



Sen. John G. Mulroe

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1 AMENDMENT TO SENATE BILL 472

2 AMENDMENT NO. _____. Amend Senate Bill 472 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The New Markets Development Program Act is
5 amended by changing Section 10 as follows:

6 (20 ILCS 663/10)

7 Sec. 10. Credit established. A person or entity that makes
8 a qualified equity investment earns a vested right to tax
9 credits as follows:

10 (1) on each credit allowance date of the qualified
11 equity investment, the purchaser of the qualified equity
12 investment, or subsequent holder of the qualified equity
13 investment, is entitled to a tax credit during the taxable
14 year including that credit allowance date;

15 (2) the tax credit amount shall be equal to the
16 applicable percentage for such credit allowance date

1 multiplied by the purchase price paid to the issuer of the
2 qualified equity investment; and

3 (3) the amount of the tax credit claimed shall not
4 exceed the amount of the State tax liability of the holder,
5 or the person or entity to whom the credit is allocated for
6 use pursuant to Section 15, for the tax year for which the
7 tax credit is claimed.

8 A company doing insurance business in this State claiming a
9 tax credit against insurance premium taxes payable pursuant to
10 Section 409 of the Illinois Insurance Code is not required to
11 pay any additional retaliatory tax imposed pursuant to Section
12 444 or 444.1 of the Illinois Insurance Code related to that
13 claim for a tax credit.

14 No tax credit shall be awarded under this Act for a
15 qualified equity investment made on or after January 1, 2017.

16 (Source: P.A. 95-1024, eff. 12-31-08.)

17 Section 10. The Illinois Income Tax Act is amended by
18 changing Sections 201, 203, 204, 208, 209, 210, 211, 213, 214,
19 216, 217, 218, 221, 222, and 223 as follows:

20 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

21 Sec. 201. Tax Imposed.

22 (a) In general. A tax measured by net income is hereby
23 imposed on every individual, corporation, trust and estate for
24 each taxable year ending after July 31, 1969 on the privilege

1 of earning or receiving income in or as a resident of this
2 State. Such tax shall be in addition to all other occupation or
3 privilege taxes imposed by this State or by any municipal
4 corporation or political subdivision thereof.

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

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

12 (2) In the case of an individual, trust or estate, for
13 taxable years beginning prior to July 1, 1989 and ending
14 after June 30, 1989, an amount equal to the sum of (i) 2
15 1/2% of the taxpayer's net income for the period prior to
16 July 1, 1989, as calculated under Section 202.3, and (ii)
17 3% of the taxpayer's net income for the period after June
18 30, 1989, as calculated under Section 202.3.

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

23 (4) In the case of an individual, trust, or estate, for
24 taxable years beginning prior to January 1, 2011, and
25 ending after December 31, 2010, an amount equal to the sum
26 of (i) 3% of the taxpayer's net income for the period prior

1 to January 1, 2011, as calculated under Section 202.5, and
2 (ii) 5% of the taxpayer's net income for the period after
3 December 31, 2010, as calculated under Section 202.5.

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

8 (5.1) In the case of an individual, trust, or estate,
9 for taxable years beginning prior to January 1, 2015, and
10 ending after December 31, 2014, an amount equal to the sum
11 of (i) 5% of the taxpayer's net income for the period prior
12 to January 1, 2015, as calculated under Section 202.5, and
13 (ii) 3.75% of the taxpayer's net income for the period
14 after December 31, 2014, as calculated under Section 202.5.

15 (5.2) In the case of an individual, trust, or estate,
16 for taxable years beginning on or after January 1, 2015,
17 and ending prior to January 1, 2025, an amount equal to
18 3.75% of the taxpayer's net income for the taxable year.

19 (5.3) In the case of an individual, trust, or estate,
20 for taxable years beginning prior to January 1, 2025, and
21 ending after December 31, 2024, an amount equal to the sum
22 of (i) 3.75% of the taxpayer's net income for the period
23 prior to January 1, 2025, as calculated under Section
24 202.5, and (ii) 3.25% of the taxpayer's net income for the
25 period after December 31, 2024, as calculated under Section
26 202.5.

1 (5.4) In the case of an individual, trust, or estate,
2 for taxable years beginning on or after January 1, 2025, an
3 amount equal to 3.25% of the taxpayer's net income for the
4 taxable year.

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

8 (7) In the case of a corporation, for taxable years
9 beginning prior to July 1, 1989 and ending after June 30,
10 1989, an amount equal to the sum of (i) 4% of the
11 taxpayer's net income for the period prior to July 1, 1989,
12 as calculated under Section 202.3, and (ii) 4.8% of the
13 taxpayer's net income for the period after June 30, 1989,
14 as calculated under Section 202.3.

15 (8) In the case of a corporation, for taxable years
16 beginning after June 30, 1989, and ending prior to January
17 1, 2011, an amount equal to 4.8% of the taxpayer's net
18 income for the taxable year.

19 (9) In the case of a corporation, for taxable years
20 beginning prior to January 1, 2011, and ending after
21 December 31, 2010, an amount equal to the sum of (i) 4.8%
22 of the taxpayer's net income for the period prior to
23 January 1, 2011, as calculated under Section 202.5, and
24 (ii) 7% of the taxpayer's net income for the period after
25 December 31, 2010, as calculated under Section 202.5.

26 (10) In the case of a corporation, for taxable years

1 beginning on or after January 1, 2011, and ending prior to
2 January 1, 2015, an amount equal to 7% of the taxpayer's
3 net income for the taxable year.

4 (11) In the case of a corporation, for taxable years
5 beginning prior to January 1, 2015, and ending after
6 December 31, 2014, an amount equal to the sum of (i) 7% of
7 the taxpayer's net income for the period prior to January
8 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
9 of the taxpayer's net income for the period after December
10 31, 2014, as calculated under Section 202.5.

11 (12) In the case of a corporation, for taxable years
12 beginning on or after January 1, 2015, and ending prior to
13 January 1, 2025, an amount equal to 5.25% of the taxpayer's
14 net income for the taxable year.

15 (13) In the case of a corporation, for taxable years
16 beginning prior to January 1, 2025, and ending after
17 December 31, 2024, an amount equal to the sum of (i) 5.25%
18 of the taxpayer's net income for the period prior to
19 January 1, 2025, as calculated under Section 202.5, and
20 (ii) 4.8% of the taxpayer's net income for the period after
21 December 31, 2024, as calculated under Section 202.5.

22 (14) In the case of a corporation, for taxable years
23 beginning on or after January 1, 2025, an amount equal to
24 4.8% of the taxpayer's net income for the taxable year.

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

1 (c) Personal Property Tax Replacement Income Tax.
2 Beginning on July 1, 1979 and thereafter, in addition to such
3 income tax, there is also hereby imposed the Personal Property
4 Tax Replacement Income Tax measured by net income on every
5 corporation (including Subchapter S corporations), partnership
6 and trust, for each taxable year ending after June 30, 1979.
7 Such taxes are imposed on the privilege of earning or receiving
8 income in or as a resident of this State. The Personal Property
9 Tax Replacement Income Tax shall be in addition to the income
10 tax imposed by subsections (a) and (b) of this Section and in
11 addition to all other occupation or privilege taxes imposed by
12 this State or by any municipal corporation or political
13 subdivision thereof.

14 (d) Additional Personal Property Tax Replacement Income
15 Tax Rates. The personal property tax replacement income tax
16 imposed by this subsection and subsection (c) of this Section
17 in the case of a corporation, other than a Subchapter S
18 corporation and except as adjusted by subsection (d-1), shall
19 be an additional amount equal to 2.85% of such taxpayer's net
20 income for the taxable year, except that beginning on January
21 1, 1981, and thereafter, the rate of 2.85% specified in this
22 subsection shall be reduced to 2.5%, and in the case of a
23 partnership, trust or a Subchapter S corporation shall be an
24 additional amount equal to 1.5% of such taxpayer's net income
25 for the taxable year.

26 (d-1) Rate reduction for certain foreign insurers. In the

1 case of a foreign insurer, as defined by Section 35A-5 of the
2 Illinois Insurance Code, whose state or country of domicile
3 imposes on insurers domiciled in Illinois a retaliatory tax
4 (excluding any insurer whose premiums from reinsurance assumed
5 are 50% or more of its total insurance premiums as determined
6 under paragraph (2) of subsection (b) of Section 304, except
7 that for purposes of this determination premiums from
8 reinsurance do not include premiums from inter-affiliate
9 reinsurance arrangements), beginning with taxable years ending
10 on or after December 31, 1999, the sum of the rates of tax
11 imposed by subsections (b) and (d) shall be reduced (but not
12 increased) to the rate at which the total amount of tax imposed
13 under this Act, net of all credits allowed under this Act,
14 shall equal (i) the total amount of tax that would be imposed
15 on the foreign insurer's net income allocable to Illinois for
16 the taxable year by such foreign insurer's state or country of
17 domicile if that net income were subject to all income taxes
18 and taxes measured by net income imposed by such foreign
19 insurer's state or country of domicile, net of all credits
20 allowed or (ii) a rate of zero if no such tax is imposed on such
21 income by the foreign insurer's state of domicile. For the
22 purposes of this subsection (d-1), an inter-affiliate includes
23 a mutual insurer under common management.

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

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

4 (B) the privilege tax imposed by Section 409 of the
5 Illinois Insurance Code, the fire insurance company
6 tax imposed by Section 12 of the Fire Investigation
7 Act, and the fire department taxes imposed under
8 Section 11-10-1 of the Illinois Municipal Code,
9 equals 1.25% for taxable years ending prior to December 31,
10 2003, or 1.75% for taxable years ending on or after
11 December 31, 2003, of the net taxable premiums written for
12 the taxable year, as described by subsection (1) of Section
13 409 of the Illinois Insurance Code. This paragraph will in
14 no event increase the rates imposed under subsections (b)
15 and (d).

16 (2) Any reduction in the rates of tax imposed by this
17 subsection shall be applied first against the rates imposed
18 by subsection (b) and only after the tax imposed by
19 subsection (a) net of all credits allowed under this
20 Section other than the credit allowed under subsection (i)
21 has been reduced to zero, against the rates imposed by
22 subsection (d).

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

25 (e) Investment credit. A taxpayer shall be allowed a credit
26 against the Personal Property Tax Replacement Income Tax for

1 investment in qualified property.

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

1 any credit for qualified property be allowed for any year
2 other than the year in which the property was placed in
3 service in Illinois. For tax years ending on or after
4 December 31, 1987, and on or before December 31, 1988, the
5 credit shall be allowed for the tax year in which the
6 property is placed in service, or, if the amount of the
7 credit exceeds the tax liability for that year, whether it
8 exceeds the original liability or the liability as later
9 amended, such excess may be carried forward and applied to
10 the tax liability of the 5 taxable years following the
11 excess credit years if the taxpayer (i) makes investments
12 which cause the creation of a minimum of 2,000 full-time
13 equivalent jobs in Illinois, (ii) is located in an
14 enterprise zone established pursuant to the Illinois
15 Enterprise Zone Act and (iii) is certified by the
16 Department of Commerce and Community Affairs (now
17 Department of Commerce and Economic Opportunity) as
18 complying with the requirements specified in clause (i) and
19 (ii) by July 1, 1986. The Department of Commerce and
20 Community Affairs (now Department of Commerce and Economic
21 Opportunity) shall notify the Department of Revenue of all
22 such certifications immediately. For tax years ending
23 after December 31, 1988, the credit shall be allowed for
24 the tax year in which the property is placed in service,
25 or, if the amount of the credit exceeds the tax liability
26 for that year, whether it exceeds the original liability or

1 the liability as later amended, such excess may be carried
2 forward and applied to the tax liability of the 5 taxable
3 years following the excess credit years. The credit shall
4 be applied to the earliest year for which there is a
5 liability. If there is credit from more than one tax year
6 that is available to offset a liability, earlier credit
7 shall be applied first.

8 (2) The term "qualified property" means property
9 which:

10 (A) is tangible, whether new or used, including
11 buildings and structural components of buildings and
12 signs that are real property, but not including land or
13 improvements to real property that are not a structural
14 component of a building such as landscaping, sewer
15 lines, local access roads, fencing, parking lots, and
16 other appurtenances;

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

22 (C) is acquired by purchase as defined in Section
23 179(d) of the Internal Revenue Code;

24 (D) is used in Illinois by a taxpayer who is
25 primarily engaged in manufacturing, or in mining coal
26 or fluorite, or in retailing, or was placed in service

1 on or after July 1, 2006 in a River Edge Redevelopment
2 Zone established pursuant to the River Edge
3 Redevelopment Zone Act; and

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

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

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

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

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

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

1 (8) Unless the investment credit is extended by law,
2 the basis of qualified property shall not include costs
3 incurred after December 31, 2018, except for costs incurred
4 pursuant to a binding contract entered into on or before
5 December 31, 2018.

6 (9) Each taxable year ending before December 31, 2000,
7 a partnership may elect to pass through to its partners the
8 credits to which the partnership is entitled under this
9 subsection (e) for the taxable year. A partner may use the
10 credit allocated to him or her under this paragraph only
11 against the tax imposed in subsections (c) and (d) of this
12 Section. If the partnership makes that election, those
13 credits shall be allocated among the partners in the
14 partnership in accordance with the rules set forth in
15 Section 704(b) of the Internal Revenue Code, and the rules
16 promulgated under that Section, and the allocated amount of
17 the credits shall be allowed to the partners for that
18 taxable year. The partnership shall make this election on
19 its Personal Property Tax Replacement Income Tax return for
20 that taxable year. The election to pass through the credits
21 shall be irrevocable.

22 For taxable years ending on or after December 31, 2000,
23 a partner that qualifies its partnership for a subtraction
24 under subparagraph (I) of paragraph (2) of subsection (d)
25 of Section 203 or a shareholder that qualifies a Subchapter
26 S corporation for a subtraction under subparagraph (S) of

1 paragraph (2) of subsection (b) of Section 203 shall be
2 allowed a credit under this subsection (e) equal to its
3 share of the credit earned under this subsection (e) during
4 the taxable year by the partnership or Subchapter S
5 corporation, determined in accordance with the
6 determination of income and distributive share of income
7 under Sections 702 and 704 and Subchapter S of the Internal
8 Revenue Code. This paragraph is exempt from the provisions
9 of Section 250.

10 (f) Investment credit; Enterprise Zone; River Edge
11 Redevelopment Zone.

12 (1) For taxable years ending prior to December 31,
13 2017, a ~~A~~ taxpayer shall be allowed a credit against the
14 tax imposed by subsections (a) and (b) of this Section for
15 investment in qualified property which is placed in service
16 in an Enterprise Zone created pursuant to the Illinois
17 Enterprise Zone Act or, for property placed in service on
18 or after July 1, 2006, a River Edge Redevelopment Zone
19 established pursuant to the River Edge Redevelopment Zone
20 Act. For partners, shareholders of Subchapter S
21 corporations, and owners of limited liability companies,
22 if the liability company is treated as a partnership for
23 purposes of federal and State income taxation, there shall
24 be allowed a credit under this subsection (f) to be
25 determined in accordance with the determination of income
26 and distributive share of income under Sections 702 and 704

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

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

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

23 (B) is depreciable pursuant to Section 167 of the
24 Internal Revenue Code, except that "3-year property"
25 as defined in Section 168(c) (2) (A) of that Code is not
26 eligible for the credit provided by this subsection

1 (f);

2 (C) is acquired by purchase as defined in Section
3 179(d) of the Internal Revenue Code;

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

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

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

13 (4) If the basis of the property for federal income tax
14 depreciation purposes is increased after it has been placed
15 in service in the Enterprise Zone or River Edge
16 Redevelopment Zone by the taxpayer, the amount of such
17 increase shall be deemed property placed in service on the
18 date of such increase in basis.

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

21 (6) If during any taxable year, any property ceases to
22 be qualified property in the hands of the taxpayer within
23 48 months after being placed in service, or the situs of
24 any qualified property is moved outside the Enterprise Zone
25 or River Edge Redevelopment Zone within 48 months after
26 being placed in service, the tax imposed under subsections

1 (a) and (b) of this Section for such taxable year shall be
2 increased. Such increase shall be determined by (i)
3 recomputing the investment credit which would have been
4 allowed for the year in which credit for such property was
5 originally allowed by eliminating such property from such
6 computation, and (ii) subtracting such recomputed credit
7 from the amount of credit previously allowed. For the
8 purposes of this paragraph (6), a reduction of the basis of
9 qualified property resulting from a redetermination of the
10 purchase price shall be deemed a disposition of qualified
11 property to the extent of such reduction.

12 (7) There shall be allowed an additional credit equal
13 to 0.5% of the basis of qualified property placed in
14 service during the taxable year in a River Edge
15 Redevelopment Zone, provided such property is placed in
16 service on or after July 1, 2006, and the taxpayer's base
17 employment within Illinois has increased by 1% or more over
18 the preceding year as determined by the taxpayer's
19 employment records filed with the Illinois Department of
20 Employment Security. Taxpayers who are new to Illinois
21 shall be deemed to have met the 1% growth in base
22 employment for the first year in which they file employment
23 records with the Illinois Department of Employment
24 Security. If, in any year, the increase in base employment
25 within Illinois over the preceding year is less than 1%,
26 the additional credit shall be limited to that percentage

1 times a fraction, the numerator of which is 0.5% and the
2 denominator of which is 1%, but shall not exceed 0.5%.

3 (g) (Blank).

4 (h) Investment credit; High Impact Business.

5 (1) Subject to subsections (b) and (b-5) of Section 5.5
6 of the Illinois Enterprise Zone Act, for taxable years
7 ending prior to December 31, 2017 a taxpayer shall be
8 allowed a credit against the tax imposed by subsections (a)
9 and (b) of this Section for investment in qualified
10 property which is placed in service by a Department of
11 Commerce and Economic Opportunity designated High Impact
12 Business. The credit shall be .5% of the basis for such
13 property. The credit shall not be available (i) until the
14 minimum investments in qualified property set forth in
15 subdivision (a)(3)(A) of Section 5.5 of the Illinois
16 Enterprise Zone Act have been satisfied or (ii) until the
17 time authorized in subsection (b-5) of the Illinois
18 Enterprise Zone Act for entities designated as High Impact
19 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
20 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
21 Act, and shall not be allowed to the extent that it would
22 reduce a taxpayer's liability for the tax imposed by
23 subsections (a) and (b) of this Section to below zero. The
24 credit applicable to such investments shall be taken in the
25 taxable year in which such investments have been completed.
26 The credit for additional investments beyond the minimum

1 investment by a designated high impact business authorized
2 under subdivision (a) (3) (A) of Section 5.5 of the Illinois
3 Enterprise Zone Act shall be available only in the taxable
4 year in which the property is placed in service and shall
5 not be allowed to the extent that it would reduce a
6 taxpayer's liability for the tax imposed by subsections (a)
7 and (b) of this Section to below zero. For tax years ending
8 on or after December 31, 1987, the credit shall be allowed
9 for the tax year in which the property is placed in
10 service, or, if the amount of the credit exceeds the tax
11 liability for that year, whether it exceeds the original
12 liability or the liability as later amended, such excess
13 may be carried forward and applied to the tax liability of
14 the 5 taxable years following the excess credit year. The
15 credit shall be applied to the earliest year for which
16 there is a liability. If there is credit from more than one
17 tax year that is available to offset a liability, the
18 credit accruing first in time shall be applied first.

19 Changes made in this subdivision (h) (1) by Public Act
20 88-670 restore changes made by Public Act 85-1182 and
21 reflect existing law.

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

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

25 (B) is depreciable pursuant to Section 167 of the
26 Internal Revenue Code, except that "3-year property"

1 as defined in Section 168(c)(2)(A) of that Code is not
2 eligible for the credit provided by this subsection
3 (h);

4 (C) is acquired by purchase as defined in Section
5 179(d) of the Internal Revenue Code; and

6 (D) is not eligible for the Enterprise Zone
7 Investment Credit provided by subsection (f) of this
8 Section.

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

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

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

20 (6) If during any taxable year ending on or before
21 December 31, 1996, any property ceases to be qualified
22 property in the hands of the taxpayer within 48 months
23 after being placed in service, or the situs of any
24 qualified property is moved outside Illinois within 48
25 months after being placed in service, the tax imposed under
26 subsections (a) and (b) of this Section for such taxable

1 year shall be increased. Such increase shall be determined
2 by (i) recomputing the investment credit which would have
3 been allowed for the year in which credit for such property
4 was originally allowed by eliminating such property from
5 such computation, and (ii) subtracting such recomputed
6 credit from the amount of credit previously allowed. For
7 the purposes of this paragraph (6), a reduction of the
8 basis of qualified property resulting from a
9 redetermination of the purchase price shall be deemed a
10 disposition of qualified property to the extent of such
11 reduction.

12 (7) Beginning with tax years ending after December 31,
13 1996, if a taxpayer qualifies for the credit under this
14 subsection (h) and thereby is granted a tax abatement and
15 the taxpayer relocates its entire facility in violation of
16 the explicit terms and length of the contract under Section
17 18-183 of the Property Tax Code, the tax imposed under
18 subsections (a) and (b) of this Section shall be increased
19 for the taxable year in which the taxpayer relocated its
20 facility by an amount equal to the amount of credit
21 received by the taxpayer under this subsection (h).

22 (i) Credit for Personal Property Tax Replacement Income
23 Tax. For tax years ending prior to December 31, 2003, a credit
24 shall be allowed against the tax imposed by subsections (a) and
25 (b) of this Section for the tax imposed by subsections (c) and
26 (d) of this Section. This credit shall be computed by

1 multiplying the tax imposed by subsections (c) and (d) of this
2 Section by a fraction, the numerator of which is base income
3 allocable to Illinois and the denominator of which is Illinois
4 base income, and further multiplying the product by the tax
5 rate imposed by subsections (a) and (b) of this Section.

6 Any credit earned on or after December 31, 1986 under this
7 subsection which is unused in the year the credit is computed
8 because it exceeds the tax liability imposed by subsections (a)
9 and (b) for that year (whether it exceeds the original
10 liability or the liability as later amended) may be carried
11 forward and applied to the tax liability imposed by subsections
12 (a) and (b) of the 5 taxable years following the excess credit
13 year, provided that no credit may be carried forward to any
14 year ending on or after December 31, 2003. This credit shall be
15 applied first to the earliest year for which there is a
16 liability. If there is a credit under this subsection from more
17 than one tax year that is available to offset a liability the
18 earliest credit arising under this subsection shall be applied
19 first.

20 If, during any taxable year ending on or after December 31,
21 1986, the tax imposed by subsections (c) and (d) of this
22 Section for which a taxpayer has claimed a credit under this
23 subsection (i) is reduced, the amount of credit for such tax
24 shall also be reduced. Such reduction shall be determined by
25 recomputing the credit to take into account the reduced tax
26 imposed by subsections (c) and (d). If any portion of the

1 reduced amount of credit has been carried to a different
2 taxable year, an amended return shall be filed for such taxable
3 year to reduce the amount of credit claimed.

4 (j) Training expense credit. Beginning with tax years
5 ending on or after December 31, 1986 and prior to December 31,
6 2003, a taxpayer shall be allowed a credit against the tax
7 imposed by subsections (a) and (b) under this Section for all
8 amounts paid or accrued, on behalf of all persons employed by
9 the taxpayer in Illinois or Illinois residents employed outside
10 of Illinois by a taxpayer, for educational or vocational
11 training in semi-technical or technical fields or semi-skilled
12 or skilled fields, which were deducted from gross income in the
13 computation of taxable income. The credit against the tax
14 imposed by subsections (a) and (b) shall be 1.6% of such
15 training expenses. For partners, shareholders of subchapter S
16 corporations, and owners of limited liability companies, if the
17 liability company is treated as a partnership for purposes of
18 federal and State income taxation, there shall be allowed a
19 credit under this subsection (j) to be determined in accordance
20 with the determination of income and distributive share of
21 income under Sections 702 and 704 and subchapter S of the
22 Internal Revenue Code.

23 Any credit allowed under this subsection which is unused in
24 the year the credit is earned may be carried forward to each of
25 the 5 taxable years following the year for which the credit is
26 first computed until it is used. This credit shall be applied

1 first to the earliest year for which there is a liability. If
2 there is a credit under this subsection from more than one tax
3 year that is available to offset a liability the earliest
4 credit arising under this subsection shall be applied first. No
5 carryforward credit may be claimed in any tax year ending on or
6 after December 31, 2003.

7 (k) Research and development credit. For tax years ending
8 after July 1, 1990 and prior to December 31, 2003, and
9 beginning again for tax years ending on or after December 31,
10 2004, and ending prior to January 1, 2016, a taxpayer shall be
11 allowed a credit against the tax imposed by subsections (a) and
12 (b) of this Section for increasing research activities in this
13 State. The credit allowed against the tax imposed by
14 subsections (a) and (b) shall be equal to 6 1/2% of the
15 qualifying expenditures for increasing research activities in
16 this State. For partners, shareholders of subchapter S
17 corporations, and owners of limited liability companies, if the
18 liability company is treated as a partnership for purposes of
19 federal and State income taxation, there shall be allowed a
20 credit under this subsection to be determined in accordance
21 with the determination of income and distributive share of
22 income under Sections 702 and 704 and subchapter S of the
23 Internal Revenue Code.

24 For purposes of this subsection, "qualifying expenditures"
25 means the qualifying expenditures as defined for the federal
26 credit for increasing research activities which would be

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

11 Any credit in excess of the tax liability for the taxable
12 year may be carried forward. A taxpayer may elect to have the
13 unused credit shown on its final completed return carried over
14 as a credit against the tax liability for the following 5
15 taxable years or until it has been fully used, whichever occurs
16 first; provided that no credit earned in a tax year ending
17 prior to December 31, 2003 may be carried forward to any year
18 ending on or after December 31, 2003.

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

1 following year in which a tax liability is incurred, except
2 that no credit can be carried forward to a year which is more
3 than 5 years after the year in which the expense for which the
4 credit is given was incurred.

5 No inference shall be drawn from this amendatory Act of the
6 91st General Assembly in construing this Section for taxable
7 years beginning before January 1, 1999.

8 (1) 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 \$500. In no event shall a
15 credit under this subsection reduce the taxpayer's liability
16 under this Act to less than zero. Notwithstanding any other
17 provision of law, for taxable years beginning on or after
18 January 1, 2018, no taxpayer may claim a credit under this
19 subsection (m) if the taxpayer's adjusted gross income for the
20 taxable year exceeds (i) \$500,000, in the case of spouses
21 filing a joint federal tax return or (ii) \$250,000, in the case
22 of all other taxpayers. This subsection is exempt from the
23 provisions of Section 250 of this Act.

24 For purposes of this subsection:

25 "Qualifying pupils" means individuals who (i) are
26 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten through
4 twelfth grade education program at any school, as defined in
5 this subsection.

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

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

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

20 (n) River Edge Redevelopment Zone site remediation tax
21 credit.

22 (i) For tax years ending on or after December 31, 2006
23 and ending prior to December 31, 2017, a taxpayer shall be
24 allowed a credit against the tax imposed by subsections (a)
25 and (b) of this Section for certain amounts paid for
26 unreimbursed eligible remediation costs, as specified in

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

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

7 (ii) A credit allowed under this subsection that is
8 unused in the year the credit is earned may be carried
9 forward to each of the 5 taxable years following the year
10 for which the credit is first earned until it is used. This
11 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 (o) For each of taxable years during the Compassionate Use
7 of Medical Cannabis Pilot Program, a surcharge is imposed on
8 all taxpayers on income arising from the sale or exchange of
9 capital assets, depreciable business property, real property
10 used in the trade or business, and Section 197 intangibles of
11 an organization registrant under the Compassionate Use of
12 Medical Cannabis Pilot Program Act. The amount of the surcharge
13 is equal to the amount of federal income tax liability for the
14 taxable year attributable to those sales and exchanges. The
15 surcharge imposed does not apply if:

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

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

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

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

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

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

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

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

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

24 (Source: P.A. 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905,
25 eff. 8-7-12; 98-109, eff. 7-25-13; 98-122, eff. 1-1-14; 98-756,
26 eff. 7-16-14.)

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

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

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

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

21 (D-10) For taxable years ending after December 31,
22 1997, an amount equal to any eligible remediation costs
23 that the individual deducted in computing adjusted
24 gross income and for which the individual claims a
25 credit under subsection (1) of Section 201;

26 (D-15) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken
2 on the taxpayer's federal income tax return for the
3 taxable year under subsection (k) of Section 168 of the
4 Internal Revenue Code;

5 (D-16) If the taxpayer sells, transfers, abandons,
6 or otherwise disposes of property for which the
7 taxpayer was required in any taxable year to make an
8 addition modification under subparagraph (D-15), then
9 an amount equal to the aggregate amount of the
10 deductions taken in all taxable years under
11 subparagraph (Z) with respect to that property.

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

19 The taxpayer is required to make the addition
20 modification under this subparagraph only once with
21 respect to any one piece of property;

22 (D-17) An amount equal to the amount otherwise
23 allowed as a deduction in computing base income for
24 interest paid, accrued, or incurred, directly or
25 indirectly, (i) for taxable years ending on or after
26 December 31, 2004, to a foreign person who would be a

1 member of the same unitary business group but for the
2 fact that foreign person's business activity outside
3 the United States is 80% or more of the foreign
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. The addition modification
12 required by this subparagraph shall be reduced to the
13 extent that dividends were included in base income of
14 the unitary group for the same taxable year and
15 received by the taxpayer or by a member of the
16 taxpayer's unitary business group (including amounts
17 included in gross income under Sections 951 through 964
18 of the Internal Revenue Code and amounts included in
19 gross income under Section 78 of the Internal Revenue
20 Code) with respect to the stock of the same person to
21 whom the interest was paid, accrued, or incurred.

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such interest; or

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

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

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

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

24 (iv) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or
2 if the taxpayer and the Director agree in writing
3 to the application or use of an alternative method
4 of apportionment under Section 304(f).

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

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

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

1 (4) licensing fees; and (5) other similar expenses and
2 costs. For purposes of this subparagraph, "intangible
3 property" includes patents, patent applications, trade
4 names, trademarks, service marks, copyrights, mask
5 works, trade secrets, and similar types of intangible
6 assets.

7 This paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the
25 intangible expense or cost between the
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois
2 income tax, and is paid pursuant to a contract
3 or agreement that reflects arm's-length terms;
4 or

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

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

22 (D-19) For taxable years ending on or after
23 December 31, 2008, an amount equal to the amount of
24 insurance premium expenses and costs otherwise allowed
25 as a deduction in computing base income, and that were
26 paid, accrued, or incurred, directly or indirectly, to

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

22 (D-20) For taxable years beginning on or after
23 January 1, 2002 and ending on or before December 31,
24 2006, in the case of a distribution from a qualified
25 tuition program under Section 529 of the Internal
26 Revenue Code, other than (i) a distribution from a

1 College Savings Pool created under Section 16.5 of the
2 State Treasurer Act or (ii) a distribution from the
3 Illinois Prepaid Tuition Trust Fund, an amount equal to
4 the amount excluded from gross income under Section
5 529(c)(3)(B). For taxable years beginning on or after
6 January 1, 2007, in the case of a distribution from a
7 qualified tuition program under Section 529 of the
8 Internal Revenue Code, other than (i) a distribution
9 from a College Savings Pool created under Section 16.5
10 of the State Treasurer Act, (ii) a distribution from
11 the Illinois Prepaid Tuition Trust Fund, or (iii) a
12 distribution from a qualified tuition program under
13 Section 529 of the Internal Revenue Code that (I)
14 adopts and determines that its offering materials
15 comply with the College Savings Plans Network's
16 disclosure principles and (II) has made reasonable
17 efforts to inform in-state residents of the existence
18 of in-state qualified tuition programs by informing
19 Illinois residents directly and, where applicable, to
20 inform financial intermediaries distributing the
21 program to inform in-state residents of the existence
22 of in-state qualified tuition programs at least
23 annually, an amount equal to the amount excluded from
24 gross income under Section 529(c)(3)(B).

25 For the purposes of this subparagraph (D-20), a
26 qualified tuition program has made reasonable efforts

1 if it makes disclosures (which may use the term
2 "in-state program" or "in-state plan" and need not
3 specifically refer to Illinois or its qualified
4 programs by name) (i) directly to prospective
5 participants in its offering materials or makes a
6 public disclosure, such as a website posting; and (ii)
7 where applicable, to intermediaries selling the
8 out-of-state program in the same manner that the
9 out-of-state program distributes its offering
10 materials;

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

18 (D-22) For taxable years beginning on or after
19 January 1, 2009, in the case of a nonqualified
20 withdrawal or refund of moneys from a qualified tuition
21 program under Section 529 of the Internal Revenue Code
22 administered by the State that is not used for
23 qualified expenses at an eligible education
24 institution, an amount equal to the contribution
25 component of the nonqualified withdrawal or refund
26 that was previously deducted from base income under

1 subsection (a)(2)(y) of this Section, provided that
2 the withdrawal or refund did not result from the
3 beneficiary's death or disability;

4 (D-23) An amount equal to the credit allowable to
5 the taxpayer under Section 218(a) of this Act,
6 determined without regard to Section 218(c) of this
7 Act;

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

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

1 respect of any compensation (including but not limited
2 to any compensation paid or accrued to a serviceman
3 while a prisoner of war or missing in action) paid to a
4 resident by reason of being a member of any component
5 of the Armed Forces of the United States and in respect
6 of any compensation paid or accrued to a resident who
7 as a governmental employee was a prisoner of war or
8 missing in action, and in respect of any compensation
9 paid to a resident in 2001 or thereafter by reason of
10 being a member of the Illinois National Guard or,
11 beginning with taxable years ending on or after
12 December 31, 2007, the National Guard of any other
13 state. The provisions of this subparagraph (E) are
14 exempt from the provisions of Section 250;

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

26 (G) The valuation limitation amount;

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

4 (I) An amount equal to all amounts included in such
5 total pursuant to the provisions of Section 111 of the
6 Internal Revenue Code as a recovery of items previously
7 deducted from adjusted gross income in the computation
8 of taxable income;

9 (J) For taxable years ending prior to December 31,
10 2017, an An amount equal to those dividends included in
11 such total which were paid by a corporation which
12 conducts business operations in a River Edge
13 Redevelopment Zone or zones created under the River
14 Edge Redevelopment Zone Act, and conducts
15 substantially all of its operations in a River Edge
16 Redevelopment Zone or zones. ~~This subparagraph (J) is~~
17 ~~exempt from the provisions of Section 250;~~

18 (K) For taxable years ending prior to December 31,
19 2017, an An amount equal to those dividends included in
20 such total that were paid by a corporation that
21 conducts business operations in a federally designated
22 Foreign Trade Zone or Sub-Zone and that is designated a
23 High Impact Business located in Illinois; provided
24 that dividends eligible for the deduction provided in
25 subparagraph (J) of paragraph (2) of this subsection
26 shall not be eligible for the deduction provided under

1 this subparagraph (K);

2 (L) For taxable years ending after December 31,
3 1983, an amount equal to all social security benefits
4 and railroad retirement benefits included in such
5 total pursuant to Sections 72(r) and 86 of the Internal
6 Revenue Code;

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

23 (N) An amount equal to all amounts included in such
24 total which are exempt from taxation by this State
25 either by reason of its statutes or Constitution or by
26 reason of the Constitution, treaties or statutes of the

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

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

9 (P) An amount equal to the amount of the deduction
10 used to compute the federal income tax credit for
11 restoration of substantial amounts held under claim of
12 right for the taxable year pursuant to Section 1341 of
13 the Internal Revenue Code or of any itemized deduction
14 taken from adjusted gross income in the computation of
15 taxable income for restoration of substantial amounts
16 held under claim of right for the taxable year;

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

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

24 (S) An amount, to the extent included in adjusted
25 gross income, equal to the amount of a contribution
26 made in the taxable year on behalf of the taxpayer to a

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

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

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

19 (V) Beginning with tax years ending on or after
20 December 31, 1995 and ending with tax years ending on
21 or before December 31, 2004, an amount equal to the
22 amount paid by a taxpayer who is a self-employed
23 taxpayer, a partner of a partnership, or a shareholder
24 in a Subchapter S corporation for health insurance or
25 long-term care insurance for that taxpayer or that
26 taxpayer's spouse or dependents, to the extent that the

1 amount paid for that health insurance or long-term care
2 insurance may be deducted under Section 213 of the
3 Internal Revenue Code, has not been deducted on the
4 federal income tax return of the taxpayer, and does not
5 exceed the taxable income attributable to that
6 taxpayer's income, self-employment income, or
7 Subchapter S corporation income; except that no
8 deduction shall be allowed under this item (V) if the
9 taxpayer is eligible to participate in any health
10 insurance or long-term care insurance plan of an
11 employer of the taxpayer or the taxpayer's spouse. The
12 amount of the health insurance and long-term care
13 insurance subtracted under this item (V) shall be
14 determined by multiplying total health insurance and
15 long-term care insurance premiums paid by the taxpayer
16 times a number that represents the fractional
17 percentage of eligible medical expenses under Section
18 213 of the Internal Revenue Code of 1986 not actually
19 deducted on the taxpayer's federal income tax return;

20 (W) For taxable years beginning on or after January
21 1, 1998, all amounts included in the taxpayer's federal
22 gross income in the taxable year from amounts converted
23 from a regular IRA to a Roth IRA. This paragraph is
24 exempt from the provisions of Section 250;

25 (X) For taxable year 1999 and thereafter, an amount
26 equal to the amount of any (i) distributions, to the

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

1 public assistance, benefit, or similar entitlement is
2 not affected by the inclusion of items (i) and (ii) of
3 this paragraph in gross income for federal income tax
4 purposes. This paragraph is exempt from the provisions
5 of Section 250;

6 (Y) For taxable years beginning on or after January
7 1, 2002 and ending on or before December 31, 2004,
8 moneys contributed in the taxable year to a College
9 Savings Pool account under Section 16.5 of the State
10 Treasurer Act, except that amounts excluded from gross
11 income under Section 529(c)(3)(C)(i) of the Internal
12 Revenue Code shall not be considered moneys
13 contributed under this subparagraph (Y). For taxable
14 years beginning on or after January 1, 2005, a maximum
15 of \$10,000 contributed in the taxable year to (i) a
16 College Savings Pool account under Section 16.5 of the
17 State Treasurer Act or (ii) the Illinois Prepaid
18 Tuition Trust Fund, except that amounts excluded from
19 gross income under Section 529(c)(3)(C)(i) of the
20 Internal Revenue Code shall not be considered moneys
21 contributed under this subparagraph (Y). For purposes
22 of this subparagraph, contributions made by an
23 employer on behalf of an employee, or matching
24 contributions made by an employee, shall be treated as
25 made by the employee. This subparagraph (Y) is exempt
26 from the provisions of Section 250;

1 (Z) For taxable years 2001 and thereafter, for the
2 taxable year in which the bonus depreciation deduction
3 is taken on the taxpayer's federal income tax return
4 under subsection (k) of Section 168 of the Internal
5 Revenue Code and for each applicable taxable year
6 thereafter, an amount equal to "x", where:

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

14 (2) for taxable years ending on or before
15 December 31, 2005, "x" equals "y" multiplied by 30
16 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (3) for taxable years ending after December
19 31, 2005:

20 (i) for property on which a bonus
21 depreciation deduction of 30% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 30 and then divided by 70 (or "y" multiplied by
24 0.429); and

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0.

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

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

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which the
18 taxpayer may claim a depreciation deduction for
19 federal income tax purposes and for which the taxpayer
20 was required in any taxable year to make an addition
21 modification under subparagraph (D-15), then an amount
22 equal to that addition modification.

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

26 This subparagraph (AA) is exempt from the

1 provisions of Section 250;

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

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

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

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

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

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(a)(2)(D-18) for
7 intangible expenses and costs paid, accrued, or
8 incurred, directly or indirectly, to the same foreign
9 person. This subparagraph (EE) is exempt from the
10 provisions of Section 250;

11 (FF) An amount equal to any amount awarded to the
12 taxpayer during the taxable year by the Court of Claims
13 under subsection (c) of Section 8 of the Court of
14 Claims Act for time unjustly served in a State prison.
15 This subparagraph (FF) is exempt from the provisions of
16 Section 250; and

17 (GG) For taxable years ending on or after December
18 31, 2011, in the case of a taxpayer who was required to
19 add back any insurance premiums under Section
20 203(a)(2)(D-19), such taxpayer may elect to subtract
21 that part of a reimbursement received from the
22 insurance company equal to the amount of the expense or
23 loss (including expenses incurred by the insurance
24 company) that would have been taken into account as a
25 deduction for federal income tax purposes if the
26 expense or loss had been uninsured. If a taxpayer makes

1 the election provided for by this subparagraph (GG),
2 the insurer to which the premiums were paid must add
3 back to income the amount subtracted by the taxpayer
4 pursuant to this subparagraph (GG). This subparagraph
5 (GG) is exempt from the provisions of Section 250.

6 (b) Corporations.

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

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

13 (A) An amount equal to all amounts paid or accrued
14 to the taxpayer as interest and all distributions
15 received from regulated investment companies during
16 the taxable year to the extent excluded from gross
17 income in the computation of taxable income;

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 taxable income for the taxable year;

21 (C) In the case of a regulated investment company,
22 an amount equal to the excess of (i) the net long-term
23 capital gain for the taxable year, over (ii) the amount
24 of the capital gain dividends designated as such in
25 accordance with Section 852(b)(3)(C) of the Internal

1 Revenue Code and any amount designated under Section
2 852(b)(3)(D) of the Internal Revenue Code,
3 attributable to the taxable year (this amendatory Act
4 of 1995 (Public Act 89-89) is declarative of existing
5 law and is not a new enactment);

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

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

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

1 income of an earlier taxable year, and

2 (ii) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall not exceed the amount of
6 such carryback or carryforward;

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

14 (E-5) For taxable years ending after December 31,
15 1997, an amount equal to any eligible remediation costs
16 that the corporation deducted in computing adjusted
17 gross income and for which the corporation claims a
18 credit under subsection (l) of Section 201;

19 (E-10) For taxable years 2001 and thereafter, an
20 amount equal to the bonus depreciation deduction taken
21 on the taxpayer's federal income tax return for the
22 taxable year under subsection (k) of Section 168 of the
23 Internal Revenue Code;

24 (E-11) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (E-10), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (T) with respect to that property.

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

12 The taxpayer is required to make the addition
13 modification under this subparagraph only once with
14 respect to any one piece of property;

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

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

16 This paragraph shall not apply to the following:

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

23 (ii) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person if
25 the taxpayer can establish, based on a
26 preponderance of the evidence, both of the

1 following:

2 (a) the person, during the same taxable
3 year, paid, accrued, or incurred, the interest
4 to a person that is not a related member, and

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

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

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

25 Nothing in this subsection shall preclude the
26 Director from making any other adjustment

1 otherwise allowed under Section 404 of this Act for
2 any tax year beginning after the effective date of
3 this amendment provided such adjustment is made
4 pursuant to regulation adopted by the Department
5 and such regulations provide methods and standards
6 by which the Department will utilize its authority
7 under Section 404 of this Act;

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

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

1 This paragraph shall not apply to the following:

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

9 (ii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, if the taxpayer can establish, based
12 on a preponderance of the evidence, both of the
13 following:

14 (a) the person during the same taxable
15 year paid, accrued, or incurred, the
16 intangible expense or cost to a person that is
17 not a related member, and

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

25 (iii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

1 indirectly, from a transaction with a person if the
2 taxpayer establishes by clear and convincing
3 evidence, that the adjustments are unreasonable;
4 or if the taxpayer and the Director agree in
5 writing to the application or use of an alternative
6 method of apportionment under Section 304(f);

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

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

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

16 (E-15) For taxable years beginning after December
17 31, 2008, any deduction for dividends paid by a captive
18 real estate investment trust that is allowed to a real
19 estate investment trust under Section 857(b) (2) (B) of
20 the Internal Revenue Code for dividends paid;

21 (E-16) An amount equal to the credit allowable to
22 the taxpayer under Section 218(a) of this Act,
23 determined without regard to Section 218(c) of this
24 Act;

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

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

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

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

11 (I) With the exception of any amounts subtracted
12 under subparagraph (J), an amount equal to the sum of
13 all amounts disallowed as deductions by (i) Sections
14 171(a) (2), and 265(a) (2) and amounts disallowed as
15 interest expense by Section 291(a) (3) of the Internal
16 Revenue Code, and all amounts of expenses allocable to
17 interest and disallowed as deductions by Section
18 265(a) (1) of the Internal Revenue Code; and (ii) for
19 taxable years ending on or after August 13, 1999,
20 Sections 171(a) (2), 265, 280C, 291(a) (3), and
21 832(b) (5) (B) (i) of the Internal Revenue Code, plus,
22 for tax years ending on or after December 31, 2011,
23 amounts disallowed as deductions by Section 45G(e) (3)
24 of the Internal Revenue Code and, for taxable years
25 ending on or after December 31, 2008, any amount
26 included in gross income under Section 87 of the

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

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

20 (K) For taxable years ending prior to December 31,
21 2017, an ~~An~~ amount equal to those dividends included in
22 such total which were paid by a corporation which
23 conducts business operations in a River Edge
24 Redevelopment Zone or zones created under the River
25 Edge Redevelopment Zone Act and conducts substantially
26 all of its operations in a River Edge Redevelopment

1 Zone or zones. ~~This subparagraph (K) is exempt from the~~
2 ~~provisions of Section 250;~~

3 (L) For taxable years ending prior to December 31,
4 2017, an An amount equal to those dividends included in
5 such total that were paid by a corporation that
6 conducts business operations in a federally designated
7 Foreign Trade Zone or Sub-Zone and that is designated a
8 High Impact Business located in Illinois; provided
9 that dividends eligible for the deduction provided in
10 subparagraph (K) of paragraph 2 of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (L);

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

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

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

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

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

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

1 state or political subdivision thereof, including, for
2 taxable years ending on or after December 31, 1988,
3 dividends received or deemed received or paid or deemed
4 paid under Sections 951 through 965 of the Internal
5 Revenue Code, exceed the amount of the modification
6 provided under subparagraph (G) of paragraph (2) of
7 this subsection (b) which is related to such dividends,
8 and including, for taxable years ending on or after
9 December 31, 2008, dividends received from a captive
10 real estate investment trust; plus (ii) 100% of the
11 amount by which dividends, included in taxable income
12 and received, including, for taxable years ending on or
13 after December 31, 1988, dividends received or deemed
14 received or paid or deemed paid under Sections 951
15 through 964 of the Internal Revenue Code and including,
16 for taxable years ending on or after December 31, 2008,
17 dividends received from a captive real estate
18 investment trust, from any such corporation specified
19 in clause (i) that would but for the provisions of
20 Section 1504 (b) (3) of the Internal Revenue Code be
21 treated as a member of the affiliated group which
22 includes the dividend recipient, exceed the amount of
23 the modification provided under subparagraph (G) of
24 paragraph (2) of this subsection (b) which is related
25 to such dividends. This subparagraph (O) is exempt from
26 the provisions of Section 250 of this Act;

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

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

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

22 (S) For taxable years ending on or after December
23 31, 1997, in the case of a Subchapter S corporation, an
24 amount equal to all amounts of income allocable to a
25 shareholder subject to the Personal Property Tax
26 Replacement Income Tax imposed by subsections (c) and

1 (d) of Section 201 of this Act, including amounts
2 allocable to organizations exempt from federal income
3 tax by reason of Section 501(a) of the Internal Revenue
4 Code. This subparagraph (S) is exempt from the
5 provisions of Section 250;

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

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

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

23 (3) for taxable years ending after December
24 31, 2005:

25 (i) for property on which a bonus
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (ii) for property on which a bonus
5 depreciation deduction of 50% of the adjusted
6 basis was taken, "x" equals "y" multiplied by
7 1.0.

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

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

21 If the taxpayer continues to own property through
22 the last day of the last tax year for which the
23 taxpayer may claim a depreciation deduction for
24 federal income tax purposes and for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (E-10), then an amount

1 equal to that addition modification.

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

5 This subparagraph (U) is exempt from the
6 provisions of Section 250;

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

1 under Section 203(a)(2)(D-19), Section
2 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
3 203(d)(2)(D-9), but not to exceed the amount of that
4 addition modification. This subparagraph (V) is exempt
5 from the provisions of Section 250;

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

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

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

21 (Y) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(b)(2)(E-14), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense or

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

10 (Z) The difference between the nondeductible
11 controlled foreign corporation dividends under Section
12 965(e) (3) of the Internal Revenue Code over the taxable
13 income of the taxpayer, computed without regard to
14 Section 965(e) (2) (A) of the Internal Revenue Code, and
15 without regard to any net operating loss deduction.
16 This subparagraph (Z) is exempt from the provisions of
17 Section 250.

18 (3) Special rule. For purposes of paragraph (2) (A),
19 "gross income" in the case of a life insurance company, for
20 tax years ending on and after December 31, 1994, and prior
21 to December 31, 2011, shall mean the gross investment
22 income for the taxable year and, for tax years ending on or
23 after December 31, 2011, shall mean all amounts included in
24 life insurance gross income under Section 803(a) (3) of the
25 Internal Revenue Code.

1 (c) Trusts and estates.

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

5 (2) Modifications. Subject to the provisions of
6 paragraph (3), the taxable income referred to in paragraph
7 (1) shall be modified by adding thereto the sum of the
8 following amounts:

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

13 (B) In the case of (i) an estate, \$600; (ii) a
14 trust which, under its governing instrument, is
15 required to distribute all of its income currently,
16 \$300; and (iii) any other trust, \$100, but in each such
17 case, only to the extent such amount was deducted in
18 the computation of taxable income;

19 (C) 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 (D) The amount of any net operating loss deduction
23 taken in arriving at taxable income, other than a net
24 operating loss carried forward from a taxable year
25 ending prior to December 31, 1986;

26 (E) For taxable years in which a net operating loss

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

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

18 (ii) the addition modification relating to the
19 net operating loss carried back or forward to the
20 taxable year from any taxable year ending prior to
21 December 31, 1986 shall not exceed the amount of
22 such carryback or carryforward;

23 For taxable years in which there is a net operating
24 loss carryback or carryforward from more than one other
25 taxable year ending prior to December 31, 1986, the
26 addition modification provided in this subparagraph

1 (E) shall be the sum of the amounts computed
2 independently under the preceding provisions of this
3 subparagraph (E) for each such taxable year;

4 (F) For taxable years ending on or after January 1,
5 1989, an amount equal to the tax deducted pursuant to
6 Section 164 of the Internal Revenue Code if the trust
7 or estate is claiming the same tax for purposes of the
8 Illinois foreign tax credit under Section 601 of this
9 Act;

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

14 (G-5) For taxable years ending after December 31,
15 1997, an amount equal to any eligible remediation costs
16 that the trust or estate deducted in computing adjusted
17 gross income and for which the trust or estate claims a
18 credit under subsection (l) of Section 201;

19 (G-10) For taxable years 2001 and thereafter, an
20 amount equal to the bonus depreciation deduction taken
21 on the taxpayer's federal income tax return for the
22 taxable year under subsection (k) of Section 168 of the
23 Internal Revenue Code; and

24 (G-11) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (G-10), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (R) with respect to that property.

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

12 The taxpayer is required to make the addition
13 modification under this subparagraph only once with
14 respect to any one piece of property;

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

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

16 This paragraph shall not apply to the following:

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

23 (ii) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person if
25 the taxpayer can establish, based on a
26 preponderance of the evidence, both of the

1 following:

2 (a) the person, during the same taxable
3 year, paid, accrued, or incurred, the interest
4 to a person that is not a related member, and

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

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

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

25 Nothing in this subsection shall preclude the
26 Director from making any other adjustment

1 otherwise allowed under Section 404 of this Act for
2 any tax year beginning after the effective date of
3 this amendment provided such adjustment is made
4 pursuant to regulation adopted by the Department
5 and such regulations provide methods and standards
6 by which the Department will utilize its authority
7 under Section 404 of this Act;

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

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

1 This paragraph shall not apply to the following:

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

9 (ii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, if the taxpayer can establish, based
12 on a preponderance of the evidence, both of the
13 following:

14 (a) the person during the same taxable
15 year paid, accrued, or incurred, the
16 intangible expense or cost to a person that is
17 not a related member, and

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

25 (iii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

1 indirectly, from a transaction with a person if the
2 taxpayer establishes by clear and convincing
3 evidence, that the adjustments are unreasonable;
4 or if the taxpayer and the Director agree in
5 writing to the application or use of an alternative
6 method of apportionment under Section 304(f);

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

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

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

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

20 and by deducting from the total so obtained the sum of the
21 following amounts:

22 (H) An amount equal to all amounts included in such
23 total pursuant to the provisions of Sections 402(a),
24 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
25 Internal Revenue Code or included in such total as
26 distributions under the provisions of any retirement

1 or disability plan for employees of any governmental
2 agency or unit, or retirement payments to retired
3 partners, which payments are excluded in computing net
4 earnings from self employment by Section 1402 of the
5 Internal Revenue Code and regulations adopted pursuant
6 thereto;

7 (I) The valuation limitation amount;

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

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

22 (L) With the exception of any amounts subtracted
23 under subparagraph (K), an amount equal to the sum of
24 all amounts disallowed as deductions by (i) Sections
25 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
26 and all amounts of expenses allocable to interest and

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

12 (M) For taxable years ending prior to December 31,
13 2017, an An amount equal to those dividends included in
14 such total which were paid by a corporation which
15 conducts business operations in a River Edge
16 Redevelopment Zone or zones created under the River
17 Edge Redevelopment Zone Act and conducts substantially
18 all of its operations in a River Edge Redevelopment
19 Zone or zones. ~~This subparagraph (M) is exempt from the~~
20 ~~provisions of Section 250;~~

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

24 (O) For taxable years ending prior to December 31,
25 2017, an An amount equal to those dividends included in
26 such total that were paid by a corporation that

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

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

13 (Q) For taxable year 1999 and thereafter, an amount
14 equal to the amount of any (i) distributions, to the
15 extent includible in gross income for federal income
16 tax purposes, made to the taxpayer because of his or
17 her status as a victim of persecution for racial or
18 religious reasons by Nazi Germany or any other Axis
19 regime or as an heir of the victim and (ii) items of
20 income, to the extent includible in gross income for
21 federal income tax purposes, attributable to, derived
22 from or in any way related to assets stolen from,
23 hidden from, or otherwise lost to a victim of
24 persecution for racial or religious reasons by Nazi
25 Germany or any other Axis regime immediately prior to,
26 during, and immediately after World War II, including,

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

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

26 (1) "y" equals the amount of the depreciation

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

7 (2) for taxable years ending on or before
8 December 31, 2005, "x" equals "y" multiplied by 30
9 and then divided by 70 (or "y" multiplied by
10 0.429); and

11 (3) for taxable years ending after December
12 31, 2005:

13 (i) for property on which a bonus
14 depreciation deduction of 30% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 30 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (ii) for property on which a bonus
19 depreciation deduction of 50% of the adjusted
20 basis was taken, "x" equals "y" multiplied by
21 1.0.

22 The aggregate amount deducted under this
23 subparagraph in all taxable years for any one piece of
24 property may not exceed the amount of the bonus
25 depreciation deduction taken on that property on the
26 taxpayer's federal income tax return under subsection

1 (k) of Section 168 of the Internal Revenue Code. This
2 subparagraph (R) is exempt from the provisions of
3 Section 250;

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

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

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

19 This subparagraph (S) is exempt from the
20 provisions of Section 250;

21 (T) The amount of (i) any interest income (net of
22 the deductions allocable thereto) taken into account
23 for the taxable year with respect to a transaction with
24 a taxpayer that is required to make an addition
25 modification with respect to such transaction under
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

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

12 (U) An amount equal to the interest income taken
13 into account for the taxable year (net of the
14 deductions allocable thereto) with respect to
15 transactions with (i) a foreign person who would be a
16 member of the taxpayer's unitary business group but for
17 the fact the foreign person's business activity
18 outside the United States is 80% or more of that
19 person's total business activity and (ii) for taxable
20 years ending on or after December 31, 2008, to a person
21 who would be a member of the same unitary business
22 group but for the fact that the person is prohibited
23 under Section 1501(a)(27) from being included in the
24 unitary business group because he or she is ordinarily
25 required to apportion business income under different
26 subsections of Section 304, but not to exceed the

1 addition modification required to be made for the same
2 taxable year under Section 203(c)(2)(G-12) for
3 interest paid, accrued, or incurred, directly or
4 indirectly, to the same person. This subparagraph (U)
5 is exempt from the provisions of Section 250;

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

1 (W) in the case of an estate, an amount equal to
2 all amounts included in such total pursuant to the
3 provisions of Section 111 of the Internal Revenue Code
4 as a recovery of items previously deducted by the
5 decedent from adjusted gross income in the computation
6 of taxable income. This subparagraph (W) is exempt from
7 Section 250;

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

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

1 (Y) is exempt from the provisions of Section 250.

2 (3) Limitation. The amount of any modification
3 otherwise required under this subsection shall, under
4 regulations prescribed by the Department, be adjusted by
5 any amounts included therein which were properly paid,
6 credited, or required to be distributed, or permanently set
7 aside for charitable purposes pursuant to Internal Revenue
8 Code Section 642(c) during the taxable year.

9 (d) Partnerships.

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

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

16 (A) An amount equal to all amounts paid or accrued
17 to the taxpayer as interest or dividends during the
18 taxable year to the extent excluded from gross income
19 in the computation of taxable income;

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

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

1 (D) An amount equal to the amount of the capital
2 gain deduction allowable under the Internal Revenue
3 Code, to the extent deducted from gross income in the
4 computation of taxable income;

5 (D-5) For taxable years 2001 and thereafter, an
6 amount equal to the bonus depreciation deduction taken
7 on the taxpayer's federal income tax return for the
8 taxable year under subsection (k) of Section 168 of the
9 Internal Revenue Code;

10 (D-6) If the taxpayer sells, transfers, abandons,
11 or otherwise disposes of property for which the
12 taxpayer was required in any taxable year to make an
13 addition modification under subparagraph (D-5), then
14 an amount equal to the aggregate amount of the
15 deductions taken in all taxable years under
16 subparagraph (O) with respect to that property.

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 allowed in any taxable year to make a subtraction
22 modification under subparagraph (O), then an amount
23 equal to that subtraction modification.

24 The taxpayer is required to make the addition
25 modification under this subparagraph only once with
26 respect to any one piece of property;

1 (D-7) An amount equal to the amount otherwise
2 allowed as a deduction in computing base income for
3 interest paid, accrued, or incurred, directly or
4 indirectly, (i) for taxable years ending on or after
5 December 31, 2004, to a foreign person who would be a
6 member of the same unitary business group but for the
7 fact the foreign person's business activity outside
8 the United States is 80% or more of the foreign
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. The addition modification
17 required by this subparagraph shall be reduced to the
18 extent that dividends were included in base income of
19 the unitary group for the same taxable year and
20 received by the taxpayer or by a member of the
21 taxpayer's unitary business group (including amounts
22 included in gross income pursuant to Sections 951
23 through 964 of the Internal Revenue Code and amounts
24 included in gross income under Section 78 of the
25 Internal Revenue Code) with respect to the stock of the
26 same person to whom the interest was paid, accrued, or

1 incurred.

2 This paragraph shall not apply to the following:

3 (i) an item of interest paid, accrued, or
4 incurred, directly or indirectly, to a person who
5 is subject in a foreign country or state, other
6 than a state which requires mandatory unitary
7 reporting, to a tax on or measured by net income
8 with respect to such interest; or

9 (ii) an item of interest paid, accrued, or
10 incurred, directly or indirectly, to a person if
11 the taxpayer can establish, based on a
12 preponderance of the evidence, both of the
13 following:

14 (a) the person, during the same taxable
15 year, paid, accrued, or incurred, the interest
16 to a person that is not a related member, and

17 (b) the transaction giving rise to the
18 interest expense between the taxpayer and the
19 person did not have as a principal purpose the
20 avoidance of Illinois income tax, and is paid
21 pursuant to a contract or agreement that
22 reflects an arm's-length interest rate and
23 terms; or

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract or

1 agreement entered into at arm's-length rates and
2 terms and the principal purpose for the payment is
3 not federal or Illinois tax avoidance; or

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

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

20 (D-8) An amount equal to the amount of intangible
21 expenses and costs otherwise allowed as a deduction in
22 computing base income, and that were paid, accrued, or
23 incurred, directly or indirectly, (i) for taxable
24 years ending on or after December 31, 2004, to a
25 foreign person who would be a member of the same
26 unitary business group but for the fact that the

1 foreign person's business activity outside the United
2 States is 80% or more of that person's total business
3 activity and (ii) for taxable years ending on or after
4 December 31, 2008, to a person who would be a member of
5 the same unitary business group but for the fact that
6 the person is prohibited under Section 1501(a)(27)
7 from being included in the unitary business group
8 because he or she is ordinarily required to apportion
9 business income under different subsections of Section
10 304. The addition modification required by this
11 subparagraph shall be reduced to the extent that
12 dividends were included in base income of the unitary
13 group for the same taxable year and received by the
14 taxpayer or by a member of the taxpayer's unitary
15 business group (including amounts included in gross
16 income pursuant to Sections 951 through 964 of the
17 Internal Revenue Code and amounts included in gross
18 income under Section 78 of the Internal Revenue Code)
19 with respect to the stock of the same person to whom
20 the intangible expenses and costs were directly or
21 indirectly paid, incurred or accrued. The preceding
22 sentence shall not apply to the extent that the same
23 dividends caused a reduction to the addition
24 modification required under Section 203(d)(2)(D-7) of
25 this Act. As used in this subparagraph, the term
26 "intangible expenses and costs" includes (1) expenses,

1 losses, and costs for, or related to, the direct or
2 indirect acquisition, use, maintenance or management,
3 ownership, sale, exchange, or any other disposition of
4 intangible property; (2) losses incurred, directly or
5 indirectly, from factoring transactions or discounting
6 transactions; (3) royalty, patent, technical, and
7 copyright fees; (4) licensing fees; and (5) other
8 similar expenses and costs. For purposes of this
9 subparagraph, "intangible property" includes patents,
10 patent applications, trade names, trademarks, service
11 marks, copyrights, mask works, trade secrets, and
12 similar types of intangible assets;

13 This paragraph shall not apply to the following:

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

21 (ii) any item of intangible expense or cost
22 paid, accrued, or incurred, directly or
23 indirectly, if the taxpayer can establish, based
24 on a preponderance of the evidence, both of the
25 following:

26 (a) the person during the same taxable

1 year paid, accrued, or incurred, the
2 intangible expense or cost to a person that is
3 not a related member, and

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

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

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

1 under Section 404 of this Act;

2 (D-9) For taxable years ending on or after December
3 31, 2008, an amount equal to the amount of insurance
4 premium expenses and costs otherwise allowed as a
5 deduction in computing base income, and that were paid,
6 accrued, or incurred, directly or indirectly, to a
7 person who would be a member of the same unitary
8 business group but for the fact that the person is
9 prohibited under Section 1501(a)(27) from being
10 included in the unitary business group because he or
11 she is ordinarily required to apportion business
12 income under different subsections of Section 304. The
13 addition modification required by this subparagraph
14 shall be reduced to the extent that dividends were
15 included in base income of the unitary group for the
16 same taxable year and received by the taxpayer or by a
17 member of the taxpayer's unitary business group
18 (including amounts included in gross income under
19 Sections 951 through 964 of the Internal Revenue Code
20 and amounts included in gross income under Section 78
21 of the Internal Revenue Code) with respect to the stock
22 of the same person to whom the premiums and costs were
23 directly or indirectly paid, incurred, or accrued. The
24 preceding sentence does not apply to the extent that
25 the same dividends caused a reduction to the addition
26 modification required under Section 203(d)(2)(D-7) or

1 Section 203(d) (2) (D-8) of this Act;

2 (D-10) An amount equal to the credit allowable to
3 the taxpayer under Section 218(a) of this Act,
4 determined without regard to Section 218(c) of this
5 Act;

6 and by deducting from the total so obtained the following
7 amounts:

8 (E) The valuation limitation amount;

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

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

22 (H) Any income of the partnership which
23 constitutes personal service income as defined in
24 Section 1348 (b) (1) of the Internal Revenue Code (as
25 in effect December 31, 1981) or a reasonable allowance
26 for compensation paid or accrued for services rendered

1 by partners to the partnership, whichever is greater;
2 this subparagraph (H) is exempt from the provisions of
3 Section 250;

4 (I) An amount equal to all amounts of income
5 distributable to an entity subject to the Personal
6 Property Tax Replacement Income Tax imposed by
7 subsections (c) and (d) of Section 201 of this Act
8 including amounts distributable to organizations
9 exempt from federal income tax by reason of Section
10 501(a) of the Internal Revenue Code; this subparagraph
11 (I) is exempt from the provisions of Section 250;

12 (J) With the exception of any amounts subtracted
13 under subparagraph (G), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a) (2), and 265(2) of the Internal Revenue Code,
16 and all amounts of expenses allocable to interest and
17 disallowed as deductions by Section 265(1) of the
18 Internal Revenue Code; and (ii) for taxable years
19 ending on or after August 13, 1999, Sections 171(a) (2),
20 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
21 Code, plus, (iii) for taxable years ending on or after
22 December 31, 2011, Section 45G(e) (3) of the Internal
23 Revenue Code and, for taxable years ending on or after
24 December 31, 2008, any amount included in gross income
25 under Section 87 of the Internal Revenue Code; the
26 provisions of this subparagraph are exempt from the

1 provisions of Section 250;

2 (K) For taxable years ending prior to December 31,
3 2017, an An amount equal to those dividends included in
4 such total which were paid by a corporation which
5 conducts business operations in a River Edge
6 Redevelopment Zone or zones created under the River
7 Edge Redevelopment Zone Act and conducts substantially
8 all of its operations from a River Edge Redevelopment
9 Zone or zones. ~~This subparagraph (K) is exempt from the~~
10 ~~provisions of Section 250;~~

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

14 (M) For taxable years ending prior to December 31,
15 2017, an An amount equal to those dividends included in
16 such total that were paid by a corporation that
17 conducts business operations in a federally designated
18 Foreign Trade Zone or Sub-Zone and that is designated a
19 High Impact Business located in Illinois; provided
20 that dividends eligible for the deduction provided in
21 subparagraph (K) of paragraph (2) of this subsection
22 shall not be eligible for the deduction provided under
23 this subparagraph (M);

24 (N) An amount equal to the amount of the deduction
25 used to compute the federal income tax credit for
26 restoration of substantial amounts held under claim of

1 right for the taxable year pursuant to Section 1341 of
2 the Internal Revenue Code;

3 (O) For taxable years 2001 and thereafter, for the
4 taxable year in which the bonus depreciation deduction
5 is taken on the taxpayer's federal income tax return
6 under subsection (k) of Section 168 of the Internal
7 Revenue Code and for each applicable taxable year
8 thereafter, an amount equal to "x", where:

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

16 (2) for taxable years ending on or before
17 December 31, 2005, "x" equals "y" multiplied by 30
18 and then divided by 70 (or "y" multiplied by
19 0.429); and

20 (3) for taxable years ending after December
21 31, 2005:

22 (i) for property on which a bonus
23 depreciation deduction of 30% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 30 and then divided by 70 (or "y" multiplied by
26 0.429); and

1 (ii) for property on which a bonus
2 depreciation deduction of 50% of the adjusted
3 basis was taken, "x" equals "y" multiplied by
4 1.0.

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

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

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which the
20 taxpayer may claim a depreciation deduction for
21 federal income tax purposes and 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 The taxpayer is allowed to take the deduction under
26 this subparagraph only once with respect to any one

1 piece of property.

2 This subparagraph (P) is exempt from the
3 provisions of Section 250;

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

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

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

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

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

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

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

25 (1) In general. Subject to the provisions of paragraph

1 (2) and subsection (b) (3), for purposes of this Section
2 and Section 803(e), a taxpayer's gross income, adjusted
3 gross income, or taxable income for the taxable year shall
4 mean the amount of gross income, adjusted gross income or
5 taxable income properly reportable for federal income tax
6 purposes for the taxable year under the provisions of the
7 Internal Revenue Code. Taxable income may be less than
8 zero. However, for taxable years ending on or after
9 December 31, 1986, net operating loss carryforwards from
10 taxable years ending prior to December 31, 1986, may not
11 exceed the sum of federal taxable income for the taxable
12 year before net operating loss deduction, plus the excess
13 of addition modifications over subtraction modifications
14 for the taxable year. For taxable years ending prior to
15 December 31, 1986, taxable income may never be an amount in
16 excess of the net operating loss for the taxable year as
17 defined in subsections (c) and (d) of Section 172 of the
18 Internal Revenue Code, provided that when taxable income of
19 a corporation (other than a Subchapter S corporation),
20 trust, or estate is less than zero and addition
21 modifications, other than those provided by subparagraph
22 (E) of paragraph (2) of subsection (b) for corporations or
23 subparagraph (E) of paragraph (2) of subsection (c) for
24 trusts and estates, exceed subtraction modifications, an
25 addition modification must be made under those
26 subparagraphs for any other taxable year to which the

1 taxable income less than zero (net operating loss) is
2 applied under Section 172 of the Internal Revenue Code or
3 under subparagraph (E) of paragraph (2) of this subsection
4 (e) applied in conjunction with Section 172 of the Internal
5 Revenue Code.

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

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

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

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

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

1 estate investment trust taxable income;

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

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

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

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

1 a Subchapter S corporation for which there is in effect
2 a federal election to opt out of the provisions of the
3 Subchapter S Revision Act of 1982 and have applied
4 instead the prior federal Subchapter S rules as in
5 effect on July 1, 1982, the taxable income of such
6 corporation determined in accordance with the federal
7 Subchapter S rules as in effect on July 1, 1982; and

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

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

1 for the business under Section 304 of this Act for the
2 taxable year or the average of the apportionment fractions
3 computed for the business under Section 304 of this Act for
4 the taxable year and for the 2 immediately preceding
5 taxable years.

6 (f) Valuation limitation amount.

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

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

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

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

24 (A) If the fair market value of property referred
25 to in paragraph (1) was readily ascertainable on August

1 1, 1969, the pre-August 1, 1969 appreciation amount for
2 such property is the lesser of (i) the excess of such
3 fair market value over the taxpayer's basis (for
4 determining gain) for such property on that date
5 (determined under the Internal Revenue Code as in
6 effect on that date), or (ii) the total gain realized
7 and reportable for federal income tax purposes in
8 respect of the sale, exchange or other disposition of
9 such property.

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

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

24 (g) Double deductions. Unless specifically provided
25 otherwise, nothing in this Section shall permit the same item

1 to be deducted more than once.

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

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

16 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

17 Sec. 204. Standard Exemption.

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

1 (b) Basic amount. For the purpose of subsection (a) of this
2 Section, except as provided by subsection (a) of Section 205
3 and in this subsection, each taxpayer shall be allowed a basic
4 amount of \$1000, except that for corporations the basic amount
5 shall be zero for tax years ending on or after December 31,
6 2003, and for individuals the basic amount shall be:

7 (1) for taxable years ending on or after December 31,
8 1998 and prior to December 31, 1999, \$1,300;

9 (2) for taxable years ending on or after December 31,
10 1999 and prior to December 31, 2000, \$1,650;

11 (3) for taxable years ending on or after December 31,
12 2000 and prior to December 31, 2012, \$2,000;

13 (4) for taxable years ending on or after December 31,
14 2012 and prior to December 31, 2013, \$2,050;

15 (5) for taxable years ending on or after December 31,
16 2013, \$2,050 plus the cost-of-living adjustment under
17 subsection (d-5).

18 For taxable years ending on or after December 31, 1992, a
19 taxpayer whose Illinois base income exceeds the basic amount
20 and who is claimed as a dependent on another person's tax
21 return under the Internal Revenue Code shall not be allowed any
22 basic amount under this subsection.

23 (c) Additional amount for individuals. In the case of an
24 individual taxpayer, there shall be allowed for the purpose of
25 subsection (a), in addition to the basic amount provided by
26 subsection (b), an additional exemption equal to the basic

1 amount for each exemption in excess of one allowable to such
2 individual taxpayer for the taxable year under Section 151 of
3 the Internal Revenue Code.

4 (d) Additional exemptions for an individual taxpayer and
5 his or her spouse. In the case of an individual taxpayer and
6 his or her spouse, he or she shall each be allowed additional
7 exemptions as follows:

8 (1) Additional exemption for taxpayer or spouse 65
9 years of age or older.

10 (A) For taxpayer. An additional exemption of
11 \$1,000 for the taxpayer if he or she has attained the
12 age of 65 before the end of the taxable year.

13 (B) For spouse when a joint return is not filed. An
14 additional exemption of \$1,000 for the spouse of the
15 taxpayer if a joint return is not made by the taxpayer
16 and his spouse, and if the spouse has attained the age
17 of 65 before the end of such taxable year, and, for the
18 calendar year in which the taxable year of the taxpayer
19 begins, has no gross income and is not the dependent of
20 another taxpayer.

21 (2) Additional exemption for blindness of taxpayer or
22 spouse.

23 (A) For taxpayer. An additional exemption of
24 \$1,000 for the taxpayer if he or she is blind at the
25 end of the taxable year.

26 (B) For spouse when a joint return is not filed. An

1 additional exemption of \$1,000 for the spouse of the
2 taxpayer if a separate return is made by the taxpayer,
3 and if the spouse is blind and, for the calendar year
4 in which the taxable year of the taxpayer begins, has
5 no gross income and is not the dependent of another
6 taxpayer. For purposes of this paragraph, the
7 determination of whether the spouse is blind shall be
8 made as of the end of the taxable year of the taxpayer;
9 except that if the spouse dies during such taxable year
10 such determination shall be made as of the time of such
11 death.

12 (C) Blindness defined. For purposes of this
13 subsection, an individual is blind only if his or her
14 central visual acuity does not exceed 20/200 in the
15 better eye with correcting lenses, or if his or her
16 visual acuity is greater than 20/200 but is accompanied
17 by a limitation in the fields of vision such that the
18 widest diameter of the visual fields subtends an angle
19 no greater than 20 degrees.

20 (d-5) Cost-of-living adjustment. For purposes of item (5)
21 of subsection (b), the cost-of-living adjustment for any
22 calendar year and for taxable years ending prior to the end of
23 the subsequent calendar year is equal to \$2,050 times the
24 percentage (if any) by which:

25 (1) the Consumer Price Index for the preceding calendar
26 year, exceeds

1 (2) the Consumer Price Index for the calendar year
2 2011.

3 The Consumer Price Index for any calendar year is the
4 average of the Consumer Price Index as of the close of the
5 12-month period ending on August 31 of that calendar year.

6 The term "Consumer Price Index" means the last Consumer
7 Price Index for All Urban Consumers published by the United
8 States Department of Labor or any successor agency.

9 If any cost-of-living adjustment is not a multiple of \$25,
10 that adjustment shall be rounded to the next lowest multiple of
11 \$25.

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

14 (f) Application of Section 250. Section 250 does not apply
15 to the amendments to this Section made by Public Act 90-613.

16 (g) Notwithstanding any other provision of law, for taxable
17 years beginning on or after January 1, 2018, no taxpayer may
18 claim an exemption under this Section if the taxpayer's
19 adjusted gross income for the taxable year exceeds (i)
20 \$500,000, in the case of spouses filing a joint federal tax
21 return or (ii) \$250,000, in the case of all other taxpayers.

22 (Source: P.A. 97-507, eff. 8-23-11; 97-652, eff. 6-1-12.)

23 (35 ILCS 5/208) (from Ch. 120, par. 2-208)

24 Sec. 208. Tax credit for residential real property taxes.
25 Beginning with tax years ending on or after December 31, 1991,

1 every individual taxpayer shall be entitled to a tax credit
2 equal to 5% of real property taxes paid by such taxpayer during
3 the taxable year on the principal residence of the taxpayer. In
4 the case of multi-unit or multi-use structures and farm
5 dwellings, the taxes on the taxpayer's principal residence
6 shall be that portion of the total taxes which is attributable
7 to such principal residence. Notwithstanding any other
8 provision of law, for taxable years beginning on or after
9 January 1, 2018, no taxpayer may claim a credit under this
10 Section if the taxpayer's adjusted gross income for the taxable
11 year exceeds (i) \$500,000, in the case of spouses filing a
12 joint federal tax return or (ii) \$250,000, in the case of all
13 other taxpayers.

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

15 (35 ILCS 5/209)

16 Sec. 209. Tax Credit for "TECH-PREP" youth vocational
17 programs.

18 (a) For ~~Beginning with~~ tax years ending on or after June
19 30, 1995 and ending prior to December 31, 2017, every taxpayer
20 who is primarily engaged in manufacturing is allowed a credit
21 against the tax imposed by subsections (a) and (b) of Section
22 201 in an amount equal to 20% of the taxpayer's direct payroll
23 expenditures for which a credit has not already been claimed
24 under subsection (j) of Section 201 of this Act, in the tax
25 year for which the credit is claimed, for cooperative secondary

1 school youth vocational programs in Illinois which are
2 certified as qualifying TECH-PREP programs by the State Board
3 of Education because the programs prepare students to be
4 technically skilled workers and meet the performance standards
5 of business and industry and the admission standards of higher
6 education. The credit may also be claimed for personal services
7 rendered to the taxpayer by a TECH-PREP student or instructor
8 (i) which would be subject to the provisions of Article 7 of
9 this Act if the student or instructor was an employee of the
10 taxpayer and (ii) for which no credit under this Section is
11 claimed by another taxpayer.

12 (b) If the amount of the credit exceeds the tax liability
13 for the year, the excess may be carried forward and applied to
14 the tax liability of the 2 taxable years following the excess
15 credit year. The credit shall be applied to the earliest year
16 for which there is a tax liability. If there are credits from
17 more than one tax year that are available to offset a
18 liability, the earlier credit shall be applied first.

19 (c) A taxpayer claiming the credit provided by this Section
20 shall maintain and record such information regarding its
21 participation in a qualifying TECH-PREP program as the
22 Department may require by regulation. When claiming the credit
23 provided by this Section, the taxpayer shall provide such
24 information regarding the taxpayer's participation in a
25 qualifying TECH-PREP program as the Department of Revenue may
26 require by regulation.

1 (d) This Section does not apply to those programs with
2 national standards that have been or in the future are approved
3 by the U.S. Department of Labor, Bureau of Apprenticeship
4 Training or any federal agency succeeding to the
5 responsibilities of that Bureau.

6 (Source: P.A. 92-846, eff. 8-23-02.)

7 (35 ILCS 5/210)

8 Sec. 210. Dependent care assistance program tax credit.

9 (a) ~~For Beginning with~~ tax years ending on or after June
10 30, 1995 and ending prior to December 31, 2017, each taxpayer
11 who is primarily engaged in manufacturing is entitled to a
12 credit against the tax imposed by subsections (a) and (b) of
13 Section 201 in an amount equal to 5% of the amount of
14 expenditures by the taxpayer in the tax year for which the
15 credit is claimed, reported pursuant to Section 129(d)(7) of
16 the Internal Revenue Code, to provide in the Illinois premises
17 of the taxpayer's workplace an on-site facility dependent care
18 assistance program under Section 129 of the Internal Revenue
19 Code.

20 (b) If the amount of credit exceeds the tax liability for
21 the year, the excess may be carried forward and applied to the
22 tax liability of the 2 taxable years following the excess
23 credit year. The credit shall be applied to the earliest year
24 for which there is a tax liability. If there are credits from
25 more than one tax year that are available to offset a

1 liability, the earlier credit shall be applied first.

2 (c) A taxpayer claiming the credit provided by this Section
3 shall maintain and record such information as the Department
4 may require by regulation regarding the dependent care
5 assistance program for which credit is claimed. When claiming
6 the credit provided by this Section, the taxpayer shall provide
7 such information regarding the taxpayer's provision of a
8 dependent care assistance program under Section 129 of the
9 Internal Revenue Code.

10 (Source: P.A. 88-505.)

11 (35 ILCS 5/211)

12 Sec. 211. Economic Development for a Growing Economy Tax
13 Credit. For tax years beginning on or after January 1, 1999 and
14 ending prior to December 31, 2017, a Taxpayer who has entered
15 into an Agreement under the Economic Development for a Growing
16 Economy Tax Credit Act is entitled to a credit against the
17 taxes imposed under subsections (a) and (b) of Section 201 of
18 this Act in an amount to be determined in the Agreement. If the
19 Taxpayer is a partnership or Subchapter S corporation, the
20 credit shall be allowed to the partners or shareholders in
21 accordance with the determination of income and distributive
22 share of income under Sections 702 and 704 and subchapter S of
23 the Internal Revenue Code. The Department, in cooperation with
24 the Department of Commerce and Economic Opportunity, shall
25 prescribe rules to enforce and administer the provisions of

1 this Section. ~~This Section is exempt from the provisions of~~
2 ~~Section 250 of this Act.~~

3 The credit shall be subject to the conditions set forth in
4 the Agreement and the following limitations:

5 (1) The tax credit shall not exceed the Incremental
6 Income Tax (as defined in Section 5-5 of the Economic
7 Development for a Growing Economy Tax Credit Act) with
8 respect to the project.

9 (2) The amount of the credit allowed during the tax
10 year plus the sum of all amounts allowed in prior years
11 shall not exceed 100% of the aggregate amount expended by
12 the Taxpayer during all prior tax years on approved costs
13 defined by Agreement.

14 (3) The amount of the credit shall be determined on an
15 annual basis. Except as applied in a carryover year
16 pursuant to Section 211(4) of this Act, the credit may not
17 be applied against any State income tax liability in more
18 than 10 taxable years; provided, however, that (i) an
19 eligible business certified by the Department of Commerce
20 and Economic Opportunity under the Corporate Headquarters
21 Relocation Act may not apply the credit against any of its
22 State income tax liability in more than 15 taxable years
23 and (ii) credits allowed to that eligible business are
24 subject to the conditions and requirements set forth in
25 Sections 5-35 and 5-45 of the Economic Development for a
26 Growing Economy Tax Credit Act.

1 (4) The credit may not exceed the amount of taxes
2 imposed pursuant to subsections (a) and (b) of Section 201
3 of this Act. Any credit that is unused in the year the
4 credit is computed may be carried forward and applied to
5 the tax liability of the 5 taxable years following the
6 excess credit year. The credit shall be applied to the
7 earliest year for which there is a tax liability. If there
8 are credits from more than one tax year that are available
9 to offset a liability, the earlier credit shall be applied
10 first.

11 (5) No credit shall be allowed with respect to any
12 Agreement for any taxable year ending after the
13 Noncompliance Date. Upon receiving notification by the
14 Department of Commerce and Economic Opportunity of the
15 noncompliance of a Taxpayer with an Agreement, the
16 Department shall notify the Taxpayer that no credit is
17 allowed with respect to that Agreement for any taxable year
18 ending after the Noncompliance Date, as stated in such
19 notification. If any credit has been allowed with respect
20 to an Agreement for a taxable year ending after the
21 Noncompliance Date for that Agreement, any refund paid to
22 the Taxpayer for that taxable year shall, to the extent of
23 that credit allowed, be an erroneous refund within the
24 meaning of Section 912 of this Act.

25 (6) For purposes of this Section, the terms
26 "Agreement", "Incremental Income Tax", and "Noncompliance

1 Date" have the same meaning as when used in the Economic
2 Development for a Growing Economy Tax Credit Act.

3 (Source: P.A. 94-793, eff. 5-19-06.)

4 (35 ILCS 5/213)

5 Sec. 213. Film production services credit. For tax years
6 beginning on or after January 1, 2004 and ending prior to
7 December 31, 2017, a taxpayer who has been awarded a tax credit
8 under the Film Production Services Tax Credit Act or under the
9 Film Production Services Tax Credit Act of 2008 is entitled to
10 a credit against the taxes imposed under subsections (a) and
11 (b) of Section 201 of this Act in an amount determined by the
12 Department of Commerce and Economic Opportunity under those
13 Acts. If the taxpayer is a partnership or Subchapter S
14 corporation, the credit is allowed to the partners or
15 shareholders in accordance with the determination of income and
16 distributive share of income under Sections 702 and 704 and
17 Subchapter S of the Internal Revenue Code.

18 A transfer of this credit may be made by the taxpayer
19 earning the credit within one year after the credit is awarded
20 in accordance with rules adopted by the Department of Commerce
21 and Economic Opportunity.

22 The Department, in cooperation with the Department of
23 Commerce and Economic Opportunity, must prescribe rules to
24 enforce and administer the provisions of this Section. This
25 Section is exempt from the provisions of Section 250 of this

1 Act.

2 The credit may not be carried back. If the amount of the
3 credit exceeds the tax liability for the year, the excess may
4 be carried forward and applied to the tax liability of the 5
5 taxable years following the excess credit year. The credit
6 shall be applied to the earliest year for which there is a tax
7 liability. If there are credits from more than one tax year
8 that are available to offset a liability, the earlier credit
9 shall be applied first. In no event shall a credit under this
10 Section reduce the taxpayer's liability to less than zero.

11 (Source: P.A. 94-171, eff. 7-11-05; 95-720, eff. 5-27-08.)

12 (35 ILCS 5/214)

13 Sec. 214. Tax credit for affordable housing donations.

14 (a) For ~~Beginning with~~ taxable years ending on or after
15 December 31, 2001 and ending prior to December 31, 2017 ~~until~~
16 ~~the taxable year ending on December 31, 2021~~, a taxpayer who
17 makes a donation under Section 7.28 of the Illinois Housing
18 Development Act is entitled to a credit against the tax imposed
19 by subsections (a) and (b) of Section 201 in an amount equal to
20 50% of the value of the donation. Partners, shareholders of
21 subchapter S corporations, and owners of limited liability
22 companies (if the limited liability company is treated as a
23 partnership for purposes of federal and State income taxation)
24 are entitled to a credit under this Section to be determined in
25 accordance with the determination of income and distributive

1 share of income under Sections 702 and 703 and subchapter S of
2 the Internal Revenue Code. Persons or entities not subject to
3 the tax imposed by subsections (a) and (b) of Section 201 and
4 who make a donation under Section 7.28 of the Illinois Housing
5 Development Act are entitled to a credit as described in this
6 subsection and may transfer that credit as described in
7 subsection (c).

8 (b) If the amount of the credit exceeds the tax liability
9 for the year, the excess may be carried forward and applied to
10 the tax liability of the 5 taxable years following the excess
11 credit year. The tax credit shall be applied to the earliest
12 year for which there is a tax liability. If there are credits
13 for more than one year that are available to offset a
14 liability, the earlier credit shall be applied first.

15 (c) The transfer of the tax credit allowed under this
16 Section may be made (i) to the purchaser of land that has been
17 designated solely for affordable housing projects in
18 accordance with the Illinois Housing Development Act or (ii) to
19 another donor who has also made a donation in accordance with
20 Section 7.28 of the Illinois Housing Development Act.

21 (d) A taxpayer claiming the credit provided by this Section
22 must maintain and record any information that the Department
23 may require by regulation regarding the project for which the
24 credit is claimed. When claiming the credit provided by this
25 Section, the taxpayer must provide information regarding the
26 taxpayer's donation to the project under the Illinois Housing

1 Development Act.

2 (Source: P.A. 99-915, eff. 12-20-16.)

3 (35 ILCS 5/216)

4 Sec. 216. Credit for wages paid to ex-felons.

5 (a) For each taxable year beginning on or after January 1,
6 2007 and ending prior to December 31, 2017, each taxpayer is
7 entitled to a credit against the tax imposed by subsections (a)
8 and (b) of Section 201 of this Act in an amount equal to 5% of
9 qualified wages paid by the taxpayer during the taxable year to
10 one or more Illinois residents who are qualified ex-offenders.
11 The total credit allowed to a taxpayer with respect to each
12 qualified ex-offender may not exceed \$1,500 for all taxable
13 years. For partners, shareholders of Subchapter S
14 corporations, and owners of limited liability companies, if the
15 liability company is treated as a partnership for purposes of
16 federal and State income taxation, there shall be allowed a
17 credit under this Section to be determined in accordance with
18 the determination of income and distributive share of income
19 under Sections 702 and 704 and Subchapter S of the Internal
20 Revenue Code.

21 (b) For purposes of this Section, "qualified wages":

22 (1) includes only wages that are subject to federal
23 unemployment tax under Section 3306 of the Internal Revenue
24 Code, without regard to any dollar limitation contained in
25 that Section;

1 (2) does not include any amounts paid or incurred by an
2 employer for any period to any qualified ex-offender for
3 whom the employer receives federally funded payments for
4 on-the-job training of that qualified ex-offender for that
5 period; and

6 (3) includes only wages attributable to service
7 rendered during the one-year period beginning with the day
8 the qualified ex-offender begins work for the employer.

9 If the taxpayer has received any payment from a program
10 established under Section 482(e)(1) of the federal Social
11 Security Act with respect to a qualified ex-offender, then, for
12 purposes of calculating the credit under this Section, the
13 amount of the qualified wages paid to that qualified
14 ex-offender must be reduced by the amount of the payment.

15 (c) For purposes of this Section, "qualified ex-offender"
16 means any person who:

17 (1) has been convicted of a crime in this State or of
18 an offense in any other jurisdiction, not including any
19 offense or attempted offense that would subject a person to
20 registration under the Sex Offender Registration Act;

21 (2) was sentenced to a period of incarceration in an
22 Illinois adult correctional center; and

23 (3) was hired by the taxpayer within 3 years after
24 being released from an Illinois adult correctional center.

25 (d) In no event shall a credit under this Section reduce
26 the taxpayer's liability to less than zero. If the amount of

1 the credit exceeds the tax liability for the year, the excess
2 may be carried forward and applied to the tax liability of the
3 5 taxable years following the excess credit year. The tax
4 credit shall be applied to the earliest year for which there is
5 a tax liability. If there are credits for more than one year
6 that are available to offset a liability, the earlier credit
7 shall be applied first.

8 (e) This Section is exempt from the provisions of Section
9 250.

10 (Source: P.A. 98-165, eff. 8-5-13.)

11 (35 ILCS 5/217)

12 Sec. 217. Credit for wages paid to qualified veterans.

13 (a) For each taxable year beginning on or after January 1,
14 2007 and ending on or before December 30, 2010, each taxpayer
15 is entitled to a credit against the tax imposed by subsections
16 (a) and (b) of Section 201 of this Act in an amount equal to 5%,
17 but in no event to exceed \$600, of the gross wages paid by the
18 taxpayer to a qualified veteran in the course of that veteran's
19 sustained employment during the taxable year. For each taxable
20 year beginning on or after January 1, 2010 and ending prior to
21 December 31, 2017, each taxpayer is entitled to a credit
22 against the tax imposed by subsections (a) and (b) of Section
23 201 of this Act in an amount equal to 10%, but in no event to
24 exceed \$1,200, of the gross wages paid by the taxpayer to a
25 qualified veteran in the course of that veteran's sustained

1 employment during the taxable year. For partners, shareholders
2 of Subchapter S corporations, and owners of limited liability
3 companies, if the liability company is treated as a partnership
4 for purposes of federal and State income taxation, there shall
5 be allowed a credit under this Section to be determined in
6 accordance with the determination of income and distributive
7 share of income under Sections 702 and 704 and Subchapter S of
8 the Internal Revenue Code.

9 (b) For purposes of this Section:

10 "Qualified veteran" means an Illinois resident who: (i) was
11 a member of the Armed Forces of the United States, a member of
12 the Illinois National Guard, or a member of any reserve
13 component of the Armed Forces of the United States; (ii) served
14 on active duty in connection with Operation Desert Storm,
15 Operation Enduring Freedom, or Operation Iraqi Freedom; (iii)
16 has provided, to the taxpayer, documentation showing that he or
17 she was honorably discharged; and (iv) was initially hired by
18 the taxpayer on or after January 1, 2007.

19 "Sustained employment" means a period of employment that is
20 not less than 185 days during the taxable year.

21 (c) In no event shall a credit under this Section reduce
22 the taxpayer's liability to less than zero. If the amount of
23 the credit exceeds the tax liability for the year, the excess
24 may be carried forward and applied to the tax liability of the
25 5 taxable years following the excess credit year. The tax
26 credit shall be applied to the earliest year for which there is

1 a tax liability. If there are credits for more than one year
2 that are available to offset a liability, the earlier credit
3 shall be applied first.

4 (d) A taxpayer who claims a credit under this Section for a
5 taxable year with respect to a veteran shall not be allowed a
6 credit under Section 217.1 of this Act with respect to the same
7 veteran for that taxable year.

8 (Source: P.A. 96-101, eff. 1-1-10; 97-767, eff. 7-9-12.)

9 (35 ILCS 5/218)

10 Sec. 218. Credit for student-assistance contributions.

11 (a) For taxable years ending on or after December 31, 2009
12 and ending prior to December 31, 2017 ~~on or before December 30,~~
13 ~~2020~~, each taxpayer who, during the taxable year, makes a
14 contribution (i) to a specified individual College Savings Pool
15 Account under Section 16.5 of the State Treasurer Act or (ii)
16 to the Illinois Prepaid Tuition Trust Fund in an amount
17 matching a contribution made in the same taxable year by an
18 employee of the taxpayer to that Account or Fund is entitled to
19 a credit against the tax imposed under subsections (a) and (b)
20 of Section 201 in an amount equal to 25% of that matching
21 contribution, but not to exceed \$500 per contributing employee
22 per taxable year.

23 (b) For partners, shareholders of Subchapter S
24 corporations, and owners of limited liability companies, if the
25 liability company is treated as a partnership for purposes of

1 federal and State income taxation, there is allowed a credit
2 under this Section to be determined in accordance with the
3 determination of income and distributive share of income under
4 Sections 702 and 704 and Subchapter S of the Internal Revenue
5 Code.

6 (c) The credit may not be carried back. If the amount of
7 the credit exceeds the tax liability for the year, the excess
8 may be carried forward and applied to the tax liability of the
9 5 taxable years following the excess credit year. The tax
10 credit shall be applied to the earliest year for which there is
11 a tax liability. If there are credits for more than one year
12 that are available to offset a liability, the earlier credit
13 shall be applied first.

14 (d) A taxpayer claiming the credit under this Section must
15 maintain and record any information that the Illinois Student
16 Assistance Commission, the Office of the State Treasurer, or
17 the Department may require regarding the matching contribution
18 for which the credit is claimed.

19 (Source: P.A. 96-198, eff. 8-10-09.)

20 (35 ILCS 5/221)

21 Sec. 221. Rehabilitation costs; qualified historic
22 properties; River Edge Redevelopment Zone.

23 (a) For taxable years beginning on or after January 1, 2012
24 and ending prior to December 31, 2017 ~~January 1, 2018~~, there
25 shall be allowed a tax credit against the tax imposed by

1 subsections (a) and (b) of Section 201 in an amount equal to
2 25% of qualified expenditures incurred by a qualified taxpayer
3 during the taxable year in the restoration and preservation of
4 a qualified historic structure located in a River Edge
5 Redevelopment Zone pursuant to a qualified rehabilitation
6 plan, provided that the total amount of such expenditures (i)
7 must equal \$5,000 or more and (ii) must exceed 50% of the
8 purchase price of the property.

9 (b) To obtain a tax credit pursuant to this Section, the
10 taxpayer must apply with the Department of Commerce and
11 Economic Opportunity. The Department of Commerce and Economic
12 Opportunity, in consultation with the Historic Preservation
13 Agency, shall determine the amount of eligible rehabilitation
14 costs and expenses. The Historic Preservation Agency shall
15 determine whether the rehabilitation is consistent with the
16 standards of the Secretary of the United States Department of
17 the Interior for rehabilitation. Upon completion and review of
18 the project, the Department of Commerce and Economic
19 Opportunity shall issue a certificate in the amount of the
20 eligible credits. At the time the certificate is issued, an
21 issuance fee up to the maximum amount of 2% of the amount of
22 the credits issued by the certificate may be collected from the
23 applicant to administer the provisions of this Section. If
24 collected, this issuance fee shall be deposited into the
25 Historic Property Administrative Fund, a special fund created
26 in the State treasury. Subject to appropriation, moneys in the

1 Historic Property Administrative Fund shall be evenly divided
2 between the Department of Commerce and Economic Opportunity and
3 the Historic Preservation Agency to reimburse the Department of
4 Commerce and Economic Opportunity and the Historic
5 Preservation Agency for the costs associated with
6 administering this Section. The taxpayer must attach the
7 certificate to the tax return on which the credits are to be
8 claimed. The Department of Commerce and Economic Opportunity
9 may adopt rules to implement this Section.

10 (c) The tax credit under this Section may not reduce the
11 taxpayer's liability to less than zero.

12 (d) As used in this Section, the following terms have the
13 following meanings.

14 "Qualified expenditure" means all the costs and expenses
15 defined as qualified rehabilitation expenditures under Section
16 47 of the federal Internal Revenue Code that were incurred in
17 connection with a qualified historic structure.

18 "Qualified historic structure" means a certified historic
19 structure as defined under Section 47 (c) (3) of the federal
20 Internal Revenue Code.

21 "Qualified rehabilitation plan" means a project that is
22 approved by the Historic Preservation Agency as being
23 consistent with the standards in effect on the effective date
24 of this amendatory Act of the 97th General Assembly for
25 rehabilitation as adopted by the federal Secretary of the
26 Interior.

1 "Qualified taxpayer" means the owner of the qualified
2 historic structure or any other person who qualifies for the
3 federal rehabilitation credit allowed by Section 47 of the
4 federal Internal Revenue Code with respect to that qualified
5 historic structure. Partners, shareholders of subchapter S
6 corporations, and owners of limited liability companies (if the
7 limited liability company is treated as a partnership for
8 purposes of federal and State income taxation) are entitled to
9 a credit under this Section to be determined in accordance with
10 the determination of income and distributive share of income
11 under Sections 702 and 703 and subchapter S of the Internal
12 Revenue Code, provided that credits granted to a partnership, a
13 limited liability company taxed as a partnership, or other
14 multiple owners of property shall be passed through to the
15 partners, members, or owners respectively on a pro rata basis
16 or pursuant to an executed agreement among the partners,
17 members, or owners documenting any alternate distribution
18 method.

19 (Source: P.A. 99-914, eff. 12-20-16.)

20 (35 ILCS 5/222)

21 Sec. 222. Live theater production credit.

22 (a) For tax years beginning on or after January 1, 2012 and
23 ending prior to December 31, 2017, a taxpayer who has received
24 a tax credit award under the Live Theater Production Tax Credit
25 Act is entitled to a credit against the taxes imposed under

1 subsections (a) and (b) of Section 201 of this Act in an amount
2 determined under that Act by the Department of Commerce and
3 Economic Opportunity.

4 (b) If the taxpayer is a partnership, limited liability
5 partnership, limited liability company, or Subchapter S
6 corporation, the tax credit award is allowed to the partners,
7 unit holders, or shareholders in accordance with the
8 determination of income and distributive share of income under
9 Sections 702 and 704 and Subchapter S of the Internal Revenue
10 Code.

11 (c) A sale, assignment, or transfer of the tax credit award
12 may be made by the taxpayer earning the credit within one year
13 after the credit is awarded in accordance with rules adopted by
14 the Department of Commerce and Economic Opportunity.

15 (d) The Department of Revenue, in cooperation with the
16 Department of Commerce and Economic Opportunity, shall adopt
17 rules to enforce and administer the provisions of this Section.

18 (e) The tax credit award may not be carried back. If the
19 amount of the credit exceeds the tax liability for the year,
20 the excess may be carried forward and applied to the tax
21 liability of the 5 tax years following the excess credit year.
22 The tax credit award shall be applied to the earliest year for
23 which there is a tax liability. If there are credits from more
24 than one tax year that are available to offset liability, the
25 earlier credit shall be applied first. In no event may a credit
26 under this Section reduce the taxpayer's liability to less than

1 zero.

2 (Source: P.A. 97-636, eff. 6-1-12.)

3 (35 ILCS 5/223)

4 Sec. 223. Hospital credit.

5 (a) For tax years ending on or after December 31, 2012 and
6 ending prior to December 31, 2017, a taxpayer that is the owner
7 of a hospital licensed under the Hospital Licensing Act, but
8 not including an organization that is exempt from federal
9 income taxes under the Internal Revenue Code, is entitled to a
10 credit against the taxes imposed under subsections (a) and (b)
11 of Section 201 of this Act in an amount equal to the lesser of
12 the amount of real property taxes paid during the tax year on
13 real property used for hospital purposes during the prior tax
14 year or the cost of free or discounted services provided during
15 the tax year pursuant to the hospital's charitable financial
16 assistance policy, measured at cost.

17 (b) If the taxpayer is a partnership or Subchapter S
18 corporation, the credit is allowed to the partners or
19 shareholders in accordance with the determination of income and
20 distributive share of income under Sections 702 and 704 and
21 Subchapter S of the Internal Revenue Code. A transfer of this
22 credit may be made by the taxpayer earning the credit within
23 one year after the credit is earned in accordance with rules
24 adopted by the Department. The Department shall prescribe rules
25 to enforce and administer provisions of this Section. If the

1 amount of the credit exceeds the tax liability for the year,
2 then the excess credit may be carried forward and applied to
3 the tax liability of the 5 taxable years following the excess
4 credit year. The credit shall be applied to the earliest year
5 for which there is a tax liability. If there are credits from
6 more than one tax year that are available to offset a
7 liability, the earlier credit shall be applied first. In no
8 event shall a credit under this Section reduce the taxpayer's
9 liability to less than zero.

10 (Source: P.A. 97-688, eff. 6-14-12.)

11 Section 15. The Film Production Services Tax Credit Act of
12 2008 is amended by changing Section 42 as follows:

13 (35 ILCS 16/42)

14 Sec. 42. Sunset of credits. The application of credits
15 awarded pursuant to this Act shall be limited by a reasonable
16 and appropriate sunset date. A taxpayer shall not be entitled
17 to take a credit awarded pursuant to this Act for tax years
18 ending on or after December 31, 2017 ~~beginning on or after 10~~
19 ~~years after the effective date of this amendatory Act of the~~
20 ~~97th General Assembly. After the initial 10-year sunset, the~~
21 ~~General Assembly may extend the sunset date by 5-year~~
22 ~~intervals.~~

23 (Source: P.A. 97-2, eff. 5-6-11; 97-3, eff. 5-6-11.)

1 Section 20. The Live Theater Production Tax Credit Act is
2 amended by adding Section 10-60 as follows:

3 (35 ILCS 17/10-60 new)

4 Sec. 10-60. Sunset. A taxpayer shall not be entitled to
5 take a credit awarded pursuant to this Act for tax years ending
6 on or after December 31, 2017.

7 Section 25. The Use Tax Act is amended by changing Sections
8 3-5, 3-10, and 9 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

1 the Department by rule, that it has received an exemption under
2 Section 501(c)(3) of the Internal Revenue Code and that is
3 organized and operated primarily for the presentation or
4 support of arts or cultural programming, activities, or
5 services. These organizations include, but are not limited to,
6 music and dramatic arts organizations such as symphony
7 orchestras and theatrical groups, arts and cultural service
8 organizations, local arts councils, visual arts organizations,
9 and media arts organizations. On and after the effective date
10 of this amendatory Act of the 92nd General Assembly, however,
11 an entity otherwise eligible for this exemption shall not make
12 tax-free purchases unless it has an active identification
13 number issued by the Department.

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

1 identification number issued by the Department.

2 (5) Until July 1, 2003, a passenger car that is a
3 replacement vehicle to the extent that the purchase price of
4 the car is subject to the Replacement Vehicle Tax.

5 (6) Until July 1, 2003 and beginning again on September 1,
6 2004 through August 30, 2014, graphic arts machinery and
7 equipment, including repair and replacement parts, both new and
8 used, and including that manufactured on special order,
9 certified by the purchaser to be used primarily for graphic
10 arts production, and including machinery and equipment
11 purchased for lease. Equipment includes chemicals or chemicals
12 acting as catalysts but only if the chemicals or chemicals
13 acting as catalysts effect a direct and immediate change upon a
14 graphic arts product.

15 (7) Until July 1, 2017, farm ~~Farm~~ chemicals. With respect
16 to farm chemicals, on and after July 1, 2017, the tax under
17 this Act shall be imposed at the rate of 6.25%, but shall be
18 imposed on only 50% of the proceeds of sales. This item (7) is
19 exempt from the provisions of Section 3-90.

20 (8) 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 (9) Personal property purchased from a teacher-sponsored
25 student organization affiliated with an elementary or
26 secondary school located in Illinois.

1 (10) Until July 1, 2017, a ~~A~~ motor vehicle that is used for
2 automobile renting, as defined in the Automobile Renting
3 Occupation and Use Tax Act. With respect to motor vehicles that
4 are used for automobile renting, as defined in the Automobile
5 Renting Occupation and Use Tax Act, on and after July 1, 2017,
6 the tax under this Act shall be imposed at the rate of 6.25%,
7 but shall be imposed on only 50% of the proceeds of sales. This
8 item (10) is exempt from the provisions of Section 3-90.

9 (11) Until July 1, 2017, farm ~~Farm~~ machinery and equipment,
10 both new and used, including that manufactured on special
11 order, certified by the purchaser to be used primarily for
12 production agriculture or State or federal agricultural
13 programs, including individual replacement parts for the
14 machinery and equipment, including machinery and equipment
15 purchased for lease, and including implements of husbandry
16 defined in Section 1-130 of the Illinois Vehicle Code, farm
17 machinery and agricultural chemical and fertilizer spreaders,
18 and nurse wagons required to be registered under Section 3-809
19 of the Illinois Vehicle Code, but excluding other motor
20 vehicles required to be registered under the Illinois Vehicle
21 Code. Horticultural polyhouses or hoop houses used for
22 propagating, growing, or overwintering plants shall be
23 considered farm machinery and equipment under this item (11).
24 Agricultural chemical tender tanks and dry boxes shall include
25 units sold separately from a motor vehicle required to be
26 licensed and units sold mounted on a motor vehicle required to

1 be licensed if the selling price of the tender is separately
2 stated. With respect to farm machinery and equipment, on and
3 after July 1, 2017, the tax under this Act shall be imposed at
4 the rate of 6.25%, but shall be imposed on only 50% of the
5 proceeds of sales.

6 Farm machinery and equipment shall include precision
7 farming equipment that is installed or purchased to be
8 installed on farm machinery and equipment including, but not
9 limited to, tractors, harvesters, sprayers, planters, seeders,
10 or spreaders. Precision farming equipment includes, but is not
11 limited to, soil testing sensors, computers, monitors,
12 software, global positioning and mapping systems, and other
13 such equipment.

14 Farm machinery and equipment also includes computers,
15 sensors, software, and related equipment used primarily in the
16 computer-assisted operation of production agriculture
17 facilities, equipment, and activities such as, but not limited
18 to, the collection, monitoring, and correlation of animal and
19 crop data for the purpose of formulating animal diets and
20 agricultural chemicals. This item (11) is exempt from the
21 provisions of Section 3-90.

22 (12) Until June 30, 2013, fuel and petroleum products sold
23 to or used by an air common carrier, certified by the carrier
24 to be used for consumption, shipment, or storage in the conduct
25 of its business as an air common carrier, for a flight destined
26 for or returning from a location or locations outside the

1 United States without regard to previous or subsequent domestic
2 stopovers.

3 Beginning July 1, 2013, fuel and petroleum products sold to
4 or used by an air carrier, certified by the carrier to be used
5 for consumption, shipment, or storage in the conduct of its
6 business as an air common carrier, for a flight that (i) is
7 engaged in foreign trade or is engaged in trade between the
8 United States and any of its possessions and (ii) transports at
9 least one individual or package for hire from the city of
10 origination to the city of final destination on the same
11 aircraft, without regard to a change in the flight number of
12 that aircraft.

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

21 (14) Until July 1, 2003, oil field exploration, drilling,
22 and production equipment, including (i) rigs and parts of rigs,
23 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
24 tubular goods, including casing and drill strings, (iii) pumps
25 and pump-jack units, (iv) storage tanks and flow lines, (v) any
26 individual replacement part for oil field exploration,

1 drilling, and production equipment, and (vi) machinery and
2 equipment purchased for lease; but excluding motor vehicles
3 required to be registered under the Illinois Vehicle Code.

4 (15) Photoprocessing machinery and equipment, including
5 repair and replacement parts, both new and used, including that
6 manufactured on special order, certified by the purchaser to be
7 used primarily for photoprocessing, and including
8 photoprocessing machinery and equipment purchased for lease.

9 (16) Coal and aggregate exploration, mining, off-highway
10 hauling, processing, maintenance, and reclamation equipment,
11 including replacement parts and equipment, and including
12 equipment purchased for lease, but excluding motor vehicles
13 required to be registered under the Illinois Vehicle Code. The
14 changes made to this Section by Public Act 97-767 apply on and
15 after July 1, 2003, but no claim for credit or refund is
16 allowed on or after August 16, 2013 (the effective date of
17 Public Act 98-456) for such taxes paid during the period
18 beginning July 1, 2003 and ending on August 16, 2013 (the
19 effective date of Public Act 98-456).

20 (17) Until July 1, 2003, distillation machinery and
21 equipment, sold as a unit or kit, assembled or installed by the
22 retailer, certified by the user to be used only for the
23 production of ethyl alcohol that will be used for consumption
24 as motor fuel or as a component of motor fuel for the personal
25 use of the user, and not subject to sale or resale.

26 (18) Until July 1, 2017, manufacturing ~~Manufacturing~~ and

1 assembling machinery and equipment used primarily in the
2 process of manufacturing or assembling tangible personal
3 property for wholesale or retail sale or lease, whether that
4 sale or lease is made directly by the manufacturer or by some
5 other person, whether the materials used in the process are
6 owned by the manufacturer or some other person, or whether that
7 sale or lease is made apart from or as an incident to the
8 seller's engaging in the service occupation of producing
9 machines, tools, dies, jigs, patterns, gauges, or other similar
10 items of no commercial value on special order for a particular
11 purchaser. The exemption provided by this paragraph (18) does
12 not include machinery and equipment used in (i) the generation
13 of electricity for wholesale or retail sale; (ii) the
14 generation or treatment of natural or artificial gas for
15 wholesale or retail sale that is delivered to customers through
16 pipes, pipelines, or mains; or (iii) the treatment of water for
17 wholesale or retail sale that is delivered to customers through
18 pipes, pipelines, or mains. The provisions of Public Act 98-583
19 are declaratory of existing law as to the meaning and scope of
20 this exemption.

21 With respect to manufacturing and assembling machinery and
22 equipment under this paragraph (18), on and after July 1, 2017,
23 the tax under this Act shall be imposed at the rate of 6.25%,
24 but shall be imposed on only 50% of the proceeds of sales.

25 (19) Personal property delivered to a purchaser or
26 purchaser's donee inside Illinois when the purchase order for

1 that personal property was received by a florist located
2 outside Illinois who has a florist located inside Illinois
3 deliver the personal property.

4 (20) Semen used for artificial insemination of livestock
5 for direct agricultural production.

6 (21) Horses, or interests in horses, registered with and
7 meeting the requirements of any of the Arabian Horse Club
8 Registry of America, Appaloosa Horse Club, American Quarter
9 Horse Association, United States Trotting Association, or
10 Jockey Club, as appropriate, used for purposes of breeding or
11 racing for prizes. This item (21) is exempt from the provisions
12 of Section 3-90, and the exemption provided for under this item
13 (21) applies for all periods beginning May 30, 1995, but no
14 claim for credit or refund is allowed on or after January 1,
15 2008 for such taxes paid during the period beginning May 30,
16 2000 and ending on January 1, 2008.

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

14 (23) Personal property purchased by a lessor who leases the
15 property, under a lease of one year or longer executed or in
16 effect at the time the lessor would otherwise be subject to the
17 tax imposed by this Act, to a governmental body that has been
18 issued an active sales tax exemption identification number by
19 the Department under Section 1g of the Retailers' Occupation
20 Tax Act. If the property is leased in a manner that does not
21 qualify for this exemption or used in any other non-exempt
22 manner, the lessor shall be liable for the tax imposed under
23 this Act or the Service Use Tax Act, as the case may be, based
24 on the fair market value of the property at the time the
25 non-qualifying use occurs. No lessor shall collect or attempt
26 to collect an amount (however designated) that purports to

1 reimburse that lessor for the tax imposed by this Act or the
2 Service Use Tax Act, as the case may be, if the tax has not been
3 paid by the lessor. If a lessor improperly collects any such
4 amount from the lessee, the lessee shall have a legal right to
5 claim a refund of that amount from the lessor. If, however,
6 that amount is not refunded to the lessee for any reason, the
7 lessor is liable to pay that amount to the Department.

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

18 (25) Beginning with taxable years ending on or after
19 December 31, 1995 and ending with taxable years ending on or
20 before December 31, 2004, personal property that is used in the
21 performance of infrastructure repairs in this State, including
22 but not limited to municipal roads and streets, access roads,
23 bridges, sidewalks, waste disposal systems, water and sewer
24 line extensions, water distribution and purification
25 facilities, storm water drainage and retention facilities, and
26 sewage treatment facilities, resulting from a State or

1 federally declared disaster in Illinois or bordering Illinois
2 when such repairs are initiated on facilities located in the
3 declared disaster area within 6 months after the disaster.

4 (26) Beginning July 1, 1999, game or game birds purchased
5 at a "game breeding and hunting preserve area" as that term is
6 used in the Wildlife Code. This paragraph is exempt from the
7 provisions of Section 3-90.

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

26 (28) Beginning January 1, 2000, personal property,

1 including food, purchased through fundraising events for the
2 benefit of a public or private elementary or secondary school,
3 a group of those schools, or one or more school districts if
4 the events are sponsored by an entity recognized by the school
5 district that consists primarily of volunteers and includes
6 parents and teachers of the school children. This paragraph
7 does not apply to fundraising events (i) for the benefit of
8 private home instruction or (ii) for which the fundraising
9 entity purchases the personal property sold at the events from
10 another individual or entity that sold the property for the
11 purpose of resale by the fundraising entity and that profits
12 from the sale to the fundraising entity. This paragraph is
13 exempt from the provisions of Section 3-90.

14 (29) Beginning January 1, 2000 and through December 31,
15 2001, new or used automatic vending machines that prepare and
16 serve hot food and beverages, including coffee, soup, and other
17 items, and replacement parts for these machines. Beginning
18 January 1, 2002 and through June 30, 2003, machines and parts
19 for machines used in commercial, coin-operated amusement and
20 vending business if a use or occupation tax is paid on the
21 gross receipts derived from the use of the commercial,
22 coin-operated amusement and vending machines. This paragraph
23 is exempt from the provisions of Section 3-90.

24 (30) Beginning January 1, 2001 and through June 30, 2016,
25 food for human consumption that is to be consumed off the
26 premises where it is sold (other than alcoholic beverages, soft

1 drinks, and food that has been prepared for immediate
2 consumption) and prescription and nonprescription medicines,
3 drugs, medical appliances, and insulin, urine testing
4 materials, syringes, and needles used by diabetics, for human
5 use, when purchased for use by a person receiving medical
6 assistance under Article V of the Illinois Public Aid Code who
7 resides in a licensed long-term care facility, as defined in
8 the Nursing Home Care Act, or in a licensed facility as defined
9 in the ID/DD Community Care Act, the MC/DD Act, or the
10 Specialized Mental Health Rehabilitation Act of 2013.

11 (31) Beginning on the effective date of this amendatory Act
12 of the 92nd General Assembly, computers and communications
13 equipment utilized for any hospital purpose and equipment used
14 in the diagnosis, analysis, or treatment of hospital patients
15 purchased by a lessor who leases the equipment, under a lease
16 of one year or longer executed or in effect at the time the
17 lessor would otherwise be subject to the tax imposed by this
18 Act, to a hospital that has been issued an active tax exemption
19 identification number by the Department under Section 1g of the
20 Retailers' Occupation Tax Act. If the equipment is leased in a
21 manner that does not qualify for this exemption or is used in
22 any other nonexempt manner, the lessor shall be liable for the
23 tax imposed under this Act or the Service Use Tax Act, as the
24 case may be, based on the fair market value of the property at
25 the time the nonqualifying use occurs. No lessor shall collect
26 or attempt to collect an amount (however designated) that

1 purports to reimburse that lessor for the tax imposed by this
2 Act or the Service Use Tax Act, as the case may be, if the tax
3 has not been paid by the lessor. If a lessor improperly
4 collects any such amount from the lessee, the lessee shall have
5 a legal right to claim a refund of that amount from the lessor.
6 If, however, that amount is not refunded to the lessee for any
7 reason, the lessor is liable to pay that amount to the
8 Department. This paragraph is exempt from the provisions of
9 Section 3-90.

10 (32) Beginning on the effective date of this amendatory Act
11 of the 92nd General Assembly, personal property purchased by a
12 lessor who leases the property, under a lease of one year or
13 longer executed or in effect at the time the lessor would
14 otherwise be subject to the tax imposed by this Act, to a
15 governmental body that has been issued an active sales tax
16 exemption identification number by the Department under
17 Section 1g of the Retailers' Occupation Tax Act. If the
18 property is leased in a manner that does not qualify for this
19 exemption or used in any other nonexempt manner, the lessor
20 shall be liable for the tax imposed under this Act or the
21 Service Use Tax Act, as the case may be, based on the fair
22 market value of the property at the time the nonqualifying use
23 occurs. No lessor shall collect or attempt to collect an amount
24 (however designated) that purports to reimburse that lessor for
25 the tax imposed by this Act or the Service Use Tax Act, as the
26 case may be, if the tax has not been paid by the lessor. If a

1 lessor improperly collects any such amount from the lessee, the
2 lessee shall have a legal right to claim a refund of that
3 amount from the lessor. If, however, that amount is not
4 refunded to the lessee for any reason, the lessor is liable to
5 pay that amount to the Department. This paragraph is exempt
6 from the provisions of Section 3-90.

7 (33) On and after July 1, 2003 and through June 30, 2004,
8 the use in this State of motor vehicles of the second division
9 with a gross vehicle weight in excess of 8,000 pounds and that
10 are subject to the commercial distribution fee imposed under
11 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
12 1, 2004 and through June 30, 2005, the use in this State of
13 motor vehicles of the second division: (i) with a gross vehicle
14 weight rating in excess of 8,000 pounds; (ii) that are subject
15 to the commercial distribution fee imposed under Section
16 3-815.1 of the Illinois Vehicle Code; and (iii) that are
17 primarily used for commercial purposes. Through June 30, 2005,
18 this exemption applies to repair and replacement parts added
19 after the initial purchase of such a motor vehicle if that
20 motor vehicle is used in a manner that would qualify for the
21 rolling stock exemption otherwise provided for in this Act. For
22 purposes of this paragraph, the term "used for commercial
23 purposes" means the transportation of persons or property in
24 furtherance of any commercial or industrial enterprise,
25 whether for-hire or not.

26 (34) Beginning January 1, 2008, tangible personal property

1 used in the construction or maintenance of a community water
2 supply, as defined under Section 3.145 of the Environmental
3 Protection Act, that is operated by a not-for-profit
4 corporation that holds a valid water supply permit issued under
5 Title IV of the Environmental Protection Act. This paragraph is
6 exempt from the provisions of Section 3-90.

7 (35) Beginning January 1, 2010, materials, parts,
8 equipment, components, and furnishings incorporated into or
9 upon an aircraft as part of the modification, refurbishment,
10 completion, replacement, repair, or maintenance of the
11 aircraft. This exemption includes consumable supplies used in
12 the modification, refurbishment, completion, replacement,
13 repair, and maintenance of aircraft, but excludes any
14 materials, parts, equipment, components, and consumable
15 supplies used in the modification, replacement, repair, and
16 maintenance of aircraft engines or power plants, whether such
17 engines or power plants are installed or uninstalled upon any
18 such aircraft. "Consumable supplies" include, but are not
19 limited to, adhesive, tape, sandpaper, general purpose
20 lubricants, cleaning solution, latex gloves, and protective
21 films. This exemption applies only to the use of qualifying
22 tangible personal property by persons who modify, refurbish,
23 complete, repair, replace, or maintain aircraft and who (i)
24 hold an Air Agency Certificate and are empowered to operate an
25 approved repair station by the Federal Aviation
26 Administration, (ii) have a Class IV Rating, and (iii) conduct

1 operations in accordance with Part 145 of the Federal Aviation
2 Regulations. The exemption does not include aircraft operated
3 by a commercial air carrier providing scheduled passenger air
4 service pursuant to authority issued under Part 121 or Part 129
5 of the Federal Aviation Regulations. The changes made to this
6 paragraph (35) by Public Act 98-534 are declarative of existing
7 law.

8 (36) Tangible personal property purchased by a
9 public-facilities corporation, as described in Section
10 11-65-10 of the Illinois Municipal Code, for purposes of
11 constructing or furnishing a municipal convention hall, but
12 only if the legal title to the municipal convention hall is
13 transferred to the municipality without any further
14 consideration by or on behalf of the municipality at the time
15 of the completion of the municipal convention hall or upon the
16 retirement or redemption of any bonds or other debt instruments
17 issued by the public-facilities corporation in connection with
18 the development of the municipal convention hall. This
19 exemption includes existing public-facilities corporations as
20 provided in Section 11-65-25 of the Illinois Municipal Code.
21 This paragraph is exempt from the provisions of Section 3-90.

22 (37) Beginning January 1, 2017, menstrual pads, tampons,
23 and menstrual cups.

24 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
25 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
26 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.

1 7-29-15; 99-855, eff. 8-19-16.)

2 (35 ILCS 105/3-10)

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

24 Beginning on July 1, 2000 and through December 31, 2000,
25 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 Beginning on August 6, 2010 through August 15, 2010, with
4 respect to sales tax holiday items as defined in Section 3-6 of
5 this Act, the tax is imposed at the rate of 1.25%.

6 With respect to gasohol, the tax imposed by this Act
7 applies to (i) 70% of the proceeds of sales made on or after
8 January 1, 1990, and before July 1, 2003, (ii) 80% of the
9 proceeds of sales made on or after July 1, 2003 and on or
10 before July 1, 2017, (iii) 90% of the proceeds of sales made on
11 or after July 1, 2017 and on or before December 31, 2018, and
12 (iv) ~~(iii)~~ 100% of the proceeds of sales made thereafter. If,
13 at any time, however, the tax under this Act on sales of
14 gasohol is imposed at the rate of 1.25%, then the tax imposed
15 by this Act applies to 100% of the proceeds of sales of gasohol
16 made during that time.

17 With respect to majority blended ethanol fuel, the tax
18 imposed by this Act does not apply to the proceeds of sales
19 made on or after July 1, 2003 and on or before December 31,
20 2018 but applies to 100% of the proceeds of sales made
21 thereafter.

22 With respect to biodiesel blends with no less than 1% and
23 no more than 10% biodiesel, the tax imposed by this Act applies
24 to (i) 80% of the proceeds of sales made on or after July 1,
25 2003 and on or before July 1, 2017, (ii) 90% of the proceeds of
26 sales made on or after July 1, 2017 and on or before December

1 31, 2018, and (iii) ~~(ii)~~ 100% of the proceeds of sales made
2 thereafter. If, at any time, however, the tax under this Act on
3 sales of biodiesel blends with no less than 1% and no more than
4 10% biodiesel is imposed at the rate of 1.25%, then the tax
5 imposed by this Act applies to 100% of the proceeds of sales of
6 biodiesel blends with no less than 1% and no more than 10%
7 biodiesel made during that time.

8 With respect to 100% biodiesel and biodiesel blends with
9 more than 10% but no more than 99% biodiesel, the tax imposed
10 by this Act (i) does not apply to the proceeds of sales made on
11 or after July 1, 2003 and on or before July 1, 2017, (ii)
12 applies to 50% of the proceeds of sales made on or after July
13 1, 2017 and on or before December 31, 2018, and (iii) ~~but~~
14 applies to 100% of the proceeds of sales made thereafter.

15 With respect to food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, soft drinks, and food that has been
18 prepared for immediate consumption) and prescription and
19 nonprescription medicines, drugs, medical appliances, products
20 classified as Class III medical devices by the United States
21 Food and Drug Administration that are used for cancer treatment
22 pursuant to a prescription, as well as any accessories and
23 components related to those devices, modifications to a motor
24 vehicle for the purpose of rendering it usable by a person with
25 a disability, and insulin, urine testing materials, syringes,
26 and needles used by diabetics, for human use, the tax is

1 imposed at the rate of (i) 1% prior to July 1, 2017 and (ii)
2 3.625% on and after July 1, 2017. For the purposes of this
3 Section, until September 1, 2009: the term "soft drinks" means
4 any complete, finished, ready-to-use, non-alcoholic drink,
5 whether carbonated or not, including but not limited to soda
6 water, cola, fruit juice, vegetable juice, carbonated water,
7 and all other preparations commonly known as soft drinks of
8 whatever kind or description that are contained in any closed
9 or sealed bottle, can, carton, or container, regardless of
10 size; but "soft drinks" does not include coffee, tea,
11 non-carbonated water, infant formula, milk or milk products as
12 defined in the Grade A Pasteurized Milk and Milk Products Act,
13 or drinks containing 50% or more natural fruit or vegetable
14 juice.

15 Notwithstanding any other provisions of this Act,
16 beginning September 1, 2009, "soft drinks" means non-alcoholic
17 beverages that contain natural or artificial sweeteners. "Soft
18 drinks" do not include beverages that contain milk or milk
19 products, soy, rice or similar milk substitutes, or greater
20 than 50% of vegetable or fruit juice by volume.

21 Until August 1, 2009, and notwithstanding any other
22 provisions of this Act, "food for human consumption that is to
23 be consumed off the premises where it is sold" includes all
24 food sold through a vending machine, except soft drinks and
25 food products that are dispensed hot from a vending machine,
26 regardless of the location of the vending machine. Beginning

1 August 1, 2009, and notwithstanding any other provisions of
2 this Act, "food for human consumption that is to be consumed
3 off the premises where it is sold" includes all food sold
4 through a vending machine, except soft drinks, candy, and food
5 products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine.

7 Notwithstanding any other provisions of this Act,
8 beginning September 1, 2009, "food for human consumption that
9 is to be consumed off the premises where it is sold" does not
10 include candy. For purposes of this Section, "candy" means a
11 preparation of sugar, honey, or other natural or artificial
12 sweeteners in combination with chocolate, fruits, nuts or other
13 ingredients or flavorings in the form of bars, drops, or
14 pieces. "Candy" does not include any preparation that contains
15 flour or requires refrigeration.

16 Notwithstanding any other provisions of this Act,
17 beginning September 1, 2009, "nonprescription medicines and
18 drugs" does not include grooming and hygiene products. For
19 purposes of this Section, "grooming and hygiene products"
20 includes, but is not limited to, soaps and cleaning solutions,
21 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
22 lotions and screens, unless those products are available by
23 prescription only, regardless of whether the products meet the
24 definition of "over-the-counter-drugs". For the purposes of
25 this paragraph, "over-the-counter-drug" means a drug for human
26 use that contains a label that identifies the product as a drug

1 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
2 label includes:

3 (A) A "Drug Facts" panel; or

4 (B) A statement of the "active ingredient(s)" with a
5 list of those ingredients contained in the compound,
6 substance or preparation.

7 Beginning on the effective date of this amendatory Act of
8 the 98th General Assembly, "prescription and nonprescription
9 medicines and drugs" includes medical cannabis purchased from a
10 registered dispensing organization under the Compassionate Use
11 of Medical Cannabis Pilot Program Act.

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

19 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
20 99-858, eff. 8-19-16.)

21 (35 ILCS 105/9) (from Ch. 120, par. 439.9)

22 Sec. 9. Except as to motor vehicles, watercraft, aircraft,
23 and trailers that are required to be registered with an agency
24 of this State, each retailer required or authorized to collect
25 the tax imposed by this Act shall pay to the Department the

1 amount of such tax (except as otherwise provided) at the time
2 when he is required to file his return for the period during
3 which such tax was collected, less a discount of 2.1% prior to
4 January 1, 1990, and 1.75% on and after January 1, 1990, or \$5
5 per calendar year, whichever is greater, which is allowed to
6 reimburse the retailer for expenses incurred in collecting the
7 tax, keeping records, preparing and filing returns, remitting
8 the tax and supplying data to the Department on request.
9 Notwithstanding any other provision of law, no such vendor
10 discount is allowed under this Act on or after July 1, 2017. In
11 the case of retailers who report and pay the tax on a
12 transaction by transaction basis, as provided in this Section,
13 such discount shall be taken with each such tax remittance
14 instead of when such retailer files his periodic return. The
15 Department may disallow the discount for retailers whose
16 certificate of registration is revoked at the time the return
17 is filed, but only if the Department's decision to revoke the
18 certificate of registration has become final. A retailer need
19 not remit that part of any tax collected by him to the extent
20 that he is required to remit and does remit the tax imposed by
21 the Retailers' Occupation Tax Act, with respect to the sale of
22 the same property.

23 Where such tangible personal property is sold under a
24 conditional sales contract, or under any other form of sale
25 wherein the payment of the principal sum, or a part thereof, is
26 extended beyond the close of the period for which the return is

1 filed, the retailer, in collecting the tax (except as to motor
2 vehicles, watercraft, aircraft, and trailers that are required
3 to be registered with an agency of this State), may collect for
4 each tax return period, only the tax applicable to that part of
5 the selling price actually received during such tax return
6 period.

7 Except as provided in this Section, on or before the
8 twentieth day of each calendar month, such retailer shall file
9 a return for the preceding calendar month. Such return shall be
10 filed on forms prescribed by the Department and shall furnish
11 such information as the Department may reasonably require.

12 The Department may require returns to be filed on a
13 quarterly basis. If so required, a return for each calendar
14 quarter shall be filed on or before the twentieth day of the
15 calendar month following the end of such calendar quarter. The
16 taxpayer shall also file a return with the Department for each
17 of the first two months of each calendar quarter, on or before
18 the twentieth day of the following calendar month, stating:

19 1. The name of the seller;

20 2. The address of the principal place of business from
21 which he engages in the business of selling tangible
22 personal property at retail in this State;

23 3. The total amount of taxable receipts received by him
24 during the preceding calendar month from sales of tangible
25 personal property by him during such preceding calendar
26 month, including receipts from charge and time sales, but

1 less all deductions allowed by law;

2 4. The amount of credit provided in Section 2d of this
3 Act;

4 5. The amount of tax due;

5 5-5. The signature of the taxpayer; and

6 6. Such other reasonable information as the Department
7 may require.

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

12 Beginning October 1, 1993, a taxpayer who has an average
13 monthly tax liability of \$150,000 or more shall make all
14 payments required by rules of the Department by electronic
15 funds transfer. Beginning October 1, 1994, a taxpayer who has
16 an average monthly tax liability of \$100,000 or more shall make
17 all payments required by rules of the Department by electronic
18 funds transfer. Beginning October 1, 1995, a taxpayer who has
19 an average monthly tax liability of \$50,000 or more shall make
20 all payments required by rules of the Department by electronic
21 funds transfer. Beginning October 1, 2000, a taxpayer who has
22 an annual tax liability of \$200,000 or more shall make all
23 payments required by rules of the Department by electronic
24 funds transfer. The term "annual tax liability" shall be the
25 sum of the taxpayer's liabilities under this Act, and under all
26 other State and local occupation and use tax laws administered

1 by the Department, for the immediately preceding calendar year.
2 The term "average monthly tax liability" means the sum of the
3 taxpayer's liabilities under this Act, and under all other
4 State and local occupation and use tax laws administered by the
5 Department, for the immediately preceding calendar year
6 divided by 12. Beginning on October 1, 2002, a taxpayer who has
7 a tax liability in the amount set forth in subsection (b) of
8 Section 2505-210 of the Department of Revenue Law shall make
9 all payments required by rules of the Department by electronic
10 funds transfer.

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

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

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

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

26 Before October 1, 2000, if the taxpayer's average monthly

1 tax liability to the Department under this Act, the Retailers'
2 Occupation Tax Act, the Service Occupation Tax Act, the Service
3 Use Tax Act was \$10,000 or more during the preceding 4 complete
4 calendar quarters, he shall file a return with the Department
5 each month by the 20th day of the month next following the
6 month during which such tax liability is incurred and shall
7 make payments to the Department on or before the 7th, 15th,
8 22nd and last day of the month during which such liability is
9 incurred. On and after October 1, 2000, if the taxpayer's
10 average monthly tax liability to the Department under this Act,
11 the Retailers' Occupation Tax Act, the Service Occupation Tax
12 Act, and the Service Use Tax Act was \$20,000 or more during the
13 preceding 4 complete calendar quarters, he shall file a return
14 with the Department each month by the 20th day of the month
15 next following the month during which such tax liability is
16 incurred and shall make payment to the Department on or before
17 the 7th, 15th, 22nd and last day of the month during which such
18 liability is incurred. If the month during which such tax
19 liability is incurred began prior to January 1, 1985, each
20 payment shall be in an amount equal to 1/4 of the taxpayer's
21 actual liability for the month or an amount set by the
22 Department not to exceed 1/4 of the average monthly liability
23 of the taxpayer to the Department for the preceding 4 complete
24 calendar quarters (excluding the month of highest liability and
25 the month of lowest liability in such 4 quarter period). If the
26 month during which such tax liability is incurred begins on or

1 after January 1, 1985, and prior to January 1, 1987, each
2 payment shall be in an amount equal to 22.5% of the taxpayer's
3 actual liability for the month or 27.5% of the taxpayer's
4 liability for the same calendar month of the preceding year. If
5 the month during which such tax liability is incurred begins on
6 or after January 1, 1987, and prior to January 1, 1988, each
7 payment shall be in an amount equal to 22.5% of the taxpayer's
8 actual liability for the month or 26.25% of the taxpayer's
9 liability for the same calendar month of the preceding year. If
10 the month during which such tax liability is incurred begins on
11 or after January 1, 1988, and prior to January 1, 1989, or
12 begins on or after January 1, 1996, each payment shall be in an
13 amount equal to 22.5% of the taxpayer's actual liability for
14 the month or 25% of the taxpayer's liability for the same
15 calendar month of the preceding year. If the month during which
16 such tax liability is incurred begins on or after January 1,
17 1989, and prior to January 1, 1996, each payment shall be in an
18 amount equal to 22.5% of the taxpayer's actual liability for
19 the month or 25% of the taxpayer's liability for the same
20 calendar month of the preceding year or 100% of the taxpayer's
21 actual liability for the quarter monthly reporting period. The
22 amount of such quarter monthly payments shall be credited
23 against the final tax liability of the taxpayer's return for
24 that month. Before October 1, 2000, once applicable, the
25 requirement of the making of quarter monthly payments to the
26 Department shall continue until such taxpayer's average

1 monthly liability to the Department during the preceding 4
2 complete calendar quarters (excluding the month of highest
3 liability and the month of lowest liability) is less than
4 \$9,000, or until such taxpayer's average monthly liability to
5 the Department as computed for each calendar quarter of the 4
6 preceding complete calendar quarter period is less than
7 \$10,000. However, if a taxpayer can show the Department that a
8 substantial change in the taxpayer's business has occurred
9 which causes the taxpayer to anticipate that his average
10 monthly tax liability for the reasonably foreseeable future
11 will fall below the \$10,000 threshold stated above, then such
12 taxpayer may petition the Department for change in such
13 taxpayer's reporting status. On and after October 1, 2000, once
14 applicable, the requirement of the making of quarter monthly
15 payments to the Department shall continue until such taxpayer's
16 average monthly liability to the Department during the
17 preceding 4 complete calendar quarters (excluding the month of
18 highest liability and the month of lowest liability) is less
19 than \$19,000 or until such taxpayer's average monthly liability
20 to the Department as computed for each calendar quarter of the
21 4 preceding complete calendar quarter period is less than
22 \$20,000. However, if a taxpayer can show the Department that a
23 substantial change in the taxpayer's business has occurred
24 which causes the taxpayer to anticipate that his average
25 monthly tax liability for the reasonably foreseeable future
26 will fall below the \$20,000 threshold stated above, then such

1 taxpayer may petition the Department for a change in such
2 taxpayer's reporting status. The Department shall change such
3 taxpayer's reporting status unless it finds that such change is
4 seasonal in nature and not likely to be long term. If any such
5 quarter monthly payment is not paid at the time or in the
6 amount required by this Section, then the taxpayer shall be
7 liable for penalties and interest on the difference between the
8 minimum amount due and the amount of such quarter monthly
9 payment actually and timely paid, except insofar as the
10 taxpayer has previously made payments for that month to the
11 Department in excess of the minimum payments previously due as
12 provided in this Section. The Department shall make reasonable
13 rules and regulations to govern the quarter monthly payment
14 amount and quarter monthly payment dates for taxpayers who file
15 on other than a calendar monthly basis.

16 If any such payment provided for in this Section exceeds
17 the taxpayer's liabilities under this Act, the Retailers'
18 Occupation Tax Act, the Service Occupation Tax Act and the
19 Service Use Tax Act, as shown by an original monthly return,
20 the Department shall issue to the taxpayer a credit memorandum
21 no later than 30 days after the date of payment, which
22 memorandum may be submitted by the taxpayer to the Department
23 in payment of tax liability subsequently to be remitted by the
24 taxpayer to the Department or be assigned by the taxpayer to a
25 similar taxpayer under this Act, the Retailers' Occupation Tax
26 Act, the Service Occupation Tax Act or the Service Use Tax Act,

1 in accordance with reasonable rules and regulations to be
2 prescribed by the Department, except that if such excess
3 payment is shown on an original monthly return and is made
4 after December 31, 1986, no credit memorandum shall be issued,
5 unless requested by the taxpayer. If no such request is made,
6 the taxpayer may credit such excess payment against tax
7 liability subsequently to be remitted by the taxpayer to the
8 Department under this Act, the Retailers' Occupation Tax Act,
9 the Service Occupation Tax Act or the Service Use Tax Act, in
10 accordance with reasonable rules and regulations prescribed by
11 the Department. If the Department subsequently determines that
12 all or any part of the credit taken was not actually due to the
13 taxpayer, until July 1, 2017, the taxpayer's 2.1% or 1.75%
14 vendor's discount shall be reduced by 2.1% or 1.75% of the
15 difference between the credit taken and that actually due, and
16 the taxpayer shall be liable for penalties and interest on such
17 difference.

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

1 for October, November and December of a given year being due by
2 January 20 of the following year.

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

9 Such quarter annual and annual returns, as to form and
10 substance, shall be subject to the same requirements as monthly
11 returns.

12 Notwithstanding any other provision in this Act concerning
13 the time within which a retailer may file his return, in the
14 case of any retailer who ceases to engage in a kind of business
15 which makes him responsible for filing returns under this Act,
16 such retailer shall file a final return under this Act with the
17 Department not more than one month after discontinuing such
18 business.

19 In addition, with respect to motor vehicles, watercraft,
20 aircraft, and trailers that are required to be registered with
21 an agency of this State, every retailer selling this kind of
22 tangible personal property shall file, with the Department,
23 upon a form to be prescribed and supplied by the Department, a
24 separate return for each such item of tangible personal
25 property which the retailer sells, except that if, in the same
26 transaction, (i) a retailer of aircraft, watercraft, motor

1 vehicles or trailers transfers more than one aircraft,
2 watercraft, motor vehicle or trailer to another aircraft,
3 watercraft, motor vehicle or trailer retailer for the purpose
4 of resale or (ii) a retailer of aircraft, watercraft, motor
5 vehicles, or trailers transfers more than one aircraft,
6 watercraft, motor vehicle, or trailer to a purchaser for use as
7 a qualifying rolling stock as provided in Section 3-55 of this
8 Act, then that seller may report the transfer of all the
9 aircraft, watercraft, motor vehicles or trailers involved in
10 that transaction to the Department on the same uniform
11 invoice-transaction reporting return form. For purposes of
12 this Section, "watercraft" means a Class 2, Class 3, or Class 4
13 watercraft as defined in Section 3-2 of the Boat Registration
14 and Safety Act, a personal watercraft, or any boat equipped
15 with an inboard motor.

16 The transaction reporting return in the case of motor
17 vehicles or trailers that are required to be registered with an
18 agency of this State, shall be the same document as the Uniform
19 Invoice referred to in Section 5-402 of the Illinois Vehicle
20 Code and must show the name and address of the seller; the name
21 and address of the purchaser; the amount of the selling price
22 including the amount allowed by the retailer for traded-in
23 property, if any; the amount allowed by the retailer for the
24 traded-in tangible personal property, if any, to the extent to
25 which Section 2 of this Act allows an exemption for the value
26 of traded-in property; the balance payable after deducting such

1 trade-in allowance from the total selling price; the amount of
2 tax due from the retailer with respect to such transaction; the
3 amount of tax collected from the purchaser by the retailer on
4 such transaction (or satisfactory evidence that such tax is not
5 due in that particular instance, if that is claimed to be the
6 fact); the place and date of the sale; a sufficient
7 identification of the property sold; such other information as
8 is required in Section 5-402 of the Illinois Vehicle Code, and
9 such other information as the Department may reasonably
10 require.

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

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

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

26 No retailer's failure or refusal to remit tax under this

1 Act precludes a user, who has paid the proper tax to the
2 retailer, from obtaining his certificate of title or other
3 evidence of title or registration (if titling or registration
4 is required) upon satisfying the Department that such user has
5 paid the proper tax (if tax is due) to the retailer. The
6 Department shall adopt appropriate rules to carry out the
7 mandate of this paragraph.

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

26 Where a retailer collects the tax with respect to the

1 selling price of tangible personal property which he sells and
2 the purchaser thereafter returns such tangible personal
3 property and the retailer refunds the selling price thereof to
4 the purchaser, such retailer shall also refund, to the
5 purchaser, the tax so collected from the purchaser. When filing
6 his return for the period in which he refunds such tax to the
7 purchaser, the retailer may deduct the amount of the tax so
8 refunded by him to the purchaser from any other use tax which
9 such retailer may be required to pay or remit to the
10 Department, as shown by such return, if the amount of the tax
11 to be deducted was previously remitted to the Department by
12 such retailer. If the retailer has not previously remitted the
13 amount of such tax to the Department, he is entitled to no
14 deduction under this Act upon refunding such tax to the
15 purchaser.

16 Any retailer filing a return under this Section shall also
17 include (for the purpose of paying tax thereon) the total tax
18 covered by such return upon the selling price of tangible
19 personal property purchased by him at retail from a retailer,
20 but as to which the tax imposed by this Act was not collected
21 from the retailer filing such return, and such retailer shall
22 remit the amount of such tax to the Department when filing such
23 return.

24 If experience indicates such action to be practicable, the
25 Department may prescribe and furnish a combination or joint
26 return which will enable retailers, who are required to file

1 returns hereunder and also under the Retailers' Occupation Tax
2 Act, to furnish all the return information required by both
3 Acts on the one form.

4 Where the retailer has more than one business registered
5 with the Department under separate registration under this Act,
6 such retailer may not file each return that is due as a single
7 return covering all such registered businesses, but shall file
8 separate returns for each such registered business.

9 Beginning January 1, 1990 and until August 1, 2017, each
10 month the Department shall pay into the State and Local Sales
11 Tax Reform Fund, a special fund in the State Treasury which is
12 hereby created, the net revenue realized for the preceding
13 month from the 1% tax on sales of food for human consumption
14 which is to be consumed off the premises where it is sold
15 (other than alcoholic beverages, soft drinks and food which has
16 been prepared for immediate consumption) and prescription and
17 nonprescription medicines, drugs, medical appliances, products
18 classified as Class III medical devices by the United States
19 Food and Drug Administration that are used for cancer treatment
20 pursuant to a prescription, as well as any accessories and
21 components related to those devices, and insulin, urine testing
22 materials, syringes and needles used by diabetics.

23 Beginning August 1, 2017, each month the Department shall
24 pay into the State and Local Sales Tax Reform Fund 27.5% of the
25 net revenue realized for the preceding month from the 3.625%
26 tax on sales of food for human consumption which is to be

1 consumed off the premises where it is sold (other than
2 alcoholic beverages, soft drinks and food which has been
3 prepared for immediate consumption) and prescription and
4 nonprescription medicines, drugs, medical appliances, products
5 classified as Class III medical devices by the United States
6 Food and Drug Administration that are used for cancer treatment
7 pursuant to a prescription, as well as any accessories and
8 components related to those devices, and insulin, urine testing
9 materials, syringes and needles used by diabetics.

10 Beginning January 1, 1990, each month the Department shall
11 pay into the County and Mass Transit District Fund 4% of the
12 net revenue realized for the preceding month from the 6.25%
13 general rate on the selling price of tangible personal property
14 which is purchased outside Illinois at retail from a retailer
15 and which is titled or registered by an agency of this State's
16 government.

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

25 Beginning August 1, 2000, each month the Department shall
26 pay into the State and Local Sales Tax Reform Fund 100% of the

1 net revenue realized for the preceding month from the 1.25%
2 rate on the selling price of motor fuel and gasohol. Beginning
3 September 1, 2010, each month the Department shall pay into the
4 State and Local Sales Tax Reform Fund 100% of the net revenue
5 realized for the preceding month from the 1.25% rate on the
6 selling price of sales tax holiday items.

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

14 Beginning October 1, 2009, each month the Department shall
15 pay into the Capital Projects Fund an amount that is equal to
16 an amount estimated by the Department to represent 80% of the
17 net revenue realized for the preceding month from the sale of
18 candy, grooming and hygiene products, and soft drinks that had
19 been taxed at a rate of 1% prior to September 1, 2009 but that
20 are now taxed at 6.25%.

21 Beginning July 1, 2011, each month the Department shall pay
22 into the Clean Air Act Permit Fund 80% of the net revenue
23 realized for the preceding month from the 6.25% general rate on
24 the selling price of sorbents used in Illinois in the process
25 of sorbent injection as used to comply with the Environmental
26 Protection Act or the federal Clean Air Act, but the total

1 payment into the Clean Air Act Permit Fund under this Act and
2 the Retailers' Occupation Tax Act shall not exceed \$2,000,000
3 in any fiscal year.

4 Beginning July 1, 2013, each month the Department shall pay
5 into the Underground Storage Tank Fund from the proceeds
6 collected under this Act, the Service Use Tax Act, the Service
7 Occupation Tax Act, and the Retailers' Occupation Tax Act an
8 amount equal to the average monthly deficit in the Underground
9 Storage Tank Fund during the prior year, as certified annually
10 by the Illinois Environmental Protection Agency, but the total
11 payment into the Underground Storage Tank Fund under this Act,
12 the Service Use Tax Act, the Service Occupation Tax Act, and
13 the Retailers' Occupation Tax Act shall not exceed \$18,000,000
14 in any State fiscal year. As used in this paragraph, the
15 "average monthly deficit" shall be equal to the difference
16 between the average monthly claims for payment by the fund and
17 the average monthly revenues deposited into the fund, excluding
18 payments made pursuant to this paragraph.

19 Beginning July 1, 2015, of the remainder of the moneys
20 received by the Department under this Act, the Service Use Tax
21 Act, the Service Occupation Tax Act, and the Retailers'
22 Occupation Tax Act, each month the Department shall deposit
23 \$500,000 into the State Crime Laboratory Fund.

24 Of the remainder of the moneys received by the Department
25 pursuant to this Act, (a) 1.75% thereof shall be paid into the
26 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on

1 and after July 1, 1989, 3.8% thereof shall be paid into the
2 Build Illinois Fund; provided, however, that if in any fiscal
3 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
4 may be, of the moneys received by the Department and required
5 to be paid into the Build Illinois Fund pursuant to Section 3
6 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
7 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
8 Service Occupation Tax Act, such Acts being hereinafter called
9 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
10 may be, of moneys being hereinafter called the "Tax Act
11 Amount", and (2) the amount transferred to the Build Illinois
12 Fund from the State and Local Sales Tax Reform Fund shall be
13 less than the Annual Specified Amount (as defined in Section 3
14 of the Retailers' Occupation Tax Act), an amount equal to the
15 difference shall be immediately paid into the Build Illinois
16 Fund from other moneys received by the Department pursuant to
17 the Tax Acts; and further provided, that if on the last
18 business day of any month the sum of (1) the Tax Act Amount
19 required to be deposited into the Build Illinois Bond Account
20 in the Build Illinois Fund during such month and (2) the amount
21 transferred during such month to the Build Illinois Fund from
22 the State and Local Sales Tax Reform Fund shall have been less
23 than 1/12 of the Annual Specified Amount, an amount equal to
24 the difference shall be immediately paid into the Build
25 Illinois Fund from other moneys received by the Department
26 pursuant to the Tax Acts; and, further provided, that in no

1 event shall the payments required under the preceding proviso
2 result in aggregate payments into the Build Illinois Fund
3 pursuant to this clause (b) for any fiscal year in excess of
4 the greater of (i) the Tax Act Amount or (ii) the Annual
5 Specified Amount for such fiscal year; and, further provided,
6 that the amounts payable into the Build Illinois Fund under
7 this clause (b) shall be payable only until such time as the
8 aggregate amount on deposit under each trust indenture securing
9 Bonds issued and outstanding pursuant to the Build Illinois
10 Bond Act is sufficient, taking into account any future
11 investment income, to fully provide, in accordance with such
12 indenture, for the defeasance of or the payment of the
13 principal of, premium, if any, and interest on the Bonds
14 secured by such indenture and on any Bonds expected to be
15 issued thereafter and all fees and costs payable with respect
16 thereto, all as certified by the Director of the Bureau of the
17 Budget (now Governor's Office of Management and Budget). If on
18 the last business day of any month in which Bonds are
19 outstanding pursuant to the Build Illinois Bond Act, the
20 aggregate of the moneys deposited in the Build Illinois Bond
21 Account in the Build Illinois Fund in such month shall be less
22 than the amount required to be transferred in such month from
23 the Build Illinois Bond Account to the Build Illinois Bond
24 Retirement and Interest Fund pursuant to Section 13 of the
25 Build Illinois Bond Act, an amount equal to such deficiency
26 shall be immediately paid from other moneys received by the

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

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

Fiscal Year	Total Deposit
1993	\$0
1994	53,000,000
1995	58,000,000

1	1996	61,000,000
2	1997	64,000,000
3	1998	68,000,000
4	1999	71,000,000
5	2000	75,000,000
6	2001	80,000,000
7	2002	93,000,000
8	2003	99,000,000
9	2004	103,000,000
10	2005	108,000,000
11	2006	113,000,000
12	2007	119,000,000
13	2008	126,000,000
14	2009	132,000,000
15	2010	139,000,000
16	2011	146,000,000
17	2012	153,000,000
18	2013	161,000,000
19	2014	170,000,000
20	2015	179,000,000
21	2016	189,000,000
22	2017	199,000,000
23	2018	210,000,000
24	2019	221,000,000
25	2020	233,000,000
26	2021	246,000,000

1	2022	260,000,000
2	2023	275,000,000
3	2024	275,000,000
4	2025	275,000,000
5	2026	279,000,000
6	2027	292,000,000
7	2028	307,000,000
8	2029	322,000,000
9	2030	338,000,000
10	2031	350,000,000
11	2032	350,000,000

12 and
13 each fiscal year
14 thereafter that bonds
15 are outstanding under
16 Section 13.2 of the
17 Metropolitan Pier and
18 Exposition Authority Act,
19 but not after fiscal year 2060.

20 Beginning July 20, 1993 and in each month of each fiscal
21 year thereafter, one-eighth of the amount requested in the
22 certificate of the Chairman of the Metropolitan Pier and
23 Exposition Authority for that fiscal year, less the amount
24 deposited into the McCormick Place Expansion Project Fund by
25 the State Treasurer in the respective month under subsection
26 (g) of Section 13 of the Metropolitan Pier and Exposition

1 Authority Act, plus cumulative deficiencies in the deposits
2 required under this Section for previous months and years,
3 shall be deposited into the McCormick Place Expansion Project
4 Fund, until the full amount requested for the fiscal year, but
5 not in excess of the amount specified above as "Total Deposit",
6 has been deposited.

7 Subject to payment of amounts into the Build Illinois Fund
8 and the McCormick Place Expansion Project Fund pursuant to the
9 preceding paragraphs or in any amendments thereto hereafter
10 enacted, beginning July 1, 1993 and ending on September 30,
11 2013, the Department shall each month pay into the Illinois Tax
12 Increment Fund 0.27% of 80% of the net revenue realized for the
13 preceding month from the 6.25% general rate on the selling
14 price of tangible personal property.

15 Subject to payment of amounts into the Build Illinois Fund
16 and the McCormick Place Expansion Project Fund pursuant to the
17 preceding paragraphs or in any amendments thereto hereafter
18 enacted, beginning with the receipt of the first report of
19 taxes paid by an eligible business and continuing for a 25-year
20 period, the Department shall each month pay into the Energy
21 Infrastructure Fund 80% of the net revenue realized from the
22 6.25% general rate on the selling price of Illinois-mined coal
23 that was sold to an eligible business. For purposes of this
24 paragraph, the term "eligible business" means a new electric
25 generating facility certified pursuant to Section 605-332 of
26 the Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 Subject to payment of amounts into the Build Illinois Fund,
3 the McCormick Place Expansion Project Fund, the Illinois Tax
4 Increment Fund, and the Energy Infrastructure Fund pursuant to
5 the preceding paragraphs or in any amendments to this Section
6 hereafter enacted, beginning on the first day of the first
7 calendar month to occur on or after August 26, 2014 (the
8 effective date of Public Act 98-1098) ~~this amendatory Act of~~
9 ~~the 98th General Assembly~~, each month, from the collections
10 made under Section 9 of the Use Tax Act, Section 9 of the
11 Service Use Tax Act, Section 9 of the Service Occupation Tax
12 Act, and Section 3 of the Retailers' Occupation Tax Act, the
13 Department shall pay into the Tax Compliance and Administration
14 Fund, to be used, subject to appropriation, to fund additional
15 auditors and compliance personnel at the Department of Revenue,
16 an amount equal to 1/12 of 5% of 80% of the cash receipts
17 collected during the preceding fiscal year by the Audit Bureau
18 of the Department under the Use Tax Act, the Service Use Tax
19 Act, the Service Occupation Tax Act, the Retailers' Occupation
20 Tax Act, and associated local occupation and use taxes
21 administered by the Department.

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

1 accordance with Section 8a of the State Finance Act.

2 As soon as possible after the first day of each month, upon
3 certification of the Department of Revenue, the Comptroller
4 shall order transferred and the Treasurer shall transfer from
5 the General Revenue Fund to the Motor Fuel Tax Fund an amount
6 equal to 1.7% of 80% of the net revenue realized under this Act
7 for the second preceding month. Beginning April 1, 2000, this
8 transfer is no longer required and shall not be made.

9 Net revenue realized for a month shall be the revenue
10 collected by the State pursuant to this Act, less the amount
11 paid out during that month as refunds to taxpayers for
12 overpayment of liability.

13 For greater simplicity of administration, manufacturers,
14 importers and wholesalers whose products are sold at retail in
15 Illinois by numerous retailers, and who wish to do so, may
16 assume the responsibility for accounting and paying to the
17 Department all tax accruing under this Act with respect to such
18 sales, if the retailers who are affected do not make written
19 objection to the Department to this arrangement.

20 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
21 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
22 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
23 eff. 1-27-17; revised 2-3-17.)

24 Section 30. The Service Use Tax Act is amended by changing
25 Sections 3-5, 3-10, and 9 as follows:

1 (35 ILCS 110/3-5)

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

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

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

14 (3) Personal property purchased by a not-for-profit arts or
15 cultural organization that establishes, by proof required by
16 the Department by rule, that it has received an exemption under
17 Section 501(c)(3) of the Internal Revenue Code and that is
18 organized and operated primarily for the presentation or
19 support of arts or cultural programming, activities, or
20 services. These organizations include, but are not limited to,
21 music and dramatic arts organizations such as symphony
22 orchestras and theatrical groups, arts and cultural service
23 organizations, local arts councils, visual arts organizations,
24 and media arts organizations. On and after the effective date
25 of this amendatory Act of the 92nd General Assembly, however,

1 an entity otherwise eligible for this exemption shall not make
2 tax-free purchases unless it has an active identification
3 number issued by the Department.

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

8 (5) Until July 1, 2003 and beginning again on September 1,
9 2004 through August 30, 2014, graphic arts machinery and
10 equipment, including repair and replacement parts, both new and
11 used, and including that manufactured on special order or
12 purchased for lease, certified by the purchaser to be used
13 primarily for graphic arts production. Equipment includes
14 chemicals or chemicals acting as catalysts but only if the
15 chemicals or chemicals acting as catalysts effect a direct and
16 immediate change upon a graphic arts product.

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

20 (7) Until July 1, 2017, farm ~~Farm~~ machinery and equipment,
21 both new and used, including that manufactured on special
22 order, certified by the purchaser to be used primarily for
23 production agriculture or State or federal agricultural
24 programs, including individual replacement parts for the
25 machinery and equipment, including machinery and equipment
26 purchased for lease, and including implements of husbandry

1 defined in Section 1-130 of the Illinois Vehicle Code, farm
2 machinery and agricultural chemical and fertilizer spreaders,
3 and nurse wagons required to be registered under Section 3-809
4 of the Illinois Vehicle Code, but excluding other motor
5 vehicles required to be registered under the Illinois Vehicle
6 Code. Horticultural polyhouses or hoop houses used for
7 propagating, growing, or overwintering plants shall be
8 considered farm machinery and equipment under this item (7).
9 Agricultural chemical tender tanks and dry boxes shall include
10 units sold separately from a motor vehicle required to be
11 licensed and units sold mounted on a motor vehicle required to
12 be licensed if the selling price of the tender is separately
13 stated. With respect to farm machinery and equipment, on and
14 after July 1, 2017, the tax under this Act shall be imposed at
15 the rate of 6.25%, but shall be imposed on only 50% of the
16 proceeds of sales.

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

25 Farm machinery and equipment also includes computers,
26 sensors, software, and related equipment used primarily in the

1 computer-assisted operation of production agriculture
2 facilities, equipment, and activities such as, but not limited
3 to, the collection, monitoring, and correlation of animal and
4 crop data for the purpose of formulating animal diets and
5 agricultural chemicals. This item (7) is exempt from the
6 provisions of Section 3-75.

7 (8) Until June 30, 2013, fuel and petroleum products sold
8 to or used by an air common carrier, certified by the carrier
9 to be used for consumption, shipment, or storage in the conduct
10 of its business as an air common carrier, for a flight destined
11 for or returning from a location or locations outside the
12 United States without regard to previous or subsequent domestic
13 stopovers.

14 Beginning July 1, 2013, fuel and petroleum products sold to
15 or used by an air carrier, certified by the carrier to be used
16 for consumption, shipment, or storage in the conduct of its
17 business as an air common carrier, for a flight that (i) is
18 engaged in foreign trade or is engaged in trade between the
19 United States and any of its possessions and (ii) transports at
20 least one individual or package for hire from the city of
21 origination to the city of final destination on the same
22 aircraft, without regard to a change in the flight number of
23 that aircraft.

24 (9) Proceeds of mandatory service charges separately
25 stated on customers' bills for the purchase and consumption of
26 food and beverages acquired as an incident to the purchase of a

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

7 (10) Until July 1, 2003, oil field exploration, drilling,
8 and production equipment, including (i) rigs and parts of rigs,
9 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
10 tubular goods, including casing and drill strings, (iii) pumps
11 and pump-jack units, (iv) storage tanks and flow lines, (v) any
12 individual replacement part for oil field exploration,
13 drilling, and production equipment, and (vi) machinery and
14 equipment purchased for lease; but excluding motor vehicles
15 required to be registered under the Illinois Vehicle Code.

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

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

1 changes made to this Section by Public Act 97-767 apply on and
2 after July 1, 2003, but no claim for credit or refund is
3 allowed on or after August 16, 2013 (the effective date of
4 Public Act 98-456) for such taxes paid during the period
5 beginning July 1, 2003 and ending on August 16, 2013 (the
6 effective date of Public Act 98-456).

7 (13) Semen used for artificial insemination of livestock
8 for direct agricultural production.

9 (14) Horses, or interests in horses, registered with and
10 meeting the requirements of any of the Arabian Horse Club
11 Registry of America, Appaloosa Horse Club, American Quarter
12 Horse Association, United States Trotting Association, or
13 Jockey Club, as appropriate, used for purposes of breeding or
14 racing for prizes. This item (14) is exempt from the provisions
15 of Section 3-75, and the exemption provided for under this item
16 (14) applies for all periods beginning May 30, 1995, but no
17 claim for credit or refund is allowed on or after the effective
18 date of this amendatory Act of the 95th General Assembly for
19 such taxes paid during the period beginning May 30, 2000 and
20 ending on the effective date of this amendatory Act of the 95th
21 General Assembly.

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

18 (16) Personal property purchased by a lessor who leases the
19 property, under a lease of one year or longer executed or in
20 effect at the time the lessor would otherwise be subject to the
21 tax imposed by this Act, to a governmental body that has been
22 issued an active tax exemption identification number by the
23 Department under Section 1g of the Retailers' Occupation Tax
24 Act. If the property is leased in a manner that does not
25 qualify for this exemption or is used in any other non-exempt
26 manner, the lessor shall be liable for the tax imposed under

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

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

22 (18) Beginning with taxable years ending on or after
23 December 31, 1995 and ending with taxable years ending on or
24 before December 31, 2004, personal property that is used in the
25 performance of infrastructure repairs in this State, including
26 but not limited to municipal roads and streets, access roads,

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

8 (19) Beginning July 1, 1999, game or game birds purchased
9 at a "game breeding and hunting preserve area" as that term is
10 used in the Wildlife Code. This paragraph is exempt from the
11 provisions of Section 3-75.

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

1 than 6 weeks duration and designed to prepare individuals to
2 follow a trade or to pursue a manual, technical, mechanical,
3 industrial, business, or commercial occupation.

4 (21) Beginning January 1, 2000, personal property,
5 including food, purchased through fundraising events for the
6 benefit of a public or private elementary or secondary school,
7 a group of those schools, or one or more school districts if
8 the events are sponsored by an entity recognized by the school
9 district that consists primarily of volunteers and includes
10 parents and teachers of the school children. This paragraph
11 does not apply to fundraising events (i) for the benefit of
12 private home instruction or (ii) for which the fundraising
13 entity purchases the personal property sold at the events from
14 another individual or entity that sold the property for the
15 purpose of resale by the fundraising entity and that profits
16 from the sale to the fundraising entity. This paragraph is
17 exempt from the provisions of Section 3-75.

18 (22) Beginning January 1, 2000 and through December 31,
19 2001, new or used automatic vending machines that prepare and
20 serve hot food and beverages, including coffee, soup, and other
21 items, and replacement parts for these machines. Beginning
22 January 1, 2002 and through June 30, 2003, machines and parts
23 for machines used in commercial, coin-operated amusement and
24 vending business if a use or occupation tax is paid on the
25 gross receipts derived from the use of the commercial,
26 coin-operated amusement and vending machines. This paragraph

1 is exempt from the provisions of Section 3-75.

2 (23) Beginning August 23, 2001 and through June 30, 2016,
3 food for human consumption that is to be consumed off the
4 premises where it is sold (other than alcoholic beverages, soft
5 drinks, and food that has been prepared for immediate
6 consumption) and prescription and nonprescription medicines,
7 drugs, medical appliances, and insulin, urine testing
8 materials, syringes, and needles used by diabetics, for human
9 use, when purchased for use by a person receiving medical
10 assistance under Article V of the Illinois Public Aid Code who
11 resides in a licensed long-term care facility, as defined in
12 the Nursing Home Care Act, or in a licensed facility as defined
13 in the ID/DD Community Care Act, the MC/DD Act, or the
14 Specialized Mental Health Rehabilitation Act of 2013.

15 (24) Beginning on the effective date of this amendatory Act
16 of the 92nd General Assembly, computers and communications
17 equipment utilized for any hospital purpose and equipment used
18 in the diagnosis, analysis, or treatment of hospital patients
19 purchased by a lessor who leases the equipment, under a lease
20 of one year or longer executed or in effect at the time the
21 lessor would otherwise be subject to the tax imposed by this
22 Act, to a 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. If the equipment is leased in a
25 manner that does not qualify for this exemption or is used in
26 any other nonexempt manner, the lessor shall be liable for the

1 tax imposed under this Act or the Use Tax Act, as the case may
2 be, based on the fair market value of the property at the time
3 the nonqualifying use occurs. No lessor shall collect or
4 attempt to collect an amount (however designated) that purports
5 to reimburse that lessor for the tax imposed by this Act or the
6 Use Tax Act, as the case may be, if the tax has not been paid by
7 the lessor. If a lessor improperly collects any such amount
8 from the lessee, the lessee shall have a legal right to claim a
9 refund of that amount from the lessor. If, however, that amount
10 is not refunded to the lessee for any reason, the lessor is
11 liable to pay that amount to the Department. This paragraph is
12 exempt from the provisions of Section 3-75.

13 (25) Beginning on the effective date of this amendatory Act
14 of the 92nd General Assembly, personal property purchased by a
15 lessor who leases the property, under a lease of one year or
16 longer executed or in effect at the time the lessor would
17 otherwise be subject to the tax imposed by this Act, to a
18 governmental body that has been issued an active tax exemption
19 identification number by the Department under Section 1g of the
20 Retailers' Occupation Tax Act. If the property is leased in a
21 manner that does not qualify for this exemption or is used in
22 any other nonexempt manner, the lessor shall be liable for the
23 tax imposed under this Act or the Use Tax Act, as the case may
24 be, based on the fair market value of the property at the time
25 the nonqualifying use occurs. No lessor shall collect or
26 attempt to collect an amount (however designated) that purports

1 to reimburse that lessor for the tax imposed by this Act or the
2 Use Tax Act, as the case may be, if the tax has not been paid by
3 the lessor. If a lessor improperly collects any such amount
4 from the lessee, the lessee shall have a legal right to claim a
5 refund of that amount from the lessor. If, however, that amount
6 is not refunded to the lessee for any reason, the lessor is
7 liable to pay that amount to the Department. This paragraph is
8 exempt from the provisions of Section 3-75.

9 (26) Beginning January 1, 2008, tangible personal property
10 used in the construction or maintenance of a community water
11 supply, as defined under Section 3.145 of the Environmental
12 Protection Act, that is operated by a not-for-profit
13 corporation that holds a valid water supply permit issued under
14 Title IV of the Environmental Protection Act. This paragraph is
15 exempt from the provisions of Section 3-75.

16 (27) Beginning January 1, 2010, materials, parts,
17 equipment, components, and furnishings incorporated into or
18 upon an aircraft as part of the modification, refurbishment,
19 completion, replacement, repair, or maintenance of the
20 aircraft. This exemption includes consumable supplies used in
21 the modification, refurbishment, completion, replacement,
22 repair, and maintenance of aircraft, but excludes any
23 materials, parts, equipment, components, and consumable
24 supplies used in the modification, replacement, repair, and
25 maintenance of aircraft engines or power plants, whether such
26 engines or power plants are installed or uninstalled upon any

1 such aircraft. "Consumable supplies" include, but are not
2 limited to, adhesive, tape, sandpaper, general purpose
3 lubricants, cleaning solution, latex gloves, and protective
4 films. This exemption applies only to the use of qualifying
5 tangible personal property transferred incident to the
6 modification, refurbishment, completion, replacement, repair,
7 or maintenance of aircraft by persons who (i) hold an Air
8 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 (27) by Public Act 98-534 are declarative of existing
17 law.

18 (28) Tangible personal property purchased by 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 3-75.

6 (29) 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; 98-756, eff.
10 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

11 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

12 Sec. 3-10. Rate of tax. Unless otherwise provided in this
13 Section, the tax imposed by this Act is at the rate of 6.25% of
14 the selling price of tangible personal property transferred as
15 an incident to the sale of service, but, for the purpose of
16 computing this tax, in no event shall the selling price be less
17 than the cost price of the property to the serviceman.

18 Beginning on July 1, 2000 and through December 31, 2000,
19 with respect to motor fuel, as defined in Section 1.1 of the
20 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
21 the Use Tax Act, the tax is imposed at the rate of 1.25%.

22 With respect to gasohol, as defined in the Use Tax Act, the
23 tax imposed by this Act applies to (i) 70% of the selling price
24 of property transferred as an incident to the sale of service
25 on or after January 1, 1990, and before July 1, 2003, (ii) 80%

1 of the selling price of property transferred as an incident to
2 the sale of service on or after July 1, 2003 and on or before
3 July 1, 2017, (iii) 90% of the selling price of property
4 transferred as an incident to the sale of service on or after
5 July 1, 2017 and on or before December 31, 2018, and (iv) ~~(iii)~~
6 100% of the selling price thereafter. If, at any time, however,
7 the tax under this Act on sales of gasohol, as defined in the
8 Use Tax Act, is imposed at the rate of 1.25%, then the tax
9 imposed by this Act applies to 100% of the proceeds of sales of
10 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 selling price of property transferred as an incident to
14 the sale of service on or after July 1, 2003 and on or before
15 December 31, 2018 but applies to 100% of the selling price
16 thereafter.

17 With respect to biodiesel blends, as defined in the Use Tax
18 Act, with no less than 1% and no more than 10% biodiesel, the
19 tax imposed by this Act applies to (i) 80% of the selling price
20 of property transferred as an incident to the sale of service
21 on or after July 1, 2003 and on or before July 1, 2017, (ii) 90%
22 of the selling price of property transferred as an incident to
23 the sale of service on or after July 1, 2017 and on or before
24 December 31, 2018, and (ii) 100% of the proceeds of the selling
25 price thereafter. If, at any time, however, the tax under this
26 Act on sales of biodiesel blends, as defined in the Use Tax

1 Act, with no less than 1% and no more than 10% biodiesel is
2 imposed at the rate of 1.25%, then the tax imposed by this Act
3 applies to 100% of the proceeds of sales of biodiesel blends
4 with no less than 1% and no more than 10% biodiesel made during
5 that time.

6 With respect to 100% biodiesel, as defined in the Use Tax
7 Act, and biodiesel blends, as defined in the Use Tax Act, with
8 more than 10% but no more than 99% biodiesel, the tax imposed
9 by this Act (i) does not apply to the proceeds of the selling
10 price of property transferred as an incident to the sale of
11 service on or after July 1, 2003 and on or before July 1, 2017,
12 (ii) applies to 50% of the selling price of property
13 transferred as an incident to the sale of service on or after
14 July 1, 2017 and on or before December 31, 2018, and (iii) but
15 applies to 100% of the selling price thereafter.

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

26 The tax shall be imposed ~~at the rate of 1%~~ on food prepared

1 for immediate consumption and transferred incident to a sale of
2 service subject to this Act or the Service Occupation Tax Act
3 by an entity licensed under the Hospital Licensing Act, the
4 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
5 Act, the Specialized Mental Health Rehabilitation Act of 2013,
6 or the Child Care Act of 1969 shall be imposed at the rate of
7 (i) 1% prior to July 1, 2017 and (ii) 3.625% on and after July
8 1, 2017. The tax shall also be imposed at the rate of (i) 1%
9 prior to July 1, 2017 and (ii) 3.625% on and after July 1, 2017
10 on food for human consumption that is to be consumed off the
11 premises where it is sold (other than alcoholic beverages, soft
12 drinks, and food that has been prepared for immediate
13 consumption and is not otherwise included in this paragraph)
14 and prescription and nonprescription medicines, drugs, medical
15 appliances, products classified as Class III medical devices by
16 the United States Food and Drug Administration that are used
17 for cancer treatment pursuant to a prescription, as well as any
18 accessories and components related to those devices,
19 modifications to a motor vehicle for the purpose of rendering
20 it usable by a person with a disability, and insulin, urine
21 testing materials, syringes, and needles used by diabetics, for
22 human use. For the purposes of this Section, until September 1,
23 2009: the term "soft drinks" means any complete, finished,
24 ready-to-use, non-alcoholic drink, whether carbonated or not,
25 including but not limited to soda water, cola, fruit juice,
26 vegetable juice, carbonated water, and all other preparations

1 commonly known as soft drinks of whatever kind or description
2 that are contained in any closed or sealed bottle, can, carton,
3 or container, regardless of size; but "soft drinks" does not
4 include coffee, tea, non-carbonated water, infant formula,
5 milk or milk products as defined in the Grade A Pasteurized
6 Milk and Milk Products Act, or drinks containing 50% or more
7 natural fruit or vegetable juice.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "soft drinks" means non-alcoholic
10 beverages that contain natural or artificial sweeteners. "Soft
11 drinks" do not include beverages that contain milk or milk
12 products, soy, rice or similar milk substitutes, or greater
13 than 50% of vegetable or fruit juice by volume.

14 Until August 1, 2009, and notwithstanding any other
15 provisions of this Act, "food for human consumption that is to
16 be consumed off the premises where it is sold" includes all
17 food sold through a vending machine, except soft drinks and
18 food products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine. Beginning
20 August 1, 2009, and notwithstanding any other provisions of
21 this Act, "food for human consumption that is to be consumed
22 off the premises where it is sold" includes all food sold
23 through a vending machine, except soft drinks, candy, and food
24 products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "food for human consumption that
2 is to be consumed off the premises where it is sold" does not
3 include candy. For purposes of this Section, "candy" means a
4 preparation of sugar, honey, or other natural or artificial
5 sweeteners in combination with chocolate, fruits, nuts or other
6 ingredients or flavorings in the form of bars, drops, or
7 pieces. "Candy" does not include any preparation that contains
8 flour or requires refrigeration.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "nonprescription medicines and
11 drugs" does not include grooming and hygiene products. For
12 purposes of this Section, "grooming and hygiene products"
13 includes, but is not limited to, soaps and cleaning solutions,
14 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
15 lotions and screens, unless those products are available by
16 prescription only, regardless of whether the products meet the
17 definition of "over-the-counter-drugs". For the purposes of
18 this paragraph, "over-the-counter-drug" means a drug for human
19 use that contains a label that identifies the product as a drug
20 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
21 label includes:

22 (A) A "Drug Facts" panel; or

23 (B) A statement of the "active ingredient(s)" with a
24 list of those ingredients contained in the compound,
25 substance or preparation.

26 Beginning on January 1, 2014 (the effective date of Public

1 Act 98-122), "prescription and nonprescription medicines and
2 drugs" includes medical cannabis purchased from a registered
3 dispensing organization under the Compassionate Use of Medical
4 Cannabis Pilot Program Act.

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

12 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
13 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
14 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

15 (35 ILCS 110/9) (from Ch. 120, par. 439.39)

16 Sec. 9. Each serviceman required or authorized to collect
17 the tax herein imposed shall pay to the Department the amount
18 of such tax (except as otherwise provided) at the time when he
19 is required to file his return for the period during which such
20 tax was collected, less a discount of 2.1% prior to January 1,
21 1990 and 1.75% on and after January 1, 1990, or \$5 per calendar
22 year, whichever is greater, which is allowed to reimburse the
23 serviceman for expenses incurred in collecting the tax, keeping
24 records, preparing and filing returns, remitting the tax and
25 supplying data to the Department on request. Notwithstanding

1 any other provision of law, no such vendor discount is allowed
2 under this Act on or after July 1, 2017. The Department may
3 disallow the discount for servicemen whose certificate of
4 registration is revoked at the time the return is filed, but
5 only if the Department's decision to revoke the certificate of
6 registration has become final. A serviceman need not remit that
7 part of any tax collected by him to the extent that he is
8 required to pay and does pay the tax imposed by the Service
9 Occupation Tax Act with respect to his sale of service
10 involving the incidental transfer by him of the same property.

11 Except as provided hereinafter in this Section, on or
12 before the twentieth day of each calendar month, such
13 serviceman shall file a return for the preceding calendar month
14 in accordance with reasonable Rules and Regulations to be
15 promulgated by the Department. Such return shall be filed on a
16 form prescribed by the Department and shall contain such
17 information as the Department may reasonably require.

18 The Department may require returns to be filed on a
19 quarterly basis. If so required, a return for each calendar
20 quarter shall be filed on or before the twentieth day of the
21 calendar month following the end of such calendar quarter. The
22 taxpayer shall also file a return with the Department for each
23 of the first two months of each calendar quarter, on or before
24 the twentieth day of the following calendar month, stating:

- 25 1. The name of the seller;
- 26 2. The address of the principal place of business from

1 which he engages in business as a serviceman in this State;

2 3. The total amount of taxable receipts received by him
3 during the preceding calendar month, including receipts
4 from charge and time sales, but less all deductions allowed
5 by law;

6 4. The amount of credit provided in Section 2d of this
7 Act;

8 5. The amount of tax due;

9 5-5. The signature of the taxpayer; and

10 6. Such other reasonable information as the Department
11 may require.

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

16 Beginning October 1, 1993, a taxpayer who has an average
17 monthly tax liability of \$150,000 or more shall make all
18 payments required by rules of the Department by electronic
19 funds transfer. Beginning October 1, 1994, a taxpayer who has
20 an average monthly tax liability of \$100,000 or more shall make
21 all payments required by rules of the Department by electronic
22 funds transfer. Beginning October 1, 1995, a taxpayer who has
23 an average monthly tax liability of \$50,000 or more shall make
24 all payments required by rules of the Department by electronic
25 funds transfer. Beginning October 1, 2000, a taxpayer who has
26 an annual tax liability of \$200,000 or more shall make all

1 payments required by rules of the Department by electronic
2 funds transfer. The term "annual tax liability" shall be the
3 sum of the taxpayer's liabilities under this Act, and under all
4 other State and local occupation and use tax laws administered
5 by the Department, for the immediately preceding calendar year.
6 The term "average monthly tax liability" means the sum of the
7 taxpayer's liabilities under this Act, and under all other
8 State and local occupation and use tax laws administered by the
9 Department, for the immediately preceding calendar year
10 divided by 12. Beginning on October 1, 2002, a taxpayer who has
11 a tax liability in the amount set forth in subsection (b) of
12 Section 2505-210 of the Department of Revenue Law shall make
13 all payments required by rules of the Department by electronic
14 funds transfer.

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

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

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

1 The Department shall adopt such rules as are necessary to
2 effectuate a program of electronic funds transfer and the
3 requirements of this Section.

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

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

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

24 Notwithstanding any other provision in this Act concerning
25 the time within which a serviceman may file his return, in the
26 case of any serviceman who ceases to engage in a kind of

1 business which makes him responsible for filing returns under
2 this Act, such serviceman shall file a final return under this
3 Act with the Department not more than 1 month after
4 discontinuing such business.

5 Where a serviceman collects the tax with respect to the
6 selling price of property which he sells and the purchaser
7 thereafter returns such property and the serviceman refunds the
8 selling price thereof to the purchaser, such serviceman shall
9 also refund, to the purchaser, the tax so collected from the
10 purchaser. When filing his return for the period in which he
11 refunds such tax to the purchaser, the serviceman may deduct
12 the amount of the tax so refunded by him to the purchaser from
13 any other Service Use Tax, Service Occupation Tax, retailers'
14 occupation tax or use tax which such serviceman may be required
15 to pay or remit to the Department, as shown by such return,
16 provided that the amount of the tax to be deducted shall
17 previously have been remitted to the Department by such
18 serviceman. If the serviceman shall not previously have
19 remitted the amount of such tax to the Department, he shall be
20 entitled to no deduction hereunder upon refunding such tax to
21 the purchaser.

22 Any serviceman filing a return hereunder shall also include
23 the total tax upon the selling price of tangible personal
24 property purchased for use by him as an incident to a sale of
25 service, and such serviceman shall remit the amount of such tax
26 to the Department when filing such return.

1 If experience indicates such action to be practicable, the
2 Department may prescribe and furnish a combination or joint
3 return which will enable servicemen, who are required to file
4 returns hereunder and also under the Service Occupation Tax
5 Act, to furnish all the return information required by both
6 Acts on the one form.

7 Where the serviceman has more than one business registered
8 with the Department under separate registration hereunder,
9 such serviceman shall not file each return that is due as a
10 single return covering all such registered businesses, but
11 shall file separate returns for each such registered business.

12 Beginning January 1, 1990 and until August 1, 2017, each
13 month the Department shall pay into the State and Local Tax
14 Reform Fund, a special fund in the State Treasury, the net
15 revenue realized for the preceding month from the 1% tax on
16 sales of food for human consumption which is to be consumed off
17 the premises where it is sold (other than alcoholic beverages,
18 soft drinks and food which has been prepared for immediate
19 consumption) and prescription and nonprescription medicines,
20 drugs, medical appliances, products classified as Class III
21 medical devices, by the United States Food and Drug
22 Administration that are used for cancer treatment pursuant to a
23 prescription, as well as any accessories and components related
24 to those devices, and insulin, urine testing materials,
25 syringes and needles used by diabetics.

26 Beginning August 1, 2017, each month the Department shall

1 pay into the State and Local Tax Reform Fund 27.5% of the net
2 revenue realized for the preceding month from the 3.625% tax on
3 sales of food for human consumption which is to be consumed off
4 the premises where it is sold (other than alcoholic beverages,
5 soft drinks and food which has been prepared for immediate
6 consumption) and prescription and nonprescription medicines,
7 drugs, medical appliances, products classified as Class III
8 medical devices, by the United States Food and Drug
9 Administration that are used for cancer treatment pursuant to a
10 prescription, as well as any accessories and components related
11 to those devices, and insulin, urine testing materials,
12 syringes and needles used by diabetics.

13 Beginning January 1, 1990, each month the Department shall
14 pay into the State and Local Sales Tax Reform Fund 20% of the
15 net revenue realized for the preceding month from the 6.25%
16 general rate on transfers of tangible personal property, other
17 than tangible personal property which is purchased outside
18 Illinois at retail from a retailer and which is titled or
19 registered by an agency of this State's government.

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

24 Beginning October 1, 2009, each month the Department shall
25 pay into the Capital Projects Fund an amount that is equal to
26 an amount estimated by the Department to represent 80% of the

1 net revenue realized for the preceding month from the sale of
2 candy, grooming and hygiene products, and soft drinks that had
3 been taxed at a rate of 1% prior to September 1, 2009 but that
4 are now taxed at 6.25%.

5 Beginning July 1, 2013, each month the Department shall pay
6 into the Underground Storage Tank Fund from the proceeds
7 collected under this Act, the Use Tax Act, the Service
8 Occupation Tax Act, and the Retailers' Occupation Tax Act an
9 amount equal to the average monthly deficit in the Underground
10 Storage Tank Fund during the prior year, as certified annually
11 by the Illinois Environmental Protection Agency, but the total
12 payment into the Underground Storage Tank Fund under this Act,
13 the Use Tax Act, the Service Occupation Tax Act, and the
14 Retailers' Occupation Tax Act shall not exceed \$18,000,000 in
15 any State fiscal year. As used in this paragraph, the "average
16 monthly deficit" shall be equal to the difference between the
17 average monthly claims for payment by the fund and the average
18 monthly revenues deposited into the fund, excluding payments
19 made pursuant to this paragraph.

20 Beginning July 1, 2015, of the remainder of the moneys
21 received by the Department under the Use Tax Act, this Act, the
22 Service Occupation Tax Act, and the Retailers' Occupation Tax
23 Act, each month the Department shall deposit \$500,000 into the
24 State Crime Laboratory Fund.

25 Of the remainder of the moneys received by the Department
26 pursuant to this Act, (a) 1.75% thereof shall be paid into the

1 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
2 and after July 1, 1989, 3.8% thereof shall be paid into the
3 Build Illinois Fund; provided, however, that if in any fiscal
4 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
5 may be, of the moneys received by the Department and required
6 to be paid into the Build Illinois Fund pursuant to Section 3
7 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
8 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
9 Service Occupation Tax Act, such Acts being hereinafter called
10 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
11 may be, of moneys being hereinafter called the "Tax Act
12 Amount", and (2) the amount transferred to the Build Illinois
13 Fund from the State and Local Sales Tax Reform Fund shall be
14 less than the Annual Specified Amount (as defined in Section 3
15 of the Retailers' Occupation Tax Act), an amount equal to the
16 difference shall be immediately paid into the Build Illinois
17 Fund from other moneys received by the Department pursuant to
18 the Tax Acts; and further provided, that if on the last
19 business day of any month the sum of (1) the Tax Act Amount
20 required to be deposited into the Build Illinois Bond Account
21 in the Build Illinois Fund during such month and (2) the amount
22 transferred during such month to the Build Illinois Fund from
23 the State and Local Sales Tax Reform Fund shall have been less
24 than 1/12 of the Annual Specified Amount, an amount equal to
25 the difference shall be immediately paid into the Build
26 Illinois Fund from other moneys received by the Department

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

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

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

24	Fiscal Year	Total
		Deposit
25	1993	\$0

1	1994	53,000,000
2	1995	58,000,000
3	1996	61,000,000
4	1997	64,000,000
5	1998	68,000,000
6	1999	71,000,000
7	2000	75,000,000
8	2001	80,000,000
9	2002	93,000,000
10	2003	99,000,000
11	2004	103,000,000
12	2005	108,000,000
13	2006	113,000,000
14	2007	119,000,000
15	2008	126,000,000
16	2009	132,000,000
17	2010	139,000,000
18	2011	146,000,000
19	2012	153,000,000
20	2013	161,000,000
21	2014	170,000,000
22	2015	179,000,000
23	2016	189,000,000
24	2017	199,000,000
25	2018	210,000,000
26	2019	221,000,000

1	2020	233,000,000
2	2021	246,000,000
3	2022	260,000,000
4	2023	275,000,000
5	2024	275,000,000
6	2025	275,000,000
7	2026	279,000,000
8	2027	292,000,000
9	2028	307,000,000
10	2029	322,000,000
11	2030	338,000,000
12	2031	350,000,000
13	2032	350,000,000

14 and
15 each fiscal year
16 thereafter that bonds
17 are outstanding under
18 Section 13.2 of the
19 Metropolitan Pier and
20 Exposition Authority Act,
21 but not after fiscal year 2060.

22 Beginning July 20, 1993 and in each month of each fiscal
23 year thereafter, one-eighth of the amount requested in the
24 certificate of the Chairman of the Metropolitan Pier and
25 Exposition Authority for that fiscal year, less the amount
26 deposited into the McCormick Place Expansion Project Fund by

1 the State Treasurer in the respective month under subsection
2 (g) of Section 13 of the Metropolitan Pier and Exposition
3 Authority Act, plus cumulative deficiencies in the deposits
4 required under this Section for previous months and years,
5 shall be deposited into the McCormick Place Expansion Project
6 Fund, until the full amount requested for the fiscal year, but
7 not in excess of the amount specified above as "Total Deposit",
8 has been deposited.

9 Subject to payment of amounts into the Build Illinois Fund
10 and the McCormick Place Expansion Project Fund pursuant to the
11 preceding paragraphs or in any amendments thereto hereafter
12 enacted, beginning July 1, 1993 and ending on September 30,
13 2013, the Department shall each month pay into the Illinois Tax
14 Increment Fund 0.27% of 80% of the net revenue realized for the
15 preceding month from the 6.25% general rate on the selling
16 price of tangible personal property.

17 Subject to payment of amounts into the Build Illinois Fund
18 and the McCormick Place Expansion Project Fund pursuant to the
19 preceding paragraphs or in any amendments thereto hereafter
20 enacted, beginning with the receipt of the first report of
21 taxes paid by an eligible business and continuing for a 25-year
22 period, the Department shall each month pay into the Energy
23 Infrastructure Fund 80% of the net revenue realized from the
24 6.25% general rate on the selling price of Illinois-mined coal
25 that was sold to an eligible business. For purposes of this
26 paragraph, the term "eligible business" means a new electric

1 generating facility certified pursuant to Section 605-332 of
2 the Department of Commerce and Economic Opportunity Law of the
3 Civil Administrative Code of Illinois.

4 Subject to payment of amounts into the Build Illinois Fund,
5 the McCormick Place Expansion Project Fund, the Illinois Tax
6 Increment Fund, and the Energy Infrastructure Fund pursuant to
7 the preceding paragraphs or in any amendments to this Section
8 hereafter enacted, beginning on the first day of the first
9 calendar month to occur on or after the effective date of this
10 amendatory Act of the 98th General Assembly, each month, from
11 the collections made under Section 9 of the Use Tax Act,
12 Section 9 of the Service Use Tax Act, Section 9 of the Service
13 Occupation Tax Act, and Section 3 of the Retailers' Occupation
14 Tax Act, the Department shall pay into the Tax Compliance and
15 Administration Fund, to be used, subject to appropriation, to
16 fund additional auditors and compliance personnel at the
17 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
18 the cash receipts collected during the preceding fiscal year by
19 the Audit Bureau of the Department under the Use Tax Act, the
20 Service Use Tax Act, the Service Occupation Tax Act, the
21 Retailers' Occupation Tax Act, and associated local occupation
22 and use taxes administered by the Department.

23 Of the remainder of the moneys received by the Department
24 pursuant to this Act, 75% thereof shall be paid into the
25 General Revenue Fund of the State Treasury and 25% shall be
26 reserved in a special account and used only for the transfer to

1 the Common School Fund as part of the monthly transfer from the
2 General Revenue Fund in accordance with Section 8a of the State
3 Finance Act.

4 As soon as possible after the first day of each month, upon
5 certification of the Department of Revenue, the Comptroller
6 shall order transferred and the Treasurer shall transfer from
7 the General Revenue Fund to the Motor Fuel Tax Fund an amount
8 equal to 1.7% of 80% of the net revenue realized under this Act
9 for the second preceding month. Beginning April 1, 2000, this
10 transfer is no longer required and shall not be made.

11 Net revenue realized for a month shall be the revenue
12 collected by the State pursuant to this Act, less the amount
13 paid out during that month as refunds to taxpayers for
14 overpayment of liability.

15 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
16 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
17 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
18 8-19-16.)

19 Section 35. The Service Occupation Tax Act is amended by
20 changing Sections 3-5, 3-10, and 9 as follows:

21 (35 ILCS 115/3-5)

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

24 (1) Personal property sold by a corporation, society,

1 association, foundation, institution, or organization, other
2 than a limited liability company, that is organized and
3 operated as a not-for-profit service enterprise for the benefit
4 of persons 65 years of age or older if the personal property
5 was not purchased by the enterprise for the purpose of resale
6 by the enterprise.

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

10 (3) Personal property purchased by any not-for-profit arts
11 or cultural organization that establishes, by proof required by
12 the Department by rule, that it has received an exemption under
13 Section 501(c)(3) of the Internal Revenue Code and that is
14 organized and operated primarily for the presentation or
15 support of arts or cultural programming, activities, or
16 services. These organizations include, but are not limited to,
17 music and dramatic arts organizations such as symphony
18 orchestras and theatrical groups, arts and cultural service
19 organizations, local arts councils, visual arts organizations,
20 and media arts organizations. On and after the effective date
21 of this amendatory Act of the 92nd General Assembly, however,
22 an entity otherwise eligible for this exemption shall not make
23 tax-free purchases unless it has an active identification
24 number issued by the Department.

25 (4) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

3 (5) Until July 1, 2003 and beginning again on September 1,
4 2004 through August 30, 2014, graphic arts machinery and
5 equipment, including repair and replacement parts, both new and
6 used, and including that manufactured on special order or
7 purchased for lease, certified by the purchaser to be used
8 primarily for graphic arts production. Equipment includes
9 chemicals or chemicals acting as catalysts but only if the
10 chemicals or chemicals acting as catalysts effect a direct and
11 immediate change upon a graphic arts product.

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

15 (7) Until July 1, 2017, farm ~~Farm~~ machinery and equipment,
16 both new and used, including that manufactured on special
17 order, certified by the purchaser to be used primarily for
18 production agriculture or State or federal agricultural
19 programs, including individual replacement parts for the
20 machinery and equipment, including machinery and equipment
21 purchased for lease, and including implements of husbandry
22 defined in Section 1-130 of the Illinois Vehicle Code, farm
23 machinery and agricultural chemical and fertilizer spreaders,
24 and nurse wagons required to be registered under Section 3-809
25 of the Illinois Vehicle Code, but excluding other motor
26 vehicles required to be registered under the Illinois Vehicle

1 Code. Horticultural polyhouses or hoop houses used for
2 propagating, growing, or overwintering plants shall be
3 considered farm machinery and equipment under this item (7).
4 Agricultural chemical tender tanks and dry boxes shall include
5 units sold separately from a motor vehicle required to be
6 licensed and units sold mounted on a motor vehicle required to
7 be licensed if the selling price of the tender is separately
8 stated. With respect to farm machinery and equipment, on and
9 after July 1, 2017, the tax under this Act shall be imposed at
10 the rate of 6.25%, but shall be imposed on only 50% of the
11 proceeds of sales.

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 3-55.

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, to the extent that the proceeds of the
22 service charge are in fact turned over as tips or as a
23 substitute for tips to the employees who participate directly
24 in preparing, serving, hosting or cleaning up the food or
25 beverage function with respect to which the service charge is
26 imposed.

1 (10) Until July 1, 2003, oil field exploration, drilling,
2 and production equipment, including (i) rigs and parts of rigs,
3 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
4 tubular goods, including casing and drill strings, (iii) pumps
5 and pump-jack units, (iv) storage tanks and flow lines, (v) any
6 individual replacement part for oil field exploration,
7 drilling, and production equipment, and (vi) machinery and
8 equipment purchased for lease; but excluding motor vehicles
9 required to be registered under the Illinois Vehicle Code.

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

15 (12) Coal and aggregate exploration, mining, off-highway
16 hauling, processing, maintenance, and reclamation equipment,
17 including replacement parts and equipment, and including
18 equipment purchased for lease, but excluding motor vehicles
19 required to be registered under the Illinois Vehicle Code. The
20 changes made to this Section by Public Act 97-767 apply on and
21 after July 1, 2003, but no claim for credit or refund is
22 allowed on or after August 16, 2013 (the effective date of
23 Public Act 98-456) for such taxes paid during the period
24 beginning July 1, 2003 and ending on August 16, 2013 (the
25 effective date of Public Act 98-456).

26 (13) Beginning January 1, 1992 and through June 30, 2016,

1 food for human consumption that is to be consumed off the
2 premises where it is sold (other than alcoholic beverages, soft
3 drinks and food that has been prepared for immediate
4 consumption) and prescription and non-prescription medicines,
5 drugs, medical appliances, and insulin, urine testing
6 materials, syringes, and needles used by diabetics, for human
7 use, when purchased for use by a person receiving medical
8 assistance under Article V of the Illinois Public Aid Code who
9 resides in a licensed long-term care facility, as defined in
10 the Nursing Home Care Act, or in a licensed facility as defined
11 in the ID/DD Community Care Act, the MC/DD Act, or the
12 Specialized Mental Health Rehabilitation Act of 2013.

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

15 (15) Horses, or interests in horses, registered with and
16 meeting the requirements of any of the Arabian Horse Club
17 Registry of America, Appaloosa Horse Club, American Quarter
18 Horse Association, United States Trotting Association, or
19 Jockey Club, as appropriate, used for purposes of breeding or
20 racing for prizes. This item (15) is exempt from the provisions
21 of Section 3-55, and the exemption provided for under this item
22 (15) applies for all periods beginning May 30, 1995, but no
23 claim for credit or refund is allowed on or after January 1,
24 2008 (the effective date of Public Act 95-88) for such taxes
25 paid during the period beginning May 30, 2000 and ending on
26 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

25 (19) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on or

1 before December 31, 2004, personal property that is used in the
2 performance of infrastructure repairs in this State, including
3 but not limited to municipal roads and streets, access roads,
4 bridges, sidewalks, waste disposal systems, water and sewer
5 line extensions, water distribution and purification
6 facilities, storm water drainage and retention facilities, and
7 sewage treatment facilities, resulting from a State or
8 federally declared disaster in Illinois or bordering Illinois
9 when such repairs are initiated on facilities located in the
10 declared disaster area within 6 months after the disaster.

11 (20) Beginning July 1, 1999, game or game birds sold at a
12 "game breeding and hunting preserve area" as that term is used
13 in the Wildlife Code. This paragraph is exempt from the
14 provisions of Section 3-55.

15 (21) A motor vehicle, as that term is defined in Section
16 1-146 of the Illinois Vehicle Code, that is donated to a
17 corporation, limited liability company, society, association,
18 foundation, or institution that is determined by the Department
19 to be organized and operated exclusively for educational
20 purposes. For purposes of this exemption, "a corporation,
21 limited liability company, society, association, foundation,
22 or institution organized and operated exclusively for
23 educational purposes" means all tax-supported public schools,
24 private schools that offer systematic instruction in useful
25 branches of learning by methods common to public schools and
26 that compare favorably in their scope and intensity with the

1 course of study presented in tax-supported schools, and
2 vocational or technical schools or institutes organized and
3 operated exclusively to provide a course of study of not less
4 than 6 weeks duration and designed to prepare individuals to
5 follow a trade or to pursue a manual, technical, mechanical,
6 industrial, business, or commercial occupation.

7 (22) Beginning January 1, 2000, personal property,
8 including food, purchased through fundraising events for the
9 benefit of a public or private elementary or secondary school,
10 a group of those schools, or one or more school districts if
11 the events are sponsored by an entity recognized by the school
12 district that consists primarily of volunteers and includes
13 parents and teachers of the school children. This paragraph
14 does not apply to fundraising events (i) for the benefit of
15 private home instruction or (ii) for which the fundraising
16 entity purchases the personal property sold at the events from
17 another individual or entity that sold the property for the
18 purpose of resale by the fundraising entity and that profits
19 from the sale to the fundraising entity. This paragraph is
20 exempt from the provisions of Section 3-55.

21 (23) Beginning January 1, 2000 and through December 31,
22 2001, new or used automatic vending machines that prepare and
23 serve hot food and beverages, including coffee, soup, and other
24 items, and replacement parts for these machines. Beginning
25 January 1, 2002 and through June 30, 2003, machines and parts
26 for machines used in commercial, coin-operated amusement and

1 vending business if a use or occupation tax is paid on the
2 gross receipts derived from the use of the commercial,
3 coin-operated amusement and vending machines. This paragraph
4 is exempt from the provisions of Section 3-55.

5 (24) Beginning on the effective date of this amendatory Act
6 of the 92nd General Assembly, computers and communications
7 equipment utilized for any hospital purpose and equipment used
8 in the diagnosis, analysis, or treatment of hospital patients
9 sold to a lessor who leases the equipment, under a lease of one
10 year or longer executed or in effect at the time of the
11 purchase, to a hospital that has been issued an active tax
12 exemption identification number by the Department under
13 Section 1g of the Retailers' Occupation Tax Act. This paragraph
14 is exempt from the provisions of Section 3-55.

15 (25) Beginning on the effective date of this amendatory Act
16 of the 92nd General Assembly, personal property sold to a
17 lessor who leases the property, under a lease of one year or
18 longer executed or in effect at the time of the purchase, to a
19 governmental body that has been issued an active tax exemption
20 identification number by the Department under Section 1g of the
21 Retailers' Occupation Tax Act. This paragraph is exempt from
22 the provisions of Section 3-55.

23 (26) Beginning on January 1, 2002 and through June 30,
24 2016, tangible personal property purchased from an Illinois
25 retailer by a taxpayer engaged in centralized purchasing
26 activities in Illinois who will, upon receipt of the property

1 in Illinois, temporarily store the property in Illinois (i) for
2 the purpose of subsequently transporting it outside this State
3 for use or consumption thereafter solely outside this State or
4 (ii) for the purpose of being processed, fabricated, or
5 manufactured into, attached to, or incorporated into other
6 tangible personal property to be transported outside this State
7 and thereafter used or consumed solely outside this State. The
8 Director of Revenue shall, pursuant to rules adopted in
9 accordance with the Illinois Administrative Procedure Act,
10 issue a permit to any taxpayer in good standing with the
11 Department who is eligible for the exemption under this
12 paragraph (26). The permit issued under this paragraph (26)
13 shall authorize the holder, to the extent and in the manner
14 specified in the rules adopted under this Act, to purchase
15 tangible personal property from a retailer exempt from the
16 taxes imposed by this Act. Taxpayers shall maintain all
17 necessary books and records to substantiate the use and
18 consumption of all such tangible personal property outside of
19 the State of Illinois.

20 (27) Beginning January 1, 2008, tangible personal property
21 used in the construction or maintenance of a community water
22 supply, as defined under Section 3.145 of the Environmental
23 Protection Act, that is operated by a not-for-profit
24 corporation that holds a valid water supply permit issued under
25 Title IV of the Environmental Protection Act. This paragraph is
26 exempt from the provisions of Section 3-55.

1 (28) Tangible personal property sold to a
2 public-facilities corporation, as described in Section
3 11-65-10 of the Illinois Municipal Code, for purposes of
4 constructing or furnishing a municipal convention hall, but
5 only if the legal title to the municipal convention hall is
6 transferred to the municipality without any further
7 consideration by or on behalf of the municipality at the time
8 of the completion of the municipal convention hall or upon the
9 retirement or redemption of any bonds or other debt instruments
10 issued by the public-facilities corporation in connection with
11 the development of the municipal convention hall. This
12 exemption includes existing public-facilities corporations as
13 provided in Section 11-65-25 of the Illinois Municipal Code.
14 This paragraph is exempt from the provisions of Section 3-55.

15 (29) Beginning January 1, 2010, materials, parts,
16 equipment, components, and furnishings incorporated into or
17 upon an aircraft as part of the modification, refurbishment,
18 completion, replacement, repair, or maintenance of the
19 aircraft. This exemption includes consumable supplies used in
20 the modification, refurbishment, completion, replacement,
21 repair, and maintenance of aircraft, but excludes any
22 materials, parts, equipment, components, and consumable
23 supplies used in the modification, replacement, repair, and
24 maintenance of aircraft engines or power plants, whether such
25 engines or power plants are installed or uninstalled upon any
26 such aircraft. "Consumable supplies" include, but are not

1 limited to, adhesive, tape, sandpaper, general purpose
2 lubricants, cleaning solution, latex gloves, and protective
3 films. This exemption applies only to the transfer of
4 qualifying tangible personal property incident to the
5 modification, refurbishment, completion, replacement, repair,
6 or maintenance of an aircraft by persons who (i) hold an Air
7 Agency Certificate and are empowered to operate an approved
8 repair station by the Federal Aviation Administration, (ii)
9 have a Class IV Rating, and (iii) conduct operations in
10 accordance with Part 145 of the Federal Aviation Regulations.
11 The exemption does not include aircraft operated by a
12 commercial air carrier providing scheduled passenger air
13 service pursuant to authority issued under Part 121 or Part 129
14 of the Federal Aviation Regulations. The changes made to this
15 paragraph (29) by Public Act 98-534 are declarative of existing
16 law.

17 (30) Beginning January 1, 2017, menstrual pads, tampons,
18 and menstrual cups.

19 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
20 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff.
21 7-16-14; 99-180, eff. 7-29-15; 99-855, eff. 8-19-16.)

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

23 Sec. 3-10. Rate of tax. Unless otherwise provided in this
24 Section, the tax imposed by this Act is at the rate of 6.25% of
25 the "selling price", as defined in Section 2 of the Service Use

1 Tax Act, of the tangible personal property. For the purpose of
2 computing this tax, in no event shall the "selling price" be
3 less than the cost price to the serviceman of the tangible
4 personal property transferred. The selling price of each item
5 of tangible personal property transferred as an incident of a
6 sale of service may be shown as a distinct and separate item on
7 the serviceman's billing to the service customer. If the
8 selling price is not so shown, the selling price of the
9 tangible personal property is deemed to be 50% of the
10 serviceman's entire billing to the service customer. When,
11 however, a serviceman contracts to design, develop, and produce
12 special order machinery or equipment, the tax imposed by this
13 Act shall be based on the serviceman's cost price of the
14 tangible personal property transferred incident to the
15 completion of the contract.

16 Beginning on July 1, 2000 and through December 31, 2000,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%.

20 With respect to gasohol, as defined in the Use Tax Act, the
21 tax imposed by this Act shall apply to (i) 70% of the cost
22 price of property transferred as an incident to the sale of
23 service on or after January 1, 1990, and before July 1, 2003,
24 (ii) 80% of the selling price of property transferred as an
25 incident to the sale of service on or after July 1, 2003 and on
26 or before July 1, 2017, (iii) 90% of the selling price of

1 property transferred as an incident to the sale of service on
2 or after July 1, 2017 and on or before December 31, 2018, and
3 (iv) ~~(iii)~~ 100% of the cost price thereafter. If, at any time,
4 however, the tax under this Act on sales of gasohol, as defined
5 in the Use Tax Act, is imposed at the rate of 1.25%, then the
6 tax imposed by this Act applies to 100% of the proceeds of
7 sales of gasohol made during that time.

8 With respect to majority blended ethanol fuel, as defined
9 in the Use Tax Act, the tax imposed by this Act does not apply
10 to the selling price of property transferred as an incident to
11 the sale of service on or after July 1, 2003 and on or before
12 December 31, 2018 but applies to 100% of the selling price
13 thereafter.

14 With respect to biodiesel blends, as defined in the Use Tax
15 Act, with no less than 1% and no more than 10% biodiesel, the
16 tax imposed by this Act applies to (i) 80% of the selling price
17 of property transferred as an incident to the sale of service
18 on or after July 1, 2003 and on or before July 1, 2017, (ii) 90%
19 of the selling price of property transferred as an incident to
20 the sale of service on or after July 1, 2017 and on or before
21 December 31, 2018, and (iii) ~~(ii)~~ 100% of the proceeds of the
22 selling price thereafter. If, at any time, however, the tax
23 under this Act on sales of biodiesel blends, as defined in the
24 Use Tax Act, with no less than 1% and no more than 10%
25 biodiesel is imposed at the rate of 1.25%, then the tax imposed
26 by this Act applies to 100% of the proceeds of sales of

1 biodiesel blends with no less than 1% and no more than 10%
2 biodiesel made during that time.

3 With respect to 100% biodiesel, as defined in the Use Tax
4 Act, and biodiesel blends, as defined in the Use Tax Act, with
5 more than 10% but no more than 99% biodiesel material, the tax
6 imposed by this Act (i) does not apply to the proceeds of the
7 selling price of property transferred as an incident to the
8 sale of service on or after July 1, 2003 and on or before July
9 1, 2017, (ii) applies to 50% of the selling price of property
10 transferred as an incident to the sale of service on or after
11 July 1, 2017 and on or before December 31, 2018, and (iii) but
12 applies to 100% of the selling price thereafter.

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

23 The tax shall be imposed ~~at the rate of 1%~~ on food prepared
24 for immediate consumption and transferred incident to a sale of
25 service subject to this Act or the Service Occupation Tax Act
26 by an entity licensed under the Hospital Licensing Act, the

1 Nursing Home Care Act, the ID/DD Community Care Act, the MC/DD
2 Act, the Specialized Mental Health Rehabilitation Act of 2013,
3 or the Child Care Act of 1969 at the rate of (i) 1% prior to
4 July 1, 2017 and (ii) 3.625% on and after July 1, 2017. The tax
5 shall also be imposed at the rate of 1% prior to July 1, 2017
6 and (ii) 3.625% on and after July 1, 2017 on food for human
7 consumption that is to be consumed off the premises where it is
8 sold (other than alcoholic beverages, soft drinks, and food
9 that has been prepared for immediate consumption and is not
10 otherwise 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 can, carton, or container, regardless
26 of size; but "soft drinks" does not include coffee, tea,

1 non-carbonated water, infant formula, milk or milk products as
2 defined in the Grade A Pasteurized Milk and Milk Products Act,
3 or drinks containing 50% or more natural fruit or vegetable
4 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 (Source: P.A. 98-104, eff. 7-22-13; 98-122, eff. 1-1-14;
3 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-180, eff.
4 7-29-15; 99-642, eff. 7-28-16; 99-858, eff. 8-19-16.)

5 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

6 Sec. 9. Each serviceman required or authorized to collect
7 the tax herein imposed shall pay to the Department the amount
8 of such tax at the time when he is required to file his return
9 for the period during which such tax was collectible, less a
10 discount of 2.1% prior to January 1, 1990, and 1.75% on and
11 after January 1, 1990, or \$5 per calendar year, whichever is
12 greater, which is allowed to reimburse the serviceman for
13 expenses incurred in collecting the tax, keeping records,
14 preparing and filing returns, remitting the tax and supplying
15 data to the Department on request. Notwithstanding any other
16 provision of law, no such vendor discount is allowed under this
17 Act on or after July 1, 2017. The Department may disallow the
18 discount for servicemen whose certificate of registration is
19 revoked at the time the return is filed, but only if the
20 Department's decision to revoke the certificate of
21 registration has become final.

22 Where such tangible personal property is sold under a
23 conditional sales contract, or under any other form of sale
24 wherein the payment of the principal sum, or a part thereof, is
25 extended beyond the close of the period for which the return is

1 filed, the serviceman, in collecting the tax may collect, for
2 each tax return period, only the tax applicable to the part of
3 the selling price actually received during such tax return
4 period.

5 Except as provided hereinafter in this Section, on or
6 before the twentieth day of each calendar month, such
7 serviceman shall file a return for the preceding calendar month
8 in accordance with reasonable rules and regulations to be
9 promulgated by the Department of Revenue. Such return shall be
10 filed on a form prescribed by the Department and shall contain
11 such information as the Department may reasonably require.

12 The Department may require returns to be filed on a
13 quarterly basis. If so required, a return for each calendar
14 quarter shall be filed on or before the twentieth day of the
15 calendar month following the end of such calendar quarter. The
16 taxpayer shall also file a return with the Department for each
17 of the first two months of each calendar quarter, on or before
18 the twentieth day of the following calendar month, stating:

- 19 1. The name of the seller;
- 20 2. The address of the principal place of business from
21 which he engages in business as a serviceman in this State;
- 22 3. The total amount of taxable receipts received by him
23 during the preceding calendar month, including receipts
24 from charge and time sales, but less all deductions allowed
25 by law;
- 26 4. The amount of credit provided in Section 2d of this

1 Act;

2 5. The amount of tax due;

3 5-5. The signature of the taxpayer; and

4 6. Such other reasonable information as the Department
5 may require.

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

10 Prior to October 1, 2003, and on and after September 1,
11 2004 a serviceman may accept a Manufacturer's Purchase Credit
12 certification from a purchaser in satisfaction of Service Use
13 Tax as provided in Section 3-70 of the Service Use Tax Act if
14 the purchaser provides the appropriate documentation as
15 required by Section 3-70 of the Service Use Tax Act. A
16 Manufacturer's Purchase Credit certification, accepted prior
17 to October 1, 2003 or on or after September 1, 2004 by a
18 serviceman as provided in Section 3-70 of the Service Use Tax
19 Act, may be used by that serviceman to satisfy Service
20 Occupation Tax liability in the amount claimed in the
21 certification, not to exceed 6.25% of the receipts subject to
22 tax from a qualifying purchase. A Manufacturer's Purchase
23 Credit reported on any original or amended return filed under
24 this Act after October 20, 2003 for reporting periods prior to
25 September 1, 2004 shall be disallowed. Manufacturer's Purchase
26 Credit reported on annual returns due on or after January 1,

1 2005 will be disallowed for periods prior to September 1, 2004.
2 No Manufacturer's Purchase Credit may be used after September
3 30, 2003 through August 31, 2004 to satisfy any tax liability
4 imposed under this Act, including any audit liability.

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

15 If the serviceman's average monthly tax liability to the
16 Department does not exceed \$50, the Department may authorize
17 his returns to be filed on an annual basis, with the return for
18 a given year being due by January 20 of the following year.

19 Such quarter annual and annual returns, as to form and
20 substance, shall be subject to the same requirements as monthly
21 returns.

22 Notwithstanding any other provision in this Act concerning
23 the time within which a serviceman may file his return, in the
24 case of any serviceman who ceases to engage in a kind of
25 business which makes him responsible for filing returns under
26 this Act, such serviceman shall file a final return under this

1 Act with the Department not more than 1 month after
2 discontinuing such business.

3 Beginning October 1, 1993, a taxpayer who has an average
4 monthly tax liability of \$150,000 or more shall make all
5 payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 1994, a taxpayer who has
7 an average monthly tax liability of \$100,000 or more shall make
8 all payments required by rules of the Department by electronic
9 funds transfer. Beginning October 1, 1995, a taxpayer who has
10 an average monthly tax liability of \$50,000 or more shall make
11 all payments required by rules of the Department by electronic
12 funds transfer. Beginning October 1, 2000, a taxpayer who has
13 an annual tax liability of \$200,000 or more shall make all
14 payments required by rules of the Department by electronic
15 funds transfer. The term "annual tax liability" shall be the
16 sum of the taxpayer's liabilities under this Act, and under all
17 other State and local occupation and use tax laws administered
18 by the Department, for the immediately preceding calendar year.
19 The term "average monthly tax liability" means the sum of the
20 taxpayer's liabilities under this Act, and under all other
21 State and local occupation and use tax laws administered by the
22 Department, for the immediately preceding calendar year
23 divided by 12. Beginning on October 1, 2002, a taxpayer who has
24 a tax liability in the amount set forth in subsection (b) of
25 Section 2505-210 of the Department of Revenue Law shall make
26 all payments required by rules of the Department by electronic

1 funds transfer.

2 Before August 1 of each year beginning in 1993, the
3 Department shall notify all taxpayers required to make payments
4 by electronic funds transfer. All taxpayers required to make
5 payments by electronic funds transfer shall make those payments
6 for a minimum of one year beginning on October 1.

7 Any taxpayer not required to make payments by electronic
8 funds transfer may make payments by electronic funds transfer
9 with the permission of the Department.

10 All taxpayers required to make payment by electronic funds
11 transfer and any taxpayers authorized to voluntarily make
12 payments by electronic funds transfer shall make those payments
13 in the manner authorized by the Department.

14 The Department shall adopt such rules as are necessary to
15 effectuate a program of electronic funds transfer and the
16 requirements of this Section.

17 Where a serviceman collects the tax with respect to the
18 selling price of tangible personal property which he sells and
19 the purchaser thereafter returns such tangible personal
20 property and the serviceman refunds the selling price thereof
21 to the purchaser, such serviceman shall also refund, to the
22 purchaser, the tax so collected from the purchaser. When filing
23 his return for the period in which he refunds such tax to the
24 purchaser, the serviceman may deduct the amount of the tax so
25 refunded by him to the purchaser from any other Service
26 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or

1 Use Tax which such serviceman may be required to pay or remit
2 to the Department, as shown by such return, provided that the
3 amount of the tax to be deducted shall previously have been
4 remitted to the Department by such serviceman. If the
5 serviceman shall not previously have remitted the amount of
6 such tax to the Department, he shall be entitled to no
7 deduction hereunder upon refunding such tax to the purchaser.

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

15 Where the serviceman has more than one business registered
16 with the Department under separate registrations hereunder,
17 such serviceman shall file separate returns for each registered
18 business.

19 Beginning January 1, 1990 and until August 1, 2017, each
20 month the Department shall pay into the Local Government Tax
21 Fund the revenue realized for the preceding month from the 1%
22 tax on sales of food for human consumption which is to be
23 consumed off the premises where it is sold (other than
24 alcoholic beverages, soft drinks and food which has been
25 prepared for immediate consumption) and prescription and
26 nonprescription medicines, drugs, medical appliances, products

1 classified as Class III medical devices by the United States
2 Food and Drug Administration that are used for cancer treatment
3 pursuant to a prescription, as well as any accessories and
4 components related to those devices, and insulin, urine testing
5 materials, syringes and needles used by diabetics.

6 Beginning August 1, 2017, each month the Department shall
7 pay into the Local Government Tax Fund 27.5% of the revenue
8 realized for the preceding month from the 3.625% tax on sales
9 of food for human consumption which is to be consumed off the
10 premises where it is sold (other than alcoholic beverages, soft
11 drinks and food which has been prepared for immediate
12 consumption) and prescription and nonprescription medicines,
13 drugs, medical appliances, products classified as Class III
14 medical devices by the United States Food and Drug
15 Administration that are used for cancer treatment pursuant to a
16 prescription, as well as any accessories and components related
17 to those devices, and insulin, urine testing materials,
18 syringes and needles used by diabetics.

19 Beginning January 1, 1990, each month the Department shall
20 pay into the County and Mass Transit District Fund 4% of the
21 revenue realized for the preceding month from the 6.25% general
22 rate.

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

1 Beginning January 1, 1990, each month the Department shall
2 pay into the Local Government Tax Fund 16% of the revenue
3 realized for the preceding month from the 6.25% general rate on
4 transfers of tangible personal property.

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

9 Beginning October 1, 2009, each month the Department shall
10 pay into the Capital Projects Fund an amount that is equal to
11 an amount estimated by the Department to represent 80% of the
12 net revenue realized for the preceding month from the sale of
13 candy, grooming and hygiene products, and soft drinks that had
14 been taxed at a rate of 1% prior to September 1, 2009 but that
15 are now taxed at 6.25%.

16 Beginning July 1, 2013, each month the Department shall pay
17 into the Underground Storage Tank Fund from the proceeds
18 collected under this Act, the Use Tax Act, the Service Use Tax
19 Act, and the Retailers' Occupation Tax Act an amount equal to
20 the average monthly deficit in the Underground Storage Tank
21 Fund during the prior year, as certified annually by the
22 Illinois Environmental Protection Agency, but the total
23 payment into the Underground Storage Tank Fund under this Act,
24 the Use Tax Act, the Service Use Tax Act, and the Retailers'
25 Occupation Tax Act shall not exceed \$18,000,000 in any State
26 fiscal year. As used in this paragraph, the "average monthly

1 deficit" shall be equal to the difference between the average
2 monthly claims for payment by the fund and the average monthly
3 revenues deposited into the fund, excluding payments made
4 pursuant to this paragraph.

5 Beginning July 1, 2015, of the remainder of the moneys
6 received by the Department under the Use Tax Act, the Service
7 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
8 each month the Department shall deposit \$500,000 into the State
9 Crime Laboratory Fund.

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

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

1 issued thereafter and all fees and costs payable with respect
2 thereto, all as certified by the Director of the Bureau of the
3 Budget (now Governor's Office of Management and Budget). If on
4 the last business day of any month in which Bonds are
5 outstanding pursuant to the Build Illinois Bond Act, the
6 aggregate of the moneys deposited in the Build Illinois Bond
7 Account in the Build Illinois Fund in such month shall be less
8 than the amount required to be transferred in such month from
9 the Build Illinois Bond Account to the Build Illinois Bond
10 Retirement and Interest Fund pursuant to Section 13 of the
11 Build Illinois Bond Act, an amount equal to such deficiency
12 shall be immediately paid from other moneys received by the
13 Department pursuant to the Tax Acts to the Build Illinois Fund;
14 provided, however, that any amounts paid to the Build Illinois
15 Fund in any fiscal year pursuant to this sentence shall be
16 deemed to constitute payments pursuant to clause (b) of the
17 preceding sentence and shall reduce the amount otherwise
18 payable for such fiscal year pursuant to clause (b) of the
19 preceding sentence. The moneys received by the Department
20 pursuant to this Act and required to be deposited into the
21 Build Illinois Fund are subject to the pledge, claim and charge
22 set forth in Section 12 of the Build Illinois Bond Act.

23 Subject to payment of amounts into the Build Illinois Fund
24 as provided in the preceding paragraph or in any amendment
25 thereto hereafter enacted, the following specified monthly
26 installment of the amount requested in the certificate of the

1 Chairman of the Metropolitan Pier and Exposition Authority
2 provided under Section 8.25f of the State Finance Act, but not
3 in excess of the sums designated as "Total Deposit", shall be
4 deposited in the aggregate from collections under Section 9 of
5 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
6 9 of the Service Occupation Tax Act, and Section 3 of the
7 Retailers' Occupation Tax Act into the McCormick Place
8 Expansion Project Fund in the specified fiscal years.

	Fiscal Year	Total Deposit
9		
10	1993	\$0
11	1994	53,000,000
12	1995	58,000,000
13	1996	61,000,000
14	1997	64,000,000
15	1998	68,000,000
16	1999	71,000,000
17	2000	75,000,000
18	2001	80,000,000
19	2002	93,000,000
20	2003	99,000,000
21	2004	103,000,000
22	2005	108,000,000
23	2006	113,000,000
24	2007	119,000,000
25	2008	126,000,000

1	2009	132,000,000
2	2010	139,000,000
3	2011	146,000,000
4	2012	153,000,000
5	2013	161,000,000
6	2014	170,000,000
7	2015	179,000,000
8	2016	189,000,000
9	2017	199,000,000
10	2018	210,000,000
11	2019	221,000,000
12	2020	233,000,000
13	2021	246,000,000
14	2022	260,000,000
15	2023	275,000,000
16	2024	275,000,000
17	2025	275,000,000
18	2026	279,000,000
19	2027	292,000,000
20	2028	307,000,000
21	2029	322,000,000
22	2030	338,000,000
23	2031	350,000,000
24	2032	350,000,000
25	and	
26	each fiscal year	

1 thereafter that bonds
2 are outstanding under
3 Section 13.2 of the
4 Metropolitan Pier and
5 Exposition Authority Act,
6 but not after fiscal year 2060.

7 Beginning July 20, 1993 and in each month of each fiscal
8 year thereafter, one-eighth of the amount requested in the
9 certificate of the Chairman of the Metropolitan Pier and
10 Exposition Authority for that fiscal year, less the amount
11 deposited into the McCormick Place Expansion Project Fund by
12 the State Treasurer in the respective month under subsection
13 (g) of Section 13 of the Metropolitan Pier and Exposition
14 Authority Act, plus cumulative deficiencies in the deposits
15 required under this Section for previous months and years,
16 shall be deposited into the McCormick Place Expansion Project
17 Fund, until the full amount requested for the fiscal year, but
18 not in excess of the amount specified above as "Total Deposit",
19 has been deposited.

20 Subject to payment of amounts into the Build Illinois Fund
21 and the McCormick Place Expansion Project Fund pursuant to the
22 preceding paragraphs or in any amendments thereto hereafter
23 enacted, beginning July 1, 1993 and ending on September 30,
24 2013, the Department shall each month pay into the Illinois Tax
25 Increment Fund 0.27% of 80% of the net revenue realized for the
26 preceding month from the 6.25% general rate on the selling

1 price of tangible personal property.

2 Subject to payment of amounts into the Build Illinois Fund
3 and the McCormick Place Expansion Project Fund pursuant to the
4 preceding paragraphs or in any amendments thereto hereafter
5 enacted, beginning with the receipt of the first report of
6 taxes paid by an eligible business and continuing for a 25-year
7 period, the Department shall each month pay into the Energy
8 Infrastructure Fund 80% of the net revenue realized from the
9 6.25% general rate on the selling price of Illinois-mined coal
10 that was sold to an eligible business. For purposes of this
11 paragraph, the term "eligible business" means a new electric
12 generating facility certified pursuant to Section 605-332 of
13 the Department of Commerce and Economic Opportunity Law of the
14 Civil Administrative Code of Illinois.

15 Subject to payment of amounts into the Build Illinois Fund,
16 the McCormick Place Expansion Project Fund, the Illinois Tax
17 Increment Fund, and the Energy Infrastructure Fund pursuant to
18 the preceding paragraphs or in any amendments to this Section
19 hereafter enacted, beginning on the first day of the first
20 calendar month to occur on or after the effective date of this
21 amendatory Act of the 98th General Assembly, each month, from
22 the collections made under Section 9 of the Use Tax Act,
23 Section 9 of the Service Use Tax Act, Section 9 of the Service
24 Occupation Tax Act, and Section 3 of the Retailers' Occupation
25 Tax Act, the Department shall pay into the Tax Compliance and
26 Administration Fund, to be used, subject to appropriation, to

1 fund additional auditors and compliance personnel at the
2 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
3 the cash receipts collected during the preceding fiscal year by
4 the Audit Bureau of the Department under the Use Tax Act, the
5 Service Use Tax Act, the Service Occupation Tax Act, the
6 Retailers' Occupation Tax Act, and associated local occupation
7 and use taxes administered by the Department.

8 Of the remainder of the moneys received by the Department
9 pursuant to this Act, 75% shall be paid into the General
10 Revenue Fund of the State Treasury and 25% shall be reserved in
11 a special account and used only for the transfer to the Common
12 School Fund as part of the monthly transfer from the General
13 Revenue Fund in accordance with Section 8a of the State Finance
14 Act.

15 The Department may, upon separate written notice to a
16 taxpayer, require the taxpayer to prepare and file with the
17 Department on a form prescribed by the Department within not
18 less than 60 days after receipt of the notice an annual
19 information return for the tax year specified in the notice.
20 Such annual return to the Department shall include a statement
21 of gross receipts as shown by the taxpayer's last Federal
22 income tax return. If the total receipts of the business as
23 reported in the Federal income tax return do not agree with the
24 gross receipts reported to the Department of Revenue for the
25 same period, the taxpayer shall attach to his annual return a
26 schedule showing a reconciliation of the 2 amounts and the

1 reasons for the difference. The taxpayer's annual return to the
2 Department shall also disclose the cost of goods sold by the
3 taxpayer during the year covered by such return, opening and
4 closing inventories of such goods for such year, cost of goods
5 used from stock or taken from stock and given away by the
6 taxpayer during such year, pay roll information of the
7 taxpayer's business during such year and any additional
8 reasonable information which the Department deems would be
9 helpful in determining the accuracy of the monthly, quarterly
10 or annual returns filed by such taxpayer as hereinbefore
11 provided for in this Section.

12 If the annual information return required by this Section
13 is not filed when and as required, the taxpayer shall be liable
14 as follows:

15 (i) Until January 1, 1994, the taxpayer shall be liable
16 for a penalty equal to 1/6 of 1% of the tax due from such
17 taxpayer under this Act during the period to be covered by
18 the annual return for each month or fraction of a month
19 until such return is filed as required, the penalty to be
20 assessed and collected in the same manner as any other
21 penalty provided for in this Act.

22 (ii) On and after January 1, 1994, the taxpayer shall
23 be liable for a penalty as described in Section 3-4 of the
24 Uniform Penalty and Interest Act.

25 The chief executive officer, proprietor, owner or highest
26 ranking manager shall sign the annual return to certify the

1 accuracy of the information contained therein. Any person who
2 willfully signs the annual return containing false or
3 inaccurate information shall be guilty of perjury and punished
4 accordingly. The annual return form prescribed by the
5 Department shall include a warning that the person signing the
6 return may be liable for perjury.

7 The foregoing portion of this Section concerning the filing
8 of an annual information return shall not apply to a serviceman
9 who is not required to file an income tax return with the
10 United States Government.

11 As soon as possible after the first day of each month, upon
12 certification of the Department of Revenue, the Comptroller
13 shall order transferred and the Treasurer shall transfer from
14 the General Revenue Fund to the Motor Fuel Tax Fund an amount
15 equal to 1.7% of 80% of the net revenue realized under this Act
16 for the second preceding month. Beginning April 1, 2000, this
17 transfer is no longer required and shall not be made.

18 Net revenue realized for a month shall be the revenue
19 collected by the State pursuant to this Act, less the amount
20 paid out during that month as refunds to taxpayers for
21 overpayment of liability.

22 For greater simplicity of administration, it shall be
23 permissible for manufacturers, importers and wholesalers whose
24 products are sold by numerous servicemen in Illinois, and who
25 wish to do so, to assume the responsibility for accounting and
26 paying to the Department all tax accruing under this Act with

1 respect to such sales, if the servicemen who are affected do
2 not make written objection to the Department to this
3 arrangement.

4 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
5 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14;
6 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15; 99-858, eff.
7 8-19-16.)

8 Section 40. The Retailers' Occupation Tax Act is amended by
9 changing Sections 2-5, 2-6, 2-10, 3, and 51 as follows:

10 (35 ILCS 120/2-5)

11 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
12 sale of the following tangible personal property are exempt
13 from the tax imposed by this Act:

14 (1) Until July 1, 2017, farm ~~Farm~~ chemicals. With respect
15 to farm chemicals, on and after July 1, 2017, the tax under
16 this Act shall be imposed at the rate of 6.25%, but shall be
17 imposed on only 50% of the proceeds of sales. This paragraph is
18 exempt from the provisions of Section 2-70.

19 (2) Until July 1, 2017, farm ~~Farm~~ machinery and equipment,
20 both new and used, including that manufactured on special
21 order, certified by the purchaser to be used primarily for
22 production agriculture or State or federal agricultural
23 programs, including individual replacement parts for the
24 machinery and equipment, including machinery and equipment

1 purchased for lease, and including implements of husbandry
2 defined in Section 1-130 of the Illinois Vehicle Code, farm
3 machinery and agricultural chemical and fertilizer spreaders,
4 and nurse wagons required to be registered under Section 3-809
5 of the Illinois Vehicle Code, but excluding other motor
6 vehicles required to be registered under the Illinois Vehicle
7 Code. Horticultural polyhouses or hoop houses used for
8 propagating, growing, or overwintering plants shall be
9 considered farm machinery and equipment under this item (2).
10 Agricultural chemical tender tanks and dry boxes shall include
11 units sold separately from a motor vehicle required to be
12 licensed and units sold mounted on a motor vehicle required to
13 be licensed, if the selling price of the tender is separately
14 stated. With respect to farm machinery and equipment, on and
15 after July 1, 2017, the tax under this Act shall be imposed at
16 the rate of 6.25%, but shall be imposed on only 50% of the
17 proceeds of sales.

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.

23 (5) Until July 1, 2017, a ~~A~~ motor vehicle that is used for
24 automobile renting, as defined in the Automobile Renting
25 Occupation and Use Tax Act. With respect to motor vehicle that
26 is used for automobile renting, as defined in the Automobile

1 Renting Occupation and Use Tax Act, on and after July 1, 2017,
2 the tax under this Act shall be imposed at the rate of 6.25%,
3 but shall be imposed on only 50% of the proceeds of sales. This
4 paragraph is exempt from the provisions of Section 2-70.

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

8 (7) Until July 1, 2003, proceeds of that portion of the
9 selling price of a passenger car the sale of which is subject
10 to the Replacement Vehicle Tax.

11 (8) Personal property sold to an Illinois county fair
12 association for use in conducting, operating, or promoting the
13 county fair.

14 (9) Personal property sold to a not-for-profit arts or
15 cultural organization that establishes, by proof required by
16 the Department by rule, that it has received an exemption under
17 Section 501(c)(3) of the Internal Revenue Code and that is
18 organized and operated primarily for the presentation or
19 support of arts or cultural programming, activities, or
20 services. These organizations include, but are not limited to,
21 music and dramatic arts organizations such as symphony
22 orchestras and theatrical groups, arts and cultural service
23 organizations, local arts councils, visual arts organizations,
24 and media arts organizations. On and after the effective date
25 of this amendatory Act of the 92nd General Assembly, however,
26 an entity otherwise eligible for this exemption shall not make

1 tax-free purchases unless it has an active identification
2 number issued by the Department.

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

10 (11) Personal property sold to a governmental body, to a
11 corporation, society, association, foundation, or institution
12 organized and operated exclusively for charitable, religious,
13 or educational purposes, or to a not-for-profit corporation,
14 society, association, foundation, institution, or organization
15 that has no compensated officers or employees and that is
16 organized and operated primarily for the recreation of persons
17 55 years of age or older. A limited liability company may
18 qualify for the exemption under this paragraph only if the
19 limited liability company is organized and operated
20 exclusively for educational purposes. On and after July 1,
21 1987, however, no entity otherwise eligible for this exemption
22 shall make tax-free purchases unless it has an active
23 identification number issued by the Department.

24 (12) Tangible personal property sold to interstate
25 carriers for hire for use as rolling stock moving in interstate
26 commerce or to lessors under leases of one year or longer

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

7 (12-5) On and after July 1, 2003 and through June 30, 2004,
8 motor vehicles of the second division with a gross vehicle
9 weight in excess of 8,000 pounds that are subject to the
10 commercial distribution fee imposed under Section 3-815.1 of
11 the Illinois Vehicle Code. Beginning on July 1, 2004 and
12 through June 30, 2005, the use in this State of motor vehicles
13 of the second division: (i) with a gross vehicle weight rating
14 in excess of 8,000 pounds; (ii) that are subject to the
15 commercial distribution fee imposed under Section 3-815.1 of
16 the Illinois Vehicle Code; and (iii) that are primarily used
17 for commercial purposes. Through June 30, 2005, this exemption
18 applies to repair and replacement parts added after the initial
19 purchase of such a motor vehicle if that motor vehicle is used
20 in a manner that would qualify for the rolling stock exemption
21 otherwise provided for in this Act. For purposes of this
22 paragraph, "used for commercial purposes" means the
23 transportation of persons or property in furtherance of any
24 commercial or industrial enterprise whether for-hire or not.

25 (13) Proceeds from sales to owners, lessors, or shippers of
26 tangible personal property that is utilized by interstate

1 carriers for hire for use as rolling stock moving in interstate
2 commerce and equipment operated by a telecommunications
3 provider, licensed as a common carrier by the Federal
4 Communications Commission, which is permanently installed in
5 or affixed to aircraft moving in interstate commerce.

6 (14) Until July 1, 2017, machinery ~~Machinery~~ and equipment
7 that will be used by the purchaser, or a lessee of the
8 purchaser, primarily in the process of manufacturing or
9 assembling tangible personal property for wholesale or retail
10 sale or lease, whether the sale or lease is made directly by
11 the manufacturer or by some other person, whether the materials
12 used in the process are owned by the manufacturer or some other
13 person, or whether the sale or lease is made apart from or as
14 an incident to the seller's engaging in the service occupation
15 of producing machines, tools, dies, jigs, patterns, gauges, or
16 other similar items of no commercial value on special order for
17 a particular purchaser. The exemption provided by this
18 paragraph (14) does not include machinery and equipment used in
19 (i) the generation of electricity for wholesale or retail sale;
20 (ii) the generation or treatment of natural or artificial gas
21 for wholesale or retail sale that is delivered to customers
22 through pipes, pipelines, or mains; or (iii) the treatment of
23 water for wholesale or retail sale that is delivered to
24 customers through pipes, pipelines, or mains. The provisions of
25 Public Act 98-583 are declaratory of existing law as to the
26 meaning and scope of this exemption.

1 With respect to machinery and equipment that will be used
2 by the purchaser, or a lessee of the purchaser, primarily in
3 the process of manufacturing or assembling tangible personal
4 property for wholesale or retail sale or lease as provided
5 under this paragraph (14), on and after July 1, 2017, the tax
6 under this Act shall be imposed at the rate of 6.25%, but shall
7 be imposed on only 50% of the proceeds of sales.

8 (15) Proceeds of mandatory service charges separately
9 stated on customers' bills for purchase and consumption of food
10 and beverages, to the extent that the proceeds of the service
11 charge are in fact turned over as tips or as a substitute for
12 tips to the employees who participate directly in preparing,
13 serving, hosting or cleaning up the food or beverage function
14 with respect to which the service charge is imposed.

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

18 (17) Tangible personal property sold to a common carrier by
19 rail or motor that receives the physical possession of the
20 property in Illinois and that transports the property, or
21 shares with another common carrier in the transportation of the
22 property, out of Illinois on a standard uniform bill of lading
23 showing the seller of the property as the shipper or consignor
24 of the property to a destination outside Illinois, for use
25 outside Illinois.

26 (18) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

4 (19) Until July 1 2003, oil field exploration, drilling,
5 and production equipment, including (i) rigs and parts of rigs,
6 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
7 tubular goods, including casing and drill strings, (iii) pumps
8 and pump-jack units, (iv) storage tanks and flow lines, (v) any
9 individual replacement part for oil field exploration,
10 drilling, and production equipment, and (vi) machinery and
11 equipment purchased for lease; but excluding motor vehicles
12 required to be registered under the Illinois Vehicle Code.

13 (20) Photoprocessing machinery and equipment, including
14 repair and replacement parts, both new and used, including that
15 manufactured on special order, certified by the purchaser to be
16 used primarily for photoprocessing, and including
17 photoprocessing machinery and equipment purchased for lease.

18 (21) Coal and aggregate exploration, mining, off-highway
19 hauling, processing, maintenance, and reclamation equipment,
20 including replacement parts and equipment, and including
21 equipment purchased for lease, but excluding motor vehicles
22 required to be registered under the Illinois Vehicle Code. The
23 changes made to this Section by Public Act 97-767 apply on and
24 after July 1, 2003, but no claim for credit or refund is
25 allowed on or after August 16, 2013 (the effective date of
26 Public Act 98-456) for such taxes paid during the period

1 beginning July 1, 2003 and ending on August 16, 2013 (the
2 effective date of Public Act 98-456).

3 (22) Until June 30, 2013, fuel and petroleum products sold
4 to or used by an air carrier, certified by the carrier to be
5 used for consumption, shipment, or storage in the conduct of
6 its business as an air common carrier, for a flight destined
7 for or returning from a location or locations outside the
8 United States without regard to previous or subsequent domestic
9 stopovers.

10 Beginning July 1, 2013, fuel and petroleum products sold to
11 or used by an air carrier, certified by the carrier to be used
12 for consumption, shipment, or storage in the conduct of its
13 business as an air common carrier, for a flight that (i) is
14 engaged in foreign trade or is engaged in trade between the
15 United States and any of its possessions and (ii) transports at
16 least one individual or package for hire from the city of
17 origination to the city of final destination on the same
18 aircraft, without regard to a change in the flight number of
19 that aircraft.

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

24 (24) Fuel consumed or used in the operation of ships,
25 barges, or vessels that are used primarily in or for the
26 transportation of property or the conveyance of persons for

1 hire on rivers bordering on this State if the fuel is delivered
2 by the seller to the purchaser's barge, ship, or vessel while
3 it is afloat upon that bordering river.

4 (25) Except as provided in item (25-5) of this Section, a
5 motor vehicle sold in this State to a nonresident even though
6 the motor vehicle is delivered to the nonresident in this
7 State, if the motor vehicle is not to be titled in this State,
8 and if a drive-away permit is issued to the motor vehicle as
9 provided in Section 3-603 of the Illinois Vehicle Code or if
10 the nonresident purchaser has vehicle registration plates to
11 transfer to the motor vehicle upon returning to his or her home
12 state. The issuance of the drive-away permit or having the
13 out-of-state registration plates to be transferred is prima
14 facie evidence that the motor vehicle will not be titled in
15 this State.

16 (25-5) The exemption under item (25) does not apply if the
17 state in which the motor vehicle will be titled does not allow
18 a reciprocal exemption for a motor vehicle sold and delivered
19 in that state to an Illinois resident but titled in Illinois.
20 The tax collected under this Act on the sale of a motor vehicle
21 in this State to a resident of another state that does not
22 allow a reciprocal exemption shall be imposed at a rate equal
23 to the state's rate of tax on taxable property in the state in
24 which the purchaser is a resident, except that the tax shall
25 not exceed the tax that would otherwise be imposed under this
26 Act. At the time of the sale, the purchaser shall execute a

1 statement, signed under penalty of perjury, of his or her
2 intent to title the vehicle in the state in which the purchaser
3 is a resident within 30 days after the sale and of the fact of
4 the payment to the State of Illinois of tax in an amount
5 equivalent to the state's rate of tax on taxable property in
6 his or her state of residence and shall submit the statement to
7 the appropriate tax collection agency in his or her state of
8 residence. In addition, the retailer must retain a signed copy
9 of the statement in his or her records. Nothing in this item
10 shall be construed to require the removal of the vehicle from
11 this state following the filing of an intent to title the
12 vehicle in the purchaser's state of residence if the purchaser
13 titles the vehicle in his or her state of residence within 30
14 days after the date of sale. The tax collected under this Act
15 in accordance with this item (25-5) shall be proportionately
16 distributed as if the tax were collected at the 6.25% general
17 rate imposed under this Act.

18 (25-7) Beginning on July 1, 2007, no tax is imposed under
19 this Act on the sale of an aircraft, as defined in Section 3 of
20 the Illinois Aeronautics Act, if all of the following
21 conditions are met:

22 (1) the aircraft leaves this State within 15 days after
23 the later of either the issuance of the final billing for
24 the sale of the aircraft, or the authorized approval for
25 return to service, completion of the maintenance record
26 entry, and completion of the test flight and ground test

1 for inspection, as required by 14 C.F.R. 91.407;

2 (2) the aircraft is not based or registered in this
3 State after the sale of the aircraft; and

4 (3) the seller retains in his or her books and records
5 and provides to the Department a signed and dated
6 certification from the purchaser, on a form prescribed by
7 the Department, certifying that the requirements of this
8 item (25-7) are met. The certificate must also include the
9 name and address of the purchaser, the address of the
10 location where the aircraft is to be titled or registered,
11 the address of the primary physical location of the
12 aircraft, and other information that the Department may
13 reasonably require.

14 For purposes of this item (25-7):

15 "Based in this State" means hangared, stored, or otherwise
16 used, excluding post-sale customizations as defined in this
17 Section, for 10 or more days in each 12-month period
18 immediately following the date of the sale of the aircraft.

19 "Registered in this State" means an aircraft registered
20 with the Department of Transportation, Aeronautics Division,
21 or titled or registered with the Federal Aviation
22 Administration to an address located in this State.

23 This paragraph (25-7) is exempt from the provisions of
24 Section 2-70.

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

1 (27) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes. This item (27) is exempt from the provisions
7 of Section 2-70, and the exemption provided for under this item
8 (27) applies for all periods beginning May 30, 1995, but no
9 claim for credit or refund is allowed on or after January 1,
10 2008 (the effective date of Public Act 95-88) for such taxes
11 paid during the period beginning May 30, 2000 and ending on
12 January 1, 2008 (the effective date of Public Act 95-88).

13 (28) Computers and communications equipment utilized for
14 any hospital purpose and equipment used in the diagnosis,
15 analysis, or treatment of hospital patients sold to a lessor
16 who leases the equipment, under a lease of one year or longer
17 executed or in effect at the time of the purchase, to a
18 hospital that has been issued an active tax exemption
19 identification number by the Department under Section 1g of
20 this Act.

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

26 (30) Beginning with taxable years ending on or after

1 December 31, 1995 and ending with taxable years ending on or
2 before December 31, 2004, personal property that is donated for
3 disaster relief to be used in a State or federally declared
4 disaster area in Illinois or bordering Illinois by a
5 manufacturer or retailer that is registered in this State to a
6 corporation, society, association, foundation, or institution
7 that has been issued a sales tax exemption identification
8 number by the Department that assists victims of the disaster
9 who reside within the declared disaster area.

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

22 (32) Beginning July 1, 1999, game or game birds sold at a
23 "game breeding and hunting preserve area" as that term is used
24 in the Wildlife Code. This paragraph is exempt from the
25 provisions of Section 2-70.

26 (33) A motor vehicle, as that term is defined in Section

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

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

1 entity purchases the personal property sold at the events from
2 another individual or entity that sold the property for the
3 purpose of resale by the fundraising entity and that profits
4 from the sale to the fundraising entity. This paragraph is
5 exempt from the provisions of Section 2-70.

6 (35) Beginning January 1, 2000 and through December 31,
7 2001, new or used automatic vending machines that prepare and
8 serve hot food and beverages, including coffee, soup, and other
9 items, and replacement parts for these machines. Beginning
10 January 1, 2002 and through June 30, 2003, machines and parts
11 for machines used in commercial, coin-operated amusement and
12 vending business if a use or occupation tax is paid on the
13 gross receipts derived from the use of the commercial,
14 coin-operated amusement and vending machines. This paragraph
15 is exempt from the provisions of Section 2-70.

16 (35-5) Beginning August 23, 2001 and through June 30, 2016,
17 food for human consumption that is to be consumed off the
18 premises where it is sold (other than alcoholic beverages, soft
19 drinks, and food that has been prepared for immediate
20 consumption) and prescription and nonprescription medicines,
21 drugs, medical appliances, and insulin, urine testing
22 materials, syringes, and needles used by diabetics, for human
23 use, when purchased for use by a person receiving medical
24 assistance under Article V of the Illinois Public Aid Code who
25 resides in a licensed long-term care facility, as defined in
26 the Nursing Home Care Act, or a licensed facility as defined in

1 the ID/DD Community Care Act, the MC/DD Act, or the Specialized
2 Mental Health Rehabilitation Act of 2013.

3 (36) Beginning August 2, 2001, computers and
4 communications equipment utilized for any hospital purpose and
5 equipment used in the diagnosis, analysis, or treatment of
6 hospital patients sold to a lessor who leases the equipment,
7 under a lease of one year or longer executed or in effect at
8 the time of the purchase, to a hospital that has been issued an
9 active tax exemption identification number by the Department
10 under Section 1g of this Act. This paragraph is exempt from the
11 provisions of Section 2-70.

12 (37) Beginning August 2, 2001, personal property sold to a
13 lessor who leases the property, under a lease of one year or
14 longer executed or in effect at the time of the purchase, to a
15 governmental body that has been issued an active tax exemption
16 identification number by the Department under Section 1g of
17 this Act. This paragraph is exempt from the provisions of
18 Section 2-70.

19 (38) Beginning on January 1, 2002 and through June 30,
20 2016, tangible personal property purchased from an Illinois
21 retailer by a taxpayer engaged in centralized purchasing
22 activities in Illinois who will, upon receipt of the property
23 in Illinois, temporarily store the property in Illinois (i) for
24 the purpose of subsequently transporting it outside this State
25 for use or consumption thereafter solely outside this State or
26 (ii) for the purpose of being processed, fabricated, or

1 manufactured into, attached to, or incorporated into other
2 tangible personal property to be transported outside this State
3 and thereafter used or consumed solely outside this State. The
4 Director of Revenue shall, pursuant to rules adopted in
5 accordance with the Illinois Administrative Procedure Act,
6 issue a permit to any taxpayer in good standing with the
7 Department who is eligible for the exemption under this
8 paragraph (38). The permit issued under this paragraph (38)
9 shall authorize the holder, to the extent and in the manner
10 specified in the rules adopted under this Act, to purchase
11 tangible personal property from a retailer exempt from the
12 taxes imposed by this Act. Taxpayers shall maintain all
13 necessary books and records to substantiate the use and
14 consumption of all such tangible personal property outside of
15 the State of Illinois.

16 (39) Beginning January 1, 2008, tangible personal property
17 used in the construction or maintenance of a community water
18 supply, as defined under Section 3.145 of the Environmental
19 Protection Act, that is operated by a not-for-profit
20 corporation that holds a valid water supply permit issued under
21 Title IV of the Environmental Protection Act. This paragraph is
22 exempt from the provisions of Section 2-70.

23 (40) Beginning January 1, 2010, materials, parts,
24 equipment, components, and furnishings incorporated into or
25 upon an aircraft as part of the modification, refurbishment,
26 completion, replacement, repair, or maintenance of the

1 aircraft. This exemption includes consumable supplies used in
2 the modification, refurbishment, completion, replacement,
3 repair, and maintenance of aircraft, but excludes any
4 materials, parts, equipment, components, and consumable
5 supplies used in the modification, replacement, repair, and
6 maintenance of aircraft engines or power plants, whether such
7 engines or power plants are installed or uninstalled upon any
8 such aircraft. "Consumable supplies" include, but are not
9 limited to, adhesive, tape, sandpaper, general purpose
10 lubricants, cleaning solution, latex gloves, and protective
11 films. This exemption applies only to the sale of qualifying
12 tangible personal property to persons who modify, refurbish,
13 complete, replace, or maintain an aircraft and who (i) hold an
14 Air Agency Certificate and are empowered to operate an approved
15 repair station by the Federal Aviation Administration, (ii)
16 have a Class IV Rating, and (iii) conduct operations in
17 accordance with Part 145 of the Federal Aviation Regulations.
18 The exemption does not include aircraft operated by a
19 commercial air carrier providing scheduled passenger air
20 service pursuant to authority issued under Part 121 or Part 129
21 of the Federal Aviation Regulations. The changes made to this
22 paragraph (40) by Public Act 98-534 are declarative of existing
23 law.

24 (41) Tangible personal property sold to a
25 public-facilities corporation, as described in Section
26 11-65-10 of the Illinois Municipal Code, for purposes of

1 constructing or furnishing a municipal convention hall, but
2 only if the legal title to the municipal convention hall is
3 transferred to the municipality without any further
4 consideration by or on behalf of the municipality at the time
5 of the completion of the municipal convention hall or upon the
6 retirement or redemption of any bonds or other debt instruments
7 issued by the public-facilities corporation in connection with
8 the development of the municipal convention hall. This
9 exemption includes existing public-facilities corporations as
10 provided in Section 11-65-25 of the Illinois Municipal Code.
11 This paragraph is exempt from the provisions of Section 2-70.

12 (42) Beginning January 1, 2017, menstrual pads, tampons,
13 and menstrual cups.

14 (Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
15 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
16 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
17 7-29-15; 99-855, eff. 8-19-16.)

18 (35 ILCS 120/2-6)

19 Sec. 2-6. Building materials exemption; intermodal
20 terminal facility areas. Until July 1, 2017, each ~~Each~~ retailer
21 that makes a qualified sale of building materials to be
22 incorporated into real estate in a redevelopment project area
23 within an intermodal terminal facility area in accordance with
24 Section 11-74.4-3.1 of the Illinois Municipal Code by
25 remodeling, rehabilitating, or new construction may deduct

1 receipts from those sales when calculating the tax imposed by
2 this Act. For purposes of this Section, "qualified sale" means
3 a sale of building materials that will be incorporated into
4 real estate as part of an industrial or commercial project for
5 which a Certificate of Eligibility for Sales Tax Exemption has
6 been issued by the corporate authorities of the municipality in
7 which the building project is located. To document the
8 exemption allowed under this Section, the retailer must obtain
9 from the purchaser a copy of the Certificate of Eligibility for
10 Sales Tax Exemption issued by the corporate authorities of the
11 municipality in which the real estate into which the building
12 materials will be incorporated is located. The Certificate of
13 Eligibility for Sales Tax Exemption must contain all of the
14 following:

15 (1) A statement that the commercial or industrial
16 project identified in the Certificate meets all the
17 requirements of the jurisdiction in which the project is
18 located.

19 (2) The location or address of the building project.

20 (3) The signature of the chief executive officer of the
21 municipality in which the building project is located, or
22 the chief executive officer's delegate.

23 In addition, the retailer must obtain a certificate from
24 the purchaser that contains all of the following:

25 (1) A statement that the building materials are being
26 purchased for incorporation into real estate located in an

1 intermodal terminal facility area included in a
2 redevelopment project area in accordance with Section
3 11-74.4-3.1 of the Illinois Municipal Code.

4 (2) The location or address of the real estate into
5 which the building materials will be incorporated.

6 (3) The name of the intermodal terminal facility area
7 in which that real estate is located.

8 (4) A description of the building materials being
9 purchased.

10 (5) The purchaser's signature and date of purchase. ~~The~~
11 ~~provisions of this Section are exempt from Section 2-70.~~

12 (Source: P.A. 94-781, eff. 5-19-06.)

13 (35 ILCS 120/2-10)

14 Sec. 2-10. Rate of tax. Unless otherwise provided in this
15 Section, the tax imposed by this Act is at the rate of 6.25% of
16 gross receipts from sales of tangible personal property made in
17 the course of business.

18 Beginning on July 1, 2000 and through December 31, 2000,
19 with respect to motor fuel, as defined in Section 1.1 of the
20 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
21 the Use Tax Act, the tax is imposed at the rate of 1.25%.

22 Beginning on August 6, 2010 through August 15, 2010, with
23 respect to sales tax holiday items as defined in Section 2-8 of
24 this Act, the tax is imposed at the rate of 1.25%.

25 Within 14 days after the effective date of this amendatory

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

15 With respect to gasohol, as defined in the Use Tax Act, the
16 tax imposed by this Act applies to (i) 70% of the proceeds of
17 sales made on or after January 1, 1990, and before July 1,
18 2003, (ii) 80% of the proceeds of sales made on or after July
19 1, 2003 and on or before July 1, 2017, (iii) 90% of the
20 proceeds of sales made on or after July 1, 2017 and on or
21 before December 31, 2018, and (iv) (iii) 100% of the proceeds
22 of sales made thereafter. If, at any time, however, the tax
23 under this Act on sales of gasohol, as defined in the Use Tax
24 Act, is imposed at the rate of 1.25%, then the tax imposed by
25 this Act applies to 100% of the proceeds of sales of gasohol
26 made during that time.

1 With respect to majority blended ethanol fuel, as defined
2 in the Use Tax Act, the tax imposed by this Act does not apply
3 to the proceeds of sales made on or after July 1, 2003 and on or
4 before December 31, 2018 but applies to 100% of the proceeds of
5 sales made thereafter.

6 With respect to biodiesel blends, as defined in the Use Tax
7 Act, with no less than 1% and no more than 10% biodiesel, the
8 tax imposed by this Act applies to (i) 80% of the proceeds of
9 sales made on or after July 1, 2003 and on or before July 1,
10 2017, (ii) 90% of the proceeds of sales made on or after July
11 1, 2017 and on or before December 31, 2018, and (iii) ~~(ii)~~ 100%
12 of the proceeds of sales made thereafter. If, at any time,
13 however, the tax under this Act on sales of biodiesel blends,
14 as defined in the Use Tax Act, with no less than 1% and no more
15 than 10% biodiesel is imposed at the rate of 1.25%, then the
16 tax imposed by this Act applies to 100% of the proceeds of
17 sales of biodiesel blends with no less than 1% and no more than
18 10% biodiesel made during that time.

19 With respect to 100% biodiesel, as defined in the Use Tax
20 Act, and biodiesel blends, as defined in the Use Tax Act, with
21 more than 10% but no more than 99% biodiesel, the tax imposed
22 by this Act (i) does not apply to the proceeds of sales made on
23 or after July 1, 2003 and on or before, (ii) applies to 50% of
24 the proceeds of sales made on or after July 1, 2017 and on or
25 before December 31, 2018, and (iii) ~~but~~ applies to 100% of the
26 proceeds of sales made thereafter.

1 With respect to food for human consumption that is to be
2 consumed off the premises where it is sold (other than
3 alcoholic beverages, soft drinks, and food that has been
4 prepared for immediate consumption) and prescription and
5 nonprescription medicines, drugs, medical appliances, products
6 classified as Class III medical devices by the United States
7 Food and Drug Administration that are used for cancer treatment
8 pursuant to a prescription, as well as any accessories and
9 components related to those devices, modifications to a motor
10 vehicle for the purpose of rendering it usable by a person with
11 a disability, and insulin, urine testing materials, syringes,
12 and needles used by diabetics, for human use, the tax is
13 imposed at the rate of (i) 1% prior to July 1, 2017 and (ii)
14 3.625% on and after July 1, 2017. For the purposes of this
15 Section, until September 1, 2009: the term "soft drinks" means
16 any complete, finished, ready-to-use, non-alcoholic drink,
17 whether carbonated or not, including but not limited to soda
18 water, cola, fruit juice, vegetable juice, carbonated water,
19 and all other preparations commonly known as soft drinks of
20 whatever kind or description that are contained in any closed
21 or sealed bottle, can, carton, or container, regardless of
22 size; but "soft drinks" does not include coffee, tea,
23 non-carbonated water, infant formula, milk or milk products as
24 defined in the Grade A Pasteurized Milk and Milk Products Act,
25 or drinks containing 50% or more natural fruit or vegetable
26 juice.

1 Notwithstanding any other provisions of this Act,
2 beginning September 1, 2009, "soft drinks" means non-alcoholic
3 beverages that contain natural or artificial sweeteners. "Soft
4 drinks" do not include beverages that contain milk or milk
5 products, soy, rice or similar milk substitutes, or greater
6 than 50% of vegetable or fruit juice by volume.

7 Until August 1, 2009, and notwithstanding any other
8 provisions of this Act, "food for human consumption that is to
9 be consumed off the premises where it is sold" includes all
10 food sold through a vending machine, except soft drinks and
11 food products that are dispensed hot from a vending machine,
12 regardless of the location of the vending machine. Beginning
13 August 1, 2009, and notwithstanding any other provisions of
14 this Act, "food for human consumption that is to be consumed
15 off the premises where it is sold" includes all food sold
16 through a vending machine, except soft drinks, candy, and food
17 products that are dispensed hot from a vending machine,
18 regardless of the location of the vending machine.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "food for human consumption that
21 is to be consumed off the premises where it is sold" does not
22 include candy. For purposes of this Section, "candy" means a
23 preparation of sugar, honey, or other natural or artificial
24 sweeteners in combination with chocolate, fruits, nuts or other
25 ingredients or flavorings in the form of bars, drops, or
26 pieces. "Candy" does not include any preparation that contains

1 flour or requires refrigeration.

2 Notwithstanding any other provisions of this Act,
3 beginning September 1, 2009, "nonprescription medicines and
4 drugs" does not include grooming and hygiene products. For
5 purposes of this Section, "grooming and hygiene products"
6 includes, but is not limited to, soaps and cleaning solutions,
7 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
8 lotions and screens, unless those products are available by
9 prescription only, regardless of whether the products meet the
10 definition of "over-the-counter-drugs". For the purposes of
11 this paragraph, "over-the-counter-drug" means a drug for human
12 use that contains a label that identifies the product as a drug
13 as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
14 label includes:

15 (A) A "Drug Facts" panel; or

16 (B) A statement of the "active ingredient(s)" with a
17 list of those ingredients contained in the compound,
18 substance or preparation.

19 Beginning on the effective date of this amendatory Act of
20 the 98th General Assembly, "prescription and nonprescription
21 medicines and drugs" includes medical cannabis purchased from a
22 registered dispensing organization under the Compassionate Use
23 of Medical Cannabis Pilot Program Act.

24 (Source: P.A. 98-122, eff. 1-1-14; 99-143, eff. 7-27-15;
25 99-858, eff. 8-19-16.)

1 (35 ILCS 120/3) (from Ch. 120, par. 442)

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

7 1. The name of the seller;

8 2. His residence address and the address of his
9 principal place of business and the address of the
10 principal place of business (if that is a different
11 address) from which he engages in the business of selling
12 tangible personal property at retail in this State;

13 3. Total amount of receipts received by him during the
14 preceding calendar month or quarter, as the case may be,
15 from sales of tangible personal property, and from services
16 furnished, by him during such preceding calendar month or
17 quarter;

18 4. Total amount received by him during the preceding
19 calendar month or quarter on charge and time sales of
20 tangible personal property, and from services furnished,
21 by him prior to the month or quarter for which the return
22 is filed;

23 5. Deductions allowed by law;

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

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

3 8. The amount of tax due;

4 9. The signature of the taxpayer; and

5 10. Such other reasonable information as the
6 Department may require.

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

11 Each return shall be accompanied by the statement of
12 prepaid tax issued pursuant to Section 2e for which credit is
13 claimed.

14 Prior to October 1, 2003, and on and after September 1,
15 2004 a retailer may accept a Manufacturer's Purchase Credit
16 certification from a purchaser in satisfaction of Use Tax as
17 provided in Section 3-85 of the Use Tax Act if the purchaser
18 provides the appropriate documentation as required by Section
19 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit
20 certification, accepted by a retailer prior to October 1, 2003
21 and on and after September 1, 2004 as provided in Section 3-85
22 of the Use Tax Act, may be used by that retailer to satisfy
23 Retailers' Occupation Tax liability in the amount claimed in
24 the certification, not to exceed 6.25% of the receipts subject
25 to tax from a qualifying purchase. A Manufacturer's Purchase
26 Credit reported on any original or amended return filed under

1 this Act after October 20, 2003 for reporting periods prior to
2 September 1, 2004 shall be disallowed. Manufacturer's
3 Purchaser Credit reported on annual returns due on or after
4 January 1, 2005 will be disallowed for periods prior to
5 September 1, 2004. No Manufacturer's Purchase Credit may be
6 used after September 30, 2003 through August 31, 2004 to
7 satisfy any tax liability imposed under this Act, including any
8 audit liability.

9 The Department may require returns to be filed on a
10 quarterly basis. If so required, a return for each calendar
11 quarter shall be filed on or before the twentieth day of the
12 calendar month following the end of such calendar quarter. The
13 taxpayer shall also file a return with the Department for each
14 of the first two months of each calendar quarter, on or before
15 the twentieth day of the following calendar month, stating:

16 1. The name of the seller;

17 2. The address of the principal place of business from
18 which he engages in the business of selling tangible
19 personal property at retail in this State;

20 3. The total amount of taxable receipts received by him
21 during the preceding calendar month from sales of tangible
22 personal property by him during such preceding calendar
23 month, including receipts from charge and time sales, but
24 less all deductions allowed by law;

25 4. The amount of credit provided in Section 2d of this
26 Act;

1 5. The amount of tax due; and

2 6. Such other reasonable information as the Department
3 may require.

4 Beginning on October 1, 2003, any person who is not a
5 licensed distributor, importing distributor, or manufacturer,
6 as defined in the Liquor Control Act of 1934, but is engaged in
7 the business of selling, at retail, alcoholic liquor shall file
8 a statement with the Department of Revenue, in a format and at
9 a time prescribed by the Department, showing the total amount
10 paid for alcoholic liquor purchased during the preceding month
11 and such other information as is reasonably required by the
12 Department. The Department may adopt rules to require that this
13 statement be filed in an electronic or telephonic format. Such
14 rules may provide for exceptions from the filing requirements
15 of this paragraph. For the purposes of this paragraph, the term
16 "alcoholic liquor" shall have the meaning prescribed in the
17 Liquor Control Act of 1934.

18 Beginning on October 1, 2003, every distributor, importing
19 distributor, and manufacturer of alcoholic liquor as defined in
20 the Liquor Control Act of 1934, shall file a statement with the
21 Department of Revenue, no later than the 10th day of the month
22 for the preceding month during which transactions occurred, by
23 electronic means, showing the total amount of gross receipts
24 from the sale of alcoholic liquor sold or distributed during
25 the preceding month to purchasers; identifying the purchaser to
26 whom it was sold or distributed; the purchaser's tax

1 registration number; and such other information reasonably
2 required by the Department. A distributor, importing
3 distributor, or manufacturer of alcoholic liquor must
4 personally deliver, mail, or provide by electronic means to
5 each retailer listed on the monthly statement a report
6 containing a cumulative total of that distributor's, importing
7 distributor's, or manufacturer's total sales of alcoholic
8 liquor to that retailer no later than the 10th day of the month
9 for the preceding month during which the transaction occurred.
10 The distributor, importing distributor, or manufacturer shall
11 notify the retailer as to the method by which the distributor,
12 importing distributor, or manufacturer will provide the sales
13 information. If the retailer is unable to receive the sales
14 information by electronic means, the distributor, importing
15 distributor, or manufacturer shall furnish the sales
16 information by personal delivery or by mail. For purposes of
17 this paragraph, the term "electronic means" includes, but is
18 not limited to, the use of a secure Internet website, e-mail,
19 or facsimile.

20 If a total amount of less than \$1 is payable, refundable or
21 creditable, such amount shall be disregarded if it is less than
22 50 cents and shall be increased to \$1 if it is 50 cents or more.

23 Beginning October 1, 1993, a taxpayer who has an average
24 monthly tax liability of \$150,000 or more shall make all
25 payments required by rules of the Department by electronic
26 funds transfer. Beginning October 1, 1994, a taxpayer who has

1 an average monthly tax liability of \$100,000 or more shall make
2 all payments required by rules of the Department by electronic
3 funds transfer. Beginning October 1, 1995, a taxpayer who has
4 an average monthly tax liability of \$50,000 or more shall make
5 all payments required by rules of the Department by electronic
6 funds transfer. Beginning October 1, 2000, a taxpayer who has
7 an annual tax liability of \$200,000 or more shall make all
8 payments required by rules of the Department by electronic
9 funds transfer. The term "annual tax liability" shall be the
10 sum of the taxpayer's liabilities under this Act, and under all
11 other State and local occupation and use tax laws administered
12 by the Department, for the immediately preceding calendar year.
13 The term "average monthly tax liability" shall be the sum of
14 the taxpayer's liabilities under this Act, and under all other
15 State and local occupation and use tax laws administered by the
16 Department, for the immediately preceding calendar year
17 divided by 12. Beginning on October 1, 2002, a taxpayer who has
18 a tax liability in the amount set forth in subsection (b) of
19 Section 2505-210 of the Department of Revenue Law shall make
20 all payments required by rules of the Department by electronic
21 funds transfer.

22 Before August 1 of each year beginning in 1993, the
23 Department shall notify all taxpayers required to make payments
24 by electronic funds transfer. All taxpayers required to make
25 payments by electronic funds transfer shall make those payments
26 for a minimum of one year beginning on October 1.

1 Any taxpayer not required to make payments by electronic
2 funds transfer may make payments by electronic funds transfer
3 with the permission of the Department.

4 All taxpayers required to make payment by electronic funds
5 transfer and any taxpayers authorized to voluntarily make
6 payments by electronic funds transfer shall make those payments
7 in the manner authorized by the Department.

8 The Department shall adopt such rules as are necessary to
9 effectuate a program of electronic funds transfer and the
10 requirements of this Section.

11 Any amount which is required to be shown or reported on any
12 return or other document under this Act shall, if such amount
13 is not a whole-dollar amount, be increased to the nearest
14 whole-dollar amount in any case where the fractional part of a
15 dollar is 50 cents or more, and decreased to the nearest
16 whole-dollar amount where the fractional part of a dollar is
17 less than 50 cents.

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

1 October, November and December of a given year being due by
2 January 20 of the following year.

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

9 Such quarter annual and annual returns, as to form and
10 substance, shall be subject to the same requirements as monthly
11 returns.

12 Notwithstanding any other provision in this Act concerning
13 the time within which a retailer may file his return, in the
14 case of any retailer who ceases to engage in a kind of business
15 which makes him responsible for filing returns under this Act,
16 such retailer shall file a final return under this Act with the
17 Department not more than one month after discontinuing such
18 business.

19 Where the same person has more than one business registered
20 with the Department under separate registrations under this
21 Act, such person may not file each return that is due as a
22 single return covering all such registered businesses, but
23 shall file separate returns for each such registered business.

24 In addition, with respect to motor vehicles, watercraft,
25 aircraft, and trailers that are required to be registered with
26 an agency of this State, every retailer selling this kind of

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

21 Any retailer who sells only motor vehicles, watercraft,
22 aircraft, or trailers that are required to be registered with
23 an agency of this State, so that all retailers' occupation tax
24 liability is required to be reported, and is reported, on such
25 transaction reporting returns and who is not otherwise required
26 to file monthly or quarterly returns, need not file monthly or

1 quarterly returns. However, those retailers shall be required
2 to file returns on an annual basis.

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

24 The transaction reporting return in the case of watercraft
25 or aircraft must show the name and address of the seller; the
26 name and address of the purchaser; the amount of the selling

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

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

26 With each such transaction reporting return, the retailer

1 shall remit the proper amount of tax due (or shall submit
2 satisfactory evidence that the sale is not taxable if that is
3 the case), to the Department or its agents, whereupon the
4 Department shall issue, in the purchaser's name, a use tax
5 receipt (or a certificate of exemption if the Department is
6 satisfied that the particular sale is tax exempt) which such
7 purchaser may submit to the agency with which, or State officer
8 with whom, he must title or register the tangible personal
9 property that is involved (if titling or registration is
10 required) in support of such purchaser's application for an
11 Illinois certificate or other evidence of title or registration
12 to such tangible personal property.

13 No retailer's failure or refusal to remit tax under this
14 Act precludes a user, who has paid the proper tax to the
15 retailer, from obtaining his certificate of title or other
16 evidence of title or registration (if titling or registration
17 is required) upon satisfying the Department that such user has
18 paid the proper tax (if tax is due) to the retailer. The
19 Department shall adopt appropriate rules to carry out the
20 mandate of this paragraph.

21 If the user who would otherwise pay tax to the retailer
22 wants the transaction reporting return filed and the payment of
23 the tax or proof of exemption made to the Department before the
24 retailer is willing to take these actions and such user has not
25 paid the tax to the retailer, such user may certify to the fact
26 of such delay by the retailer and may (upon the Department

1 being satisfied of the truth of such certification) transmit
2 the information required by the transaction reporting return
3 and the remittance for tax or proof of exemption directly to
4 the Department and obtain his tax receipt or exemption
5 determination, in which event the transaction reporting return
6 and tax remittance (if a tax payment was required) shall be
7 credited by the Department to the proper retailer's account
8 with the Department, but without the 2.1% or 1.75% discount
9 provided for in this Section being allowed. When the user pays
10 the tax directly to the Department, he shall pay the tax in the
11 same amount and in the same form in which it would be remitted
12 if the tax had been remitted to the Department by the retailer.

13 Refunds made by the seller during the preceding return
14 period to purchasers, on account of tangible personal property
15 returned to the seller, shall be allowed as a deduction under
16 subdivision 5 of his monthly or quarterly return, as the case
17 may be, in case the seller had theretofore included the
18 receipts from the sale of such tangible personal property in a
19 return filed by him and had paid the tax imposed by this Act
20 with respect to such receipts.

21 Where the seller is a corporation, the return filed on
22 behalf of such corporation shall be signed by the president,
23 vice-president, secretary or treasurer or by the properly
24 accredited agent of such corporation.

25 Where the seller is a limited liability company, the return
26 filed on behalf of the limited liability company shall be

1 signed by a manager, member, or properly accredited agent of
2 the limited liability company.

3 Except as provided in this Section, the retailer filing the
4 return under this Section shall, at the time of filing such
5 return, pay to the Department the amount of tax imposed by this
6 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
7 on and after January 1, 1990, or \$5 per calendar year,
8 whichever is greater, which is allowed to reimburse the
9 retailer for the expenses incurred in keeping records,
10 preparing and filing returns, remitting the tax and supplying
11 data to the Department on request. Notwithstanding any other
12 provision of law, no such vendor discount is allowed under this
13 Act on or after July 1, 2017. Any prepayment made pursuant to
14 Section 2d of this Act shall be included in the amount on which
15 such 2.1% or 1.75% discount is computed. In the case of
16 retailers who report and pay the tax on a transaction by
17 transaction basis, as provided in this Section, such discount
18 shall be taken with each such tax remittance instead of when
19 such retailer files his periodic return. The Department may
20 disallow the discount for retailers whose certificate of
21 registration is revoked at the time the return is filed, but
22 only if the Department's decision to revoke the certificate of
23 registration has become final.

24 Before October 1, 2000, if the taxpayer's average monthly
25 tax liability to the Department under this Act, the Use Tax
26 Act, the Service Occupation Tax Act, and the Service Use Tax

1 Act, excluding any liability for prepaid sales tax to be
2 remitted in accordance with Section 2d of this Act, was \$10,000
3 or more during the preceding 4 complete calendar quarters, he
4 shall file a return with the Department each month by the 20th
5 day of the month next following the month during which such tax
6 liability is incurred and shall make payments to the Department
7 on or before the 7th, 15th, 22nd and last day of the month
8 during which such liability is incurred. On and after October
9 1, 2000, if the taxpayer's average monthly tax liability to the
10 Department under this Act, the Use Tax Act, the Service
11 Occupation Tax Act, and the Service Use Tax Act, excluding any
12 liability for prepaid sales tax to be remitted in accordance
13 with Section 2d of this Act, was \$20,000 or more during the
14 preceding 4 complete calendar quarters, he shall file a return
15 with the Department each month by the 20th day of the month
16 next following the month during which such tax liability is
17 incurred and shall make payment to the Department on or before
18 the 7th, 15th, 22nd and last day of the month during which such
19 liability is incurred. If the month during which such tax
20 liability is incurred began prior to January 1, 1985, each
21 payment shall be in an amount equal to 1/4 of the taxpayer's
22 actual liability for the month or an amount set by the
23 Department not to exceed 1/4 of the average monthly liability
24 of the taxpayer to the Department for the preceding 4 complete
25 calendar quarters (excluding the month of highest liability and
26 the month of lowest liability in such 4 quarter period). If the

1 month during which such tax liability is incurred begins on or
2 after January 1, 1985 and prior to January 1, 1987, each
3 payment shall be in an amount equal to 22.5% of the taxpayer's
4 actual liability for the month or 27.5% of the taxpayer's
5 liability for the same calendar month of the preceding year. If
6 the month during which such tax liability is incurred begins on
7 or after January 1, 1987 and prior to January 1, 1988, each
8 payment shall be in an amount equal to 22.5% of the taxpayer's
9 actual liability for the month or 26.25% of the taxpayer's
10 liability for the same calendar month of the preceding year. If
11 the month during which such tax liability is incurred begins on
12 or after January 1, 1988, and prior to January 1, 1989, or
13 begins on or after January 1, 1996, each payment shall be in an
14 amount equal to 22.5% of the taxpayer's actual liability for
15 the month or 25% of the taxpayer's liability for the same
16 calendar month of the preceding year. If the month during which
17 such tax liability is incurred begins on or after January 1,
18 1989, and prior to January 1, 1996, each payment shall be in an
19 amount equal to 22.5% of the taxpayer's actual liability for
20 the month or 25% of the taxpayer's liability for the same
21 calendar month of the preceding year or 100% of the taxpayer's
22 actual liability for the quarter monthly reporting period. The
23 amount of such quarter monthly payments shall be credited
24 against the final tax liability of the taxpayer's return for
25 that month. Before October 1, 2000, once applicable, the
26 requirement of the making of quarter monthly payments to the

1 Department by taxpayers having an average monthly tax liability
2 of \$10,000 or more as determined in the manner provided above
3 shall continue until such taxpayer's average monthly liability
4 to the Department during the preceding 4 complete calendar
5 quarters (excluding the month of highest liability and the
6 month of lowest liability) is less than \$9,000, or until such
7 taxpayer's average monthly liability to the Department as
8 computed for each calendar quarter of the 4 preceding complete
9 calendar quarter period is less than \$10,000. However, if a
10 taxpayer can show the Department that a substantial change in
11 the taxpayer's business has occurred which causes the taxpayer
12 to anticipate that his average monthly tax liability for the
13 reasonably foreseeable future will fall below the \$10,000
14 threshold stated above, then such taxpayer may petition the
15 Department for a change in such taxpayer's reporting status. On
16 and after October 1, 2000, once applicable, the requirement of
17 the making of quarter monthly payments to the Department by
18 taxpayers having an average monthly tax liability of \$20,000 or
19 more as determined in the manner provided above shall continue
20 until such taxpayer's average monthly liability to the
21 Department during the preceding 4 complete calendar quarters
22 (excluding the month of highest liability and the month of
23 lowest liability) is less than \$19,000 or until such taxpayer's
24 average monthly liability to the Department as computed for
25 each calendar quarter of the 4 preceding complete calendar
26 quarter period is less than \$20,000. However, if a taxpayer can

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

21 The provisions of this paragraph apply before October 1,
22 2001. Without regard to whether a taxpayer is required to make
23 quarter monthly payments as specified above, any taxpayer who
24 is required by Section 2d of this Act to collect and remit
25 prepaid taxes and has collected prepaid taxes which average in
26 excess of \$25,000 per month during the preceding 2 complete

1 calendar quarters, shall file a return with the Department as
2 required by Section 2f and shall make payments to the
3 Department on or before the 7th, 15th, 22nd and last day of the
4 month during which such liability is incurred. If the month
5 during which such tax liability is incurred began prior to
6 September 1, 1985 (the effective date of Public Act 84-221)
7 ~~this amendatory Act of 1985~~, each payment shall be in an amount
8 not less than 22.5% of the taxpayer's actual liability under
9 Section 2d. If the month during which such tax liability is
10 incurred begins on or after January 1, 1986, each payment shall
11 be in an amount equal to 22.5% of the taxpayer's actual
12 liability for the month or 27.5% of the taxpayer's liability
13 for the same calendar month of the preceding calendar year. If
14 the month during which such tax liability is incurred begins on
15 or after January 1, 1987, each payment shall be in an amount
16 equal to 22.5% of the taxpayer's actual liability for the month
17 or 26.25% of the taxpayer's liability for the same calendar
18 month of the preceding year. The amount of such quarter monthly
19 payments shall be credited against the final tax liability of
20 the taxpayer's return for that month filed under this Section
21 or Section 2f, as the case may be. Once applicable, the
22 requirement of the making of quarter monthly payments to the
23 Department pursuant to this paragraph shall continue until such
24 taxpayer's average monthly prepaid tax collections during the
25 preceding 2 complete calendar quarters is \$25,000 or less. If
26 any such quarter monthly payment is not paid at the time or in

1 the amount required, the taxpayer shall be liable for penalties
2 and interest on such difference, except insofar as the taxpayer
3 has previously made payments for that month in excess of the
4 minimum payments previously due.

5 The provisions of this paragraph apply on and after October
6 1, 2001. Without regard to whether a taxpayer is required to
7 make quarter monthly payments as specified above, any taxpayer
8 who is required by Section 2d of this Act to collect and remit
9 prepaid taxes and has collected prepaid taxes that average in
10 excess of \$20,000 per month during the preceding 4 complete
11 calendar quarters shall file a return with the Department as
12 required by Section 2f and shall make payments to the
13 Department on or before the 7th, 15th, 22nd and last day of the
14 month during which the liability is incurred. Each payment
15 shall be in an amount equal to 22.5% of the taxpayer's actual
16 liability for the month or 25% of the taxpayer's liability for
17 the same calendar month of the preceding year. The amount of
18 the quarter monthly payments shall be credited against the
19 final tax liability of the taxpayer's return for that month
20 filed under this Section or Section 2f, as the case may be.
21 Once applicable, the requirement of the making of quarter
22 monthly payments to the Department pursuant to this paragraph
23 shall continue until the taxpayer's average monthly prepaid tax
24 collections during the preceding 4 complete calendar quarters
25 (excluding the month of highest liability and the month of
26 lowest liability) is less than \$19,000 or until such taxpayer's

1 average monthly liability to the Department as computed for
2 each calendar quarter of the 4 preceding complete calendar
3 quarters is less than \$20,000. If any such quarter monthly
4 payment is not paid at the time or in the amount required, the
5 taxpayer shall be liable for penalties and interest on such
6 difference, except insofar as the taxpayer has previously made
7 payments for that month in excess of the minimum payments
8 previously due.

9 If any payment provided for in this Section exceeds the
10 taxpayer's liabilities under this Act, the Use Tax Act, the
11 Service Occupation Tax Act and the Service Use Tax Act, as
12 shown on an original monthly return, the Department shall, if
13 requested by the taxpayer, issue to the taxpayer a credit
14 memorandum no later than 30 days after the date of payment. The
15 credit evidenced by such credit memorandum may be assigned by
16 the taxpayer to a similar taxpayer under this Act, the Use Tax
17 Act, the Service Occupation Tax Act or the Service Use Tax Act,
18 in accordance with reasonable rules and regulations to be
19 prescribed by the Department. If no such request is made, the
20 taxpayer may credit such excess payment against tax liability
21 subsequently to be remitted to the Department under this Act,
22 the Use Tax Act, the Service Occupation Tax Act or the Service
23 Use Tax Act, in accordance with reasonable rules and
24 regulations prescribed by the Department. If the Department
25 subsequently determined that all or any part of the credit
26 taken was not actually due to the taxpayer, the taxpayer's 2.1%

1 and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
2 of the difference between the credit taken and that actually
3 due, and that taxpayer shall be liable for penalties and
4 interest on such difference.

5 If a retailer of motor fuel is entitled to a credit under
6 Section 2d of this Act which exceeds the taxpayer's liability
7 to the Department under this Act for the month which the
8 taxpayer is filing a return, the Department shall issue the
9 taxpayer a credit memorandum for the excess.

10 Beginning January 1, 1990 and until August 1, 2017, each
11 month the Department shall pay into the Local Government Tax
12 Fund, a special fund in the State treasury which is hereby
13 created, the net revenue realized for the preceding month from
14 the 1% tax on sales of food for human consumption which is to
15 be consumed off the premises where it is sold (other than
16 alcoholic beverages, soft drinks and food which has been
17 prepared for immediate consumption) and prescription and
18 nonprescription medicines, drugs, medical appliances, products
19 classified as Class III medical devices by the United States
20 Food and Drug Administration that are used for cancer treatment
21 pursuant to a prescription, as well as any accessories and
22 components related to those devices, and insulin, urine testing
23 materials, syringes and needles used by diabetics.

24 Beginning August 1, 2017, each month the Department shall
25 pay into the Local Government Tax Fund, 27.5% of the net
26 revenue realized for the preceding month from the 3.625% tax on

1 sales of food for human consumption which is to be consumed off
2 the premises where it is sold (other than alcoholic beverages,
3 soft drinks and food which has been prepared for immediate
4 consumption) and prescription and nonprescription medicines,
5 drugs, medical appliances, products classified as Class III
6 medical devices by the United States Food and Drug
7 Administration that are used for cancer treatment pursuant to a
8 prescription, as well as any accessories and components related
9 to those devices, and insulin, urine testing materials,
10 syringes and needles used by diabetics.

11 Beginning January 1, 1990, each month the Department shall
12 pay into the County and Mass Transit District Fund, a special
13 fund in the State treasury which is hereby created, 4% of the
14 net revenue realized for the preceding month from the 6.25%
15 general rate.

16 Beginning August 1, 2000, each month the Department shall
17 pay into the County and Mass Transit District Fund 20% of the
18 net revenue realized for the preceding month from the 1.25%
19 rate on the selling price of motor fuel and gasohol. Beginning
20 September 1, 2010, each month the Department shall pay into the
21 County and Mass Transit District Fund 20% of the net revenue
22 realized for the preceding month from the 1.25% rate on the
23 selling price of sales tax holiday items.

24 Beginning January 1, 1990, each month the Department shall
25 pay into the Local Government Tax Fund 16% of the net revenue
26 realized for the preceding month from the 6.25% general rate on

1 the selling price of tangible personal property.

2 Beginning August 1, 2000, each month the Department shall
3 pay into the Local Government Tax Fund 80% of the net revenue
4 realized for the preceding month from the 1.25% rate on the
5 selling price of motor fuel and gasohol. Beginning September 1,
6 2010, each month the Department shall pay into the Local
7 Government Tax Fund 80% of the net revenue realized for the
8 preceding month from the 1.25% rate on the selling price of
9 sales tax holiday items.

10 Beginning October 1, 2009, each month the Department shall
11 pay into the Capital Projects Fund an amount that is equal to
12 an amount estimated by the Department to represent 80% of the
13 net revenue realized for the preceding month from the sale of
14 candy, grooming and hygiene products, and soft drinks that had
15 been taxed at a rate of 1% prior to September 1, 2009 but that
16 are now taxed at 6.25%.

17 Beginning July 1, 2011, each month the Department shall pay
18 into the Clean Air Act Permit Fund 80% of the net revenue
19 realized for the preceding month from the 6.25% general rate on
20 the selling price of sorbents used in Illinois in the process
21 of sorbent injection as used to comply with the Environmental
22 Protection Act or the federal Clean Air Act, but the total
23 payment into the Clean Air Act Permit Fund under this Act and
24 the Use Tax Act shall not exceed \$2,000,000 in any fiscal year.

25 Beginning July 1, 2013, each month the Department shall pay
26 into the Underground Storage Tank Fund from the proceeds

1 collected under this Act, the Use Tax Act, the Service Use Tax
2 Act, and the Service Occupation Tax Act an amount equal to the
3 average monthly deficit in the Underground Storage Tank Fund
4 during the prior year, as certified annually by the Illinois
5 Environmental Protection Agency, but the total payment into the
6 Underground Storage Tank Fund under this Act, the Use Tax Act,
7 the Service Use Tax Act, and the Service Occupation Tax Act
8 shall not exceed \$18,000,000 in any State fiscal year. As used
9 in this paragraph, the "average monthly deficit" shall be equal
10 to the difference between the average monthly claims for
11 payment by the fund and the average monthly revenues deposited
12 into the fund, excluding payments made pursuant to this
13 paragraph.

14 Beginning July 1, 2015, of the remainder of the moneys
15 received by the Department under the Use Tax Act, the Service
16 Use Tax Act, the Service Occupation Tax Act, and this Act, each
17 month the Department shall deposit \$500,000 into the State
18 Crime Laboratory Fund.

19 Of the remainder of the moneys received by the Department
20 pursuant to this Act, (a) 1.75% thereof shall be paid into the
21 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
22 and after July 1, 1989, 3.8% thereof shall be paid into the
23 Build Illinois Fund; provided, however, that if in any fiscal
24 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
25 may be, of the moneys received by the Department and required
26 to be paid into the Build Illinois Fund pursuant to this Act,

1 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
2 Act, and Section 9 of the Service Occupation Tax Act, such Acts
3 being hereinafter called the "Tax Acts" and such aggregate of
4 2.2% or 3.8%, as the case may be, of moneys being hereinafter
5 called the "Tax Act Amount", and (2) the amount transferred to
6 the Build Illinois Fund from the State and Local Sales Tax
7 Reform Fund shall be less than the Annual Specified Amount (as
8 hereinafter defined), an amount equal to the difference shall
9 be immediately paid into the Build Illinois Fund from other
10 moneys received by the Department pursuant to the Tax Acts; the
11 "Annual Specified Amount" means the amounts specified below for
12 fiscal years 1986 through 1993:

13	Fiscal Year	Annual Specified Amount
14	1986	\$54,800,000
15	1987	\$76,650,000
16	1988	\$80,480,000
17	1989	\$88,510,000
18	1990	\$115,330,000
19	1991	\$145,470,000
20	1992	\$182,730,000
21	1993	\$206,520,000;

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

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

1 Illinois Bond Act, the aggregate of moneys deposited in the
2 Build Illinois Bond Account in the Build Illinois Fund in such
3 month shall be less than the amount required to be transferred
4 in such month from the Build Illinois Bond Account to the Build
5 Illinois Bond Retirement and Interest Fund pursuant to Section
6 13 of the Build Illinois Bond Act, an amount equal to such
7 deficiency shall be immediately paid from other moneys received
8 by the Department pursuant to the Tax Acts to the Build
9 Illinois Fund; provided, however, that any amounts paid to the
10 Build Illinois Fund in any fiscal year pursuant to this
11 sentence shall be deemed to constitute payments pursuant to
12 clause (b) of the first sentence of this paragraph and shall
13 reduce the amount otherwise payable for such fiscal year
14 pursuant to that clause (b). The moneys received by the
15 Department pursuant to this Act and required to be deposited
16 into the Build Illinois Fund are subject to the pledge, claim
17 and charge set forth in Section 12 of the Build Illinois Bond
18 Act.

19 Subject to payment of amounts into the Build Illinois Fund
20 as provided in the preceding paragraph or in any amendment
21 thereto hereafter enacted, the following specified monthly
22 installment of the amount requested in the certificate of the
23 Chairman of the Metropolitan Pier and Exposition Authority
24 provided under Section 8.25f of the State Finance Act, but not
25 in excess of sums designated as "Total Deposit", shall be
26 deposited in the aggregate from collections under Section 9 of

1 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
2 9 of the Service Occupation Tax Act, and Section 3 of the
3 Retailers' Occupation Tax Act into the McCormick Place
4 Expansion Project Fund in the specified fiscal years.

		Total
	Fiscal Year	Deposit
5		
6	1993	\$0
7	1994	53,000,000
8	1995	58,000,000
9	1996	61,000,000
10	1997	64,000,000
11	1998	68,000,000
12	1999	71,000,000
13	2000	75,000,000
14	2001	80,000,000
15	2002	93,000,000
16	2003	99,000,000
17	2004	103,000,000
18	2005	108,000,000
19	2006	113,000,000
20	2007	119,000,000
21	2008	126,000,000
22	2009	132,000,000
23	2010	139,000,000
24	2011	146,000,000
25	2012	153,000,000

1	2013	161,000,000
2	2014	170,000,000
3	2015	179,000,000
4	2016	189,000,000
5	2017	199,000,000
6	2018	210,000,000
7	2019	221,000,000
8	2020	233,000,000
9	2021	246,000,000
10	2022	260,000,000
11	2023	275,000,000
12	2024	275,000,000
13	2025	275,000,000
14	2026	279,000,000
15	2027	292,000,000
16	2028	307,000,000
17	2029	322,000,000
18	2030	338,000,000
19	2031	350,000,000
20	2032	350,000,000

21 and
22 each fiscal year
23 thereafter that bonds
24 are outstanding under
25 Section 13.2 of the
26 Metropolitan Pier and

1 Exposition Authority Act,
2 but not after fiscal year 2060.

3 Beginning July 20, 1993 and in each month of each fiscal
4 year thereafter, one-eighth of the amount requested in the
5 certificate of the Chairman of the Metropolitan Pier and
6 Exposition Authority for that fiscal year, less the amount
7 deposited into the McCormick Place Expansion Project Fund by
8 the State Treasurer in the respective month under subsection
9 (g) of Section 13 of the Metropolitan Pier and Exposition
10 Authority Act, plus cumulative deficiencies in the deposits
11 required under this Section for previous months and years,
12 shall be deposited into the McCormick Place Expansion Project
13 Fund, until the full amount requested for the fiscal year, but
14 not in excess of the amount specified above as "Total Deposit",
15 has been deposited.

16 Subject to payment of amounts into the Build Illinois Fund
17 and the McCormick Place Expansion Project Fund pursuant to the
18 preceding paragraphs or in any amendments thereto hereafter
19 enacted, beginning July 1, 1993 and ending on September 30,
20 2013, the Department shall each month pay into the Illinois Tax
21 Increment Fund 0.27% of 80% of the net revenue realized for the
22 preceding month from the 6.25% general rate on the selling
23 price of tangible personal property.

24 Subject to payment of amounts into the Build Illinois Fund
25 and the McCormick Place Expansion Project Fund pursuant to the
26 preceding paragraphs or in any amendments thereto hereafter

1 enacted, beginning with the receipt of the first report of
2 taxes paid by an eligible business and continuing for a 25-year
3 period, the Department shall each month pay into the Energy
4 Infrastructure Fund 80% of the net revenue realized from the
5 6.25% general rate on the selling price of Illinois-mined coal
6 that was sold to an eligible business. For purposes of this
7 paragraph, the term "eligible business" means a new electric
8 generating facility certified pursuant to Section 605-332 of
9 the Department of Commerce and Economic Opportunity Law of the
10 Civil Administrative Code of Illinois.

11 Subject to payment of amounts into the Build Illinois Fund,
12 the McCormick Place Expansion Project Fund, the Illinois Tax
13 Increment Fund, and the Energy Infrastructure Fund pursuant to
14 the preceding paragraphs or in any amendments to this Section
15 hereafter enacted, beginning on the first day of the first
16 calendar month to occur on or after August 26, 2014 (the
17 effective date of Public Act 98-1098) ~~this amendatory Act of~~
18 ~~the 98th General Assembly~~, each month, from the collections
19 made under Section 9 of the Use Tax Act, Section 9 of the
20 Service Use Tax Act, Section 9 of the Service Occupation Tax
21 Act, and Section 3 of the Retailers' Occupation Tax Act, the
22 Department shall pay into the Tax Compliance and Administration
23 Fund, to be used, subject to appropriation, to fund additional
24 auditors and compliance personnel at the Department of Revenue,
25 an amount equal to 1/12 of 5% of 80% of the cash receipts
26 collected during the preceding fiscal year by the Audit Bureau

1 of the Department under the Use Tax Act, the Service Use Tax
2 Act, the Service Occupation Tax Act, the Retailers' Occupation
3 Tax Act, and associated local occupation and use taxes
4 administered by the Department.

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

11 The Department may, upon separate written notice to a
12 taxpayer, require the taxpayer to prepare and file with the
13 Department on a form prescribed by the Department within not
14 less than 60 days after receipt of the notice an annual
15 information return for the tax year specified in the notice.
16 Such annual return to the Department shall include a statement
17 of gross receipts as shown by the retailer's last Federal
18 income tax return. If the total receipts of the business as
19 reported in the Federal income tax return do not agree with the
20 gross receipts reported to the Department of Revenue for the
21 same period, the retailer shall attach to his annual return a
22 schedule showing a reconciliation of the 2 amounts and the
23 reasons for the difference. The retailer's annual return to the
24 Department shall also disclose the cost of goods sold by the
25 retailer during the year covered by such return, opening and
26 closing inventories of such goods for such year, costs of goods

1 used from stock or taken from stock and given away by the
2 retailer during such year, payroll information of the
3 retailer's business during such year and any additional
4 reasonable information which the Department deems would be
5 helpful in determining the accuracy of the monthly, quarterly
6 or annual returns filed by such retailer as provided for in
7 this Section.

8 If the annual information return required by this Section
9 is not filed when and as required, the taxpayer shall be liable
10 as follows:

11 (i) Until January 1, 1994, the taxpayer shall be liable
12 for a penalty equal to 1/6 of 1% of the tax due from such
13 taxpayer under this Act during the period to be covered by
14 the annual return for each month or fraction of a month
15 until such return is filed as required, the penalty to be
16 assessed and collected in the same manner as any other
17 penalty provided for in this Act.

18 (ii) On and after January 1, 1994, the taxpayer shall
19 be liable for a penalty as described in Section 3-4 of the
20 Uniform Penalty and Interest Act.

21 The chief executive officer, proprietor, owner or highest
22 ranking manager shall sign the annual return to certify the
23 accuracy of the information contained therein. Any person who
24 willfully signs the annual return containing false or
25 inaccurate information shall be guilty of perjury and punished
26 accordingly. The annual return form prescribed by the

1 Department shall include a warning that the person signing the
2 return may be liable for perjury.

3 The provisions of this Section concerning the filing of an
4 annual information return do not apply to a retailer who is not
5 required to file an income tax return with the United States
6 Government.

7 As soon as possible after the first day of each month, upon
8 certification of the Department of Revenue, the Comptroller
9 shall order transferred and the Treasurer shall transfer from
10 the General Revenue Fund to the Motor Fuel Tax Fund an amount
11 equal to 1.7% of 80% of the net revenue realized under this Act
12 for the second preceding month. Beginning April 1, 2000, this
13 transfer is no longer required and shall not be made.

14 Net revenue realized for a month shall be the revenue
15 collected by the State pursuant to this Act, less the amount
16 paid out during that month as refunds to taxpayers for
17 overpayment of liability.

18 For greater simplicity of administration, manufacturers,
19 importers and wholesalers whose products are sold at retail in
20 Illinois by numerous retailers, and who wish to do so, may
21 assume the responsibility for accounting and paying to the
22 Department all tax accruing under this Act with respect to such
23 sales, if the retailers who are affected do not make written
24 objection to the Department to this arrangement.

25 Any person who promotes, organizes, provides retail
26 selling space for concessionaires or other types of sellers at

1 the Illinois State Fair, DuQuoin State Fair, county fairs,
2 local fairs, art shows, flea markets and similar exhibitions or
3 events, including any transient merchant as defined by Section
4 2 of the Transient Merchant Act of 1987, is required to file a
5 report with the Department providing the name of the merchant's
6 business, the name of the person or persons engaged in
7 merchant's business, the permanent address and Illinois
8 Retailers Occupation Tax Registration Number of the merchant,
9 the dates and location of the event and other reasonable
10 information that the Department may require. The report must be
11 filed not later than the 20th day of the month next following
12 the month during which the event with retail sales was held.
13 Any person who fails to file a report required by this Section
14 commits a business offense and is subject to a fine not to
15 exceed \$250.

16 Any person engaged in the business of selling tangible
17 personal property at retail as a concessionaire or other type
18 of seller at the Illinois State Fair, county fairs, art shows,
19 flea markets and similar exhibitions or events, or any
20 transient merchants, as defined by Section 2 of the Transient
21 Merchant Act of 1987, may be required to make a daily report of
22 the amount of such sales to the Department and to make a daily
23 payment of the full amount of tax due. The Department shall
24 impose this requirement when it finds that there is a
25 significant risk of loss of revenue to the State at such an
26 exhibition or event. Such a finding shall be based on evidence

1 that a substantial number of concessionaires or other sellers
2 who are not residents of Illinois will be engaging in the
3 business of selling tangible personal property at retail at the
4 exhibition or event, or other evidence of a significant risk of
5 loss of revenue to the State. The Department shall notify
6 concessionaires and other sellers affected by the imposition of
7 this requirement. In the absence of notification by the
8 Department, the concessionaires and other sellers shall file
9 their returns as otherwise required in this Section.

10 (Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
11 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
12 8-26-14; 99-352, eff. 8-12-15; 99-858, eff. 8-19-16; 99-933,
13 eff. 1-27-17; revised 2-3-17.)

14 (35 ILCS 120/51) (from Ch. 120, par. 4441)

15 Sec. 51. Building materials exemption; High Impact
16 Business.

17 (a) Beginning January 1, 1995 and until July 1, 2017, each
18 retailer who makes a sale of building materials that will be
19 incorporated into a High Impact Business location as designated
20 by the Department of Commerce and Economic Opportunity under
21 Section 5.5 of the Illinois Enterprise Zone Act may deduct
22 receipts from such sales when calculating only the 6.25% State
23 rate of tax imposed by this Act. Beginning on July 1, 2017,
24 each retailer who makes a sale of building materials that will
25 be incorporated into a High Impact Business location as

1 designated by the Department of Commerce and Economic
2 Opportunity under Section 5.5 of the Illinois Enterprise Zone
3 Act may deduct 50% of the receipts from such sales when
4 calculating the 6.25% State rate of tax imposed by this Act. A
5 ~~Beginning on the effective date of this amendatory Act of 1995,~~
6 a retailer may also deduct receipts from such sales when
7 calculating any applicable local taxes. However, until the
8 effective date of this amendatory Act of 1995, a retailer may
9 file claims for credit or refund to recover the amount of any
10 applicable local tax paid on such sales. No retailer who is
11 eligible for the deduction or credit under Section 5k of this
12 Act for making a sale of building materials to be incorporated
13 into real estate in an enterprise zone by rehabilitation,
14 remodeling or new construction shall be eligible for the
15 deduction or credit authorized under this Section.

16 (b) On and after July 1, 2013, in addition to any other
17 requirements to document the exemption allowed under this
18 Section, the retailer must obtain from the purchaser the
19 purchaser's High Impact Business Building Materials Exemption
20 Certificate number issued by the Department. A construction
21 contractor or other entity shall not make tax-free purchases
22 unless it has an active Exemption Certificate issued by the
23 Department at the time of purchase.

24 Upon request from the designated High Impact Business, the
25 Department shall issue a High Impact Business Building
26 Materials Exemption Certificate for each construction

1 contractor or other entity identified by the designated High
2 Impact Business. The Department shall make the Exemption
3 Certificates available to each construction contractor or
4 other entity and the designated High Impact Business. The
5 request for Building Materials Exemption Certificates from the
6 designated High Impact Business to the Department must include
7 the following information:

8 (1) the name and address of the construction contractor
9 or other entity;

10 (2) the name and location or address of the designated
11 High Impact Business;

12 (3) the estimated amount of the exemption for each
13 construction contractor or other entity for which a request
14 for Exemption Certificate is made, based on a stated
15 estimated average tax rate and the percentage of the
16 contract that consists of materials;

17 (4) the period of time over which supplies for the
18 project are expected to be purchased; and

19 (5) other reasonable information as the Department may
20 require, including but not limited to FEIN numbers, to
21 determine if the contractor or other entity, or any
22 partner, or a corporate officer, and in the case of a
23 limited liability company, any manager or member, of the
24 construction contractor or other entity, is or has been the
25 owner, a partner, a corporate officer, and in the case of a
26 limited liability company, a manager or member, of a person

1 that is in default for moneys due to the Department under
2 this Act or any other tax or fee Act administered by the
3 Department.

4 The Department shall issue the High Impact Business
5 Building Materials Exemption Certificates within 3 business
6 days after receipt of request from the designated High Impact
7 Business. This requirement does not apply in circumstances
8 where the Department, for reasonable cause, is unable to issue
9 the Exemption Certificate within 3 business days. The
10 Department may refuse to issue an Exemption Certificate if the
11 owner, any partner, or a corporate officer, and in the case of
12 a limited liability company, any manager or member, of the
13 construction contractor or other entity is or has been the
14 owner, a partner, a corporate officer, and in the case of a
15 limited liability company, a manager or member, of a person
16 that is in default for moneys due to the Department under this
17 Act or any other tax or fee Act administered by the Department.
18 The High Impact Business Building Materials Exemption
19 Certificate shall contain language stating that if the
20 construction contractor or other entity who is issued the
21 Exemption Certificate makes a tax-exempt purchase, as
22 described in this Section, that is not eligible for exemption
23 under this Section or allows another person to make a
24 tax-exempt purchase, as described in this Section, that is not
25 eligible for exemption under this Section, then, in addition to
26 any tax or other penalty imposed, the construction contractor

1 or other entity is subject to a penalty equal to the tax that
2 would have been paid by the retailer under this Act as well as
3 any applicable local retailers' occupation tax on the purchase
4 that is not eligible for the exemption.

5 The Department, in its discretion, may require that the
6 request for High Impact Business Building Materials Exemption
7 Certificates be submitted electronically. The Department may,
8 in its discretion, issue the Exemption Certificates
9 electronically. The High Impact Business Building Materials
10 Exemption Certificate number shall be designed in such a way
11 that the Department can identify from the unique number on the
12 Exemption Certificate issued to a given construction
13 contractor or other entity, the name of the designated High
14 Impact Business and the construction contractor or other entity
15 to whom the Exemption Certificate is issued. The Exemption
16 Certificate shall contain an expiration date, which shall be no
17 more than 2 years after the date of issuance. At the request of
18 the designated High Impact Business, the Department may renew
19 an Exemption Certificate. After the Department issues
20 Exemption Certificates for a given designated High Impact
21 Business, the designated High Impact Business may notify the
22 Department of additional construction contractors or other
23 entities eligible for a Building Materials Exemption
24 Certificate. Upon notification by the designated High Impact
25 Business and subject to the other provisions of this subsection
26 (b), the Department shall issue a High Impact Business Building

1 Materials Exemption Certificate to each additional
2 construction contractor or other entity identified by the
3 designated High Impact Business. A designated High Impact
4 Business may notify the Department to rescind a Building
5 Materials Exemption Certificate previously issued by the
6 Department but that has not yet expired. Upon notification by
7 the designated High Impact Business and subject to the other
8 provisions of this subsection (b), the Department shall issue
9 the rescission of the Building Materials Exemption Certificate
10 to the construction contractor or other entity identified by
11 the designated High Impact Business and provide a copy to the
12 designated High Impact Business.

13 If the Department of Revenue determines that a construction
14 contractor or other entity that was issued an Exemption
15 Certificate under this subsection (b) made a tax-exempt
16 purchase, as described in this Section, that was not eligible
17 for exemption under this Section or allowed another person to
18 make a tax-exempt purchase, as described in this Section, that
19 was not eligible for exemption under this Section, then, in
20 addition to any tax or other penalty imposed, the construction
21 contractor or other entity is subject to a penalty equal to the
22 tax that would have been paid by the retailer under this Act as
23 well as any applicable local retailers' occupation tax on the
24 purchase that was not eligible for the exemption.

25 (c) Notwithstanding anything to the contrary in this
26 Section, for High Impact Businesses for which projects are

1 already in existence and for which construction contracts are
2 already in place on July 1, 2013, the request for High Impact
3 Business Building Materials Exemption Certificates from the
4 High Impact Business to the Department for these pre-existing
5 construction contractors and other entities must include the
6 information required under subsection (b), but not including
7 the information listed in items (3) and (4). For any new
8 construction contract entered into on or after July 1, 2013,
9 however, all of the information in subsection (b) must be
10 provided.

11 (Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

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