allowed an additional credit equal
5 to 0.5% of the basis of qualified property placed in
6 service during the taxable year in a River Edge
7 Redevelopment Zone, provided such property is placed in
8 service on or after July 1, 2006, and the taxpayer's base
9 employment within Illinois has increased by 1% or more over
10 the preceding year as determined by the taxpayer's
11 employment records filed with the Illinois Department of
12 Employment Security. Taxpayers who are new to Illinois
13 shall be deemed to have met the 1% growth in base
14 employment for the first year in which they file employment
15 records with the Illinois Department of Employment
16 Security. If, in any year, the increase in base employment
17 within Illinois over the preceding year is less than 1%,
18 the additional credit shall be limited to that percentage
19 times a fraction, the numerator of which is 0.5% and the
20 denominator of which is 1%, but shall not exceed 0.5%.

21 (g) (Blank).

22 (h) Investment credit; High Impact Business.

23 (1) Subject to subsections (b) and (b-5) of Section 5.5
24 of the Illinois Enterprise Zone Act, a taxpayer shall be
25 allowed a credit against the tax imposed by subsections (a)
26 and (b) of this Section for investment in qualified

1 property which is placed in service by a Department of
2 Commerce and Economic Opportunity designated High Impact
3 Business. The credit shall be .5% of the basis for such
4 property. The credit shall not be available (i) until the
5 minimum investments in qualified property set forth in
6 subdivision (a)(3)(A) of Section 5.5 of the Illinois
7 Enterprise Zone Act have been satisfied or (ii) until the
8 time authorized in subsection (b-5) of the Illinois
9 Enterprise Zone Act for entities designated as High Impact
10 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
11 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
12 Act, and shall not be allowed to the extent that it would
13 reduce a taxpayer's liability for the tax imposed by
14 subsections (a) and (b) of this Section to below zero. The
15 credit applicable to such investments shall be taken in the
16 taxable year in which such investments have been completed.
17 The credit for additional investments beyond the minimum
18 investment by a designated high impact business authorized
19 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
20 Enterprise Zone Act shall be available only in the taxable
21 year in which the property is placed in service and shall
22 not be allowed to the extent that it would reduce a
23 taxpayer's liability for the tax imposed by subsections (a)
24 and (b) of this Section to below zero. For tax years ending
25 on or after December 31, 1987, the credit shall be allowed
26 for the tax year in which the property is placed in

1 service, or, if the amount of the credit exceeds the tax
2 liability for that year, whether it exceeds the original
3 liability or the liability as later amended, such excess
4 may be carried forward and applied to the tax liability of
5 the 5 taxable years following the excess credit year. The
6 credit shall be applied to the earliest year for which
7 there is a liability. If there is credit from more than one
8 tax year that is available to offset a liability, the
9 credit accruing first in time shall be applied first.

10 Changes made in this subdivision (h) (1) by Public Act
11 88-670 restore changes made by Public Act 85-1182 and
12 reflect existing law.

13 (2) The term qualified property means property which:

14 (A) is tangible, whether new or used, including
15 buildings and structural components of buildings;

16 (B) is depreciable pursuant to Section 167 of the
17 Internal Revenue Code, except that "3-year property"
18 as defined in Section 168(c) (2) (A) of that Code is not
19 eligible for the credit provided by this subsection
20 (h);

21 (C) is acquired by purchase as defined in Section
22 179(d) of the Internal Revenue Code; and

23 (D) is not eligible for the Enterprise Zone
24 Investment Credit provided by subsection (f) of this
25 Section.

26 (3) The basis of qualified property shall be the basis

1 used to compute the depreciation deduction for federal
2 income tax purposes.

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

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

11 (6) If during any taxable year ending on or before
12 December 31, 1996, any property ceases to be qualified
13 property in the hands of the taxpayer within 48 months
14 after being placed in service, or the situs of any
15 qualified property is moved outside Illinois within 48
16 months after being placed in service, the tax imposed under
17 subsections (a) and (b) of this Section for such taxable
18 year shall be increased. Such increase shall be determined
19 by (i) recomputing the investment credit which would have
20 been allowed for the year in which credit for such property
21 was originally allowed by eliminating such property from
22 such computation, and (ii) subtracting such recomputed
23 credit from the amount of credit previously allowed. For
24 the purposes of this paragraph (6), a reduction of the
25 basis of qualified property resulting from a
26 redetermination of the purchase price shall be deemed a

1 disposition of qualified property to the extent of such
2 reduction.

3 (7) Beginning with tax years ending after December 31,
4 1996, if a taxpayer qualifies for the credit under this
5 subsection (h) and thereby is granted a tax abatement and
6 the taxpayer relocates its entire facility in violation of
7 the explicit terms and length of the contract under Section
8 18-183 of the Property Tax Code, the tax imposed under
9 subsections (a) and (b) of this Section shall be increased
10 for the taxable year in which the taxpayer relocated its
11 facility by an amount equal to the amount of credit
12 received by the taxpayer under this subsection (h).

13 (i) Credit for Personal Property Tax Replacement Income
14 Tax. For tax years ending prior to December 31, 2003, a credit
15 shall be allowed against the tax imposed by subsections (a) and
16 (b) of this Section for the tax imposed by subsections (c) and
17 (d) of this Section. This credit shall be computed by
18 multiplying the tax imposed by subsections (c) and (d) of this
19 Section by a fraction, the numerator of which is base income
20 allocable to Illinois and the denominator of which is Illinois
21 base income, and further multiplying the product by the tax
22 rate imposed by subsections (a) and (b) of this Section.

23 Any credit earned on or after December 31, 1986 under this
24 subsection which is unused in the year the credit is computed
25 because it exceeds the tax liability imposed by subsections (a)
26 and (b) for that year (whether it exceeds the original

1 liability or the liability as later amended) may be carried
2 forward and applied to the tax liability imposed by subsections
3 (a) and (b) of the 5 taxable years following the excess credit
4 year, provided that no credit may be carried forward to any
5 year ending on or after December 31, 2003. This credit shall be
6 applied first to the earliest year for which there is a
7 liability. If there is a credit under this subsection from more
8 than one tax year that is available to offset a liability the
9 earliest credit arising under this subsection shall be applied
10 first.

11 If, during any taxable year ending on or after December 31,
12 1986, the tax imposed by subsections (c) and (d) of this
13 Section for which a taxpayer has claimed a credit under this
14 subsection (i) is reduced, the amount of credit for such tax
15 shall also be reduced. Such reduction shall be determined by
16 recomputing the credit to take into account the reduced tax
17 imposed by subsections (c) and (d). If any portion of the
18 reduced amount of credit has been carried to a different
19 taxable year, an amended return shall be filed for such taxable
20 year to reduce the amount of credit claimed.

21 (j) Training expense credit. Beginning with tax years
22 ending on or after December 31, 1986 and prior to December 31,
23 2003, a taxpayer shall be allowed a credit against the tax
24 imposed by subsections (a) and (b) under this Section for all
25 amounts paid or accrued, on behalf of all persons employed by
26 the taxpayer in Illinois or Illinois residents employed outside

1 of Illinois by a taxpayer, for educational or vocational
2 training in semi-technical or technical fields or semi-skilled
3 or skilled fields, which were deducted from gross income in the
4 computation of taxable income. The credit against the tax
5 imposed by subsections (a) and (b) shall be 1.6% of such
6 training expenses. For partners, shareholders of subchapter S
7 corporations, and owners of limited liability companies, if the
8 liability company is treated as a partnership for purposes of
9 federal and State income taxation, there shall be allowed a
10 credit under this subsection (j) to be determined in accordance
11 with the determination of income and distributive share of
12 income under Sections 702 and 704 and subchapter S of the
13 Internal Revenue Code.

14 Any credit allowed under this subsection which is unused in
15 the year the credit is earned may be carried forward to each of
16 the 5 taxable years following the year for which the credit is
17 first computed until it is used. This credit shall be applied
18 first to the earliest year for which there is a liability. If
19 there is a credit under this subsection from more than one tax
20 year that is available to offset a liability the earliest
21 credit arising under this subsection shall be applied first. No
22 carryforward credit may be claimed in any tax year ending on or
23 after December 31, 2003.

24 (k) Research and development credit. For tax years ending
25 after July 1, 1990 and prior to December 31, 2003, and
26 beginning again for tax years ending on or after December 31,

1 2004, and ending prior to ~~January 1, 2022~~ January 1, 2016, a
2 taxpayer shall be allowed a credit against the tax imposed by
3 subsections (a) and (b) of this Section for increasing research
4 activities in this State. The credit allowed against the tax
5 imposed by subsections (a) and (b) shall be equal to 6 1/2% of
6 the qualifying expenditures for increasing research activities
7 in this State. For partners, shareholders of subchapter S
8 corporations, and owners of limited liability companies, if the
9 liability company is treated as a partnership for purposes of
10 federal and State income taxation, there shall be allowed a
11 credit under this subsection to be determined in accordance
12 with the determination of income and distributive share of
13 income under Sections 702 and 704 and subchapter S of the
14 Internal Revenue Code.

15 For purposes of this subsection, "qualifying expenditures"
16 means the qualifying expenditures as defined for the federal
17 credit for increasing research activities which would be
18 allowable under Section 41 of the Internal Revenue Code and
19 which are conducted in this State, "qualifying expenditures for
20 increasing research activities in this State" means the excess
21 of qualifying expenditures for the taxable year in which
22 incurred over qualifying expenditures for the base period,
23 "qualifying expenditures for the base period" means the average
24 of the qualifying expenditures for each year in the base
25 period, and "base period" means the 3 taxable years immediately
26 preceding the taxable year for which the determination is being

1 made.

2 Any credit in excess of the tax liability for the taxable
3 year may be carried forward. A taxpayer may elect to have the
4 unused credit shown on its final completed return carried over
5 as a credit against the tax liability for the following 5
6 taxable years or until it has been fully used, whichever occurs
7 first; provided that no credit earned in a tax year ending
8 prior to December 31, 2003 may be carried forward to any year
9 ending on or after December 31, 2003.

10 If an unused credit is carried forward to a given year from
11 2 or more earlier years, that credit arising in the earliest
12 year will be applied first against the tax liability for the
13 given year. If a tax liability for the given year still
14 remains, the credit from the next earliest year will then be
15 applied, and so on, until all credits have been used or no tax
16 liability for the given year remains. Any remaining unused
17 credit or credits then will be carried forward to the next
18 following year in which a tax liability is incurred, except
19 that no credit can be carried forward to a year which is more
20 than 5 years after the year in which the expense for which the
21 credit is given was incurred.

22 No inference shall be drawn from this amendatory Act of the
23 91st General Assembly in construing this Section for taxable
24 years beginning before January 1, 1999.

25 ~~It is the intent of the General Assembly that the research~~
26 ~~and development credit under this subsection (k) shall apply~~

1 ~~continuously for all tax years ending on or after December 31,~~
2 ~~2004 and ending prior to January 1, 2022, including, but not~~
3 ~~limited to, the period beginning on January 1, 2016 and ending~~
4 ~~on the effective date of this amendatory Act of the 100th~~
5 ~~General Assembly. All actions taken in reliance on the~~
6 ~~continuation of the credit under this subsection (k) by any~~
7 ~~taxpayer are hereby validated.~~

8 (l) Environmental Remediation Tax Credit.

9 (i) For tax years ending after December 31, 1997 and on
10 or before December 31, 2001, a taxpayer shall be allowed a
11 credit against the tax imposed by subsections (a) and (b)
12 of this Section for certain amounts paid for unreimbursed
13 eligible remediation costs, as specified in this
14 subsection. For purposes of this Section, "unreimbursed
15 eligible remediation costs" means costs approved by the
16 Illinois Environmental Protection Agency ("Agency") under
17 Section 58.14 of the Environmental Protection Act that were
18 paid in performing environmental remediation at a site for
19 which a No Further Remediation Letter was issued by the
20 Agency and recorded under Section 58.10 of the
21 Environmental Protection Act. The credit must be claimed
22 for the taxable year in which Agency approval of the
23 eligible remediation costs is granted. The credit is not
24 available to any taxpayer if the taxpayer or any related
25 party caused or contributed to, in any material respect, a
26 release of regulated substances on, in, or under the site

1 that was identified and addressed by the remedial action
2 pursuant to the Site Remediation Program of the
3 Environmental Protection Act. After the Pollution Control
4 Board rules are adopted pursuant to the Illinois
5 Administrative Procedure Act for the administration and
6 enforcement of Section 58.9 of the Environmental
7 Protection Act, determinations as to credit availability
8 for purposes of this Section shall be made consistent with
9 those rules. For purposes of this Section, "taxpayer"
10 includes a person whose tax attributes the taxpayer has
11 succeeded to under Section 381 of the Internal Revenue Code
12 and "related party" includes the persons disallowed a
13 deduction for losses by paragraphs (b), (c), and (f) (1) of
14 Section 267 of the Internal Revenue Code by virtue of being
15 a related taxpayer, as well as any of its partners. The
16 credit allowed against the tax imposed by subsections (a)
17 and (b) shall be equal to 25% of the unreimbursed eligible
18 remediation costs in excess of \$100,000 per site, except
19 that the \$100,000 threshold shall not apply to any site
20 contained in an enterprise zone as determined by the
21 Department of Commerce and Community Affairs (now
22 Department of Commerce and Economic Opportunity). The
23 total credit allowed shall not exceed \$40,000 per year with
24 a maximum total of \$150,000 per site. For partners and
25 shareholders of subchapter S corporations, there shall be
26 allowed a credit under this subsection to be determined in

1 accordance with the determination of income and
2 distributive share of income under Sections 702 and 704 and
3 subchapter S of the Internal Revenue Code.

4 (ii) A credit allowed under this subsection that is
5 unused in the year the credit is earned may be carried
6 forward to each of the 5 taxable years following the year
7 for which the credit is first earned until it is used. The
8 term "unused credit" does not include any amounts of
9 unreimbursed eligible remediation costs in excess of the
10 maximum credit per site authorized under paragraph (i).
11 This credit shall be applied first to the earliest year for
12 which there is a liability. If there is a credit under this
13 subsection from more than one tax year that is available to
14 offset a liability, the earliest credit arising under this
15 subsection shall be applied first. A credit allowed under
16 this subsection may be sold to a buyer as part of a sale of
17 all or part of the remediation site for which the credit
18 was granted. The purchaser of a remediation site and the
19 tax credit shall succeed to the unused credit and remaining
20 carry-forward period of the seller. To perfect the
21 transfer, the assignor shall record the transfer in the
22 chain of title for the site and provide written notice to
23 the Director of the Illinois Department of Revenue of the
24 assignor's intent to sell the remediation site and the
25 amount of the tax credit to be transferred as a portion of
26 the sale. In no event may a credit be transferred to any

1 taxpayer if the taxpayer or a related party would not be
2 eligible under the provisions of subsection (i).

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

6 (m) Education expense credit. Beginning with tax years
7 ending after December 31, 1999, a taxpayer who is the custodian
8 of one or more qualifying pupils shall be allowed a credit
9 against the tax imposed by subsections (a) and (b) of this
10 Section for qualified education expenses incurred on behalf of
11 the qualifying pupils. The credit shall be equal to 25% of
12 qualified education expenses, but in no event may the total
13 credit under this subsection claimed by a family that is the
14 custodian of qualifying pupils exceed ~~(i) \$500 for tax years~~
15 ~~ending prior to December 31, 2017, and (ii) \$750 for tax years~~
16 ~~ending on or after December 31, 2017.~~ In no event shall a
17 credit under this subsection reduce the taxpayer's liability
18 under this Act to less than zero. ~~Notwithstanding any other~~
19 ~~provision of law, for taxable years beginning on or after~~
20 ~~January 1, 2017, no taxpayer may claim a credit under this~~
21 ~~subsection (m) if the taxpayer's adjusted gross income for the~~
22 ~~taxable year exceeds (i) \$500,000, in the case of spouses~~
23 ~~filing a joint federal tax return or (ii) \$250,000, in the case~~
24 ~~of all other taxpayers.~~ This subsection is exempt from the
25 provisions of Section 250 of this Act.

26 For purposes of this subsection:

1 "Qualifying pupils" means individuals who (i) are
2 residents of the State of Illinois, (ii) are under the age of
3 21 at the close of the school year for which a credit is
4 sought, and (iii) during the school year for which a credit is
5 sought were full-time pupils enrolled in a kindergarten through
6 twelfth grade education program at any school, as defined in
7 this subsection.

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

12 "School" means any public or nonpublic elementary or
13 secondary school in Illinois that is in compliance with Title
14 VI of the Civil Rights Act of 1964 and attendance at which
15 satisfies the requirements of Section 26-1 of the School Code,
16 except that nothing shall be construed to require a child to
17 attend any particular public or nonpublic school to qualify for
18 the credit under this Section.

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

22 (n) River Edge Redevelopment Zone site remediation tax
23 credit.

24 (i) For tax years ending on or after December 31, 2006,
25 a taxpayer shall be allowed a credit against the tax
26 imposed by subsections (a) and (b) of this Section for

1 certain amounts paid for unreimbursed eligible remediation
2 costs, as specified in this subsection. For purposes of
3 this Section, "unreimbursed eligible remediation costs"
4 means costs approved by the Illinois Environmental
5 Protection Agency ("Agency") under Section 58.14a of the
6 Environmental Protection Act that were paid in performing
7 environmental remediation at a site within a River Edge
8 Redevelopment Zone for which a No Further Remediation
9 Letter was issued by the Agency and recorded under Section
10 58.10 of the Environmental Protection Act. The credit must
11 be claimed for the taxable year in which Agency approval of
12 the eligible remediation costs is granted. The credit is
13 not available to any taxpayer if the taxpayer or any
14 related party caused or contributed to, in any material
15 respect, a release of regulated substances on, in, or under
16 the site that was identified and addressed by the remedial
17 action pursuant to the Site Remediation Program of the
18 Environmental Protection Act. Determinations as to credit
19 availability for purposes of this Section shall be made
20 consistent with rules adopted by the Pollution Control
21 Board pursuant to the Illinois Administrative Procedure
22 Act for the administration and enforcement of Section 58.9
23 of the Environmental Protection Act. For purposes of this
24 Section, "taxpayer" includes a person whose tax attributes
25 the taxpayer has succeeded to under Section 381 of the
26 Internal Revenue Code and "related party" includes the

1 persons disallowed a deduction for losses by paragraphs
2 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
3 Code by virtue of being a related taxpayer, as well as any
4 of its partners. The credit allowed against the tax imposed
5 by subsections (a) and (b) shall be equal to 25% of the
6 unreimbursed eligible remediation costs in excess of
7 \$100,000 per site.

8 (ii) A credit allowed under this subsection that is
9 unused in the year the credit is earned may be carried
10 forward to each of the 5 taxable years following the year
11 for which the credit is first earned until it is used. This
12 credit shall be applied first to the earliest year for
13 which there is a liability. If there is a credit under this
14 subsection from more than one tax year that is available to
15 offset a liability, the earliest credit arising under this
16 subsection shall be applied first. A credit allowed under
17 this subsection may be sold to a buyer as part of a sale of
18 all or part of the remediation site for which the credit
19 was granted. The purchaser of a remediation site and the
20 tax credit shall succeed to the unused credit and remaining
21 carry-forward period of the seller. To perfect the
22 transfer, the assignor shall record the transfer in the
23 chain of title for the site and provide written notice to
24 the Director of the Illinois Department of Revenue of the
25 assignor's intent to sell the remediation site and the
26 amount of the tax credit to be transferred as a portion of

1 the sale. In no event may a credit be transferred to any
2 taxpayer if the taxpayer or a related party would not be
3 eligible under the provisions of subsection (i).

4 (iii) For purposes of this Section, the term "site"
5 shall have the same meaning as under Section 58.2 of the
6 Environmental Protection Act.

7 (o) For each of taxable years during the Compassionate Use
8 of Medical Cannabis Pilot Program, a surcharge is imposed on
9 all taxpayers on income arising from the sale or exchange of
10 capital assets, depreciable business property, real property
11 used in the trade or business, and Section 197 intangibles of
12 an organization registrant under the Compassionate Use of
13 Medical Cannabis Pilot Program Act. The amount of the surcharge
14 is equal to the amount of federal income tax liability for the
15 taxable year attributable to those sales and exchanges. The
16 surcharge imposed does not apply if:

17 (1) the medical cannabis cultivation center
18 registration, medical cannabis dispensary registration, or
19 the property of a registration is transferred as a result
20 of any of the following:

21 (A) bankruptcy, a receivership, or a debt
22 adjustment initiated by or against the initial
23 registration or the substantial owners of the initial
24 registration;

25 (B) cancellation, revocation, or termination of
26 any registration by the Illinois Department of Public

1 Health;

2 (C) a determination by the Illinois Department of
3 Public Health that transfer of the registration is in
4 the best interests of Illinois qualifying patients as
5 defined by the Compassionate Use of Medical Cannabis
6 Pilot Program Act;

7 (D) the death of an owner of the equity interest in
8 a registrant;

9 (E) the acquisition of a controlling interest in
10 the stock or substantially all of the assets of a
11 publicly traded company;

12 (F) a transfer by a parent company to a wholly
13 owned subsidiary; or

14 (G) the transfer or sale to or by one person to
15 another person where both persons were initial owners
16 of the registration when the registration was issued;
17 or

18 (2) the cannabis cultivation center registration,
19 medical cannabis dispensary registration, or the
20 controlling interest in a registrant's property is
21 transferred in a transaction to lineal descendants in which
22 no gain or loss is recognized or as a result of a
23 transaction in accordance with Section 351 of the Internal
24 Revenue Code in which no gain or loss is recognized.

25 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
26 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,

1 eff. 7-16-14; 10000SB0009ham003.)

2 (35 ILCS 5/202.5)

3 Sec. 202.5. Net income attributable to the period beginning
4 prior to ~~the first day of a month and ending after the last day~~
5 ~~of the preceding month~~ January 1 of any year and ending after
6 December 31 of the preceding year.

7 (a) In general. With respect to the taxable year of a
8 taxpayer beginning prior to ~~the first day of a month and ending~~
9 ~~after the last day of the preceding month~~ January 1 of any year
10 and ending after December 31 of the preceding year, net income
11 for the period after ~~the last day of the preceding month~~
12 December 31 of the preceding year, is that amount that bears
13 the same ratio to the taxpayer's net income for the entire
14 taxable year as the number of days in that taxable year after
15 ~~the last day of the preceding month~~ December 31 bears to the
16 total number of days in that taxable year, and the net income
17 for the period prior to ~~the first day of the month~~ January 1 is
18 that amount that bears the same ratio to the taxpayer's net
19 income for the entire taxable year as the number of days in
20 that taxable year prior to ~~the first day of the month~~ January 1
21 bears to the total number of days in that taxable year.

22 (b) Election to attribute income and deduction items
23 specifically to the respective portions of a taxable year prior
24 to ~~the first day of a month and ending after the last day of the~~
25 ~~preceding month~~ January 1 of any year and after December 31 of

1 the preceding year. In the case of a taxpayer with a taxable
2 year beginning prior to ~~the first day of a month and ending~~
3 ~~after the last day of the preceding month~~ January 1 of any year
4 and ending after December 31 of the preceding year, the
5 taxpayer may elect, instead of the procedure established in
6 subsection (a) of this Section, to determine net income on a
7 specific accounting basis for the 2 portions of the taxable
8 year:

9 (1) from the beginning of the taxable year through ~~the~~
10 ~~last day of that apportionment period~~ December 31; and

11 (2) from ~~the first day of the next apportionment period~~
12 January 1 through the end of the taxable year.

13 The election provided by this subsection must be made in
14 ~~the~~ form and manner that the Department requires by rule, and
15 must be made no later than the due date (including any
16 extensions thereof) for the filing of the return for the
17 taxable year, and is irrevocable.

18 (c) If the taxpayer elects specific accounting under
19 subsection (b):

20 (1) there shall be taken into account in computing base
21 income for each of the 2 portions of the taxable year only
22 those items earned, received, paid, incurred or accrued in
23 each such period;

24 (2) for purposes of apportioning business income of the
25 taxpayer, the provisions in Article 3 shall be applied on
26 the basis of the taxpayer's full taxable year, without

1 regard to this Section;

2 (3) ~~the exemption provided by Section 204 shall be~~
3 ~~divided between the respective periods in amounts which~~
4 ~~bear the same ratio to the total exemption allowable under~~
5 ~~Section 204 (determined without regard to this Section) as~~
6 ~~the total number of days in each period bears to the total~~
7 ~~number of days in the taxable year;~~

8 ~~(4) for purposes of this subsection, net income may not~~
9 ~~be negative for either of the two portions of the taxable~~
10 ~~year and positive for the other; if net income for one~~
11 ~~portion of the taxable year would be positive and net~~
12 ~~income for the other portion would otherwise be negative,~~
13 ~~the net income for the entire taxable year shall be~~
14 ~~attributed to the portion of the taxable year with positive~~
15 ~~net income and the net income for the other portion of the~~
16 ~~taxable year shall be zero; and~~

17 ~~(5) the net loss carryforward deduction for the taxable~~
18 ~~year under Section 207 may not exceed combined net income~~
19 ~~of both portions of the taxable year, and shall be used~~
20 ~~against the net income of the portion of the taxable year~~
21 ~~from the beginning of the taxable year through ~~the last day~~~~
22 ~~of the preceding month December 31 before any remaining~~
23 ~~amount is used against the net income of the latter portion~~
24 ~~of the taxable year.~~

25 (Source: P.A. 96-1496, eff. 1-13-11; 10000SB0009ham003.)

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

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

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

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

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

22 (C) An amount equal to the amount received during
23 the taxable year as a recovery or refund of real
24 property taxes paid with respect to the taxpayer's
25 principal residence under the Revenue Act of 1939 and
26 for which a deduction was previously taken under

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

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

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

20 (D-10) For taxable years ending after December 31,
21 1997, an amount equal to any eligible remediation costs
22 that the individual deducted in computing adjusted
23 gross income and for which the individual claims a
24 credit under subsection (1) of Section 201;

25 (D-15) For taxable years 2001 and thereafter, an
26 amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the
2 taxable year under subsection (k) of Section 168 of the
3 Internal Revenue Code;

4 (D-16) If the taxpayer sells, transfers, abandons,
5 or otherwise disposes of property for which the
6 taxpayer was required in any taxable year to make an
7 addition modification under subparagraph (D-15), then
8 an amount equal to the aggregate amount of the
9 deductions taken in all taxable years under
10 subparagraph (Z) with respect to that property.

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

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

21 (D-17) An amount equal to the amount otherwise
22 allowed as a deduction in computing base income for
23 interest paid, accrued, or incurred, directly or
24 indirectly, (i) for taxable years ending on or after
25 December 31, 2004, to a foreign person who would be a
26 member of the same unitary business group but for the

1 fact that foreign person's business activity outside
2 the United States is 80% or more of the foreign
3 person's total business activity and (ii) for taxable
4 years ending on or after December 31, 2008, to a person
5 who would be a member of the same unitary business
6 group but for the fact that the person is prohibited
7 under Section 1501(a)(27) from being included in the
8 unitary business group because he or she is ordinarily
9 required to apportion business income under different
10 subsections of Section 304. The addition modification
11 required by this subparagraph shall be reduced to the
12 extent that dividends were included in base income of
13 the unitary group for the same taxable year and
14 received by the taxpayer or by a member of the
15 taxpayer's unitary business group (including amounts
16 included in gross income under Sections 951 through 964
17 of the Internal Revenue Code and amounts included in
18 gross income under Section 78 of the Internal Revenue
19 Code) with respect to the stock of the same person to
20 whom the interest was paid, accrued, or incurred.

21 This paragraph shall not apply to the following:

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

1 with respect to such interest; or

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

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

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

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

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

1 if the taxpayer and the Director agree in writing
2 to the application or use of an alternative method
3 of apportionment under Section 304(f).

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

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

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

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

6 This paragraph shall not apply to the following:

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

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

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

23 (b) the transaction giving rise to the
24 intangible expense or cost between the
25 taxpayer and the person did not have as a
26 principal purpose the avoidance of Illinois

1 income tax, and is paid pursuant to a contract
2 or agreement that reflects arm's-length terms;
3 or

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

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

21 (D-19) For taxable years ending on or after
22 December 31, 2008, an amount equal to the amount of
23 insurance premium expenses and costs otherwise allowed
24 as a deduction in computing base income, and that were
25 paid, accrued, or incurred, directly or indirectly, to
26 a person who would be a member of the same unitary

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

21 (D-20) For taxable years beginning on or after
22 January 1, 2002 and ending on or before December 31,
23 2006, in the case of a distribution from a qualified
24 tuition program under Section 529 of the Internal
25 Revenue Code, other than (i) a distribution from a
26 College Savings Pool created under Section 16.5 of the

1 State Treasurer Act or (ii) a distribution from the
2 Illinois Prepaid Tuition Trust Fund, an amount equal to
3 the amount excluded from gross income under Section
4 529(c)(3)(B). For taxable years beginning on or after
5 January 1, 2007, in the case of a distribution from a
6 qualified tuition program under Section 529 of the
7 Internal Revenue Code, other than (i) a distribution
8 from a College Savings Pool created under Section 16.5
9 of the State Treasurer Act, (ii) a distribution from
10 the Illinois Prepaid Tuition Trust Fund, or (iii) a
11 distribution from a qualified tuition program under
12 Section 529 of the Internal Revenue Code that (I)
13 adopts and determines that its offering materials
14 comply with the College Savings Plans Network's
15 disclosure principles and (II) has made reasonable
16 efforts to inform in-state residents of the existence
17 of in-state qualified tuition programs by informing
18 Illinois residents directly and, where applicable, to
19 inform financial intermediaries distributing the
20 program to inform in-state residents of the existence
21 of in-state qualified tuition programs at least
22 annually, an amount equal to the amount excluded from
23 gross income under Section 529(c)(3)(B).

24 For the purposes of this subparagraph (D-20), a
25 qualified tuition program has made reasonable efforts
26 if it makes disclosures (which may use the term

1 "in-state program" or "in-state plan" and need not
2 specifically refer to Illinois or its qualified
3 programs by name) (i) directly to prospective
4 participants in its offering materials or makes a
5 public disclosure, such as a website posting; and (ii)
6 where applicable, to intermediaries selling the
7 out-of-state program in the same manner that the
8 out-of-state program distributes its offering
9 materials;

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

17 (D-22) For taxable years beginning on or after
18 January 1, 2009, in the case of a nonqualified
19 withdrawal or refund of moneys from a qualified tuition
20 program under Section 529 of the Internal Revenue Code
21 administered by the State that is not used for
22 qualified expenses at an eligible education
23 institution, an amount equal to the contribution
24 component of the nonqualified withdrawal or refund
25 that was previously deducted from base income under
26 subsection (a) (2) (y) of this Section, provided that

1 the withdrawal or refund did not result from the
2 beneficiary's death or disability;

3 (D-23) An amount equal to the credit allowable to
4 the taxpayer under Section 218(a) of this Act,
5 determined without regard to Section 218(c) of this
6 Act;

7 ~~(D-24) For taxable years ending on or after~~
8 ~~December 31, 2017, an amount equal to the deduction~~
9 ~~allowed under Section 199 of the Internal Revenue Code~~
10 ~~for the taxable year;~~

11 and by deducting from the total so obtained the sum of the
12 following amounts:

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

1 after December 31, 2007, the National Guard of any
2 other state. For taxable years ending on or after
3 December 31, 2001, any amount included in such total in
4 respect of any compensation (including but not limited
5 to any compensation paid or accrued to a serviceman
6 while a prisoner of war or missing in action) paid to a
7 resident by reason of being a member of any component
8 of the Armed Forces of the United States and in respect
9 of any compensation paid or accrued to a resident who
10 as a governmental employee was a prisoner of war or
11 missing in action, and in respect of any compensation
12 paid to a resident in 2001 or thereafter by reason of
13 being a member of the Illinois National Guard or,
14 beginning with taxable years ending on or after
15 December 31, 2007, the National Guard of any other
16 state. The provisions of this subparagraph (E) are
17 exempt from the provisions of Section 250;

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

1 Internal Revenue Code and regulations adopted pursuant
2 thereto;

3 (G) The valuation limitation amount;

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

7 (I) An amount equal to all amounts included in such
8 total pursuant to the provisions of Section 111 of the
9 Internal Revenue Code as a recovery of items previously
10 deducted from adjusted gross income in the computation
11 of taxable income;

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

20 (K) An amount equal to those dividends included in
21 such total that were paid by a corporation that
22 conducts business operations in a federally designated
23 Foreign Trade Zone or Sub-Zone and that is designated a
24 High Impact Business located in Illinois; provided
25 that dividends eligible for the deduction provided in
26 subparagraph (J) of paragraph (2) of this subsection

1 shall not be eligible for the deduction provided under
2 this subparagraph (K);

3 (L) For taxable years ending after December 31,
4 1983, an amount equal to all social security benefits
5 and railroad retirement benefits included in such
6 total pursuant to Sections 72(r) and 86 of the Internal
7 Revenue Code;

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

24 (N) An amount equal to all amounts included in such
25 total which are exempt from taxation by this State
26 either by reason of its statutes or Constitution or by

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

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

10 (P) An amount equal to the amount of the deduction
11 used to compute the federal income tax credit for
12 restoration of substantial amounts held under claim of
13 right for the taxable year pursuant to Section 1341 of
14 the Internal Revenue Code or of any itemized deduction
15 taken from adjusted gross income in the computation of
16 taxable income for restoration of substantial amounts
17 held under claim of right for the taxable year;

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

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

25 (S) An amount, to the extent included in adjusted
26 gross income, equal to the amount of a contribution

1 made in the taxable year on behalf of the taxpayer to a
2 medical care savings account established under the
3 Medical Care Savings Account Act or the Medical Care
4 Savings Account Act of 2000 to the extent the
5 contribution is accepted by the account administrator
6 as provided in that Act;

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

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

20 (V) Beginning with tax years ending on or after
21 December 31, 1995 and ending with tax years ending on
22 or before December 31, 2004, an amount equal to the
23 amount paid by a taxpayer who is a self-employed
24 taxpayer, a partner of a partnership, or a shareholder
25 in a Subchapter S corporation for health insurance or
26 long-term care insurance for that taxpayer or that

1 taxpayer's spouse or dependents, to the extent that the
2 amount paid for that health insurance or long-term care
3 insurance may be deducted under Section 213 of the
4 Internal Revenue Code, has not been deducted on the
5 federal income tax return of the taxpayer, and does not
6 exceed the taxable income attributable to that
7 taxpayer's income, self-employment income, or
8 Subchapter S corporation income; except that no
9 deduction shall be allowed under this item (V) if the
10 taxpayer is eligible to participate in any health
11 insurance or long-term care insurance plan of an
12 employer of the taxpayer or the taxpayer's spouse. The
13 amount of the health insurance and long-term care
14 insurance subtracted under this item (V) shall be
15 determined by multiplying total health insurance and
16 long-term care insurance premiums paid by the taxpayer
17 times a number that represents the fractional
18 percentage of eligible medical expenses under Section
19 213 of the Internal Revenue Code of 1986 not actually
20 deducted on the taxpayer's federal income tax return;

21 (W) For taxable years beginning on or after January
22 1, 1998, all amounts included in the taxpayer's federal
23 gross income in the taxable year from amounts converted
24 from a regular IRA to a Roth IRA. This paragraph is
25 exempt from the provisions of Section 250;

26 (X) For taxable year 1999 and thereafter, an amount

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

1 victim. The amount of and the eligibility for any
2 public assistance, benefit, or similar entitlement is
3 not affected by the inclusion of items (i) and (ii) of
4 this paragraph in gross income for federal income tax
5 purposes. This paragraph is exempt from the provisions
6 of Section 250;

7 (Y) For taxable years beginning on or after January
8 1, 2002 and ending on or before December 31, 2004,
9 moneys contributed in the taxable year to a College
10 Savings Pool account under Section 16.5 of the State
11 Treasurer Act, except that amounts excluded from gross
12 income under Section 529(c)(3)(C)(i) of the Internal
13 Revenue Code shall not be considered moneys
14 contributed under this subparagraph (Y). For taxable
15 years beginning on or after January 1, 2005, a maximum
16 of \$10,000 contributed in the taxable year to (i) a
17 College Savings Pool account under Section 16.5 of the
18 State Treasurer Act or (ii) the Illinois Prepaid
19 Tuition Trust Fund, except that amounts excluded from
20 gross income under Section 529(c)(3)(C)(i) of the
21 Internal Revenue Code shall not be considered moneys
22 contributed under this subparagraph (Y). For purposes
23 of this subparagraph, contributions made by an
24 employer on behalf of an employee, or matching
25 contributions made by an employee, shall be treated as
26 made by the employee. This subparagraph (Y) is exempt

1 from the provisions of Section 250;

2 (Z) For taxable years 2001 and thereafter, for the
3 taxable year in which the bonus depreciation deduction
4 is taken on the taxpayer's federal income tax return
5 under subsection (k) of Section 168 of the Internal
6 Revenue Code and for each applicable taxable year
7 thereafter, an amount equal to "x", where:

8 (1) "y" equals the amount of the depreciation
9 deduction taken for the taxable year on the
10 taxpayer's federal income tax return on property
11 for which the bonus depreciation deduction was
12 taken in any year under subsection (k) of Section
13 168 of the Internal Revenue Code, but not including
14 the bonus depreciation deduction;

15 (2) for taxable years ending on or before
16 December 31, 2005, "x" equals "y" multiplied by 30
17 and then divided by 70 (or "y" multiplied by
18 0.429); and

19 (3) for taxable years ending after December
20 31, 2005:

21 (i) for property on which a bonus
22 depreciation deduction of 30% of the adjusted
23 basis was taken, "x" equals "y" multiplied by
24 30 and then divided by 70 (or "y" multiplied by
25 0.429); and

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 1.0.

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

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

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which the
19 taxpayer may claim a depreciation deduction for
20 federal income tax purposes and for which the taxpayer
21 was required in any taxable year to make an addition
22 modification under subparagraph (D-15), then an amount
23 equal to that addition modification.

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

1 This subparagraph (AA) is exempt from the
2 provisions of Section 250;

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

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

23 (DD) An amount equal to the interest income taken
24 into account for the taxable year (net of the
25 deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

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

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

1 group but for the fact that the person is prohibited
2 under Section 1501(a)(27) from being included in the
3 unitary business group because he or she is ordinarily
4 required to apportion business income under different
5 subsections of Section 304, but not to exceed the
6 addition modification required to be made for the same
7 taxable year under Section 203(a)(2)(D-18) for
8 intangible expenses and costs paid, accrued, or
9 incurred, directly or indirectly, to the same foreign
10 person. This subparagraph (EE) is exempt from the
11 provisions of Section 250;

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

18 (GG) For taxable years ending on or after December
19 31, 2011, in the case of a taxpayer who was required to
20 add back any insurance premiums under Section
21 203(a)(2)(D-19), such taxpayer may elect to subtract
22 that part of a reimbursement received from the
23 insurance company equal to the amount of the expense or
24 loss (including expenses incurred by the insurance
25 company) that would have been taken into account as a
26 deduction for federal income tax purposes if the

1 expense or loss had been uninsured. If a taxpayer makes
2 the election provided for by this subparagraph (GG),
3 the insurer to which the premiums were paid must add
4 back to income the amount subtracted by the taxpayer
5 pursuant to this subparagraph (GG). This subparagraph
6 (GG) is exempt from the provisions of Section 250.

7 (b) Corporations.

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

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

14 (A) An amount equal to all amounts paid or accrued
15 to the taxpayer as interest and all distributions
16 received from regulated investment companies during
17 the taxable year to the extent excluded from gross
18 income in the computation of taxable income;

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

22 (C) In the case of a regulated investment company,
23 an amount equal to the excess of (i) the net long-term
24 capital gain for the taxable year, over (ii) the amount
25 of the capital gain dividends designated as such in

1 accordance with Section 852(b)(3)(C) of the Internal
2 Revenue Code and any amount designated under Section
3 852(b)(3)(D) of the Internal Revenue Code,
4 attributable to the taxable year (this amendatory Act
5 of 1995 (Public Act 89-89) is declarative of existing
6 law and is not a new enactment);

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

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

21 (i) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall be reduced by the amount of
25 addition modification under this subparagraph (E)
26 which related to that net operating loss and which

1 was taken into account in calculating the base
2 income of an earlier taxable year, and

3 (ii) the addition modification relating to the
4 net operating loss carried back or forward to the
5 taxable year from any taxable year ending prior to
6 December 31, 1986 shall not exceed the amount of
7 such carryback or carryforward;

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

15 (E-5) For taxable years ending after December 31,
16 1997, an amount equal to any eligible remediation costs
17 that the corporation deducted in computing adjusted
18 gross income and for which the corporation claims a
19 credit under subsection (l) of Section 201;

20 (E-10) For taxable years 2001 and thereafter, an
21 amount equal to the bonus depreciation deduction taken
22 on the taxpayer's federal income tax return for the
23 taxable year under subsection (k) of Section 168 of the
24 Internal Revenue Code;

25 (E-11) If the taxpayer sells, transfers, abandons,
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an
2 addition modification under subparagraph (E-10), then
3 an amount equal to the aggregate amount of the
4 deductions taken in all taxable years under
5 subparagraph (T) with respect to that property.

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

13 The taxpayer is required to make the addition
14 modification under this subparagraph only once with
15 respect to any one piece of property;

16 (E-12) An amount equal to the amount otherwise
17 allowed as a deduction in computing base income for
18 interest paid, accrued, or incurred, directly or
19 indirectly, (i) for taxable years ending on or after
20 December 31, 2004, to a foreign person who would be a
21 member of the same unitary business group but for the
22 fact the foreign person's business activity outside
23 the United States is 80% or more of the foreign
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

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

17 This paragraph shall not apply to the following:

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

24 (ii) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer can establish, based on a

1 preponderance of the evidence, both of the
2 following:

3 (a) the person, during the same taxable
4 year, paid, accrued, or incurred, the interest
5 to a person that is not a related member, and

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

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

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

26 Nothing in this subsection shall preclude the

1 Director from making any other adjustment
2 otherwise allowed under Section 404 of this Act for
3 any tax year beginning after the effective date of
4 this amendment provided such adjustment is made
5 pursuant to regulation adopted by the Department
6 and such regulations provide methods and standards
7 by which the Department will utilize its authority
8 under Section 404 of this Act;

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

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

1 similar types of intangible assets.

2 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) any item of intangible expense or cost

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

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

17 (E-14) For taxable years ending on or after
18 December 31, 2008, an amount equal to the amount of
19 insurance premium expenses and costs otherwise allowed
20 as a deduction in computing base income, and that were
21 paid, accrued, or incurred, directly or indirectly, to
22 a person who would be a member of the same unitary
23 business group but for the fact that the person is
24 prohibited under Section 1501(a)(27) from being
25 included in the unitary business group because he or
26 she is ordinarily required to apportion business

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

17 (E-15) For taxable years beginning after December
18 31, 2008, any deduction for dividends paid by a captive
19 real estate investment trust that is allowed to a real
20 estate investment trust under Section 857(b) (2) (B) of
21 the Internal Revenue Code for dividends paid;

22 (E-16) An amount equal to the credit allowable to
23 the taxpayer under Section 218(a) of this Act,
24 determined without regard to Section 218(c) of this
25 Act;

26 ~~(E-17) For taxable years ending on or after~~

1 ~~December 31, 2017, an amount equal to the deduction~~
2 ~~allowed under Section 199 of the Internal Revenue Code~~
3 ~~for the taxable year;~~

4 and by deducting from the total so obtained the sum of the
5 following amounts:

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

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

11 (H) In the case of a regulated investment company,
12 an amount equal to the amount of exempt interest
13 dividends as defined in subsection (b) (5) of Section
14 852 of the Internal Revenue Code, paid to shareholders
15 for the taxable year;

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

1 for tax years ending on or after December 31, 2011,
2 amounts disallowed as deductions by Section 45G(e) (3)
3 of the Internal Revenue Code and, for taxable years
4 ending on or after December 31, 2008, any amount
5 included in gross income under Section 87 of the
6 Internal Revenue Code and the policyholders' share of
7 tax-exempt interest of a life insurance company under
8 Section 807(a) (2) (B) of the Internal Revenue Code (in
9 the case of a life insurance company with gross income
10 from a decrease in reserves for the tax year) or
11 Section 807(b) (1) (B) of the Internal Revenue Code (in
12 the case of a life insurance company allowed a
13 deduction for an increase in reserves for the tax
14 year); the provisions of this subparagraph are exempt
15 from the provisions of Section 250;

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

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

1 conducts business operations in a River Edge
2 Redevelopment Zone or zones created under the River
3 Edge Redevelopment Zone Act and conducts substantially
4 all of its operations in a River Edge Redevelopment
5 Zone or zones. This subparagraph (K) is exempt from the
6 provisions of Section 250;

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

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

1 divided into the basis of the Section 201(f) investment
2 credit property which secures the loan or loans, using
3 for this purpose the original basis of such property on
4 the date that it was placed in service in the River
5 Edge Redevelopment Zone. The subtraction modification
6 available to taxpayer in any year under this subsection
7 shall be that portion of the total interest paid by the
8 borrower with respect to such loan attributable to the
9 eligible property as calculated under the previous
10 sentence. This subparagraph (M) is exempt from the
11 provisions of Section 250;

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

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

11 (N) Two times any contribution made during the
12 taxable year to a designated zone organization to the
13 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) must,
16 by its terms, be used for a project approved by the
17 Department of Commerce and Economic Opportunity under
18 Section 11 of the Illinois Enterprise Zone Act or under
19 Section 10-10 of the River Edge Redevelopment Zone Act.
20 This subparagraph (N) is exempt from the provisions of
21 Section 250;

22 (O) An amount equal to: (i) 85% for taxable years
23 ending on or before December 31, 1992, or, a percentage
24 equal to the percentage allowable under Section
25 243(a)(1) of the Internal Revenue Code of 1986 for
26 taxable years ending after December 31, 1992, of the

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

1 paragraph (2) of this subsection (b) which is related
2 to such dividends. This subparagraph (O) is exempt from
3 the provisions of Section 250 of this Act;

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

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

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

25 (S) For taxable years ending on or after December
26 31, 1997, in the case of a Subchapter S corporation, an

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

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

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

22 (2) for taxable years ending on or before
23 December 31, 2005, "x" equals "y" multiplied by 30
24 and then divided by 70 (or "y" multiplied by
25 0.429); and

26 (3) for taxable years ending after December

1 31, 2005:

2 (i) for property on which a bonus
3 depreciation deduction of 30% of the adjusted
4 basis was taken, "x" equals "y" multiplied by
5 30 and then divided by 70 (or "y" multiplied by
6 0.429); and

7 (ii) for property on which a bonus
8 depreciation deduction of 50% of the adjusted
9 basis was taken, "x" equals "y" multiplied by
10 1.0.

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

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

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which the
26 taxpayer may claim a depreciation deduction for

1 federal income tax purposes and for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (E-10), then an amount
4 equal to that addition modification.

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

8 This subparagraph (U) is exempt from the
9 provisions of Section 250;

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

1 into account for the taxable year with respect to a
2 transaction with a taxpayer that is required to make an
3 addition modification with respect to such transaction
4 under Section 203(a)(2)(D-19), Section
5 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
6 203(d)(2)(D-9), but not to exceed the amount of that
7 addition modification. This subparagraph (V) is exempt
8 from the provisions of Section 250;

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

1 indirectly, to the same person. This subparagraph (W)
2 is exempt from the provisions of Section 250;

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

24 (Y) For taxable years ending on or after December
25 31, 2011, in the case of a taxpayer who was required to
26 add back any insurance premiums under Section

1 203(b)(2)(E-14), such taxpayer may elect to subtract
2 that part of a reimbursement received from the
3 insurance company equal to the amount of the expense or
4 loss (including expenses incurred by the insurance
5 company) that would have been taken into account as a
6 deduction for federal income tax purposes if the
7 expense or loss had been uninsured. If a taxpayer makes
8 the election provided for by this subparagraph (Y), the
9 insurer to which the premiums were paid must add back
10 to income the amount subtracted by the taxpayer
11 pursuant to this subparagraph (Y). This subparagraph
12 (Y) is exempt from the provisions of Section 250; and

13 (Z) The difference between the nondeductible
14 controlled foreign corporation dividends under Section
15 965(e)(3) of the Internal Revenue Code over the taxable
16 income of the taxpayer, computed without regard to
17 Section 965(e)(2)(A) of the Internal Revenue Code, and
18 without regard to any net operating loss deduction.
19 This subparagraph (Z) is exempt from the provisions of
20 Section 250.

21 (3) Special rule. For purposes of paragraph (2) (A),
22 "gross income" in the case of a life insurance company, for
23 tax years ending on and after December 31, 1994, and prior
24 to December 31, 2011, shall mean the gross investment
25 income for the taxable year and, for tax years ending on or
26 after December 31, 2011, shall mean all amounts included in

1 life insurance gross income under Section 803(a)(3) of the
2 Internal Revenue Code.

3 (c) Trusts and estates.

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

7 (2) Modifications. Subject to the provisions of
8 paragraph (3), the taxable income referred to in paragraph
9 (1) shall be modified by adding thereto the sum of the
10 following amounts:

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

15 (B) In the case of (i) an estate, \$600; (ii) a
16 trust which, under its governing instrument, is
17 required to distribute all of its income currently,
18 \$300; and (iii) any other trust, \$100, but in each such
19 case, only to the extent such amount was deducted in
20 the computation of taxable income;

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

24 (D) The amount of any net operating loss deduction
25 taken in arriving at taxable income, other than a net

1 operating loss carried forward from a taxable year
2 ending prior to December 31, 1986;

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

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

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

26 For taxable years in which there is a net operating

1 loss carryback or carryforward from more than one other
2 taxable year ending prior to December 31, 1986, the
3 addition modification provided in this subparagraph
4 (E) shall be the sum of the amounts computed
5 independently under the preceding provisions of this
6 subparagraph (E) for each such taxable year;

7 (F) For taxable years ending on or after January 1,
8 1989, an amount equal to the tax deducted pursuant to
9 Section 164 of the Internal Revenue Code if the trust
10 or estate is claiming the same tax for purposes of the
11 Illinois foreign tax credit under Section 601 of this
12 Act;

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

17 (G-5) For taxable years ending after December 31,
18 1997, an amount equal to any eligible remediation costs
19 that the trust or estate deducted in computing adjusted
20 gross income and for which the trust or estate claims a
21 credit under subsection (l) of Section 201;

22 (G-10) For taxable years 2001 and thereafter, an
23 amount equal to the bonus depreciation deduction taken
24 on the taxpayer's federal income tax return for the
25 taxable year under subsection (k) of Section 168 of the
26 Internal Revenue Code; and

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

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

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

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

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

19 This paragraph shall not apply to the following:

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

26 (ii) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person if
2 the taxpayer can establish, based on a
3 preponderance of the evidence, both of the
4 following:

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

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

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

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

1 of apportionment under Section 304(f).

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

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

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

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

4 This paragraph shall not apply to the following:

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

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

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

21 (b) the transaction giving rise to the
22 intangible expense or cost between the
23 taxpayer and the person did not have as a
24 principal purpose the avoidance of Illinois
25 income tax, and is paid pursuant to a contract
26 or agreement that reflects arm's-length terms;

1 or

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

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

19 (G-14) For taxable years ending on or after
20 December 31, 2008, an amount equal to the amount of
21 insurance premium expenses and costs otherwise allowed
22 as a deduction in computing base income, and that were
23 paid, accrued, or incurred, directly or indirectly, to
24 a person who would be a member of the same unitary
25 business group but for the fact that the person is
26 prohibited under Section 1501(a)(27) from being

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

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

23 ~~(G-16) For taxable years ending on or after~~
24 ~~December 31, 2017, an amount equal to the deduction~~
25 ~~allowed under Section 199 of the Internal Revenue Code~~
26 ~~for the taxable year;~~

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

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

14 (I) The valuation limitation amount;

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

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

1 exempted shall be the interest net of bond premium
2 amortization;

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

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

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

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

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

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

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

25 (R) For taxable years 2001 and thereafter, for the
26 taxable year in which the bonus depreciation deduction

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

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

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

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

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

23 (ii) for property on which a bonus
24 depreciation deduction of 50% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 1.0.

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

9 (S) If the taxpayer sells, transfers, abandons, or
10 otherwise disposes of property for which the taxpayer
11 was required in any taxable year to make an addition
12 modification under subparagraph (G-10), then an amount
13 equal to that addition modification.

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

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

24 This subparagraph (S) is exempt from the
25 provisions of Section 250;

26 (T) The amount of (i) any interest income (net of

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

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

1 group but for the fact that the person is prohibited
2 under Section 1501(a)(27) from being included in the
3 unitary business group because he or she is ordinarily
4 required to apportion business income under different
5 subsections of Section 304, but not to exceed the
6 addition modification required to be made for the same
7 taxable year under Section 203(c)(2)(G-12) for
8 interest paid, accrued, or incurred, directly or
9 indirectly, to the same person. This subparagraph (U)
10 is exempt from the provisions of Section 250;

11 (V) An amount equal to the income from intangible
12 property taken into account for the taxable year (net
13 of the deductions allocable thereto) with respect to
14 transactions with (i) a foreign person who would be a
15 member of the taxpayer's unitary business group but for
16 the fact that the foreign person's business activity
17 outside the United States is 80% or more of that
18 person's total business activity and (ii) for taxable
19 years ending on or after December 31, 2008, to a person
20 who would be a member of the same unitary business
21 group but for the fact that the person is prohibited
22 under Section 1501(a)(27) from being included in the
23 unitary business group because he or she is ordinarily
24 required to apportion business income under different
25 subsections of Section 304, but not to exceed the
26 addition modification required to be made for the same

1 taxable year under Section 203(c)(2)(G-13) for
2 intangible expenses and costs paid, accrued, or
3 incurred, directly or indirectly, to the same foreign
4 person. This subparagraph (V) is exempt from the
5 provisions of Section 250;

6 (W) in the case of an estate, an amount equal to
7 all amounts included in such total pursuant to the
8 provisions of Section 111 of the Internal Revenue Code
9 as a recovery of items previously deducted by the
10 decedent from adjusted gross income in the computation
11 of taxable income. This subparagraph (W) is exempt from
12 Section 250;

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

18 (Y) For taxable years ending on or after December
19 31, 2011, in the case of a taxpayer who was required to
20 add back any insurance premiums under Section
21 203(c)(2)(G-14), such taxpayer may elect to subtract
22 that part of a reimbursement received from the
23 insurance company equal to the amount of the expense or
24 loss (including expenses incurred by the insurance
25 company) that would have been taken into account as a
26 deduction for federal income tax purposes if the

1 expense or loss had been uninsured. If a taxpayer makes
2 the election provided for by this subparagraph (Y), the
3 insurer to which the premiums were paid must add back
4 to income the amount subtracted by the taxpayer
5 pursuant to this subparagraph (Y). This subparagraph
6 (Y) is exempt from the provisions of Section 250.

7 (3) Limitation. The amount of any modification
8 otherwise required under this subsection shall, under
9 regulations prescribed by the Department, be adjusted by
10 any amounts included therein which were properly paid,
11 credited, or required to be distributed, or permanently set
12 aside for charitable purposes pursuant to Internal Revenue
13 Code Section 642(c) during the taxable year.

14 (d) Partnerships.

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

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

21 (A) An amount equal to all amounts paid or accrued
22 to the taxpayer as interest or dividends during the
23 taxable year to the extent excluded from gross income
24 in the computation of taxable income;

25 (B) An amount equal to the amount of tax imposed by

1 this Act to the extent deducted from gross income for
2 the taxable year;

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

6 (D) An amount equal to the amount of the capital
7 gain deduction allowable under the Internal Revenue
8 Code, to the extent deducted from gross income in the
9 computation of taxable income;

10 (D-5) For taxable years 2001 and thereafter, an
11 amount equal to the bonus depreciation deduction taken
12 on the taxpayer's federal income tax return for the
13 taxable year under subsection (k) of Section 168 of the
14 Internal Revenue Code;

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

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

1 modification under subparagraph (O), then an amount
2 equal to that subtraction modification.

3 The taxpayer is required to make the addition
4 modification under this subparagraph only once with
5 respect to any one piece of property;

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

1 included in gross income pursuant to Sections 951
2 through 964 of the Internal Revenue Code and amounts
3 included in gross income under Section 78 of the
4 Internal Revenue Code) with respect to the stock of the
5 same person to whom the interest was paid, accrued, or
6 incurred.

7 This paragraph shall not apply to the following:

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

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

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

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

1 reflects an arm's-length interest rate and
2 terms; or

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

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

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

25 (D-8) An amount equal to the amount of intangible
26 expenses and costs otherwise allowed as a deduction in

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

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

18 This paragraph shall not apply to the following:

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

26 (ii) any item of intangible expense or cost

1 paid, accrued, or incurred, directly or
2 indirectly, if the taxpayer can establish, based
3 on a preponderance of the evidence, both of the
4 following:

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

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

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

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act for

1 any tax year beginning after the effective date of
2 this amendment provided such adjustment is made
3 pursuant to regulation adopted by the Department
4 and such regulations provide methods and standards
5 by which the Department will utilize its authority
6 under Section 404 of this Act;

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

1 of the same person to whom the premiums and costs were
2 directly or indirectly paid, incurred, or accrued. The
3 preceding sentence does not apply to the extent that
4 the same dividends caused a reduction to the addition
5 modification required under Section 203(d)(2)(D-7) or
6 Section 203(d)(2)(D-8) of this Act;

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

11 ~~(D-11) For taxable years ending on or after~~
12 ~~December 31, 2017, an amount equal to the deduction~~
13 ~~allowed under Section 199 of the Internal Revenue Code~~
14 ~~for the taxable year;~~

15 and by deducting from the total so obtained the following
16 amounts:

17 (E) The valuation limitation amount;

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

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

1 statute of this State that exempts income derived from
2 bonds or other obligations from the tax imposed under
3 this Act, the amount exempted shall be the interest net
4 of bond 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 (as
8 in effect December 31, 1981) or a reasonable allowance
9 for compensation paid or accrued for services rendered
10 by partners to the partnership, whichever is greater;
11 this subparagraph (H) is exempt from the provisions of
12 Section 250;

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

21 (J) With the exception of any amounts subtracted
22 under subparagraph (G), an amount equal to the sum of
23 all amounts disallowed as deductions by (i) Sections
24 171(a) (2), and 265(2) of the Internal Revenue Code,
25 and all amounts of expenses allocable to interest and
26 disallowed as deductions by Section 265(1) of the

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

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

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

22 (M) An amount equal to those dividends included in
23 such total that were paid by a corporation that
24 conducts business operations in a federally designated
25 Foreign Trade Zone or Sub-Zone and that is designated a
26 High Impact Business located in Illinois; provided

1 that dividends eligible for the deduction provided in
2 subparagraph (K) of paragraph (2) of this subsection
3 shall not be eligible for the deduction provided under
4 this subparagraph (M);

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

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

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

23 (2) for taxable years ending on or before
24 December 31, 2005, "x" equals "y" multiplied by 30
25 and then divided by 70 (or "y" multiplied by
26 0.429); and

1 (3) for taxable years ending after December
2 31, 2005:

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

8 (ii) for property on which a bonus
9 depreciation deduction of 50% of the adjusted
10 basis was taken, "x" equals "y" multiplied by
11 1.0.

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

20 (P) If the taxpayer sells, transfers, abandons, or
21 otherwise disposes of property for which the taxpayer
22 was required in any taxable year to make an addition
23 modification under subparagraph (D-5), then an amount
24 equal to that addition modification.

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

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

6 The taxpayer is allowed to take the deduction under
7 this subparagraph only once with respect to any one
8 piece of property.

9 This subparagraph (P) is exempt from the
10 provisions of Section 250;

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

1 from Section 250;

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

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

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

16 (T) For taxable years ending on or after December
17 31, 2011, in the case of a taxpayer who was required to
18 add back any insurance premiums under Section
19 203(d)(2)(D-9), such taxpayer may elect to subtract
20 that part of a reimbursement received from the
21 insurance company equal to the amount of the expense or
22 loss (including expenses incurred by the insurance
23 company) that would have been taken into account as a
24 deduction for federal income tax purposes if the
25 expense or loss had been uninsured. If a taxpayer makes
26 the election provided for by this subparagraph (T), the

1 insurer to which the premiums were paid must add back
2 to income the amount subtracted by the taxpayer
3 pursuant to this subparagraph (T). This subparagraph
4 (T) is exempt from the provisions of Section 250.

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

6 (1) In general. Subject to the provisions of paragraph
7 (2) and subsection (b) (3), for purposes of this Section
8 and Section 803(e), a taxpayer's gross income, adjusted
9 gross income, or taxable income for the taxable year shall
10 mean the amount of gross income, adjusted gross income or
11 taxable income properly reportable for federal income tax
12 purposes for the taxable year under the provisions of the
13 Internal Revenue Code. Taxable income may be less than
14 zero. However, for taxable years ending on or after
15 December 31, 1986, net operating loss carryforwards from
16 taxable years ending prior to December 31, 1986, may not
17 exceed the sum of federal taxable income for the taxable
18 year before net operating loss deduction, plus the excess
19 of addition modifications over subtraction modifications
20 for the taxable year. For taxable years ending prior to
21 December 31, 1986, taxable income may never be an amount in
22 excess of the net operating loss for the taxable year as
23 defined in subsections (c) and (d) of Section 172 of the
24 Internal Revenue Code, provided that when taxable income of
25 a corporation (other than a Subchapter S corporation),

1 trust, or estate is less than zero and addition
2 modifications, other than those provided by subparagraph
3 (E) of paragraph (2) of subsection (b) for corporations or
4 subparagraph (E) of paragraph (2) of subsection (c) for
5 trusts and estates, exceed subtraction modifications, an
6 addition modification must be made under those
7 subparagraphs for any other taxable year to which the
8 taxable income less than zero (net operating loss) is
9 applied under Section 172 of the Internal Revenue Code or
10 under subparagraph (E) of paragraph (2) of this subsection
11 (e) applied in conjunction with Section 172 of the Internal
12 Revenue Code.

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

16 (A) Certain life insurance companies. In the case
17 of a life insurance company subject to the tax imposed
18 by Section 801 of the Internal Revenue Code, life
19 insurance company taxable income, plus the amount of
20 distribution from pre-1984 policyholder surplus
21 accounts as calculated under Section 815a of the
22 Internal Revenue Code;

23 (B) Certain other insurance companies. In the case
24 of mutual insurance companies subject to the tax
25 imposed by Section 831 of the Internal Revenue Code,
26 insurance company taxable income;

1 (C) Regulated investment companies. In the case of
2 a regulated investment company subject to the tax
3 imposed by Section 852 of the Internal Revenue Code,
4 investment company taxable income;

5 (D) Real estate investment trusts. In the case of a
6 real estate investment trust subject to the tax imposed
7 by Section 857 of the Internal Revenue Code, real
8 estate investment trust taxable income;

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

21 (F) Cooperatives. In the case of a cooperative
22 corporation or association, the taxable income of such
23 organization determined in accordance with the
24 provisions of Section 1381 through 1388 of the Internal
25 Revenue Code, but without regard to the prohibition
26 against offsetting losses from patronage activities

1 against income from nonpatronage activities; except
2 that a cooperative corporation or association may make
3 an election to follow its federal income tax treatment
4 of patronage losses and nonpatronage losses. In the
5 event such election is made, such losses shall be
6 computed and carried over in a manner consistent with
7 subsection (a) of Section 207 of this Act and
8 apportioned by the apportionment factor reported by
9 the cooperative on its Illinois income tax return filed
10 for the taxable year in which the losses are incurred.
11 The election shall be effective for all taxable years
12 with original returns due on or after the date of the
13 election. In addition, the cooperative may file an
14 amended return or returns, as allowed under this Act,
15 to provide that the election shall be effective for
16 losses incurred or carried forward for taxable years
17 occurring prior to the date of the election. Once made,
18 the election may only be revoked upon approval of the
19 Director. The Department shall adopt rules setting
20 forth requirements for documenting the elections and
21 any resulting Illinois net loss and the standards to be
22 used by the Director in evaluating requests to revoke
23 elections. Public Act 96-932 is declaratory of
24 existing law;

25 (G) Subchapter S corporations. In the case of: (i)
26 a Subchapter S corporation for which there is in effect

1 an election for the taxable year under Section 1362 of
2 the Internal Revenue Code, the taxable income of such
3 corporation determined in accordance with Section
4 1363(b) of the Internal Revenue Code, except that
5 taxable income shall take into account those items
6 which are required by Section 1363(b)(1) of the
7 Internal Revenue Code to be separately stated; and (ii)
8 a Subchapter S corporation for which there is in effect
9 a federal 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 federal
14 Subchapter S rules as in effect on July 1, 1982; and

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

22 (3) Recapture of business expenses on disposition of
23 asset or business. Notwithstanding any other law to the
24 contrary, if in prior years income from an asset or
25 business has been classified as business income and in a
26 later year is demonstrated to be non-business income, then

1 all expenses, without limitation, deducted in such later
2 year and in the 2 immediately preceding taxable years
3 related to that asset or business that generated the
4 non-business income shall be added back and recaptured as
5 business income in the year of the disposition of the asset
6 or business. Such amount shall be apportioned to Illinois
7 using the greater of the apportionment fraction computed
8 for the business under Section 304 of this Act for the
9 taxable year or the average of the apportionment fractions
10 computed for the business under Section 304 of this Act for
11 the taxable year and for the 2 immediately preceding
12 taxable years.

13 (f) Valuation limitation amount.

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

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

22 (B) The lesser of (i) the sum of the pre-August 1,
23 1969 appreciation amounts (to the extent consisting of
24 capital gain) for all property in respect of which such
25 gain was reported for federal income tax purposes for

1 the taxable year, or (ii) the net capital gain for the
2 taxable year, reduced in either case by any amount of
3 such gain included in the amount determined under
4 subsection (a) (2) (F) or (c) (2) (H).

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

6 (A) If the fair market value of property referred
7 to in paragraph (1) was readily ascertainable on August
8 1, 1969, the pre-August 1, 1969 appreciation amount for
9 such property is the lesser of (i) the excess of such
10 fair market value over the taxpayer's basis (for
11 determining gain) for such property on that date
12 (determined under the Internal Revenue Code as in
13 effect on that date), or (ii) the total gain realized
14 and reportable for federal income tax purposes in
15 respect of the sale, exchange or other disposition of
16 such property.

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

1 period for the property.

2 (C) The Department shall prescribe such
3 regulations as may be necessary to carry out the
4 purposes of this paragraph.

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

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

17 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
18 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
19 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
20 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
21 eff. 8-23-11; 97-905, eff. 8-7-12; 10000SB0009ham003.)

22 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

23 Sec. 204. Standard Exemption.

1 (a) Allowance of exemption. In computing net income under
2 this Act, there shall be allowed as an exemption the sum of the
3 amounts determined under subsections (b), (c) and (d),
4 multiplied by a fraction the numerator of which is the amount
5 of the taxpayer's base income allocable to this State for the
6 taxable year and the denominator of which is the taxpayer's
7 total base income for the taxable year.

8 (b) Basic amount. For the purpose of subsection (a) of this
9 Section, except as provided by subsection (a) of Section 205
10 and in this subsection, each taxpayer shall be allowed a basic
11 amount of \$1000, except that for corporations the basic amount
12 shall be zero for tax years ending on or after December 31,
13 2003, and for individuals the basic amount shall be:

14 (1) for taxable years ending on or after December 31,
15 1998 and prior to December 31, 1999, \$1,300;

16 (2) for taxable years ending on or after December 31,
17 1999 and prior to December 31, 2000, \$1,650;

18 (3) for taxable years ending on or after December 31,
19 2000 and prior to December 31, 2012, \$2,000;

20 (4) for taxable years ending on or after December 31,
21 2012 and prior to December 31, 2013, \$2,050;

22 (5) for taxable years ending on or after December 31,
23 2013, \$2,050 plus the cost-of-living adjustment under
24 subsection (d-5).

25 For taxable years ending on or after December 31, 1992, a
26 taxpayer whose Illinois base income exceeds the basic amount

1 and who is claimed as a dependent on another person's tax
2 return under the Internal Revenue Code shall not be allowed any
3 basic amount under this subsection.

4 (c) Additional amount for individuals. In the case of an
5 individual taxpayer, there shall be allowed for the purpose of
6 subsection (a), in addition to the basic amount provided by
7 subsection (b), an additional exemption equal to the basic
8 amount for each exemption in excess of one allowable to such
9 individual taxpayer for the taxable year under Section 151 of
10 the Internal Revenue Code.

11 (d) Additional exemptions for an individual taxpayer and
12 his or her spouse. In the case of an individual taxpayer and
13 his or her spouse, he or she shall each be allowed additional
14 exemptions as follows:

15 (1) Additional exemption for taxpayer or spouse 65
16 years of age or older.

17 (A) For taxpayer. An additional exemption of
18 \$1,000 for the taxpayer if he or she has attained the
19 age of 65 before the end of the taxable year.

20 (B) For spouse when a joint return is not filed. An
21 additional exemption of \$1,000 for the spouse of the
22 taxpayer if a joint return is not made by the taxpayer
23 and his spouse, and if the spouse has attained the age
24 of 65 before the end of such taxable year, and, for the
25 calendar year in which the taxable year of the taxpayer
26 begins, has no gross income and is not the dependent of

1 another taxpayer.

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

4 (A) For taxpayer. An additional exemption of
5 \$1,000 for the taxpayer if he or she is blind at the
6 end of the taxable year.

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

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

1 (d-5) Cost-of-living adjustment. For purposes of item (5)
2 of subsection (b), the cost-of-living adjustment for any
3 calendar year and for taxable years ending prior to the end of
4 the subsequent calendar year is equal to \$2,050 times the
5 percentage (if any) by which:

6 (1) the Consumer Price Index for the preceding calendar
7 year, exceeds

8 (2) the Consumer Price Index for the calendar year
9 2011.

10 The Consumer Price Index for any calendar year is the
11 average of the Consumer Price Index as of the close of the
12 12-month period ending on August 31 of that calendar year.

13 The term "Consumer Price Index" means the last Consumer
14 Price Index for All Urban Consumers published by the United
15 States Department of Labor or any successor agency.

16 If any cost-of-living adjustment is not a multiple of \$25,
17 that adjustment shall be rounded to the next lowest multiple of
18 \$25.

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

21 (f) Application of Section 250. Section 250 does not apply
22 to the amendments to this Section made by Public Act 90-613.

23 ~~(g) Notwithstanding any other provision of law, for taxable~~
24 ~~years beginning on or after January 1, 2017, no taxpayer may~~
25 ~~claim an exemption under this Section if the taxpayer's~~
26 ~~adjusted gross income for the taxable year exceeds (i)~~

1 ~~\$500,000, in the case of spouses filing a joint federal tax~~
2 ~~return or (ii) \$250,000, in the case of all other taxpayers.~~

3 (Source: P.A. 97-507, eff. 8-23-11; 97-652, eff. 6-1-12;
4 10000SB0009ham003.)

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

6 Sec. 208. Tax credit for residential real property taxes.
7 Beginning with tax years ending on or after December 31, 1991,
8 every individual taxpayer shall be entitled to a tax credit
9 equal to 5% of real property taxes paid by such taxpayer during
10 the taxable year on the principal residence of the taxpayer. In
11 the case of multi-unit or multi-use structures and farm
12 dwellings, the taxes on the taxpayer's principal residence
13 shall be that portion of the total taxes which is attributable
14 to such principal residence. ~~Notwithstanding any other~~
15 ~~provision of law, for taxable years beginning on or after~~
16 ~~January 1, 2017, no taxpayer may claim a credit under this~~
17 ~~Section if the taxpayer's adjusted gross income for the taxable~~
18 ~~year exceeds (i) \$500,000, in the case of spouses filing a~~
19 ~~joint federal tax return, or (ii) \$250,000, in the case of all~~
20 ~~other taxpayers.~~

21 (Source: P.A. 87-17; 10000SB0009ham003.)

22 (35 ILCS 5/212)

23 Sec. 212. Earned income tax credit.

24 (a) With respect to the federal earned income tax credit

1 allowed for the taxable year under Section 32 of the federal
2 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
3 is entitled to a credit against the tax imposed by subsections
4 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
5 federal tax credit for each taxable year beginning on or after
6 January 1, 2000 and ending prior to December 31, 2012, (ii)
7 7.5% of the federal tax credit for each taxable year beginning
8 on or after January 1, 2012 and ending prior to December 31,
9 2013, and (iii) 10% of the federal tax credit for each taxable
10 year beginning on or after January 1, 2013 ~~and beginning prior~~
11 ~~to January 1, 2017, (iv) 14% of the federal tax credit for each~~
12 ~~taxable year beginning on or after January 1, 2017 and~~
13 ~~beginning prior to January 1, 2018, and (v) 18% of the federal~~
14 ~~tax credit for each taxable year beginning on or after January~~
15 ~~1, 2018.~~

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

19 (b) For taxable years beginning before January 1, 2003, in
20 no event shall a credit under this Section reduce the
21 taxpayer's liability to less than zero. For each taxable year
22 beginning on or after January 1, 2003, if the amount of the
23 credit exceeds the income tax liability for the applicable tax
24 year, then the excess credit shall be refunded to the taxpayer.
25 The amount of a refund shall not be included in the taxpayer's
26 income or resources for the purposes of determining eligibility

1 or benefit level in any means-tested benefit program
2 administered by a governmental entity unless required by
3 federal law.

4 (c) This Section is exempt from the provisions of Section
5 250.

6 (Source: P.A. 97-652, eff. 6-1-12; 10000SB0009ham003.)

7 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

8 Sec. 901. Collection authority.

9 (a) In general.

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

1 Services.

2 (b) Local Government Distributive Fund.

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

1 to 2011 to the 5% individual income tax rate after 2010) of the
2 net revenue realized from the tax imposed by subsections (a)
3 and (b) of Section 201 of this Act upon individuals, trusts,
4 and estates during the preceding month and (ii) 6.86% (10% of
5 the ratio of the 4.8% corporate income tax rate prior to 2011
6 to the 7% corporate income tax rate after 2010) of the net
7 revenue realized from the tax imposed by subsections (a) and
8 (b) of Section 201 of this Act upon corporations during the
9 preceding month. Beginning February 1, 2015 and continuing
10 through ~~July 31, 2017~~ January 31, 2025, the Treasurer shall
11 transfer each month from the General Revenue Fund to the Local
12 Government Distributive Fund an amount equal to the sum of (i)
13 8% (10% of the ratio of the 3% individual income tax rate prior
14 to 2011 to the 3.75% individual income tax rate after 2014) of
15 the net revenue realized from the tax imposed by subsections
16 (a) and (b) of Section 201 of this Act upon individuals,
17 trusts, and estates during the preceding month and (ii) 9.14%
18 (10% of the ratio of the 4.8% corporate income tax rate prior
19 to 2011 to the 5.25% corporate income tax rate after 2014) of
20 the net revenue realized from the tax imposed by subsections
21 (a) and (b) of Section 201 of this Act upon corporations during
22 the preceding month. Beginning ~~August 1, 2017~~ February 1, 2025,
23 the Treasurer shall transfer each month from the General
24 Revenue Fund to the Local Government Distributive Fund an
25 amount equal to the sum of (i) ~~6.06%~~ 9.23% (10% of the ratio of
26 the 3% individual income tax rate prior to 2011 to the ~~4.95%~~

1 3.25% individual income tax rate after ~~July 1, 2017~~ 2024) of
2 the net revenue realized from the tax imposed by subsections
3 (a) and (b) of Section 201 of this Act upon individuals,
4 trusts, and estates during the preceding month and (ii) ~~6.85%~~
5 ~~(10% of the ratio of the 4.8% corporate income tax rate prior~~
6 ~~to 2011 to the 7% corporate income tax rate after July 1, 2017)~~
7 10% of the net revenue realized from the tax imposed by
8 subsections (a) and (b) of Section 201 of this Act upon
9 corporations during the preceding month. Net revenue realized
10 for a month shall be defined as the revenue from the tax
11 imposed by subsections (a) and (b) of Section 201 of this Act
12 which is deposited in the General Revenue Fund, the Education
13 Assistance Fund, the Income Tax Surcharge Local Government
14 Distributive Fund, the Fund for the Advancement of Education,
15 and the Commitment to Human Services Fund during the month
16 minus the amount paid out of the General Revenue Fund in State
17 warrants during that same month as refunds to taxpayers for
18 overpayment of liability under the tax imposed by subsections
19 (a) and (b) of Section 201 of this Act.

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

25 (c) Deposits Into Income Tax Refund Fund.

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

1 Department shall deposit a percentage of the amounts
2 collected pursuant to subsections (a) and (b) (1), (2), and
3 (3), of Section 201 of this Act into a fund in the State
4 treasury known as the Income Tax Refund Fund. The
5 Department shall deposit 6% of such amounts during the
6 period beginning January 1, 1989 and ending on June 30,
7 1989. Beginning with State fiscal year 1990 and for each
8 fiscal year thereafter, the percentage deposited into the
9 Income Tax Refund Fund during a fiscal year shall be the
10 Annual Percentage. For fiscal years 1999 through 2001, the
11 Annual Percentage shall be 7.1%. For fiscal year 2003, the
12 Annual Percentage shall be 8%. For fiscal year 2004, the
13 Annual Percentage shall be 11.7%. Upon the effective date
14 of this amendatory Act of the 93rd General Assembly, the
15 Annual Percentage shall be 10% for fiscal year 2005. For
16 fiscal year 2006, the Annual Percentage shall be 9.75%. For
17 fiscal year 2007, the Annual Percentage shall be 9.75%. For
18 fiscal year 2008, the Annual Percentage shall be 7.75%. For
19 fiscal year 2009, the Annual Percentage shall be 9.75%. For
20 fiscal year 2010, the Annual Percentage shall be 9.75%. For
21 fiscal year 2011, the Annual Percentage shall be 8.75%. For
22 fiscal year 2012, the Annual Percentage shall be 8.75%. For
23 fiscal year 2013, the Annual Percentage shall be 9.75%. For
24 fiscal year 2014, the Annual Percentage shall be 9.5%. For
25 fiscal year 2015, the Annual Percentage shall be 10%. For
26 all other fiscal years, the Annual Percentage shall be

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

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

1 Income Tax Refund Fund during a fiscal year shall be the
2 Annual Percentage. For fiscal years 1999, 2000, and 2001,
3 the Annual Percentage shall be 19%. For fiscal year 2003,
4 the Annual Percentage shall be 27%. For fiscal year 2004,
5 the Annual Percentage shall be 32%. Upon the effective date
6 of this amendatory Act of the 93rd General Assembly, the
7 Annual Percentage shall be 24% for fiscal year 2005. For
8 fiscal year 2006, the Annual Percentage shall be 20%. For
9 fiscal year 2007, the Annual Percentage shall be 17.5%. For
10 fiscal year 2008, the Annual Percentage shall be 15.5%. For
11 fiscal year 2009, the Annual Percentage shall be 17.5%. For
12 fiscal year 2010, the Annual Percentage shall be 17.5%. For
13 fiscal year 2011, the Annual Percentage shall be 17.5%. For
14 fiscal year 2012, the Annual Percentage shall be 17.5%. For
15 fiscal year 2013, the Annual Percentage shall be 14%. For
16 fiscal year 2014, the Annual Percentage shall be 13.4%. For
17 fiscal year 2015, the Annual Percentage shall be 14%. For
18 all other fiscal years, the Annual Percentage shall be
19 calculated as a fraction, the numerator of which shall be
20 the amount of refunds approved for payment by the
21 Department during the preceding fiscal year as a result of
22 overpayment of tax liability under subsections (a) and
23 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
24 Act plus the amount of such refunds remaining approved but
25 unpaid at the end of the preceding fiscal year, and the
26 denominator of which shall be the amounts which will be

1 collected pursuant to subsections (a) and (b) (6), (7), and
2 (8), (c) and (d) of Section 201 of this Act during the
3 preceding fiscal year; except that in State fiscal year
4 2002, the Annual Percentage shall in no event exceed 23%.
5 The Director of Revenue shall certify the Annual Percentage
6 to the Comptroller on the last business day of the fiscal
7 year immediately preceding the fiscal year for which it is
8 to be effective.

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

14 (d) Expenditures from Income Tax Refund Fund.

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

23 (2) The Director shall order payment of refunds
24 resulting from overpayment of tax liability under Section
25 201 of this Act from the Income Tax Refund Fund only to the
26 extent that amounts collected pursuant to Section 201 of

1 this Act and transfers pursuant to this subsection (d) and
2 item (3) of subsection (c) have been deposited and retained
3 in the Fund.

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

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

1 Refund Fund during the fiscal year.

2 (4.5) As soon as possible after the end of fiscal year
3 1999 and of each fiscal year thereafter, the Director shall
4 order transferred and the State Treasurer and State
5 Comptroller shall transfer from the Income Tax Refund Fund
6 to the General Revenue Fund any surplus remaining in the
7 Income Tax Refund Fund as of the end of such fiscal year;
8 excluding for fiscal years 2000, 2001, and 2002 amounts
9 attributable to transfers under item (3) of subsection (c)
10 less refunds resulting from the earned income tax credit.

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

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

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

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

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

19 (1) beginning February 1, 2015, and prior to February
20 1, 2025, 1/30; and

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

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

26 (g) Deposits into the Commitment to Human Services Fund.

1 Beginning February 1, 2015, the Department shall deposit the
2 following portions of the revenue realized from the tax imposed
3 upon individuals, trusts, and estates by subsections (a) and
4 (b) of Section 201 of this Act during the preceding month,
5 minus deposits into the Income Tax Refund Fund, into the
6 Commitment to Human Services Fund:

7 (1) beginning February 1, 2015, and prior to February
8 1, 2025, 1/30; and

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

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

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

26 (Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14;

1 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff.
2 7-20-15; 10000SB0009ham003.)

3 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

4 Sec. 1501. Definitions.

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

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

18 (1.5) Captive real estate investment trust:

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

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

24 (ii) the certificates of beneficial interest
25 or shares of which are not regularly traded on an

1 established securities market; and

2 (iii) of which more than 50% of the voting
3 power or value of the beneficial interest or
4 shares, at any time during the last half of the
5 taxable year, is owned or controlled, directly,
6 indirectly, or constructively, by a single
7 corporation.

8 (B) The term "captive real estate investment
9 trust" does not include:

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

15 (a) a real estate investment trust, other
16 than a captive real estate investment trust;

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

23 (c) a listed Australian property trust, if
24 no more than 50% of the voting power or value
25 of the beneficial interest or shares of that
26 trust, at any time during the last half of the

1 taxable year, is owned or controlled, directly
2 or indirectly, by a single person;

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

10 (e) an entity that is organized outside of
11 the laws of the United States and that
12 satisfies all of the following criteria:

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

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

26 (3) the entity distributes at least

1 85% of its taxable income (as computed in
2 the jurisdiction in which it is organized)
3 to the holders of its shares or
4 certificates of beneficial interest on an
5 annual basis;

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

14 (5) the entity is organized in a
15 country that has entered into a tax treaty
16 with the United States; or

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

1 of the due date (including extensions) for filing
2 its return under this Act for that first taxable
3 year or the date it actually files that return.

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

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

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

26 (3) Compensation. The term "compensation" means wages,

1 salaries, commissions and any other form of remuneration
2 paid to employees for personal services.

3 (4) Corporation. The term "corporation" includes
4 associations, joint-stock companies, insurance companies
5 and cooperatives. Any entity, including a limited
6 liability company formed under the Illinois Limited
7 Liability Company Act, shall be treated as a corporation if
8 it is so classified for federal income tax purposes.

9 (5) Department. The term "Department" means the
10 Department of Revenue of this State.

11 (6) Director. The term "Director" means the Director of
12 Revenue of this State.

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

16 (8) Financial organization.

17 (A) The term "financial organization" means any
18 bank, bank holding company, trust company, savings
19 bank, industrial bank, land bank, safe deposit
20 company, private banker, savings and loan association,
21 building and loan association, credit union, currency
22 exchange, cooperative bank, small loan company, sales
23 finance company, investment company, or any person
24 which is owned by a bank or bank holding company. For
25 the purpose of this Section a "person" will include
26 only those persons which a bank holding company may

1 retail charge agreement within the meaning of
2 the Sales Finance Agency Act, the Retail
3 Installment Sales Act, or the Motor Vehicle
4 Retail Installment Sales Act;

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

11 (c) the outstanding balance of a contract
12 or agreement described in provisions (a) or (b)
13 of this item (i).

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

22 (ii) A corporation meeting each of the
23 following criteria:

24 (a) the corporation must be a member of an
25 "affiliated group" within the meaning of
26 Section 1504(a) of the Internal Revenue Code,

1 determined without regard to Section 1504(b)
2 of the Internal Revenue Code;

3 (b) more than 50% of the gross income of
4 the corporation for the taxable year must be
5 interest income derived from qualifying loans.
6 A "qualifying loan" is a loan made to a member
7 of the corporation's affiliated group that
8 originates customer receivables (within the
9 meaning of item (i)) or to whom customer
10 receivables originated by a member of the
11 affiliated group have been transferred, to the
12 extent the average outstanding balance of
13 loans from that corporation to members of its
14 affiliated group during the taxable year do not
15 exceed the limitation amount for that
16 corporation. The "limitation amount" for a
17 corporation is the average outstanding
18 balances during the taxable year of customer
19 receivables (within the meaning of item (i))
20 originated by all members of the affiliated
21 group. If the average outstanding balances of
22 the loans made by a corporation to members of
23 its affiliated group exceed the limitation
24 amount, the interest income of that
25 corporation from qualifying loans shall be
26 equal to its interest income from loans to

1 members of its affiliated groups times a
2 fraction equal to the limitation amount
3 divided by the average outstanding balances of
4 the loans made by that corporation to members
5 of its affiliated group;

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

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

21 This amendatory Act of the 91st General Assembly is
22 declaratory of existing law.

23 (D) Subparagraphs (B) and (C) of this paragraph are
24 declaratory of existing law and apply retroactively,
25 for all tax years beginning on or before December 31,
26 1996, to all original returns, to all amended returns

1 filed no later than 30 days after the effective date of
2 this amendatory Act of 1996, and to all notices issued
3 on or before the effective date of this amendatory Act
4 of 1996 under subsection (a) of Section 903, subsection
5 (a) of Section 904, subsection (e) of Section 909, or
6 Section 912. A taxpayer that is a "financial
7 organization" that engages in any transaction with an
8 affiliate shall be a "financial organization" for all
9 purposes of this Act.

10 (E) For all tax years beginning on or before
11 December 31, 1996, a taxpayer that falls within the
12 definition of a "financial organization" under
13 subparagraphs (B) or (C) of this paragraph, but who
14 does not fall within the definition of a "financial
15 organization" under the Proposed Regulations issued by
16 the Department of Revenue on July 19, 1996, may
17 irrevocably elect to apply the Proposed Regulations
18 for all of those years as though the Proposed
19 Regulations had been lawfully promulgated, adopted,
20 and in effect for all of those years. For purposes of
21 applying subparagraphs (B) or (C) of this paragraph to
22 all of those years, the election allowed by this
23 subparagraph applies only to the taxpayer making the
24 election and to those members of the taxpayer's unitary
25 business group who are ordinarily required to
26 apportion business income under the same subsection of

1 Section 304 of this Act as the taxpayer making the
2 election. No election allowed by this subparagraph
3 shall be made under a claim filed under subsection (d)
4 of Section 909 more than 30 days after the effective
5 date of this amendatory Act of 1996.

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

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

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

24 (10) Includes and including. The terms "includes" and
25 "including" when used in a definition contained in this Act
26 shall not be deemed to exclude other things otherwise

1 within the meaning of the term defined.

2 (11) Internal Revenue Code. The term "Internal Revenue
3 Code" means the United States Internal Revenue Code of 1954
4 or any successor law or laws relating to federal income
5 taxes in effect for the taxable year.

6 (11.5) Investment partnership.

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

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

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

21 (iii) the partnership is not a dealer in
22 qualifying investment securities.

23 (B) For purposes of this paragraph (11.5), the term
24 "qualifying investment securities" includes all of the
25 following:

26 (i) common stock, including preferred or debt

1 securities convertible into common stock, and
2 preferred stock;

3 (ii) bonds, debentures, and other debt
4 securities;

5 (iii) foreign and domestic currency deposits
6 secured by federal, state, or local governmental
7 agencies;

8 (iv) mortgage or asset-backed securities
9 secured by federal, state, or local governmental
10 agencies;

11 (v) repurchase agreements and loan
12 participations;

13 (vi) foreign currency exchange contracts and
14 forward and futures contracts on foreign
15 currencies;

16 (vii) stock and bond index securities and
17 futures contracts and other similar financial
18 securities and futures contracts on those
19 securities;

20 (viii) options for the purchase or sale of any
21 of the securities, currencies, contracts, or
22 financial instruments described in items (i) to
23 (vii), inclusive;

24 (ix) regulated futures contracts;

25 (x) commodities (not described in Section
26 1221(a)(1) of the Internal Revenue Code) or

1 futures, forwards, and options with respect to
2 such commodities, provided, however, that any item
3 of a physical commodity to which title is actually
4 acquired in the partnership's capacity as a dealer
5 in such commodity shall not be a qualifying
6 investment security;

7 (xi) derivatives; and

8 (xii) a partnership interest in another
9 partnership that is an investment partnership.

10 (12) Mathematical error. The term "mathematical error"
11 includes the following types of errors, omissions, or
12 defects in a return filed by a taxpayer which prevents
13 acceptance of the return as filed for processing:

14 (A) arithmetic errors or incorrect computations on
15 the return or supporting schedules;

16 (B) entries on the wrong lines;

17 (C) omission of required supporting forms or
18 schedules or the omission of the information in whole
19 or in part called for thereon; and

20 (D) an attempt to claim, exclude, deduct, or
21 improperly report, in a manner directly contrary to the
22 provisions of the Act and regulations thereunder any
23 item of income, exemption, deduction, or credit.

24 (13) Nonbusiness income. The term "nonbusiness income"
25 means all income other than business income or
26 compensation.

1 (14) Nonresident. The term "nonresident" means a
2 person who is not a resident.

3 (15) Paid, incurred and accrued. The terms "paid",
4 "incurred" and "accrued" shall be construed according to
5 the method of accounting upon the basis of which the
6 person's base income is computed under this Act.

7 (16) Partnership and partner. The term "partnership"
8 includes a syndicate, group, pool, joint venture or other
9 unincorporated organization, through or by means of which
10 any business, financial operation, or venture is carried
11 on, and which is not, within the meaning of this Act, a
12 trust or estate or a corporation; and the term "partner"
13 includes a member in such syndicate, group, pool, joint
14 venture or organization.

15 The term "partnership" includes any entity, including
16 a limited liability company formed under the Illinois
17 Limited Liability Company Act, classified as a partnership
18 for federal income tax purposes.

19 The term "partnership" does not include a syndicate,
20 group, pool, joint venture, or other unincorporated
21 organization established for the sole purpose of playing
22 the Illinois State Lottery.

23 (17) Part-year resident. The term "part-year resident"
24 means an individual who became a resident during the
25 taxable year or ceased to be a resident during the taxable
26 year. Under Section 1501(a)(20)(A)(i) residence commences

1 with presence in this State for other than a temporary or
2 transitory purpose and ceases with absence from this State
3 for other than a temporary or transitory purpose. Under
4 Section 1501(a)(20)(A)(ii) residence commences with the
5 establishment of domicile in this State and ceases with the
6 establishment of domicile in another State.

7 (18) Person. The term "person" shall be construed to
8 mean and include an individual, a trust, estate,
9 partnership, association, firm, company, corporation,
10 limited liability company, or fiduciary. For purposes of
11 Section 1301 and 1302 of this Act, a "person" means (i) an
12 individual, (ii) a corporation, (iii) an officer, agent, or
13 employee of a corporation, (iv) a member, agent or employee
14 of a partnership, or (v) a member, manager, employee,
15 officer, director, or agent of a limited liability company
16 who in such capacity commits an offense specified in
17 Section 1301 and 1302.

18 (18A) Records. The term "records" includes all data
19 maintained by the taxpayer, whether on paper, microfilm,
20 microfiche, or any type of machine-sensible data
21 compilation.

22 (19) Regulations. The term "regulations" includes
23 rules promulgated and forms prescribed by the Department.

24 (20) Resident. The term "resident" means:

25 (A) an individual (i) who is in this State for
26 other than a temporary or transitory purpose during the

1 taxable year; or (ii) who is domiciled in this State
2 but is absent from the State for a temporary or
3 transitory purpose during the taxable year;

4 (B) The estate of a decedent who at his or her
5 death was domiciled in this State;

6 (C) A trust created by a will of a decedent who at
7 his death was domiciled in this State; and

8 (D) An irrevocable trust, the grantor of which was
9 domiciled in this State at the time such trust became
10 irrevocable. For purpose of this subparagraph, a trust
11 shall be considered irrevocable to the extent that the
12 grantor is not treated as the owner thereof under
13 Sections 671 through 678 of the Internal Revenue Code.

14 (21) Sales. The term "sales" means all gross receipts
15 of the taxpayer not allocated under Sections 301, 302 and
16 303.

17 (22) State. The term "state" when applied to a
18 jurisdiction other than this State means any state of the
19 United States, the District of Columbia, the Commonwealth
20 of Puerto Rico, any Territory or Possession of the United
21 States, and any foreign country, or any political
22 subdivision of any of the foregoing. For purposes of the
23 foreign tax credit under Section 601, the term "state"
24 means any state of the United States, the District of
25 Columbia, the Commonwealth of Puerto Rico, and any
26 territory or possession of the United States, or any

1 political subdivision of any of the foregoing, effective
2 for tax years ending on or after December 31, 1989.

3 (23) Taxable year. The term "taxable year" means the
4 calendar year, or the fiscal year ending during such
5 calendar year, upon the basis of which the base income is
6 computed under this Act. "Taxable year" means, in the case
7 of a return made for a fractional part of a year under the
8 provisions of this Act, the period for which such return is
9 made.

10 (24) Taxpayer. The term "taxpayer" means any person
11 subject to the tax imposed by this Act.

12 (25) International banking facility. The term
13 international banking facility shall have the same meaning
14 as is set forth in the Illinois Banking Act or as is set
15 forth in the laws of the United States or regulations of
16 the Board of Governors of the Federal Reserve System.

17 (26) Income Tax Return Preparer.

18 (A) The term "income tax return preparer" means any
19 person who prepares for compensation, or who employs
20 one or more persons to prepare for compensation, any
21 return of tax imposed by this Act or any claim for
22 refund of tax imposed by this Act. The preparation of a
23 substantial portion of a return or claim for refund
24 shall be treated as the preparation of that return or
25 claim for refund.

26 (B) A person is not an income tax return preparer

1 if all he or she does is

2 (i) furnish typing, reproducing, or other
3 mechanical assistance;

4 (ii) prepare returns or claims for refunds for
5 the employer by whom he or she is regularly and
6 continuously employed;

7 (iii) prepare as a fiduciary returns or claims
8 for refunds for any person; or

9 (iv) prepare claims for refunds for a taxpayer
10 in response to any notice of deficiency issued to
11 that taxpayer or in response to any waiver of
12 restriction after the commencement of an audit of
13 that taxpayer or of another taxpayer if a
14 determination in the audit of the other taxpayer
15 directly or indirectly affects the tax liability
16 of the taxpayer whose claims he or she is
17 preparing.

18 (27) Unitary business group.

19 (A) The term "unitary business group" means a group
20 of persons related through common ownership whose
21 business activities are integrated with, dependent
22 upon and contribute to each other. The group will not
23 include those members whose business activity outside
24 the United States is 80% or more of any such member's
25 total business activity; for purposes of this
26 paragraph and clause (a)(3)(B)(ii) of Section 304,

1 business activity within the United States shall be
2 measured by means of the factors ordinarily applicable
3 under subsections (a), (b), (c), (d), or (h) of Section
4 304 except that, in the case of members ordinarily
5 required to apportion business income by means of the 3
6 factor formula of property, payroll and sales
7 specified in subsection (a) of Section 304, including
8 the formula as weighted in subsection (h) of Section
9 304, such members shall not use the sales factor in the
10 computation and the results of the property and payroll
11 factor computations of subsection (a) of Section 304
12 shall be divided by 2 (by one if either the property or
13 payroll factor has a denominator of zero). The
14 computation required by the preceding sentence shall,
15 in each case, involve the division of the member's
16 property, payroll, or revenue miles in the United
17 States, insurance premiums on property or risk in the
18 United States, or financial organization business
19 income from sources within the United States, as the
20 case may be, by the respective worldwide figures for
21 such items. Common ownership in the case of
22 corporations is the direct or indirect control or
23 ownership of more than 50% of the outstanding voting
24 stock of the persons carrying on unitary business
25 activity. Unitary business activity can ordinarily be
26 illustrated where the activities of the members are:

1 (1) in the same general line (such as manufacturing,
2 wholesaling, retailing of tangible personal property,
3 insurance, transportation or finance); or (2) are
4 steps in a vertically structured enterprise or process
5 (such as the steps involved in the production of
6 natural resources, which might include exploration,
7 mining, refining, and marketing); and, in either
8 instance, the members are functionally integrated
9 through the exercise of strong centralized management
10 (where, for example, authority over such matters as
11 purchasing, financing, tax compliance, product line,
12 personnel, marketing and capital investment is not
13 left to each member).

14 (B) In no event, ~~for taxable years ending prior to~~
15 ~~December 31, 2017,~~ shall any unitary business group
16 include members which are ordinarily required to
17 apportion business income under different subsections
18 of Section 304 except that for tax years ending on or
19 after December 31, 1987 this prohibition shall not
20 apply to a holding company that would otherwise be a
21 member of a unitary business group with taxpayers that
22 apportion business income under any of subsections
23 (b), (c), (c-1), or (d) of Section 304. If a unitary
24 business group would, but for the preceding sentence,
25 include members that are ordinarily required to
26 apportion business income under different subsections

1 of Section 304, then for each subsection of Section 304
2 for which there are two or more members, there shall be
3 a separate unitary business group composed of such
4 members. For purposes of the preceding two sentences, a
5 member is "ordinarily required to apportion business
6 income" under a particular subsection of Section 304 if
7 it would be required to use the apportionment method
8 prescribed by such subsection except for the fact that
9 it derives business income solely from Illinois. As
10 used in this paragraph, ~~for taxable years ending before~~
11 ~~December 31, 2017,~~ the phrase "United States" means
12 only the 50 states and the District of Columbia, but
13 does not include any territory or possession of the
14 United States or any area over which the United States
15 has asserted jurisdiction or claimed exclusive rights
16 with respect to the exploration for or exploitation of
17 natural resources. ~~For taxable years ending on or after~~
18 ~~December 31, 2017,~~ the phrase "United States", as used
19 ~~in this paragraph,~~ means only the 50 states, the
20 ~~District of Columbia,~~ and any area over which the
21 ~~United States has asserted jurisdiction or claimed~~
22 ~~exclusive rights with respect to the exploration for or~~
23 ~~exploitation of natural resources, but does not~~
24 ~~include any territory or possession of the United~~
25 ~~States.~~

26 (C) Holding companies.

1 (i) For purposes of this subparagraph, a
2 "holding company" is a corporation (other than a
3 corporation that is a financial organization under
4 paragraph (8) of this subsection (a) of Section
5 1501 because it is a bank holding company under the
6 provisions of the Bank Holding Company Act of 1956
7 (12 U.S.C. 1841, et seq.) or because it is owned by
8 a bank or a bank holding company) that owns a
9 controlling interest in one or more other
10 taxpayers ("controlled taxpayers"); that, during
11 the period that includes the taxable year and the 2
12 immediately preceding taxable years or, if the
13 corporation was formed during the current or
14 immediately preceding taxable year, the taxable
15 years in which the corporation has been in
16 existence, derived substantially all its gross
17 income from dividends, interest, rents, royalties,
18 fees or other charges received from controlled
19 taxpayers for the provision of services, and gains
20 on the sale or other disposition of interests in
21 controlled taxpayers or in property leased or
22 licensed to controlled taxpayers or used by the
23 taxpayer in providing services to controlled
24 taxpayers; and that incurs no substantial expenses
25 other than expenses (including interest and other
26 costs of borrowing) incurred in connection with

1 the acquisition and holding of interests in
2 controlled taxpayers and in the provision of
3 services to controlled taxpayers or in the leasing
4 or licensing of property to controlled taxpayers.

5 (ii) The income of a holding company which is a
6 member of more than one unitary business group
7 shall be included in each unitary business group of
8 which it is a member on a pro rata basis, by
9 including in each unitary business group that
10 portion of the base income of the holding company
11 that bears the same proportion to the total base
12 income of the holding company as the gross receipts
13 of the unitary business group bears to the combined
14 gross receipts of all unitary business groups (in
15 both cases without regard to the holding company)
16 or on any other reasonable basis, consistently
17 applied.

18 (iii) A holding company shall apportion its
19 business income under the subsection of Section
20 304 used by the other members of its unitary
21 business group. The apportionment factors of a
22 holding company which would be a member of more
23 than one unitary business group shall be included
24 with the apportionment factors of each unitary
25 business group of which it is a member on a pro
26 rata basis using the same method used in clause

1 (ii).

2 (iv) The provisions of this subparagraph (C)
3 are intended to clarify existing law.

4 (D) If including the base income and factors of a
5 holding company in more than one unitary business group
6 under subparagraph (C) does not fairly reflect the
7 degree of integration between the holding company and
8 one or more of the unitary business groups, the
9 dependence of the holding company and one or more of
10 the unitary business groups upon each other, or the
11 contributions between the holding company and one or
12 more of the unitary business groups, the holding
13 company may petition the Director, under the
14 procedures provided under Section 304(f), for
15 permission to include all base income and factors of
16 the holding company only with members of a unitary
17 business group apportioning their business income
18 under one subsection of subsections (a), (b), (c), or
19 (d) of Section 304. If the petition is granted, the
20 holding company shall be included in a unitary business
21 group only with persons apportioning their business
22 income under the selected subsection of Section 304
23 until the Director grants a petition of the holding
24 company either to be included in more than one unitary
25 business group under subparagraph (C) or to include its
26 base income and factors only with members of a unitary

1 business group apportioning their business income
2 under a different subsection of Section 304.

3 (E) If the unitary business group members'
4 accounting periods differ, the common parent's
5 accounting period or, if there is no common parent, the
6 accounting period of the member that is expected to
7 have, on a recurring basis, the greatest Illinois
8 income tax liability must be used to determine whether
9 to use the apportionment method provided in subsection
10 (a) or subsection (h) of Section 304. The prohibition
11 against membership in a unitary business group for
12 taxpayers ordinarily required to apportion income
13 under different subsections of Section 304 does not
14 apply to taxpayers required to apportion income under
15 subsection (a) and subsection (h) of Section 304. The
16 provisions of this amendatory Act of 1998 apply to tax
17 years ending on or after December 31, 1998.

18 (28) Subchapter S corporation. The term "Subchapter S
19 corporation" means a corporation for which there is in
20 effect an election under Section 1362 of the Internal
21 Revenue Code, or for which there is a federal election to
22 opt out of the provisions of the Subchapter S Revision Act
23 of 1982 and have applied instead the prior federal
24 Subchapter S rules as in effect on July 1, 1982.

25 (30) Foreign person. The term "foreign person" means
26 any person who is a nonresident alien individual and any

1 nonindividual entity, regardless of where created or
2 organized, whose business activity outside the United
3 States is 80% or more of the entity's total business
4 activity.

5 (b) Other definitions.

6 (1) Words denoting number, gender, and so forth, when
7 used in this Act, where not otherwise distinctly expressed
8 or manifestly incompatible with the intent thereof:

9 (A) Words importing the singular include and apply
10 to several persons, parties or things;

11 (B) Words importing the plural include the
12 singular; and

13 (C) Words importing the masculine gender include
14 the feminine as well.

15 (2) "Company" or "association" as including successors
16 and assigns. The word "company" or "association", when used
17 in reference to a corporation, shall be deemed to embrace
18 the words "successors and assigns of such company or
19 association", and in like manner as if these last-named
20 words, or words of similar import, were expressed.

21 (3) Other terms. Any term used in any Section of this
22 Act with respect to the application of, or in connection
23 with, the provisions of any other Section of this Act shall
24 have the same meaning as in such other Section.

25 (Source: P.A. 99-213, eff. 7-31-15; 10000SB0009ham003.)

1 Section 25-5. If and only if Senate Bill 9 of the 100th
2 General Assembly becomes law in the form in which it was
3 amended by House Amendment No. 3, then the Illinois Income Tax
4 Act is amended by changing Sections 1102, 1103, and 1105 as
5 follows:

6 (35 ILCS 5/1102) (from Ch. 120, par. 11-1102)

7 Sec. 1102. Jeopardy Assessments.

8 (a) Jeopardy assessment and lien.

9 (1) Assessment. If the Department finds that a taxpayer
10 is about to depart from the State, or to conceal himself or
11 his property, or to do any other act tending to prejudice
12 or to render wholly or partly ineffectual proceedings to
13 collect any amount of tax or penalties imposed under this
14 Act unless court proceedings are brought without delay, or
15 if the Department finds that the collection of such amount
16 will be jeopardized by delay, the Department shall give the
17 taxpayer notice of such findings and shall make demand for
18 immediate return and payment of such amount, whereupon such
19 amount shall be deemed assessed and shall become
20 immediately due and payable.

21 (2) Filing of lien. If the taxpayer, within 5 days
22 after such notice (or within such extension of time as the
23 Department may grant), does not comply with such notice or
24 show to the Department that the findings in such notice are

1 erroneous, the Department may file a notice of jeopardy
2 assessment lien in the ~~State Tax Lien Registry~~ office of
3 the recorder of the county in which any property of the
4 taxpayer may be located and shall notify the taxpayer of
5 such filing. Such jeopardy assessment lien shall have the
6 same scope and effect as a statutory lien under this Act.
7 The taxpayer is liable for ~~any administrative fee imposed~~
8 ~~by the Department by rule in connection with the State Tax~~
9 ~~Lien Registry~~ the filing fee incurred by the Department for
10 filing the lien and the filing fee incurred by the
11 Department to file the release of that lien. The filing
12 fees shall be paid to the Department in addition to payment
13 of the tax, penalty, and interest included in the amount of
14 the lien.

15 (b) Termination of taxable year. In the case of a tax for a
16 current taxable year, the Director shall declare the taxable
17 period of the taxpayer immediately terminated and his notice
18 and demand for a return and immediate payment of the tax shall
19 relate to the period declared terminated, including therein
20 income accrued and deductions incurred up to the date of
21 termination if not otherwise properly includible or deductible
22 in respect of such taxable year.

23 (c) Protest. If the taxpayer believes that he does not owe
24 some or all of the amount for which the jeopardy assessment
25 lien against him has been filed, or that no jeopardy to the
26 revenue in fact exists, he may protest within 20 days after

1 being notified by the Department of the filing of such jeopardy
2 assessment lien and request a hearing, whereupon the Department
3 shall hold a hearing in conformity with the provisions of
4 section 908 and, pursuant thereto, shall notify the taxpayer of
5 its decision as to whether or not such jeopardy assessment lien
6 will be released.

7 (Source: P.A. 92-826, eff. 1-1-03; 10000SB0009ham003.)

8 (35 ILCS 5/1103) (from Ch. 120, par. 11-1103)

9 Sec. 1103. Filing and Priority of Liens.

10 (a) Filing ~~in the State Tax Lien Registry~~ with Recorder.

11 Nothing in this Article shall be construed to give the
12 Department a preference over the rights of any bona fide
13 purchaser, holder of a security interest, mechanics lienor,
14 mortgagee, or judgment lien creditor arising prior to the
15 filing of a regular notice of lien or a notice of jeopardy
16 assessment lien in the ~~State Tax Lien Registry~~ office of the
17 recorder in the county in which the property subject to the
18 lien is located. For purposes of this ~~Section~~ section, the term
19 "bona fide," shall not include any mortgage of real or personal
20 property or any other credit transaction that results in the
21 mortgagee or the holder of the security acting as trustee for
22 unsecured creditors of the taxpayer mentioned in the notice of
23 lien who executed such chattel or real property mortgage or the
24 document evidencing such credit transaction. Such lien shall be
25 inferior to the lien of general taxes, special assessments and

1 special taxes heretofore or hereafter levied by any political
2 subdivision of this State.

3 (b) Filing ~~in the State Tax Lien Registry~~ with Registrar.

4 In case title to land to be affected by the notice of lien or
5 notice of jeopardy assessment lien is registered under the
6 provisions of "An Act concerning land titles," approved May 1,
7 1897, as amended, such notice shall ~~also~~ be filed in the ~~State~~
8 ~~Tax Lien Registry~~ office of the Registrar of Titles of the
9 county within which the property subject to the lien is
10 situated and shall be entered upon the register of titles as a
11 memorial of charge upon each folium of the register of titles
12 affected by such notice, and the Department shall not have a
13 preference over the rights of any bona fide purchaser,
14 mortgagee, judgment creditor or other lien holder arising prior
15 to the registration of such notice.

16 (c) Index. ~~The Department of Revenue shall maintain a State~~
17 ~~Tax Lien Index of all tax liens filed in the State Tax Lien~~
18 ~~Registry as provided for by the State Tax Lien Registration~~
19 ~~Act.~~ The recorder of each county shall procure a file labeled
20 "State Tax Lien Notices" and an index book labeled "State Tax
21 Lien Index." When notice of any lien or jeopardy assessment
22 lien is presented to him for filing, he shall file it in
23 numerical order in the file and shall enter it alphabetically
24 in the index. The entry shall show the name and last known
25 address of the person named in the notice, the serial number of
26 the notice, the date and hour of filing, whether it is a

1 regular lien or a jeopardy assessment lien, and the amount of
2 tax and penalty due and unpaid, plus the amount of interest due
3 at the time when the notice of lien or jeopardy assessment is
4 filed.

5 (d) ~~(Blank)~~. No recorder or registrar of titles of any
6 county shall require that the Department pay any costs or fees
7 in connection with recordation of any notice or other document
8 filed by the Department under this Act at the time such notice
9 or other document is presented for recordation. The recorder or
10 registrar of each county, in order to receive payment for fees
11 or costs incurred by the Department, shall present the
12 Department with monthly statements indicating the amount of
13 fees and costs incurred by the Department and for which no
14 payment has been received. This amendatory Act of 1987 applies
15 to all liens heretofore or hereafter filed.

16 (e) The taxpayer is liable for ~~any the~~ filing fees imposed
17 fee incurred by the Department for filing the lien ~~in the State~~
18 ~~Tax Lien Registry~~ and ~~any the~~ filing fees imposed fee incurred
19 by the Department ~~for~~ to file the release of that lien. The
20 filing fees shall be paid to the Department in addition to
21 payment of the tax, penalty, and interest included in the
22 amount of the lien.

23 (Source: P.A. 92-826, eff. 1-1-03; 10000SB0009ham003.)

24 (35 ILCS 5/1105) (from Ch. 120, par. 11-1105)

25 Sec. 1105. Release of Liens.

1 (a) In general. Upon payment by the taxpayer to the
2 Department in cash or by guaranteed remittance of an amount
3 representing the filing fees and charges for the lien and the
4 filing fees and charges for the release of that lien, the
5 Department shall release all or any portion of the property
6 subject to any lien provided for in this Act and file that
7 complete or partial release of lien ~~in the State Tax Lien~~
8 ~~Registry~~ with the recorder of the county where that lien was
9 filed if it determines that the release will not endanger or
10 jeopardize the collection of the amount secured thereby.

11 (b) Judicial determination. If on judicial review the final
12 judgment of the court is that the taxpayer does not owe some or
13 all of the amount secured by the lien against him, or that no
14 jeopardy to the revenue exists, the Department shall release
15 its lien to the extent of such finding of nonliability, or to
16 the extent of such finding of no jeopardy to the revenue. The
17 taxpayer shall, however, be liable for the filing fee ~~imposed~~
18 paid by the Department to file the lien and the filing fee
19 ~~imposed to release~~ required to file a release of the lien. The
20 filing fees shall be paid to the Department.

21 (c) Payment. The Department shall also release its jeopardy
22 assessment lien against the taxpayer whenever the tax and
23 penalty covered by such lien, plus any interest which may be
24 due and an amount representing the filing fee to file the lien
25 and the filing fee ~~imposed to release~~ required to file a
26 release of that lien, are paid by the taxpayer to the

1 Department in cash or by guaranteed remittance.

2 (d) Certificate of release. The Department shall issue a
3 certificate of complete or partial release of the lien upon
4 payment by the taxpayer to the Department in cash or by
5 guaranteed remittance of an amount representing the filing fee
6 ~~imposed~~ paid by the Department to file the lien and the filing
7 fee ~~imposed to release~~ required to file the release of that
8 lien:

9 (1) to the extent that the fair market value of any
10 property subject to the lien exceeds the amount of the lien
11 plus the amount of all prior liens upon such property;

12 (2) to the extent that such lien shall become
13 unenforceable;

14 (3) to the extent that the amount of such lien is paid
15 by the person whose property is subject to such lien,
16 together with any interest and penalty which may become due
17 under this Act between the date when the notice of lien is
18 filed and the date when the amount of such lien is paid;

19 (4) to the extent that there is furnished to the
20 Department on a form to be approved and with a surety or
21 sureties satisfactory to the Department a bond that is
22 conditioned upon the payment of the amount of such lien,
23 together with any interest which may become due under this
24 Act after the notice of lien is filed, but before the
25 amount thereof is fully paid;

26 (5) to the extent and under the circumstances specified

1 in this Section.

2 A certificate of complete or partial release of any lien
3 shall be held conclusive that the lien upon the property
4 covered by the certificate is extinguished to the extent
5 indicated by such certificate.

6 Such release of lien shall be issued to the person, or his
7 agent, against whom the lien was obtained and shall contain in
8 legible letters a statement as follows:

9 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL
10 BE FILED ~~IN THE STATE TAX LIEN REGISTRY~~ WITH THE RECORDER
11 OR THE REGISTRAR
12 OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.

13 (e) Filing. When a certificate of complete or partial
14 release of lien issued by the Department is ~~filed in the State~~
15 ~~Tax Lien Registry, the Department~~ presented for filing in the
16 office of the recorder or Registrar of Titles where a notice of
17 lien or notice of jeopardy assessment lien was filed:

18 (1) the recorder, in the case of nonregistered
19 property, shall permanently attach the certificate of
20 release to the notice of lien or notice of jeopardy
21 assessment lien and shall enter the certificate of release
22 and the date in the "State Tax Lien Index" on the line
23 where the notice of lien or notice of jeopardy assessment
24 lien is entered- ; and

25 (2) in the case of registered property, the Registrar
26 of Titles shall file and enter upon each folium of the

1 register of titles affected thereby a memorial of the
2 certificate of release which memorial when so entered shall
3 act as a release pro tanto of any memorial of such notice
4 of lien or notice of jeopardy assessment lien previously
5 filed and registered.

6 (Source: P.A. 92-826, eff. 1-1-03; 10000SB0009ham003.)

7 Section 25-10. If and only if Senate Bill 9 of the 100th
8 General Assembly becomes law in the form in which it was
9 amended by House Amendment No. 3, then the Retailers'
10 Occupation Tax Act is amended by changing Sections 5a, 5b, and
11 5c as follows:

12 (35 ILCS 120/5a) (from Ch. 120, par. 444a)

13 Sec. 5a. The Department shall have a lien for the tax
14 herein imposed or any portion thereof, or for any penalty
15 provided for in this Act, or for any amount of interest which
16 may be due as provided for in Section 5 of this Act, upon all
17 the real and personal property of any person to whom a final
18 assessment or revised final assessment has been issued as
19 provided in this Act, or whenever a return is filed without
20 payment of the tax or penalty shown therein to be due,
21 including all such property of such persons acquired after
22 receipt of such assessment or filing of such return. The
23 taxpayer is liable for the filing fee ~~imposed~~ incurred by the
24 Department for filing the lien and the filing fee ~~imposed~~

1 incurred by the Department to file the release ~~the~~ of that
2 lien. The filing fees shall be paid to the Department in
3 addition to payment of the tax, penalty, and interest included
4 in the amount of the lien.

5 However, where the lien arises because of the issuance of a
6 final assessment or revised final assessment by the Department,
7 such lien shall not attach and the notice hereinafter referred
8 to in this Section shall not be filed until all proceedings in
9 court for review of such final assessment or revised final
10 assessment have terminated or the time for the taking thereof
11 has expired without such proceedings being instituted.

12 Upon the granting of a rehearing or departmental review
13 pursuant to Section 4 or Section 5 of this Act after a lien has
14 attached, such lien shall remain in full force except to the
15 extent to which the final assessment may be reduced by a
16 revised final assessment following such rehearing or review.

17 The lien created by the issuance of a final assessment
18 shall terminate unless a notice of lien is filed, as provided
19 in Section 5b hereof, within 3 years from the date all
20 proceedings in court for the review of such final assessment
21 have terminated or the time for the taking thereof has expired
22 without such proceedings being instituted, or (in the case of a
23 revised final assessment issued pursuant to a rehearing or
24 departmental review) within 3 years from the date all
25 proceedings in court for the review of such revised final
26 assessment have terminated or the time for the taking thereof

1 has expired without such proceedings being instituted; and
2 where the lien results from the filing of a return without
3 payment of the tax or penalty shown therein to be due, the lien
4 shall terminate unless a notice of lien is filed, as provided
5 in Section 5b hereof, within 3 years from the date when such
6 return is filed with the Department: Provided that the time
7 limitation period on the Department's right to file a notice of
8 lien shall not run (1) during any period of time in which the
9 order of any court has the effect of enjoining or restraining
10 the Department from filing such notice of lien, or (2) during
11 the term of a repayment plan that taxpayer has entered into
12 with the Department, as long as taxpayer remains in compliance
13 with the terms of the repayment plan.

14 If the Department finds that a taxpayer is about to depart
15 from the State, or to conceal himself or his property, or to do
16 any other act tending to prejudice or to render wholly or
17 partly ineffectual proceedings to collect such tax unless such
18 proceedings are brought without delay, or if the Department
19 finds that the collection of the amount due from any taxpayer
20 will be jeopardized by delay, the Department shall give the
21 taxpayer notice of such findings and shall make demand for
22 immediate return and payment of such tax, whereupon such tax
23 shall become immediately due and payable. If the taxpayer,
24 within 5 days after such notice (or within such extension of
25 time as the Department may grant), does not comply with such
26 notice or show to the Department that the findings in such

1 notice are erroneous, the Department may file a notice of
2 jeopardy assessment lien in the ~~State Tax Lien Registry~~ office
3 of the recorder of the county in which any property of the
4 taxpayer may be located and shall notify the taxpayer of such
5 filing. Such jeopardy assessment lien shall have the same scope
6 and effect as the statutory lien hereinbefore provided for in
7 this Section.

8 If the taxpayer believes that he does not owe some or all
9 of the tax for which the jeopardy assessment lien against him
10 has been filed, or that no jeopardy to the revenue in fact
11 exists, he may protest within 20 days after being notified by
12 the Department of the filing of such jeopardy assessment lien
13 and request a hearing, whereupon the Department shall hold a
14 hearing in conformity with the provisions of this Act and,
15 pursuant thereto, shall notify the taxpayer of its findings as
16 to whether or not such jeopardy assessment lien will be
17 released. If not, and if the taxpayer is aggrieved by this
18 decision, he may file an action for judicial review of such
19 final determination of the Department in accordance with
20 Section 12 of this Act and the Administrative Review Law.

21 On and after July 1, 2013, protests concerning matters that
22 are subject to the jurisdiction of the Illinois Independent Tax
23 Tribunal shall be filed with the Tribunal, and hearings on
24 those matters shall be held before the Tribunal in accordance
25 with the Illinois Independent Tax Tribunal Act of 2012. The
26 Tribunal shall notify the taxpayer of its findings as to

1 whether or not such jeopardy assessment lien will be released.
2 If not, and if the taxpayer is aggrieved by this decision, he
3 may file an action for judicial review of such final
4 determination of the Department in accordance with Section 12
5 of this Act and the Illinois Independent Tax Tribunal Act of
6 2012.

7 With respect to protests filed with the Department prior to
8 July 1, 2013 that would otherwise be subject to the
9 jurisdiction of the Illinois Independent Tax Tribunal, the
10 taxpayer may elect to be subject to the provisions of the
11 Illinois Independent Tax Tribunal Act of 2012 at any time on or
12 after July 1, 2013, but not later than 30 days after the date
13 on which the protest was filed. If made, the election shall be
14 irrevocable.

15 If, pursuant to such hearing (or after an independent
16 determination of the facts by the Department without a
17 hearing), the Department or the Tribunal determines that some
18 or all of the tax covered by the jeopardy assessment lien is
19 not owed by the taxpayer, or that no jeopardy to the revenue
20 exists, or if on judicial review the final judgment of the
21 court is that the taxpayer does not owe some or all of the tax
22 covered by the jeopardy assessment lien against him, or that no
23 jeopardy to the revenue exists, the Department shall release
24 its jeopardy assessment lien to the extent of such finding of
25 nonliability for the tax, or to the extent of such finding of
26 no jeopardy to the revenue.

1 The Department shall also release its jeopardy assessment
2 lien against the taxpayer whenever the tax and penalty covered
3 by such lien, plus any interest which may be due, are paid and
4 the taxpayer has paid the Department in cash or by guaranteed
5 remittance an amount representing the filing fee for the lien
6 and the filing fee for the release of that lien. The Department
7 shall file that release of lien ~~in the State Tax Lien Registry~~
8 with the recorder of the county where that lien was filed.

9 Nothing in this Section shall be construed to give the
10 Department a preference over the rights of any bona fide
11 purchaser, holder of a security interest, mechanics
12 lienholder, mortgagee, or judgment lien creditor arising prior
13 to the filing of a regular notice of lien or a notice of
14 jeopardy assessment lien in the ~~State Tax Lien Registry~~ office
15 of the recorder in the county in which the property subject to
16 the lien is located: Provided, however, that the word "bona
17 fide", as used in this Section shall not include any mortgage
18 of real or personal property or any other credit transaction
19 that results in the mortgagee or the holder of the security
20 acting as trustee for unsecured creditors of the taxpayer
21 mentioned in the notice of lien who executed such chattel or
22 real property mortgage or the document evidencing such credit
23 transaction. Such lien shall be inferior to the lien of general
24 taxes, special assessments and special taxes heretofore or
25 hereafter levied by any political subdivision of this State.

26 In case title to land to be affected by the notice of lien

1 or notice of jeopardy assessment lien is registered under the
2 provisions of "An Act concerning land titles", approved May 1,
3 1897, as amended, such notice shall ~~also~~ be filed in the ~~State~~
4 ~~Tax Lien Registry~~ office of the Registrar of Titles of the
5 county within which the property subject to the lien is
6 situated and shall be entered upon the register of titles as a
7 memorial or charge upon each folium of the register of titles
8 affected by such notice, and the Department shall not have a
9 preference over the rights of any bona fide purchaser,
10 mortgagee, judgment creditor or other lien holder arising prior
11 to the registration of such notice: Provided, however, that the
12 word "bona fide" shall not include any mortgage of real or
13 personal property or any other credit transaction that results
14 in the mortgagee or the holder of the security acting as
15 trustee for unsecured creditors of the taxpayer mentioned in
16 the notice of lien who executed such chattel or real property
17 mortgage or the document evidencing such credit transaction.

18 Such regular lien or jeopardy assessment lien shall not be
19 effective against any purchaser with respect to any item in a
20 retailer's stock in trade purchased from the retailer in the
21 usual course of such retailer's business.

22 (Source: P.A. 97-1129, eff. 8-28-12; 98-446, eff. 8-16-13;
23 10000SB0009ham003.)

24 (35 ILCS 120/5b) (from Ch. 120, par. 444b)

25 Sec. 5b. ~~State Tax Lien Index. The Department of Revenue~~

1 ~~shall maintain a State Tax Lien Index of all tax liens filed in~~
2 ~~the State Tax Lien Registry as provided for by the State Tax~~
3 ~~Lien Registration Act.~~ The recorder of each county shall
4 procure a file labeled "State Tax Lien Notices" and an index
5 book labeled "State Tax Lien Index". When notice of any lien or
6 jeopardy assessment lien is presented to him for filing, he
7 shall file it in numerical order in the file and shall enter it
8 alphabetically in the index. The entry shall show the name and
9 last known business address of the person named in the notice,
10 the serial number of the notice, the date and hour of filing,
11 whether it is a regular lien or a jeopardy assessment lien, and
12 the amount of tax and penalty due and unpaid, plus the amount
13 of interest due under Section 5 of this Act at the time when
14 the notice of lien or jeopardy assessment lien is filed.

15 No recorder or registrar of titles of any county shall
16 require that the Department pay any costs or fees in connection
17 with recordation of any notice or other document filed by the
18 Department under this Act at the time such notice or other
19 document is presented for recordation. The recorder or
20 registrar of each county, in order to receive payment for fees
21 or costs incurred by the Department, shall present the
22 Department with monthly statements indicating the amount of
23 fees and costs incurred by the Department and for which no
24 payment has been received.

25 A notice of lien may be filed after the issuance of a
26 revised final assessment pursuant to a rehearing or

1 departmental review under Section 4 or Section 5 of this Act.

2 When the lien obtained pursuant to this Act has been
3 satisfied and the taxpayer has paid the Department in cash or
4 by guaranteed remittance an amount representing the filing fee
5 for the lien and the filing fee for the release of that lien,
6 the Department shall issue a release of lien and file that
7 release of lien ~~in the State Tax Lien Registry~~ with the
8 recorder of the county where that lien was filed. The release
9 of lien shall contain in legible letters a statement as
10 follows:

11 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL
12 BE FILED ~~IN THE STATE TAX LIEN REGISTRY~~ WITH THE RECORDER
13 OR THE REGISTRAR
14 OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.

15 When a certificate of complete or partial release of lien
16 issued by the Department is ~~filed in the State Tax Lien~~
17 ~~Registry, the Department of Revenue~~ presented for filing in the
18 office of the recorder or Registrar of Titles where a notice of
19 lien or notice of jeopardy assessment lien was filed, the
20 recorder, in the case of nonregistered property, shall
21 permanently attach the certificate of release to the notice of
22 lien or notice of jeopardy assessment lien and shall enter the
23 certificate of release and the date in the "State Tax Lien
24 Index" on the line where the notice of lien or notice of
25 jeopardy assessment lien is entered.

26 In the case of registered property, the Registrar of Titles

1 shall file and enter upon each folium of the register of titles
2 affected thereby a memorial of the certificate of release which
3 memorial when so entered shall act as a release pro tanto of
4 any memorial of such notice of lien or notice of jeopardy
5 assessment lien previously filed and registered.

6 (Source: P.A. 92-826, eff. 1-1-03; 10000SB0009ham003.)

7 (35 ILCS 120/5c) (from Ch. 120, par. 444c)

8 Sec. 5c. Upon payment by the taxpayer to the Department in
9 cash or by guaranteed remittance of an amount representing the
10 filing fee for the lien and the filing fee for the release of
11 that lien, the Department shall issue a certificate of complete
12 or partial release of the lien and file that complete or
13 partial release of lien ~~in the State Tax Lien Registry~~ with the
14 recorder of the county where the lien was filed:

15 (a) to the extent that the fair market value of any
16 property subject to the lien exceeds the amount of the lien
17 plus the amount of all prior liens upon such property;

18 (b) to the extent that such lien shall become
19 unenforceable;

20 (c) to the extent that the amount of such lien is paid
21 by the retailer whose property is subject to such lien,
22 together with any interest which may become due under
23 Section 5 of this Act between the date when the notice of
24 lien is filed and the date when the amount of such lien is
25 paid;

1 (d) to the extent that there is furnished to the
2 Department on a form to be approved and with a surety or
3 sureties satisfactory to the Department a bond that is
4 conditioned upon the payment of the amount of such lien,
5 together with any interest which may become due under
6 Section 5 of this Act after the notice of lien is filed,
7 but before the amount thereof is fully paid;

8 (e) to the extent and under the circumstances specified
9 in Section 5a of this Act in the case of jeopardy
10 assessment liens;

11 (f) to the extent to which an assessment is reduced
12 pursuant to a rehearing or departmental review under
13 Section 4 or Section 5 of this Act.

14 A certificate of complete or partial release of any lien
15 shall be held conclusive that the lien upon the property
16 covered by the certificate is extinguished to the extent
17 indicated by such certificate.

18 (Source: P.A. 92-826, eff. 1-1-03; 10000SB0009ham003.)

19 Section 25-15. If and only if Senate Bill 9 of the 100th
20 General Assembly becomes law in the form in which it was
21 amended by House Amendment No. 3, then the Cannabis and
22 Controlled Substances Tax Act is amended by changing Sections
23 16, 17, and 19 as follows:

24 (35 ILCS 520/16) (from Ch. 120, par. 2166)

1 Sec. 16. All assessments are Jeopardy Assessments - lien.

2 (a) Assessment. An assessment for a dealer not possessing
3 valid stamps or other official indicia showing that the tax has
4 been paid shall be considered a jeopardy assessment or
5 collection, as provided by Section 1102 of the Illinois Income
6 Tax Act. The Department shall determine and assess a tax and
7 applicable penalties and interest according to the best
8 judgment and information available to the Department, which
9 amount so fixed by the Department shall be prima facie correct
10 and shall be prima facie evidence of the correctness of the
11 amount of tax due, as shown in such determination. When,
12 according to the best judgment and information available to the
13 Department with regard to all real and personal property and
14 rights to property of the dealer, there is no reasonable
15 expectation of collection of the amount of tax and penalty to
16 be assessed, the Department may issue an assessment under this
17 Section for the amount of tax without penalty.

18 (b) Filing of Lien. Upon issuance of a jeopardy assessment
19 as provided by subsection (a) of this Section, the Department
20 may file a notice of jeopardy assessment lien in the ~~State Tax~~
21 ~~Lien Registry~~ office of the recorder of the county in which any
22 property of the taxpayer may be located and shall notify the
23 taxpayer of such filing.

24 (c) Protest. If the taxpayer believes that he does not owe
25 some or all of the amount for which the jeopardy assessment
26 lien against him has been filed, he may protest within 20 days

1 after being notified by the Department of the filing of such
2 jeopardy assessment lien and request a hearing, whereupon the
3 Department shall hold a hearing in conformity with the
4 provisions of Section 908 of the Illinois Income Tax Act and,
5 pursuant thereto, shall notify the taxpayer of its decision as
6 to whether or not such jeopardy assessment lien will be
7 released.

8 After the expiration of the period within which the person
9 assessed may file an action for judicial review without such
10 action being filed, a certified copy of the final assessment or
11 revised final assessment of the Department may be filed with
12 the Circuit Court of the county in which the dealer resides, or
13 of Cook County in the case of a dealer who does not reside in
14 this State, or in the county where the violation of this Act
15 took place. The certified copy of the final assessment or
16 revised final assessment shall be accompanied by a
17 certification which recites facts that are sufficient to show
18 that the Department complied with the jurisdictional
19 requirements of the Act in arriving at its final assessment or
20 its revised final assessment and that the dealer had this
21 opportunity for an administrative hearing and for judicial
22 review, whether he availed himself or herself of either or both
23 of these opportunities or not. If the court is satisfied that
24 the Department complied with the jurisdictional requirements
25 of the Act in arriving at its final assessment or its revised
26 final assessment and that the taxpayer had his opportunity for

1 an administrative hearing and for judicial review, whether he
2 availed himself of either or both of these opportunities or
3 not, the court shall render judgment in favor of the Department
4 and against the taxpayer for the amount shown to be due by the
5 final assessment or the revised final assessment, plus any
6 interest which may be due, and such judgment shall be entered
7 in the judgment docket of the court. Such judgment shall bear
8 the same rate of interest and shall have the same effect as
9 other judgments. The judgment may be enforced, and all laws
10 applicable to sales for the enforcement of a judgment shall be
11 applicable to sales made under such judgments. The Department
12 shall file the certified copy of its assessment, as herein
13 provided, with the Circuit Court within 2 years after such
14 assessment becomes final except when the taxpayer consents in
15 writing to an extension of such filing period, and except that
16 the time limitation period on the Department's right to file
17 the certified copy of its assessment with the Circuit Court
18 shall not run during any period of time in which the order of
19 any court has the effect of enjoining or restraining the
20 Department from filing such certified copy of its assessment
21 with the Circuit Court.

22 If, when the cause of action for a proceeding in court
23 accrues against a person, he or she is out of the State, the
24 action may be commenced within the times herein limited, after
25 his or her coming into or returning to the State; and if, after
26 the cause of action accrues, he or she departs from and remains

1 out of the State, the time of his or her absence from the
2 State, the time of his or her absence is no part of the time
3 limited for the commencement of the action; but the foregoing
4 provisions concerning absence from the State shall not apply to
5 any case in which, at the time the cause of action accrues, the
6 party against whom the cause of action accrues is not a
7 resident of this State. The time within which a court action is
8 to be commenced by the Department hereunder shall not run from
9 the date the taxpayer files a petition in bankruptcy under the
10 Federal Bankruptcy Act until 30 days after notice of
11 termination or expiration of the automatic stay imposed by the
12 Federal Bankruptcy Act.

13 No claim shall be filed against the estate of any deceased
14 person or any person under legal disability for any tax or
15 penalty or part of either, or interest, except in the manner
16 prescribed and within the time limited by the Probate Act of
17 1975, as amended.

18 The collection of tax or penalty or interest by any means
19 provided for herein shall not be a bar to any prosecution under
20 this Act.

21 In addition to any penalty provided for in this Act, any
22 amount of tax which is not paid when due shall bear interest at
23 the rate determined in accordance with the Uniform Penalty and
24 Interest Act, per month or fraction thereof from the date when
25 such tax becomes past due until such tax is paid or a judgment
26 therefor is obtained by the Department. If the time for making

1 or completing an audit of a taxpayer's books and records is
2 extended with the taxpayer's consent, at the request of and for
3 the convenience of the Department, beyond the date on which the
4 statute of limitations upon the issuance of a notice of tax
5 liability by the Department otherwise run, no interest shall
6 accrue during the period of such extension. Interest shall be
7 collected in the same manner and as part of the tax.

8 If the Department determines that an amount of tax or
9 penalty or interest was incorrectly assessed, whether as the
10 result of a mistake of fact or an error of law, the Department
11 shall waive the amount of tax or penalty or interest that
12 accrued due to the incorrect assessment.

13 (Source: P.A. 97-1129, eff. 8-28-12; 10000SB0009ham003.)

14 (35 ILCS 520/17) (from Ch. 120, par. 2167)

15 Sec. 17. Filing and Priority of Liens. (a) Filing ~~in the~~
16 ~~State Tax Lien Registry~~ with Recorder. Nothing in this Act
17 shall be construed to give the Department a preference over the
18 rights of any bona fide purchaser, holder of a security
19 interest, mechanics lienholder, mortgagee, or judgment lien
20 creditor arising prior to the filing of a regular notice of
21 lien or a notice of jeopardy assessment lien in the ~~State Tax~~
22 ~~Lien Registry~~ office of the recorder in the county in which the
23 property subject to the lien is located. For purposes of this
24 section, the term "bona fide," shall not include any mortgage
25 of real or personal property or any other credit transaction

1 that results in the mortgagee or the holder of the security
2 acting as trustee for unsecured creditors of the taxpayer
3 mentioned in the notice of lien who executed such chattel or
4 real property mortgage or the document evidencing such credit
5 transaction. Such lien shall be inferior to the lien of general
6 taxes, special assessments and special taxes heretofore or
7 hereafter levied by any political subdivision of this State.

8 (b) Filing with Registrar. In case title to land to be
9 affected by the notice of lien or notice of jeopardy assessment
10 lien is registered under the provisions of "An Act concerning
11 land titles," approved May 1, 1897, as amended, such notice
12 shall ~~also~~ be filed in the ~~State Tax Lien Registry~~ office of
13 the Registrar of Titles of the county within which the property
14 subject to the lien is situated and shall be entered upon the
15 register of titles as a memorial of charge upon each folium of
16 the register of titles affected by such notice, and the
17 Department shall not have a preference over the rights of any
18 bona fide purchaser, mortgagee, judgment creditor or other lien
19 holder arising prior to the registration of such notice.

20 (c) ~~(Blank).~~ No recorder or registrar of titles of any
21 county shall require that the Department pay any costs or fees
22 in connection with recordation of any notice or other document
23 filed by the Department under this Act at the time such notice
24 or other document is presented for recordation.

25 (Source: P.A. 86-905; 10000SB0009ham003.)

1 (35 ILCS 520/19) (from Ch. 120, par. 2169)

2 Sec. 19. Release of Liens.

3 (a) In general. The Department shall release all or any
4 portion of the property subject to any lien provided for in
5 this Act if it determines that the release will not endanger or
6 jeopardize the collection of the amount secured thereby. The
7 Department shall release its lien on property which is the
8 subject of forfeiture proceedings under the Narcotics Profit
9 Forfeiture Act, the Criminal Code of 2012, or the Drug Asset
10 Forfeiture Procedure Act until all forfeiture proceedings are
11 concluded. Property forfeited shall not be subject to a lien
12 under this Act.

13 (b) Judicial determination. If on judicial review the final
14 judgment of the court is that the taxpayer does not owe some or
15 all of the amount secured by the lien against him, or that no
16 jeopardy to the revenue exists, the Department shall release
17 its lien to the extent of such finding of nonliability, or to
18 the extent of such finding of no jeopardy to the revenue.

19 (c) Payment. The Department shall also release its jeopardy
20 assessment lien against the taxpayer whenever the tax and
21 penalty covered by such lien, plus any interest which may be
22 due, are paid.

23 (d) Certificate of release. The Department shall issue a
24 certificate of complete or partial release of the lien:

25 (1) To the extent that the fair market value of any
26 property subject to the lien exceeds the amount of the lien

1 plus the amount of all prior liens upon such property;

2 (2) To the extent that such lien shall become
3 unenforceable;

4 (3) To the extent that the amount of such lien is paid
5 by the person whose property is subject to such lien,
6 together with any interest and penalty which may become due
7 under this Act between the date when the notice of lien is
8 filed and the date when the amount of such lien is paid;

9 (4) To the extent and under the circumstances specified
10 in this Section. A certificate of complete or partial
11 release of any lien shall be held conclusive that the lien
12 upon the property covered by the certificate is
13 extinguished to the extent indicated by such certificate.

14 Such release of lien shall be issued to the person, or his
15 agent, against whom the lien was obtained and shall contain in
16 legible letters a statement as follows:

17 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL
18 BE FILED ~~IN THE STATE TAX LIEN REGISTRY~~ WITH THE RECORDER
19 OR THE REGISTRAR
20 OF TITLES, IN WHOSE OFFICE, THE LIEN WAS FILED.

21 (e) Filing. When a certificate of complete or partial
22 release of lien issued by the Department is ~~filed in the State~~
23 ~~Tax Lien Registry, the Department~~ presented for filing in the
24 office of the recorder or Registrar of Titles where a notice of
25 lien or notice of jeopardy assessment lien was filed:

26 (1) The recorder, in the case of nonregistered

1 property, shall permanently attach the certificate of
2 release to the notice of lien or notice of jeopardy
3 assessment lien and shall enter the certificate of release
4 and the date in the "State Tax Lien Index" on the line
5 where the notice of lien or notice of jeopardy assessment
6 lien is entered- ; and

7 (2) In the case of registered property, the Registrar
8 of Titles shall file and enter upon each folium of the
9 register of titles affected thereby a memorial of the
10 certificate of release which memorial when so entered shall
11 act as a release pro tanto of any memorial of such notice
12 of lien or notice of jeopardy assessment lien previously
13 filed and registered.

14 (Source: P.A. 97-1150, eff. 1-25-13; 10000SB0009ham003.)

15 Section 25-20. If and only if Senate Bill 9 of the 100th
16 General Assembly becomes law in the form in which it was
17 amended by House Amendment No. 3, then the Illinois Municipal
18 Code is amended by changing Section 8-3-15 as follows:

19 (65 ILCS 5/8-3-15) (from Ch. 24, par. 8-3-15)

20 Sec. 8-3-15. The corporate authorities of each
21 municipality shall have all powers necessary to enforce the
22 collection of any tax imposed and collected by such
23 municipality, whether such tax was imposed pursuant to its home
24 rule powers or statutory authorization, including but not

1 limited to subpoena power and the power to create and enforce
2 liens. No such lien shall affect the rights of bona fide
3 purchasers, mortgagees, judgment creditors or other
4 lienholders who acquire their interests in such property prior
5 to the time a notice of such lien is placed on record in the
6 office of the recorder or the registrar of titles of the county
7 in which the property is located. However, nothing in this
8 Section shall permit a municipality to place a lien upon
9 property not located or found within its corporate boundaries.
10 A municipality creating a lien may provide that the procedures
11 for its notice and enforcement shall be the same as that
12 provided in the Retailers' Occupation Tax Act, as ~~that Act~~
13 ~~existed prior to the adoption of the State Tax Lien~~
14 ~~Registration Act~~ now or hereafter amended, for State tax liens,
15 and any recorder or registrar of titles with whom a notice of
16 such lien is filed shall treat such lien as a State tax lien
17 for recording purposes.

18 (Source: P.A. 86-680; 10000SB0009ham003.)

19 Section 25-25. If and only if Senate Bill 9 of the 100th
20 General Assembly becomes law in the form in which it was
21 amended by House Amendment No. 3, then the Title Insurance Act
22 is amended by changing Section 22 as follows:

23 (215 ILCS 155/22) (from Ch. 73, par. 1422)

24 Sec. 22. Tax indemnity; notice. A corporation authorized to

1 do business under this Act shall notify the Director of Revenue
2 of the State of Illinois, by notice directed to his office in
3 the City of Chicago, of each trust account or similar account
4 established which relates to title exceptions due to a judgment
5 lien or any other lien arising under any tax Act administered
6 by the Illinois Department of Revenue, when notice of such lien
7 has been filed with the registrar of titles or recorder ~~or in~~
8 ~~the State Tax Lien Registry~~, as the case may be, in the manner
9 prescribed by law. Such notice shall contain the name, address,
10 and tax identification number of the debtor, the permanent real
11 estate index numbers, if any, and the address and legal
12 description of the property, the type of lien claimed by the
13 Department and identification of any trust fund or similar
14 account held by such corporation or any agent thereof relating
15 to such lien. Any trust fund or similar account established by
16 such corporation or agent relating to any such lien shall
17 include provisions requiring such corporation or agent to apply
18 such fund in satisfaction or release of such lien upon written
19 demand therefor by the Department of Revenue.

20 (Source: P.A. 94-893, eff. 6-20-06; 10000SB0009ham003.)

21 Section 30-5. If and only if Senate Bill 9 of the 100th
22 General Assembly becomes law in the form in which it was
23 amended by House Amendment No. 3, then the Use Tax Act is
24 amended by changing Section 3-10 as follows:

1 (35 ILCS 105/3-10)

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

23 Beginning on July 1, 2000 and through December 31, 2000,
24 with respect to motor fuel, as defined in Section 1.1 of the
25 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
26 the Use Tax Act, the tax is imposed at the rate of 1.25%.

1 Beginning on August 6, 2010 through August 15, 2010, with
2 respect to sales tax holiday items as defined in Section 3-6 of
3 this Act, the tax is imposed at the rate of 1.25%.

4 With respect to gasohol, the tax imposed by this Act
5 applies to (i) 70% of the proceeds of sales made on or after
6 January 1, 1990, and before July 1, 2003, (ii) 80% of the
7 proceeds of sales made on or after July 1, 2003 and on or
8 before ~~July 1, 2017~~ December 31, 2018, and (iii) 100% of the
9 proceeds of sales made thereafter. If, at any time, however,
10 the tax under this Act on sales of gasohol is imposed at the
11 rate of 1.25%, then the tax imposed by this Act applies to 100%
12 of the proceeds of sales of gasohol made during that time.

13 With respect to majority blended ethanol fuel, the tax
14 imposed by this Act does not apply to the proceeds of sales
15 made on or after July 1, 2003 and on or before ~~December 31,~~
16 ~~2023~~ December 31, 2018 but applies to 100% of the proceeds of
17 sales made thereafter.

18 With respect to biodiesel blends with no less than 1% and
19 no more than 10% biodiesel, the tax imposed by this Act applies
20 to (i) 80% of the proceeds of sales made on or after July 1,
21 2003 and on or before December 31, 2018 and (ii) 100% of the
22 proceeds of sales made thereafter. If, at any time, however,
23 the tax under this Act on sales of biodiesel blends with no
24 less than 1% and no more than 10% biodiesel is imposed at the
25 rate of 1.25%, then the tax imposed by this Act applies to 100%
26 of the proceeds of sales of biodiesel blends with no less than

1 1% and no more than 10% biodiesel made during that time.

2 With respect to 100% biodiesel and biodiesel blends with
3 more than 10% but no more than 99% biodiesel, the tax imposed
4 by this Act does not apply to the proceeds of sales made on or
5 after July 1, 2003 and on or before ~~December 31, 2023~~ December
6 31, 2018 but applies to 100% of the proceeds of sales made
7 thereafter.

8 With respect to food for human consumption that is to be
9 consumed off the premises where it is sold (other than
10 alcoholic beverages, soft drinks, and food that has been
11 prepared for immediate consumption) and prescription and
12 nonprescription medicines, drugs, medical appliances, products
13 classified as Class III medical devices by the United States
14 Food and Drug Administration that are used for cancer treatment
15 pursuant to a prescription, as well as any accessories and
16 components related to those devices, modifications to a motor
17 vehicle for the purpose of rendering it usable by a person with
18 a disability, and insulin, urine testing materials, syringes,
19 and needles used by diabetics, for human use, the tax is
20 imposed at the rate of 1%. For the purposes of this Section,
21 until September 1, 2009: the term "soft drinks" means any
22 complete, finished, ready-to-use, non-alcoholic drink, whether
23 carbonated or not, including but not limited to soda water,
24 cola, fruit juice, vegetable juice, carbonated water, and all
25 other preparations commonly known as soft drinks of whatever
26 kind or description that are contained in any closed or sealed

1 bottle, can, carton, or container, regardless of size; but
2 "soft drinks" does not include coffee, tea, non-carbonated
3 water, infant formula, milk or milk products as defined in the
4 Grade A Pasteurized Milk and Milk Products Act, or drinks
5 containing 50% or more natural fruit or vegetable juice.

6 Notwithstanding any other provisions of this Act,
7 beginning September 1, 2009, "soft drinks" means non-alcoholic
8 beverages that contain natural or artificial sweeteners. "Soft
9 drinks" do not include beverages that contain milk or milk
10 products, soy, rice or similar milk substitutes, or greater
11 than 50% of vegetable or fruit juice by volume.

12 Until August 1, 2009, and notwithstanding any other
13 provisions of this Act, "food for human consumption that is to
14 be consumed off the premises where it is sold" includes all
15 food sold through a vending machine, except soft drinks and
16 food products that are dispensed hot from a vending machine,
17 regardless of the location of the vending machine. Beginning
18 August 1, 2009, and notwithstanding any other provisions of
19 this Act, "food for human consumption that is to be consumed
20 off the premises where it is sold" includes all food sold
21 through a vending machine, except soft drinks, candy, and food
22 products that are dispensed hot from a vending machine,
23 regardless of the location of the vending machine.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "food for human consumption that
26 is to be consumed off the premises where it is sold" does not

1 include candy. For purposes of this Section, "candy" means a
2 preparation of sugar, honey, or other natural or artificial
3 sweeteners in combination with chocolate, fruits, nuts or other
4 ingredients or flavorings in the form of bars, drops, or
5 pieces. "Candy" does not include any preparation that contains
6 flour or requires refrigeration.

7 Notwithstanding any other provisions of this Act,
8 beginning September 1, 2009, "nonprescription medicines and
9 drugs" does not include grooming and hygiene products. For
10 purposes of this Section, "grooming and hygiene products"
11 includes, but is not limited to, soaps and cleaning solutions,
12 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
13 lotions and screens, unless those products are available by
14 prescription only, regardless of whether the products meet the
15 definition of "over-the-counter-drugs". For the purposes of
16 this paragraph, "over-the-counter-drug" means a drug for human
17 use that contains a label that identifies the product as a drug
18 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
19 label includes:

20 (A) A "Drug Facts" panel; or

21 (B) A statement of the "active ingredient(s)" with a
22 list of those ingredients contained in the compound,
23 substance or preparation.

24 Beginning on the effective date of this amendatory Act of
25 the 98th General Assembly, "prescription and nonprescription
26 medicines and drugs" includes medical cannabis purchased from a

1 registered dispensing organization under the Compassionate Use
2 of Medical Cannabis Pilot Program Act.

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

10 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
11 99-858, eff. 8-19-16; 10000SB0009ham003.)

12 Section 30-10. If and only if Senate Bill 9 of the 100th
13 General Assembly becomes law in the form in which it was
14 amended by House Amendment No. 3, then the Service Use Tax Act
15 is amended by changing Section 3-10 as follows:

16 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

17 Sec. 3-10. Rate of tax. Unless otherwise provided in this
18 Section, the tax imposed by this Act is at the rate of 6.25% of
19 the selling price of tangible personal property transferred as
20 an incident to the sale of service, but, for the purpose of
21 computing this tax, in no event shall the selling price be less
22 than the cost price of the property to the serviceman.

23 Beginning on July 1, 2000 and through December 31, 2000,
24 with respect to motor fuel, as defined in Section 1.1 of the

1 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
2 the Use Tax Act, the tax is imposed at the rate of 1.25%.

3 With respect to gasohol, as defined in the Use Tax Act, the
4 tax imposed by this Act applies to (i) 70% of the selling price
5 of property transferred as an incident to the sale of service
6 on or after January 1, 1990, and before July 1, 2003, (ii) 80%
7 of the selling price of property transferred as an incident to
8 the sale of service on or after July 1, 2003 and on or before
9 ~~July 1, 2017~~ December 31, 2018, and (iii) 100% of the selling
10 price thereafter. If, at any time, however, the tax under this
11 Act on sales of gasohol, as defined in the Use Tax Act, is
12 imposed at the rate of 1.25%, then the tax imposed by this Act
13 applies to 100% of the proceeds of sales of gasohol made during
14 that time.

15 With respect to majority blended ethanol fuel, as defined
16 in the Use Tax Act, the tax imposed by this Act does not apply
17 to the selling price of property transferred as an incident to
18 the sale of service on or after July 1, 2003 and on or before
19 ~~December 31, 2023~~ December 31, 2018 but applies to 100% of the
20 selling price thereafter.

21 With respect to biodiesel blends, as defined in the Use Tax
22 Act, with no less than 1% and no more than 10% biodiesel, the
23 tax imposed by this Act applies to (i) 80% of the selling price
24 of property transferred as an incident to the sale of service
25 on or after July 1, 2003 and on or before December 31, 2018 and
26 (ii) 100% of the proceeds of the selling price thereafter. If,

1 at any time, however, the tax under this Act on sales of
2 biodiesel blends, as defined in the Use Tax Act, with no less
3 than 1% and no more than 10% biodiesel is imposed at the rate
4 of 1.25%, then the tax imposed by this Act applies to 100% of
5 the proceeds of sales of biodiesel blends with no less than 1%
6 and no more than 10% biodiesel made during that time.

7 With respect to 100% biodiesel, as defined in the Use Tax
8 Act, and biodiesel blends, as defined in the Use Tax Act, with
9 more than 10% but no more than 99% biodiesel, the tax imposed
10 by this Act does not apply to the proceeds of the selling price
11 of property transferred as an incident to the sale of service
12 on or after July 1, 2003 and on or before ~~December 31, 2023~~
13 December 31, 2018 but applies to 100% of the selling price
14 thereafter.

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

25 The tax shall be imposed at the rate of 1% on food prepared
26 for immediate consumption and transferred incident to a sale of

1 service subject to this Act or the Service Occupation Tax Act
2 by an entity licensed under the Hospital Licensing Act, the
3 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
4 Act, the Specialized Mental Health Rehabilitation Act of 2013,
5 or the Child Care Act of 1969. The tax shall also be imposed at
6 the rate of 1% on food for human consumption that is to be
7 consumed off the premises where it is sold (other than
8 alcoholic beverages, soft drinks, and food that has been
9 prepared for immediate consumption and is not otherwise
10 included in this paragraph) and prescription and
11 nonprescription medicines, drugs, medical appliances, products
12 classified as Class III medical devices by the United States
13 Food and Drug Administration that are used for cancer treatment
14 pursuant to a prescription, as well as any accessories and
15 components related to those devices, modifications to a motor
16 vehicle for the purpose of rendering it usable by a person with
17 a disability, and insulin, urine testing materials, syringes,
18 and needles used by diabetics, for human use. For the purposes
19 of this Section, until September 1, 2009: the term "soft
20 drinks" means any complete, finished, ready-to-use,
21 non-alcoholic drink, whether carbonated or not, including but
22 not limited to soda water, cola, fruit juice, vegetable juice,
23 carbonated water, and all other preparations commonly known as
24 soft drinks of whatever kind or description that are contained
25 in any closed or sealed bottle, can, carton, or container,
26 regardless of size; but "soft drinks" does not include coffee,

1 tea, non-carbonated water, infant formula, milk or milk
2 products as defined in the Grade A Pasteurized Milk and Milk
3 Products Act, or drinks containing 50% or more natural fruit or
4 vegetable juice.

5 Notwithstanding any other provisions of this Act,
6 beginning September 1, 2009, "soft drinks" means non-alcoholic
7 beverages that contain natural or artificial sweeteners. "Soft
8 drinks" do not include beverages that contain milk or milk
9 products, soy, rice or similar milk substitutes, or greater
10 than 50% of vegetable or fruit juice by volume.

11 Until August 1, 2009, and notwithstanding any other
12 provisions of this Act, "food for human consumption that is to
13 be consumed off the premises where it is sold" includes all
14 food sold through a vending machine, except soft drinks and
15 food products that are dispensed hot from a vending machine,
16 regardless of the location of the vending machine. Beginning
17 August 1, 2009, and notwithstanding any other provisions of
18 this Act, "food for human consumption that is to be consumed
19 off the premises where it is sold" includes all food sold
20 through a vending machine, except soft drinks, candy, and food
21 products that are dispensed hot from a vending machine,
22 regardless of the location of the vending machine.

23 Notwithstanding any other provisions of this Act,
24 beginning September 1, 2009, "food for human consumption that
25 is to be consumed off the premises where it is sold" does not
26 include candy. For purposes of this Section, "candy" means a

1 preparation of sugar, honey, or other natural or artificial
2 sweeteners in combination with chocolate, fruits, nuts or other
3 ingredients or flavorings in the form of bars, drops, or
4 pieces. "Candy" does not include any preparation that contains
5 flour or requires refrigeration.

6 Notwithstanding any other provisions of this Act,
7 beginning September 1, 2009, "nonprescription medicines and
8 drugs" does not include grooming and hygiene products. For
9 purposes of this Section, "grooming and hygiene products"
10 includes, but is not limited to, soaps and cleaning solutions,
11 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
12 lotions and screens, unless those products are available by
13 prescription only, regardless of whether the products meet the
14 definition of "over-the-counter-drugs". For the purposes of
15 this paragraph, "over-the-counter-drug" means a drug for human
16 use that contains a label that identifies the product as a drug
17 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
18 label includes:

19 (A) A "Drug Facts" panel; or

20 (B) A statement of the "active ingredient(s)" with a
21 list of those ingredients contained in the compound,
22 substance or preparation.

23 Beginning on January 1, 2014 (the effective date of Public
24 Act 98-122), "prescription and nonprescription medicines and
25 drugs" includes medical cannabis purchased from a registered
26 dispensing organization under the Compassionate Use of Medical

1 Cannabis Pilot Program Act.

2 If the property that is acquired from a serviceman is
3 acquired outside Illinois and used outside Illinois before
4 being brought to Illinois for use here and is taxable under
5 this Act, the "selling price" on which the tax is computed
6 shall be reduced by an amount that represents a reasonable
7 allowance for depreciation for the period of prior out-of-state
8 use.

9 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
10 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
11 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16;
12 10000SB0009ham003.)

13 Section 30-15. If and only if Senate Bill 9 of the 100th
14 General Assembly becomes law in the form in which it was
15 amended by House Amendment No. 3, then the Service Occupation
16 Tax Act is amended by changing Section 3-10 as follows:

17 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

18 Sec. 3-10. Rate of tax. Unless otherwise provided in this
19 Section, the tax imposed by this Act is at the rate of 6.25% of
20 the "selling price", as defined in Section 2 of the Service Use
21 Tax Act, of the tangible personal property. For the purpose of
22 computing this tax, in no event shall the "selling price" be
23 less than the cost price to the serviceman of the tangible
24 personal property transferred. The selling price of each item

1 of tangible personal property transferred as an incident of a
2 sale of service may be shown as a distinct and separate item on
3 the serviceman's billing to the service customer. If the
4 selling price is not so shown, the selling price of the
5 tangible personal property is deemed to be 50% of the
6 serviceman's entire billing to the service customer. When,
7 however, a serviceman contracts to design, develop, and produce
8 special order machinery or equipment, the tax imposed by this
9 Act shall be based on the serviceman's cost price of the
10 tangible personal property transferred incident to the
11 completion of the contract.

12 Beginning on July 1, 2000 and through December 31, 2000,
13 with respect to motor fuel, as defined in Section 1.1 of the
14 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
15 the Use Tax Act, the tax is imposed at the rate of 1.25%.

16 With respect to gasohol, as defined in the Use Tax Act, the
17 tax imposed by this Act shall apply to (i) 70% of the cost
18 price of property transferred as an incident to the sale of
19 service on or after January 1, 1990, and before July 1, 2003,
20 (ii) 80% of the selling price of property transferred as an
21 incident to the sale of service on or after July 1, 2003 and on
22 or before ~~July 1, 2017~~ December 31, 2018, and (iii) 100% of the
23 cost price thereafter. If, at any time, however, the tax under
24 this Act on sales of gasohol, as defined in the Use Tax Act, is
25 imposed at the rate of 1.25%, then the tax imposed by this Act
26 applies to 100% of the proceeds of sales of gasohol made during

1 that time.

2 With respect to majority blended ethanol fuel, as defined
3 in the Use Tax Act, the tax imposed by this Act does not apply
4 to the selling price of property transferred as an incident to
5 the sale of service on or after July 1, 2003 and on or before
6 ~~December 31, 2023~~ December 31, 2018 but applies to 100% of the
7 selling price thereafter.

8 With respect to biodiesel blends, as defined in the Use Tax
9 Act, with no less than 1% and no more than 10% biodiesel, the
10 tax imposed by this Act applies to (i) 80% of the selling price
11 of property transferred as an incident to the sale of service
12 on or after July 1, 2003 and on or before December 31, 2018 and
13 (ii) 100% of the proceeds of the selling price thereafter. If,
14 at any time, however, the tax under this Act on sales of
15 biodiesel blends, as defined in the Use Tax Act, with no less
16 than 1% and no more than 10% biodiesel is imposed at the rate
17 of 1.25%, then the tax imposed by this Act applies to 100% of
18 the proceeds of sales of biodiesel blends with no less than 1%
19 and no more than 10% biodiesel made during that time.

20 With respect to 100% biodiesel, as defined in the Use Tax
21 Act, and biodiesel blends, as defined in the Use Tax Act, with
22 more than 10% but no more than 99% biodiesel material, the tax
23 imposed by this Act does not apply to the proceeds of the
24 selling price of property transferred as an incident to the
25 sale of service on or after July 1, 2003 and on or before
26 ~~December 31, 2023~~ December 31, 2018 but applies to 100% of the

1 selling price thereafter.

2 At the election of any registered serviceman made for each
3 fiscal year, sales of service in which the aggregate annual
4 cost price of tangible personal property transferred as an
5 incident to the sales of service is less than 35%, or 75% in
6 the case of servicemen transferring prescription drugs or
7 servicemen engaged in graphic arts production, of the aggregate
8 annual total gross receipts from all sales of service, the tax
9 imposed by this Act shall be based on the serviceman's cost
10 price of the tangible personal property transferred incident to
11 the sale of those services.

12 The tax shall be imposed at the rate of 1% on food prepared
13 for immediate consumption and transferred incident to a sale of
14 service subject to this Act or the Service Occupation Tax Act
15 by an entity licensed under the Hospital Licensing Act, the
16 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
17 Act, the Specialized Mental Health Rehabilitation Act of 2013,
18 or the Child Care Act of 1969. The tax shall also be imposed at
19 the rate of 1% on food for human consumption that is to be
20 consumed off the premises where it is sold (other than
21 alcoholic beverages, soft drinks, and food that has been
22 prepared for immediate consumption and is not otherwise
23 included in this paragraph) and prescription and
24 nonprescription medicines, drugs, medical appliances, products
25 classified as Class III medical devices by the United States
26 Food and Drug Administration that are used for cancer treatment

1 pursuant to a prescription, as well as any accessories and
2 components related to those devices, modifications to a motor
3 vehicle for the purpose of rendering it usable by a person with
4 a disability, and insulin, urine testing materials, syringes,
5 and needles used by diabetics, for human use. For the purposes
6 of this Section, until September 1, 2009: the term "soft
7 drinks" means any complete, finished, ready-to-use,
8 non-alcoholic drink, whether carbonated or not, including but
9 not limited to soda water, cola, fruit juice, vegetable juice,
10 carbonated water, and all other preparations commonly known as
11 soft drinks of whatever kind or description that are contained
12 in any closed or sealed can, carton, or container, regardless
13 of size; but "soft drinks" does not include coffee, tea,
14 non-carbonated water, infant formula, milk or milk products as
15 defined in the Grade A Pasteurized Milk and Milk Products Act,
16 or drinks containing 50% or more natural fruit or vegetable
17 juice.

18 Notwithstanding any other provisions of this Act,
19 beginning September 1, 2009, "soft drinks" means non-alcoholic
20 beverages that contain natural or artificial sweeteners. "Soft
21 drinks" do not include beverages that contain milk or milk
22 products, soy, rice or similar milk substitutes, or greater
23 than 50% of vegetable or fruit juice by volume.

24 Until August 1, 2009, and notwithstanding any other
25 provisions of this Act, "food for human consumption that is to
26 be consumed off the premises where it is sold" includes all

1 food sold through a vending machine, except soft drinks and
2 food products that are dispensed hot from a vending machine,
3 regardless of the location of the vending machine. Beginning
4 August 1, 2009, and notwithstanding any other provisions of
5 this Act, "food for human consumption that is to be consumed
6 off the premises where it is sold" includes all food sold
7 through a vending machine, except soft drinks, candy, and food
8 products that are dispensed hot from a vending machine,
9 regardless of the location of the vending machine.

10 Notwithstanding any other provisions of this Act,
11 beginning September 1, 2009, "food for human consumption that
12 is to be consumed off the premises where it is sold" does not
13 include candy. For purposes of this Section, "candy" means a
14 preparation of sugar, honey, or other natural or artificial
15 sweeteners in combination with chocolate, fruits, nuts or other
16 ingredients or flavorings in the form of bars, drops, or
17 pieces. "Candy" does not include any preparation that contains
18 flour or requires refrigeration.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "nonprescription medicines and
21 drugs" does not include grooming and hygiene products. For
22 purposes of this Section, "grooming and hygiene products"
23 includes, but is not limited to, soaps and cleaning solutions,
24 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
25 lotions and screens, unless those products are available by
26 prescription only, regardless of whether the products meet the

1 definition of "over-the-counter-drugs". For the purposes of
2 this paragraph, "over-the-counter-drug" means a drug for human
3 use that contains a label that identifies the product as a drug
4 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
5 label includes:

6 (A) A "Drug Facts" panel; or

7 (B) A statement of the "active ingredient(s)" with a
8 list of those ingredients contained in the compound,
9 substance or preparation.

10 Beginning on January 1, 2014 (the effective date of Public
11 Act 98-122), "prescription and nonprescription medicines and
12 drugs" includes medical cannabis purchased from a registered
13 dispensing organization under the Compassionate Use of Medical
14 Cannabis Pilot Program Act.

15 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
16 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
17 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16;
18 10000SB0009ham003.)

19 Section 30-20. If and only if Senate Bill 9 of the 100th
20 General Assembly becomes law in the form in which it was
21 amended by House Amendment No. 3, then the Retailers'
22 Occupation Tax Act is amended by changing Section 2-10 as
23 follows:

24 (35 ILCS 120/2-10)

1 Sec. 2-10. Rate of tax. Unless otherwise provided in this
2 Section, the tax imposed by this Act is at the rate of 6.25% of
3 gross receipts from sales of tangible personal property made in
4 the course of business.

5 Beginning on July 1, 2000 and through December 31, 2000,
6 with respect to motor fuel, as defined in Section 1.1 of the
7 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
8 the Use Tax Act, the tax is imposed at the rate of 1.25%.

9 Beginning on August 6, 2010 through August 15, 2010, with
10 respect to sales tax holiday items as defined in Section 2-8 of
11 this Act, the tax is imposed at the rate of 1.25%.

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

1 With respect to gasohol, as defined in the Use Tax Act, the
2 tax imposed by this Act applies to (i) 70% of the proceeds of
3 sales made on or after January 1, 1990, and before July 1,
4 2003, (ii) 80% of the proceeds of sales made on or after July
5 1, 2003 and on or before ~~July 1, 2017~~ December 31, 2018, and
6 (iii) 100% of the proceeds of sales made thereafter. If, at any
7 time, however, the tax under this Act on sales of gasohol, as
8 defined in the Use Tax Act, is imposed at the rate of 1.25%,
9 then the tax imposed by this Act applies to 100% of the
10 proceeds of sales of gasohol made during that time.

11 With respect to majority blended ethanol fuel, as defined
12 in the Use Tax Act, the tax imposed by this Act does not apply
13 to the proceeds of sales made on or after July 1, 2003 and on or
14 before ~~December 31, 2023~~ December 31, 2018 but applies to 100%
15 of the proceeds of sales made thereafter.

16 With respect to biodiesel blends, as defined in the Use Tax
17 Act, with no less than 1% and no more than 10% biodiesel, the
18 tax imposed by this Act applies to (i) 80% of the proceeds of
19 sales made on or after July 1, 2003 and on or before December
20 31, 2018 and (ii) 100% of the proceeds of sales made
21 thereafter. If, at any time, however, the tax under this Act on
22 sales of biodiesel blends, as defined in the Use Tax Act, with
23 no less than 1% and no more than 10% biodiesel is imposed at
24 the rate of 1.25%, then the tax imposed by this Act applies to
25 100% of the proceeds of sales of biodiesel blends with no less
26 than 1% and no more than 10% biodiesel made during that time.

1 With respect to 100% biodiesel, as defined in the Use Tax
2 Act, and biodiesel blends, as defined in the Use Tax Act, with
3 more than 10% but no more than 99% biodiesel, the tax imposed
4 by this Act does not apply to the proceeds of sales made on or
5 after July 1, 2003 and on or before ~~December 31, 2023~~ December
6 31, 2018 but applies to 100% of the proceeds of sales made
7 thereafter.

8 With respect to food for human consumption that is to be
9 consumed off the premises where it is sold (other than
10 alcoholic beverages, soft drinks, and food that has been
11 prepared for immediate consumption) and prescription and
12 nonprescription medicines, drugs, medical appliances, products
13 classified as Class III medical devices by the United States
14 Food and Drug Administration that are used for cancer treatment
15 pursuant to a prescription, as well as any accessories and
16 components related to those devices, modifications to a motor
17 vehicle for the purpose of rendering it usable by a person with
18 a disability, and insulin, urine testing materials, syringes,
19 and needles used by diabetics, for human use, the tax is
20 imposed at the rate of 1%. For the purposes of this Section,
21 until September 1, 2009: the term "soft drinks" means any
22 complete, finished, ready-to-use, non-alcoholic drink, whether
23 carbonated or not, including but not limited to soda water,
24 cola, fruit juice, vegetable juice, carbonated water, and all
25 other preparations commonly known as soft drinks of whatever
26 kind or description that are contained in any closed or sealed

1 bottle, can, carton, or container, regardless of size; but
2 "soft drinks" does not include coffee, tea, non-carbonated
3 water, infant formula, milk or milk products as defined in the
4 Grade A Pasteurized Milk and Milk Products Act, or drinks
5 containing 50% or more natural fruit or vegetable juice.

6 Notwithstanding any other provisions of this Act,
7 beginning September 1, 2009, "soft drinks" means non-alcoholic
8 beverages that contain natural or artificial sweeteners. "Soft
9 drinks" do not include beverages that contain milk or milk
10 products, soy, rice or similar milk substitutes, or greater
11 than 50% of vegetable or fruit juice by volume.

12 Until August 1, 2009, and notwithstanding any other
13 provisions of this Act, "food for human consumption that is to
14 be consumed off the premises where it is sold" includes all
15 food sold through a vending machine, except soft drinks and
16 food products that are dispensed hot from a vending machine,
17 regardless of the location of the vending machine. Beginning
18 August 1, 2009, and notwithstanding any other provisions of
19 this Act, "food for human consumption that is to be consumed
20 off the premises where it is sold" includes all food sold
21 through a vending machine, except soft drinks, candy, and food
22 products that are dispensed hot from a vending machine,
23 regardless of the location of the vending machine.

24 Notwithstanding any other provisions of this Act,
25 beginning September 1, 2009, "food for human consumption that
26 is to be consumed off the premises where it is sold" does not

1 include candy. For purposes of this Section, "candy" means a
2 preparation of sugar, honey, or other natural or artificial
3 sweeteners in combination with chocolate, fruits, nuts or other
4 ingredients or flavorings in the form of bars, drops, or
5 pieces. "Candy" does not include any preparation that contains
6 flour or requires refrigeration.

7 Notwithstanding any other provisions of this Act,
8 beginning September 1, 2009, "nonprescription medicines and
9 drugs" does not include grooming and hygiene products. For
10 purposes of this Section, "grooming and hygiene products"
11 includes, but is not limited to, soaps and cleaning solutions,
12 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
13 lotions and screens, unless those products are available by
14 prescription only, regardless of whether the products meet the
15 definition of "over-the-counter-drugs". For the purposes of
16 this paragraph, "over-the-counter-drug" means a drug for human
17 use that contains a label that identifies the product as a drug
18 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
19 label includes:

20 (A) A "Drug Facts" panel; or

21 (B) A statement of the "active ingredient(s)" with a
22 list of those ingredients contained in the compound,
23 substance or preparation.

24 Beginning on the effective date of this amendatory Act of
25 the 98th General Assembly, "prescription and nonprescription
26 medicines and drugs" includes medical cannabis purchased from a

1 registered dispensing organization under the Compassionate Use
2 of Medical Cannabis Pilot Program Act.

3 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
4 99-858, eff. 8-19-16; 10000SB0009ham003.)

5 Section 35-5. If and only if Senate Bill 9 of the 100th
6 General Assembly becomes law in the form in which it was
7 amended by House Amendment No. 3, then the Use Tax Act is
8 amended by changing Sections 3-5 and 3-50 as follows:

9 (35 ILCS 105/3-5)

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

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

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

22 (3) Personal property purchased by a not-for-profit arts or
23 cultural organization that establishes, by proof required by
24 the Department by rule, that it has received an exemption under

1 Section 501(c)(3) of the Internal Revenue Code and that is
2 organized and operated primarily for the presentation or
3 support of arts or cultural programming, activities, or
4 services. These organizations include, but are not limited to,
5 music and dramatic arts organizations such as symphony
6 orchestras and theatrical groups, arts and cultural service
7 organizations, local arts councils, visual arts organizations,
8 and media arts organizations. On and after the effective date
9 of this amendatory Act of the 92nd General Assembly, however,
10 an entity otherwise eligible for this exemption shall not make
11 tax-free purchases unless it has an active identification
12 number issued by the Department.

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

1 (5) Until July 1, 2003, a passenger car that is a
2 replacement vehicle to the extent that the purchase price of
3 the car is subject to the Replacement Vehicle Tax.

4 (6) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new and
7 used, and including that manufactured on special order,
8 certified by the purchaser to be used primarily for graphic
9 arts production, and including machinery and equipment
10 purchased for lease. Equipment includes chemicals or chemicals
11 acting as catalysts but only if the chemicals or chemicals
12 acting as catalysts effect a direct and immediate change upon a
13 graphic arts product. ~~Beginning on July 1, 2017, graphic arts~~
14 ~~machinery and equipment is included in the manufacturing and~~
15 ~~assembling machinery and equipment exemption under paragraph~~
16 ~~(18).~~

17 (7) Farm chemicals.

18 (8) Legal tender, currency, medallions, or gold or silver
19 coinage issued by the State of Illinois, the government of the
20 United States of America, or the government of any foreign
21 country, and bullion.

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

25 (10) A motor vehicle that is used for automobile renting,
26 as defined in the Automobile Renting Occupation and Use Tax

1 Act.

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

21 Farm machinery and equipment shall include precision
22 farming equipment that is installed or purchased to be
23 installed on farm machinery and equipment including, but not
24 limited to, tractors, harvesters, sprayers, planters, seeders,
25 or spreaders. Precision farming equipment includes, but is not
26 limited to, soil testing sensors, computers, monitors,

1 software, global positioning and mapping systems, and other
2 such equipment.

3 Farm machinery and equipment also includes computers,
4 sensors, software, and related equipment used primarily in the
5 computer-assisted operation of production agriculture
6 facilities, equipment, and activities such as, but not limited
7 to, the collection, monitoring, and correlation of animal and
8 crop data for the purpose of formulating animal diets and
9 agricultural chemicals. This item (11) is exempt from the
10 provisions of Section 3-90.

11 (12) Until June 30, 2013, fuel and petroleum products sold
12 to or used by an air common carrier, certified by the carrier
13 to be used for consumption, shipment, or storage in the conduct
14 of its business as an air common carrier, for a flight destined
15 for or returning from a location or locations outside the
16 United States without regard to previous or subsequent domestic
17 stopovers.

18 Beginning July 1, 2013, fuel and petroleum products sold to
19 or used by an air carrier, certified by the carrier to be used
20 for consumption, shipment, or storage in the conduct of its
21 business as an air common carrier, for a flight that (i) is
22 engaged in foreign trade or is engaged in trade between the
23 United States and any of its possessions and (ii) transports at
24 least one individual or package for hire from the city of
25 origination to the city of final destination on the same
26 aircraft, without regard to a change in the flight number of

1 that aircraft.

2 (13) Proceeds of mandatory service charges separately
3 stated on customers' bills for the purchase and consumption of
4 food and beverages purchased at retail from a retailer, to the
5 extent that the proceeds of the service charge are in fact
6 turned over as tips or as a substitute for tips to the
7 employees who participate directly in preparing, serving,
8 hosting or cleaning up the food or beverage function with
9 respect to which the service charge is imposed.

10 (14) Until July 1, 2003, oil field exploration, drilling,
11 and production equipment, including (i) rigs and parts of rigs,
12 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
13 tubular goods, including casing and drill strings, (iii) pumps
14 and pump-jack units, (iv) storage tanks and flow lines, (v) any
15 individual replacement part for oil field exploration,
16 drilling, and production equipment, and (vi) machinery and
17 equipment purchased for lease; but excluding motor vehicles
18 required to be registered under the Illinois Vehicle Code.

19 (15) Photoprocessing machinery and equipment, including
20 repair and replacement parts, both new and used, including that
21 manufactured on special order, certified by the purchaser to be
22 used primarily for photoprocessing, and including
23 photoprocessing machinery and equipment purchased for lease.

24 (16) Coal and aggregate exploration, mining, off-highway
25 hauling, processing, maintenance, and reclamation equipment,
26 including replacement parts and equipment, and including

1 equipment purchased for lease, but excluding motor vehicles
2 required to be registered under the Illinois Vehicle Code. The
3 changes made to this Section by Public Act 97-767 apply on and
4 after July 1, 2003, but no claim for credit or refund is
5 allowed on or after August 16, 2013 (the effective date of
6 Public Act 98-456) for such taxes paid during the period
7 beginning July 1, 2003 and ending on August 16, 2013 (the
8 effective date of Public Act 98-456).

9 (17) Until July 1, 2003, distillation machinery and
10 equipment, sold as a unit or kit, assembled or installed by the
11 retailer, certified by the user to be used only for the
12 production of ethyl alcohol that will be used for consumption
13 as motor fuel or as a component of motor fuel for the personal
14 use of the user, and not subject to sale or resale.

15 (18) Manufacturing and assembling machinery and equipment
16 used primarily in the process of manufacturing or assembling
17 tangible personal property for wholesale or retail sale or
18 lease, whether that sale or lease is made directly by the
19 manufacturer or by some other person, whether the materials
20 used in the process are owned by the manufacturer or some other
21 person, or whether that sale or lease is made apart from or as
22 an incident to the seller's engaging in the service occupation
23 of producing machines, tools, dies, jigs, patterns, gauges, or
24 other similar items of no commercial value on special order for
25 a particular purchaser. The exemption provided by this
26 paragraph (18) does not include machinery and equipment used in

1 (i) the generation of electricity for wholesale or retail sale;
2 (ii) the generation or treatment of natural or artificial gas
3 for wholesale or retail sale that is delivered to customers
4 through pipes, pipelines, or mains; or (iii) the treatment of
5 water for wholesale or retail sale that is delivered to
6 customers through pipes, pipelines, or mains. The provisions of
7 Public Act 98-583 are declaratory of existing law as to the
8 meaning and scope of this exemption. ~~Beginning on July 1, 2017,~~
9 ~~the exemption provided by this paragraph (18) includes, but is~~
10 ~~not limited to, graphic arts machinery and equipment, as~~
11 ~~defined in paragraph (6) of this Section.~~

12 (19) Personal property delivered to a purchaser or
13 purchaser's donee inside Illinois when the purchase order for
14 that personal property was received by a florist located
15 outside Illinois who has a florist located inside Illinois
16 deliver the personal property.

17 (20) Semen used for artificial insemination of livestock
18 for direct agricultural production.

19 (21) Horses, or interests in horses, registered with and
20 meeting the requirements of any of the Arabian Horse Club
21 Registry of America, Appaloosa Horse Club, American Quarter
22 Horse Association, United States Trotting Association, or
23 Jockey Club, as appropriate, used for purposes of breeding or
24 racing for prizes. This item (21) is exempt from the provisions
25 of Section 3-90, and the exemption provided for under this item
26 (21) applies for all periods beginning May 30, 1995, but no

1 claim for credit or refund is allowed on or after January 1,
2 2008 for such taxes paid during the period beginning May 30,
3 2000 and ending on January 1, 2008.

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 the
12 Retailers' Occupation Tax Act. If the equipment is leased in a
13 manner that does not qualify for this exemption or is used in
14 any other non-exempt manner, the lessor shall be liable for the
15 tax imposed under this Act or the Service Use Tax Act, as the
16 case may be, based on the fair market value of the property at
17 the time the non-qualifying use occurs. No lessor shall collect
18 or attempt to collect an amount (however designated) that
19 purports to reimburse that lessor for the tax imposed by this
20 Act or the Service Use Tax Act, as the case may be, if the tax
21 has not been paid by the lessor. If a lessor improperly
22 collects any such amount from the lessee, the lessee shall have
23 a legal right to claim a refund of that amount from the lessor.
24 If, however, that amount is not refunded to the lessee for any
25 reason, the lessor is liable to pay that amount to the
26 Department.

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

21 (24) 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 donated for
24 disaster relief to be used in a State or federally declared
25 disaster area in Illinois or bordering Illinois by a
26 manufacturer or retailer that is registered in this State to a

1 corporation, society, association, foundation, or institution
2 that has been issued a sales tax exemption identification
3 number by the Department that assists victims of the disaster
4 who reside within the declared disaster area.

5 (25) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is used in the
8 performance of infrastructure repairs in this State, including
9 but not limited to municipal roads and streets, access roads,
10 bridges, sidewalks, waste disposal systems, water and sewer
11 line extensions, water distribution and purification
12 facilities, storm water drainage and retention facilities, and
13 sewage treatment facilities, resulting from a State or
14 federally declared disaster in Illinois or bordering Illinois
15 when such repairs are initiated on facilities located in the
16 declared disaster area within 6 months after the disaster.

17 (26) Beginning July 1, 1999, game or game birds purchased
18 at a "game breeding and hunting preserve area" as that term is
19 used in the Wildlife Code. This paragraph is exempt from the
20 provisions of Section 3-90.

21 (27) A motor vehicle, as that term is defined in Section
22 1-146 of the Illinois Vehicle Code, that is donated to a
23 corporation, limited liability company, society, association,
24 foundation, or institution that is determined by the Department
25 to be organized and operated exclusively for educational
26 purposes. For purposes of this exemption, "a corporation,

1 limited liability company, society, association, foundation,
2 or institution organized and operated exclusively for
3 educational purposes" means all tax-supported public schools,
4 private schools that offer systematic instruction in useful
5 branches of learning by methods common to public schools and
6 that compare favorably in their scope and intensity with the
7 course of study presented in tax-supported schools, and
8 vocational or technical schools or institutes organized and
9 operated exclusively to provide a course of study of not less
10 than 6 weeks duration and designed to prepare individuals to
11 follow a trade or to pursue a manual, technical, mechanical,
12 industrial, business, or commercial occupation.

13 (28) Beginning January 1, 2000, personal property,
14 including food, purchased through fundraising events for the
15 benefit of a public or private elementary or secondary school,
16 a group of those schools, or one or more school districts if
17 the events are sponsored by an entity recognized by the school
18 district that consists primarily of volunteers and includes
19 parents and teachers of the school children. This paragraph
20 does not apply to fundraising events (i) for the benefit of
21 private home instruction or (ii) for which the fundraising
22 entity purchases the personal property sold at the events from
23 another individual or entity that sold the property for the
24 purpose of resale by the fundraising entity and that profits
25 from the sale to the fundraising entity. This paragraph is
26 exempt from the provisions of Section 3-90.

1 (29) Beginning January 1, 2000 and through December 31,
2 2001, new or used automatic vending machines that prepare and
3 serve hot food and beverages, including coffee, soup, and other
4 items, and replacement parts for these machines. Beginning
5 January 1, 2002 and through June 30, 2003, machines and parts
6 for machines used in commercial, coin-operated amusement and
7 vending business if a use or occupation tax is paid on the
8 gross receipts derived from the use of the commercial,
9 coin-operated amusement and vending machines. This paragraph
10 is exempt from the provisions of Section 3-90.

11 (30) Beginning January 1, 2001 and through June 30, 2016,
12 food for human consumption that is to be consumed off the
13 premises where it is sold (other than alcoholic beverages, soft
14 drinks, and food that has been prepared for immediate
15 consumption) and prescription and nonprescription medicines,
16 drugs, medical appliances, and insulin, urine testing
17 materials, syringes, and needles used by diabetics, for human
18 use, when purchased for use by a person receiving medical
19 assistance under Article V of the Illinois Public Aid Code who
20 resides in a licensed long-term care facility, as defined in
21 the Nursing Home Care Act, or in a licensed facility as defined
22 in the ID/DD Community Care Act, the MC/DD Act, or the
23 Specialized Mental Health Rehabilitation Act of 2013.

24 (31) Beginning on the effective date of this amendatory Act
25 of the 92nd General Assembly, computers and communications
26 equipment utilized for any hospital purpose and equipment used

1 in the diagnosis, analysis, or treatment of hospital patients
2 purchased by a lessor who leases the equipment, under a lease
3 of one year or longer executed or in effect at the time the
4 lessor would otherwise be subject to the tax imposed by this
5 Act, to a hospital that has been issued an active tax exemption
6 identification number by the Department under Section 1g of the
7 Retailers' Occupation Tax Act. If the equipment is leased in a
8 manner that does not qualify for this exemption or is used in
9 any other nonexempt manner, the lessor shall be liable for the
10 tax imposed under this Act or the Service Use Tax Act, as the
11 case may be, based on the fair market value of the property at
12 the time the nonqualifying use occurs. No lessor shall collect
13 or attempt to collect an amount (however designated) that
14 purports to reimburse that lessor for the tax imposed by this
15 Act or the Service Use Tax Act, as the case may be, if the tax
16 has not been paid by the lessor. If a lessor improperly
17 collects any such amount from the lessee, the lessee shall have
18 a legal right to claim a refund of that amount from the lessor.
19 If, however, that amount is not refunded to the lessee for any
20 reason, the lessor is liable to pay that amount to the
21 Department. This paragraph is exempt from the provisions of
22 Section 3-90.

23 (32) Beginning on the effective date of this amendatory Act
24 of the 92nd General Assembly, personal property purchased by a
25 lessor who leases the property, under a lease of one year or
26 longer executed or in effect at the time the lessor would

1 otherwise be subject to the tax imposed by this Act, to a
2 governmental body that has been issued an active sales tax
3 exemption identification number by the Department under
4 Section 1g of the Retailers' Occupation Tax Act. If the
5 property is leased in a manner that does not qualify for this
6 exemption or used in any other nonexempt manner, the lessor
7 shall be liable for the tax imposed under this Act or the
8 Service Use Tax Act, as the case may be, based on the fair
9 market value of the property at the time the nonqualifying use
10 occurs. No lessor shall collect or attempt to collect an amount
11 (however designated) that purports to reimburse that lessor for
12 the tax imposed by this Act or the Service Use Tax Act, as the
13 case may be, if the tax has not been paid by the lessor. If a
14 lessor improperly collects any such amount from the lessee, the
15 lessee shall have a legal right to claim a refund of that
16 amount from the lessor. If, however, that amount is not
17 refunded to the lessee for any reason, the lessor is liable to
18 pay that amount to the Department. This paragraph is exempt
19 from the provisions of Section 3-90.

20 (33) On and after July 1, 2003 and through June 30, 2004,
21 the use in this State of motor vehicles of the second division
22 with a gross vehicle weight in excess of 8,000 pounds and that
23 are subject to the commercial distribution fee imposed under
24 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
25 1, 2004 and through June 30, 2005, the use in this State of
26 motor vehicles of the second division: (i) with a gross vehicle

1 weight rating in excess of 8,000 pounds; (ii) that are subject
2 to the commercial distribution fee imposed under Section
3 3-815.1 of the Illinois Vehicle Code; and (iii) that are
4 primarily used for commercial purposes. Through June 30, 2005,
5 this exemption applies to repair and replacement parts added
6 after the initial purchase of such a motor vehicle if that
7 motor vehicle is used in a manner that would qualify for the
8 rolling stock exemption otherwise provided for in this Act. For
9 purposes of this paragraph, the term "used for commercial
10 purposes" means the transportation of persons or property in
11 furtherance of any commercial or industrial enterprise,
12 whether for-hire or not.

13 (34) Beginning January 1, 2008, tangible personal property
14 used in the construction or maintenance of a community water
15 supply, as defined under Section 3.145 of the Environmental
16 Protection Act, that is operated by a not-for-profit
17 corporation that holds a valid water supply permit issued under
18 Title IV of the Environmental Protection Act. This paragraph is
19 exempt from the provisions of Section 3-90.

20 (35) Beginning January 1, 2010, materials, parts,
21 equipment, components, and furnishings incorporated into or
22 upon an aircraft as part of the modification, refurbishment,
23 completion, replacement, repair, or maintenance of the
24 aircraft. This exemption includes consumable supplies used in
25 the modification, refurbishment, completion, replacement,
26 repair, and maintenance of aircraft, but excludes any

1 materials, parts, equipment, components, and consumable
2 supplies used in the modification, replacement, repair, and
3 maintenance of aircraft engines or power plants, whether such
4 engines or power plants are installed or uninstalled upon any
5 such aircraft. "Consumable supplies" include, but are not
6 limited to, adhesive, tape, sandpaper, general purpose
7 lubricants, cleaning solution, latex gloves, and protective
8 films. This exemption applies only to the use of qualifying
9 tangible personal property by persons who modify, refurbish,
10 complete, repair, replace, or maintain aircraft and who (i)
11 hold an Air Agency Certificate and are empowered to operate an
12 approved repair station by the Federal Aviation
13 Administration, (ii) have a Class IV Rating, and (iii) conduct
14 operations in accordance with Part 145 of the Federal Aviation
15 Regulations. The exemption does not include aircraft operated
16 by a commercial air carrier providing scheduled passenger air
17 service pursuant to authority issued under Part 121 or Part 129
18 of the Federal Aviation Regulations. The changes made to this
19 paragraph (35) by Public Act 98-534 are declarative of existing
20 law.

21 (36) Tangible personal property purchased by a
22 public-facilities corporation, as described in Section
23 11-65-10 of the Illinois Municipal Code, for purposes of
24 constructing or furnishing a municipal convention hall, but
25 only if the legal title to the municipal convention hall is
26 transferred to the municipality without any further

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt instruments
4 issued by the public-facilities corporation in connection with
5 the development of the municipal convention hall. This
6 exemption includes existing public-facilities corporations as
7 provided in Section 11-65-25 of the Illinois Municipal Code.
8 This paragraph is exempt from the provisions of Section 3-90.

9 (37) Beginning January 1, 2017, menstrual pads, tampons,
10 and menstrual cups.

11 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
12 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
13 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
14 7-29-15; 99-855, eff. 8-19-16; 10000SB0009ham003.)

15 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

16 Sec. 3-50. Manufacturing and assembly exemption. The
17 manufacturing and assembling machinery and equipment exemption
18 includes machinery and equipment that replaces machinery and
19 equipment in an existing manufacturing facility as well as
20 machinery and equipment that are for use in an expanded or new
21 manufacturing facility. The machinery and equipment exemption
22 also includes machinery and equipment used in the general
23 maintenance or repair of exempt machinery and equipment or for
24 in-house manufacture of exempt machinery and equipment.
25 ~~Beginning on July 1, 2017, the manufacturing and assembling~~

1 ~~machinery and equipment exemption also includes graphic arts~~
2 ~~machinery and equipment, as defined in paragraph (6) of Section~~
3 ~~3-5.~~ The machinery and equipment exemption does not include
4 machinery and equipment used in (i) the generation of
5 electricity for wholesale or retail sale; (ii) the generation
6 or treatment of natural or artificial gas for wholesale or
7 retail sale that is delivered to customers through pipes,
8 pipelines, or mains; or (iii) the treatment of water for
9 wholesale or retail sale that is delivered to customers through
10 pipes, pipelines, or mains. The provisions of this amendatory
11 Act of the 98th General Assembly are declaratory of existing
12 law as to the meaning and scope of this exemption. For the
13 purposes of this exemption, terms have the following meanings:

14 (1) "Manufacturing process" means the production of an
15 article of tangible personal property, whether the article
16 is a finished product or an article for use in the process
17 of manufacturing or assembling a different article of
18 tangible personal property, by a procedure commonly
19 regarded as manufacturing, processing, fabricating, or
20 refining that changes some existing material into a
21 material with a different form, use, or name. In relation
22 to a recognized integrated business composed of a series of
23 operations that collectively constitute manufacturing, or
24 individually constitute manufacturing operations, the
25 manufacturing process commences with the first operation
26 or stage of production in the series and does not end until

1 the completion of the final product in the last operation
2 or stage of production in the series. For purposes of this
3 exemption, photoprocessing is a manufacturing process of
4 tangible personal property for wholesale or retail sale.

5 (2) "Assembling process" means the production of an
6 article of tangible personal property, whether the article
7 is a finished product or an article for use in the process
8 of manufacturing or assembling a different article of
9 tangible personal property, by the combination of existing
10 materials in a manner commonly regarded as assembling that
11 results in an article or material of a different form, use,
12 or name.

13 (3) "Machinery" means major mechanical machines or
14 major components of those machines contributing to a
15 manufacturing or assembling process.

16 (4) "Equipment" includes an independent device or tool
17 separate from machinery but essential to an integrated
18 manufacturing or assembly process; including computers
19 used primarily in a manufacturer's computer assisted
20 design, computer assisted manufacturing (CAD/CAM) system;
21 any subunit or assembly comprising a component of any
22 machinery or auxiliary, adjunct, or attachment parts of
23 machinery, such as tools, dies, jigs, fixtures, patterns,
24 and molds; and any parts that require periodic replacement
25 in the course of normal operation; but does not include
26 hand tools. Equipment includes chemicals or chemicals

1 acting as catalysts but only if the chemicals or chemicals
2 acting as catalysts effect a direct and immediate change
3 upon a product being manufactured or assembled for
4 wholesale or retail sale or lease.

5 (5) "Production related tangible personal property"
6 means all tangible personal property that is used or
7 consumed by the purchaser in a manufacturing facility in
8 which a manufacturing process takes place and includes,
9 without limitation, tangible personal property that is
10 purchased for incorporation into real estate within a
11 manufacturing facility and tangible personal property that
12 is used or consumed in activities such as research and
13 development, preproduction material handling, receiving,
14 quality control, inventory control, storage, staging, and
15 packaging for shipping and transportation purposes.
16 "Production related tangible personal property" does not
17 include (i) tangible personal property that is used, within
18 or without a manufacturing facility, in sales, purchasing,
19 accounting, fiscal management, marketing, personnel
20 recruitment or selection, or landscaping or (ii) tangible
21 personal property that is required to be titled or
22 registered with a department, agency, or unit of federal,
23 State, or local government.

24 The manufacturing and assembling machinery and equipment
25 exemption includes production related tangible personal
26 property that is purchased on or after July 1, 2007 and on or

1 before June 30, 2008. The exemption for production related
2 tangible personal property is subject to both of the following
3 limitations:

4 (1) The maximum amount of the exemption for any one
5 taxpayer may not exceed 5% of the purchase price of
6 production related tangible personal property that is
7 purchased on or after July 1, 2007 and on or before June
8 30, 2008. A credit under Section 3-85 of this Act may not
9 be earned by the purchase of production related tangible
10 personal property for which an exemption is received under
11 this Section.

12 (2) The maximum aggregate amount of the exemptions for
13 production related tangible personal property awarded
14 under this Act and the Retailers' Occupation Tax Act to all
15 taxpayers may not exceed \$10,000,000. If the claims for the
16 exemption exceed \$10,000,000, then the Department shall
17 reduce the amount of the exemption to each taxpayer on a
18 pro rata basis.

19 The Department may adopt rules to implement and administer the
20 exemption for production related tangible personal property.

21 The manufacturing and assembling machinery and equipment
22 exemption includes the sale of materials to a purchaser who
23 produces exempted types of machinery, equipment, or tools and
24 who rents or leases that machinery, equipment, or tools to a
25 manufacturer of tangible personal property. This exemption
26 also includes the sale of materials to a purchaser who

1 manufactures those materials into an exempted type of
2 machinery, equipment, or tools that the purchaser uses himself
3 or herself in the manufacturing of tangible personal property.
4 This exemption includes the sale of exempted types of machinery
5 or equipment to a purchaser who is not the manufacturer, but
6 who rents or leases the use of the property to a manufacturer.
7 The purchaser of the machinery and equipment who has an active
8 resale registration number shall furnish that number to the
9 seller at the time of purchase. A user of the machinery,
10 equipment, or tools without an active resale registration
11 number shall prepare a certificate of exemption for each
12 transaction stating facts establishing the exemption for that
13 transaction, and that certificate shall be available to the
14 Department for inspection or audit. The Department shall
15 prescribe the form of the certificate. Informal rulings,
16 opinions, or letters issued by the Department in response to an
17 inquiry or request for an opinion from any person regarding the
18 coverage and applicability of this exemption to specific
19 devices shall be published, maintained as a public record, and
20 made available for public inspection and copying. If the
21 informal ruling, opinion, or letter contains trade secrets or
22 other confidential information, where possible, the Department
23 shall delete that information before publication. Whenever
24 informal rulings, opinions, or letters contain a policy of
25 general applicability, the Department shall formulate and
26 adopt that policy as a rule in accordance with the Illinois

1 Administrative Procedure Act.

2 ~~The manufacturing and assembling machinery and equipment~~
3 ~~exemption is exempt from the provisions of Section 3-90.~~

4 (Source: P.A. 98-583, eff. 1-1-14; 10000SB0009ham003.)

5 Section 35-10. If and only if Senate Bill 9 of the 100th
6 General Assembly becomes law in the form in which it was
7 amended by House Amendment No. 3, then the Service Use Tax Act
8 is amended by changing Sections 2 and 3-5 as follows:

9 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

10 Sec. 2. Definitions.

11 "Use" means the exercise by any person of any right or
12 power over tangible personal property incident to the ownership
13 of that property, but does not include the sale or use for
14 demonstration by him of that property in any form as tangible
15 personal property in the regular course of business. "Use" does
16 not mean the interim use of tangible personal property nor the
17 physical incorporation of tangible personal property, as an
18 ingredient or constituent, into other tangible personal
19 property, (a) which is sold in the regular course of business
20 or (b) which the person incorporating such ingredient or
21 constituent therein has undertaken at the time of such purchase
22 to cause to be transported in interstate commerce to
23 destinations outside the State of Illinois.

24 "Purchased from a serviceman" means the acquisition of the

1 ownership of, or title to, tangible personal property through a
2 sale of service.

3 "Purchaser" means any person who, through a sale of
4 service, acquires the ownership of, or title to, any tangible
5 personal property.

6 "Cost price" means the consideration paid by the serviceman
7 for a purchase valued in money, whether paid in money or
8 otherwise, including cash, credits and services, and shall be
9 determined without any deduction on account of the supplier's
10 cost of the property sold or on account of any other expense
11 incurred by the supplier. When a serviceman contracts out part
12 or all of the services required in his sale of service, it
13 shall be presumed that the cost price to the serviceman of the
14 property transferred to him or her by his or her subcontractor
15 is equal to 50% of the subcontractor's charges to the
16 serviceman in the absence of proof of the consideration paid by
17 the subcontractor for the purchase of such property.

18 "Selling price" means the consideration for a sale valued
19 in money whether received in money or otherwise, including
20 cash, credits and service, and shall be determined without any
21 deduction on account of the serviceman's cost of the property
22 sold, the cost of materials used, labor or service cost or any
23 other expense whatsoever, but does not include interest or
24 finance charges which appear as separate items on the bill of
25 sale or sales contract nor charges that are added to prices by
26 sellers on account of the seller's duty to collect, from the

1 purchaser, the tax that is imposed by this Act.

2 "Department" means the Department of Revenue.

3 "Person" means any natural individual, firm, partnership,
4 association, joint stock company, joint venture, public or
5 private corporation, limited liability company, and any
6 receiver, executor, trustee, guardian or other representative
7 appointed by order of any court.

8 "Sale of service" means any transaction except:

9 (1) a retail sale of tangible personal property taxable
10 under the Retailers' Occupation Tax Act or under the Use
11 Tax Act.

12 (2) a sale of tangible personal property for the
13 purpose of resale made in compliance with Section 2c of the
14 Retailers' Occupation Tax Act.

15 (3) except as hereinafter provided, a sale or transfer
16 of tangible personal property as an incident to the
17 rendering of service for or by any governmental body, or
18 for or by any corporation, society, association,
19 foundation or institution organized and operated
20 exclusively for charitable, religious or educational
21 purposes or any not-for-profit corporation, society,
22 association, foundation, institution or organization which
23 has no compensated officers or employees and which is
24 organized and operated primarily for the recreation of
25 persons 55 years of age or older. A limited liability
26 company may qualify for the exemption under this paragraph

1 only if the limited liability company is organized and
2 operated exclusively for educational purposes.

3 (4) a sale or transfer of tangible personal property as
4 an incident to the rendering of service for interstate
5 carriers for hire for use as rolling stock moving in
6 interstate commerce or by lessors under a lease of one year
7 or longer, executed or in effect at the time of purchase of
8 personal property, to interstate carriers for hire for use
9 as rolling stock moving in interstate commerce so long as
10 so used by such interstate carriers for hire, and equipment
11 operated by a telecommunications provider, licensed as a
12 common carrier by the Federal Communications Commission,
13 which is permanently installed in or affixed to aircraft
14 moving in interstate commerce.

15 (4a) a sale or transfer of tangible personal property
16 as an incident to the rendering of service for owners,
17 lessors, or shippers of tangible personal property which is
18 utilized by interstate carriers for hire for use as rolling
19 stock moving in interstate commerce so long as so used by
20 interstate carriers for hire, and equipment operated by a
21 telecommunications provider, licensed as a common carrier
22 by the Federal Communications Commission, which is
23 permanently installed in or affixed to aircraft moving in
24 interstate commerce.

25 (4a-5) on and after July 1, 2003 and through June 30,
26 2004, a sale or transfer of a motor vehicle of the second

1 division with a gross vehicle weight in excess of 8,000
2 pounds as an incident to the rendering of service if that
3 motor vehicle is subject to the commercial distribution fee
4 imposed under Section 3-815.1 of the Illinois Vehicle Code.
5 Beginning on July 1, 2004 and through June 30, 2005, the
6 use in this State of motor vehicles of the second division:
7 (i) with a gross vehicle weight rating in excess of 8,000
8 pounds; (ii) that are subject to the commercial
9 distribution fee imposed under Section 3-815.1 of the
10 Illinois Vehicle Code; and (iii) that are primarily used
11 for commercial purposes. Through June 30, 2005, this
12 exemption applies to repair and replacement parts added
13 after the initial purchase of such a motor vehicle if that
14 motor vehicle is used in a manner that would qualify for
15 the rolling stock exemption otherwise provided for in this
16 Act. For purposes of this paragraph, "used for commercial
17 purposes" means the transportation of persons or property
18 in furtherance of any commercial or industrial enterprise
19 whether for-hire or not.

20 (5) a sale or transfer of machinery and equipment used
21 primarily in the process of the manufacturing or
22 assembling, either in an existing, an expanded or a new
23 manufacturing facility, of tangible personal property for
24 wholesale or retail sale or lease, whether such sale or
25 lease is made directly by the manufacturer or by some other
26 person, whether the materials used in the process are owned

1 by the manufacturer or some other person, or whether such
2 sale or lease is made apart from or as an incident to the
3 seller's engaging in a service occupation and the
4 applicable tax is a Service Use Tax or Service Occupation
5 Tax, rather than Use Tax or Retailers' Occupation Tax. The
6 exemption provided by this paragraph (5) does not include
7 machinery and equipment used in (i) the generation of
8 electricity for wholesale or retail sale; (ii) the
9 generation or treatment of natural or artificial gas for
10 wholesale or retail sale that is delivered to customers
11 through pipes, pipelines, or mains; or (iii) the treatment
12 of water for wholesale or retail sale that is delivered to
13 customers through pipes, pipelines, or mains. The
14 provisions of this amendatory Act of the 98th General
15 Assembly are declaratory of existing law as to the meaning
16 and scope of this exemption. ~~The exemption under this~~
17 ~~paragraph (5) is exempt from the provisions of Section~~
18 ~~3-75.~~

19 (5a) the repairing, reconditioning or remodeling, for
20 a common carrier by rail, of tangible personal property
21 which belongs to such carrier for hire, and as to which
22 such carrier receives the physical possession of the
23 repaired, reconditioned or remodeled item of tangible
24 personal property in Illinois, and which such carrier
25 transports, or shares with another common carrier in the
26 transportation of such property, out of Illinois on a

1 standard uniform bill of lading showing the person who
2 repaired, reconditioned or remodeled the property to a
3 destination outside Illinois, for use outside Illinois.

4 (5b) a sale or transfer of tangible personal property
5 which is produced by the seller thereof on special order in
6 such a way as to have made the applicable tax the Service
7 Occupation Tax or the Service Use Tax, rather than the
8 Retailers' Occupation Tax or the Use Tax, for an interstate
9 carrier by rail which receives the physical possession of
10 such property in Illinois, and which transports such
11 property, or shares with another common carrier in the
12 transportation of such property, out of Illinois on a
13 standard uniform bill of lading showing the seller of the
14 property as the shipper or consignor of such property to a
15 destination outside Illinois, for use outside Illinois.

16 (6) until July 1, 2003, a sale or transfer of
17 distillation machinery and equipment, sold as a unit or kit
18 and assembled or installed by the retailer, which machinery
19 and equipment is certified by the user to be used only for
20 the production of ethyl alcohol that will be used for
21 consumption as motor fuel or as a component of motor fuel
22 for the personal use of such user and not subject to sale
23 or resale.

24 (7) at the election of any serviceman not required to
25 be otherwise registered as a retailer under Section 2a of
26 the Retailers' Occupation Tax Act, made for each fiscal

1 year sales of service in which the aggregate annual cost
2 price of tangible personal property transferred as an
3 incident to the sales of service is less than 35%, or 75%
4 in the case of servicemen transferring prescription drugs
5 or servicemen engaged in graphic arts production, of the
6 aggregate annual total gross receipts from all sales of
7 service. The purchase of such tangible personal property by
8 the serviceman shall be subject to tax under the Retailers'
9 Occupation Tax Act and the Use Tax Act. However, if a
10 primary serviceman who has made the election described in
11 this paragraph subcontracts service work to a secondary
12 serviceman who has also made the election described in this
13 paragraph, the primary serviceman does not incur a Use Tax
14 liability if the secondary serviceman (i) has paid or will
15 pay Use Tax on his or her cost price of any tangible
16 personal property transferred to the primary serviceman
17 and (ii) certifies that fact in writing to the primary
18 serviceman.

19 Tangible personal property transferred incident to the
20 completion of a maintenance agreement is exempt from the tax
21 imposed pursuant to this Act.

22 Exemption (5) also includes machinery and equipment used in
23 the general maintenance or repair of such exempt machinery and
24 equipment or for in-house manufacture of exempt machinery and
25 equipment. ~~On and after July 1, 2017, exemption (5) also~~
26 ~~includes graphic arts machinery and equipment, as defined in~~

1 ~~paragraph (5) of Section 3-5.~~ The machinery and equipment
2 exemption does not include machinery and equipment used in (i)
3 the generation of electricity for wholesale or retail sale;
4 (ii) the generation or treatment of natural or artificial gas
5 for wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (iii) the treatment of
7 water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains. The provisions of
9 this amendatory Act of the 98th General Assembly are
10 declaratory of existing law as to the meaning and scope of this
11 exemption. For the purposes of exemption (5), each of these
12 terms shall have the following meanings: (1) "manufacturing
13 process" shall mean the production of any article of tangible
14 personal property, whether such article is a finished product
15 or an article for use in the process of manufacturing or
16 assembling a different article of tangible personal property,
17 by procedures commonly regarded as manufacturing, processing,
18 fabricating, or refining which changes some existing material
19 or materials into a material with a different form, use or
20 name. In relation to a recognized integrated business composed
21 of a series of operations which collectively constitute
22 manufacturing, or individually constitute manufacturing
23 operations, the manufacturing process shall be deemed to
24 commence with the first operation or stage of production in the
25 series, and shall not be deemed to end until the completion of
26 the final product in the last operation or stage of production

1 in the series; and further, for purposes of exemption (5),
2 photoprocessing is deemed to be a manufacturing process of
3 tangible personal property for wholesale or retail sale; (2)
4 "assembling process" shall mean the production of any article
5 of tangible personal property, whether such article is a
6 finished product or an article for use in the process of
7 manufacturing or assembling a different article of tangible
8 personal property, by the combination of existing materials in
9 a manner commonly regarded as assembling which results in a
10 material of a different form, use or name; (3) "machinery"
11 shall mean major mechanical machines or major components of
12 such machines contributing to a manufacturing or assembling
13 process; and (4) "equipment" shall include any independent
14 device or tool separate from any machinery but essential to an
15 integrated manufacturing or assembly process; including
16 computers used primarily in a manufacturer's computer assisted
17 design, computer assisted manufacturing (CAD/CAM) system; or
18 any subunit or assembly comprising a component of any machinery
19 or auxiliary, adjunct or attachment parts of machinery, such as
20 tools, dies, jigs, fixtures, patterns and molds; or any parts
21 which require periodic replacement in the course of normal
22 operation; but shall not include hand tools. Equipment includes
23 chemicals or chemicals acting as catalysts but only if the
24 chemicals or chemicals acting as catalysts effect a direct and
25 immediate change upon a product being manufactured or assembled
26 for wholesale or retail sale or lease. The purchaser of such

1 machinery and equipment who has an active resale registration
2 number shall furnish such number to the seller at the time of
3 purchase. The user of such machinery and equipment and tools
4 without an active resale registration number shall prepare a
5 certificate of exemption for each transaction stating facts
6 establishing the exemption for that transaction, which
7 certificate shall be available to the Department for inspection
8 or audit. The Department shall prescribe the form of the
9 certificate.

10 Any informal rulings, opinions or letters issued by the
11 Department in response to an inquiry or request for any opinion
12 from any person regarding the coverage and applicability of
13 exemption (5) to specific devices shall be published,
14 maintained as a public record, and made available for public
15 inspection and copying. If the informal ruling, opinion or
16 letter contains trade secrets or other confidential
17 information, where possible the Department shall delete such
18 information prior to publication. Whenever such informal
19 rulings, opinions, or letters contain any policy of general
20 applicability, the Department shall formulate and adopt such
21 policy as a rule in accordance with the provisions of the
22 Illinois Administrative Procedure Act.

23 On and after July 1, 1987, no entity otherwise eligible
24 under exemption (3) of this Section shall make tax free
25 purchases unless it has an active exemption identification
26 number issued by the Department.

1 The purchase, employment and transfer of such tangible
2 personal property as newsprint and ink for the primary purpose
3 of conveying news (with or without other information) is not a
4 purchase, use or sale of service or of tangible personal
5 property within the meaning of this Act.

6 "Serviceman" means any person who is engaged in the
7 occupation of making sales of service.

8 "Sale at retail" means "sale at retail" as defined in the
9 Retailers' Occupation Tax Act.

10 "Supplier" means any person who makes sales of tangible
11 personal property to servicemen for the purpose of resale as an
12 incident to a sale of service.

13 "Serviceman maintaining a place of business in this State",
14 or any like term, means and includes any serviceman:

15 1. having or maintaining within this State, directly or
16 by a subsidiary, an office, distribution house, sales
17 house, warehouse or other place of business, or any agent
18 or other representative operating within this State under
19 the authority of the serviceman or its subsidiary,
20 irrespective of whether such place of business or agent or
21 other representative is located here permanently or
22 temporarily, or whether such serviceman or subsidiary is
23 licensed to do business in this State;

24 1.1. having a contract with a person located in this
25 State under which the person, for a commission or other
26 consideration based on the sale of service by the

1 serviceman, directly or indirectly refers potential
2 customers to the serviceman by providing to the potential
3 customers a promotional code or other mechanism that allows
4 the serviceman to track purchases referred by such persons.
5 Examples of mechanisms that allow the serviceman to track
6 purchases referred by such persons include but are not
7 limited to the use of a link on the person's Internet
8 website, promotional codes distributed through the
9 person's hand-delivered or mailed material, and
10 promotional codes distributed by the person through radio
11 or other broadcast media. The provisions of this paragraph
12 1.1 shall apply only if the cumulative gross receipts from
13 sales of service by the serviceman to customers who are
14 referred to the serviceman by all persons in this State
15 under such contracts exceed \$10,000 during the preceding 4
16 quarterly periods ending on the last day of March, June,
17 September, and December; a serviceman meeting the
18 requirements of this paragraph 1.1 shall be presumed to be
19 maintaining a place of business in this State but may rebut
20 this presumption by submitting proof that the referrals or
21 other activities pursued within this State by such persons
22 were not sufficient to meet the nexus standards of the
23 United States Constitution during the preceding 4
24 quarterly periods;

25 1.2. beginning July 1, 2011, having a contract with a
26 person located in this State under which:

1 A. the serviceman sells the same or substantially
2 similar line of services as the person located in this
3 State and does so using an identical or substantially
4 similar name, trade name, or trademark as the person
5 located in this State; and

6 B. the serviceman provides a commission or other
7 consideration to the person located in this State based
8 upon the sale of services by the serviceman.

9 The provisions of this paragraph 1.2 shall apply only if
10 the cumulative gross receipts from sales of service by the
11 serviceman to customers in this State under all such
12 contracts exceed \$10,000 during the preceding 4 quarterly
13 periods ending on the last day of March, June, September,
14 and December;

15 2. soliciting orders for tangible personal property by
16 means of a telecommunication or television shopping system
17 (which utilizes toll free numbers) which is intended by the
18 retailer to be broadcast by cable television or other means
19 of broadcasting, to consumers located in this State;

20 3. pursuant to a contract with a broadcaster or
21 publisher located in this State, soliciting orders for
22 tangible personal property by means of advertising which is
23 disseminated primarily to consumers located in this State
24 and only secondarily to bordering jurisdictions;

25 4. soliciting orders for tangible personal property by
26 mail if the solicitations are substantial and recurring and

1 if the retailer benefits from any banking, financing, debt
2 collection, telecommunication, or marketing activities
3 occurring in this State or benefits from the location in
4 this State of authorized installation, servicing, or
5 repair facilities;

6 5. being owned or controlled by the same interests
7 which own or control any retailer engaging in business in
8 the same or similar line of business in this State;

9 6. having a franchisee or licensee operating under its
10 trade name if the franchisee or licensee is required to
11 collect the tax under this Section;

12 7. pursuant to a contract with a cable television
13 operator located in this State, soliciting orders for
14 tangible personal property by means of advertising which is
15 transmitted or distributed over a cable television system
16 in this State; or

17 8. engaging in activities in Illinois, which
18 activities in the state in which the supply business
19 engaging in such activities is located would constitute
20 maintaining a place of business in that state.

21 (Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15;
22 10000SB0009ham003.)

23 (35 ILCS 110/3-5)

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

1 (1) Personal property purchased from a corporation,
2 society, association, foundation, institution, or
3 organization, other than a limited liability company, that is
4 organized and operated as a not-for-profit service enterprise
5 for the benefit of persons 65 years of age or older if the
6 personal property was not purchased by the enterprise for the
7 purpose of resale by the enterprise.

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

11 (3) Personal property purchased by a not-for-profit arts or
12 cultural organization that establishes, by proof required by
13 the Department by rule, that it has received an exemption under
14 Section 501(c)(3) of the Internal Revenue Code and that is
15 organized and operated primarily for the presentation or
16 support of arts or cultural programming, activities, or
17 services. These organizations include, but are not limited to,
18 music and dramatic arts organizations such as symphony
19 orchestras and theatrical groups, arts and cultural service
20 organizations, local arts councils, visual arts organizations,
21 and media arts organizations. On and after the effective date
22 of this amendatory Act of the 92nd General Assembly, however,
23 an entity otherwise eligible for this exemption shall not make
24 tax-free purchases unless it has an active identification
25 number issued by the Department.

26 (4) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

4 (5) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new and
7 used, and including that manufactured on special order or
8 purchased for lease, certified by the purchaser to be used
9 primarily for graphic arts production. Equipment includes
10 chemicals or chemicals acting as catalysts but only if the
11 chemicals or chemicals acting as catalysts effect a direct and
12 immediate change upon a graphic arts product. ~~Beginning on July~~
13 ~~1, 2017, graphic arts machinery and equipment is included in~~
14 ~~the manufacturing and assembling machinery and equipment~~
15 ~~exemption under Section 2 of this Act.~~

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

19 (7) Farm machinery and equipment, both new and used,
20 including that manufactured on special order, certified by the
21 purchaser to be used primarily for production agriculture or
22 State or federal agricultural programs, including individual
23 replacement parts for the machinery and equipment, including
24 machinery and equipment purchased for lease, and including
25 implements of husbandry defined in Section 1-130 of the
26 Illinois Vehicle Code, farm machinery and agricultural

1 chemical and fertilizer spreaders, and nurse wagons required to
2 be registered under Section 3-809 of the Illinois Vehicle Code,
3 but excluding other motor vehicles required to be registered
4 under the Illinois Vehicle Code. Horticultural polyhouses or
5 hoop houses used for propagating, growing, or overwintering
6 plants shall be considered farm machinery and equipment under
7 this item (7). Agricultural chemical tender tanks and dry boxes
8 shall include units sold separately from a motor vehicle
9 required to be licensed and units sold mounted on a motor
10 vehicle required to be licensed if the selling price of the
11 tender is separately stated.

12 Farm machinery and equipment shall include precision
13 farming equipment that is installed or purchased to be
14 installed on farm machinery and equipment including, but not
15 limited to, tractors, harvesters, sprayers, planters, seeders,
16 or spreaders. Precision farming equipment includes, but is not
17 limited to, soil testing sensors, computers, monitors,
18 software, global positioning and mapping systems, and other
19 such equipment.

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

1 provisions of Section 3-75.

2 (8) Until June 30, 2013, fuel and petroleum products sold
3 to or used by an air common carrier, certified by the carrier
4 to be used for consumption, shipment, or storage in the conduct
5 of its business as an air common carrier, for a flight destined
6 for or returning from a location or locations outside the
7 United States without regard to previous or subsequent domestic
8 stopovers.

9 Beginning July 1, 2013, fuel and petroleum products sold to
10 or used by an air carrier, certified by the carrier to be used
11 for consumption, shipment, or storage in the conduct of its
12 business as an air common carrier, for a flight that (i) is
13 engaged in foreign trade or is engaged in trade between the
14 United States and any of its possessions and (ii) transports at
15 least one individual or package for hire from the city of
16 origination to the city of final destination on the same
17 aircraft, without regard to a change in the flight number of
18 that aircraft.

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

1 imposed.

2 (10) Until July 1, 2003, oil field exploration, drilling,
3 and production equipment, including (i) rigs and parts of rigs,
4 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
5 tubular goods, including casing and drill strings, (iii) pumps
6 and pump-jack units, (iv) storage tanks and flow lines, (v) any
7 individual replacement part for oil field exploration,
8 drilling, and production equipment, and (vi) machinery and
9 equipment purchased for lease; but excluding motor vehicles
10 required to be registered under the Illinois Vehicle Code.

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

17 (12) Coal and aggregate exploration, mining, off-highway
18 hauling, processing, maintenance, and reclamation equipment,
19 including replacement parts and equipment, and including
20 equipment purchased for lease, but excluding motor vehicles
21 required to be registered under the Illinois Vehicle Code. The
22 changes made to this Section by Public Act 97-767 apply on and
23 after July 1, 2003, but no claim for credit or refund is
24 allowed on or after August 16, 2013 (the effective date of
25 Public Act 98-456) for such taxes paid during the period
26 beginning July 1, 2003 and ending on August 16, 2013 (the

1 effective date of Public Act 98-456).

2 (13) Semen used for artificial insemination of livestock
3 for direct agricultural production.

4 (14) Horses, or interests in horses, registered with and
5 meeting the requirements of any of the Arabian Horse Club
6 Registry of America, Appaloosa Horse Club, American Quarter
7 Horse Association, United States Trotting Association, or
8 Jockey Club, as appropriate, used for purposes of breeding or
9 racing for prizes. This item (14) is exempt from the provisions
10 of Section 3-75, and the exemption provided for under this item
11 (14) applies for all periods beginning May 30, 1995, but no
12 claim for credit or refund is allowed on or after the effective
13 date of this amendatory Act of the 95th General Assembly for
14 such taxes paid during the period beginning May 30, 2000 and
15 ending on the effective date of this amendatory Act of the 95th
16 General Assembly.

17 (15) Computers and communications equipment utilized for
18 any hospital purpose and equipment used in the diagnosis,
19 analysis, or treatment of hospital patients purchased by a
20 lessor who leases the equipment, under a lease of one year or
21 longer executed or in effect at the time the lessor would
22 otherwise be subject to the tax imposed by this Act, to a
23 hospital that has been issued an active tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the equipment is leased in a
26 manner that does not qualify for this exemption or is used in

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

13 (16) Personal property purchased by a lessor who leases the
14 property, under a lease of one year or longer executed or in
15 effect at the time the lessor would otherwise be subject to the
16 tax imposed by this Act, to a governmental body that has been
17 issued an active tax exemption identification number by the
18 Department under Section 1g of the Retailers' Occupation Tax
19 Act. If the property is leased in a manner that does not
20 qualify for this exemption or is used in any other non-exempt
21 manner, the lessor shall be liable for the tax imposed under
22 this Act or the Use Tax Act, as the case may be, based on the
23 fair market value of the property at the time the
24 non-qualifying use occurs. No lessor shall collect or attempt
25 to collect an amount (however designated) that purports to
26 reimburse that lessor for the tax imposed by this Act or the

1 Use Tax Act, as the case may be, if the tax has not been paid by
2 the lessor. If a lessor improperly collects any such amount
3 from the lessee, the lessee shall have a legal right to claim a
4 refund of that amount from the lessor. If, however, that amount
5 is not refunded to the lessee for any reason, the lessor is
6 liable to pay that amount to the Department.

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

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

1 when such repairs are initiated on facilities located in the
2 declared disaster area within 6 months after the disaster.

3 (19) Beginning July 1, 1999, game or game birds purchased
4 at a "game breeding and hunting preserve area" as that term is
5 used in the Wildlife Code. This paragraph is exempt from the
6 provisions of Section 3-75.

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

25 (21) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

1 benefit of a public or private elementary or secondary school,
2 a group of those schools, or one or more school districts if
3 the events are sponsored by an entity recognized by the school
4 district that consists primarily of volunteers and includes
5 parents and teachers of the school children. This paragraph
6 does not apply to fundraising events (i) for the benefit of
7 private home instruction or (ii) for which the fundraising
8 entity purchases the personal property sold at the events from
9 another individual or entity that sold the property for the
10 purpose of resale by the fundraising entity and that profits
11 from the sale to the fundraising entity. This paragraph is
12 exempt from the provisions of Section 3-75.

13 (22) Beginning January 1, 2000 and through December 31,
14 2001, new or used automatic vending machines that prepare and
15 serve hot food and beverages, including coffee, soup, and other
16 items, and replacement parts for these machines. Beginning
17 January 1, 2002 and through June 30, 2003, machines and parts
18 for machines used in commercial, coin-operated amusement and
19 vending business if a use or occupation tax is paid on the
20 gross receipts derived from the use of the commercial,
21 coin-operated amusement and vending machines. This paragraph
22 is exempt from the provisions of Section 3-75.

23 (23) Beginning August 23, 2001 and through June 30, 2016,
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages, soft
26 drinks, and food that has been prepared for immediate

1 consumption) and prescription and nonprescription medicines,
2 drugs, medical appliances, and insulin, urine testing
3 materials, syringes, and needles used by diabetics, for human
4 use, when purchased for use by a person receiving medical
5 assistance under Article V of the Illinois Public Aid Code who
6 resides in a licensed long-term care facility, as defined in
7 the Nursing Home Care Act, or in a licensed facility as defined
8 in the ID/DD Community Care Act, the MC/DD Act, or the
9 Specialized Mental Health Rehabilitation Act of 2013.

10 (24) Beginning on the effective date of this amendatory Act
11 of the 92nd General Assembly, computers and communications
12 equipment utilized for any hospital purpose and equipment used
13 in the diagnosis, analysis, or treatment of hospital patients
14 purchased by a lessor who leases the equipment, under a lease
15 of one year or longer executed or in effect at the time the
16 lessor would otherwise be subject to the tax imposed by this
17 Act, to a hospital that has been issued an active tax exemption
18 identification number by the Department under Section 1g of the
19 Retailers' Occupation Tax Act. If the equipment is leased in a
20 manner that does not qualify for this exemption or is used in
21 any other nonexempt manner, the lessor shall be liable for the
22 tax imposed under this Act or the Use Tax Act, as the case may
23 be, based on the fair market value of the property at the time
24 the nonqualifying use occurs. No lessor shall collect or
25 attempt to collect an amount (however designated) that purports
26 to reimburse that lessor for the tax imposed by this Act or the

1 Use Tax Act, as the case may be, if the tax has not been paid by
2 the lessor. If a lessor improperly collects any such amount
3 from the lessee, the lessee shall have a legal right to claim a
4 refund of that amount from the lessor. If, however, that amount
5 is not refunded to the lessee for any reason, the lessor is
6 liable to pay that amount to the Department. This paragraph is
7 exempt from the provisions of Section 3-75.

8 (25) Beginning on the effective date of this amendatory Act
9 of the 92nd General Assembly, personal property purchased by a
10 lessor who leases the property, under a lease of one year or
11 longer executed or in effect at the time the lessor would
12 otherwise be subject to the tax imposed by this Act, to a
13 governmental body that has been issued an active tax exemption
14 identification number by the Department under Section 1g of the
15 Retailers' Occupation Tax Act. If the property is leased in a
16 manner that does not qualify for this exemption or is used in
17 any other nonexempt manner, the lessor shall be liable for the
18 tax imposed under this Act or the Use Tax Act, as the case may
19 be, based on the fair market value of the property at the time
20 the nonqualifying use occurs. No lessor shall collect or
21 attempt to collect an amount (however designated) that purports
22 to reimburse that lessor for the tax imposed by this Act or the
23 Use Tax Act, as the case may be, if the tax has not been paid by
24 the lessor. If a lessor improperly collects any such amount
25 from the lessee, the lessee shall have a legal right to claim a
26 refund of that amount from the lessor. If, however, that amount

1 is not refunded to the lessee for any reason, the lessor is
2 liable to pay that amount to the Department. This paragraph is
3 exempt from the provisions of Section 3-75.

4 (26) Beginning January 1, 2008, tangible personal property
5 used in the construction or maintenance of a community water
6 supply, as defined under Section 3.145 of the Environmental
7 Protection Act, that is operated by a not-for-profit
8 corporation that holds a valid water supply permit issued under
9 Title IV of the Environmental Protection Act. This paragraph is
10 exempt from the provisions of Section 3-75.

11 (27) Beginning January 1, 2010, materials, parts,
12 equipment, components, and furnishings incorporated into or
13 upon an aircraft as part of the modification, refurbishment,
14 completion, replacement, repair, or maintenance of the
15 aircraft. This exemption includes consumable supplies used in
16 the modification, refurbishment, completion, replacement,
17 repair, and maintenance of aircraft, but excludes any
18 materials, parts, equipment, components, and consumable
19 supplies used in the modification, replacement, repair, and
20 maintenance of aircraft engines or power plants, whether such
21 engines or power plants are installed or uninstalled upon any
22 such aircraft. "Consumable supplies" include, but are not
23 limited to, adhesive, tape, sandpaper, general purpose
24 lubricants, cleaning solution, latex gloves, and protective
25 films. This exemption applies only to the use of qualifying
26 tangible personal property transferred incident to the

1 modification, refurbishment, completion, replacement, repair,
2 or maintenance of aircraft by persons who (i) hold an Air
3 Agency Certificate and are empowered to operate an approved
4 repair station by the Federal Aviation Administration, (ii)
5 have a Class IV Rating, and (iii) conduct operations in
6 accordance with Part 145 of the Federal Aviation Regulations.
7 The exemption does not include aircraft operated by a
8 commercial air carrier providing scheduled passenger air
9 service pursuant to authority issued under Part 121 or Part 129
10 of the Federal Aviation Regulations. The changes made to this
11 paragraph (27) by Public Act 98-534 are declarative of existing
12 law.

13 (28) Tangible personal property purchased by a
14 public-facilities corporation, as described in Section
15 11-65-10 of the Illinois Municipal Code, for purposes of
16 constructing or furnishing a municipal convention hall, but
17 only if the legal title to the municipal convention hall is
18 transferred to the municipality without any further
19 consideration by or on behalf of the municipality at the time
20 of the completion of the municipal convention hall or upon the
21 retirement or redemption of any bonds or other debt instruments
22 issued by the public-facilities corporation in connection with
23 the development of the municipal convention hall. This
24 exemption includes existing public-facilities corporations as
25 provided in Section 11-65-25 of the Illinois Municipal Code.
26 This paragraph is exempt from the provisions of Section 3-75.

1 (29) Beginning January 1, 2017, menstrual pads, tampons,
2 and menstrual cups.

3 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
4 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
5 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
6 10000SB0009ham003.)

7 Section 35-15. If and only if Senate Bill 9 of the 100th
8 General Assembly becomes law in the form in which it was
9 amended by House Amendment No. 3, then the Service Occupation
10 Tax Act is amended by changing Sections 2 and 3-5 as follows:

11 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

12 Sec. 2. "Transfer" means any transfer of the title to
13 property or of the ownership of property whether or not the
14 transferor retains title as security for the payment of amounts
15 due him from the transferee.

16 "Cost Price" means the consideration paid by the serviceman
17 for a purchase valued in money, whether paid in money or
18 otherwise, including cash, credits and services, and shall be
19 determined without any deduction on account of the supplier's
20 cost of the property sold or on account of any other expense
21 incurred by the supplier. When a serviceman contracts out part
22 or all of the services required in his sale of service, it
23 shall be presumed that the cost price to the serviceman of the
24 property transferred to him by his or her subcontractor is

1 equal to 50% of the subcontractor's charges to the serviceman
2 in the absence of proof of the consideration paid by the
3 subcontractor for the purchase of such property.

4 "Department" means the Department of Revenue.

5 "Person" means any natural individual, firm, partnership,
6 association, joint stock company, joint venture, public or
7 private corporation, limited liability company, and any
8 receiver, executor, trustee, guardian or other representative
9 appointed by order of any court.

10 "Sale of Service" means any transaction except:

11 (a) A retail sale of tangible personal property taxable
12 under the Retailers' Occupation Tax Act or under the Use Tax
13 Act.

14 (b) A sale of tangible personal property for the purpose of
15 resale made in compliance with Section 2c of the Retailers'
16 Occupation Tax Act.

17 (c) Except as hereinafter provided, a sale or transfer of
18 tangible personal property as an incident to the rendering of
19 service for or by any governmental body or for or by any
20 corporation, society, association, foundation or institution
21 organized and operated exclusively for charitable, religious
22 or educational purposes or any not-for-profit corporation,
23 society, association, foundation, institution or organization
24 which has no compensated officers or employees and which is
25 organized and operated primarily for the recreation of persons
26 55 years of age or older. A limited liability company may

1 qualify for the exemption under this paragraph only if the
2 limited liability company is organized and operated
3 exclusively for educational purposes.

4 (d) A sale or transfer of tangible personal property as an
5 incident to the rendering of service for interstate carriers
6 for hire for use as rolling stock moving in interstate commerce
7 or lessors under leases of one year or longer, executed or in
8 effect at the time of purchase, to interstate carriers for hire
9 for use as rolling stock moving in interstate commerce, and
10 equipment operated by a telecommunications provider, licensed
11 as a common carrier by the Federal Communications Commission,
12 which is permanently installed in or affixed to aircraft moving
13 in interstate commerce.

14 (d-1) A sale or transfer of tangible personal property as
15 an incident to the rendering of service for owners, lessors or
16 shippers of tangible personal property which is utilized by
17 interstate carriers for hire for use as rolling stock moving in
18 interstate commerce, and equipment operated by a
19 telecommunications provider, licensed as a common carrier by
20 the Federal Communications Commission, which is permanently
21 installed in or affixed to aircraft moving in interstate
22 commerce.

23 (d-1.1) On and after July 1, 2003 and through June 30,
24 2004, a sale or transfer of a motor vehicle of the second
25 division with a gross vehicle weight in excess of 8,000 pounds
26 as an incident to the rendering of service if that motor

1 vehicle is subject to the commercial distribution fee imposed
2 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
3 on July 1, 2004 and through June 30, 2005, the use in this
4 State of motor vehicles of the second division: (i) with a
5 gross vehicle weight rating in excess of 8,000 pounds; (ii)
6 that are subject to the commercial distribution fee imposed
7 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
8 that are primarily used for commercial purposes. Through June
9 30, 2005, this exemption applies to repair and replacement
10 parts added after the initial purchase of such a motor vehicle
11 if that motor vehicle is used in a manner that would qualify
12 for the rolling stock exemption otherwise provided for in this
13 Act. For purposes of this paragraph, "used for commercial
14 purposes" means the transportation of persons or property in
15 furtherance of any commercial or industrial enterprise whether
16 for-hire or not.

17 (d-2) The repairing, reconditioning or remodeling, for a
18 common carrier by rail, of tangible personal property which
19 belongs to such carrier for hire, and as to which such carrier
20 receives the physical possession of the repaired,
21 reconditioned or remodeled item of tangible personal property
22 in Illinois, and which such carrier transports, or shares with
23 another common carrier in the transportation of such property,
24 out of Illinois on a standard uniform bill of lading showing
25 the person who repaired, reconditioned or remodeled the
26 property as the shipper or consignor of such property to a

1 destination outside Illinois, for use outside Illinois.

2 (d-3) A sale or transfer of tangible personal property
3 which is produced by the seller thereof on special order in
4 such a way as to have made the applicable tax the Service
5 Occupation Tax or the Service Use Tax, rather than the
6 Retailers' Occupation Tax or the Use Tax, for an interstate
7 carrier by rail which receives the physical possession of such
8 property in Illinois, and which transports such property, or
9 shares with another common carrier in the transportation of
10 such property, out of Illinois on a standard uniform bill of
11 lading showing the seller of the property as the shipper or
12 consignor of such property to a destination outside Illinois,
13 for use outside Illinois.

14 (d-4) Until January 1, 1997, a sale, by a registered
15 serviceman paying tax under this Act to the Department, of
16 special order printed materials delivered outside Illinois and
17 which are not returned to this State, if delivery is made by
18 the seller or agent of the seller, including an agent who
19 causes the product to be delivered outside Illinois by a common
20 carrier or the U.S. postal service.

21 (e) A sale or transfer of machinery and equipment used
22 primarily in the process of the manufacturing or assembling,
23 either in an existing, an expanded or a new manufacturing
24 facility, of tangible personal property for wholesale or retail
25 sale or lease, whether such sale or lease is made directly by
26 the manufacturer or by some other person, whether the materials

1 used in the process are owned by the manufacturer or some other
2 person, or whether such sale or lease is made apart from or as
3 an incident to the seller's engaging in a service occupation
4 and the applicable tax is a Service Occupation Tax or Service
5 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
6 exemption provided by this paragraph (e) does not include
7 machinery and equipment used in (i) the generation of
8 electricity for wholesale or retail sale; (ii) the generation
9 or treatment of natural or artificial gas for wholesale or
10 retail sale that is delivered to customers through pipes,
11 pipelines, or mains; or (iii) the treatment of water for
12 wholesale or retail sale that is delivered to customers through
13 pipes, pipelines, or mains. The provisions of this amendatory
14 Act of the 98th General Assembly are declaratory of existing
15 law as to the meaning and scope of this exemption. ~~The~~
16 ~~exemption under this subsection (e) is exempt from the~~
17 ~~provisions of Section 3-75.~~

18 (f) Until July 1, 2003, the sale or transfer of
19 distillation machinery and equipment, sold as a unit or kit and
20 assembled or installed by the retailer, which machinery and
21 equipment is certified by the user to be used only for the
22 production of ethyl alcohol that will be used for consumption
23 as motor fuel or as a component of motor fuel for the personal
24 use of such user and not subject to sale or resale.

25 (g) At the election of any serviceman not required to be
26 otherwise registered as a retailer under Section 2a of the

1 Retailers' Occupation Tax Act, made for each fiscal year sales
2 of service in which the aggregate annual cost price of tangible
3 personal property transferred as an incident to the sales of
4 service is less than 35% (75% in the case of servicemen
5 transferring prescription drugs or servicemen engaged in
6 graphic arts production) of the aggregate annual total gross
7 receipts from all sales of service. The purchase of such
8 tangible personal property by the serviceman shall be subject
9 to tax under the Retailers' Occupation Tax Act and the Use Tax
10 Act. However, if a primary serviceman who has made the election
11 described in this paragraph subcontracts service work to a
12 secondary serviceman who has also made the election described
13 in this paragraph, the primary serviceman does not incur a Use
14 Tax liability if the secondary serviceman (i) has paid or will
15 pay Use Tax on his or her cost price of any tangible personal
16 property transferred to the primary serviceman and (ii)
17 certifies that fact in writing to the primary serviceman.

18 Tangible personal property transferred incident to the
19 completion of a maintenance agreement is exempt from the tax
20 imposed pursuant to this Act.

21 Exemption (e) also includes machinery and equipment used in
22 the general maintenance or repair of such exempt machinery and
23 equipment or for in-house manufacture of exempt machinery and
24 equipment. ~~On and after July 1, 2017, exemption (e) also~~
25 ~~includes graphic arts machinery and equipment, as defined in~~
26 ~~paragraph (5) of Section 3-5.~~ The machinery and equipment

1 exemption does not include machinery and equipment used in (i)
2 the generation of electricity for wholesale or retail sale;
3 (ii) the generation or treatment of natural or artificial gas
4 for wholesale or retail sale that is delivered to customers
5 through pipes, pipelines, or mains; or (iii) the treatment of
6 water for wholesale or retail sale that is delivered to
7 customers through pipes, pipelines, or mains. The provisions of
8 this amendatory Act of the 98th General Assembly are
9 declaratory of existing law as to the meaning and scope of this
10 exemption. For the purposes of exemption (e), each of these
11 terms shall have the following meanings: (1) "manufacturing
12 process" shall mean the production of any article of tangible
13 personal property, whether such article is a finished product
14 or an article for use in the process of manufacturing or
15 assembling a different article of tangible personal property,
16 by procedures commonly regarded as manufacturing, processing,
17 fabricating, or refining which changes some existing material
18 or materials into a material with a different form, use or
19 name. In relation to a recognized integrated business composed
20 of a series of operations which collectively constitute
21 manufacturing, or individually constitute manufacturing
22 operations, the manufacturing process shall be deemed to
23 commence with the first operation or stage of production in the
24 series, and shall not be deemed to end until the completion of
25 the final product in the last operation or stage of production
26 in the series; and further for purposes of exemption (e),

1 photoprocessing is deemed to be a manufacturing process of
2 tangible personal property for wholesale or retail sale; (2)
3 "assembling process" shall mean the production of any article
4 of tangible personal property, whether such article is a
5 finished product or an article for use in the process of
6 manufacturing or assembling a different article of tangible
7 personal property, by the combination of existing materials in
8 a manner commonly regarded as assembling which results in a
9 material of a different form, use or name; (3) "machinery"
10 shall mean major mechanical machines or major components of
11 such machines contributing to a manufacturing or assembling
12 process; and (4) "equipment" shall include any independent
13 device or tool separate from any machinery but essential to an
14 integrated manufacturing or assembly process; including
15 computers used primarily in a manufacturer's computer assisted
16 design, computer assisted manufacturing (CAD/CAM) system; or
17 any subunit or assembly comprising a component of any machinery
18 or auxiliary, adjunct or attachment parts of machinery, such as
19 tools, dies, jigs, fixtures, patterns and molds; or any parts
20 which require periodic replacement in the course of normal
21 operation; but shall not include hand tools. Equipment includes
22 chemicals or chemicals acting as catalysts but only if the
23 chemicals or chemicals acting as catalysts effect a direct and
24 immediate change upon a product being manufactured or assembled
25 for wholesale or retail sale or lease. The purchaser of such
26 machinery and equipment who has an active resale registration

1 number shall furnish such number to the seller at the time of
2 purchase. The purchaser of such machinery and equipment and
3 tools without an active resale registration number shall
4 furnish to the seller a certificate of exemption for each
5 transaction stating facts establishing the exemption for that
6 transaction, which certificate shall be available to the
7 Department for inspection or audit.

8 Except as provided in Section 2d of this Act, the rolling
9 stock exemption applies to rolling stock used by an interstate
10 carrier for hire, even just between points in Illinois, if such
11 rolling stock transports, for hire, persons whose journeys or
12 property whose shipments originate or terminate outside
13 Illinois.

14 Any informal rulings, opinions or letters issued by the
15 Department in response to an inquiry or request for any opinion
16 from any person regarding the coverage and applicability of
17 exemption (e) to specific devices shall be published,
18 maintained as a public record, and made available for public
19 inspection and copying. If the informal ruling, opinion or
20 letter contains trade secrets or other confidential
21 information, where possible the Department shall delete such
22 information prior to publication. Whenever such informal
23 rulings, opinions, or letters contain any policy of general
24 applicability, the Department shall formulate and adopt such
25 policy as a rule in accordance with the provisions of the
26 Illinois Administrative Procedure Act.

1 On and after July 1, 1987, no entity otherwise eligible
2 under exemption (c) of this Section shall make tax free
3 purchases unless it has an active exemption identification
4 number issued by the Department.

5 "Serviceman" means any person who is engaged in the
6 occupation of making sales of service.

7 "Sale at Retail" means "sale at retail" as defined in the
8 Retailers' Occupation Tax Act.

9 "Supplier" means any person who makes sales of tangible
10 personal property to servicemen for the purpose of resale as an
11 incident to a sale of service.

12 (Source: P.A. 98-583, eff. 1-1-14; 10000SB0009ham003.)

13 (35 ILCS 115/3-5)

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

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

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

1 (3) Personal property purchased by any not-for-profit arts
2 or cultural organization that establishes, by proof required by
3 the Department by rule, that it has received an exemption under
4 Section 501(c)(3) of the Internal Revenue Code and that is
5 organized and operated primarily for the presentation or
6 support of arts or cultural programming, activities, or
7 services. These organizations include, but are not limited to,
8 music and dramatic arts organizations such as symphony
9 orchestras and theatrical groups, arts and cultural service
10 organizations, local arts councils, visual arts organizations,
11 and media arts organizations. On and after the effective date
12 of this amendatory Act of the 92nd General Assembly, however,
13 an entity otherwise eligible for this exemption shall not make
14 tax-free purchases unless it has an active identification
15 number issued by the Department.

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

20 (5) Until July 1, 2003 and beginning again on September 1,
21 2004 through August 30, 2014, graphic arts machinery and
22 equipment, including repair and replacement parts, both new and
23 used, and including that manufactured on special order or
24 purchased for lease, certified by the purchaser to be used
25 primarily for graphic arts production. Equipment includes
26 chemicals or chemicals acting as catalysts but only if the

1 chemicals or chemicals acting as catalysts effect a direct and
2 immediate change upon a graphic arts product. ~~Beginning on July~~
3 ~~1, 2017, graphic arts machinery and equipment is included in~~
4 ~~the manufacturing and assembling machinery and equipment~~
5 ~~exemption under Section 2 of this Act.~~

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

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

1 tender is separately stated.

2 Farm machinery and equipment shall include precision
3 farming equipment that is installed or purchased to be
4 installed on farm machinery and equipment including, but not
5 limited to, tractors, harvesters, sprayers, planters, seeders,
6 or spreaders. Precision farming equipment includes, but is not
7 limited to, soil testing sensors, computers, monitors,
8 software, global positioning and mapping systems, and other
9 such equipment.

10 Farm machinery and equipment also includes computers,
11 sensors, software, and related equipment used primarily in the
12 computer-assisted operation of production agriculture
13 facilities, equipment, and activities such as, but not limited
14 to, the collection, monitoring, and correlation of animal and
15 crop data for the purpose of formulating animal diets and
16 agricultural chemicals. This item (7) is exempt from the
17 provisions of Section 3-55.

18 (8) Until June 30, 2013, fuel and petroleum products sold
19 to or used by an air common carrier, certified by the carrier
20 to be used for consumption, shipment, or storage in the conduct
21 of its business as an air common carrier, for a flight destined
22 for or returning from a location or locations outside the
23 United States without regard to previous or subsequent domestic
24 stopovers.

25 Beginning July 1, 2013, fuel and petroleum products sold to
26 or used by an air carrier, certified by the carrier to be used

1 for consumption, shipment, or storage in the conduct of its
2 business as an air common carrier, for a flight that (i) is
3 engaged in foreign trade or is engaged in trade between the
4 United States and any of its possessions and (ii) transports at
5 least one individual or package for hire from the city of
6 origination to the city of final destination on the same
7 aircraft, without regard to a change in the flight number of
8 that aircraft.

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

17 (10) Until July 1, 2003, oil field exploration, drilling,
18 and production equipment, including (i) rigs and parts of rigs,
19 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
20 tubular goods, including casing and drill strings, (iii) pumps
21 and pump-jack units, (iv) storage tanks and flow lines, (v) any
22 individual replacement part for oil field exploration,
23 drilling, and production equipment, and (vi) machinery and
24 equipment purchased for lease; but excluding motor vehicles
25 required to be registered under the Illinois Vehicle Code.

26 (11) Photoprocessing machinery and equipment, including

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

5 (12) Coal and aggregate exploration, mining, off-highway
6 hauling, processing, maintenance, and reclamation equipment,
7 including replacement parts and equipment, and including
8 equipment purchased for lease, but excluding motor vehicles
9 required to be registered under the Illinois Vehicle Code. The
10 changes made to this Section by Public Act 97-767 apply on and
11 after July 1, 2003, but no claim for credit or refund is
12 allowed on or after August 16, 2013 (the effective date of
13 Public Act 98-456) for such taxes paid during the period
14 beginning July 1, 2003 and ending on August 16, 2013 (the
15 effective date of Public Act 98-456).

16 (13) Beginning January 1, 1992 and through June 30, 2016,
17 food for human consumption that is to be consumed off the
18 premises where it is sold (other than alcoholic beverages, soft
19 drinks and food that has been prepared for immediate
20 consumption) and prescription and non-prescription medicines,
21 drugs, medical appliances, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, when purchased for use by a person receiving medical
24 assistance under Article V of the Illinois Public Aid Code who
25 resides in a licensed long-term care facility, as defined in
26 the Nursing Home Care Act, or in a licensed facility as defined

1 in the ID/DD Community Care Act, the MC/DD Act, or the
2 Specialized Mental Health Rehabilitation Act of 2013.

3 (14) Semen used for artificial insemination of livestock
4 for direct agricultural production.

5 (15) Horses, or interests in horses, registered with and
6 meeting the requirements of any of the Arabian Horse Club
7 Registry of America, Appaloosa Horse Club, American Quarter
8 Horse Association, United States Trotting Association, or
9 Jockey Club, as appropriate, used for purposes of breeding or
10 racing for prizes. This item (15) is exempt from the provisions
11 of Section 3-55, and the exemption provided for under this item
12 (15) applies for all periods beginning May 30, 1995, but no
13 claim for credit or refund is allowed on or after January 1,
14 2008 (the effective date of Public Act 95-88) for such taxes
15 paid during the period beginning May 30, 2000 and ending on
16 January 1, 2008 (the effective date of Public Act 95-88).

17 (16) Computers and communications equipment utilized for
18 any hospital purpose and equipment used in the diagnosis,
19 analysis, or treatment of hospital patients sold to a lessor
20 who leases the equipment, under a lease of one year or longer
21 executed or in effect at the time of the purchase, to a
22 hospital that has been issued an active tax exemption
23 identification number by the Department under Section 1g of the
24 Retailers' Occupation Tax Act.

25 (17) Personal property sold to a lessor who leases the
26 property, under a lease of one year or longer executed or in

1 effect at the time of the purchase, to a governmental body that
2 has been issued an active tax exemption identification number
3 by the Department under Section 1g of the Retailers' Occupation
4 Tax Act.

5 (18) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is donated for
8 disaster relief to be used in a State or federally declared
9 disaster area in Illinois or bordering Illinois by a
10 manufacturer or retailer that is registered in this State to a
11 corporation, society, association, foundation, or institution
12 that has been issued a sales tax exemption identification
13 number by the Department that assists victims of the disaster
14 who reside within the declared disaster area.

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

1 (20) Beginning July 1, 1999, game or game birds sold at a
2 "game breeding and hunting preserve area" as that term is used
3 in the Wildlife Code. This paragraph is exempt from the
4 provisions of Section 3-55.

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

23 (22) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for the
25 benefit of a public or private elementary or secondary school,
26 a group of those schools, or one or more school districts if

1 the events are sponsored by an entity recognized by the school
2 district that consists primarily of volunteers and includes
3 parents and teachers of the school children. This paragraph
4 does not apply to fundraising events (i) for the benefit of
5 private home instruction or (ii) for which the fundraising
6 entity purchases the personal property sold at the events from
7 another individual or entity that sold the property for the
8 purpose of resale by the fundraising entity and that profits
9 from the sale to the fundraising entity. This paragraph is
10 exempt from the provisions of Section 3-55.

11 (23) Beginning January 1, 2000 and through December 31,
12 2001, new or used automatic vending machines that prepare and
13 serve hot food and beverages, including coffee, soup, and other
14 items, and replacement parts for these machines. Beginning
15 January 1, 2002 and through June 30, 2003, machines and parts
16 for machines used in commercial, coin-operated amusement and
17 vending business if a use or occupation tax is paid on the
18 gross receipts derived from the use of the commercial,
19 coin-operated amusement and vending machines. This paragraph
20 is exempt from the provisions of Section 3-55.

21 (24) Beginning on the effective date of this amendatory Act
22 of the 92nd General Assembly, computers and communications
23 equipment utilized for any hospital purpose and equipment used
24 in the diagnosis, analysis, or treatment of hospital patients
25 sold to a lessor who leases the equipment, under a lease of one
26 year or longer executed or in effect at the time of the

1 purchase, to a hospital that has been issued an active tax
2 exemption identification number by the Department under
3 Section 1g of the Retailers' Occupation Tax Act. This paragraph
4 is exempt from the provisions of Section 3-55.

5 (25) Beginning on the effective date of this amendatory Act
6 of the 92nd General Assembly, personal property sold to a
7 lessor who leases the property, under a lease of one year or
8 longer executed or in effect at the time of the purchase, to a
9 governmental body that has been issued an active tax exemption
10 identification number by the Department under Section 1g of the
11 Retailers' Occupation Tax Act. This paragraph is exempt from
12 the provisions of Section 3-55.

13 (26) Beginning on January 1, 2002 and through June 30,
14 2016, tangible personal property purchased from an Illinois
15 retailer by a taxpayer engaged in centralized purchasing
16 activities in Illinois who will, upon receipt of the property
17 in Illinois, temporarily store the property in Illinois (i) for
18 the purpose of subsequently transporting it outside this State
19 for use or consumption thereafter solely outside this State or
20 (ii) for the purpose of being processed, fabricated, or
21 manufactured into, attached to, or incorporated into other
22 tangible personal property to be transported outside this State
23 and thereafter used or consumed solely outside this State. The
24 Director of Revenue shall, pursuant to rules adopted in
25 accordance with the Illinois Administrative Procedure Act,
26 issue a permit to any taxpayer in good standing with the

1 Department who is eligible for the exemption under this
2 paragraph (26). The permit issued under this paragraph (26)
3 shall authorize the holder, to the extent and in the manner
4 specified in the rules adopted under this Act, to purchase
5 tangible personal property from a retailer exempt from the
6 taxes imposed by this Act. Taxpayers shall maintain all
7 necessary books and records to substantiate the use and
8 consumption of all such tangible personal property outside of
9 the State of Illinois.

10 (27) Beginning January 1, 2008, tangible personal property
11 used in the construction or maintenance of a community water
12 supply, as defined under Section 3.145 of the Environmental
13 Protection Act, that is operated by a not-for-profit
14 corporation that holds a valid water supply permit issued under
15 Title IV of the Environmental Protection Act. This paragraph is
16 exempt from the provisions of Section 3-55.

17 (28) Tangible personal property sold to a
18 public-facilities corporation, as described in Section
19 11-65-10 of the Illinois Municipal Code, for purposes of
20 constructing or furnishing a municipal convention hall, but
21 only if the legal title to the municipal convention hall is
22 transferred to the municipality without any further
23 consideration by or on behalf of the municipality at the time
24 of the completion of the municipal convention hall or upon the
25 retirement or redemption of any bonds or other debt instruments
26 issued by the public-facilities corporation in connection with

1 the development of the municipal convention hall. This
2 exemption includes existing public-facilities corporations as
3 provided in Section 11-65-25 of the Illinois Municipal Code.
4 This paragraph is exempt from the provisions of Section 3-55.

5 (29) Beginning January 1, 2010, materials, parts,
6 equipment, components, and furnishings incorporated into or
7 upon an aircraft as part of the modification, refurbishment,
8 completion, replacement, repair, or maintenance of the
9 aircraft. This exemption includes consumable supplies used in
10 the modification, refurbishment, completion, replacement,
11 repair, and maintenance of aircraft, but excludes any
12 materials, parts, equipment, components, and consumable
13 supplies used in the modification, replacement, repair, and
14 maintenance of aircraft engines or power plants, whether such
15 engines or power plants are installed or uninstalled upon any
16 such aircraft. "Consumable supplies" include, but are not
17 limited to, adhesive, tape, sandpaper, general purpose
18 lubricants, cleaning solution, latex gloves, and protective
19 films. This exemption applies only to the transfer of
20 qualifying tangible personal property incident to the
21 modification, refurbishment, completion, replacement, repair,
22 or maintenance of an aircraft by persons who (i) hold an Air
23 Agency Certificate and are empowered to operate an approved
24 repair station by the Federal Aviation Administration, (ii)
25 have a Class IV Rating, and (iii) conduct operations in
26 accordance with Part 145 of the Federal Aviation Regulations.

1 The exemption does not include aircraft operated by a
2 commercial air carrier providing scheduled passenger air
3 service pursuant to authority issued under Part 121 or Part 129
4 of the Federal Aviation Regulations. The changes made to this
5 paragraph (29) by Public Act 98-534 are declarative of existing
6 law.

7 (30) Beginning January 1, 2017, menstrual pads, tampons,
8 and menstrual cups.

9 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
10 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
11 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
12 10000SB0009ham003.)

13 Section 35-20. If and only if Senate Bill 9 of the 100th
14 General Assembly becomes law in the form in which it was
15 amended by House Amendment No. 3, then the Retailers'
16 Occupation Tax Act is amended by changing Sections 2-5 and 2-45
17 as follows:

18 (35 ILCS 120/2-5)

19 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
20 sale of the following tangible personal property are exempt
21 from the tax imposed by this Act:

22 (1) Farm chemicals.

23 (2) Farm machinery and equipment, both new and used,
24 including that manufactured on special order, certified by the

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

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

26 Farm machinery and equipment also includes computers,

1 sensors, software, and related equipment used primarily in the
2 computer-assisted operation of production agriculture
3 facilities, equipment, and activities such as, but not limited
4 to, the collection, monitoring, and correlation of animal and
5 crop data for the purpose of formulating animal diets and
6 agricultural chemicals. This item (2) is exempt from the
7 provisions of Section 2-70.

8 (3) Until July 1, 2003, distillation machinery and
9 equipment, sold as a unit or kit, assembled or installed by the
10 retailer, certified by the user to be used only for the
11 production of ethyl alcohol that will be used for consumption
12 as motor fuel or as a component of motor fuel for the personal
13 use of the user, and not subject to sale or resale.

14 (4) Until July 1, 2003 and beginning again September 1,
15 2004 through August 30, 2014, graphic arts machinery and
16 equipment, including repair and replacement parts, both new and
17 used, and including that manufactured on special order or
18 purchased for lease, certified by the purchaser to be used
19 primarily for graphic arts production. Equipment includes
20 chemicals or chemicals acting as catalysts but only if the
21 chemicals or chemicals acting as catalysts effect a direct and
22 immediate change upon a graphic arts product. ~~Beginning on July~~
23 ~~1, 2017, graphic arts machinery and equipment is included in~~
24 ~~the manufacturing and assembling machinery and equipment~~
25 ~~exemption under paragraph (14).~~

26 (5) A motor vehicle that is used for automobile renting, as

1 defined in the Automobile Renting Occupation and Use Tax Act.
2 This paragraph is exempt from the provisions of Section 2-70.

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

6 (7) Until July 1, 2003, proceeds of that portion of the
7 selling price of a passenger car the sale of which is subject
8 to the Replacement Vehicle Tax.

9 (8) Personal property sold to an Illinois county fair
10 association for use in conducting, operating, or promoting the
11 county fair.

12 (9) Personal property sold to a not-for-profit arts or
13 cultural organization that establishes, by proof required by
14 the Department by rule, that it has received an exemption under
15 Section 501(c)(3) of the Internal Revenue Code and that is
16 organized and operated primarily for the presentation or
17 support of arts or cultural programming, activities, or
18 services. These organizations include, but are not limited to,
19 music and dramatic arts organizations such as symphony
20 orchestras and theatrical groups, arts and cultural service
21 organizations, local arts councils, visual arts organizations,
22 and media arts organizations. On and after the effective date
23 of this amendatory Act of the 92nd General Assembly, however,
24 an entity otherwise eligible for this exemption shall not make
25 tax-free purchases unless it has an active identification
26 number issued by the Department.

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

8 (11) Personal property sold to a governmental body, to a
9 corporation, society, association, foundation, or institution
10 organized and operated exclusively for charitable, religious,
11 or educational purposes, or to a not-for-profit corporation,
12 society, association, foundation, institution, or organization
13 that has no compensated officers or employees and that is
14 organized and operated primarily for the recreation of persons
15 55 years of age or older. A limited liability company may
16 qualify for the exemption under this paragraph only if the
17 limited liability company is organized and operated
18 exclusively for educational purposes. On and after July 1,
19 1987, however, no entity otherwise eligible for this exemption
20 shall make tax-free purchases unless it has an active
21 identification number issued by the Department.

22 (12) Tangible personal property sold to interstate
23 carriers for hire for use as rolling stock moving in interstate
24 commerce or to lessors under leases of one year or longer
25 executed or in effect at the time of purchase by interstate
26 carriers for hire for use as rolling stock moving in interstate

1 commerce and equipment operated by a telecommunications
2 provider, licensed as a common carrier by the Federal
3 Communications Commission, which is permanently installed in
4 or affixed to aircraft moving in interstate commerce.

5 (12-5) On and after July 1, 2003 and through June 30, 2004,
6 motor vehicles of the second division with a gross vehicle
7 weight in excess of 8,000 pounds that are subject to the
8 commercial distribution fee imposed under Section 3-815.1 of
9 the Illinois Vehicle Code. Beginning on July 1, 2004 and
10 through June 30, 2005, the use in this State of motor vehicles
11 of the second division: (i) with a gross vehicle weight rating
12 in excess of 8,000 pounds; (ii) that are subject to the
13 commercial distribution fee imposed under Section 3-815.1 of
14 the Illinois Vehicle Code; and (iii) that are primarily used
15 for commercial purposes. Through June 30, 2005, this exemption
16 applies to repair and replacement parts added after the initial
17 purchase of such a motor vehicle if that motor vehicle is used
18 in a manner that would qualify for the rolling stock exemption
19 otherwise provided for in this Act. For purposes of this
20 paragraph, "used for commercial purposes" means the
21 transportation of persons or property in furtherance of any
22 commercial or industrial enterprise whether for-hire or not.

23 (13) Proceeds from sales to owners, lessors, or shippers of
24 tangible personal property that is utilized by interstate
25 carriers for hire for use as rolling stock moving in interstate
26 commerce and equipment operated by a telecommunications

1 provider, licensed as a common carrier by the Federal
2 Communications Commission, which is permanently installed in
3 or affixed to aircraft moving in interstate commerce.

4 (14) Machinery and equipment that will be used by the
5 purchaser, or a lessee of the purchaser, primarily in the
6 process of manufacturing or assembling tangible personal
7 property for wholesale or retail sale or lease, whether the
8 sale or lease is made directly by the manufacturer or by some
9 other person, whether the materials used in the process are
10 owned by the manufacturer or some other person, or whether the
11 sale or lease is made apart from or as an incident to the
12 seller's engaging in the service occupation of producing
13 machines, tools, dies, jigs, patterns, gauges, or other similar
14 items of no commercial value on special order for a particular
15 purchaser. The exemption provided by this paragraph (14) does
16 not include machinery and equipment used in (i) the generation
17 of electricity for wholesale or retail sale; (ii) the
18 generation or treatment of natural or artificial gas for
19 wholesale or retail sale that is delivered to customers through
20 pipes, pipelines, or mains; or (iii) the treatment of water for
21 wholesale or retail sale that is delivered to customers through
22 pipes, pipelines, or mains. The provisions of Public Act 98-583
23 are declaratory of existing law as to the meaning and scope of
24 this exemption. ~~Beginning on July 1, 2017, the exemption~~
25 ~~provided by this paragraph (14) includes, but is not limited~~
26 ~~to, graphic arts machinery and equipment, as defined in~~

1 ~~paragraph (4) of this Section.~~

2 (15) Proceeds of mandatory service charges separately
3 stated on customers' bills for purchase and consumption of food
4 and beverages, to the extent that the proceeds of the service
5 charge are in fact turned over as tips or as a substitute for
6 tips to the employees who participate directly in preparing,
7 serving, hosting or cleaning up the food or beverage function
8 with respect to which the service charge is imposed.

9 (16) Petroleum products sold to a purchaser if the seller
10 is prohibited by federal law from charging tax to the
11 purchaser.

12 (17) Tangible personal property sold to a common carrier by
13 rail or motor that receives the physical possession of the
14 property in Illinois and that transports the property, or
15 shares with another common carrier in the transportation of the
16 property, out of Illinois on a standard uniform bill of lading
17 showing the seller of the property as the shipper or consignor
18 of the property to a destination outside Illinois, for use
19 outside Illinois.

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

24 (19) Until July 1 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of rigs,
26 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and

1 tubular goods, including casing and drill strings, (iii) pumps
2 and pump-jack units, (iv) storage tanks and flow lines, (v) any
3 individual replacement part for oil field exploration,
4 drilling, and production equipment, and (vi) machinery and
5 equipment purchased for lease; but excluding motor vehicles
6 required to be registered under the Illinois Vehicle Code.

7 (20) Photoprocessing machinery and equipment, including
8 repair and replacement parts, both new and used, including that
9 manufactured on special order, certified by the purchaser to be
10 used primarily for photoprocessing, and including
11 photoprocessing machinery and equipment purchased for lease.

12 (21) Coal and aggregate exploration, mining, off-highway
13 hauling, processing, maintenance, and reclamation equipment,
14 including replacement parts and equipment, and including
15 equipment purchased for lease, but excluding motor vehicles
16 required to be registered under the Illinois Vehicle Code. The
17 changes made to this Section by Public Act 97-767 apply on and
18 after July 1, 2003, but no claim for credit or refund is
19 allowed on or after August 16, 2013 (the effective date of
20 Public Act 98-456) for such taxes paid during the period
21 beginning July 1, 2003 and ending on August 16, 2013 (the
22 effective date of Public Act 98-456).

23 (22) Until June 30, 2013, fuel and petroleum products sold
24 to or used by an air carrier, certified by the carrier to be
25 used for consumption, shipment, or storage in the conduct of
26 its business as an air common carrier, for a flight destined

1 for or returning from a location or locations outside the
2 United States without regard to previous or subsequent domestic
3 stopovers.

4 Beginning July 1, 2013, fuel and petroleum products sold to
5 or used by an air carrier, certified by the carrier to be used
6 for consumption, shipment, or storage in the conduct of its
7 business as an air common carrier, for a flight that (i) is
8 engaged in foreign trade or is engaged in trade between the
9 United States and any of its possessions and (ii) transports at
10 least one individual or package for hire from the city of
11 origination to the city of final destination on the same
12 aircraft, without regard to a change in the flight number of
13 that aircraft.

14 (23) A transaction in which the purchase order is received
15 by a florist who is located outside Illinois, but who has a
16 florist located in Illinois deliver the property to the
17 purchaser or the purchaser's donee in Illinois.

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

24 (25) Except as provided in item (25-5) of this Section, a
25 motor vehicle sold in this State to a nonresident even though
26 the motor vehicle is delivered to the nonresident in this

1 State, if the motor vehicle is not to be titled in this State,
2 and if a drive-away permit is issued to the motor vehicle as
3 provided in Section 3-603 of the Illinois Vehicle Code or if
4 the nonresident purchaser has vehicle registration plates to
5 transfer to the motor vehicle upon returning to his or her home
6 state. The issuance of the drive-away permit or having the
7 out-of-state registration plates to be transferred is prima
8 facie evidence that the motor vehicle will not be titled in
9 this State.

10 (25-5) The exemption under item (25) does not apply if the
11 state in which the motor vehicle will be titled does not allow
12 a reciprocal exemption for a motor vehicle sold and delivered
13 in that state to an Illinois resident but titled in Illinois.
14 The tax collected under this Act on the sale of a motor vehicle
15 in this State to a resident of another state that does not
16 allow a reciprocal exemption shall be imposed at a rate equal
17 to the state's rate of tax on taxable property in the state in
18 which the purchaser is a resident, except that the tax shall
19 not exceed the tax that would otherwise be imposed under this
20 Act. At the time of the sale, the purchaser shall execute a
21 statement, signed under penalty of perjury, of his or her
22 intent to title the vehicle in the state in which the purchaser
23 is a resident within 30 days after the sale and of the fact of
24 the payment to the State of Illinois of tax in an amount
25 equivalent to the state's rate of tax on taxable property in
26 his or her state of residence and shall submit the statement to

1 the appropriate tax collection agency in his or her state of
2 residence. In addition, the retailer must retain a signed copy
3 of the statement in his or her records. Nothing in this item
4 shall be construed to require the removal of the vehicle from
5 this state following the filing of an intent to title the
6 vehicle in the purchaser's state of residence if the purchaser
7 titles the vehicle in his or her state of residence within 30
8 days after the date of sale. The tax collected under this Act
9 in accordance with this item (25-5) shall be proportionately
10 distributed as if the tax were collected at the 6.25% general
11 rate imposed under this Act.

12 (25-7) Beginning on July 1, 2007, no tax is imposed under
13 this Act on the sale of an aircraft, as defined in Section 3 of
14 the Illinois Aeronautics Act, if all of the following
15 conditions are met:

16 (1) the aircraft leaves this State within 15 days after
17 the later of either the issuance of the final billing for
18 the sale of the aircraft, or the authorized approval for
19 return to service, completion of the maintenance record
20 entry, and completion of the test flight and ground test
21 for inspection, as required by 14 C.F.R. 91.407;

22 (2) the aircraft is not based or registered in this
23 State after the sale of the aircraft; and

24 (3) the seller retains in his or her books and records
25 and provides to the Department a signed and dated
26 certification from the purchaser, on a form prescribed by

1 the Department, certifying that the requirements of this
2 item (25-7) are met. The certificate must also include the
3 name and address of the purchaser, the address of the
4 location where the aircraft is to be titled or registered,
5 the address of the primary physical location of the
6 aircraft, and other information that the Department may
7 reasonably require.

8 For purposes of this item (25-7):

9 "Based in this State" means hangared, stored, or otherwise
10 used, excluding post-sale customizations as defined in this
11 Section, for 10 or more days in each 12-month period
12 immediately following the date of the sale of the aircraft.

13 "Registered in this State" means an aircraft registered
14 with the Department of Transportation, Aeronautics Division,
15 or titled or registered with the Federal Aviation
16 Administration to an address located in this State.

17 This paragraph (25-7) is exempt from the provisions of
18 Section 2-70.

19 (26) Semen used for artificial insemination of livestock
20 for direct agricultural production.

21 (27) Horses, or interests in horses, registered with and
22 meeting the requirements of any of the Arabian Horse Club
23 Registry of America, Appaloosa Horse Club, American Quarter
24 Horse Association, United States Trotting Association, or
25 Jockey Club, as appropriate, used for purposes of breeding or
26 racing for prizes. This item (27) is exempt from the provisions

1 of Section 2-70, and the exemption provided for under this item
2 (27) applies for all periods beginning May 30, 1995, but no
3 claim for credit or refund is allowed on or after January 1,
4 2008 (the effective date of Public Act 95-88) for such taxes
5 paid during the period beginning May 30, 2000 and ending on
6 January 1, 2008 (the effective date of Public Act 95-88).

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

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

20 (30) Beginning with taxable years ending on or after
21 December 31, 1995 and ending with taxable years ending on or
22 before December 31, 2004, personal property that is donated for
23 disaster relief to be used in a State or federally declared
24 disaster area in Illinois or bordering Illinois by a
25 manufacturer or retailer that is registered in this State to a
26 corporation, society, association, foundation, or institution

1 that has been issued a sales tax exemption identification
2 number by the Department that assists victims of the disaster
3 who reside within the declared disaster area.

4 (31) Beginning with taxable years ending on or after
5 December 31, 1995 and ending with taxable years ending on or
6 before December 31, 2004, personal property that is used in the
7 performance of infrastructure repairs in this State, including
8 but not limited to municipal roads and streets, access roads,
9 bridges, sidewalks, waste disposal systems, water and sewer
10 line extensions, water distribution and purification
11 facilities, storm water drainage and retention facilities, and
12 sewage treatment facilities, resulting from a State or
13 federally declared disaster in Illinois or bordering Illinois
14 when such repairs are initiated on facilities located in the
15 declared disaster area within 6 months after the disaster.

16 (32) Beginning July 1, 1999, game or game birds sold at a
17 "game breeding and hunting preserve area" as that term is used
18 in the Wildlife Code. This paragraph is exempt from the
19 provisions of Section 2-70.

20 (33) A motor vehicle, as that term is defined in Section
21 1-146 of the Illinois Vehicle Code, that is donated to a
22 corporation, limited liability company, society, association,
23 foundation, or institution that is determined by the Department
24 to be organized and operated exclusively for educational
25 purposes. For purposes of this exemption, "a corporation,
26 limited liability company, society, association, foundation,

1 or institution organized and operated exclusively for
2 educational purposes" means all tax-supported public schools,
3 private schools that offer systematic instruction in useful
4 branches of learning by methods common to public schools and
5 that compare favorably in their scope and intensity with the
6 course of study presented in tax-supported schools, and
7 vocational or technical schools or institutes organized and
8 operated exclusively to provide a course of study of not less
9 than 6 weeks duration and designed to prepare individuals to
10 follow a trade or to pursue a manual, technical, mechanical,
11 industrial, business, or commercial occupation.

12 (34) Beginning January 1, 2000, personal property,
13 including food, purchased through fundraising events for the
14 benefit of a public or private elementary or secondary school,
15 a group of those schools, or one or more school districts if
16 the events are sponsored by an entity recognized by the school
17 district that consists primarily of volunteers and includes
18 parents and teachers of the school children. This paragraph
19 does not apply to fundraising events (i) for the benefit of
20 private home instruction or (ii) for which the fundraising
21 entity purchases the personal property sold at the events from
22 another individual or entity that sold the property for the
23 purpose of resale by the fundraising entity and that profits
24 from the sale to the fundraising entity. This paragraph is
25 exempt from the provisions of Section 2-70.

26 (35) Beginning January 1, 2000 and through December 31,

1 2001, new or used automatic vending machines that prepare and
2 serve hot food and beverages, including coffee, soup, and other
3 items, and replacement parts for these machines. Beginning
4 January 1, 2002 and through June 30, 2003, machines and parts
5 for machines used in commercial, coin-operated amusement and
6 vending business if a use or occupation tax is paid on the
7 gross receipts derived from the use of the commercial,
8 coin-operated amusement and vending machines. This paragraph
9 is exempt from the provisions of Section 2-70.

10 (35-5) Beginning August 23, 2001 and through June 30, 2016,
11 food for human consumption that is to be consumed off the
12 premises where it is sold (other than alcoholic beverages, soft
13 drinks, and food that has been prepared for immediate
14 consumption) and prescription and nonprescription medicines,
15 drugs, medical appliances, and insulin, urine testing
16 materials, syringes, and needles used by diabetics, for human
17 use, when purchased for use by a person receiving medical
18 assistance under Article V of the Illinois Public Aid Code who
19 resides in a licensed long-term care facility, as defined in
20 the Nursing Home Care Act, or a licensed facility as defined in
21 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
22 Mental Health Rehabilitation Act of 2013.

23 (36) Beginning August 2, 2001, computers and
24 communications equipment utilized for any hospital purpose and
25 equipment used in the diagnosis, analysis, or treatment of
26 hospital patients sold to a lessor who leases the equipment,

1 under a lease of one year or longer executed or in effect at
2 the time of the purchase, to a hospital that has been issued an
3 active tax exemption identification number by the Department
4 under Section 1g of this Act. This paragraph is exempt from the
5 provisions of Section 2-70.

6 (37) Beginning August 2, 2001, personal property sold to a
7 lessor who leases the property, under a lease of one year or
8 longer executed or in effect at the time of the purchase, to a
9 governmental body that has been issued an active tax exemption
10 identification number by the Department under Section 1g of
11 this Act. This paragraph is exempt from the provisions of
12 Section 2-70.

13 (38) Beginning on January 1, 2002 and through June 30,
14 2016, tangible personal property purchased from an Illinois
15 retailer by a taxpayer engaged in centralized purchasing
16 activities in Illinois who will, upon receipt of the property
17 in Illinois, temporarily store the property in Illinois (i) for
18 the purpose of subsequently transporting it outside this State
19 for use or consumption thereafter solely outside this State or
20 (ii) for the purpose of being processed, fabricated, or
21 manufactured into, attached to, or incorporated into other
22 tangible personal property to be transported outside this State
23 and thereafter used or consumed solely outside this State. The
24 Director of Revenue shall, pursuant to rules adopted in
25 accordance with the Illinois Administrative Procedure Act,
26 issue a permit to any taxpayer in good standing with the

1 Department who is eligible for the exemption under this
2 paragraph (38). The permit issued under this paragraph (38)
3 shall authorize the holder, to the extent and in the manner
4 specified in the rules adopted under this Act, to purchase
5 tangible personal property from a retailer exempt from the
6 taxes imposed by this Act. Taxpayers shall maintain all
7 necessary books and records to substantiate the use and
8 consumption of all such tangible personal property outside of
9 the State of Illinois.

10 (39) Beginning January 1, 2008, tangible personal property
11 used in the construction or maintenance of a community water
12 supply, as defined under Section 3.145 of the Environmental
13 Protection Act, that is operated by a not-for-profit
14 corporation that holds a valid water supply permit issued under
15 Title IV of the Environmental Protection Act. This paragraph is
16 exempt from the provisions of Section 2-70.

17 (40) Beginning January 1, 2010, materials, parts,
18 equipment, components, and furnishings incorporated into or
19 upon an aircraft as part of the modification, refurbishment,
20 completion, replacement, repair, or maintenance of the
21 aircraft. This exemption includes consumable supplies used in
22 the modification, refurbishment, completion, replacement,
23 repair, and maintenance of aircraft, but excludes any
24 materials, parts, equipment, components, and consumable
25 supplies used in the modification, replacement, repair, and
26 maintenance of aircraft engines or power plants, whether such

1 engines or power plants are installed or uninstalled upon any
2 such aircraft. "Consumable supplies" include, but are not
3 limited to, adhesive, tape, sandpaper, general purpose
4 lubricants, cleaning solution, latex gloves, and protective
5 films. This exemption applies only to the sale of qualifying
6 tangible personal property to persons who modify, refurbish,
7 complete, replace, or maintain an aircraft and who (i) hold an
8 Air Agency Certificate and are empowered to operate an approved
9 repair station by the Federal Aviation Administration, (ii)
10 have a Class IV Rating, and (iii) conduct operations in
11 accordance with Part 145 of the Federal Aviation Regulations.
12 The exemption does not include aircraft operated by a
13 commercial air carrier providing scheduled passenger air
14 service pursuant to authority issued under Part 121 or Part 129
15 of the Federal Aviation Regulations. The changes made to this
16 paragraph (40) by Public Act 98-534 are declarative of existing
17 law.

18 (41) Tangible personal property sold to a
19 public-facilities corporation, as described in Section
20 11-65-10 of the Illinois Municipal Code, for purposes of
21 constructing or furnishing a municipal convention hall, but
22 only if the legal title to the municipal convention hall is
23 transferred to the municipality without any further
24 consideration by or on behalf of the municipality at the time
25 of the completion of the municipal convention hall or upon the
26 retirement or redemption of any bonds or other debt instruments

1 issued by the public-facilities corporation in connection with
2 the development of the municipal convention hall. This
3 exemption includes existing public-facilities corporations as
4 provided in Section 11-65-25 of the Illinois Municipal Code.
5 This paragraph is exempt from the provisions of Section 2-70.

6 (42) Beginning January 1, 2017, menstrual pads, tampons,
7 and menstrual cups.

8 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
9 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
10 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
11 7-29-15; 99-855, eff. 8-19-16; 10000SB0009ham003.)

12 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

13 Sec. 2-45. Manufacturing and assembly exemption. The
14 manufacturing and assembly machinery and equipment exemption
15 includes machinery and equipment that replaces machinery and
16 equipment in an existing manufacturing facility as well as
17 machinery and equipment that are for use in an expanded or new
18 manufacturing facility.

19 The machinery and equipment exemption also includes
20 machinery and equipment used in the general maintenance or
21 repair of exempt machinery and equipment or for in-house
22 manufacture of exempt machinery and equipment. ~~Beginning on~~
23 ~~July 1, 2017, the manufacturing and assembling machinery and~~
24 ~~equipment exemption also includes graphic arts machinery and~~
25 ~~equipment, as defined in paragraph (4) of Section 2-5. The~~

1 machinery and equipment exemption does not include machinery
2 and equipment used in (i) the generation of electricity for
3 wholesale or retail sale; (ii) the generation or treatment of
4 natural or artificial gas for wholesale or retail sale that is
5 delivered to customers through pipes, pipelines, or mains; or
6 (iii) the treatment of water for wholesale or retail sale that
7 is delivered to customers through pipes, pipelines, or mains.
8 The provisions of this amendatory Act of the 98th General
9 Assembly are declaratory of existing law as to the meaning and
10 scope of this exemption. For the purposes of this exemption,
11 terms have the following meanings:

12 (1) "Manufacturing process" means the production of an
13 article of tangible personal property, whether the article
14 is a finished product or an article for use in the process
15 of manufacturing or assembling a different article of
16 tangible personal property, by a procedure commonly
17 regarded as manufacturing, processing, fabricating, or
18 refining that changes some existing material or materials
19 into a material with a different form, use, or name. In
20 relation to a recognized integrated business composed of a
21 series of operations that collectively constitute
22 manufacturing, or individually constitute manufacturing
23 operations, the manufacturing process commences with the
24 first operation or stage of production in the series and
25 does not end until the completion of the final product in
26 the last operation or stage of production in the series.

1 For purposes of this exemption, photoprocessing is a
2 manufacturing process of tangible personal property for
3 wholesale or retail sale.

4 (2) "Assembling process" means the production of an
5 article of tangible personal property, whether the article
6 is a finished product or an article for use in the process
7 of manufacturing or assembling a different article of
8 tangible personal property, by the combination of existing
9 materials in a manner commonly regarded as assembling that
10 results in a material of a different form, use, or name.

11 (3) "Machinery" means major mechanical machines or
12 major components of those machines contributing to a
13 manufacturing or assembling process.

14 (4) "Equipment" includes an independent device or tool
15 separate from machinery but essential to an integrated
16 manufacturing or assembly process; including computers
17 used primarily in a manufacturer's computer assisted
18 design, computer assisted manufacturing (CAD/CAM) system;
19 any subunit or assembly comprising a component of any
20 machinery or auxiliary, adjunct, or attachment parts of
21 machinery, such as tools, dies, jigs, fixtures, patterns,
22 and molds; and any parts that require periodic replacement
23 in the course of normal operation; but does not include
24 hand tools. Equipment includes chemicals or chemicals
25 acting as catalysts but only if the chemicals or chemicals
26 acting as catalysts effect a direct and immediate change

1 upon a product being manufactured or assembled for
2 wholesale or retail sale or lease.

3 (5) "Production related tangible personal property"
4 means all tangible personal property that is used or
5 consumed by the purchaser in a manufacturing facility in
6 which a manufacturing process takes place and includes,
7 without limitation, tangible personal property that is
8 purchased for incorporation into real estate within a
9 manufacturing facility and tangible personal property that
10 is used or consumed in activities such as research and
11 development, preproduction material handling, receiving,
12 quality control, inventory control, storage, staging, and
13 packaging for shipping and transportation purposes.
14 "Production related tangible personal property" does not
15 include (i) tangible personal property that is used, within
16 or without a manufacturing facility, in sales, purchasing,
17 accounting, fiscal management, marketing, personnel
18 recruitment or selection, or landscaping or (ii) tangible
19 personal property that is required to be titled or
20 registered with a department, agency, or unit of federal,
21 State, or local government.

22 The manufacturing and assembling machinery and equipment
23 exemption includes production related tangible personal
24 property that is purchased on or after July 1, 2007 and on or
25 before June 30, 2008. The exemption for production related
26 tangible personal property is subject to both of the following

1 limitations:

2 (1) The maximum amount of the exemption for any one
3 taxpayer may not exceed 5% of the purchase price of
4 production related tangible personal property that is
5 purchased on or after July 1, 2007 and on or before June
6 30, 2008. A credit under Section 3-85 of this Act may not
7 be earned by the purchase of production related tangible
8 personal property for which an exemption is received under
9 this Section.

10 (2) The maximum aggregate amount of the exemptions for
11 production related tangible personal property awarded
12 under this Act and the Use Tax Act to all taxpayers may not
13 exceed \$10,000,000. If the claims for the exemption exceed
14 \$10,000,000, then the Department shall reduce the amount of
15 the exemption to each taxpayer on a pro rata basis.

16 The Department may adopt rules to implement and administer the
17 exemption for production related tangible personal property.

18 The manufacturing and assembling machinery and equipment
19 exemption includes the sale of materials to a purchaser who
20 produces exempted types of machinery, equipment, or tools and
21 who rents or leases that machinery, equipment, or tools to a
22 manufacturer of tangible personal property. This exemption
23 also includes the sale of materials to a purchaser who
24 manufactures those materials into an exempted type of
25 machinery, equipment, or tools that the purchaser uses himself
26 or herself in the manufacturing of tangible personal property.

1 The purchaser of the machinery and equipment who has an active
2 resale registration number shall furnish that number to the
3 seller at the time of purchase. A purchaser of the machinery,
4 equipment, and tools without an active resale registration
5 number shall furnish to the seller a certificate of exemption
6 for each transaction stating facts establishing the exemption
7 for that transaction, and that certificate shall be available
8 to the Department for inspection or audit. Informal rulings,
9 opinions, or letters issued by the Department in response to an
10 inquiry or request for an opinion from any person regarding the
11 coverage and applicability of this exemption to specific
12 devices shall be published, maintained as a public record, and
13 made available for public inspection and copying. If the
14 informal ruling, opinion, or letter contains trade secrets or
15 other confidential information, where possible, the Department
16 shall delete that information before publication. Whenever
17 informal rulings, opinions, or letters contain a policy of
18 general applicability, the Department shall formulate and
19 adopt that policy as a rule in accordance with the Illinois
20 Administrative Procedure Act.

21 ~~The manufacturing and assembling machinery and equipment~~
22 ~~exemption is exempt from the provisions of Section 2-70.~~

23 (Source: P.A. 98-583, eff. 1-1-14; 10000SB0009ham003.)

24 Section 99-999. Effective date. This Act takes effect upon
25 becoming law.

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7	Sections 15-101 through	
8	15-1504 rep.	
9	10000SB0009ham003, Section	
10	17-5 rep.	
11	35 ILCS 5/225 rep.	
12	5 ILCS 100/1-5	from Ch. 127, par. 1001-5
13	5 ILCS 140/7.5	
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