

HB0321



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB0321

by Rep. David McSweeney

SYNOPSIS AS INTRODUCED:

See Index

Repeals the State Tax Lien Registration Act and the Revised Uniform Unclaimed Property Act. Reenacts the Uniform Disposition of Unclaimed Property Act. Changes various Acts by restoring language deleted by Public Act 100-22 and deleting language added by Public Act 100-22. Effective immediately.

LRB101 04001 HLH 49009 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 2. The Uniform Disposition of Unclaimed Property
5 Act is reenacted as follows:

6 (765 ILCS 1025/Act title)

7 An Act relating to the disposition of unclaimed property,
8 to make uniform the law with reference thereto, to provide
9 penalties for the violation thereof and to make an
10 appropriation with relation thereto.

11 (765 ILCS 1025/0.05)

12 Sec. 0.05. Transfer of powers. The rights, powers, duties,
13 and functions vested in the Department of Financial
14 Institutions to administer this Act are transferred to the
15 State Treasurer on July 1, 1999 in accordance with Sections
16 0.02 through 0.06 of the State Treasurer Act; provided,
17 however, that the rights, powers, duties, and functions
18 involving the examination of the records of any person that the
19 State Treasurer has reason to believe has failed to report
20 properly under this Act shall be transferred to the Office of
21 Banks and Real Estate if the person is regulated by the Office
22 of Banks and Real Estate under the Illinois Banking Act, the

1 Corporate Fiduciary Act, the Foreign Banking Office Act, the
2 Illinois Savings and Loan Act of 1985, or the Savings Bank Act
3 and shall be retained by the Department of Financial
4 Institutions if the person is doing business in the State under
5 the supervision of the Department of Financial Institutions,
6 the National Credit Union Administration, the Office of Thrift
7 Supervision, or the Comptroller of the Currency.

8 (Source: P.A. 91-16, eff. 6-4-99.)

9 (765 ILCS 1025/1) (from Ch. 141, par. 101)

10 Sec. 1. As used in this Act, unless the context otherwise
11 requires:

12 (a) "Banking organization" means any bank, trust company,
13 savings bank, industrial bank, land bank, safe deposit company,
14 or a private banker.

15 (b) "Business association" means any corporation, joint
16 stock company, business trust, partnership, or any
17 association, limited liability company, or other business
18 entity consisting of one or more persons, whether or not for
19 profit.

20 (c) "Financial organization" means any savings and loan
21 association, building and loan association, credit union,
22 currency exchange, co-operative bank, mutual funds, or
23 investment company.

24 (d) "Holder" means any person in possession of property
25 subject to this Act belonging to another, or who is trustee in

1 case of a trust, or is indebted to another on an obligation
2 subject to this Act.

3 (e) "Life insurance corporation" means any association or
4 corporation transacting the business of insurance on the lives
5 of persons or insurance appertaining thereto, including, but
6 not by way of limitation, endowments and annuities.

7 (f) "Owner" means a depositor in case of a deposit, a
8 beneficiary in case of a trust, a creditor, claimant, or payee
9 in case of other property, or any person having a legal or
10 equitable interest in property subject to this Act, or his
11 legal representative.

12 (g) "Person" means any individual, business association,
13 financial organization, government or political subdivision or
14 agency, public authority, estate, trust, or any other legal or
15 commercial entity.

16 (h) "Utility" means any person who owns or operates, for
17 public use, any plant, equipment, property, franchise, or
18 license for the transmission of communications or the
19 production, storage, transmission, sale, delivery, or
20 furnishing of electricity, water, steam, oil or gas.

21 (i) (Blank).

22 (j) "Insurance company" means any person transacting the
23 kinds of business enumerated in Section 4 of the Illinois
24 Insurance Code other than life insurance.

25 (k) "Economic loss", as used in Sections 2a and 9 of this
26 Act includes, but is not limited to, delivery charges,

1 mark-downs and write-offs, carrying costs, restocking charges,
2 lay-aways, special orders, issuance of credit memos, and the
3 costs of special services or goods provided that reduce the
4 property value or that result in lost sales opportunity.

5 (l) "Reportable property" means property, tangible or
6 intangible, presumed abandoned under this Act that must be
7 appropriately and timely reported and remitted to the Office of
8 the State Treasurer under this Act. Interest, dividends, stock
9 splits, warrants, or other rights that become reportable
10 property under this Act include the underlying security or
11 commodity giving rise to the interest, dividend, split,
12 warrant, or other right to which the owner would be entitled.

13 (m) "Firearm" has the meaning ascribed to that term in the
14 Firearm Owners Identification Card Act.

15 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99; 91-748,
16 eff. 6-2-00.)

17 (765 ILCS 1025/1.5)

18 Sec. 1.5. Application of the Act. This Act applies to all
19 money returned to the Treasurer by the paying agent for any
20 State bonds or interest coupons by reason of the failure of the
21 holder to present such bonds or coupons for payment within 2
22 years after maturity.

23 (Source: P.A. 97-935, eff. 8-10-12.)

24 (765 ILCS 1025/2) (from Ch. 141, par. 102)

1 Sec. 2. Property held by financial organizations;
2 presumption of abandonment. The following property held or
3 owing by a banking or financial organization is presumed
4 abandoned:

5 (a) Any demand, savings, or matured time deposit with a
6 banking organization, together with any interest or dividend
7 thereon, excluding any charges that may lawfully be withheld,
8 unless the owner has, within 5 years:

9 (1) Increased or decreased the amount of the deposit,
10 or presented the passbook or other similar evidence of the
11 deposit for the crediting of interest; or

12 (2) Corresponded in writing with the banking
13 organization concerning the deposit;

14 (3) Otherwise indicated an interest in the deposit as
15 evidenced by a memorandum on file with the banking
16 organization; or

17 (4) Engaged in the following activity regarding other
18 funds or loan accounts with the banking organization:

19 (i) undertook one or more the above actions
20 described in subsection (a) of this Section regarding
21 any account that appears on a consolidated statement
22 with the inactive account;

23 (ii) increased or decreased the amount of funds in
24 any other account the owner has with the banking
25 organization; or

26 (iii) engaged in any other relationship with the

1 banking organization, including payment of any amounts
2 due on a loan.

3 The foregoing apply so long as the mailing address for the
4 owner in the banking organization's books and records is the
5 same for both the inactive account and for the active account.

6 (b) Any funds paid toward the purchase of withdrawable
7 shares or other interest in a financial organization, or any
8 deposit made, and any interest or dividends thereon, excluding
9 any charges that may be lawfully withheld, unless the owner has
10 within 5 years:

11 (1) Increased or decreased the amount of the funds, or
12 deposit, or presented an appropriate record for the
13 crediting of interest or dividends; or

14 (2) Corresponded in writing with the financial
15 organization concerning the funds or deposit;

16 (3) Otherwise indicated an interest in the funds or
17 deposit as evidenced by a memorandum on file with the
18 financial organization; or

19 (4) Engaged in the following activity regarding other
20 funds or loan accounts with the financial organization:

21 (i) undertook one or more the above actions
22 described in subsection (b) of this Section regarding
23 any account that appears on a consolidated statement
24 with the inactive account;

25 (ii) increased or decreased the amount of funds in
26 any other account the owner has with the financial

1 organization; or

2 (iii) engaged in any other relationship with the
3 financial organization, including payment of any
4 amounts due on a loan.

5 The foregoing apply so long as the mailing address for the
6 owner in the financial organization's books and records is the
7 same for both the inactive account and for the active account.

8 (c) Any sum payable on checks or on written instruments on
9 which a banking or financial organization or business
10 association is directly liable including, by way of
11 illustration but not of limitation, certificates of deposit,
12 drafts, money orders and travelers checks, that with the
13 exception of travelers checks and unclaimed wages, payroll, and
14 salary has been outstanding for more than 5 years from the date
15 it was payable, or from the date of its issuance if payable on
16 demand, or, in the case of travelers checks, that has been
17 outstanding for more than 15 years from the date of its
18 issuance, or, in the case of unclaimed wages, payroll, or
19 salary, that has been outstanding for more than one year from
20 the date of its issuance, excluding any charges that may be
21 lawfully withheld relating to money orders issued by currency
22 exchanges, unless the owner has within 5 years (or within 15
23 years in the case of travelers checks or one year in the case
24 of unclaimed wages, payroll, or salary) corresponded in writing
25 with the banking or financial organization or business
26 association concerning it, or otherwise indicated an interest

1 as evidenced by a memorandum on file with the banking or
2 financial organization or business association.

3 (d) Any funds or other personal property, tangible or
4 intangible, removed from a safe deposit box or any other
5 safekeeping repository or agency or collateral deposit box on
6 which the lease or rental period has expired due to nonpayment
7 of rental charges or other reason, or any surplus amounts
8 arising from the sale thereof pursuant to law, that have been
9 unclaimed by the owner for more than 5 years from the date on
10 which the lease or rental period expired, subject to lien of
11 the holder for reimbursement of costs incurred in the opening
12 of a safe deposit box as determined by the holder's regular
13 schedule of charges.

14 (e) Notwithstanding any other provision of this Section, no
15 deposit except passbook, checking, NOW accounts, super NOW
16 accounts, money market accounts, or such similar accounts as
17 established by Rule of the State Treasurer, held by a banking
18 or financial organization shall be presumed abandoned if with
19 respect to such a deposit which specifies a definite maturity
20 date, such organization was authorized in writing to extend or
21 rollover the account for an additional like period and such
22 organization does so extend. Such deposits are not presumed
23 abandoned less than 5 years from that final maturity date.
24 Property of any kind held in an individual retirement account
25 (IRA) is not presumed abandoned earlier than 5 years after the
26 owner attains the age at which distributions from the account

1 become mandatory under law.

2 (f) Notwithstanding any other provision of this Section,
3 money of a minor deposited pursuant to Section 24-21 of the
4 Probate Act of 1975 shall not be presumed abandoned earlier
5 than 5 years after the minor attains legal age. Such money
6 shall be deposited in an account which shall indicate the birth
7 date of the minor.

8 (Source: P.A. 97-270, eff. 8-8-11.)

9 (765 ILCS 1025/2a) (from Ch. 141, par. 102a)

10 Sec. 2a. (a) Business associations shall report, pursuant
11 to Section 11 of this Act, all property and any earnings
12 thereon to which the owner would be entitled that have remained
13 unclaimed for 5 years and are therefore presumed abandoned.
14 Before reporting and delivering property as required under this
15 Act, a business association may deduct from the amount of
16 otherwise reportable intangible personal property the economic
17 loss suffered by it in connection with that intangible personal
18 property arising from transactions involving the sale of
19 tangible personal property at retail. This property shall
20 consist of, but is not limited to:

21 (1) (blank);

22 (2) deposits or payment for repair or purchase of goods
23 or services;

24 (3) credit checks or memos, or customer overpayments;

25 (4) stocks, bonds, or any other type of securities or

1 debt instruments, and interest and dividends therefrom;

2 (5) unidentified remittances, unrefunded overcharges;

3 (6) unpaid claims, unpaid accounts payable or unpaid
4 commissions; and

5 (7) credit balances - accounts receivable, checks
6 written off, employee bond buying and profit-sharing.

7 (b) Notwithstanding the provisions of subsection (a), any
8 property due or owed by a business association to or for the
9 benefit of another business association resulting from a
10 transaction occurring in the normal and ordinary course of
11 business shall be exempt from the provisions of this Act.

12 (c) Notwithstanding the provisions of subsection (a),
13 unclaimed wages, payroll, and salary, in any form, shall be
14 reported after remaining unclaimed for one year, pursuant to
15 Section 2.

16 (Source: P.A. 97-270, eff. 8-8-11.)

17 (765 ILCS 1025/3) (from Ch. 141, par. 103)

18 Sec. 3. (a) Unclaimed funds, as defined in this Section,
19 held and owing by a life insurance corporation shall be
20 presumed abandoned if the last known address, according to the
21 records of the corporation, of the person entitled to the funds
22 is within this State. If a person other than the insured or
23 annuitant is entitled to the funds and no address of such
24 person is known to the corporation or if it is not definite and
25 certain from the records of the corporation what person is

1 entitled to the funds, it is presumed that the last known
2 address of the person entitled to the funds is the same as the
3 last known address of the insured or annuitant according to the
4 records of the corporation.

5 (b) "Unclaimed funds", as used in this Section, means all
6 moneys held and owing by any life insurance corporation
7 unclaimed and unpaid for more than 5 years after the moneys
8 became due and payable as established from the records of the
9 corporation under any life or endowment insurance policy or
10 annuity contract which has matured or terminated. A life
11 insurance policy not matured by actual proof of the death of
12 the insured is deemed to be matured and the proceeds thereof
13 are deemed to be due and payable if such policy was in force
14 when the insured attained the limiting age under the mortality
15 table on which the reserve is based, unless the person
16 appearing entitled thereto has within the preceding 5 years,
17 (1) assigned, readjusted, or paid premiums on the policy, or
18 subjected the policy to loan, or (2) corresponded in writing
19 with the life insurance corporation concerning the policy.
20 Moneys otherwise payable according to the records of the
21 corporation are deemed due and payable although the policy or
22 contract has not been surrendered as required.

23 (Source: P.A. 87-925.)

24 (765 ILCS 1025/3a)

25 Sec. 3a. Demutualization; insurance company.

1 (a) Property distributable in the course of a
2 demutualization, rehabilitation, or related reorganization of
3 an insurance company shall be deemed abandoned as follows:

4 (1) any funds, 2 years after the date of the
5 demutualization, rehabilitation, or reorganization, if the
6 funds remain unclaimed, and the owner has not otherwise
7 communicated with the holder or its agent regarding the
8 property as evidenced by a memorandum or other record on
9 file with the holder or its agent;

10 (2) any stock, 2 years after the date of the
11 demutualization, rehabilitation, or reorganization if
12 instruments or statements reflecting the distribution are
13 either mailed to the owner and returned by the post office
14 as undeliverable, or not mailed to the owner because of an
15 address on the books and records of the holder that is
16 known to be incorrect, and the owner has not otherwise
17 communicated with the holder or its agent regarding the
18 property as evidenced by a memorandum or other record on
19 file with the holder or its agent; and

20 (b) Property subject to items (1) and (2) of subsection (a)
21 of this Section shall be set apart and held in the
22 Demutualization Trust Fund, a special non-appropriated fund
23 hereby created in the State treasury, for the payment of claims
24 and expenses associated with the processing of the claims by
25 the State Treasurer and shall not be transferred to any other
26 fund until such time as the property would be reportable under

1 other Sections of this Act. The Demutualization Trust Fund
2 shall not be subject to Section 8h or 8j of the State Finance
3 Act.

4 (c) Property not subject to the provisions of subsection
5 (a), within 2 years of distribution shall remain reportable
6 under other Sections of this Act.

7 (Source: P.A. 94-686, eff. 11-2-05.)

8 (765 ILCS 1025/4) (from Ch. 141, par. 104)

9 Sec. 4. The following funds held or owing by any utility
10 are presumed abandoned:

11 (a) Any deposit made by a subscriber with a utility to
12 secure payment for, or any sum paid in advance for, utility
13 services to be furnished, less any lawful deduction, that
14 has remained unclaimed by the person appearing on the
15 records of the utility entitled thereto for more than 5
16 years after the termination of the services for which the
17 deposit or advance payment was made.

18 (b) Any sum which a utility has been ordered to refund
19 and which was received for utility services rendered in
20 this State, together with any interest thereon, less any
21 lawful deductions, that has remained unclaimed by the
22 person appearing on the records of the utility entitled
23 thereto for more than 5 years after the date it became
24 payable in accordance with the final determination or order
25 providing for the refund.

1 (c) Any capital credits or patronage capital retired,
2 returned, refunded or tendered to a member of an electric
3 cooperative as defined in Section 3.4 of the Electric
4 Supplier Act or a telephone or telecommunications
5 cooperative as defined in Section 13-212 of the Public
6 Utilities Act that have remained unclaimed by the person
7 appearing on the records of the cooperative entitled
8 thereto for more than 2 years. Such unclaimed capital
9 credits or patronage capital shall not be subject to, or
10 governed by, any other provisions of this Act, but rather
11 shall be used by the cooperative for the benefit of the
12 general membership of the cooperative.

13 (Source: P.A. 90-167, eff. 7-23-97.)

14 (765 ILCS 1025/5) (from Ch. 141, par. 105)

15 Sec. 5. The provisions of this Act shall not apply to any
16 amount held or owing by a banking organization as agent, or as
17 trustee of an express trust, for the purpose of making payment
18 to holders of, or in respect of stocks, bonds, or other
19 securities of a governmental or other public issuer, or of a
20 business association other than a business association which
21 shall have discontinued the conduct of its business, or the
22 corporate existence of which shall have terminated, without the
23 right to receive such amount having passed to a successor or
24 successors.

25 As of January 1, 1998, this Section shall not be applicable

1 unless the Department has commenced, but not finalized, an
2 examination of the holder as of that date and the property is
3 included in a final examination report for the period covered
4 by the examination.

5 (Source: P.A. 90-167, eff. 7-23-97.)

6 (765 ILCS 1025/6) (from Ch. 141, par. 106)

7 Sec. 6. All intangible personal property distributable in
8 the course of a voluntary dissolution of a business
9 association, banking organization, or financial organization
10 that is unclaimed by the owner within 2 years after the date
11 for final distribution, is presumed abandoned.

12 (Source: P.A. 90-167, eff. 7-23-97.)

13 (765 ILCS 1025/7) (from Ch. 141, par. 107)

14 Sec. 7. All intangible personal property and any income or
15 increment thereon, held in a fiduciary capacity for the benefit
16 of another person is presumed abandoned unless the owner has,
17 within 5 years after it becomes payable or distributable,
18 increased or decreased the principal, accepted payment of
19 principal or income, corresponded in writing concerning the
20 property, or otherwise indicated an interest as evidenced by a
21 memorandum on file with the fiduciary.

22 A fiduciary may deduct any actual cost incurred in
23 connection with the administration of suspense, abeyant, and
24 similar accounts arising out of its fiduciary, stock transfer,

1 corporation trust, and securities processing activities but
2 not to exceed 8% of the property remitted.

3 (Source: P.A. 90-167, eff. 7-23-97.)

4 (765 ILCS 1025/7a) (from Ch. 141, par. 107a)

5 Sec. 7a. The provisions of this Act shall not apply to an
6 active express trust.

7 As of January 1, 1998, this Section shall not be applicable
8 unless the Department has commenced, but not finalized, an
9 examination of the holder as of that date and the property is
10 included in a final examination report for the period covered
11 by the examination.

12 (Source: P.A. 90-167, eff. 7-23-97.)

13 (765 ILCS 1025/8) (from Ch. 141, par. 108)

14 Sec. 8. All funds and intangible personal property held for
15 the owner by any court, public authority, or public officer of
16 this State, or a political subdivision thereof, that has
17 remained unclaimed by the owner for more than 5 years is
18 presumed abandoned. This Section does not apply to deposits
19 made to municipalities as a condition for the issuance of a
20 building permit.

21 (Source: P.A. 99-577, eff. 1-1-17.)

22 (765 ILCS 1025/8.1) (from Ch. 141, par. 108.1)

23 Sec. 8.1. Property held by governments.

1 (a) All tangible personal property or intangible personal
2 property and all debts owed or entrusted funds or other
3 property held by any federal, state or local government or
4 governmental subdivision, agency, entity, officer or appointee
5 thereof shall be presumed abandoned if the property has
6 remained unclaimed for 5 years, except as provided in
7 subsection (c).

8 (b) This Section applies to all abandoned property held by
9 any federal, state or local government or governmental
10 subdivision, agency, entity, officer or appointee thereof on
11 September 3, 1991 (the effective date of Public Act 87-206) or
12 at any time thereafter, regardless of when the property became
13 or becomes presumptively abandoned.

14 (c) United States savings bonds.

15 (1) As used in this subsection, "United States savings
16 bond" means property, tangible or intangible, in the form
17 of a savings bond issued by the United States Treasury,
18 whether in paper, electronic, or paperless form, along with
19 all proceeds thereof in the possession of the State
20 Treasurer.

21 (2) Notwithstanding any provision of this Act to the
22 contrary, a United States savings bond subject to this
23 Section or held or owing in this State by any person shall
24 be presumed abandoned when such bond has remained unclaimed
25 and unredeemed for 5 years after its date of final extended
26 maturity.

1 (3) United States savings bonds that are presumed
2 abandoned and unclaimed under paragraph (2) shall escheat
3 to the State of Illinois and all property rights and legal
4 title to and ownership of the United States savings bonds,
5 or proceeds from the bonds, including all rights, powers,
6 and privileges of survivorship of any owner, co-owner, or
7 beneficiary, shall vest solely in the State according to
8 the procedure set forth in paragraphs (4) through (6).

9 (4) Within 180 days after a United States savings bond
10 has been presumed abandoned, in the absence of a claim
11 having been filed with the State Treasurer for the savings
12 bond, the State Treasurer shall commence a civil action in
13 the Circuit Court of Sangamon County for a determination
14 that the United States savings bond has escheated to the
15 State. The State Treasurer may postpone the bringing of the
16 action until sufficient United States savings bonds have
17 accumulated in the State Treasurer's custody to justify the
18 expense of the proceedings.

19 (5) The State Treasurer shall make service by
20 publication in the civil action in accordance with Sections
21 2-206 and 2-207 of the Code of Civil Procedure, which shall
22 include the filing with the Circuit Court of Sangamon
23 County of the affidavit required in Section 2-206 of that
24 Code by an employee of the State Treasurer with personal
25 knowledge of the efforts made to contact the owners of
26 United States savings bonds presumed abandoned under this

1 Section. In addition to the diligent inquiries made
2 pursuant to Section 2-206 of the Code of Civil Procedure,
3 the State Treasurer may also utilize additional
4 discretionary means to attempt to provide notice to persons
5 who may own a United States savings bond registered to a
6 person with a last known address in the State of Illinois
7 subject to a civil action pursuant to paragraph (4).

8 (6) The owner of a United States savings bond
9 registered to a person with a last known address in the
10 State of Illinois subject to a civil action pursuant to
11 paragraph (4) may file a claim for such United States
12 savings bond with either the State Treasurer or by filing a
13 claim in the civil action in the Circuit Court of Sangamon
14 County in which the savings bond registered to that person
15 is at issue prior to the entry of a final judgment by the
16 Circuit Court pursuant to this subsection, and unless the
17 Circuit Court determines that such United States savings
18 bond is not owned by the claimant, then such United States
19 savings bond shall no longer be presumed abandoned. If no
20 person files a claim or appears at the hearing to
21 substantiate a disputed claim or if the court determines
22 that a claimant is not entitled to the property claimed by
23 the claimant, then the court, if satisfied by evidence that
24 the State Treasurer has substantially complied with the
25 laws of this State, shall enter a judgment that the United
26 States savings bonds have escheated to this State, and all

1 property rights and legal title to and ownership of such
2 United States savings bonds or proceeds from such bonds,
3 including all rights, powers, and privileges of
4 survivorship of any owner, co-owner, or beneficiary, shall
5 vest in this State.

6 (7) The State Treasurer shall redeem from the Bureau of
7 the Fiscal Service of the United States Treasury the United
8 States savings bonds escheated to the State and deposit the
9 proceeds from the redemption of United States savings bonds
10 into the Unclaimed Property Trust Fund.

11 (8) Any person making a claim for the United States
12 savings bonds escheated to the State under this subsection,
13 or for the proceeds from such bonds, may file a claim with
14 the State Treasurer. Upon providing sufficient proof of the
15 validity of such person's claim, the State Treasurer may,
16 in his or her sole discretion, pay such claim. If payment
17 has been made to any claimant, no action thereafter shall
18 be maintained by any other claimant against the State or
19 any officer thereof for or on account of such funds.

20 (Source: P.A. 99-556, eff. 1-1-17; 99-577, eff. 1-1-17;
21 100-201, eff. 8-18-17.)

22 (765 ILCS 1025/8.2) (from Ch. 141, par. 108.2)

23 Sec. 8.2. (Repealed).

24 (Source: P.A. 87-1135. Repealed by P.A. 89-567, eff. 7-26-96.)

1 (765 ILCS 1025/9) (from Ch. 141, par. 109)

2 Sec. 9. All personal property, not otherwise covered by
3 this Act, including any income or increment thereon that the
4 owner would be entitled to and deducting any lawful charges,
5 that has remained unclaimed by the owner for more than 5 years
6 is presumed abandoned. Before reporting and delivering
7 property as required under this Act, a business association may
8 deduct from the amount of otherwise reportable intangible
9 personal property the economic loss suffered by it in
10 connection with that intangible personal property arising from
11 transactions involving the sale of tangible personal property
12 at retail. Except as provided in Section 10.5, this provision
13 shall not apply to personal property held prior to October 1,
14 1968 by business associations. Property remitted to the State
15 pursuant to this Act, prior to the effective date of this
16 amendatory Act of 1982, shall not be affected by this
17 amendatory Act of 1982.

18 (Source: P.A. 90-167, eff. 7-23-97.)

19 (765 ILCS 1025/10) (from Ch. 141, par. 110)

20 Sec. 10. If specific property which is subject to the
21 provisions of Sections 2, 5, 6, 7 and 9 is held for or owed or
22 distributable to an owner whose last known address is in
23 another state by a holder who is subject to the jurisdiction of
24 that state, the specific property is not presumed abandoned in
25 this State and subject to this Act if:

1 (a) It may be claimed as abandoned or escheated under
2 the laws of such other state; and

3 (b) The laws of such other state make reciprocal
4 provision that similar specific property is not presumed
5 abandoned or escheatable by such other state when held for
6 or owed or distributable to an owner whose last known
7 address is within this State by a holder who is subject to
8 the jurisdiction of this State.

9 (Source: Laws 1963, p. 1805.)

10 (765 ILCS 1025/10.5)

11 Sec. 10.5. Nonapplicability of Act.

12 (a) Unless the personal property was identified in a final
13 examination report by the Director of Financial Institutions
14 issued pursuant to a duly authorized examination and the final
15 examination report was received by the holder on or before May
16 1, 1993, this Act does not apply to (i) travelers checks
17 reportable as unclaimed property before July 1, 1973, (ii)
18 funds held by any federal, state, or local government or
19 governmental subdivision, agency, entity, officer, or
20 appointee thereof reportable as unclaimed property before July
21 1, 1981, or (iii) any other personal property reportable as
22 unclaimed property before July 1, 1985, based upon the
23 presumptive abandonment period in effect on that date.

24 (b) For reports required to be filed after December 31,
25 1993, this Act does not apply to any reportable personal

1 property held prior to the period required for presumptive
2 abandonment of the property plus the 9 years immediately
3 preceding the beginning of that period.

4 (c) Subsections (a) and (b) do not apply to property held
5 by a trust division or trust department or by a trust company,
6 or affiliate of any of the foregoing that provides nondealer
7 corporate custodial services for securities or securities
8 transactions, organized under the laws of this or another state
9 or the United States.

10 As of January 1, 1998, this subsection shall not be
11 applicable unless the Department of Financial Institutions has
12 commenced, but not finalized, an examination of the holder as
13 of that date and the property is included in a final
14 examination report for the period covered by the examination.

15 (d) Subsections (a) and (b) do not apply to property held
16 by a holder who files a fraudulent report or fails to file a
17 report.

18 (e) Subsections (a) and (b) do not apply if, as a result of
19 their application, another state would have a legal right to
20 delivery of the property and such other state has commenced
21 proceedings with respect to the property.

22 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99.)

23 (765 ILCS 1025/10.6)

24 Sec. 10.6. Gift certificates and gift cards.

25 (a) This Act applies to a gift certificate or gift card

1 only if:

2 (i) the gift certificate or gift card contains or has
3 language indicating there is an expiration date,
4 expiration period or language indicating that there is any
5 type of post-sale charge or fee including but not limited
6 to service charges, dormancy fees, account maintenance
7 fees, cash-out fees, replacement card fees, and activation
8 or reactivation charges; and

9 (ii) none of the exceptions in this Section apply.

10 (b) This Act does not apply to a gift certificate or gift
11 card that contains or has language indicating that there is an
12 expiration date or expiration period, or any type of post-sale
13 charge or fee including but not limited to service charges,
14 dormancy fees, account maintenance fees, cash-out fees,
15 replacement card fees, and activation or reactivation charges
16 if:

17 (i) the gift certificate or gift card was issued before
18 the effective date of this amendatory Act of the 93rd
19 General Assembly; and

20 (ii) it is the policy and practice of the issuer of the
21 gift certificate or gift card to honor the gift certificate
22 or gift card after its expiration date or the end of its
23 expiration period and it is the policy and practice of the
24 issuer of the gift certificate or gift card to eliminate
25 all post-sale charges and fees, and the issuer posts
26 written notice of the policy and practice at locations at

1 which the issuer sells gift certificates or gift cards. The
2 written notice shall be an original or a copy of a notice
3 that the State Treasurer shall produce and provide to
4 issuers free of charge.

5 (c) Nothing in this Section applies to a gift certificate
6 or gift card if the value of the gift certificate or gift card
7 was reported and remitted under this Act before the effective
8 date of this amendatory Act of the 93rd General Assembly.

9 (Source: P.A. 92-487, eff. 8-23-01; 93-945, eff. 1-1-05.)

10 (765 ILCS 1025/11) (from Ch. 141, par. 111)

11 Sec. 11. Report of holder.

12 (a) Except as otherwise provided in subsection (c) of
13 Section 4, every person holding funds or other property,
14 tangible or intangible, presumed abandoned under this Act shall
15 report and remit all abandoned property specified in the report
16 to the State Treasurer with respect to the property as
17 hereinafter provided. The State Treasurer may exempt any
18 businesses from the reporting requirement if he deems such
19 businesses unlikely to be holding unclaimed property.

20 (b) The information shall be obtained in one or more
21 reports as required by the State Treasurer. The information
22 shall be verified and shall include:

23 (1) the name, social security or federal tax
24 identification number, if known, and last known address,
25 including zip code, of each person appearing from the

1 records of the holder to be the owner of any property of
2 the value of \$5 or more presumed abandoned under this Act;

3 (2) in case of unclaimed funds of life insurance
4 corporations the full name of the insured and any
5 beneficiary or annuitant and the last known address
6 according to the life insurance corporation's records;

7 (3) the date when the property became payable,
8 demandable, or returnable, and the date of the last
9 transaction with the owner with respect to the property;
10 and

11 (4) other information which the State Treasurer
12 prescribes by rule as necessary for the administration of
13 this Act.

14 (c) If the person holding property presumed abandoned is a
15 successor to other persons who previously held the property for
16 the owner, or if the holder has changed his name while holding
17 the property, he shall file with his report all prior known
18 names and addresses of each holder of the property.

19 (d) The report and remittance of the property specified in
20 the report shall be filed by banking organizations, financial
21 organizations, insurance companies other than life insurance
22 corporations, and governmental entities before November 1 of
23 each year as of June 30 next preceding. The report and
24 remittance of the property specified in the report shall be
25 filed by business associations, utilities, and life insurance
26 corporations before May 1 of each year as of December 31 next

1 preceding. The Director may postpone the reporting date upon
2 written request by any person required to file a report. The
3 report and remittance of the property specified in the report
4 for property subject to subsection (a) of Section 3a of this
5 Act shall be filed before a date established by the State
6 Treasurer that is on or after the later of: (i) 30 days after
7 the effective date of this amendatory Act of the 94th General
8 Assembly; or (ii) November 1, 2005.

9 (d-5) Notwithstanding the foregoing, currency exchanges
10 shall be required to report and remit property specified in the
11 report within 30 days after the conclusion of its annual
12 examination by the Department of Financial Institutions. As
13 part of the examination of a currency exchange, the Department
14 of Financial Institutions shall instruct the currency exchange
15 to submit a complete unclaimed property report using the State
16 Treasurer's formatted diskette reporting program or an
17 alternative reporting format approved by the State Treasurer.
18 The Department of Financial Institutions shall provide the
19 State Treasurer with an accounting of the money orders located
20 in the course of the annual examination including, where
21 available, the amount of service fees deducted and the date of
22 the conclusion of the examination.

23 (e) Before filing the annual report, the holder of property
24 presumed abandoned under this Act shall communicate with the
25 owner at his last known address if any address is known to the
26 holder, setting forth the provisions hereof necessary to occur

1 in order to prevent abandonment from being presumed. If the
2 holder has not communicated with the owner at his last known
3 address at least 120 days before the deadline for filing the
4 annual report, the holder shall mail, at least 60 days before
5 that deadline, a letter by first class mail to the owner at his
6 last known address unless any address is shown to be
7 inaccurate, setting forth the provisions hereof necessary to
8 prevent abandonment from being presumed.

9 (f) Verification, if made by a partnership, shall be
10 executed by a partner; if made by an unincorporated association
11 or private corporation, by an officer; and if made by a public
12 corporation, by its chief fiscal officer.

13 (g) Any person who has possession of property which he has
14 reason to believe will be reportable in the future as unclaimed
15 property, may report and deliver it prior to the date required
16 for such reporting in accordance with this Section and is then
17 relieved of responsibility as provided in Section 14.

18 (h) (1) Records pertaining to presumptively abandoned
19 property held by a trust division or trust department or by a
20 trust company, or affiliate of any of the foregoing that
21 provides nondealer corporate custodial services for securities
22 or securities transactions, organized under the laws of this or
23 another state or the United States shall be retained until the
24 property is delivered to the State Treasurer.

25 As of January 1, 1998, this subdivision (h) (1) shall not be
26 applicable unless the Department of Financial Institutions has

1 commenced, but not finalized, an examination of the holder as
2 of that date and the property is included in a final
3 examination report for the period covered by the examination.

4 (2) In the case of all other holders commencing on the
5 effective date of this amendatory Act of 1993, property records
6 for the period required for presumptive abandonment plus the 9
7 years immediately preceding the beginning of that period shall
8 be retained for 5 years after the property was reportable.

9 (i) The State Treasurer may promulgate rules establishing
10 the format and media to be used by a holder in submitting
11 reports required under this Act.

12 (j) Other than the Notice to Owners required by Section 12
13 and other discretionary means employed by the State Treasurer
14 for notifying owners of the existence of abandoned property,
15 the State Treasurer shall not disclose any information provided
16 in reports filed with the State Treasurer or any information
17 obtained in the course of an examination by the State Treasurer
18 to any person other than governmental agencies for the purposes
19 of returning abandoned property to its owners or to those
20 individuals who appear to be the owner of the property or
21 otherwise have a valid claim to the property, unless written
22 consent from the person entitled to the property is obtained by
23 the State Treasurer.

24 (Source: P.A. 98-495, eff. 8-16-13.)

25 (765 ILCS 1025/11.5)

1 Sec. 11.5. Estimation techniques and record retention.

2 (a) If a holder has failed to retain records as required by
3 this Act or if the records retained are shown to be
4 insufficient to conduct and conclude an examination, the Office
5 of the State Treasurer may use estimation techniques that
6 conform to either Generally Accepted Auditing Standards or
7 Generally Accepted Accounting Principles to determine the
8 amount of unclaimed property. In the conduct of an examination,
9 the State shall not request of a holder any records that relate
10 only to property that under subsection (a) or (b) of Section
11 10.5 is not subject to this Act.

12 (b) Within 15 business days of the receipt of a final
13 examination report, a holder may request a hearing to contest
14 the use or validity of estimation techniques. The examination
15 shall become final upon the failure of the holder to request a
16 hearing as provided in this Section. If a hearing is held, the
17 State Treasurer shall issue an order approving or disapproving
18 the use or validity of the estimation techniques. The order
19 shall be a final order under the Administrative Review Law.

20 (Source: P.A. 91-16, eff. 7-1-99.)

21 (765 ILCS 1025/12) (from Ch. 141, par. 112)

22 Sec. 12. Notice to owners.

23 (a) For property reportable by May 1, as identified by
24 Section 11, the State Treasurer shall cause notice to be
25 published once in an English language newspaper of general

1 circulation in the county in this State in which is located the
2 last known address of any person to be named in the notice on
3 or before November 1 of the same year. For property reportable
4 by November 1, as identified by Section 11, the State Treasurer
5 shall cause notice to be published once in an English language
6 newspaper of general circulation in the county in this State in
7 which is located the last known address of any person named in
8 the notice on or before May 1 of the next year. If no address is
9 listed or if the address is outside this State, the notice
10 shall be published in the county in which the holder of the
11 abandoned property has his principal place of business within
12 this State. However, if an out-of-state address is in a state
13 that is not a party to a reciprocal agreement with this State
14 concerning abandoned property, the notice may be published in
15 the Illinois Register. The names of owners that are identified
16 and contacted directly by the State Treasurer do not have to be
17 published as described in this Section.

18 (b) The published notice shall be entitled "Notice of Names
19 of Persons Appearing to be Owners of Abandoned Property", and
20 shall contain:

21 (1) The names in alphabetical order and last known
22 addresses, if any, of persons listed in the report and
23 entitled to notice within the county as hereinbefore
24 specified.

25 (2) A statement that information concerning the amount
26 or description of the property and the name and address of

1 the holder may be obtained by any persons possessing an
2 interest in the property by addressing an inquiry to the
3 State Treasurer.

4 (3) A statement that the abandoned property has been
5 placed in the custody of the State Treasurer to whom all
6 further claims must thereafter be directed.

7 (c) The State Treasurer is not required to publish in such
8 notice any item of less than \$100 or any item for which the
9 address of the last known owner is in a state that has a
10 reciprocal agreement with this State concerning abandoned
11 property unless he deems such publication to be in the public
12 interest.

13 (Source: P.A. 93-531, eff. 8-14-03; 94-686, eff. 11-2-05.)

14 (765 ILCS 1025/13) (from Ch. 141, par. 113)

15 Sec. 13. Every person who has filed a report as provided by
16 Section 11 shall deliver to the State Treasurer all abandoned
17 property specified in the annual report on the same date that
18 the annual report is filed. Costs for communicating with owners
19 by mail as required by subsection (e) of Section 11 may be
20 deducted from the property specified in the report. Any such
21 person, who pursuant to a statutory requirement, filed a bond
22 or bonds pertaining to such abandoned property with the State
23 Treasurer or his predecessor, may also deduct an amount
24 equivalent to that part of the bond premium attributable to
25 such abandoned property.

1 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99.)

2 (765 ILCS 1025/14) (from Ch. 141, par. 114)

3 Sec. 14. Upon the payment or delivery of abandoned property
4 to the State Treasurer, the state shall assume custody and
5 shall be responsible for the safekeeping thereof. Any person
6 who pays or delivers abandoned property to the State Treasurer
7 under this Act is relieved of all liability to the extent of
8 the value of the property so paid or delivered for any claim
9 which then exists or which thereafter may arise or be made in
10 respect to the property.

11 In the event legal proceedings are instituted by any other
12 state or states in any state or federal court with respect to
13 unclaimed funds or abandoned property previously paid or
14 delivered to the State Treasurer, the holder shall give written
15 notification to the State Treasurer and the Attorney General of
16 this state of such proceedings within 10 days after service of
17 process, or in the alternative at least 10 days before the
18 return date or date on which an answer or similar pleading is
19 due (or any extension thereof secured by the holder). The
20 Attorney General may take such action as he deems necessary or
21 expedient to protect the interests of the State of Illinois.
22 The Attorney General by written notice prior to the return date
23 or date on which an answer or similar pleading is due (or any
24 extension thereof secured by the holder), but in any event in
25 reasonably sufficient time for the holder to comply with the

1 directions received, shall either direct the holder actively to
2 defend in such proceedings or that no defense need be entered
3 in such proceedings. If a direction is received from the
4 Attorney General that the holder need not make a defense, such
5 shall not preclude the holder from entering a defense in its
6 own name if it should so choose. However, any defense made by
7 the holder on its own initiative shall not entitle the holder
8 to reimbursement for legal fees, costs and other expenses as is
9 hereinafter provided in respect to defenses made pursuant to
10 the directions of the Attorney General. If, after the holder
11 has actively defended in such proceedings pursuant to a
12 direction of the Attorney General, or has been notified in
13 writing by the Attorney General that no defense need be made
14 with respect to such funds, a judgment is entered against the
15 holder for any amount paid to the State Treasurer under this
16 Act, the State Treasurer shall, upon being furnished with proof
17 of payment in satisfaction of such judgment, reimburse the
18 holder the amount so paid. The State Treasurer shall also
19 reimburse the holder for any legal fees, costs and other
20 directly related expenses incurred in legal proceedings
21 undertaken pursuant to the direction of the Attorney General.

22 (Source: P.A. 91-16, eff. 7-1-99.)

23 (765 ILCS 1025/15) (from Ch. 141, par. 115)

24 Sec. 15. When property is paid or delivered to the State
25 Treasurer under this Act, the owner is not entitled to receive

1 income or other increments accruing thereafter, except that
2 income accruing on unliquidated stock and mutual funds after
3 July 1, 1993, may be paid to the owner.

4 (Source: P.A. 91-16, eff. 7-1-99.)

5 (765 ILCS 1025/16) (from Ch. 141, par. 116)

6 Sec. 16. The expiration of any period of time specified by
7 statute or court order, during which an action or proceeding
8 may be commenced or enforced to obtain payment of a claim for
9 money or recovery of property, shall not prevent the money or
10 property from being presumed abandoned property, nor affect any
11 duty to file a report required by this Act or to pay or deliver
12 abandoned property to the State Treasurer.

13 (Source: P.A. 91-16, eff. 7-1-99.)

14 (765 ILCS 1025/17) (from Ch. 141, par. 117)

15 Sec. 17. (a) All abandoned property, other than money and
16 that property exempted by paragraphs (1), (2), (3), (4), (5),
17 and (6) of this subsection, delivered to the State Treasurer
18 under this Act shall be sold within a reasonable time to the
19 highest bidder at public sale in whatever city in the State
20 affords in his or her judgment the most favorable market for
21 the property involved. The State Treasurer may decline the
22 highest bid and reoffer the property for sale if he or she
23 considers the price bid insufficient. The State Treasurer may
24 group items for auction as "box lots" if the value of the

1 individual items makes it impracticable to sell the items
2 individually. He or she need not offer any property for sale,
3 and may destroy or otherwise dispose of the property, if, in
4 his or her opinion, the probable cost of sale exceeds the value
5 of the property. Securities or commodities received by the
6 Office of the State Treasurer may be sold by the State
7 Treasurer through a broker or sales agent suitable for the sale
8 of the type of securities or commodities being sold.

9 (1) Property which the State Treasurer determines may
10 have historical value may be, at his or her discretion,
11 loaned to a recognized exhibitor in the United States where
12 it will be kept until such time as the State Treasurer
13 orders it to be returned to his or her possession.

14 (2) Property returned to the State Treasurer shall be
15 released to the rightful owner or otherwise disposed of in
16 accordance with this Act. The State Treasurer shall keep
17 identifying records of the property so loaned, the name of
18 rightful owner and the owner's last known address, if
19 available.

20 (3) The Treasurer, in cooperation with the Department
21 of State Police, shall develop a procedure to determine
22 whether a firearm delivered to the Treasurer under this Act
23 has been stolen or used in the commission of a crime. The
24 Department of State Police shall determine the appropriate
25 disposition of a firearm that has been stolen or used in
26 the commission of a crime. The Treasurer shall attempt to

1 return a firearm that has not been stolen or used in the
2 commission of a crime to the rightful owner, provided that
3 the owner may lawfully possess the firearm as determined by
4 the Department of State Police.

5 If the Treasurer is unable to return a firearm to its
6 owner, the Treasurer shall transfer custody of the firearm
7 to the Department of State Police. Legal title to a firearm
8 transferred to the Department of State Police under this
9 paragraph (3) is vested in the Department of State Police
10 by operation of law:

11 (A) if the Treasurer cannot locate the owner of the
12 firearm;

13 (B) if the owner of the firearm may not lawfully
14 possess the firearm;

15 (C) if the owner does not respond to notice
16 published under Section 12 of this Act; or

17 (D) if the owner responds to notice published under
18 Section 12 and states that he or she no longer claims
19 an interest in the firearm.

20 With respect to a firearm whose title is transferred to
21 the Department of State Police under this paragraph (3),
22 that Department may:

23 (i) retain the firearm for use by the crime
24 laboratory system, for training purposes, or for any
25 other application as deemed appropriate by the
26 Department;

1 (ii) transfer the firearm to the Illinois State
2 Museum if the firearm has historical value; or

3 (iii) destroy the firearm if it is not retained
4 pursuant to subparagraph (i) or transferred pursuant
5 to subparagraph (ii).

6 (4) If human remains are delivered to the Treasurer
7 under this Act, the Treasurer shall deliver those human
8 remains to the coroner of the county in which the human
9 remains were abandoned for disposition under Section
10 3-3034 of the Counties Code. The only human remains that
11 may be delivered to the Treasurer under this Act and that
12 the Treasurer may receive are those that are reported and
13 delivered as contents of a safe deposit box.

14 (5) If medals awarded to U.S. military personnel are
15 delivered to the Treasurer under this Act, the Treasurer
16 shall not offer those medals for sale or at public auction.
17 The only medals that may be delivered to the Treasurer
18 under this Act and that the Treasurer may receive are those
19 that are reported and delivered as contents of a safe
20 deposit box. Medals shall only be returned to the owner of
21 the safe deposit box containing the medals or the heirs of
22 that owner. This paragraph (5) may be referred to as
23 Operation Search and Restore.

24 (6) Property that may have been used in the commission
25 of a crime or that may assist in the investigation of a
26 crime, as determined after consulting standards developed

1 by the Department of State Police, shall be delivered to
2 the Department of State Police or other appropriate law
3 enforcement authority to allow law enforcement to
4 determine whether a criminal investigation should take
5 place. Any such property delivered to a law enforcement
6 authority shall be held in accordance with existing
7 statutes and rules related to the gathering, retention, and
8 release of evidence.

9 (b) Any sale held under this Section, except a sale of
10 securities or commodities, shall be preceded by a single
11 publication of notice thereof, at least 3 weeks in advance of
12 sale in an English language newspaper of general circulation in
13 the county where the property is to be sold. When property
14 fails to sell and is offered again at a subsequent sale, no
15 additional notice is required for the subsequent sale.

16 (c) The purchaser at any sale conducted by the State
17 Treasurer pursuant to this Act shall receive title to the
18 property purchased, free from all claims of the owner or prior
19 holder thereof and of all persons claiming through or under
20 them. The State Treasurer shall execute all documents necessary
21 to complete the transfer of title.

22 (d) The Office of the State Treasurer is not liable for any
23 reduction in the value of property caused by changing market
24 conditions.

25 (Source: P.A. 95-829, eff. 8-14-08; 96-440, eff. 1-1-10.)

1 (765 ILCS 1025/18) (from Ch. 141, par. 118)

2 Sec. 18. Deposit of funds received under the Act.

3 (a) The State Treasurer shall retain all funds received
4 under this Act, including the proceeds from the sale of
5 abandoned property under Section 17, in a trust fund known as
6 the Unclaimed Property Trust Fund. The State Treasurer may
7 deposit any amount in the Unclaimed Property Trust Fund into
8 the State Pensions Fund during the fiscal year at his or her
9 discretion; however, he or she shall, on April 15 and October
10 15 of each year, deposit any amount in the Unclaimed Property
11 Trust Fund exceeding \$2,500,000 into the State Pensions Fund.
12 If on either April 15 or October 15, the State Treasurer
13 determines that a balance of \$2,500,000 is insufficient for the
14 prompt payment of unclaimed property claims authorized under
15 this Act, the Treasurer may retain more than \$2,500,000 in the
16 Unclaimed Property Trust Fund in order to ensure the prompt
17 payment of claims. Beginning in State fiscal year 2019, all
18 amounts that are deposited into the State Pensions Fund from
19 the Unclaimed Property Trust Fund shall be apportioned to the
20 designated retirement systems as provided in subsection (c-6)
21 of Section 8.12 of the State Finance Act to reduce their
22 actuarial reserve deficiencies. He or she shall make prompt
23 payment of claims he or she duly allows as provided for in this
24 Act for the Unclaimed Property Trust Fund. Before making the
25 deposit the State Treasurer shall record the name and last
26 known address of each person appearing from the holders'

1 reports to be entitled to the abandoned property. The record
2 shall be available for public inspection during reasonable
3 business hours.

4 (b) Before making any deposit to the credit of the State
5 Pensions Fund, the State Treasurer may deduct: (1) any costs in
6 connection with sale of abandoned property, (2) any costs of
7 mailing and publication in connection with any abandoned
8 property, and (3) any costs in connection with the maintenance
9 of records or disposition of claims made pursuant to this Act.
10 The State Treasurer shall semiannually file an itemized report
11 of all such expenses with the Legislative Audit Commission.

12 (Source: P.A. 99-8, eff. 7-9-15; 99-523, eff. 6-30-16; 100-23,
13 eff. 7-6-17.)

14 (765 ILCS 1025/19) (from Ch. 141, par. 119)

15 Sec. 19. Any person claiming an interest in any property
16 delivered to the State under this Act may file a claim thereto
17 or to the proceeds from the sale thereof on the form prescribed
18 by the State Treasurer.

19 (Source: P.A. 91-16, eff. 7-1-99.)

20 (765 ILCS 1025/19.5)

21 Sec. 19.5. Tax return identification of apparent owners of
22 abandoned property.

23 (a) At least annually the State Treasurer shall notify the
24 Department of Revenue of the names of persons appearing to be

1 owners of abandoned property held by the State Treasurer. The
2 State Treasurer shall also provide to the Department of Revenue
3 the social security numbers of such persons, if available.

4 (b) The Department of Revenue shall notify the State
5 Treasurer if any person under subsection (a) has filed an
6 Illinois income tax return and shall provide the State
7 Treasurer with the last known address of the person as it
8 appears in Department of Revenue records, except as prohibited
9 by federal law. The Department shall also provide any
10 additional addresses for the same taxpayer from the records of
11 the Department, except as prohibited by federal law.

12 (c) In order to facilitate the return of property under
13 this Section, the State Treasurer and the Department of Revenue
14 may enter into an interagency agreement concerning protection
15 of confidential information, data match rules, and other
16 issues.

17 (d) The State Treasurer may deliver, as provided under
18 Section 20 of this Act, property or pay the amount owing to a
19 person matched under this Section without the person filing a
20 claim under Section 19 of this Act if the following conditions
21 are met:

22 (1) the value of the property that is owed the person
23 is \$2,000 or less;

24 (2) the property is not either tangible property or
25 securities;

26 (3) the last known address for the person according to

1 the Department of Revenue records is less than 12 months
2 old; and

3 (4) the State Treasurer has evidence sufficient to
4 establish that the person who appears in Department of
5 Revenue records is the owner of the property and the owner
6 currently resides at the last known address from the
7 Department of Revenue.

8 The State Treasurer may use additional databases to verify
9 the identity of the person and that the person currently
10 resides at the last known address.

11 (e) If the property owed to a person matched under this
12 Section has a value of greater than \$2,000 or is tangible
13 property or securities, then the State Treasurer shall provide
14 notice to the person informing the person that he or she is the
15 owner of abandoned or unclaimed property held by the State and
16 may file a claim with the State Treasurer for return of the
17 property.

18 (Source: P.A. 100-47, eff. 8-11-17.)

19 (765 ILCS 1025/20) (from Ch. 141, par. 120)

20 (Text of Section before amendment by P.A. 100-543)

21 Sec. 20. Determination of claims.

22 (a) The State Treasurer shall consider any claim filed
23 under this Act and may, in his discretion, hold a hearing and
24 receive evidence concerning it. Such hearing shall be conducted
25 by the State Treasurer or by a hearing officer designated by

1 him. No hearings shall be held if the payment of the claim is
2 ordered by a court, if the claimant is under court
3 jurisdiction, or if the claim is paid under Article XXV of the
4 Probate Act of 1975. The State Treasurer or hearing officer
5 shall prepare a finding and a decision in writing on each
6 hearing, stating the substance of any evidence heard by him,
7 his findings of fact in respect thereto, and the reasons for
8 his decision. The State Treasurer shall review the findings and
9 decision of each hearing conducted by a hearing officer and
10 issue a final written decision. The final decision shall be a
11 public record. Any claim of an interest in property that is
12 filed pursuant to this Act shall be considered and a finding
13 and decision shall be issued by the Office of the State
14 Treasurer in a timely and expeditious manner.

15 (b) If the claim is allowed, and after deducting an amount
16 not to exceed \$20 to cover the cost of notice publication and
17 related clerical expenses, the State Treasurer shall make
18 payment forthwith.

19 (c) In order to carry out the purpose of this Act, no
20 person or company shall be entitled to a fee for discovering
21 presumptively abandoned property until it has been in the
22 custody of the Unclaimed Property Division of the Office of the
23 State Treasurer for at least 24 months. Fees for discovering
24 property that has been in the custody of that division for more
25 than 24 months shall be limited to not more than 10% of the
26 amount collected.

1 (d) A person or company attempting to collect a contingent
2 fee for discovering, on behalf of an owner, presumptively
3 abandoned property must be licensed as a private detective
4 pursuant to the Private Detective, Private Alarm, Private
5 Security, Fingerprint Vendor, and Locksmith Act of 2004.

6 (e) This Section shall not apply to the fees of an attorney
7 at law duly appointed to practice in a state of the United
8 States who is employed by a claimant with regard to probate
9 matters on a contractual basis.

10 (f) Any person or company offering to identify, discover,
11 or collect presumptively abandoned property or property which
12 may become presumptively abandoned on behalf of the putative
13 owner of such property in exchange for a fee, must provide the
14 owner with a written disclosure. The disclosure shall be set
15 forth in a clear and conspicuous manner and at a minimum shall
16 state the following:

17 Each state maintains an office of unclaimed property.
18 Generally, if for a number of years an owner of property
19 has not communicated directly with the holder of the
20 property, and has not otherwise indicated an interest in or
21 claimed the property, the property will be delivered to a
22 state administered unclaimed property program. Upon such
23 delivery, the owner will be able to recover the property
24 from the state administered program without charge by the
25 state. The unclaimed asset referred to in this Agreement
26 has not yet been reported or remitted to any state

1 unclaimed property office. Since you reside (or resided) in
2 Illinois, you may obtain information about the Illinois
3 unclaimed property program by logging onto its website at
4 www.treasurer.il.gov.

5 A person or company may not charge a fee greater than
6 25% of the property's value for the recovery of that
7 property where the property is not yet reportable under
8 this Act and the designated owner of that property, as
9 reflected within the books and records of the holder, is
10 living.

11 A person or company may not charge a fee greater than
12 33% of the property's value for the recovery of that
13 property where the property is not yet reportable under
14 this Act and the recovery of that property involves
15 documentation of the owner's death or any elements of
16 estate or trust administration.

17 (Source: P.A. 95-613, eff. 9-11-07; 95-1003, eff. 6-1-09.)

18 (Text of Section after amendment by P.A. 100-543)

19 Sec. 20. Determination of claims.

20 (a) The State Treasurer shall consider any claim filed
21 under this Act and may, in his discretion, hold a hearing and
22 receive evidence concerning it. Such hearing shall be conducted
23 by the State Treasurer or by a hearing officer designated by
24 him. No hearings shall be held if the payment of the claim is
25 ordered by a court, if the claimant is under court

1 jurisdiction, or if the claim is paid under Article XXV of the
2 Probate Act of 1975. The State Treasurer or hearing officer
3 shall prepare a finding and a decision in writing on each
4 hearing, stating the substance of any evidence heard by him,
5 his findings of fact in respect thereto, and the reasons for
6 his decision. The State Treasurer shall review the findings and
7 decision of each hearing conducted by a hearing officer and
8 issue a final written decision. The final decision shall be a
9 public record. Any claim of an interest in property that is
10 filed pursuant to this Act shall be considered and a finding
11 and decision shall be issued by the Office of the State
12 Treasurer in a timely and expeditious manner.

13 (b) If the claim is allowed, the State Treasurer shall make
14 payment forthwith.

15 (c) In order to carry out the purpose of this Act, no
16 person or company shall be entitled to a fee for discovering
17 presumptively abandoned property during the period beginning
18 on the date the property was presumed abandoned under this Act
19 and ending 24 months after the payment or delivery of the
20 property to the Unclaimed Property Division of the Office of
21 the State Treasurer. Fees for discovering property that has
22 been in the custody of that division for more than 24 months
23 shall be limited to not more than 10% of the amount collected.

24 (d) A person or company attempting to collect a contingent
25 fee for discovering, on behalf of an owner, presumptively
26 abandoned property must be licensed as a private detective

1 pursuant to the Private Detective, Private Alarm, Private
2 Security, Fingerprint Vendor, and Locksmith Act of 2004.

3 (e) This Section shall not apply to the fees of an attorney
4 at law duly appointed to practice in a state of the United
5 States who is employed by a claimant with regard to probate
6 matters on a contractual basis or to contest a denial of a
7 claim for recovery of the property.

8 (f) Any person or company offering to identify, discover,
9 or collect property which may become presumptively abandoned on
10 behalf of the putative owner of such property in exchange for a
11 fee, must provide the owner with a written disclosure. The
12 disclosure shall be set forth in a clear and conspicuous manner
13 and at a minimum shall state the following:

14 Each state maintains an office of unclaimed property.
15 Generally, if for a number of years an owner of property
16 has not communicated directly with the holder of the
17 property, and has not otherwise indicated an interest in or
18 claimed the property, the property will be delivered to a
19 state administered unclaimed property program. Upon such
20 delivery, the owner will be able to recover the property
21 from the state administered program without charge by the
22 state. The unclaimed asset referred to in this Agreement
23 has not yet been reported or remitted to any state
24 unclaimed property office. Since you reside (or resided) in
25 Illinois, you may obtain information about the Illinois
26 unclaimed property program by logging onto its website at

1 www.illinoistreasurer.gov.
2 (Source: P.A. 100-543, eff. 1-1-18.)

3 (765 ILCS 1025/21) (from Ch. 141, par. 121)

4 Sec. 21. A final administrative decision of the State
5 Treasurer in respect to a claim filed hereunder shall be
6 subject to judicial review pursuant to the provisions of the
7 Administrative Review Law and the rules adopted pursuant
8 thereto. The review action may be instituted by any person
9 adversely affected or aggrieved by the decision.

10 The Office of the State Treasurer shall furnish a certified
11 transcript of the record to any party of record upon the
12 payment of the actual page charge of the record to a commercial
13 reporting service for the preparation of the transcript. If no
14 hearing was held, the State Treasurer shall deliver a copy of
15 his decision stating the reasons upon which the claim was
16 denied and deliver it to any party of record within 20 days of
17 demand.

18 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99.)

19 (765 ILCS 1025/22) (from Ch. 141, par. 122)

20 Sec. 22. The State Treasurer, after receiving reports of
21 property deemed abandoned pursuant to this Act, may decline to
22 receive any property reported which he deems to have a value
23 less than the cost of giving notice and holding sale, or he
24 may, if he deems it desirable because of the small sum

1 involved, postpone taking possession until a sufficient sum has
2 accumulated. Unless the holder of the property is notified to
3 the contrary within 120 days after filing the report required
4 under Section 11, the State Treasurer shall be deemed to have
5 elected to receive the custody of the property.

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

7 (765 ILCS 1025/23) (from Ch. 141, par. 123)

8 Sec. 23. (a) If the State Treasurer has reason to believe
9 that any person has failed to report property in accordance
10 with this Act, he may make a demand by certified mail, return
11 receipt requested, that such report be made and filed with the
12 State Treasurer. The report of abandoned property or any other
13 report required shall be made and filed with the State
14 Treasurer within 30 days after receipt of the demand.

15 (b) The State may at reasonable times and upon reasonable
16 notice examine the records of any person if the State Treasurer
17 has reason to believe that such person has failed to report
18 property that should have been reported pursuant to this Act.
19 Upon the direction of the State Treasurer to do so, the Office
20 of Banks and Real Estate shall, on behalf of the State, conduct
21 the examination of the records of any person who is regulated
22 by the Office of Banks and Real Estate under the Illinois
23 Banking Act, the Corporate Fiduciary Act, the Foreign Banking
24 Office Act, the Illinois Savings and Loan Act of 1985, or the
25 Savings Bank Act. Upon direction of the State Treasurer to do

1 so, the Department of Financial Institutions shall, on behalf
2 of the State, conduct the examination of the records of any
3 person doing business in the State under the supervision of the
4 Department of Financial Institutions, the National Credit
5 Union Administration, the Office of Thrift Supervision, or the
6 Comptroller of the Currency. The Office of Banks and Real
7 Estate and the Department of Financial Institutions shall
8 conduct all examinations during the next regular examination of
9 the person, unless the State Treasurer has reason to believe
10 that an accelerated examination schedule is required to protect
11 the State's interest, in which case the examination must be
12 conducted within 90 days of the State Treasurer's direction to
13 do so. The Office of Banks and Real Estate and the Department
14 of Financial Institutions may contract with third parties to
15 ensure that the examinations are commenced in a timely manner.
16 The Department of Financial Institutions and the Office of
17 Banks and Real Estate shall report the results of all
18 examinations that are undertaken at the direction of the State
19 Treasurer under this Act, which may include confidential
20 information, to the State Treasurer in a timely manner and,
21 upon the request of the Treasurer, shall assist in the
22 evaluation of the examinations. All examinations that are not
23 performed by the Office of Banks and Real Estate or the
24 Department of Financial Institutions shall be performed by the
25 State Treasurer.

26 (c) The actual cost of any examination or investigation

1 incurred by the State in administering any provision of this
2 Act shall be borne by the holder examined or investigated if:

3 (1) a written demand for a report has been made and the
4 report has not been properly filed within the time period
5 specified in this Section, or

6 (2) a report has been received and additional property
7 reportable under the Act is discovered by such examination
8 or investigation.

9 No holder shall be liable to pay more than an amount equal
10 to the amount of reportable property discovered by such
11 investigation as a cost of examination or investigation.

12 (d) For all holders other than a trust division, a trust
13 department, a trust company, or an affiliate of any of them,
14 subsection (c) does not apply to any examination commenced
15 after the effective date of this amendatory Act of 1993. As of
16 January 1, 1998, subsection (c) does not apply to an
17 examination of a trust division or trust department or a trust
18 company, or affiliate of any of the foregoing that provides
19 nondealer corporate custodial services for securities or
20 securities transactions, organized under the laws of this or
21 another state or the United States unless the Department of
22 Financial Institutions has commenced, but not finalized, an
23 examination of the holder as of that date and the property is
24 included in a final examination report for the period covered
25 by the examination.

26 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99.)

1 (765 ILCS 1025/23.5)

2 Sec. 23.5. Notice of deficiency; time; effect.

3 (a) The State Treasurer shall issue a Notice of Deficiency
4 to a holder or direct the commencement of an examination of a
5 holder with respect to a report required under this Act within
6 5 years after the report is filed. A Notice of Deficiency shall
7 specify the additional amounts, if known, purportedly
8 reportable under this Act or state that those amounts are
9 unknown. If the State Treasurer fails to issue a Notice of
10 Deficiency or direct the commencement of an examination within
11 the time required by this Section, the Office of the State
12 Treasurer may not thereafter issue a Notice of Deficiency,
13 otherwise assert a deficiency, or seek any other charge or
14 remedy under this Act with respect to that report.

15 (b) This Section does not apply to a holder that is a trust
16 division or trust department or a trust company, or affiliate
17 of any of the foregoing that provides nondealer corporate
18 custodial services for securities or securities transactions,
19 organized under the laws of this or another state or the United
20 States.

21 As of January 1, 1998, this subsection shall not be
22 applicable unless the Department of Financial Institutions has
23 commenced, but not finalized, an examination of the holder as
24 of that date and the property is included in a final
25 examination report for the period covered by the examination.

1 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99.)

2 (765 ILCS 1025/24) (from Ch. 141, par. 124)

3 Sec. 24. Enforcement of delivery. If any person refuses to
4 deliver property to the State Treasurer as required under this
5 Act, the State Treasurer may bring an action in the name of the
6 State in the circuit court or any federal court to enforce
7 delivery.

8 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99.)

9 (765 ILCS 1025/24.5)

10 Sec. 24.5. Contingency fees. The State may not enter into a
11 contract with a person to conduct an examination of a holder
12 located within the State of Illinois under which the State
13 agrees to pay such person a fee based upon a percentage of the
14 property recovered for the State of Illinois. Nothing in this
15 Section prohibits the Office of the State Treasurer from
16 entering into contracts with persons to examine holders located
17 outside the State of Illinois under which the Office of the
18 State Treasurer agrees to pay such persons based upon a
19 percentage of the property recovered for the State of Illinois.

20 (Source: P.A. 91-16, eff. 7-1-99.)

21 (765 ILCS 1025/25) (from Ch. 141, par. 125)

22 Sec. 25. (a) Any person who fails to render any report or
23 perform other duties required under this Act, is guilty of a

1 business offense and fined not more than \$500. Each day such
2 report is withheld or the duties are not performed constitutes
3 a separate offense.

4 (b) Any person who wilfully refuses to pay or deliver
5 abandoned property to the State Treasurer as required under
6 this Act shall be guilty of a Class B misdemeanor. Each day the
7 violation continues is a separate offense.

8 (Source: P.A. 91-16, eff. 7-1-99.)

9 (765 ILCS 1025/25.5)

10 Sec. 25.5. Administrative charges, fees, and interest
11 charges.

12 (a) The State Treasurer may charge a holder that files an
13 unclaimed property report after the due date, as determined by
14 the State Treasurer, the lesser of \$100 or \$1 for each day the
15 report remains overdue.

16 (b) The State Treasurer may charge a holder that fails to
17 timely perform due diligence, as required by this Act, \$5 for
18 each name and address account reported if 35% or more of the
19 accounts are claimed within the 24 months immediately following
20 the filing of the holder's annual report.

21 (c) A holder who remits unclaimed property that is past due
22 or fails to remit unclaimed property pursuant to an examination
23 by the State, may be charged based on the value of the property
24 the greater of 1% per month or an annualized rate that is 3
25 percentage points above the prime rate as published in the Wall

1 Street Journal on the first business day of the month in which
2 the property was remitted. If the property remains past due for
3 more than 12 months, the interest rate for each succeeding year
4 shall be calculated at the greater of an annual rate of 12% or
5 3 percentage points above the prime rate. The prime rate
6 applied shall be as published on the first business day of
7 January of that successive year.

8 (d) The State Treasurer may grant an extension of time to
9 any holder to report or remit when the holder submits a written
10 request for an extension before the date a report or remittance
11 is due.

12 (e) Whenever the State Treasurer charges a holder or
13 assesses a fee provided for in this Section, he shall serve
14 notice upon the holder by personal service or by delivering the
15 notice by certified mail, return receipt required, through the
16 United States Postal Service to the holder.

17 (f) A holder may contest a charge or other fee issued by
18 the State Treasurer by requesting in writing an administrative
19 hearing within 15 business days of the receipt of the State
20 Treasurer's notice of the charge or fee. The hearing shall be
21 held at a time and place designated by the State Treasurer.

22 (g) The State Treasurer's finding subjecting a holder to a
23 charge or other fee shall become a final order under the
24 Administrative Review Law upon the failure of the holder to
25 demand a hearing within 15 business days.

26 (h) If a hearing is held, the State Treasurer shall issue

1 an order affirming, modifying, or overruling the charge or
2 other fee. The order shall be a final order under the
3 Administrative Review Law.

4 (i) A holder shall not be charged for failing to remit past
5 due unclaimed property pursuant to the State's examination and
6 demand for remittance when the holder, in good faith, contests
7 all or part of the finding, until a final order reviewing the
8 remittance is entered by a hearing officer or the circuit
9 court. With regard to contested examinations, the charges,
10 fees, or interest shall not accrue during the period from the
11 holder's filing of the request for a hearing until the date of
12 the final order. However, a holder may be charged for failing
13 to remit any undisputed amounts of unclaimed property that are
14 not being contested in an administrative hearing or court
15 action.

16 (j) The administrative charges, fees, and interest charges
17 provided for in this Section shall not apply to property held
18 by a trust division or trust department or by a trust company,
19 or affiliate of any of the foregoing that provides nondealer
20 corporate custodial services for securities or securities
21 transactions, organized under the laws of this or another state
22 or the United States.

23 As of January 1, 1998, this subsection shall not be
24 applicable unless the Department of Financial Institutions has
25 commenced, but not finalized, an examination of the holder as
26 of that date and the property is included in a final

1 examination report for the period covered by the examination.

2 (k) In the conduct of a hearing initiated by a holder under
3 this Act, the State Treasurer has the power to administer
4 oaths, subpoena witnesses, and compel the production of books,
5 papers, documents, or records relevant to the hearing under
6 this Act.

7 (l) The provisions of this Section apply only to reports
8 due and examinations commenced after the effective date of this
9 amendatory Act of 1993.

10 (Source: P.A. 90-167, eff. 7-23-97; 91-16, eff. 7-1-99.)

11 (765 ILCS 1025/26) (from Ch. 141, par. 126)

12 Sec. 26. The State Treasurer, Director of Financial
13 Institutions, and the Commissioner of Banks and Real Estate are
14 hereby authorized to make necessary rules and regulations to
15 carry out the provisions of this Act.

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

17 (765 ILCS 1025/27) (from Ch. 141, par. 127)

18 Sec. 27. This Act shall not apply to any property, other
19 than property covered by Sections 6 and 8 of this Act, as to
20 which the presumption of abandonment prescribed by this Act
21 occurred prior to August 17, 1946, to any property that has
22 been presumed abandoned or escheated under the laws of another
23 state prior to August 17, 1961, or to any funds held by any
24 annuity, pension or benefit funds created pursuant to the laws

1 of this State and supported by public revenues.

2 (Source: Laws 1963, p. 1805.)

3 (765 ILCS 1025/28) (from Ch. 141, par. 128)

4 Sec. 28. If any provision of this Act or the application
5 thereof to any person or circumstances is held invalid, the
6 invalidity shall not affect other provisions or applications of
7 the Act which can be given effect without the invalid
8 provisions or application, and to this end the provisions of
9 this Act are severable.

10 (Source: Laws 1961, p. 3426.)

11 (765 ILCS 1025/29) (from Ch. 141, par. 129)

12 Sec. 29. This Act shall be so construed as to effectuate
13 its general purpose to make uniform the law of those states
14 which enact it.

15 (Source: Laws 1961, p. 3426.)

16 (765 ILCS 1025/29.5)

17 Sec. 29.5. The provisions of this Act do not apply to
18 property and proceedings under the Labor and Storage Lien
19 (Small Amount) Act.

20 (Source: P.A. 88-435.)

21 (765 ILCS 1025/30) (from Ch. 141, par. 130)

22 Sec. 30. This Act may be cited as the Uniform Disposition

1 of Unclaimed Property Act.

2 (Source: Laws 1961, p. 3426.)

3 (35 ILCS 750/Act rep.)

4 Section 3. The State Tax Lien Registration Act is repealed.

5 (765 ILCS 1026/Act rep.)

6 Section 4. The Revised Uniform Unclaimed Property Act is
7 repealed.

8 Section 5. The Illinois Administrative Procedure Act is
9 amended by changing Section 1-5 as follows:

10 (5 ILCS 100/1-5) (from Ch. 127, par. 1001-5)

11 Sec. 1-5. Applicability.

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

1 creating or conferring power on an agency establishes
2 administrative procedures not covered by this Act, those
3 procedures shall remain in effect.

4 (b) The provisions of this Act do not apply to (i)
5 preliminary hearings, investigations, or practices where no
6 final determinations affecting State funding are made by the
7 State Board of Education, (ii) legal opinions issued under
8 Section 2-3.7 of the School Code, (iii) as to State colleges
9 and universities, their disciplinary and grievance
10 proceedings, academic irregularity and capricious grading
11 proceedings, and admission standards and procedures, and (iv)
12 the class specifications for positions and individual position
13 descriptions prepared and maintained under the Personnel Code.
14 Those class specifications shall, however, be made reasonably
15 available to the public for inspection and copying. The
16 provisions of this Act do not apply to hearings under Section
17 20 of the Uniform Disposition of Unclaimed Property Act.

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

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

1 Compensation, and Liability Act of 1980; Sections 307(b),
2 307(c), 307(d), 402(b)(8), and 402(b)(9) of the Federal
3 Water Pollution Control Act; Sections 1412(b), 1414(c),
4 1417(a), 1421, and 1445(a) of the Safe Drinking Water Act;
5 and Section 109 of the Clean Air Act.

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

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

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

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

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

1 (d) Pay rates established under Section 8a of the Personnel
2 Code shall be amended or repealed pursuant to the process set
3 forth in Section 5-50 within 30 days after it becomes necessary
4 to do so due to a conflict between the rates and the terms of a
5 collective bargaining agreement covering the compensation of
6 an employee subject to that Code.

7 (e) Section 10-45 of this Act shall not apply to any
8 hearing, proceeding, or investigation conducted under Section
9 13-515 of the Public Utilities Act.

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

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

22 (Source: P.A. 99-937, eff. 2-24-17; 100-22, eff. 1-1-18.)

23 Section 10. The Freedom of Information Act is amended by
24 changing Section 7.5 as follows:

1 (5 ILCS 140/7.5)

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

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

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

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

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

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

25 (f) Firm performance evaluations under Section 55 of
26 the Architectural, Engineering, and Land Surveying

1 Qualifications Based Selection Act.

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

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

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

15 (j) Information and data concerning the distribution
16 of surcharge moneys collected and remitted by carriers
17 under the Emergency Telephone System Act.

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

22 (l) Records and information provided to a residential
23 health care facility resident sexual assault and death
24 review team or the Executive Council under the Abuse
25 Prevention Review Team Act.

26 (m) Information provided to the predatory lending

1 database created pursuant to Article 3 of the Residential
2 Real Property Disclosure Act, except to the extent
3 authorized under that Article.

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

11 (o) Information that is prohibited from being
12 disclosed under Section 4 of the Illinois Health and
13 Hazardous Substances Registry Act.

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

21 (q) Information prohibited from being disclosed by the
22 Personnel Record ~~Records~~ Review Act.

23 (r) Information prohibited from being disclosed by the
24 Illinois School Student Records Act.

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

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

15 (u) Records and information provided to an independent
16 team of experts under the Developmental Disability and
17 Mental Health Safety Act (also known as Brian's Law).

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

1 Firearm Concealed Carry Act.

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

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

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

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

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

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

24 (cc) Recordings made under the Law Enforcement
25 Officer-Worn Body Camera Act, except to the extent
26 authorized under that Act.

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

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

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

9 (gg) Information that is prohibited from being
10 disclosed under Section 7-603.5 of the Illinois Vehicle
11 Code.

12 (hh) Records that are exempt from disclosure under
13 Section 1A-16.7 of the Election Code.

14 (ii) Information which is exempted from disclosure
15 under Section 2505-800 of the Department of Revenue Law of
16 the Civil Administrative Code of Illinois.

17 (jj) Information and reports that are required to be
18 submitted to the Department of Labor by registering day and
19 temporary labor service agencies but are exempt from
20 disclosure under subsection (a-1) of Section 45 of the Day
21 and Temporary Labor Services Act.

22 (kk) Information prohibited from disclosure under the
23 Seizure and Forfeiture Reporting Act.

24 (ll) Information the disclosure of which is restricted
25 and exempted under Section 5-30.8 of the Illinois Public
26 Aid Code.

1 (mm) ~~(ll)~~ Records that are exempt from disclosure under
2 Section 4.2 of the Crime Victims Compensation Act.

3 (nn) ~~(ll)~~ Information that is exempt from disclosure
4 under Section 70 of the Higher Education Student Assistance
5 Act.

6 (Source: P.A. 99-78, eff. 7-20-15; 99-298, eff. 8-6-15; 99-352,
7 eff. 1-1-16; 99-642, eff. 7-28-16; 99-776, eff. 8-12-16;
8 99-863, eff. 8-19-16; 100-20, eff. 7-1-17; 100-22, eff. 1-1-18;
9 100-201, eff. 8-18-17; 100-373, eff. 1-1-18; 100-464, eff.
10 8-28-17; 100-465, eff. 8-31-17; 100-512, eff. 7-1-18; 100-517,
11 eff. 6-1-18; 100-646, eff. 7-27-18; 100-690, eff. 1-1-19;
12 100-863, eff. 8-14-18; 100-887, eff. 8-14-18; revised
13 10-12-18.)

14 Section 15. The State Comptroller Act is amended by
15 changing Section 9 as follows:

16 (15 ILCS 405/9) (from Ch. 15, par. 209)

17 Sec. 9. Warrants; vouchers; preaudit.

18 (a) No payment may be made from public funds held by the
19 State Treasurer in or outside of the State treasury, except by
20 warrant drawn by the Comptroller and presented by him to the
21 treasurer to be countersigned except for payments made pursuant
22 to Section 9.03 or 9.05 of this Act.

23 (b) No warrant for the payment of money by the State
24 Treasurer may be drawn by the Comptroller without the

1 presentation of itemized vouchers indicating that the
2 obligation or expenditure is pursuant to law and authorized,
3 and authorizing the Comptroller to order payment.

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

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

23 (d) The Comptroller shall examine each voucher and all
24 other documentation required to accompany the voucher, and
25 shall ascertain whether the voucher and documentation meet all
26 requirements established by or pursuant to law. If the

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

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

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

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

20 (Source: P.A. 100-22, eff. 1-1-18.)

21 Section 20. The State Treasurer Act is amended by changing
22 Sections 0.02, 0.03, 0.04, 0.05, and 0.06 as follows:

23 (15 ILCS 505/0.02)

24 Sec. 0.02. Transfer of powers. The rights, powers, duties,

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

19 (Source: P.A. 100-22, eff. 1-1-18.)

20 (15 ILCS 505/0.03)

21 Sec. 0.03. Transfer of personnel.

22 (a) Except as provided in subsection (b), personnel
23 employed by the Department of Financial Institutions on June
24 30, 1999 to perform duties pertaining to the administration of
25 the Uniform Disposition of Unclaimed Property Act ~~(superseded~~

1 ~~by the Revised Uniform Unclaimed Property Act)~~ are transferred
2 to the State Treasurer on July 1, 1999.

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

13 (c) The rights of State employees, the State, and its
14 agencies under the Personnel Code and applicable collective
15 bargaining agreements and retirement plans are not affected by
16 this amendatory Act of 1999, except that all positions
17 transferred to the State Treasurer shall be subject to the
18 State Treasurer Employment Code effective July 1, 2000.

19 All transferred employees who are members of collective
20 bargaining units shall retain their seniority, continuous
21 service, salary, and accrued benefits. During the pendency of
22 the existing collective bargaining agreement, the rights
23 provided for under that agreement and memoranda and supplements
24 to that agreement, including but not limited to, the rights of
25 employees performing duties pertaining to the administration
26 of the Uniform Disposition of Unclaimed Property Act

1 ~~(superseded by the Revised Uniform Unclaimed Property Act)~~ to
2 positions in other State agencies and the right of employees in
3 other State agencies covered by the agreement to positions
4 performing duties pertaining to the administration of the
5 Uniform Disposition of Unclaimed Property Act ~~(superseded by~~
6 ~~the Revised Uniform Unclaimed Property Act)~~, shall not be
7 abridged.

8 The State Treasurer shall continue to honor during their
9 pendency all bargaining agreements in effect at the time of the
10 transfer and to recognize all collective bargaining
11 representatives for the employees who perform or will perform
12 functions transferred by this amendatory Act of 1999. For all
13 purposes with respect to the management of the existing
14 agreement and the negotiation and management of any successor
15 agreements, the State Treasurer shall be deemed to be the
16 employer of employees who perform or will perform functions
17 transferred to the Office of the State Treasurer by this
18 amendatory Act of 1999; provided that the Illinois Department
19 of Central Management Services shall be a party to any
20 grievance or arbitration proceeding held pursuant to the
21 provisions of the collective bargaining agreement which
22 involves the movement of employees from the Office of the State
23 Treasurer to an agency under the jurisdiction of the Governor
24 covered by the agreement.

25 (Source: P.A. 100-22, eff. 1-1-18.)

1 (15 ILCS 505/0.04)

2 Sec. 0.04. Transfer of property.

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

11 (b) In the case of books, records, or documents that
12 pertain both to the administration of the Uniform Disposition
13 of Unclaimed Property Act ~~(superseded by the Revised Uniform~~
14 ~~Unclaimed Property Act)~~ and to a function retained by the
15 Department of Financial Institutions, the State Treasurer, in
16 consultation with the Director of Financial Institutions,
17 shall determine whether the books, records, or documents shall
18 be transferred, copied, or left with the Department of
19 Financial Institutions; until this determination has been
20 made, the transfer shall not take effect.

21 In the case of property or an unexpended appropriation that
22 pertains both to the administration of the Uniform Disposition
23 of Unclaimed Property Act ~~(superseded by the Revised Uniform~~
24 ~~Unclaimed Property Act)~~ and to a function retained by the
25 Department of Financial Institutions, the State Treasurer, in
26 consultation with the Director of Financial Institutions,

1 shall determine whether the property or unexpended
2 appropriation shall be transferred, divided, or left with the
3 Department of Financial Institutions; until this determination
4 has been made (and, in the case of an unexpended appropriation,
5 notice of the determination has been filed with the State
6 Comptroller), the transfer shall not take effect.

7 (Source: P.A. 100-22, eff. 1-1-18.)

8 (15 ILCS 505/0.05)

9 Sec. 0.05. Rules and standards.

10 (a) The rules and standards of the Department of Financial
11 Institutions that are in effect on June 30, 1999 and pertain to
12 the administration of the Uniform Disposition of Unclaimed
13 Property Act ~~(superseded by the Revised Uniform Unclaimed~~
14 ~~Property Act)~~ shall become the rules and standards of the State
15 Treasurer on July 1, 1999 and shall continue in effect until
16 amended or repealed by the State Treasurer.

17 (b) Any rules pertaining to the administration of the
18 Uniform Disposition of Unclaimed Property Act ~~(superseded by~~
19 ~~the Revised Uniform Unclaimed Property Act)~~ that have been
20 proposed by the Department of Financial Institutions but have
21 not taken effect or been finally adopted by June 30, 1999 shall
22 become proposed rules of the State Treasurer on July 1, 1999,
23 and any rulemaking procedures that have already been completed
24 by the Department of Financial Institutions need not be
25 repeated.

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

9 (d) As soon as practical after July 1, 1999, the Office of
10 Banks and Real Estate and the Office of the State Treasurer
11 shall jointly promulgate rules to reflect the transfer of
12 examination functions to the Office of Banks and Real Estate
13 under this amendatory Act of 1999 using the procedures
14 available under the Illinois Administrative Procedure Act.

15 (e) As soon as practical after July 1, 1999, the Department
16 of Financial Institutions and the Office of the State Treasurer
17 shall jointly promulgate rules to reflect the retention of
18 examination functions by the Department of Financial
19 Institutions under this amendatory Act of 1999 using the
20 procedures available under the Illinois Administrative
21 Procedure Act.

22 (Source: P.A. 100-22, eff. 1-1-18.)

23 (15 ILCS 505/0.06)

24 Sec. 0.06. Savings provisions.

25 (a) The rights, powers, duties, and functions transferred

1 to the State Treasurer or the Commissioner of Banks and Real
2 Estate by this amendatory Act of 1999 shall be vested in and
3 exercised by the State Treasurer or the Commissioner of Banks
4 and Real Estate subject to the provisions of this amendatory
5 Act of 1999. An act done by the State Treasurer or the
6 Commissioner of Banks and Real Estate or an officer, employee,
7 or agent of the State Treasurer or the Commissioner of Banks
8 and Real Estate in the exercise of the transferred rights,
9 powers, duties, or functions shall have the same legal effect
10 as if done by the Department of Financial Institutions or an
11 officer, employee, or agent of the Department of Financial
12 Institutions prior to the effective date of this amendatory Act
13 of 1999.

14 (b) The transfer of rights, powers, duties, and functions
15 to the State Treasurer or the Commissioner of Banks and Real
16 Estate under this amendatory Act of 1999 does not invalidate
17 any previous action taken by or in respect to the Department of
18 Financial Institutions or its officers, employees, or agents.
19 References to the Department of Financial Institutions or its
20 officers, employees or agents in any document, contract,
21 agreement, or law shall, in appropriate contexts, be deemed to
22 refer to the State Treasurer or the Commissioner of Banks and
23 Real Estate or the officers, employees, or agents of the State
24 Treasurer or the Commissioner of Banks and Real Estate.

25 (c) The transfer of rights, powers, duties, and functions
26 from the Department of Financial Institutions to the State

1 Treasurer or the Commissioner of Banks and Real Estate under
2 this amendatory Act of 1999 does not affect the rights,
3 obligations, or duties of any other person or entity, including
4 any civil or criminal penalties applicable thereto, arising out
5 of those transferred rights, powers, duties, and functions.

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

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

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

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

10 (Source: P.A. 100-22, eff. 1-1-18.)

11 Section 25. The Financial Institutions Code is amended by
12 changing Sections 7 and 18.1 as follows:

13 (20 ILCS 1205/7) (from Ch. 17, par. 108)

14 Sec. 7. The provisions of "The Illinois Administrative
15 Procedure Act", as now or hereafter amended, are hereby
16 expressly adopted and incorporated herein as though a part of
17 this Act, and shall apply to all administrative rules and
18 procedures of the Director and the Department of Financial
19 Institutions under this Act, except that the provisions of the
20 Administrative Procedure Act regarding contested cases shall
21 not apply to actions of the Director under Section 15.1 of "An
22 Act in relation to the definition, licensing and regulation of
23 community currency exchanges and ambulatory currency
24 exchanges, and the operators and employees thereof, and to make

1 an appropriation therefor, and to provide penalties and
2 remedies for the violation thereof", approved June 30, 1943, as
3 amended, or Sections 8 and 61 of "The Illinois Credit Union
4 Act, or to hearings under Section 20 of the Uniform Disposition
5 of Unclaimed Property Act".

6 (Source: P.A. 100-22, eff. 1-1-18.)

7 (20 ILCS 1205/18.1)

8 Sec. 18.1. Transfer of administration of Uniform
9 Disposition of Unclaimed Property Act to State Treasurer. The
10 rights, powers, duties, and functions vested in the Department
11 of Financial Institutions to administer the Uniform
12 Disposition of Unclaimed Property Act ~~(superseded by the~~
13 ~~Revised Uniform Unclaimed Property Act)~~ are transferred to the
14 State Treasurer on July 1, 1999 in accordance with Sections
15 0.02 through 0.06 of the State Treasurer Act; provided,
16 however, that the rights, powers, duties, and functions
17 involving the examination of the records of any person that the
18 State Treasurer has reason to believe has failed to report
19 properly under this Act shall be transferred to the Office of
20 Banks and Real Estate if the person is regulated by the Office
21 of Banks and Real Estate under the Illinois Banking Act, the
22 Corporate Fiduciary Act, the Foreign Banking Office Act, the
23 Illinois Savings and Loan Act of 1985, or the Savings Bank Act
24 and shall be retained by the Department of Financial
25 Institutions if the person is doing business in the State under

1 the supervision of the Department of Financial Institutions,
2 the National Credit Union Administration, the Office of Thrift
3 Supervision, or the Comptroller of the Currency.

4 (Source: P.A. 100-22, eff. 1-1-18.)

5 Section 30. The State Finance Act is amended by changing
6 Sections 6b-1 and 8.12 as follows:

7 (30 ILCS 105/6b-1) (from Ch. 127, par. 142b1)

8 Sec. 6b-1. There shall be paid into the State Pensions Fund
9 the funds and proceeds from the sale of abandoned property as
10 provided in Section 18 of the Uniform Disposition of Unclaimed
11 Property Act, enacted by the Seventy-second General Assembly
12 ~~the Revised Uniform Unclaimed Property Act.~~

13 (Source: P.A. 100-22, eff. 1-1-18.)

14 (30 ILCS 105/8.12) (from Ch. 127, par. 144.12)

15 Sec. 8.12. State Pensions Fund.

16 (a) The moneys in the State Pensions Fund shall be used
17 exclusively for the administration of the ~~Revised~~ Uniform
18 Disposition of Unclaimed Property Act and for the expenses
19 incurred by the Auditor General for administering the
20 provisions of Section 2-8.1 of the Illinois State Auditing Act
21 ~~and for operational expenses of the Office of the State~~
22 ~~Treasurer~~ and for the funding of the unfunded liabilities of
23 the designated retirement systems. Beginning in State fiscal

1 year 2020, payments to the designated retirement systems under
2 this Section shall be in addition to, and not in lieu of, any
3 State contributions required under the Illinois Pension Code.

4 "Designated retirement systems" means:

5 (1) the State Employees' Retirement System of
6 Illinois;

7 (2) the Teachers' Retirement System of the State of
8 Illinois;

9 (3) the State Universities Retirement System;

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

11 (5) the General Assembly Retirement System.

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

15 Each month, the Commissioner of the Office of Banks and
16 Real Estate shall certify to the State Treasurer the actual
17 expenditures that the Office of Banks and Real Estate incurred
18 conducting unclaimed property examinations under the Uniform
19 Disposition of Unclaimed Property Act during the immediately
20 preceding month. Within a reasonable time following the
21 acceptance of such certification by the State Treasurer, the
22 State Treasurer shall pay from its appropriation from the State
23 Pensions Fund to the Bank and Trust Company Fund, the Savings
24 Bank Regulatory Fund, and the Residential Finance Regulatory
25 Fund an amount equal to the expenditures incurred by each Fund
26 for that month.

1 Each month, the Director of Financial Institutions shall
2 certify to the State Treasurer the actual expenditures that the
3 Department of Financial Institutions incurred conducting
4 unclaimed property examinations under the Uniform Disposition
5 of Unclaimed Property Act during the immediately preceding
6 month. Within a reasonable time following the acceptance of
7 such certification by the State Treasurer, the State Treasurer
8 shall pay from its appropriation from the State Pensions Fund
9 to the Financial Institution Fund and the Credit Union Fund an
10 amount equal to the expenditures incurred by each Fund for that
11 month.

12 (c) As soon as possible after July 30, 2004 (the effective
13 date of Public Act 93-839), the General Assembly shall
14 appropriate from the State Pensions Fund (1) to the State
15 Universities Retirement System the amount certified under
16 Section 15-165 during the prior year, (2) to the Judges
17 Retirement System of Illinois the amount certified under
18 Section 18-140 during the prior year, and (3) to the General
19 Assembly Retirement System the amount certified under Section
20 2-134 during the prior year as part of the required State
21 contributions to each of those designated retirement systems;
22 except that amounts appropriated under this subsection (c) in
23 State fiscal year 2005 shall not reduce the amount in the State
24 Pensions Fund below \$5,000,000. If the amount in the State
25 Pensions Fund does not exceed the sum of the amounts certified
26 in Sections 15-165, 18-140, and 2-134 by at least \$5,000,000,

1 the amount paid to each designated retirement system under this
2 subsection shall be reduced in proportion to the amount
3 certified by each of those designated retirement systems.

4 (c-5) For fiscal years 2006 through 2019, the General
5 Assembly shall appropriate from the State Pensions Fund to the
6 State Universities Retirement System the amount estimated to be
7 available during the fiscal year in the State Pensions Fund;
8 provided, however, that the amounts appropriated under this
9 subsection (c-5) shall not reduce the amount in the State
10 Pensions Fund below \$5,000,000.

11 (c-6) For fiscal year 2020 and each fiscal year thereafter,
12 as soon as may be practical after any money is deposited into
13 the State Pensions Fund from the Unclaimed Property Trust Fund,
14 the State Treasurer shall apportion the deposited amount among
15 the designated retirement systems as defined in subsection (a)
16 to reduce their actuarial reserve deficiencies. The State
17 Comptroller and State Treasurer shall pay the apportioned
18 amounts to the designated retirement systems to fund the
19 unfunded liabilities of the designated retirement systems. The
20 amount apportioned to each designated retirement system shall
21 constitute a portion of the amount estimated to be available
22 for appropriation from the State Pensions Fund that is the same
23 as that retirement system's portion of the total actual reserve
24 deficiency of the systems, as determined annually by the
25 Governor's Office of Management and Budget at the request of
26 the State Treasurer. The amounts apportioned under this

1 subsection shall not reduce the amount in the State Pensions
2 Fund below \$5,000,000.

3 (d) The Governor's Office of Management and Budget shall
4 determine the individual and total reserve deficiencies of the
5 designated retirement systems. For this purpose, the
6 Governor's Office of Management and Budget shall utilize the
7 latest available audit and actuarial reports of each of the
8 retirement systems and the relevant reports and statistics of
9 the Public Employee Pension Fund Division of the Department of
10 Insurance.

11 (d-1) As soon as practicable after March 5, 2004 (the
12 effective date of Public Act 93-665), the Comptroller shall
13 direct and the Treasurer shall transfer from the State Pensions
14 Fund to the General Revenue Fund, as funds become available, a
15 sum equal to the amounts that would have been paid from the
16 State Pensions Fund to the Teachers' Retirement System of the
17 State of Illinois, the State Universities Retirement System,
18 the Judges Retirement System of Illinois, the General Assembly
19 Retirement System, and the State Employees' Retirement System
20 of Illinois after March 5, 2004 (the effective date of Public
21 Act 93-665) during the remainder of fiscal year 2004 to the
22 designated retirement systems from the appropriations provided
23 for in this Section if the transfers provided in Section 6z-61
24 had not occurred. The transfers described in this subsection
25 (d-1) are to partially repay the General Revenue Fund for the
26 costs associated with the bonds used to fund the moneys

1 transferred to the designated retirement systems under Section
2 6z-61.

3 (e) The changes to this Section made by Public Act 88-593
4 shall first apply to distributions from the Fund for State
5 fiscal year 1996.

6 (Source: P.A. 99-8, eff. 7-9-15; 99-78, eff. 7-20-15; 99-523,
7 eff. 6-30-16; 100-22, eff. 1-1-18; 100-23, eff. 7-6-17;
8 100-587, eff. 6-4-18; 100-863, eff. 8-14-18.)

9 Section 35. The State Officers and Employees Money
10 Disposition Act is amended by changing Section 2 as follows:

11 (30 ILCS 230/2) (from Ch. 127, par. 171)

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

14 (a) Every officer, board, commission, commissioner,
15 department, institution, arm or agency brought within the
16 provisions of this Act by Section 1 shall keep in proper books
17 a detailed itemized account of all moneys received for or on
18 behalf of the State of Illinois, showing the date of receipt,
19 the payor, and purpose and amount, and the date and manner of
20 disbursement as hereinafter provided, and, unless a different
21 time of payment is expressly provided by law or by rules or
22 regulations promulgated under subsection (b) of this Section,
23 shall pay into the State treasury the gross amount of money so
24 received on the day of actual physical receipt with respect to

1 any single item of receipt exceeding \$10,000, within 24 hours
2 of actual physical receipt with respect to an accumulation of
3 receipts of \$10,000 or more, or within 48 hours of actual
4 physical receipt with respect to an accumulation of receipts
5 exceeding \$500 but less than \$10,000, disregarding holidays,
6 Saturdays and Sundays, after the receipt of same, without any
7 deduction on account of salaries, fees, costs, charges,
8 expenses or claims of any description whatever; provided that:

9 (1) the provisions of (i) Section 2505-475 of the
10 Department of Revenue Law (20 ILCS 2505/2505-475), (ii) any
11 specific taxing statute authorizing a claim for credit
12 procedure instead of the actual making of refunds, (iii)
13 Section 505 of the Illinois Controlled Substances Act, (iv)
14 Section 85 of the Methamphetamine Control and Community
15 Protection Act, authorizing the Director of State Police to
16 dispose of forfeited property, which includes the sale and
17 disposition of the proceeds of the sale of forfeited
18 property, and the Department of Central Management
19 Services to be reimbursed for costs incurred with the sales
20 of forfeited vehicles, boats or aircraft and to pay to bona
21 fide or innocent purchasers, conditional sales vendors or
22 mortgagees of such vehicles, boats or aircraft their
23 interest in such vehicles, boats or aircraft, and (v)
24 Section 6b-2 of the State Finance Act, establishing
25 procedures for handling cash receipts from the sale of
26 pari-mutuel wagering tickets, shall not be deemed to be in

1 conflict with the requirements of this Section;

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

6 (3) any fees received by the Department of Public
7 Health under the Food Handling Regulation Enforcement Act
8 that are submitted for renewal of an expired food service
9 sanitation manager certificate may be returned by the
10 Director as provided in that Act;

11 (3.5) the State Treasurer may permit the deduction of
12 fees by third-party unclaimed property examiners from the
13 property recovered by the examiners for the State of
14 Illinois during examinations of holders located outside
15 the State under which the Office of the Treasurer has
16 agreed to pay for the examinations based upon a percentage,
17 set by rule by the State Treasurer in accordance with the
18 Illinois Administrative Procedure Revised ~~Uniform~~
19 ~~Unclaimed Property~~ Act, of the property recovered during
20 the examination; and

21 (4) if the amount of money received does not exceed
22 \$500, such money may be retained and need not be paid into
23 the State treasury until the total amount of money so
24 received exceeds \$500, or until the next succeeding 1st or
25 15th day of each month (or until the next business day if
26 these days fall on Sunday or a holiday), whichever is

1 earlier, at which earlier time such money shall be paid
2 into the State treasury, except that if a local bank or
3 savings and loan association account has been authorized by
4 law, any balances shall be paid into the State treasury on
5 Monday of each week if more than \$500 is to be deposited in
6 any fund.

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

12 No money belonging to or left for the use of the State
13 shall be expended or applied except in consequence of an
14 appropriation made by law and upon the warrant of the State
15 Comptroller. However, payments made by the Comptroller to
16 persons by direct deposit need not be made upon the warrant of
17 the Comptroller, but if not made upon a warrant, shall be made
18 in accordance with Section 9.02 of the State Comptroller Act.
19 All moneys so paid into the State treasury shall, unless
20 required by some statute to be held in the State treasury in a
21 separate or special fund, be covered into the General Revenue
22 Fund in the State treasury. Moneys received in the form of
23 checks, drafts or similar instruments shall be properly
24 endorsed, if necessary, and delivered to the State Treasurer
25 for collection. The State Treasurer shall remit such collected
26 funds to the depositing officer, board, commission,

1 commissioner, department, institution, arm or agency by
2 Treasurers Draft or through electronic funds transfer. The
3 draft or notification of the electronic funds transfer shall be
4 provided to the State Comptroller to allow deposit into the
5 appropriate fund.

6 (b) Different time periods for the payment of public funds
7 into the State treasury or to the State Treasurer, in excess of
8 the periods established in subsection (a) of this Section, but
9 not in excess of 30 days after receipt of such funds, may be
10 established and revised from time to time by rules or
11 regulations promulgated jointly by the State Treasurer and the
12 State Comptroller in accordance with the Illinois
13 Administrative Procedure Act. The different time periods
14 established by rule or regulation under this subsection may
15 vary according to the nature and amounts of the funds received,
16 the locations at which the funds are received, whether
17 compliance with the deposit requirements specified in
18 subsection (a) of this Section would be cost effective, and
19 such other circumstances and conditions as the promulgating
20 authorities consider to be appropriate. The Treasurer and the
21 Comptroller shall review all such different time periods
22 established pursuant to this subsection every 2 years from the
23 establishment thereof and upon such review, unless it is
24 determined that it is economically unfeasible for the agency to
25 comply with the provisions of subsection (a), shall repeal such
26 different time period.

1 (Source: P.A. 100-22, eff. 1-1-18.)

2 (35 ILCS 5/225 rep.)

3 Section 40. The Illinois Income Tax Act is amended by
4 repealing Section 225.

5 Section 45. The Counties Code is amended by changing
6 Section 3-3034 as follows:

7 (55 ILCS 5/3-3034) (from Ch. 34, par. 3-3034)

8 Sec. 3-3034. Disposition of body. After the inquest the
9 coroner may deliver the body or human remains of the deceased
10 to the family of the deceased or, if there are no family
11 members to accept the body or the remains, then to friends of
12 the deceased, if there be any, but if not, the coroner shall
13 cause the body or the remains to be decently buried, cremated,
14 or donated for medical science purposes, the expenses to be
15 paid from the property of the deceased, if there is sufficient,
16 if not, by the county. The coroner may not approve the
17 cremation or donation of the body if it is necessary to
18 preserve the body for law enforcement purposes. If the State
19 Treasurer, pursuant to the ~~Revised~~ Uniform Disposition of
20 Unclaimed Property Act, delivers human remains to the coroner,
21 the coroner shall cause the human remains to be disposed of as
22 provided in this Section. If the police department of any
23 municipality or county investigates abandoned cremated

1 remains, determines that they are human remains, and cannot
2 locate the owner of the remains, then the police shall deliver
3 the remains to the coroner, and the coroner shall cause the
4 remains to be disposed of as provided in this Section.

5 (Source: P.A. 100-22, eff. 1-1-18.)

6 Section 50. The Illinois Banking Act is amended by changing
7 Sections 48, 48.1, 48.3, and 65 as follows:

8 (205 ILCS 5/48)

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

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

21 (2) (a) The Commissioner, as often as the Commissioner
22 shall deem necessary or proper, and no less frequently than
23 18 months following the preceding examination, shall
24 appoint a suitable person or persons to make an examination

1 of the affairs of every State bank, except that for every
2 eligible State bank, as defined by regulation, the
3 Commissioner in lieu of the examination may accept on an
4 alternating basis the examination made by the eligible
5 State bank's appropriate federal banking agency pursuant
6 to Section 111 of the Federal Deposit Insurance Corporation
7 Improvement Act of 1991, provided the appropriate federal
8 banking agency has made such an examination. A person so
9 appointed shall not be a stockholder or officer or employee
10 of any bank which that person may be directed to examine,
11 and shall have powers to make a thorough examination into
12 all the affairs of the bank and in so doing to examine any
13 of the officers or agents or employees thereof on oath and
14 shall make a full and detailed report of the condition of
15 the bank to the Commissioner. In making the examination the
16 examiners shall include an examination of the affairs of
17 all the affiliates of the bank, as defined in subsection
18 (b) of Section 35.2 of this Act, or subsidiaries of the
19 bank as shall be necessary to disclose fully the conditions
20 of the subsidiaries or affiliates, the relations between
21 the bank and the subsidiaries or affiliates and the effect
22 of those relations upon the affairs of the bank, and in
23 connection therewith shall have power to examine any of the
24 officers, directors, agents, or employees of the
25 subsidiaries or affiliates on oath. After May 31, 1997, the
26 Commissioner may enter into cooperative agreements with

1 state regulatory authorities of other states to provide for
2 examination of State bank branches in those states, and the
3 Commissioner may accept reports of examinations of State
4 bank branches from those state regulatory authorities.
5 These cooperative agreements may set forth the manner in
6 which the other state regulatory authorities may be
7 compensated for examinations prepared for and submitted to
8 the Commissioner.

9 (b) After May 31, 1997, the Commissioner is authorized
10 to examine, as often as the Commissioner shall deem
11 necessary or proper, branches of out-of-state banks. The
12 Commissioner may establish and may assess fees to be paid
13 to the Commissioner for examinations under this subsection
14 (b). The fees shall be borne by the out-of-state bank,
15 unless the fees are borne by the state regulatory authority
16 that chartered the out-of-state bank, as determined by a
17 cooperative agreement between the Commissioner and the
18 state regulatory authority that chartered the out-of-state
19 bank.

20 (2.1) Pursuant to paragraph (a) of subsection (6) of
21 this Section, the Secretary shall adopt rules that ensure
22 consistency and due process in the examination process. The
23 Secretary may also establish guidelines that (i) define the
24 scope of the examination process and (ii) clarify
25 examination items to be resolved. The rules, formal
26 guidance, interpretive letters, or opinions furnished to

1 State banks by the Secretary may be relied upon by the
2 State banks.

3 (2.5) Whenever any State bank, any subsidiary or
4 affiliate of a State bank, or after May 31, 1997, any
5 branch of an out-of-state bank causes to be performed, by
6 contract or otherwise, any bank services for itself,
7 whether on or off its premises:

8 (a) that performance shall be subject to
9 examination by the Commissioner to the same extent as
10 if services were being performed by the bank or, after
11 May 31, 1997, branch of the out-of-state bank itself on
12 its own premises; and

13 (b) the bank or, after May 31, 1997, branch of the
14 out-of-state bank shall notify the Commissioner of the
15 existence of a service relationship. The notification
16 shall be submitted with the first statement of
17 condition (as required by Section 47 of this Act) due
18 after the making of the service contract or the
19 performance of the service, whichever occurs first.
20 The Commissioner shall be notified of each subsequent
21 contract in the same manner.

22 For purposes of this subsection (2.5), the term "bank
23 services" means services such as sorting and posting of
24 checks and deposits, computation and posting of interest
25 and other credits and charges, preparation and mailing of
26 checks, statements, notices, and similar items, or any

1 other clerical, bookkeeping, accounting, statistical, or
2 similar functions performed for a State bank, including but
3 not limited to electronic data processing related to those
4 bank services.

5 (3) The expense of administering this Act, including
6 the expense of the examinations of State banks as provided
7 in this Act, shall to the extent of the amounts resulting
8 from the fees provided for in paragraphs (a), (a-2), and
9 (b) of this subsection (3) be assessed against and borne by
10 the State banks:

11 (a) Each bank shall pay to the Secretary a Call
12 Report Fee which shall be paid in quarterly
13 installments equal to one-fourth of the sum of the
14 annual fixed fee of \$800, plus a variable fee based on
15 the assets shown on the quarterly statement of
16 condition delivered to the Secretary in accordance
17 with Section 47 for the preceding quarter according to
18 the following schedule: 16¢ per \$1,000 of the first
19 \$5,000,000 of total assets, 15¢ per \$1,000 of the next
20 \$20,000,000 of total assets, 13¢ per \$1,000 of the next
21 \$75,000,000 of total assets, 9¢ per \$1,000 of the next
22 \$400,000,000 of total assets, 7¢ per \$1,000 of the next
23 \$500,000,000 of total assets, and 5¢ per \$1,000 of all
24 assets in excess of \$1,000,000,000, of the State bank.
25 The Call Report Fee shall be calculated by the
26 Secretary and billed to the banks for remittance at the

1 time of the quarterly statements of condition provided
2 for in Section 47. The Secretary may require payment of
3 the fees provided in this Section by an electronic
4 transfer of funds or an automatic debit of an account
5 of each of the State banks. In case more than one
6 examination of any bank is deemed by the Secretary to
7 be necessary in any examination frequency cycle
8 specified in subsection 2(a) of this Section, and is
9 performed at his direction, the Secretary may assess a
10 reasonable additional fee to recover the cost of the
11 additional examination; provided, however, that an
12 examination conducted at the request of the State
13 Treasurer pursuant to the Uniform Disposition of
14 Unclaimed Property Act shall not be deemed to be an
15 additional examination under this Section. In lieu of
16 the method and amounts set forth in this paragraph (a)
17 for the calculation of the Call Report Fee, the
18 Secretary may specify by rule that the Call Report Fees
19 provided by this Section may be assessed semiannually
20 or some other period and may provide in the rule the
21 formula to be used for calculating and assessing the
22 periodic Call Report Fees to be paid by State banks.

23 (a-1) If in the opinion of the Commissioner an
24 emergency exists or appears likely, the Commissioner
25 may assign an examiner or examiners to monitor the
26 affairs of a State bank with whatever frequency he

1 deems appropriate, including but not limited to a daily
2 basis. The reasonable and necessary expenses of the
3 Commissioner during the period of the monitoring shall
4 be borne by the subject bank. The Commissioner shall
5 furnish the State bank a statement of time and expenses
6 if requested to do so within 30 days of the conclusion
7 of the monitoring period.

8 (a-2) On and after January 1, 1990, the reasonable
9 and necessary expenses of the Commissioner during
10 examination of the performance of electronic data
11 processing services under subsection (2.5) shall be
12 borne by the banks for which the services are provided.
13 An amount, based upon a fee structure prescribed by the
14 Commissioner, shall be paid by the banks or, after May
15 31, 1997, branches of out-of-state banks receiving the
16 electronic data processing services along with the
17 Call Report Fee assessed under paragraph (a) of this
18 subsection (3).

19 (a-3) After May 31, 1997, the reasonable and
20 necessary expenses of the Commissioner during
21 examination of the performance of electronic data
22 processing services under subsection (2.5) at or on
23 behalf of branches of out-of-state banks shall be borne
24 by the out-of-state banks, unless those expenses are
25 borne by the state regulatory authorities that
26 chartered the out-of-state banks, as determined by

1 cooperative agreements between the Commissioner and
2 the state regulatory authorities that chartered the
3 out-of-state banks.

4 (b) "Fiscal year" for purposes of this Section 48
5 is defined as a period beginning July 1 of any year and
6 ending June 30 of the next year. The Commissioner shall
7 receive for each fiscal year, commencing with the
8 fiscal year ending June 30, 1987, a contingent fee
9 equal to the lesser of the aggregate of the fees paid
10 by all State banks under paragraph (a) of subsection
11 (3) for that year, or the amount, if any, whereby the
12 aggregate of the administration expenses, as defined
13 in paragraph (c), for that fiscal year exceeds the sum
14 of the aggregate of the fees payable by all State banks
15 for that year under paragraph (a) of subsection (3),
16 plus any amounts transferred into the Bank and Trust
17 Company Fund from the State Pensions Fund for that
18 year, plus all other amounts collected by the
19 Commissioner for that year under any other provision of
20 this Act, plus the aggregate of all fees collected for
21 that year by the Commissioner under the Corporate
22 Fiduciary Act, excluding the receivership fees
23 provided for in Section 5-10 of the Corporate Fiduciary
24 Act, and the Foreign Banking Office Act. The aggregate
25 amount of the contingent fee thus arrived at for any
26 fiscal year shall be apportioned amongst, assessed

1 upon, and paid by the State banks and foreign banking
2 corporations, respectively, in the same proportion
3 that the fee of each under paragraph (a) of subsection
4 (3), respectively, for that year bears to the aggregate
5 for that year of the fees collected under paragraph (a)
6 of subsection (3). The aggregate amount of the
7 contingent fee, and the portion thereof to be assessed
8 upon each State bank and foreign banking corporation,
9 respectively, shall be determined by the Commissioner
10 and shall be paid by each, respectively, within 120
11 days of the close of the period for which the
12 contingent fee is computed and is payable, and the
13 Commissioner shall give 20 days ~~days~~ advance notice of
14 the amount of the contingent fee payable by the State
15 bank and of the date fixed by the Commissioner for
16 payment of the fee.

17 (c) The "administration expenses" for any fiscal
18 year shall mean the ordinary and contingent expenses
19 for that year incident to making the examinations
20 provided for by, and for otherwise administering, this
21 Act, the Corporate Fiduciary Act, excluding the
22 expenses paid from the Corporate Fiduciary
23 Receivership account in the Bank and Trust Company
24 Fund, the Foreign Banking Office Act, the Electronic
25 Fund Transfer Act, and the Illinois Bank Examiners'
26 Education Foundation Act, including all salaries and

1 other compensation paid for personal services rendered
2 for the State by officers or employees of the State,
3 including the Commissioner and the Deputy
4 Commissioners, communication equipment and services,
5 office furnishings, surety bond premiums, and travel
6 expenses of those officers and employees, employees,
7 expenditures or charges for the acquisition,
8 enlargement or improvement of, or for the use of, any
9 office space, building, or structure, or expenditures
10 for the maintenance thereof or for furnishing heat,
11 light, or power with respect thereto, all to the extent
12 that those expenditures are directly incidental to
13 such examinations or administration. The Commissioner
14 shall not be required by paragraphs (c) or (d-1) of
15 this subsection (3) to maintain in any fiscal year's
16 budget appropriated reserves for accrued vacation and
17 accrued sick leave that is required to be paid to
18 employees of the Commissioner upon termination of
19 their service with the Commissioner in an amount that
20 is more than is reasonably anticipated to be necessary
21 for any anticipated turnover in employees, whether due
22 to normal attrition or due to layoffs, terminations, or
23 resignations.

24 (d) The aggregate of all fees collected by the
25 Secretary under this Act, the Corporate Fiduciary Act,
26 or the Foreign Banking Office Act on and after July 1,

1 1979, shall be paid promptly after receipt of the same,
2 accompanied by a detailed statement thereof, into the
3 State treasury and shall be set apart in a special fund
4 to be known as the "Bank and Trust Company Fund",
5 except as provided in paragraph (c) of subsection (11)
6 of this Section. All earnings received from
7 investments of funds in the Bank and Trust Company Fund
8 shall be deposited in the Bank and Trust Company Fund
9 and may be used for the same purposes as fees deposited
10 in that Fund. The amount from time to time deposited
11 into the Bank and Trust Company Fund shall be used: (i)
12 to offset the ordinary administrative expenses of the
13 Secretary as defined in this Section or (ii) as a
14 credit against fees under paragraph (d-1) of this
15 subsection (3). Nothing in this amendatory Act of 1979
16 shall prevent continuing the practice of paying
17 expenses involving salaries, retirement, social
18 security, and State-paid insurance premiums of State
19 officers by appropriations from the General Revenue
20 Fund. However, the General Revenue Fund shall be
21 reimbursed for those payments made on and after July 1,
22 1979, by an annual transfer of funds from the Bank and
23 Trust Company Fund. Moneys in the Bank and Trust
24 Company Fund may be transferred to the Professions
25 Indirect Cost Fund, as authorized under Section
26 2105-300 of the Department of Professional Regulation

1 Law of the Civil Administrative Code of Illinois.

2 Notwithstanding provisions in the State Finance
3 Act, as now or hereafter amended, or any other law to
4 the contrary, the sum of \$18,788,847 shall be
5 transferred from the Bank and Trust Company Fund to the
6 Financial Institutions Settlement of 2008 Fund on the
7 effective date of this amendatory Act of the 95th
8 General Assembly, or as soon thereafter as practical.

9 Notwithstanding provisions in the State Finance
10 Act, as now or hereafter amended, or any other law to
11 the contrary, the Governor may, during any fiscal year
12 through January 10, 2011, from time to time direct the
13 State Treasurer and Comptroller to transfer a
14 specified sum not exceeding 10% of the revenues to be
15 deposited into the Bank and Trust Company Fund during
16 that fiscal year from that Fund to the General Revenue
17 Fund in order to help defray the State's operating
18 costs for the fiscal year. Notwithstanding provisions
19 in the State Finance Act, as now or hereafter amended,
20 or any other law to the contrary, the total sum
21 transferred during any fiscal year through January 10,
22 2011, from the Bank and Trust Company Fund to the
23 General Revenue Fund pursuant to this provision shall
24 not exceed during any fiscal year 10% of the revenues
25 to be deposited into the Bank and Trust Company Fund
26 during that fiscal year. The State Treasurer and

1 Comptroller shall transfer the amounts designated
2 under this Section as soon as may be practicable after
3 receiving the direction to transfer from the Governor.

4 (d-1) Adequate funds shall be available in the Bank
5 and Trust Company Fund to permit the timely payment of
6 administration expenses. In each fiscal year the total
7 administration expenses shall be deducted from the
8 total fees collected by the Commissioner and the
9 remainder transferred into the Cash Flow Reserve
10 Account, unless the balance of the Cash Flow Reserve
11 Account prior to the transfer equals or exceeds
12 one-fourth of the total initial appropriations from
13 the Bank and Trust Company Fund for the subsequent
14 year, in which case the remainder shall be credited to
15 State banks and foreign banking corporations and
16 applied against their fees for the subsequent year. The
17 amount credited to each State bank and foreign banking
18 corporation shall be in the same proportion as the Call
19 Report Fees paid by each for the year bear to the total
20 Call Report Fees collected for the year. If, after a
21 transfer to the Cash Flow Reserve Account is made or if
22 no remainder is available for transfer, the balance of
23 the Cash Flow Reserve Account is less than one-fourth
24 of the total initial appropriations for the subsequent
25 year and the amount transferred is less than 5% of the
26 total Call Report Fees for the year, additional amounts

1 needed to make the transfer equal to 5% of the total
2 Call Report Fees for the year shall be apportioned
3 amongst, assessed upon, and paid by the State banks and
4 foreign banking corporations in the same proportion
5 that the Call Report Fees of each, respectively, for
6 the year bear to the total Call Report Fees collected
7 for the year. The additional amounts assessed shall be
8 transferred into the Cash Flow Reserve Account. For
9 purposes of this paragraph (d-1), the calculation of
10 the fees collected by the Commissioner shall exclude
11 the receivership fees provided for in Section 5-10 of
12 the Corporate Fiduciary Act.

13 (e) The Commissioner may upon request certify to
14 any public record in his keeping and shall have
15 authority to levy a reasonable charge for issuing
16 certifications of any public record in his keeping.

17 (f) In addition to fees authorized elsewhere in
18 this Act, the Commissioner may, in connection with a
19 review, approval, or provision of a service, levy a
20 reasonable charge to recover the cost of the review,
21 approval, or service.

22 (4) Nothing contained in this Act shall be construed to
23 limit the obligation relative to examinations and reports
24 of any State bank, deposits in which are to any extent
25 insured by the United States or any agency thereof, nor to
26 limit in any way the powers of the Commissioner with

1 reference to examinations and reports of that bank.

2 (5) The nature and condition of the assets in or
3 investment of any bonus, pension, or profit sharing plan
4 for officers or employees of every State bank or, after May
5 31, 1997, branch of an out-of-state bank shall be deemed to
6 be included in the affairs of that State bank or branch of
7 an out-of-state bank subject to examination by the
8 Commissioner under the provisions of subsection (2) of this
9 Section, and if the Commissioner shall find from an
10 examination that the condition of or operation of the
11 investments or assets of the plan is unlawful, fraudulent,
12 or unsafe, or that any trustee has abused his trust, the
13 Commissioner shall, if the situation so found by the
14 Commissioner shall not be corrected to his satisfaction
15 within 60 days after the Commissioner has given notice to
16 the board of directors of the State bank or out-of-state
17 bank of his findings, report the facts to the Attorney
18 General who shall thereupon institute proceedings against
19 the State bank or out-of-state bank, the board of directors
20 thereof, or the trustees under such plan as the nature of
21 the case may require.

22 (6) The Commissioner shall have the power:

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

25 (a-5) To impose conditions on any approval issued
26 by the Commissioner if he determines that the

1 conditions are necessary or appropriate. These
2 conditions shall be imposed in writing and shall
3 continue in effect for the period prescribed by the
4 Commissioner.

5 (b) To issue orders against any person, if the
6 Commissioner has reasonable cause to believe that an
7 unsafe or unsound banking practice has occurred, is
8 occurring, or is about to occur, if any person has
9 violated, is violating, or is about to violate any law,
10 rule, or written agreement with the Commissioner, or
11 for the purpose of administering the provisions of this
12 Act and any rule promulgated in accordance with this
13 Act.

14 (b-1) To enter into agreements with a bank
15 establishing a program to correct the condition of the
16 bank or its practices.

17 (c) To appoint hearing officers to execute any of
18 the powers granted to the Commissioner under this
19 Section for the purpose of administering this Act and
20 any rule promulgated in accordance with this Act and
21 otherwise to authorize, in writing, an officer or
22 employee of the Office of Banks and Real Estate to
23 exercise his powers under this Act.

24 (d) To subpoena witnesses, to compel their
25 attendance, to administer an oath, to examine any
26 person under oath, and to require the production of any

1 relevant books, papers, accounts, and documents in the
2 course of and pursuant to any investigation being
3 conducted, or any action being taken, by the
4 Commissioner in respect of any matter relating to the
5 duties imposed upon, or the powers vested in, the
6 Commissioner under the provisions of this Act or any
7 rule promulgated in accordance with this Act.

8 (e) To conduct hearings.

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

1 the opinion of the Secretary, any former director, officer,
2 employee, or agent of a State bank or any subsidiary or
3 bank holding company of the bank, prior to the termination
4 of his or her service with that bank or any subsidiary or
5 bank holding company of the bank, violated any law, rule,
6 or order relating to that State bank or any subsidiary or
7 bank holding company of the bank, obstructed or impeded any
8 examination or investigation by the Secretary, engaged in
9 an unsafe or unsound practice in conducting the business of
10 that bank or any subsidiary or bank holding company of the
11 bank, or violated any law or engaged or participated in any
12 unsafe or unsound practice in connection with any financial
13 institution or other business entity such that the
14 character and fitness of the director, officer, employee,
15 or agent would not have assured reasonable promise of safe
16 and sound operation of the State bank, the Secretary may
17 issue an order prohibiting that person from further service
18 with a bank or any subsidiary or bank holding company of
19 the bank as a director, officer, employee, or agent. An
20 order issued pursuant to this subsection shall be served
21 upon the director, officer, employee, or agent. A copy of
22 the order shall be sent to each director of the bank
23 affected by registered mail. A copy of the order shall also
24 be served upon the bank of which he is a director, officer,
25 employee, or agent, whereupon he shall cease to be a
26 director, officer, employee, or agent of that bank. The

1 Secretary may institute a civil action against the
2 director, officer, or agent of the State bank or, after May
3 31, 1997, of the branch of the out-of-state bank against
4 whom any order provided for by this subsection (7) of this
5 Section 48 has been issued, and against the State bank or,
6 after May 31, 1997, out-of-state bank, to enforce
7 compliance with or to enjoin any violation of the terms of
8 the order. Any person who has been the subject of an order
9 of removal or an order of prohibition issued by the
10 Secretary under this subsection or Section 5-6 of the
11 Corporate Fiduciary Act may not thereafter serve as
12 director, officer, employee, or agent of any State bank or
13 of any branch of any out-of-state bank, or of any corporate
14 fiduciary, as defined in Section 1-5.05 of the Corporate
15 Fiduciary Act, or of any other entity that is subject to
16 licensure or regulation by the Division of Banking unless
17 the Secretary has granted prior approval in writing.

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

21 (8) The Commissioner may impose civil penalties of up
22 to \$100,000 against any person for each violation of any
23 provision of this Act, any rule promulgated in accordance
24 with this Act, any order of the Commissioner, or any other
25 action which in the Commissioner's discretion is an unsafe
26 or unsound banking practice.

1 (9) The Commissioner may impose civil penalties of up
2 to \$100 against any person for the first failure to comply
3 with reporting requirements set forth in the report of
4 examination of the bank and up to \$200 for the second and
5 subsequent failures to comply with those reporting
6 requirements.

7 (10) All final administrative decisions of the
8 Commissioner hereunder shall be subject to judicial review
9 pursuant to the provisions of the Administrative Review
10 Law. For matters involving administrative review, venue
11 shall be in either Sangamon County or Cook County.

12 (11) The endowment fund for the Illinois Bank
13 Examiners' Education Foundation shall be administered as
14 follows:

15 (a) (Blank).

16 (b) The Foundation is empowered to receive
17 voluntary contributions, gifts, grants, bequests, and
18 donations on behalf of the Illinois Bank Examiners'
19 Education Foundation from national banks and other
20 persons for the purpose of funding the endowment of the
21 Illinois Bank Examiners' Education Foundation.

22 (c) The aggregate of all special educational fees
23 collected by the Secretary and property received by the
24 Secretary on behalf of the Illinois Bank Examiners'
25 Education Foundation under this subsection (11) on or
26 after June 30, 1986, shall be either (i) promptly paid

1 after receipt of the same, accompanied by a detailed
2 statement thereof, into the State Treasury and shall be
3 set apart in a special fund to be known as "The
4 Illinois Bank Examiners' Education Fund" to be
5 invested by either the Treasurer of the State of
6 Illinois in the Public Treasurers' Investment Pool or
7 in any other investment he is authorized to make or by
8 the Illinois State Board of Investment as the State
9 Banking Board of Illinois may direct or (ii) deposited
10 into an account maintained in a commercial bank or
11 corporate fiduciary in the name of the Illinois Bank
12 Examiners' Education Foundation pursuant to the order
13 and direction of the Board of Trustees of the Illinois
14 Bank Examiners' Education Foundation.

15 (12) (Blank).

16 (13) The Secretary may borrow funds from the General
17 Revenue Fund on behalf of the Bank and Trust Company Fund
18 if the Director of Banking certifies to the Governor that
19 there is an economic emergency affecting banking that
20 requires a borrowing to provide additional funds to the
21 Bank and Trust Company Fund. The borrowed funds shall be
22 paid back within 3 years and shall not exceed the total
23 funding appropriated to the Agency in the previous year.

24 (14) In addition to the fees authorized in this Act,
25 the Secretary may assess reasonable receivership fees
26 against any State bank that does not maintain insurance

1 with the Federal Deposit Insurance Corporation. All fees
2 collected under this subsection (14) shall be paid into the
3 Non-insured Institutions Receivership account in the Bank
4 and Trust Company Fund, as established by the Secretary.
5 The fees assessed under this subsection (14) shall provide
6 for the expenses that arise from the administration of the
7 receivership of any such institution required to pay into
8 the Non-insured Institutions Receivership account, whether
9 pursuant to this Act, the Corporate Fiduciary Act, the
10 Foreign Banking Office Act, or any other Act that requires
11 payments into the Non-insured Institutions Receivership
12 account. The Secretary may establish by rule a reasonable
13 manner of assessing fees under this subsection (14).

14 (Source: P.A. 99-39, eff. 1-1-16; 100-22, eff. 1-1-18.)

15 (205 ILCS 5/48.1) (from Ch. 17, par. 360)

16 Sec. 48.1. Customer financial records; confidentiality.

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

19 (1) a document granting signature authority over a
20 deposit or account;

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

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

1 (4) any other item containing information pertaining
2 to any relationship established in the ordinary course of a
3 bank's business between a bank and its customer, including
4 financial statements or other financial information
5 provided by the customer.

6 (b) This Section does not prohibit:

7 (1) The preparation, examination, handling or
8 maintenance of any financial records by any officer,
9 employee or agent of a bank having custody of the records,
10 or the examination of the records by a certified public
11 accountant engaged by the bank to perform an independent
12 audit.

13 (2) The examination of any financial records by, or the
14 furnishing of financial records by a bank to, any officer,
15 employee or agent of (i) the Commissioner of Banks and Real
16 Estate, (ii) after May 31, 1997, a state regulatory
17 authority authorized to examine a branch of a State bank
18 located in another state, (iii) the Comptroller of the
19 Currency, (iv) the Federal Reserve Board, or (v) the
20 Federal Deposit Insurance Corporation for use solely in the
21 exercise of his duties as an officer, employee, or agent.

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

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

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

4 (6) The exchange in the regular course of business of
5 (i) credit information between a bank and other banks or
6 financial institutions or commercial enterprises, directly
7 or through a consumer reporting agency or (ii) financial
8 records or information derived from financial records
9 between a bank and other banks or financial institutions or
10 commercial enterprises for the purpose of conducting due
11 diligence pursuant to a purchase or sale involving the bank
12 or assets or liabilities of the bank.

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

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

18 (9) The furnishing of information under the Illinois
19 Income Tax Act and the Illinois Estate and
20 Generation-Skipping Transfer Tax Act.

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

24 (11) The furnishing of information under any other
25 statute that by its terms or by regulations promulgated
26 thereunder requires the disclosure of financial records

1 other than by subpoena, summons, warrant, or court order.

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

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

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

1 (15) The exchange in the regular course of business of
2 information between a bank and any commonly owned affiliate
3 of the bank, subject to the provisions of the Financial
4 Institutions Insurance Sales Law.

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

1 pursuant to this item (16) shall be entitled to the same
2 rights and protections as a person furnishing information
3 under the Adult Protective Services Act and the Illinois
4 Domestic Violence Act of 1986.

5 (17) The disclosure of financial records or
6 information as necessary to effect, administer, or enforce
7 a transaction requested or authorized by the customer, or
8 in connection with:

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

11 (B) maintaining or servicing a customer's account
12 with the bank; or

13 (C) a proposed or actual securitization or
14 secondary market sale (including sales of servicing
15 rights) related to a transaction of a customer.

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

19 (18) The disclosure of financial records or
20 information as necessary to protect against actual or
21 potential fraud, unauthorized transactions, claims, or
22 other liability.

23 (19) ~~(A)-(a)~~ The disclosure of financial records or
24 information related to a private label credit program
25 between a financial institution and a private label party
26 in connection with that private label credit program. Such

1 information is limited to outstanding balance, available
2 credit, payment and performance and account history,
3 product references, purchase information, and information
4 related to the identity of the customer.

5 (B) (1) For purposes of this paragraph (19) of
6 subsection (b) of Section 48.1, a "private label credit
7 program" means a credit program involving a financial
8 institution and a private label party that is used by a
9 customer of the financial institution and the private label
10 party primarily for payment for goods or services sold,
11 manufactured, or distributed by a private label party.

12 (2) For purposes of this paragraph (19) of subsection
13 (b) of Section 48.1, a "private label party" means, with
14 respect to a private label credit program, any of the
15 following: a retailer, a merchant, a manufacturer, a trade
16 group, or any such person's affiliate, subsidiary, member,
17 agent, or service provider.

18 (20) ~~(A) (a)~~ The furnishing of financial records of a
19 customer to the Department to aid the Department's initial
20 determination or subsequent re-determination of the
21 customer's eligibility for Medicaid and Medicaid long-term
22 care benefits for long-term care services, provided that
23 the bank receives the written consent and authorization of
24 the customer, which shall:

25 (1) have the customer's signature notarized;

26 (2) be signed by at least one witness who certifies

1 that he or she believes the customer to be of sound
2 mind and memory;

3 (3) be tendered to the bank at the earliest
4 practicable time following its execution,
5 certification, and notarization;

6 (4) specifically limit the disclosure of the
7 customer's financial records to the Department; and

8 (5) be in substantially the following form:

9 CUSTOMER CONSENT AND AUTHORIZATION
10 FOR RELEASE OF FINANCIAL RECORDS

11 I, , hereby authorize
12 (Name of Customer)

13
14 (Name of Financial Institution)

15
16 (Address of Financial Institution)

17 to disclose the following financial records:

18 any and all information concerning my deposit, savings, money
19 market, certificate of deposit, individual retirement,
20 retirement plan, 401(k) plan, incentive plan, employee benefit

1 plan, mutual fund and loan accounts (including, but not limited
2 to, any indebtedness or obligation for which I am a
3 co-borrower, co-obligor, guarantor, or surety), and any and all
4 other accounts in which I have an interest and any other
5 information regarding me in the possession of the Financial
6 Institution,

7 to the Illinois Department of Human Services or the Illinois
8 Department of Healthcare and Family Services, or both ("the
9 Department"), for the following purpose(s):

10 to aid in the initial determination or re-determination by the
11 State of Illinois of my eligibility for Medicaid long-term care
12 benefits, pursuant to applicable law.

13 I understand that this Consent and Authorization may be revoked
14 by me in writing at any time before my financial records, as
15 described above, are disclosed, and that this Consent and
16 Authorization is valid until the Financial Institution
17 receives my written revocation. This Consent and Authorization
18 shall constitute valid authorization for the Department
19 identified above to inspect all such financial records set
20 forth above, and to request and receive copies of such
21 financial records from the Financial Institution (subject to
22 such records search and reproduction reimbursement policies as
23 the Financial Institution may have in place). An executed copy

1 of this Consent and Authorization shall be sufficient and as
 2 good as the original and permission is hereby granted to honor
 3 a photostatic or electronic copy of this Consent and
 4 Authorization. Disclosure is strictly limited to the
 5 Department identified above and no other person or entity shall
 6 receive my financial records pursuant to this Consent and
 7 Authorization. By signing this form, I agree to indemnify and
 8 hold the Financial Institution harmless from any and all
 9 claims, demands, and losses, including reasonable attorneys
 10 fees and expenses, arising from or incurred in its reliance on
 11 this Consent and Authorization. As used herein, "Customer"
 12 shall mean "Member" if the Financial Institution is a credit
 13 union.

14

15 (Date) (Signature of Customer)

16

17

18 (Address of Customer)

19

20 (Customer's birth date)

21 (month/day/year)

22 The undersigned witness certifies that,

1 known to me to be the same person whose name is subscribed as
 2 the customer to the foregoing Consent and Authorization,
 3 appeared before me and the notary public and acknowledged
 4 signing and delivering the instrument as his or her free and
 5 voluntary act for the uses and purposes therein set forth. I
 6 believe him or her to be of sound mind and memory. The
 7 undersigned witness also certifies that the witness is not an
 8 owner, operator, or relative of an owner or operator of a
 9 long-term care facility in which the customer is a patient or
 10 resident.

11 Dated:

12 (Signature of Witness)

13

14 (Print Name of Witness)

15

16

17 (Address of Witness)

18 State of Illinois)

19) ss.

20 County of

21 The undersigned, a notary public in and for the above county

1 and state, certifies that, known to me to be the
 2 same person whose name is subscribed as the customer to the
 3 foregoing Consent and Authorization, appeared before me
 4 together with the witness,, in person and
 5 acknowledged signing and delivering the instrument as the free
 6 and voluntary act of the customer for the uses and purposes
 7 therein set forth.

8 Dated:

9 Notary Public:

10 My commission expires:

11 (B) ~~(b)~~ In no event shall the bank distribute the
 12 customer's financial records to the long-term care
 13 facility from which the customer seeks initial or
 14 continuing residency or long-term care services.

15 (C) ~~(c)~~ A bank providing financial records of a
 16 customer in good faith relying on a consent and
 17 authorization executed and tendered in accordance with
 18 this paragraph (20) shall not be liable to the customer or
 19 any other person in relation to the bank's disclosure of
 20 the customer's financial records to the Department. The
 21 customer signing the consent and authorization shall
 22 indemnify and hold the bank harmless that relies in good
 23 faith upon the consent and authorization and incurs a loss
 24 because of such reliance. The bank recovering under this

1 indemnification provision shall also be entitled to
2 reasonable attorney's fees and the expenses of recovery.

3 (D) ~~(d)~~ A bank shall be reimbursed by the customer for
4 all costs reasonably necessary and directly incurred in
5 searching for, reproducing, and disclosing a customer's
6 financial records required or requested to be produced
7 pursuant to any consent and authorization executed under
8 this paragraph (20). The requested financial records shall
9 be delivered to the Department within 10 days after
10 receiving a properly executed consent and authorization or
11 at the earliest practicable time thereafter if the
12 requested records cannot be delivered within 10 days, but
13 delivery may be delayed until the final reimbursement of
14 all costs is received by the bank. The bank may honor a
15 photostatic or electronic copy of a properly executed
16 consent and authorization.

17 (E) ~~(e)~~ Nothing in this paragraph (20) shall impair,
18 abridge, or abrogate the right of a customer to:

19 (1) directly disclose his or her financial records
20 to the Department or any other person; or

21 (2) authorize his or her attorney or duly appointed
22 agent to request and obtain the customer's financial
23 records and disclose those financial records to the
24 Department.

25 (F) ~~(f)~~ For purposes of this paragraph (20),
26 "Department" means the Department of Human Services and the

1 Department of Healthcare and Family Services or any
2 successor administrative agency of either agency.

3 ~~(b) (1) For purposes of this paragraph (19) of~~
4 ~~subsection (b) of Section 48.1, a "private label credit~~
5 ~~program" means a credit program involving a financial~~
6 ~~institution and a private label party that is used by a~~
7 ~~customer of the financial institution and the private label~~
8 ~~party primarily for payment for goods or services sold,~~
9 ~~manufactured, or distributed by a private label party.~~

10 ~~(2) For purposes of this paragraph (19) of subsection~~
11 ~~(b) of Section 48.1, a "private label party" means, with~~
12 ~~respect to a private label credit program, any of the~~
13 ~~following: a retailer, a merchant, a manufacturer, a trade~~
14 ~~group, or any such person's affiliate, subsidiary, member,~~
15 ~~agent, or service provider.~~

16 (c) Except as otherwise provided by this Act, a bank may
17 not disclose to any person, except to the customer or his duly
18 authorized agent, any financial records or financial
19 information obtained from financial records relating to that
20 customer of that bank unless:

21 (1) the customer has authorized disclosure to the
22 person;

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

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

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

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

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

1 (g) A bank shall be reimbursed for costs that are
2 reasonably necessary and that have been directly incurred in
3 searching for, reproducing, or transporting books, papers,
4 records, or other data required or requested to be produced
5 pursuant to a lawful subpoena, summons, warrant, citation to
6 discover assets, or court order. The Commissioner shall
7 determine the rates and conditions under which payment may be
8 made.

9 (Source: P.A. 99-143, eff. 7-27-15; 100-22, eff. 1-1-18;
10 100-664, eff. 1-1-19; 100-888, eff. 8-14-18; revised
11 10-22-18.)

12 (205 ILCS 5/48.3) (from Ch. 17, par. 360.2)

13 Sec. 48.3. Disclosure of reports of examinations and
14 confidential supervisory information; limitations.

15 (a) Any report of examination, visitation, or
16 investigation prepared by the Secretary under this Act, the
17 Electronic Fund Transfer Act, the Corporate Fiduciary Act, the
18 Illinois Bank Holding Company Act of 1957, and the Foreign
19 Banking Office Act, any report of examination, visitation, or
20 investigation prepared by the state regulatory authority of
21 another state that examines a branch of an Illinois State bank
22 in that state, any document or record prepared or obtained in
23 connection with or relating to any examination, visitation, or
24 investigation, and any record prepared or obtained by the
25 Secretary to the extent that the record summarizes or contains

1 information derived from any report, document, or record
2 described in this subsection shall be deemed "confidential
3 supervisory information". Confidential supervisory information
4 shall not include any information or record routinely prepared
5 by a bank or other financial institution and maintained in the
6 ordinary course of business or any information or record that
7 is required to be made publicly available pursuant to State or
8 federal law or rule. Confidential supervisory information
9 shall be the property of the Secretary and shall only be
10 disclosed under the circumstances and for the purposes set
11 forth in this Section.

12 The Secretary may disclose confidential supervisory
13 information only under the following circumstances:

14 (1) The Secretary may furnish confidential supervisory
15 information to the Board of Governors of the Federal
16 Reserve System, the federal reserve bank of the federal
17 reserve district in which the State bank is located or in
18 which the parent or other affiliate of the State bank is
19 located, any official or examiner thereof duly accredited
20 for the purpose, or any other state regulator, federal
21 regulator, or in the case of a foreign bank possessing a
22 certificate of authority pursuant to the Foreign Banking
23 Office Act or a license pursuant to the Foreign Bank
24 Representative Office Act, the bank regulator in the
25 country where the foreign bank is chartered, that the
26 Secretary determines to have an appropriate regulatory

1 interest. Nothing contained in this Act shall be construed
2 to limit the obligation of any member State bank to comply
3 with the requirements relative to examinations and reports
4 of the Federal Reserve Act and of the Board of Governors of
5 the Federal Reserve System or the federal reserve bank of
6 the federal reserve district in which the bank is located,
7 nor to limit in any way the powers of the Secretary with
8 reference to examinations and reports.

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

19 (2.5) The Secretary may furnish confidential
20 supervisory information to a Federal Home Loan Bank in
21 connection with any bank that is a member of the Federal
22 Home Loan Bank or in connection with any application by the
23 bank before the Federal Home Loan Bank. The confidential
24 supervisory information shall remain the property of the
25 Secretary and may not be further disclosed without the
26 Secretary's permission.

1 (3) The Secretary may furnish confidential supervisory
2 information to the appropriate law enforcement authorities
3 when the Secretary reasonably believes a bank, which the
4 Secretary has caused to be examined, has been a victim of a
5 crime.

6 (4) The Secretary may furnish confidential supervisory
7 information relating to a bank or other financial
8 institution, which the Secretary has caused to be examined,
9 to be sent to the administrator of the ~~Revised~~ Uniform
10 Disposition of Unclaimed Property Act.

11 (5) The Secretary may furnish confidential supervisory
12 information relating to a bank or other financial
13 institution, which the Secretary has caused to be examined,
14 relating to its performance of obligations under the
15 Illinois Income Tax Act and the Illinois Estate and
16 Generation-Skipping Transfer Tax Act to the Illinois
17 Department of Revenue.

18 (6) The Secretary may furnish confidential supervisory
19 information relating to a bank or other financial
20 institution, which the Secretary has caused to be examined,
21 under the federal Currency and Foreign Transactions
22 Reporting Act, Title 31, United States Code, Section 1051
23 et seq.

24 (6.5) The Secretary may furnish confidential
25 supervisory information to any other agency or entity that
26 the Secretary determines to have a legitimate regulatory

1 interest.

2 (7) The Secretary may furnish confidential supervisory
3 information under any other statute that by its terms or by
4 regulations promulgated thereunder requires the disclosure
5 of financial records other than by subpoena, summons,
6 warrant, or court order.

7 (8) At the request of the affected bank or other
8 financial institution, the Secretary may furnish
9 confidential supervisory information relating to a bank or
10 other financial institution, which the Secretary has
11 caused to be examined, in connection with the obtaining of
12 insurance coverage or the pursuit of an insurance claim for
13 or on behalf of the bank or other financial institution;
14 provided that, when possible, the Secretary shall disclose
15 only relevant information while maintaining the
16 confidentiality of financial records not relevant to such
17 insurance coverage or claim and, when appropriate, may
18 delete identifying data relating to any person or
19 individual.

20 (9) The Secretary may furnish a copy of a report of any
21 examination performed by the Secretary of the condition and
22 affairs of any electronic data processing entity to the
23 banks serviced by the electronic data processing entity.

24 (10) In addition to the foregoing circumstances, the
25 Secretary may, but is not required to, furnish confidential
26 supervisory information under the same circumstances

1 authorized for the bank or financial institution pursuant
2 to subsection (b) of this Section, except that the
3 Secretary shall provide confidential supervisory
4 information under circumstances described in paragraph (3)
5 of subsection (b) of this Section only upon the request of
6 the bank or other financial institution.

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

10 (1) to the board of directors of the bank or other
11 financial institution, as well as the president,
12 vice-president, cashier, and other officers of the bank or
13 other financial institution to whom the board of directors
14 may delegate duties with respect to compliance with
15 recommendations for action, and to the board of directors
16 of a bank holding company that owns at least 80% of the
17 outstanding stock of the bank or other financial
18 institution;

19 (2) to attorneys for the bank or other financial
20 institution and to a certified public accountant engaged by
21 the State bank or financial institution to perform an
22 independent audit provided that the attorney or certified
23 public accountant shall not permit the confidential
24 supervisory information to be further disseminated;

25 (3) to any person who seeks to acquire a controlling
26 interest in, or who seeks to merge with, the bank or

1 financial institution, provided that all attorneys,
2 certified public accountants, officers, agents, or
3 employees of that person shall agree to be bound to respect
4 the confidentiality of the confidential supervisory
5 information and to not further disseminate the information
6 therein contained;

7 (3.5) to a Federal Home Loan Bank of which it is a
8 member;

9 (4) (blank);

10 (4.5) to any attorney, accountant, consultant, or
11 other professional as needed to comply with any enforcement
12 action issued by the Secretary; or

13 (5) to the bank's insurance company in relation to an
14 insurance claim or the effort by the bank to procure
15 insurance coverage, provided that, when possible, the bank
16 shall disclose only information that is relevant to the
17 insurance claim or that is necessary to procure the
18 insurance coverage, while maintaining the confidentiality
19 of financial information pertaining to customers. When
20 appropriate, the bank may delete identifying data relating
21 to any person.

22 The disclosure of confidential supervisory information by
23 a bank or other financial institution pursuant to this
24 subsection (b) and the disclosure of information to the
25 Secretary or other regulatory agency in connection with any
26 examination, visitation, or investigation shall not constitute

1 a waiver of any legal privilege otherwise available to the bank
2 or other financial institution with respect to the information.

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

20 (2) Any request for discovery or disclosure of confidential
21 supervisory information, whether by subpoena, order, or other
22 judicial or administrative process, shall be made to the
23 Secretary, and the Secretary shall determine within 15 days
24 whether to disclose the information pursuant to procedures and
25 standards that the Secretary shall establish by rule. If the
26 Secretary determines that such information will not be

1 disclosed, the Secretary's decision shall be subject to
2 judicial review under the provisions of the Administrative
3 Review Law, and venue shall be in either Sangamon County or
4 Cook County.

5 (3) Any court order that compels disclosure of confidential
6 supervisory information may be immediately appealed by the
7 Secretary, and the order shall be automatically stayed pending
8 the outcome of the appeal.

9 (d) If any officer, agent, attorney, or employee of a bank
10 or financial institution knowingly and willfully furnishes
11 confidential supervisory information in violation of this
12 Section, the Secretary may impose a civil monetary penalty up
13 to \$1,000 for the violation against the officer, agent,
14 attorney, or employee.

15 (Source: P.A. 100-22, eff. 1-1-18; 100-64, eff. 8-11-17;
16 100-863, eff. 8-14-18; 100-888, eff. 8-14-18.)

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

18 Sec. 65. Dividends; dissolution. From time to time during a
19 receivership other than a receivership conducted by the Federal
20 Deposit Insurance Corporation, the Commissioner shall make and
21 pay from monies of the bank a ratable dividend on all claims as
22 may be proved to his or her satisfaction or adjudicated by the
23 court. Claims so proven or adjudicated shall bear interest at
24 the rate of 3% per annum from the date of the appointment of
25 the receiver to the date of payment, but all dividends on a

1 claim shall be applied first to principal. In computing the
2 amount of any dividend to be paid, if the Commissioner deems it
3 desirable in the interests of economy of administration and to
4 the interest of the bank and its creditors, he or she may pay
5 up to the amount of \$10 of each claim or unpaid portion thereof
6 in full. As the proceeds of the assets of the bank are
7 collected in the course of liquidation, the Commissioner shall
8 make and pay further dividends on all claims previously proven
9 or adjudicated. After one year from the entry of a judgment of
10 dissolution, all unclaimed dividends shall be remitted to the
11 State Treasurer in accordance with the ~~Revised~~ Uniform
12 Disposition of Unclaimed Property Act, as now or hereafter
13 amended, together with a list of all unpaid claimants, their
14 last known addresses and the amounts unpaid.

15 (Source: P.A. 100-22, eff. 1-1-18.)

16 Section 55. The Savings Bank Act is amended by changing
17 Sections 4013, 9012, and 10090 as follows:

18 (205 ILCS 205/4013) (from Ch. 17, par. 7304-13)

19 Sec. 4013. Access to books and records; communication with
20 members and shareholders.

21 (a) Every member or shareholder shall have the right to
22 inspect books and records of the savings bank that pertain to
23 his accounts. Otherwise, the right of inspection and
24 examination of the books and records shall be limited as

1 provided in this Act, and no other person shall have access to
2 the books and records nor shall be entitled to a list of the
3 members or shareholders.

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

16 (c) This Section does not prohibit:

17 (1) The preparation, examination, handling, or
18 maintenance of any financial records by any officer,
19 employee, or agent of a savings bank having custody of
20 records or examination of records by a certified public
21 accountant engaged by the savings bank to perform an
22 independent audit.

23 (2) The examination of any financial records by, or the
24 furnishing of financial records by a savings bank to, any
25 officer, employee, or agent of the Commissioner of Banks
26 and Real Estate or the federal depository institution

1 regulator for use solely in the exercise of his duties as
2 an officer, employee, or agent.

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

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

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

12 (6) The exchange in the regular course of business of
13 (i) credit information between a savings bank and other
14 savings banks or financial institutions or commercial
15 enterprises, directly or through a consumer reporting
16 agency or (ii) financial records or information derived
17 from financial records between a savings bank and other
18 savings banks or financial institutions or commercial
19 enterprises for the purpose of conducting due diligence
20 pursuant to a purchase or sale involving the savings bank
21 or assets or liabilities of the savings bank.

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

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

1 (9) The furnishing of information pursuant to the
2 Illinois Income Tax Act and the Illinois Estate and
3 Generation-Skipping Transfer Tax Act.

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

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

12 (12) The furnishing of information in accordance with
13 the federal Personal Responsibility and Work Opportunity
14 Reconciliation Act of 1996. Any savings bank governed by
15 this Act shall enter into an agreement for data exchanges
16 with a State agency provided the State agency pays to the
17 savings bank a reasonable fee not to exceed its actual cost
18 incurred. A savings bank providing information in
19 accordance with this item shall not be liable to any
20 account holder or other person for any disclosure of
21 information to a State agency, for encumbering or
22 surrendering any assets held by the savings bank in
23 response to a lien or order to withhold and deliver issued
24 by a State agency, or for any other action taken pursuant
25 to this item, including individual or mechanical errors,
26 provided the action does not constitute gross negligence or

1 willful misconduct. A savings bank shall have no obligation
2 to hold, encumber, or surrender assets until it has been
3 served with a subpoena, summons, warrant, court or
4 administrative order, lien, or levy.

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

1 resources in any manner contrary to law. A savings bank or
2 person furnishing information pursuant to this item (13)
3 shall be entitled to the same rights and protections as a
4 person furnishing information under the Adult Protective
5 Services Act and the Illinois Domestic Violence Act of
6 1986.

7 (14) The disclosure of financial records or
8 information as necessary to effect, administer, or enforce
9 a transaction requested or authorized by the member or
10 holder of capital, or in connection with:

11 (A) servicing or processing a financial product or
12 service requested or authorized by the member or holder
13 of capital;

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

16 (C) a proposed or actual securitization or
17 secondary market sale (including sales of servicing
18 rights) related to a transaction of a member or holder
19 of capital.

20 Nothing in this item (14), however, authorizes the sale
21 of the financial records or information of a member or
22 holder of capital without the consent of the member or
23 holder of capital.

24 (15) The exchange in the regular course of business of
25 information between a savings bank and any commonly owned
26 affiliate of the savings bank, subject to the provisions of

1 the Financial Institutions Insurance Sales Law.

2 (16) The disclosure of financial records or
3 information as necessary to protect against or prevent
4 actual or potential fraud, unauthorized transactions,
5 claims, or other liability.

6 (17) (a) The disclosure of financial records or
7 information related to a private label credit program
8 between a financial institution and a private label party
9 in connection with that private label credit program. Such
10 information is limited to outstanding balance, available
11 credit, payment and performance and account history,
12 product references, purchase information, and information
13 related to the identity of the customer.

14 (b) (1) For purposes of this paragraph (17) of
15 subsection (c) of Section 4013, a "private label credit
16 program" means a credit program involving a financial
17 institution and a private label party that is used by a
18 customer of the financial institution and the private label
19 party primarily for payment for goods or services sold,
20 manufactured, or distributed by a private label party.

21 (2) For purposes of this paragraph (17) of subsection
22 (c) of Section 4013, a "private label party" means, with
23 respect to a private label credit program, any of the
24 following: a retailer, a merchant, a manufacturer, a trade
25 group, or any such person's affiliate, subsidiary, member,
26 agent, or service provider.

1 (18) (a) The furnishing of financial records of a
 2 customer to the Department to aid the Department's initial
 3 determination or subsequent re-determination of the
 4 customer's eligibility for Medicaid and Medicaid long-term
 5 care benefits for long-term care services, provided that
 6 the savings bank receives the written consent and
 7 authorization of the customer, which shall:

- 8 (1) have the customer's signature notarized;
- 9 (2) be signed by at least one witness who certifies
 10 that he or she believes the customer to be of sound
 11 mind and memory;
- 12 (3) be tendered to the savings bank at the earliest
 13 practicable time following its execution,
 14 certification, and notarization;
- 15 (4) specifically limit the disclosure of the
 16 customer's financial records to the Department; and
- 17 (5) be in substantially the following form:

18 CUSTOMER CONSENT AND AUTHORIZATION
 19 FOR RELEASE OF FINANCIAL RECORDS

20 I, , hereby authorize
 21 (Name of Customer)

22
 23 (Name of Financial Institution)

1
2

(Address of Financial Institution)

3 to disclose the following financial records:

4 any and all information concerning my deposit, savings, money
5 market, certificate of deposit, individual retirement,
6 retirement plan, 401(k) plan, incentive plan, employee benefit
7 plan, mutual fund and loan accounts (including, but not limited
8 to, any indebtedness or obligation for which I am a
9 co-borrower, co-obligor, guarantor, or surety), and any and all
10 other accounts in which I have an interest and any other
11 information regarding me in the possession of the Financial
12 Institution,

13 to the Illinois Department of Human Services or the Illinois
14 Department of Healthcare and Family Services, or both ("the
15 Department"), for the following purpose(s):

16 to aid in the initial determination or re-determination by the
17 State of Illinois of my eligibility for Medicaid long-term care
18 benefits, pursuant to applicable law.

19 I understand that this Consent and Authorization may be revoked
20 by me in writing at any time before my financial records, as

1 described above, are disclosed, and that this Consent and
 2 Authorization is valid until the Financial Institution
 3 receives my written revocation. This Consent and Authorization
 4 shall constitute valid authorization for the Department
 5 identified above to inspect all such financial records set
 6 forth above, and to request and receive copies of such
 7 financial records from the Financial Institution (subject to
 8 such records search and reproduction reimbursement policies as
 9 the Financial Institution may have in place). An executed copy
 10 of this Consent and Authorization shall be sufficient and as
 11 good as the original and permission is hereby granted to honor
 12 a photostatic or electronic copy of this Consent and
 13 Authorization. Disclosure is strictly limited to the
 14 Department identified above and no other person or entity shall
 15 receive my financial records pursuant to this Consent and
 16 Authorization. By signing this form, I agree to indemnify and
 17 hold the Financial Institution harmless from any and all
 18 claims, demands, and losses, including reasonable attorneys
 19 fees and expenses, arising from or incurred in its reliance on
 20 this Consent and Authorization. As used herein, "Customer"
 21 shall mean "Member" if the Financial Institution is a credit
 22 union.

23

24 (Date)

(Signature of Customer)

1
2

2
3

3 (Address of Customer)
4

4
5

5 (Customer's birth date)
6

6 (month/day/year)
7

7 The undersigned witness certifies that
8 known to me to be the same person whose name is subscribed as
9 the customer to the foregoing Consent and Authorization,
10 appeared before me and the notary public and acknowledged
11 signing and delivering the instrument as his or her free and
12 voluntary act for the uses and purposes therein set forth. I
13 believe him or her to be of sound mind and memory. The
14 undersigned witness also certifies that the witness is not an
15 owner, operator, or relative of an owner or operator of a
16 long-term care facility in which the customer is a patient or
17 resident.

18 Dated:
19

19 (Signature of Witness)
20

20
21

21 (Print Name of Witness)

1
2
3 (Address of Witness)

4 State of Illinois)
5) ss.
6 County of)

7 The undersigned, a notary public in and for the above county
8 and state, certifies that, known to me to be the
9 same person whose name is subscribed as the customer to the
10 foregoing Consent and Authorization, appeared before me
11 together with the witness,, in person and
12 acknowledged signing and delivering the instrument as the free
13 and voluntary act of the customer for the uses and purposes
14 therein set forth.

15 Dated:
16 Notary Public:
17 My commission expires:

18 (b) In no event shall the savings bank distribute the
19 customer's financial records to the long-term care
20 facility from which the customer seeks initial or
21 continuing residency or long-term care services.

22 (c) A savings bank providing financial records of a

1 customer in good faith relying on a consent and
2 authorization executed and tendered in accordance with
3 this paragraph (18) shall not be liable to the customer or
4 any other person in relation to the savings bank's
5 disclosure of the customer's financial records to the
6 Department. The customer signing the consent and
7 authorization shall indemnify and hold the savings bank
8 harmless that relies in good faith upon the consent and
9 authorization and incurs a loss because of such reliance.
10 The savings bank recovering under this indemnification
11 provision shall also be entitled to reasonable attorney's
12 fees and the expenses of recovery.

13 (d) A savings bank shall be reimbursed by the customer
14 for all costs reasonably necessary and directly incurred in
15 searching for, reproducing, and disclosing a customer's
16 financial records required or requested to be produced
17 pursuant to any consent and authorization executed under
18 this paragraph (18). The requested financial records shall
19 be delivered to the Department within 10 days after
20 receiving a properly executed consent and authorization or
21 at the earliest practicable time thereafter if the
22 requested records cannot be delivered within 10 days, but
23 delivery may be delayed until the final reimbursement of
24 all costs is received by the savings bank. The savings bank
25 may honor a photostatic or electronic copy of a properly
26 executed consent and authorization.

1 (e) Nothing in this paragraph (18) shall impair,
2 abridge, or abrogate the right of a customer to:

3 (1) directly disclose his or her financial records
4 to the Department or any other person; or

5 (2) authorize his or her attorney or duly appointed
6 agent to request and obtain the customer's financial
7 records and disclose those financial records to the
8 Department.

9 (f) For purposes of this paragraph (18), "Department"
10 means the Department of Human Services and the Department
11 of Healthcare and Family Services or any successor
12 administrative agency of either agency.

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

17 (1) the member or shareholder has authorized
18 disclosure to the person; or

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

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

1 summons, warrant, citation to discover assets, or court order
2 to the person establishing the relationship with the savings
3 bank, if living, and otherwise, his personal representative, if
4 known, at his last known address by first class mail, postage
5 prepaid, unless the savings bank is specifically prohibited
6 from notifying the person by order of court.

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

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

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

1 shareholder's payment or adequate provision for payment of the
2 expenses of preparation and mailing.

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

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

17 (Source: P.A. 99-143, eff. 7-27-15; 100-22, eff. 1-1-18;
18 100-201, eff. 8-18-17; 100-664, eff. 1-1-19.)

19 (205 ILCS 205/9012) (from Ch. 17, par. 7309-12)

20 Sec. 9012. Disclosure of reports of examinations and
21 confidential supervisory information; limitations.

22 (a) Any report of examination, visitation, or
23 investigation prepared by the Secretary under this Act, any
24 report of examination, visitation, or investigation prepared
25 by the state regulatory authority of another state that

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

17 The Secretary may disclose confidential supervisory
18 information only under the following circumstances:

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

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

11 (2.5) The Secretary may furnish confidential
12 supervisory information to a Federal Home Loan Bank in
13 connection with any savings bank that is a member of the
14 Federal Home Loan Bank or in connection with any
15 application by the savings bank before the Federal Home
16 Loan Bank. The confidential supervisory information shall
17 remain the property of the Secretary and may not be further
18 disclosed without the Secretary's permission.

19 (3) The Secretary may furnish confidential supervisory
20 information to the appropriate law enforcement authorities
21 when the Secretary reasonably believes a savings bank,
22 which the Secretary has caused to be examined, has been a
23 victim of a crime.

24 (4) The Secretary may furnish confidential supervisory
25 information related to a savings bank, which the Secretary
26 has caused to be examined, to the administrator of the

1 ~~Revised~~ Uniform Disposition of Unclaimed Property Act.

2 (5) The Secretary may furnish confidential supervisory
3 information relating to a savings bank, which the Secretary
4 has caused to be examined, relating to its performance of
5 obligations under the Illinois Income Tax Act and the
6 Illinois Estate and Generation-Skipping Transfer Tax Act
7 to the Illinois Department of Revenue.

8 (6) The Secretary may furnish confidential supervisory
9 information relating to a savings bank, which the Secretary
10 has caused to be examined, under the federal Currency and
11 Foreign Transactions Reporting Act, 31 United States Code,
12 Section 1051 et seq.

13 (7) The Secretary may furnish confidential supervisory
14 information to any other agency or entity that the
15 Secretary determines to have a legitimate regulatory
16 interest.

17 (8) The Secretary may furnish confidential supervisory
18 information as otherwise permitted or required by this Act
19 and may furnish confidential supervisory information under
20 any other statute that by its terms or by regulations
21 promulgated thereunder requires the disclosure of
22 financial records other than by subpoena, summons,
23 warrant, or court order.

24 (9) At the request of the affected savings bank, the
25 Secretary may furnish confidential supervisory information
26 relating to the savings bank, which the Secretary has

1 caused to be examined, in connection with the obtaining of
2 insurance coverage or the pursuit of an insurance claim for
3 or on behalf of the savings bank; provided that, when
4 possible, the Secretary shall disclose only relevant
5 information while maintaining the confidentiality of
6 financial records not relevant to such insurance coverage
7 or claim and, when appropriate, may delete identifying data
8 relating to any person.

9 (10) The Secretary may furnish a copy of a report of
10 any examination performed by the Secretary of the condition
11 and affairs of any electronic data processing entity to the
12 savings banks serviced by the electronic data processing
13 entity.

14 (11) In addition to the foregoing circumstances, the
15 Secretary may, but is not required to, furnish confidential
16 supervisory information under the same circumstances
17 authorized for the savings bank pursuant to subsection (b)
18 of this Section, except that the Secretary shall provide
19 confidential supervisory information under circumstances
20 described in paragraph (3) of subsection (b) of this
21 Section only upon the request of the savings bank.

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

25 (1) to the board of directors of the savings bank, as
26 well as the president, vice-president, cashier, and other

1 officers of the savings bank to whom the board of directors
2 may delegate duties with respect to compliance with
3 recommendations for action, and to the board of directors
4 of a savings bank holding company that owns at least 80% of
5 the outstanding stock of the savings bank or other
6 financial institution.

7 (2) to attorneys for the savings bank and to a
8 certified public accountant engaged by the savings bank to
9 perform an independent audit; provided that the attorney or
10 certified public accountant shall not permit the
11 confidential supervisory information to be further
12 disseminated.

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

23 (4) to the savings bank's insurance company, if the
24 supervisory information contains information that is
25 otherwise unavailable and is strictly necessary to
26 obtaining insurance coverage or pursuing an insurance

1 claim for or on behalf of the savings bank; provided that,
2 when possible, the savings bank shall disclose only
3 information that is relevant to obtaining insurance
4 coverage or pursuing an insurance claim, while maintaining
5 the confidentiality of financial information pertaining to
6 customers; and provided further that, when appropriate,
7 the savings bank may delete identifying data relating to
8 any person.

9 (5) to a Federal Home Loan Bank of which it is a
10 member.

11 (6) to any attorney, accountant, consultant, or other
12 professional as needed to comply with an enforcement action
13 issued by the Secretary.

14 The disclosure of confidential supervisory information by
15 a savings bank pursuant to this subsection (b) and the
16 disclosure of information to the Secretary or other regulatory
17 agency in connection with any examination, visitation, or
18 investigation shall not constitute a waiver of any legal
19 privilege otherwise available to the savings bank with respect
20 to the information.

21 (c)(1) Notwithstanding any other provision of this Act or
22 any other law, confidential supervisory information shall be
23 the property of the Secretary and shall be privileged from
24 disclosure to any person except as provided in this Section. No
25 person in possession of confidential supervisory information
26 may disclose that information for any reason or under any

1 circumstances not specified in this Section without the prior
2 authorization of the Secretary. Any person upon whom a demand
3 for production of confidential supervisory information is
4 made, whether by subpoena, order, or other judicial or
5 administrative process, must withhold production of the
6 confidential supervisory information and must notify the
7 Secretary of the demand, at which time the Secretary is
8 authorized to intervene for the purpose of enforcing the
9 limitations of this Section or seeking the withdrawal or
10 termination of the attempt to compel production of the
11 confidential supervisory information.

12 (2) Any request for discovery or disclosure of confidential
13 supervisory information, whether by subpoena, order, or other
14 judicial or administrative process, shall be made to the
15 Secretary, and the Secretary shall determine within 15 days
16 whether to disclose the information pursuant to procedures and
17 standards that the Secretary shall establish by rule. If the
18 Secretary determines that such information will not be
19 disclosed, the Secretary's decision shall be subject to
20 judicial review under the provisions of the Administrative
21 Review Law, and venue shall be in either Sangamon County or
22 Cook County.

23 (3) Any court order that compels disclosure of confidential
24 supervisory information may be immediately appealed by the
25 Secretary, and the order shall be automatically stayed pending
26 the outcome of the appeal.

1 (d) If any officer, agent, attorney, or employee of a
2 savings bank knowingly and willfully furnishes confidential
3 supervisory information in violation of this Section, the
4 Secretary may impose a civil monetary penalty up to \$1,000 for
5 the violation against the officer, agent, attorney, or
6 employee.

7 (e) Subject to the limits of this Section, the Secretary
8 also may promulgate regulations to set procedures and standards
9 for disclosure of the following items:

10 (1) All fixed orders and opinions made in cases of
11 appeals of the Secretary's actions.

12 (2) Statements of policy and interpretations adopted
13 by the Secretary's office, but not otherwise made public.

14 (3) Nonconfidential portions of application files,
15 including applications for new charters. The Secretary
16 shall specify by rule as to what part of the files are
17 confidential.

18 (4) Quarterly reports of income, deposits, and
19 financial condition.

20 (Source: P.A. 100-22, eff. 1-1-18; 100-64, eff. 8-11-17;
21 100-863, eff. 8-14-18; 100-888, eff. 8-14-18.)

22 (205 ILCS 205/10090)

23 Sec. 10090. Dividends; dissolution. From time to time
24 during a receivership other than a receivership conducted by
25 the Federal Deposit Insurance Corporation, the Secretary shall

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

21 (Source: P.A. 100-22, eff. 1-1-18.)

22 Section 60. The Illinois Credit Union Act is amended by
23 changing Sections 10 and 62 as follows:

24 (205 ILCS 305/10) (from Ch. 17, par. 4411)

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

2 (1) A credit union shall establish and maintain books,
3 records, accounting systems and procedures which accurately
4 reflect its operations and which enable the Department to
5 readily ascertain the true financial condition of the credit
6 union and whether it is complying with this Act.

7 (2) A photostatic or photographic reproduction of any
8 credit union records shall be admissible as evidence of
9 transactions with the credit union.

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

22 (b) This Section does not prohibit:

23 (1) The preparation, examination, handling or
24 maintenance of any financial records by any officer,
25 employee or agent of a credit union having custody of such
26 records, or the examination of such records by a certified

1 public accountant engaged by the credit union to perform an
2 independent audit.

3 (2) The examination of any financial records by or the
4 furnishing of financial records by a credit union to any
5 officer, employee or agent of the Department, the National
6 Credit Union Administration, Federal Reserve board or any
7 insurer of share accounts for use solely in the exercise of
8 his duties as an officer, employee or agent.

9 (3) The publication of data furnished from financial
10 records relating to members where the data cannot be
11 identified to any particular customer of account.

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

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

17 (6) The exchange in the regular course of business of
18 (i) credit information between a credit union and other
19 credit unions or financial institutions or commercial
20 enterprises, directly or through a consumer reporting
21 agency or (ii) financial records or information derived
22 from financial records between a credit union and other
23 credit unions or financial institutions or commercial
24 enterprises for the purpose of conducting due diligence
25 pursuant to a merger or a purchase or sale of assets or
26 liabilities of the credit union.

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

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

6 (9) The furnishing of information pursuant to the
7 Illinois Income Tax Act and the Illinois Estate and
8 Generation-Skipping Transfer Tax Act.

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

12 (11) The furnishing of information pursuant to any
13 other statute which by its terms or by regulations
14 promulgated thereunder requires the disclosure of
15 financial records other than by subpoena, summons, warrant
16 or court order.

17 (12) The furnishing of information in accordance with
18 the federal Personal Responsibility and Work Opportunity
19 Reconciliation Act of 1996. Any credit union governed by
20 this Act shall enter into an agreement for data exchanges
21 with a State agency provided the State agency pays to the
22 credit union a reasonable fee not to exceed its actual cost
23 incurred. A credit union providing information in
24 accordance with this item shall not be liable to any
25 account holder or other person for any disclosure of
26 information to a State agency, for encumbering or

1 surrendering any assets held by the credit union in
2 response to a lien or order to withhold and deliver issued
3 by a State agency, or for any other action taken pursuant
4 to this item, including individual or mechanical errors,
5 provided the action does not constitute gross negligence or
6 willful misconduct. A credit union shall have no obligation
7 to hold, encumber, or surrender assets until it has been
8 served with a subpoena, summons, warrant, court or
9 administrative order, lien, or levy.

10 (13) The furnishing of information to law enforcement
11 authorities, the Illinois Department on Aging and its
12 regional administrative and provider agencies, the
13 Department of Human Services Office of Inspector General,
14 or public guardians: (i) upon subpoena by the investigatory
15 entity or the guardian, or (ii) if there is suspicion by
16 the credit union that a member who is an elderly person or
17 person with a disability has been or may become the victim
18 of financial exploitation. For the purposes of this item
19 (13), the term: (i) "elderly person" means a person who is
20 60 or more years of age, (ii) "person with a disability"
21 means a person who has or reasonably appears to the credit
22 union to have a physical or mental disability that impairs
23 his or her ability to seek or obtain protection from or
24 prevent financial exploitation, and (iii) "financial
25 exploitation" means tortious or illegal use of the assets
26 or resources of an elderly person or person with a

1 disability, and includes, without limitation,
2 misappropriation of the elderly or disabled person's
3 assets or resources by undue influence, breach of fiduciary
4 relationship, intimidation, fraud, deception, extortion,
5 or the use of assets or resources in any manner contrary to
6 law. A credit union or person furnishing information
7 pursuant to this item (13) shall be entitled to the same
8 rights and protections as a person furnishing information
9 under the Adult Protective Services Act and the Illinois
10 Domestic Violence Act of 1986.

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

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

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

19 (C) a proposed or actual securitization or
20 secondary market sale (including sales of servicing
21 rights) related to a transaction of a member.

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

25 (15) The disclosure of financial records or
26 information as necessary to protect against or prevent

1 actual or potential fraud, unauthorized transactions,
2 claims, or other liability.

3 (16)(a) The disclosure of financial records or
4 information related to a private label credit program
5 between a financial institution and a private label party
6 in connection with that private label credit program. Such
7 information is limited to outstanding balance, available
8 credit, payment and performance and account history,
9 product references, purchase information, and information
10 related to the identity of the customer.

11 (b)(1) For purposes of this item ~~paragraph~~ (16) ~~of~~
12 ~~subsection (b) of Section 10, a~~ "private label credit
13 program" means a credit program involving a financial
14 institution and a private label party that is used by a
15 customer of the financial institution and the private label
16 party primarily for payment for goods or services sold,
17 manufactured, or distributed by a private label party.

18 (2) For purposes of this item ~~paragraph~~ (16) ~~of~~
19 ~~subsection (b) of Section 10, a~~ "private label party"
20 means, with respect to a private label credit program, any
21 of the following: a retailer, a merchant, a manufacturer, a
22 trade group, or any such person's affiliate, subsidiary,
23 member, agent, or service provider.

24 (17)(a) The furnishing of financial records of a member
25 to the Department to aid the Department's initial
26 determination or subsequent re-determination of the

1 member's eligibility for Medicaid and Medicaid long-term
 2 care benefits for long-term care services, provided that
 3 the credit union receives the written consent and
 4 authorization of the member, which shall:

5 (1) have the member's signature notarized;

6 (2) be signed by at least one witness who certifies
 7 that he or she believes the member to be of sound mind
 8 and memory;

9 (3) be tendered to the credit union at the earliest
 10 practicable time following its execution,
 11 certification, and notarization;

12 (4) specifically limit the disclosure of the
 13 member's financial records to the Department; and

14 (5) be in substantially the following form:

15 CUSTOMER CONSENT AND AUTHORIZATION

16 FOR RELEASE OF FINANCIAL RECORDS

17 I, , hereby authorize
 18 (Name of Customer)

19
 20 (Name of Financial Institution)

21
 22 (Address of Financial Institution)

1 to disclose the following financial records:

2 any and all information concerning my deposit, savings, money
3 market, certificate of deposit, individual retirement,
4 retirement plan, 401(k) plan, incentive plan, employee benefit
5 plan, mutual fund and loan accounts (including, but not limited
6 to, any indebtedness or obligation for which I am a
7 co-borrower, co-obligor, guarantor, or surety), and any and all
8 other accounts in which I have an interest and any other
9 information regarding me in the possession of the Financial
10 Institution,

11 to the Illinois Department of Human Services or the Illinois
12 Department of Healthcare and Family Services, or both ("the
13 Department"), for the following purpose(s):

14 to aid in the initial determination or re-determination by the
15 State of Illinois of my eligibility for Medicaid long-term care
16 benefits, pursuant to applicable law.

17 I understand that this Consent and Authorization may be revoked
18 by me in writing at any time before my financial records, as
19 described above, are disclosed, and that this Consent and
20 Authorization is valid until the Financial Institution
21 receives my written revocation. This Consent and Authorization

1 shall constitute valid authorization for the Department
2 identified above to inspect all such financial records set
3 forth above, and to request and receive copies of such
4 financial records from the Financial Institution (subject to
5 such records search and reproduction reimbursement policies as
6 the Financial Institution may have in place). An executed copy
7 of this Consent and Authorization shall be sufficient and as
8 good as the original and permission is hereby granted to honor
9 a photostatic or electronic copy of this Consent and
10 Authorization. Disclosure is strictly limited to the
11 Department identified above and no other person or entity shall
12 receive my financial records pursuant to this Consent and
13 Authorization. By signing this form, I agree to indemnify and
14 hold the Financial Institution harmless from any and all
15 claims, demands, and losses, including reasonable attorneys
16 fees and expenses, arising from or incurred in its reliance on
17 this Consent and Authorization. As used herein, "Customer"
18 shall mean "Member" if the Financial Institution is a credit
19 union.

20
21

(Date)

(Signature of Customer)

22
23

23
24

(Address of Customer)

1
.....

2 (Customer's birth date)

3 (month/day/year)

4 The undersigned witness certifies that
5 known to me to be the same person whose name is subscribed as
6 the customer to the foregoing Consent and Authorization,
7 appeared before me and the notary public and acknowledged
8 signing and delivering the instrument as his or her free and
9 voluntary act for the uses and purposes therein set forth. I
10 believe him or her to be of sound mind and memory. The
11 undersigned witness also certifies that the witness is not an
12 owner, operator, or relative of an owner or operator of a
13 long-term care facility in which the customer is a patient or
14 resident.

15 Dated:
.....

16 (Signature of Witness)

17
.....

18 (Print Name of Witness)

19
.....

20
.....

21 (Address of Witness)

1 State of Illinois)
 2) ss.
 3 County of)

4 The undersigned, a notary public in and for the above county
 5 and state, certifies that, known to me to be the
 6 same person whose name is subscribed as the customer to the
 7 foregoing Consent and Authorization, appeared before me
 8 together with the witness,, in person and
 9 acknowledged signing and delivering the instrument as the free
 10 and voluntary act of the customer for the uses and purposes
 11 therein set forth.

12 Dated:
 13 Notary Public:
 14 My commission expires:

15 (b) In no event shall the credit union distribute the
 16 member's financial records to the long-term care facility
 17 from which the member seeks initial or continuing residency
 18 or long-term care services.

19 (c) A credit union providing financial records of a
 20 member in good faith relying on a consent and authorization
 21 executed and tendered in accordance with this item
 22 ~~subparagraph~~ (17) shall not be liable to the member or any

1 other person in relation to the credit union's disclosure
2 of the member's financial records to the Department. The
3 member signing the consent and authorization shall
4 indemnify and hold the credit union harmless that relies in
5 good faith upon the consent and authorization and incurs a
6 loss because of such reliance. The credit union recovering
7 under this indemnification provision shall also be
8 entitled to reasonable attorney's fees and the expenses of
9 recovery.

10 (d) A credit union shall be reimbursed by the member
11 for all costs reasonably necessary and directly incurred in
12 searching for, reproducing, and disclosing a member's
13 financial records required or requested to be produced
14 pursuant to any consent and authorization executed under
15 this item ~~subparagraph~~ (17). The requested financial
16 records shall be delivered to the Department within 10 days
17 after receiving a properly executed consent and
18 authorization or at the earliest practicable time
19 thereafter if the requested records cannot be delivered
20 within 10 days, but delivery may be delayed until the final
21 reimbursement of all costs is received by the credit union.
22 The credit union may honor a photostatic or electronic copy
23 of a properly executed consent and authorization.

24 (e) Nothing in this item ~~subparagraph~~ (17) shall
25 impair, abridge, or abrogate the right of a member to:

26 (1) directly disclose his or her financial records

1 to the Department or any other person; or

2 (2) authorize his or her attorney or duly appointed
3 agent to request and obtain the member's financial
4 records and disclose those financial records to the
5 Department.

6 (f) For purposes of this item ~~subparagraph~~ (17),
7 "Department" means the Department of Human Services and the
8 Department of Healthcare and Family Services or any
9 successor administrative agency of either agency.

10 (18) ~~(17)~~ The furnishing of the financial records of a
11 member to an appropriate law enforcement authority,
12 without prior notice to or consent of the member, upon
13 written request of the law enforcement authority, when
14 reasonable suspicion of an imminent threat to the personal
15 security and safety of the member exists that necessitates
16 an expedited release of the member's financial records, as
17 determined by the law enforcement authority. The law
18 enforcement authority shall include a brief explanation of
19 the imminent threat to the member in its written request to
20 the credit union. The written request shall reflect that it
21 has been authorized by a supervisory or managerial official
22 of the law enforcement authority. The decision to furnish
23 the financial records of a member to a law enforcement
24 authority shall be made by a supervisory or managerial
25 official of the credit union. A credit union providing
26 information in accordance with this item (18) ~~(17)~~ shall

1 not be liable to the member or any other person for the
2 disclosure of the information to the law enforcement
3 authority.

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

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

9 (2) the financial records are disclosed in response to
10 a lawful subpoena, summons, warrant, citation to discover
11 assets, or court order that meets the requirements of
12 subparagraph (3) (d) ~~(d)~~ of this Section; or

13 (3) the credit union is attempting to collect an
14 obligation owed to the credit union and the credit union
15 complies with the provisions of Section 2I of the Consumer
16 Fraud and Deceptive Business Practices Act.

17 (d) A credit union shall disclose financial records under
18 item (3) (c) (2) ~~subparagraph (c) (2)~~ of this Section pursuant to
19 a lawful subpoena, summons, warrant, citation to discover
20 assets, or court order only after the credit union mails a copy
21 of the subpoena, summons, warrant, citation to discover assets,
22 or court order to the person establishing the relationship with
23 the credit union, if living, and otherwise his personal
24 representative, if known, at his last known address by first
25 class mail, postage prepaid unless the credit union is
26 specifically prohibited from notifying the person by order of

1 court or by applicable State or federal law. In the case of a
2 grand jury subpoena, a credit union shall not mail a copy of a
3 subpoena to any person pursuant to this subsection if the
4 subpoena was issued by a grand jury under the Statewide Grand
5 Jury Act or notifying the person would constitute a violation
6 of the federal Right to Financial Privacy Act of 1978.

7 (e) (1) Any officer or employee of a credit union who
8 knowingly and willfully ~~wilfully~~ furnishes financial records
9 in violation of this Section is guilty of a business offense
10 and upon conviction thereof shall be fined not more than
11 \$1,000.

12 (2) Any person who knowingly and willfully ~~wilfully~~ induces
13 or attempts to induce any officer or employee of a credit union
14 to disclose financial records in violation of this Section is
15 guilty of a business offense and upon conviction thereof shall
16 be fined not more than \$1,000.

17 (f) A credit union shall be reimbursed for costs which are
18 reasonably necessary and which have been directly incurred in
19 searching for, reproducing or transporting books, papers,
20 records or other data of a member required or requested to be
21 produced pursuant to a lawful subpoena, summons, warrant,
22 citation to discover assets, or court order. The Secretary and
23 the Director may determine, by rule, the rates and conditions
24 under which payment shall be made. Delivery of requested
25 documents may be delayed until final reimbursement of all costs
26 is received.

1 (Source: P.A. 99-143, eff. 7-27-15; 100-22, eff. 1-1-18;
2 100-664, eff. 1-1-19; 100-778, eff. 8-10-18; revised
3 10-18-18.)

4 (205 ILCS 305/62) (from Ch. 17, par. 4463)

5 Sec. 62. Liquidation.

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

8 (2) The board of directors shall adopt a resolution
9 recommending the credit union be dissolved voluntarily, and
10 directing that the question of liquidating be submitted to the
11 members.

12 (3) Within 10 days after the board of directors decides to
13 submit the question of liquidation to the members, the chairman
14 or president shall notify the Secretary thereof, in writing,
15 setting forth the reasons for the proposed action. Within 10
16 days after the members act on the question of liquidation, the
17 chairman or president shall notify the Secretary, in writing,
18 as to whether or not the members approved the proposed
19 liquidation. The Secretary then must determine whether this
20 Section has been complied with and if his decision is
21 favorable, he shall prepare a certificate to the effect that
22 this Section has been complied with, a copy of which will be
23 retained by the Department and the other copy forwarded to the
24 credit union. The certificate must be filed with the recorder
25 or if there is no recorder, in the office of the county clerk

1 of the county or counties in which the credit union is
2 operating, whereupon the credit union must cease operations
3 except for the purpose of its liquidation.

4 (4) As soon as the board of directors passes a resolution
5 to submit the question of liquidation to the members, payment
6 on shares, withdrawal of shares, making any transfer of shares
7 to loans and interest, making investments of any kind and
8 granting loans shall be suspended pending action by members. On
9 approval by the members of such proposal, all such operations
10 shall be permanently discontinued. The necessary expenses of
11 operating shall, however, continue to be paid on authorization
12 of the board of directors or the liquidating agent during the
13 period of liquidation.

14 (5) For a credit union to enter voluntary liquidation, it
15 must be approved by affirmative vote of the members owning a
16 majority of the shares entitled to vote, in person or by proxy,
17 at a regular or special meeting of the members. Notice, in
18 writing, shall be given to each member, by first class mail, at
19 least 10 days prior to such meeting. If liquidation is
20 approved, the board of directors shall appoint a liquidating
21 agent for the purpose of conserving and collecting the assets,
22 closing the affairs of the credit union and distributing the
23 assets as required by this Act.

24 (6) A liquidating credit union shall continue in existence
25 for the purpose of discharging its debts, collecting and
26 distributing its assets, and doing all acts required in order

1 to terminate its operations and may sue and be sued for the
2 purpose of enforcing such debts and obligations until its
3 affairs are fully adjusted.

4 (7) Subject to such rules and regulations as the Secretary
5 may promulgate, the liquidating agent shall use the assets of
6 the credit union to pay; first, expenses incidental to
7 liquidating including any surety bond that may be required;
8 then, liabilities of the credit union; then special classes of
9 shares. The remaining assets shall then be distributed to the
10 members proportionately to the dollar value of the shares held
11 by each member in relation to the total dollar value of all
12 shares outstanding as of the date the dissolution was voted.

13 (8) As soon as the liquidating agent determines that all
14 assets as to which there is a reasonable expectancy of sale or
15 transfer have been liquidated and distributed as set forth in
16 this Section, he shall execute a certificate of dissolution on
17 a form prescribed by the Department and file the same, together
18 with all pertinent books and records of the liquidating credit
19 union with the Department, whereupon such credit union shall be
20 dissolved. The liquidating agent must, within 3 years after
21 issuance of a certificate by the Secretary referred to in
22 Subsection (3) of this Section, discharge the debts of the
23 credit union, collect and distribute its assets and do all
24 other acts required to wind up its business.

25 (9) If the Secretary determines that the liquidating agent
26 has failed to make reasonable progress in the liquidating of

1 the credit union's affairs and distribution of its assets or
2 has violated this Act, the Secretary may take possession and
3 control of the credit union and remove the liquidating agent
4 and appoint a liquidating agent to complete the liquidation
5 under his direction and control. The Secretary shall fill any
6 vacancy caused by the resignation, death, illness, removal,
7 desertion or incapacity to function of the liquidating agent.

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

15 (Source: P.A. 100-22, eff. 1-1-18.)

16 Section 65. The Currency Exchange Act is amended by
17 changing Sections 15.1b and 19.3 as follows:

18 (205 ILCS 405/15.1b) (from Ch. 17, par. 4827)

19 Sec. 15.1b. Liquidation; distribution; priority. The
20 General Assembly finds and declares that community currency
21 exchanges provide important and vital services to Illinois
22 citizens. The General Assembly also finds that in providing
23 such services, community currency exchanges transact extensive
24 business involving check cashing and the writing of money

1 orders in communities in which banking services are generally
2 unavailable. It is therefore declared to be the policy of this
3 State that customers who receive these services must be
4 protected from insolvencies of currency exchanges and
5 interruptions of services. To carry out this policy and to
6 insure that customers of community currency exchanges are
7 protected in the event it is determined that a community
8 currency exchange in receivership should be liquidated in
9 accordance with Section 15.1a of this Act, the Secretary shall
10 make a distribution of moneys collected by the receiver in the
11 following order of priority: First, allowed claims for the
12 actual necessary expenses of the receivership of the community
13 currency exchange being liquidated, including (a) reasonable
14 receiver fees and receiver's attorney's fees approved by the
15 Secretary, (b) all expenses of any preliminary or other
16 examinations into the condition of the community currency
17 exchange or receivership, (c) all expenses incurred by the
18 Secretary which are incident to possession and control of any
19 property or records of the community currency exchange, and (d)
20 reasonable expenses incurred by the Secretary as the result of
21 business agreements or contractual arrangements necessary to
22 insure that the services of the community currency exchanges
23 are delivered to the community without interruption. Said
24 business agreements or contractual arrangements may include,
25 but are not limited to, agreements made by the Secretary, or by
26 the Receiver with the approval of the Secretary, with banks,

1 money order companies, bonding companies and other types of
2 financial institutions; Second, allowed claims by a purchaser
3 of money orders issued on demand of the community currency
4 exchange being liquidated; Third, allowed claims arising by
5 virtue of and to the extent of the amount a utility customer
6 deposits with the community currency exchange being liquidated
7 which are not remitted to the utility company; Fourth, allowed
8 claims arising by virtue of and to the extent of the amount
9 paid by a purchaser of Illinois license plates, vehicle
10 stickers sold for State and municipal governments in Illinois,
11 and temporary Illinois registration permits purchased at the
12 currency exchange being liquidated; Fifth, allowed unsecured
13 claims for wages or salaries, excluding vacation, severance and
14 sick leave pay earned by employee earned within 90 days prior
15 to the appointment of a Receiver; Sixth, secured claims;
16 Seventh, allowed unsecured claims of any tax, and interest and
17 penalty on the tax; Eighth, allowed unsecured claims other than
18 a kind specified in paragraph one, two and three of this
19 Section, filed with the Secretary within the time the Secretary
20 fixes for filing claims; Ninth, allowed unsecured claims, other
21 than a kind specified in paragraphs one, two and three of this
22 Section filed with the Secretary after the time fixed for
23 filing claims by the Secretary; Tenth, allowed creditor claims
24 asserted by an owner, member, or stockholder of the community
25 currency exchange in liquidation; Eleventh, after one year from
26 the final dissolution of the currency exchange, all assets not

1 used to satisfy allowed claims shall be distributed pro rata to
2 the owner, owners, members, or stockholders of the currency
3 exchange.

4 The Secretary shall pay all claims of equal priority
5 according to the schedule set out above, and shall not pay
6 claims of lower priority until all higher priority claims are
7 satisfied. If insufficient assets are available to meet all
8 claims of equal priority, those assets shall be distributed pro
9 rata among those claims. All unclaimed assets of a currency
10 exchange shall be deposited with the Secretary to be paid out
11 by him when proper claims therefor are presented to the
12 Secretary. If there are funds remaining after the conclusion of
13 a receivership of an abandoned currency exchange, the remaining
14 funds shall be considered unclaimed property and remitted to
15 the State Treasurer under the ~~Revised~~ Uniform Disposition of
16 Unclaimed Property Act.

17 (Source: P.A. 100-22, eff. 1-1-18.)

18 (205 ILCS 405/19.3) (from Ch. 17, par. 4838)

19 (Text of Section before amendment by P.A. 100-704)

20 Sec. 19.3. (A) The General Assembly hereby finds and
21 declares: community currency exchanges and ambulatory currency
22 exchanges provide important and vital services to Illinois
23 citizens. In so doing, they transact extensive business
24 involving check cashing and the writing of money orders in
25 communities in which banking services are generally

1 unavailable. Customers of currency exchanges who receive these
2 services must be protected from being charged unreasonable and
3 unconscionable rates for cashing checks and purchasing money
4 orders. The Illinois Department of Financial and Professional
5 Regulation has the responsibility for regulating the
6 operations of currency exchanges and has the expertise to
7 determine reasonable maximum rates to be charged for check
8 cashing and money order purchases. Therefore, it is in the
9 public interest, convenience, welfare and good to have the
10 Department establish reasonable maximum rate schedules for
11 check cashing and the issuance of money orders and to require
12 community and ambulatory currency exchanges to prominently
13 display to the public the fees charged for all services. The
14 Secretary shall review, each year, the cost of operation of the
15 Currency Exchange Section and the revenue generated from
16 currency exchange examinations and report to the General
17 Assembly if the need exists for an increase in the fees
18 mandated by this Act to maintain the Currency Exchange Section
19 at a fiscally self-sufficient level. The Secretary shall
20 include in such report the total amount of funds remitted to
21 the State and delivered to the State Treasurer by currency
22 exchanges pursuant to the ~~Revised~~ Uniform Disposition of
23 Unclaimed Property Act.

24 (B) The Secretary shall, by rules adopted in accordance
25 with the Illinois Administrative Procedure Act, expeditiously
26 formulate and issue schedules of reasonable maximum rates which

1 can be charged for check cashing and writing of money orders by
2 community currency exchanges and ambulatory currency
3 exchanges.

4 (1) In determining the maximum rate schedules for the
5 purposes of this Section the Secretary shall take into
6 account:

7 (a) Rates charged in the past for the cashing of
8 checks and the issuance of money orders by community
9 and ambulatory currency exchanges.

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

13 (c) The income, cost and expense of the operation
14 of currency exchanges.

15 (d) Rates charged by currency exchanges or other
16 similar entities located in other states for the same
17 or similar services and the factors upon which those
18 rates are based.

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

22 (f) A reasonable profit for a currency exchange
23 operation.

24 (2) (a) The schedule of reasonable maximum rates
25 established pursuant to this Section may be modified by the
26 Secretary from time to time pursuant to rules adopted in

1 accordance with the Illinois Administrative Procedure Act.

2 (b) Upon the filing of a verified petition setting
3 forth allegations demonstrating reasonable cause to
4 believe that the schedule of maximum rates previously
5 issued and promulgated should be adjusted, the Secretary
6 shall expeditiously:

7 (i) reject the petition if it fails to demonstrate
8 reasonable cause to believe that an adjustment is
9 necessary; or

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

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

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

17 (ii) at least one-fourth of all community currency
18 exchange licensees join in a petition or, in the case
19 of ambulatory currency exchanges, a licensee or
20 licensees authorized to serve at least 100 locations
21 join in a petition.

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

25 (Source: P.A. 100-22, eff. 1-1-18.)

1 (Text of Section after amendment by P.A. 100-704)

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

1 include in such report the total amount of funds remitted to
2 the State and delivered to the State Treasurer by currency
3 exchanges pursuant to the ~~Revised~~ Uniform Disposition of
4 Unclaimed Property Act.

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

11 (1) In determining the maximum rate schedules for the
12 purposes of this Section the Secretary shall take into
13 account:

14 (a) Rates charged in the past for the cashing of
15 checks and the issuance of money orders by community
16 and ambulatory currency exchanges.

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

20 (c) The income, cost and expense of the operation
21 of currency exchanges.

22 (d) Rates charged by currency exchanges or other
23 similar entities located in other states for the same
24 or similar services and the factors upon which those
25 rates are based.

26 (e) Rates charged by the United States Postal

1 Service for the issuing of money orders and the factors
2 upon which those rates are based.

3 (f) A reasonable profit for a currency exchange
4 operation.

5 (g) The impact on consumers.

6 (h) Whether the rate schedule will
7 disproportionately impact anyone on the basis of any
8 protected characteristic or category listed in
9 subsection (Q) of Section 1-103 of the Illinois Human
10 Rights Act as those terms are defined in that Section.

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

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

20 (i) reject the petition if it fails to demonstrate
21 reasonable cause to believe that an adjustment is
22 necessary; or

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

26 (c) No petition may be filed pursuant to subparagraph

1 (a) of paragraph (2) of subsection (B) unless:

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

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

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

12 (Source: P.A. 100-22, eff. 1-1-18; 100-704, eff. 6-1-19.)

13 Section 70. The Corporate Fiduciary Act is amended by
14 changing Section 6-14 as follows:

15 (205 ILCS 620/6-14) (from Ch. 17, par. 1556-14)

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

1 amounts unpaid.

2 (Source: P.A. 100-22, eff. 1-1-18.)

3 Section 75. The Transmitters of Money Act is amended by
4 changing Section 30 as follows:

5 (205 ILCS 657/30)

6 Sec. 30. Surety bond.

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

11 (b) The applicant or licensee shall post a bond in the
12 amount of \$50,000 or an amount equal to 1% of all
13 Illinois-based activity, whichever is greater, up to a maximum
14 amount of \$2,000,000. When the amount of the required bond
15 exceeds \$1,000,000, the applicant or licensee may, in the
16 alternative, post a bond in the amount of \$1,000,000 plus a
17 dollar for dollar increase in the net worth of the applicant or
18 licensee over and above the amount required in Section 20, up
19 to a total amount of \$2,000,000.

20 (c) The bond must be in a form satisfactory to the Director
21 and shall run to the State of Illinois for the benefit of any
22 claimant against the applicant or licensee with respect to the
23 receipt, handling, transmission, and payment of money by the
24 licensee or authorized seller in connection with the licensed

1 operations. A claimant damaged by a breach of the conditions of
2 a bond shall have a right to action upon the bond for damages
3 suffered thereby and may bring suit directly on the bond, or
4 the Director may bring suit on behalf of the claimant.

5 (d) (Blank).

6 (e) (Blank).

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

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

23 (Source: P.A. 100-22, eff. 1-1-18; 100-640, eff. 7-27-18.)

24 Section 80. The Adverse Claims to Deposit Accounts Act is
25 amended by changing Section 10 as follows:

1 (205 ILCS 700/10)

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

3 (1) the ~~Revised~~ Uniform Disposition of Unclaimed
4 Property Act, nor shall any provision of this Act be
5 construed to relieve any holder, including a financial
6 institution, from reporting and remitting all unclaimed
7 property, including deposit accounts, under the ~~Revised~~
8 Uniform Disposition of Unclaimed Property Act;

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

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

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

23 (5) the provisions of Article XXV of the Probate Act of
24 1975, nor shall any provision of this Act be construed as
25 affecting the rights of a person with respect to a deposit

1 account under the provisions of Article XXV of the Probate
2 Act of 1975; or

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

7 (Source: P.A. 100-22, eff. 1-1-18.)

8 Section 85. The Illinois Insurance Code is amended by
9 changing Section 210 as follows:

10 (215 ILCS 5/210) (from Ch. 73, par. 822)

11 Sec. 210. Distribution of assets; priorities; unpaid
12 dividends.

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

19 (2) Where there has been no adjudication of insolvency, the
20 Director shall pay all allowed claims in full in accordance
21 with the priorities set forth in Section 205. The director
22 shall not be chargeable for any assets so distributed to any
23 claimant who has failed to file a proper proof of claim before
24 such distribution has been made.

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

15 (4) Dividends remaining unclaimed or unpaid in the hands of
16 the Director for 6 months after the final order of distribution
17 may be by him deposited in one or more savings and loan
18 associations, State or national banks, trust companies or
19 savings banks to the credit of the Director, whomsoever he may
20 be, in trust for the person entitled thereto, but no such
21 person shall be entitled to any interest upon such deposit. All
22 such deposits shall be entitled to priority of payment in case
23 of the insolvency or voluntary or involuntary liquidation of
24 the depositary on an equality with any other priority given by
25 the banking law. Any such funds together with interest, if any,
26 paid or credited thereon, remaining and unclaimed in the hands

1 of the Director in Trust after 2 years shall be presumed
2 abandoned and reported and delivered to the State Treasurer and
3 become subject to the provisions of the ~~Revised~~ Uniform
4 Disposition of Unclaimed Property Act.

5 (Source: P.A. 100-22, eff. 1-1-18.)

6 Section 90. The Unclaimed Life Insurance Benefits Act is
7 amended by changing Sections 5, 15, and 20 as follows:

8 (215 ILCS 185/5)

9 Sec. 5. Purpose. This Act shall require recognition of the
10 ~~Revised~~ Uniform Disposition of Unclaimed Property Act and
11 require the complete and proper disclosure, transparency, and
12 accountability relating to any method of payment for life
13 insurance, annuity, or retained asset agreement death
14 benefits.

15 (Source: P.A. 99-893, eff. 1-1-17; 100-22, eff. 1-1-18.)

16 (215 ILCS 185/15)

17 Sec. 15. Insurer conduct.

18 (a) An insurer shall initially perform a comparison of its
19 insureds', annuitants', and retained asset account holders'
20 in-force policies, annuity contracts, and retained asset
21 accounts in force on or after January 1, 2017 by using the full
22 Death Master File. The initial comparison shall be completed on
23 or before December 31, 2017. An insurer required to perform a

1 comparison of its insureds', annuitants', and retained asset
2 account holders' in-force policies, annuity contracts, and
3 retained asset accounts in force on or after January 1, 2012
4 shall perform a comparison of policies, annuity contracts, and
5 retained asset accounts in force between January 1, 2012 and
6 December 31, 2016 on or before December 31, 2018 by using the
7 full Death Master File. An insurer required to perform a
8 comparison of electronic searchable files concerning its
9 insureds', annuitants', and retained asset account holders'
10 in-force policies, annuity contracts, and retained asset
11 accounts in force on or after January 1, 2000 shall perform a
12 comparison of policies, annuity contracts, and retained asset
13 accounts in force between January 1, 2000 and December 31, 2016
14 on or before December 31, 2018 by using the full Death Master
15 File. Thereafter, an insurer shall perform a comparison on at
16 least a semi-annual basis using the Death Master File update
17 files for comparisons to identify potential matches of its
18 insureds, annuitants, and retained asset account holders. In
19 the event that one of the insurer's lines of business conducts
20 a search for matches of its insureds, annuitants, and retained
21 asset account holders against the Death Master File at
22 intervals more frequently than semi-annually, then all lines of
23 the insurer's business shall conduct searches for matches
24 against the Death Master File with the same frequency. Within 6
25 months after acquisition of policies, annuity contracts, or
26 retained asset accounts from another insurer, the acquiring

1 insurer shall compare all newly acquired policies, annuity
2 contracts, and retained asset accounts that were not searched
3 by the previous insurer in compliance with this Act against the
4 complete Death Master File to identify potential matches of its
5 insureds, annuitants, and retained asset account holders. Upon
6 any subsequent acquisition of policies, annuity contracts, or
7 retained asset accounts from another insurer, when the previous
8 insurer has already conducted a search of the newly acquired
9 policies, annuity contracts, and retained asset accounts using
10 the complete Death Master File, the acquiring insurer shall
11 compare all newly acquired policies, annuity contracts, and
12 retained asset accounts using all of the Death Master File
13 updates since the time the previous insurer conducted the
14 complete search to identify potential matches of its insureds,
15 annuitants, and retained asset account holders.

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

23 For those potential matches identified as a result of a
24 Death Master File match, the insurer shall within 120 days
25 after the date of death notice, if the insurer has not been
26 contacted by a beneficiary, determine whether benefits are due

1 in accordance with the applicable policy or contract and, if
2 benefits are due in accordance with the applicable policy or
3 contract:

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

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

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

23 (1) common nicknames, initials used in lieu of a first
24 or middle name, use of a middle name, compound first and
25 middle names, and interchanged first and middle names;

26 (2) compound last names, maiden or married names, and

1 hyphens, blank spaces, or apostrophes in last names;

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

4 (4) incomplete social security numbers.

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

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

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

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

6 (Source: P.A. 99-893, eff. 1-1-17; 100-22, eff. 1-1-18;
7 100-543, eff. 1-1-18; 100-863, eff. 8-14-18.)

8 (215 ILCS 185/20)

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

17 (Source: P.A. 99-893, eff. 1-1-17; 100-22, eff. 1-1-18.)

18 Section 95. The Real Estate License Act of 2000 is amended
19 by changing Section 20-20 as follows:

20 (225 ILCS 454/20-20)

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

22 Sec. 20-20. Grounds for discipline.

23 (a) The Department may refuse to issue or renew a license,

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

9 (1) Fraud or misrepresentation in applying for, or
10 procuring, a license under this Act or in connection with
11 applying for renewal of a license under this Act.

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

22 (3) Inability to practice the profession with
23 reasonable judgment, skill, or safety as a result of a
24 physical illness, including, but not limited to,
25 deterioration through the aging process or loss of motor
26 skill, or a mental illness or disability.

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

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

13 (6) Engaging in the practice of real estate brokerage
14 without a license or after the licensee's license or
15 temporary permit was expired or while the license was
16 inoperative.

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

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

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

24 (10) Making any substantial misrepresentation or
25 untruthful advertising.

26 (11) Making any false promises of a character likely to

1 influence, persuade, or induce.

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

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

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

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

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

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

25 (A) disbursed prior to the consummation or
26 termination (i) in accordance with the written

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

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

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

26 (18) Failure to make available to the Department all

1 escrow records and related documents maintained in
2 connection with the practice of real estate within 24 hours
3 of a request for those documents by Department personnel.

4 (19) Failing to furnish copies upon request of
5 documents relating to a real estate transaction to a party
6 who has executed that document.

7 (20) Failure of a sponsoring broker to timely provide
8 information, sponsor cards, or termination of licenses to
9 the Department.

10 (21) Engaging in dishonorable, unethical, or
11 unprofessional conduct of a character likely to deceive,
12 defraud, or harm the public.

13 (22) Commingling the money or property of others with
14 his or her own money or property.

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

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

23 (25) Any other conduct, whether of the same or a
24 different character from that specified in this Section,
25 that constitutes dishonest dealing.

26 (26) Displaying a "for rent" or "for sale" sign on any

1 property without the written consent of an owner or his or
2 her duly authorized agent or advertising by any means that
3 any property is for sale or for rent without the written
4 consent of the owner or his or her authorized agent.

5 (27) Failing to provide information requested by the
6 Department, or otherwise respond to that request, within 30
7 days of the request.

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

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

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

23 (B) A licensee offering a guaranteed sales plan
24 shall provide the details and conditions of the plan in
25 writing to the party to whom the plan is offered.

26 (C) A licensee offering a guaranteed sales plan

1 shall provide to the party to whom the plan is offered
2 evidence of sufficient financial resources to satisfy
3 the commitment to purchase undertaken by the broker in
4 the plan.

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

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

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

19 (30) Influencing or attempting to influence, by any
20 words or acts, a prospective seller, purchaser, occupant,
21 landlord, or tenant of real estate, in connection with
22 viewing, buying, or leasing real estate, so as to promote
23 or tend to promote the continuance or maintenance of
24 racially and religiously segregated housing or so as to
25 retard, obstruct, or discourage racially integrated
26 housing on or in any street, block, neighborhood, or

1 community.

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

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

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

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

20 (35) Advertising or offering merchandise or services
21 as free if any conditions or obligations necessary for
22 receiving the merchandise or services are not disclosed in
23 the same advertisement or offer. These conditions or
24 obligations include without limitation the requirement
25 that the recipient attend a promotional activity or visit a
26 real estate site. As used in this subdivision (35), "free"

1 includes terms such as "award", "prize", "no charge", "free
2 of charge", "without charge", and similar words or phrases
3 that reasonably lead a person to believe that he or she may
4 receive or has been selected to receive something of value,
5 without any conditions or obligations on the part of the
6 recipient.

7 (36) (Blank).

8 (37) Violating the terms of a disciplinary order issued
9 by the Department.

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

12 (39) Requiring a party to a transaction who is not a
13 client of the licensee to allow the licensee to retain a
14 portion of the escrow moneys for payment of the licensee's
15 commission or expenses as a condition for release of the
16 escrow moneys to that party.

17 (40) Disregarding or violating any provision of this
18 Act or the published rules adopted by the Department to
19 enforce this Act or aiding or abetting any individual,
20 foreign or domestic partnership, registered limited
21 liability partnership, limited liability company,
22 corporation, or other business entity in disregarding any
23 provision of this Act or the published rules adopted by the
24 Department to enforce this Act.

25 (41) Failing to provide the minimum services required
26 by Section 15-75 of this Act when acting under an exclusive

1 brokerage agreement.

2 (42) Habitual or excessive use or addiction to alcohol,
3 narcotics, stimulants, or any other chemical agent or drug
4 that results in a managing broker, broker, or leasing
5 agent's inability to practice with reasonable skill or
6 safety.

7 (43) Enabling, aiding, or abetting an auctioneer, as
8 defined in the Auction License Act, to conduct a real
9 estate auction in a manner that is in violation of this
10 Act.

11 (44) Permitting any leasing agent or temporary leasing
12 agent permit holder to engage in activities that require a
13 broker's or managing broker's license.

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

22 (c) (Blank).

23 (d) In cases where the Department of Healthcare and Family
24 Services (formerly Department of Public Aid) has previously
25 determined that a licensee or a potential licensee is more than
26 30 days delinquent in the payment of child support and has

1 subsequently certified the delinquency to the Department may
2 refuse to issue or renew or may revoke or suspend that person's
3 license or may take other disciplinary action against that
4 person based solely upon the certification of delinquency made
5 by the Department of Healthcare and Family Services in
6 accordance with item (5) of subsection (a) of Section 2105-15
7 of the Civil Administrative Code of Illinois.

8 (e) In enforcing this Section, the Department or Board upon
9 a showing of a possible violation may compel an individual
10 licensed to practice under this Act, or who has applied for
11 licensure under this Act, to submit to a mental or physical
12 examination, or both, as required by and at the expense of the
13 Department. The Department or Board may order the examining
14 physician to present testimony concerning the mental or
15 physical examination of the licensee or applicant. No
16 information shall be excluded by reason of any common law or
17 statutory privilege relating to communications between the
18 licensee or applicant and the examining physician. The
19 examining physicians shall be specifically designated by the
20 Board or Department. The individual to be examined may have, at
21 his or her own expense, another physician of his or her choice
22 present during all aspects of this examination. Failure of an
23 individual to submit to a mental or physical examination, when
24 directed, shall be grounds for suspension of his or her license
25 until the individual submits to the examination if the
26 Department finds, after notice and hearing, that the refusal to

1 submit to the examination was without reasonable cause.

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

19 In instances in which the Secretary immediately suspends a
20 person's license under this Section, a hearing on that person's
21 license must be convened by the Department within 30 days after
22 the suspension and completed without appreciable delay. The
23 Department and Board shall have the authority to review the
24 subject individual's record of treatment and counseling
25 regarding the impairment to the extent permitted by applicable
26 federal statutes and regulations safeguarding the

1 confidentiality of medical records.

2 An individual licensed under this Act and affected under
3 this Section shall be afforded an opportunity to demonstrate to
4 the Department or Board that he or she can resume practice in
5 compliance with acceptable and prevailing standards under the
6 provisions of his or her license.

7 (Source: P.A. 99-227, eff. 8-3-15; 100-22, eff. 1-1-18;
8 100-188, eff. 1-1-18; 100-534, eff. 9-22-17; 100-831, eff.
9 1-1-19; 100-863, eff. 8-14-18; 100-872, eff. 8-14-18; revised
10 10-22-18.)

11 Section 100. The Code of Criminal Procedure of 1963 is
12 amended by changing Section 110-17 as follows:

13 (725 ILCS 5/110-17) (from Ch. 38, par. 110-17)

14 Sec. 110-17. Unclaimed bail deposits. Any sum of money
15 deposited by any person to secure his or her release from
16 custody which remains unclaimed by the person entitled to its
17 return for 3 years after the conditions of the bail bond have
18 been performed and the accused has been discharged from all
19 obligations in the cause shall be presumed to be abandoned and
20 subject to disposition under the ~~Revised~~ Uniform Disposition of
21 Unclaimed Property Act.

22 ~~(a) (Blank).~~

23 ~~(b) (Blank).~~

24 ~~(c) (Blank).~~

1 ~~(d) (Blank).~~

2 ~~(e) (Blank).~~

3 (Source: P.A. 100-22, eff. 1-1-18; 100-929, eff. 1-1-19;
4 revised 10-3-18.)

5 Section 105. The Probate Act of 1975 is amended by changing
6 Sections 2-1 and 2-2 as follows:

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

8 Sec. 2-1. Rules of descent and distribution. The intestate
9 real and personal estate of a resident decedent and the
10 intestate real estate in this State of a nonresident decedent,
11 after all just claims against his estate are fully paid,
12 descends and shall be distributed as follows:

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

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

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

21 (d) If there is no surviving spouse or descendant but a
22 parent, brother, sister or descendant of a brother or sister of
23 the decedent: the entire estate to the parents, brothers and
24 sisters of the decedent in equal parts, allowing to the

1 surviving parent if one is dead a double portion and to the
2 descendants of a deceased brother or sister per stirpes the
3 portion which the deceased brother or sister would have taken
4 if living.

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

26 (f) If there is no surviving spouse, descendant, parent,

1 brother, sister, descendant of a brother or sister or
2 grandparent or descendant of a grandparent of the decedent: (1)
3 1/2 of the entire estate to the decedent's maternal
4 great-grandparents in equal parts or to the survivor of them,
5 or if there is none surviving, to their descendants per
6 stirpes, and (2) 1/2 of the entire estate to the decedent's
7 paternal great-grandparents in equal parts or to the survivor
8 of them, or if there is none surviving, to their descendants
9 per stirpes. If there is no surviving paternal
10 great-grandparent or descendant of a paternal
11 great-grandparent, but a maternal great-grandparent or
12 descendant of a maternal great-grandparent of the decedent: the
13 entire estate to the decedent's maternal great-grandparents in
14 equal parts or to the survivor of them, or if there is none
15 surviving, to their descendants per stirpes. If there is no
16 surviving maternal great-grandparent or descendant of a
17 maternal great-grandparent, but a paternal great-grandparent
18 or descendant of a paternal great-grandparent of the decedent:
19 the entire estate to the decedent's paternal
20 great-grandparents in equal parts or to the survivor of them,
21 or if there is none surviving, to their descendants per
22 stirpes.

23 (g) If there is no surviving spouse, descendant, parent,
24 brother, sister, descendant of a brother or sister,
25 grandparent, descendant of a grandparent, great-grandparent or
26 descendant of a great-grandparent of the decedent: the entire

1 estate in equal parts to the nearest kindred of the decedent in
2 equal degree (computing by the rules of the civil law) and
3 without representation.

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

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

19 (Source: P.A. 100-22, eff. 1-1-18.)

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

21 Sec. 2-2. Children born out of wedlock. The intestate real
22 and personal estate of a resident decedent who was a child born
23 out of wedlock at the time of death and the intestate real
24 estate in this State of a nonresident decedent who was a child
25 born out of wedlock at the time of death, after all just claims

1 against his estate are fully paid, descends and shall be
2 distributed as provided in Section 2-1, subject to Section
3 2-6.5 of this Act, if both parents are eligible parents. As
4 used in this Section, "eligible parent" means a parent of the
5 decedent who, during the decedent's lifetime, acknowledged the
6 decedent as the parent's child, established a parental
7 relationship with the decedent, and supported the decedent as
8 the parent's child. "Eligible parents" who are in arrears of in
9 excess of one year's child support obligations shall not
10 receive any property benefit or other interest of the decedent
11 unless and until a court of competent jurisdiction makes a
12 determination as to the effect on the deceased of the arrearage
13 and allows a reduced benefit. In no event shall the reduction
14 of the benefit or other interest be less than the amount of
15 child support owed for the support of the decedent at the time
16 of death. The court's considerations shall include but are not
17 limited to the considerations in subsections (1) through (3) of
18 Section 2-6.5 of this Act.

19 If neither parent is an eligible parent, the intestate real
20 and personal estate of a resident decedent who was a child born
21 out of wedlock at the time of death and the intestate real
22 estate in this State of a nonresident decedent who was a child
23 born out of wedlock at the time of death, after all just claims
24 against his or her estate are fully paid, descends and shall be
25 distributed as provided in Section 2-1, but the parents of the
26 decedent shall be treated as having predeceased the decedent.

1 If only one parent is an eligible parent, the intestate
2 real and personal estate of a resident decedent who was a child
3 born out of wedlock at the time of death and the intestate real
4 estate in this State of a nonresident decedent who was a child
5 born out of wedlock at the time of death, after all just claims
6 against his or her estate are fully paid, subject to Section
7 2-6.5 of this Act, descends and shall be distributed as
8 follows:

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

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

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

17 (d) If there is no surviving spouse or descendant but the
18 eligible parent or a descendant of the eligible parent of the
19 decedent: the entire estate to the eligible parent and the
20 eligible parent's descendants, allowing 1/2 to the eligible
21 parent and 1/2 to the eligible parent's descendants per
22 stirpes.

23 (e) If there is no surviving spouse, descendant, eligible
24 parent, or descendant of the eligible parent of the decedent,
25 but a grandparent on the eligible parent's side of the family
26 or descendant of such grandparent of the decedent: the entire

1 estate to the decedent's grandparents on the eligible parent's
2 side of the family in equal parts, or to the survivor of them,
3 or if there is none surviving, to their descendants per
4 stirpes.

5 (f) If there is no surviving spouse, descendant, eligible
6 parent, descendant of the eligible parent, grandparent on the
7 eligible parent's side of the family, or descendant of such
8 grandparent of the decedent: the entire estate to the
9 decedent's great-grandparents on the eligible parent's side of
10 the family in equal parts or to the survivor of them, or if
11 there is none surviving, to their descendants per stirpes.

12 (g) If there is no surviving spouse, descendant, eligible
13 parent, descendant of the eligible parent, grandparent on the
14 eligible parent's side of the family, descendant of such
15 grandparent, great-grandparent on the eligible parent's side
16 of the family, or descendant of such great-grandparent of the
17 decedent: the entire estate in equal parts to the nearest
18 kindred of the eligible parent of the decedent in equal degree
19 (computing by the rules of the civil law) and without
20 representation.

21 (h) If there is no surviving spouse, descendant, or
22 eligible parent of the decedent and no known kindred of the
23 eligible parent of the decedent: the real estate escheats to
24 the county in which it is located; the personal estate
25 physically located within this State and the personal estate
26 physically located or held outside this State which is the

1 subject of ancillary administration within this State escheats
2 to the county of which the decedent was a resident or, if the
3 decedent was not a resident of this State, to the county in
4 which it is located; all other personal property of the
5 decedent of every class and character, wherever situate, or the
6 proceeds thereof, shall escheat to this State and be delivered
7 to the State Treasurer of this State pursuant to the ~~Revised~~
8 Uniform Disposition of Unclaimed Property Act.

9 For purposes of inheritance, the changes made by this
10 amendatory Act of 1998 apply to all decedents who die on or
11 after the effective date of this amendatory Act of 1998. For
12 the purpose of determining the property rights of any person
13 under any instrument, the changes made by this amendatory Act
14 of 1998 apply to all instruments executed on or after the
15 effective date of this amendatory Act of 1998.

16 A child born out of wedlock is heir of his mother and of
17 any maternal ancestor and of any person from whom his mother
18 might have inherited, if living; and the descendants of a
19 person who was a child born out of wedlock shall represent such
20 person and take by descent any estate which the parent would
21 have taken, if living. If a decedent has acknowledged paternity
22 of a child born out of wedlock or if during his lifetime or
23 after his death a decedent has been adjudged to be the father
24 of a child born out of wedlock, that person is heir of his
25 father and of any paternal ancestor and of any person from whom
26 his father might have inherited, if living; and the descendants

1 of a person who was a child born out of wedlock shall represent
2 that person and take by descent any estate which the parent
3 would have taken, if living. If during his lifetime the
4 decedent was adjudged to be the father of a child born out of
5 wedlock by a court of competent jurisdiction, an authenticated
6 copy of the judgment is sufficient proof of the paternity; but
7 in all other cases paternity must be proved by clear and
8 convincing evidence. A person who was a child born out of
9 wedlock whose parents intermarry and who is acknowledged by the
10 father as the father's child is a lawful child of the father.
11 After a child born out of wedlock is adopted, that person's
12 relationship to his or her adopting and natural parents shall
13 be governed by Section 2-4 of this Act. For purposes of
14 inheritance, the changes made by this amendatory Act of 1997
15 apply to all decedents who die on or after January 1, 1998. For
16 the purpose of determining the property rights of any person
17 under any instrument, the changes made by this amendatory Act
18 of 1997 apply to all instruments executed on or after January
19 1, 1998.

20 (Source: P.A. 100-22, eff. 1-1-18.)

21 Section 110. The Sale of Unclaimed Property Act is amended
22 by changing Section 3 as follows:

23 (770 ILCS 90/3) (from Ch. 141, par. 3)

24 Sec. 3. All persons other than common carriers having a

1 lien on personal property, by virtue of the Innkeepers Lien Act
2 or for more than \$2,000 by virtue of the Labor and Storage Lien
3 Act may enforce the lien by a sale of the property, on giving
4 to the owner thereof, if he and his residence be known to the
5 person having such lien, 30 days' notice by certified mail, in
6 writing of the time and place of such sale, and if the owner or
7 his place of residence be unknown to the person having such
8 lien, then upon his filing his affidavit to that effect with
9 the clerk of the circuit court in the county where such
10 property is situated; notice of the sale may be given by
11 publishing the same once in each week for 3 successive weeks in
12 some newspaper of general circulation published in the county,
13 and out of the proceeds of the sale all costs and charges for
14 advertising and making the same, and the amount of the lien
15 shall be paid, and the surplus, if any, shall be paid to the
16 owner of the property or, if not claimed by said owner, such
17 surplus, if any, shall be disposed under the ~~Revised~~ Uniform
18 Disposition of Unclaimed Property Act. All sales pursuant to
19 this Section must be public and conducted in a commercially
20 reasonable manner so as to maximize the net proceeds of the
21 sale. Conformity to the requirements of this Act shall be a
22 perpetual bar to any action against such lienor by any person
23 for the recovery of such chattels or the value thereof or any
24 damages growing out of the failure of such person to receive
25 such chattels.

26 (Source: P.A. 100-22, eff. 1-1-18.)

1 Section 115. The Business Corporation Act of 1983 is
2 amended by changing Section 12.70 as follows:

3 (805 ILCS 5/12.70) (from Ch. 32, par. 12.70)

4 Sec. 12.70. Deposit of amount due certain shareholders.
5 Upon the distribution of the assets of a corporation among its
6 shareholders, the distributive portion to which a shareholder
7 would be entitled who is unknown or can not ~~cannot~~ be found, or
8 who is under disability and there is no person legally
9 competent to receive such distributive portion, shall be
10 presumed abandoned and reported and delivered to the State
11 Treasurer and become subject to the provision of the ~~Revised~~
12 Uniform Disposition of Unclaimed Property Act. In the event
13 such distribution is made other than in cash, such distributive
14 portion of the assets shall be reduced to cash before being so
15 reported and delivered.

16 (Source: P.A. 100-22, eff. 1-1-18.)

17 Section 120. The General Not For Profit Corporation Act of
18 1986 is amended by changing Section 112.70 as follows:

19 (805 ILCS 105/112.70) (from Ch. 32, par. 112.70)

20 Sec. 112.70. Deposit of amount due. Upon the distribution
21 of the assets of a corporation, the distributive portion to
22 which a person would be entitled who is unknown or cannot be

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

9 (Source: P.A. 100-22, eff. 1-1-18.)

10 Section 125. The Illinois Income Tax Act is amended by
11 changing Sections 201, 203, 204, 208, 212, 901, 1501, 1102,
12 1103, and 1105 as follows:

13 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

14 Sec. 201. Tax imposed.

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

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

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

5 (2) In the case of an individual, trust or estate, for
6 taxable years beginning prior to July 1, 1989 and ending
7 after June 30, 1989, an amount equal to the sum of (i) 2
8 1/2% of the taxpayer's net income for the period prior to
9 July 1, 1989, as calculated under Section 202.3, and (ii)
10 3% of the taxpayer's net income for the period after June
11 30, 1989, as calculated under Section 202.3.

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

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

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

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

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

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

19 (5.4) In the case of an individual, trust, or estate,
20 for taxable years beginning on or after July 1, 2017 and
21 ending prior to January 1, 2019, an amount equal to 4.95%
22 of the taxpayer's net income for the taxable year.

23 (5.5) In the case of an individual, trust, or estate,
24 for taxable years beginning prior to January 1, 2019, and
25 ending after December 31, 2018, an amount equal to the sum
26 of (i) 4.95% of the taxpayer's net income for the period

1 prior to January 1, 2019, as calculated under Section
2 202.5, and (ii) 3.75% of the taxpayer's net income for the
3 period after December 31, 2018, as calculated under Section
4 202.5.

5 (5.6) In the case of an individual, trust, or estate,
6 for taxable years beginning on or after January 1, 2019 and
7 ending prior to January 1, 2025, an amount equal to 3.75%
8 of the taxpayer's net income for the taxable year.

9 (5.7) In the case of an individual, trust, or estate,
10 for taxable years beginning prior to January 1, 2025, and
11 ending after December 31, 2024, an amount equal to the sum
12 of (i) 3.75% of the taxpayer's net income for the period
13 prior to January 1, 2025, as calculated under Section
14 202.5, and (ii) 3.25% of the taxpayer's net income for the
15 period after December 31, 2024, as calculated under Section
16 202.5.

17 (5.8) In the case of an individual, trust, or estate,
18 for taxable years beginning on or after January 1, 2025, an
19 amount equal to 3.25% of the taxpayer's net income for the
20 taxable year.

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

24 (7) In the case of a corporation, for taxable years
25 beginning prior to July 1, 1989 and ending after June 30,
26 1989, an amount equal to the sum of (i) 4% of the

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

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

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

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

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

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

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

12 (14) In the case of a corporation, for taxable years
13 beginning on or after July 1, 2017 and ending prior to
14 January 1, 2019, an amount equal to 7% of the taxpayer's
15 net income for the taxable year.

16 (15) In the case of a corporation, for taxable years
17 beginning prior to January 1, 2019 and ending after
18 December 31, 2018, an amount equal to the sum of (i) 7% of
19 the taxpayer's net income for the period prior to January
20 1, 2019, as calculated under Section 202.5, and (ii) 5.25%
21 of the taxpayer's net income for the period after December
22 31, 2014, as calculated under Section 202.5.

23 (16) In the case of a corporation, for taxable years
24 beginning after January 1, 2019 and ending prior to January
25 1, 2025, an amount equal to 5.25% of the taxpayer's net
26 income for the taxable year.

1 (17) In the case of a corporation, for taxable years
2 beginning prior to January 1, 2025 and ending after
3 December 31, 2024, an amount equal to the sum of (i) 5.25%
4 of the taxpayer's net income for the period prior to
5 January 1, 2025, as calculated under Section 202.5, and
6 (ii) 4.8% of the taxpayer's net income for the period after
7 December 31, 2024, as calculated under Section 202.5.

8 (18) In the case of a corporation, for taxable years
9 beginning on or after January 1, 2025, an amount equal to
10 4.8% of the taxpayer's net income for the taxable year.

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

13 (c) Personal Property Tax Replacement Income Tax.
14 Beginning on July 1, 1979 and thereafter, in addition to such
15 income tax, there is also hereby imposed the Personal Property
16 Tax Replacement Income Tax measured by net income on every
17 corporation (including Subchapter S corporations), partnership
18 and trust, for each taxable year ending after June 30, 1979.
19 Such taxes are imposed on the privilege of earning or receiving
20 income in or as a resident of this State. The Personal Property
21 Tax Replacement Income Tax shall be in addition to the income
22 tax imposed by subsections (a) and (b) of this Section and in
23 addition to all other occupation or privilege taxes imposed by
24 this State or by any municipal corporation or political
25 subdivision thereof.

26 (d) Additional Personal Property Tax Replacement Income

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

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

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

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

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

16 (B) the privilege tax imposed by Section 409 of the
17 Illinois Insurance Code, the fire insurance company
18 tax imposed by Section 12 of the Fire Investigation
19 Act, and the fire department taxes imposed under
20 Section 11-10-1 of the Illinois Municipal Code,
21 equals 1.25% for taxable years ending prior to December 31,
22 2003, or 1.75% for taxable years ending on or after
23 December 31, 2003, of the net taxable premiums written for
24 the taxable year, as described by subsection (1) of Section
25 409 of the Illinois Insurance Code. This paragraph will in
26 no event increase the rates imposed under subsections (b)

1 and (d).

2 (2) Any reduction in the rates of tax imposed by this
3 subsection shall be applied first against the rates imposed
4 by subsection (b) and only after the tax imposed by
5 subsection (a) net of all credits allowed under this
6 Section other than the credit allowed under subsection (i)
7 has been reduced to zero, against the rates imposed by
8 subsection (d).

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

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

14 (1) A taxpayer shall be allowed a credit equal to .5%
15 of the basis of qualified property placed in service during
16 the taxable year, provided such property is placed in
17 service on or after July 1, 1984. There shall be allowed an
18 additional credit equal to .5% of the basis of qualified
19 property placed in service during the taxable year,
20 provided such property is placed in service on or after
21 July 1, 1986, and the taxpayer's base employment within
22 Illinois has increased by 1% or more over the preceding
23 year as determined by the taxpayer's employment records
24 filed with the Illinois Department of Employment Security.
25 Taxpayers who are new to Illinois shall be deemed to have
26 met the 1% growth in base employment for the first year in

1 which they file employment records with the Illinois
2 Department of Employment Security. The provisions added to
3 this Section by Public Act 85-1200 (and restored by Public
4 Act 87-895) shall be construed as declaratory of existing
5 law and not as a new enactment. If, in any year, the
6 increase in base employment within Illinois over the
7 preceding year is less than 1%, the additional credit shall
8 be limited to that percentage times a fraction, the
9 numerator of which is .5% and the denominator of which is
10 1%, but shall not exceed .5%. The investment credit shall
11 not be allowed to the extent that it would reduce a
12 taxpayer's liability in any tax year below zero, nor may
13 any credit for qualified property be allowed for any year
14 other than the year in which the property was placed in
15 service in Illinois. For tax years ending on or after
16 December 31, 1987, and on or before December 31, 1988, the
17 credit shall be allowed for the tax year in which the
18 property is placed in service, or, if the amount of the
19 credit exceeds the tax liability for that year, whether it
20 exceeds the original liability or the liability as later
21 amended, such excess may be carried forward and applied to
22 the tax liability of the 5 taxable years following the
23 excess credit years if the taxpayer (i) makes investments
24 which cause the creation of a minimum of 2,000 full-time
25 equivalent jobs in Illinois, (ii) is located in an
26 enterprise zone established pursuant to the Illinois

1 Enterprise Zone Act and (iii) is certified by the
2 Department of Commerce and Community Affairs (now
3 Department of Commerce and Economic Opportunity) as
4 complying with the requirements specified in clause (i) and
5 (ii) by July 1, 1986. The Department of Commerce and
6 Community Affairs (now Department of Commerce and Economic
7 Opportunity) shall notify the Department of Revenue of all
8 such certifications immediately. For tax years ending
9 after December 31, 1988, the credit shall be allowed for
10 the tax year in which the property is placed in service,
11 or, if the amount of the credit exceeds the tax liability
12 for that year, whether it exceeds the original liability or
13 the liability as later amended, such excess may be carried
14 forward and applied to the tax liability of the 5 taxable
15 years following the excess credit years. The credit shall
16 be 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, earlier credit
19 shall be applied first.

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

22 (A) is tangible, whether new or used, including
23 buildings and structural components of buildings and
24 signs that are real property, but not including land or
25 improvements to real property that are not a structural
26 component of a building such as landscaping, sewer

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

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

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

10 (D) is used in Illinois by a taxpayer who is
11 primarily engaged in manufacturing, or in mining coal
12 or fluorite, or in retailing, or was placed in service
13 on or after July 1, 2006 in a River Edge Redevelopment
14 Zone established pursuant to the River Edge
15 Redevelopment Zone Act; and

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

20 (3) For purposes of this subsection (e),
21 "manufacturing" means the material staging and production
22 of tangible personal property by procedures commonly
23 regarded as manufacturing, processing, fabrication, or
24 assembling which changes some existing material into new
25 shapes, new qualities, or new combinations. For purposes of
26 this subsection (e) the term "mining" shall have the same

1 meaning as the term "mining" in Section 613(c) of the
2 Internal Revenue Code. For purposes of this subsection (e),
3 the term "retailing" means the sale of tangible personal
4 property for use or consumption and not for resale, or
5 services rendered in conjunction with the sale of tangible
6 personal property for use or consumption and not for
7 resale. For purposes of this subsection (e), "tangible
8 personal property" has the same meaning as when that term
9 is used in the Retailers' Occupation Tax Act, and, for
10 taxable years ending after December 31, 2008, does not
11 include the generation, transmission, or distribution of
12 electricity.

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

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

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

23 (7) If during any taxable year, any property ceases to
24 be qualified property in the hands of the taxpayer within
25 48 months after being placed in service, or the situs of
26 any qualified property is moved outside Illinois within 48

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

13 (8) Unless the investment credit is extended by law,
14 the basis of qualified property shall not include costs
15 incurred after December 31, 2018, except for costs incurred
16 pursuant to a binding contract entered into on or before
17 December 31, 2018.

18 (9) Each taxable year ending before December 31, 2000,
19 a partnership may elect to pass through to its partners the
20 credits to which the partnership is entitled under this
21 subsection (e) for the taxable year. A partner may use the
22 credit allocated to him or her under this paragraph only
23 against the tax imposed in subsections (c) and (d) of this
24 Section. If the partnership makes that election, those
25 credits shall be allocated among the partners in the
26 partnership in accordance with the rules set forth in

1 Section 704(b) of the Internal Revenue Code, and the rules
2 promulgated under that Section, and the allocated amount of
3 the credits shall be allowed to the partners for that
4 taxable year. The partnership shall make this election on
5 its Personal Property Tax Replacement Income Tax return for
6 that taxable year. The election to pass through the credits
7 shall be irrevocable.

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

22 (f) Investment credit; Enterprise Zone; River Edge
23 Redevelopment Zone.

24 (1) A taxpayer shall be allowed a credit against the
25 tax imposed by subsections (a) and (b) of this Section for
26 investment in qualified property which is placed in service

1 in an Enterprise Zone created pursuant to the Illinois
2 Enterprise Zone Act or, for property placed in service on
3 or after July 1, 2006, a River Edge Redevelopment Zone
4 established pursuant to the River Edge Redevelopment Zone
5 Act. For partners, shareholders of Subchapter S
6 corporations, and owners of limited liability companies,
7 if the liability company is treated as a partnership for
8 purposes of federal and State income taxation, there shall
9 be allowed a credit under this subsection (f) to be
10 determined in accordance with the determination of income
11 and distributive share of income under Sections 702 and 704
12 and Subchapter S of the Internal Revenue Code. The credit
13 shall be .5% of the basis for such property. The credit
14 shall be available only in the taxable year in which the
15 property is placed in service in the Enterprise Zone or
16 River Edge Redevelopment Zone and shall not be allowed to
17 the extent that it would reduce a taxpayer's liability for
18 the tax imposed by subsections (a) and (b) of this Section
19 to below zero. For tax years ending on or after December
20 31, 1985, the credit shall be allowed for the tax year in
21 which the property is placed in service, or, if the amount
22 of the credit exceeds the tax liability for that year,
23 whether it exceeds the original liability or the liability
24 as later amended, such excess may be carried forward and
25 applied to the tax liability of the 5 taxable years
26 following the excess credit year. The credit shall be

1 applied to the earliest year for which there is a
2 liability. If there is credit from more than one tax year
3 that is available to offset a liability, the credit
4 accruing first in time shall be applied first.

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

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

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

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

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

17 (E) has not been previously used in Illinois in
18 such a manner and by such a person as would qualify for
19 the credit provided by this subsection (f) or
20 subsection (e).

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

24 (4) If the basis of the property for federal income tax
25 depreciation purposes is increased after it has been placed
26 in service in the Enterprise Zone or River Edge

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

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

6 (6) If during any taxable year, any property ceases to
7 be qualified property in the hands of the taxpayer within
8 48 months after being placed in service, or the situs of
9 any qualified property is moved outside the Enterprise Zone
10 or River Edge Redevelopment Zone within 48 months after
11 being placed in service, the tax imposed under subsections
12 (a) and (b) of this Section for such taxable year shall be
13 increased. Such increase shall be determined by (i)
14 recomputing the investment credit which would have been
15 allowed for the year in which credit for such property was
16 originally allowed by eliminating such property from such
17 computation, and (ii) subtracting such recomputed credit
18 from the amount of credit previously allowed. For the
19 purposes of this paragraph (6), a reduction of the basis of
20 qualified property resulting from a redetermination of the
21 purchase price shall be deemed a disposition of qualified
22 property to the extent of such reduction.

23 (7) There shall be allowed an additional credit equal
24 to 0.5% of the basis of qualified property placed in
25 service during the taxable year in a River Edge
26 Redevelopment Zone, provided such property is placed in

1 service on or after July 1, 2006, and the taxpayer's base
2 employment within Illinois has increased by 1% or more over
3 the preceding year as determined by the taxpayer's
4 employment records filed with the Illinois Department of
5 Employment Security. Taxpayers who are new to Illinois
6 shall be deemed to have met the 1% growth in base
7 employment for the first year in which they file employment
8 records with the Illinois Department of Employment
9 Security. If, in any year, the increase in base employment
10 within Illinois over the preceding year is less than 1%,
11 the additional credit shall be limited to that percentage
12 times a fraction, the numerator of which is 0.5% and the
13 denominator of which is 1%, but shall not exceed 0.5%.

14 (g) (Blank).

15 (h) Investment credit; High Impact Business.

16 (1) Subject to subsections (b) and (b-5) of Section 5.5
17 of the Illinois Enterprise Zone Act, a taxpayer shall be
18 allowed a credit against the tax imposed by subsections (a)
19 and (b) of this Section for investment in qualified
20 property which is placed in service by a Department of
21 Commerce and Economic Opportunity designated High Impact
22 Business. The credit shall be .5% of the basis for such
23 property. The credit shall not be available (i) until the
24 minimum investments in qualified property set forth in
25 subdivision (a)(3)(A) of Section 5.5 of the Illinois
26 Enterprise Zone Act have been satisfied or (ii) until the

1 time authorized in subsection (b-5) of the Illinois
2 Enterprise Zone Act for entities designated as High Impact
3 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
4 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
5 Act, and shall not be allowed to the extent that it would
6 reduce a taxpayer's liability for the tax imposed by
7 subsections (a) and (b) of this Section to below zero. The
8 credit applicable to such investments shall be taken in the
9 taxable year in which such investments have been completed.
10 The credit for additional investments beyond the minimum
11 investment by a designated high impact business authorized
12 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
13 Enterprise Zone Act shall be available only in the taxable
14 year in which the property is placed in service and shall
15 not be allowed to the extent that it would reduce a
16 taxpayer's liability for the tax imposed by subsections (a)
17 and (b) of this Section to below zero. For tax years ending
18 on or after December 31, 1987, the credit shall be allowed
19 for the tax year in which the property is placed in
20 service, or, if the amount of the credit exceeds the tax
21 liability for that year, whether it exceeds the original
22 liability or the liability as later amended, such excess
23 may be carried forward and applied to the tax liability of
24 the 5 taxable years following the excess credit year. The
25 credit shall be applied to the earliest year for which
26 there is a liability. If there is credit from more than one

1 tax year that is available to offset a liability, the
2 credit accruing first in time shall be applied first.

3 Changes made in this subdivision (h) (1) by Public Act
4 88-670 restore changes made by Public Act 85-1182 and
5 reflect existing law.

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

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

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

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

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

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

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

1 the date of such increase in basis.

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

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

22 (7) Beginning with tax years ending after December 31,
23 1996, if a taxpayer qualifies for the credit under this
24 subsection (h) and thereby is granted a tax abatement and
25 the taxpayer relocates its entire facility in violation of
26 the explicit terms and length of the contract under Section

1 18-183 of the Property Tax Code, the tax imposed under
2 subsections (a) and (b) of this Section shall be increased
3 for the taxable year in which the taxpayer relocated its
4 facility by an amount equal to the amount of credit
5 received by the taxpayer under this subsection (h).

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

16 Any credit earned on or after December 31, 1986 under this
17 subsection which is unused in the year the credit is computed
18 because it exceeds the tax liability imposed by subsections (a)
19 and (b) for that year (whether it exceeds the original
20 liability or the liability as later amended) may be carried
21 forward and applied to the tax liability imposed by subsections
22 (a) and (b) of the 5 taxable years following the excess credit
23 year, provided that no credit may be carried forward to any
24 year ending on or after December 31, 2003. This credit shall be
25 applied first to the earliest year for which there is a
26 liability. If there is a credit under this subsection from more

1 than one tax year that is available to offset a liability the
2 earliest credit arising under this subsection shall be applied
3 first.

4 If, during any taxable year ending on or after December 31,
5 1986, the tax imposed by subsections (c) and (d) of this
6 Section for which a taxpayer has claimed a credit under this
7 subsection (i) is reduced, the amount of credit for such tax
8 shall also be reduced. Such reduction shall be determined by
9 recomputing the credit to take into account the reduced tax
10 imposed by subsections (c) and (d). If any portion of the
11 reduced amount of credit has been carried to a different
12 taxable year, an amended return shall be filed for such taxable
13 year to reduce the amount of credit claimed.

14 (j) Training expense credit. Beginning with tax years
15 ending on or after December 31, 1986 and prior to December 31,
16 2003, a taxpayer shall be allowed a credit against the tax
17 imposed by subsections (a) and (b) under this Section for all
18 amounts paid or accrued, on behalf of all persons employed by
19 the taxpayer in Illinois or Illinois residents employed outside
20 of Illinois by a taxpayer, for educational or vocational
21 training in semi-technical or technical fields or semi-skilled
22 or skilled fields, which were deducted from gross income in the
23 computation of taxable income. The credit against the tax
24 imposed by subsections (a) and (b) shall be 1.6% of such
25 training expenses. For partners, shareholders of subchapter S
26 corporations, and owners of limited liability companies, if the

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

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

17 (k) Research and development credit. For tax years ending
18 after July 1, 1990 and prior to December 31, 2003, and
19 beginning again for tax years ending on or after December 31,
20 2004, and ending prior to January 1, 2019 ~~January 1, 2022~~, a
21 taxpayer shall be allowed a credit against the tax imposed by
22 subsections (a) and (b) of this Section for increasing research
23 activities in this State. The credit allowed against the tax
24 imposed by subsections (a) and (b) shall be equal to 6 1/2% of
25 the qualifying expenditures for increasing research activities
26 in this State. For partners, shareholders of subchapter S

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

8 For purposes of this subsection, "qualifying expenditures"
9 means the qualifying expenditures as defined for the federal
10 credit for increasing research activities which would be
11 allowable under Section 41 of the Internal Revenue Code and
12 which are conducted in this State, "qualifying expenditures for
13 increasing research activities in this State" means the excess
14 of qualifying expenditures for the taxable year in which
15 incurred over qualifying expenditures for the base period,
16 "qualifying expenditures for the base period" means the average
17 of the qualifying expenditures for each year in the base
18 period, and "base period" means the 3 taxable years immediately
19 preceding the taxable year for which the determination is being
20 made.

21 Any credit in excess of the tax liability for the taxable
22 year may be carried forward. A taxpayer may elect to have the
23 unused credit shown on its final completed return carried over
24 as a credit against the tax liability for the following 5
25 taxable years or until it has been fully used, whichever occurs
26 first; provided that no credit earned in a tax year ending

1 prior to December 31, 2003 may be carried forward to any year
2 ending on or after December 31, 2003.

3 If an unused credit is carried forward to a given year from
4 2 or more earlier years, that credit arising in the earliest
5 year will be applied first against the tax liability for the
6 given year. If a tax liability for the given year still
7 remains, the credit from the next earliest year will then be
8 applied, and so on, until all credits have been used or no tax
9 liability for the given year remains. Any remaining unused
10 credit or credits then will be carried forward to the next
11 following year in which a tax liability is incurred, except
12 that no credit can be carried forward to a year which is more
13 than 5 years after the year in which the expense for which the
14 credit is given was incurred.

15 No inference shall be drawn from this amendatory Act of the
16 91st General Assembly in construing this Section for taxable
17 years beginning before January 1, 1999.

18 ~~It is the intent of the General Assembly that the research~~
19 ~~and development credit under this subsection (k) shall apply~~
20 ~~continuously for all tax years ending on or after December 31,~~
21 ~~2004 and ending prior to January 1, 2022, including, but not~~
22 ~~limited to, the period beginning on January 1, 2016 and ending~~
23 ~~on the effective date of this amendatory Act of the 100th~~
24 ~~General Assembly. All actions taken in reliance on the~~
25 ~~continuation of the credit under this subsection (k) by any~~
26 ~~taxpayer are hereby validated.~~

1 (1) Environmental Remediation Tax Credit.

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

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

23 (ii) A credit allowed under this subsection that is
24 unused in the year the credit is earned may be carried
25 forward to each of the 5 taxable years following the year
26 for which the credit is first earned until it is used. The

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

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

25 (m) Education expense credit. Beginning with tax years
26 ending after December 31, 1999, a taxpayer who is the custodian

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

19 For purposes of this subsection:

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

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

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

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

15 (n) River Edge Redevelopment Zone site remediation tax
16 credit.

17 (i) For tax years ending on or after December 31, 2006,
18 a taxpayer shall be allowed a credit against the tax
19 imposed by subsections (a) and (b) of this Section for
20 certain amounts paid for unreimbursed eligible remediation
21 costs, as specified in this subsection. For purposes of
22 this Section, "unreimbursed eligible remediation costs"
23 means costs approved by the Illinois Environmental
24 Protection Agency ("Agency") under Section 58.14a of the
25 Environmental Protection Act that were paid in performing
26 environmental remediation at a site within a River Edge

1 Redevelopment Zone for which a No Further Remediation
2 Letter was issued by the Agency and recorded under Section
3 58.10 of the Environmental Protection Act. The credit must
4 be claimed for the taxable year in which Agency approval of
5 the eligible remediation costs is granted. The credit is
6 not available to any taxpayer if the taxpayer or any
7 related party caused or contributed to, in any material
8 respect, a release of regulated substances on, in, or under
9 the site that was identified and addressed by the remedial
10 action pursuant to the Site Remediation Program of the
11 Environmental Protection Act. Determinations as to credit
12 availability for purposes of this Section shall be made
13 consistent with rules adopted by the Pollution Control
14 Board pursuant to the Illinois Administrative Procedure
15 Act for the administration and enforcement of Section 58.9
16 of the Environmental Protection Act. For purposes of this
17 Section, "taxpayer" includes a person whose tax attributes
18 the taxpayer has succeeded to under Section 381 of the
19 Internal Revenue Code and "related party" includes the
20 persons disallowed a deduction for losses by paragraphs
21 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
22 Code by virtue of being a related taxpayer, as well as any
23 of its partners. The credit allowed against the tax imposed
24 by subsections (a) and (b) shall be equal to 25% of the
25 unreimbursed eligible remediation costs in excess of
26 \$100,000 per site.

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

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

26 (o) For each of taxable years during the Compassionate Use

1 of Medical Cannabis Pilot Program, a surcharge is imposed on
2 all taxpayers on income arising from the sale or exchange of
3 capital assets, depreciable business property, real property
4 used in the trade or business, and Section 197 intangibles of
5 an organization registrant under the Compassionate Use of
6 Medical Cannabis Pilot Program Act. The amount of the surcharge
7 is equal to the amount of federal income tax liability for the
8 taxable year attributable to those sales and exchanges. The
9 surcharge imposed does not apply if:

10 (1) the medical cannabis cultivation center
11 registration, medical cannabis dispensary registration, or
12 the property of a registration is transferred as a result
13 of any of the following:

14 (A) bankruptcy, a receivership, or a debt
15 adjustment initiated by or against the initial
16 registration or the substantial owners of the initial
17 registration;

18 (B) cancellation, revocation, or termination of
19 any registration by the Illinois Department of Public
20 Health;

21 (C) a determination by the Illinois Department of
22 Public Health that transfer of the registration is in
23 the best interests of Illinois qualifying patients as
24 defined by the Compassionate Use of Medical Cannabis
25 Pilot Program Act;

26 (D) the death of an owner of the equity interest in

1 a registrant;

2 (E) the acquisition of a controlling interest in
3 the stock or substantially all of the assets of a
4 publicly traded company;

5 (F) a transfer by a parent company to a wholly
6 owned subsidiary; or

7 (G) the transfer or sale to or by one person to
8 another person where both persons were initial owners
9 of the registration when the registration was issued;
10 or

11 (2) the cannabis cultivation center registration,
12 medical cannabis dispensary registration, or the
13 controlling interest in a registrant's property is
14 transferred in a transaction to lineal descendants in which
15 no gain or loss is recognized or as a result of a
16 transaction in accordance with Section 351 of the Internal
17 Revenue Code in which no gain or loss is recognized.

18 (Source: P.A. 100-22, eff. 7-6-17.)

19 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

20 Sec. 203. Base income defined.

21 (a) Individuals.

22 (1) In general. In the case of an individual, base
23 income means an amount equal to the taxpayer's adjusted
24 gross income for the taxable year as modified by paragraph

25 (2).

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

4 (A) An amount equal to all amounts paid or accrued
5 to the taxpayer as interest or dividends during the
6 taxable year to the extent excluded from gross income
7 in the computation of adjusted gross income, except
8 stock dividends of qualified public utilities
9 described in Section 305(e) of the Internal Revenue
10 Code;

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

15 (C) An amount equal to the amount received during
16 the taxable year as a recovery or refund of real
17 property taxes paid with respect to the taxpayer's
18 principal residence under the Revenue Act of 1939 and
19 for which a deduction was previously taken under
20 subparagraph (L) of this paragraph (2) prior to July 1,
21 1991, the retrospective application date of Article 4
22 of Public Act 87-17. In the case of multi-unit or
23 multi-use structures and farm dwellings, the taxes on
24 the taxpayer's principal residence shall be that
25 portion of the total taxes for the entire property
26 which is attributable to such principal residence;

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 adjusted gross income;

5 (D-5) An amount, to the extent not included in
6 adjusted gross income, equal to the amount of money
7 withdrawn by the taxpayer in the taxable year from a
8 medical care savings account and the interest earned on
9 the account in the taxable year of a withdrawal
10 pursuant to subsection (b) of Section 20 of the Medical
11 Care Savings Account Act or subsection (b) of Section
12 20 of the Medical Care Savings Account Act of 2000;

13 (D-10) For taxable years ending after December 31,
14 1997, an amount equal to any eligible remediation costs
15 that the individual deducted in computing adjusted
16 gross income and for which the individual claims a
17 credit under subsection (l) of Section 201;

18 (D-15) For taxable years 2001 and thereafter, an
19 amount equal to the bonus depreciation deduction taken
20 on the taxpayer's federal income tax return for the
21 taxable year under subsection (k) of Section 168 of the
22 Internal Revenue Code;

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

1 an amount equal to the aggregate amount of the
2 deductions taken in all taxable years under
3 subparagraph (Z) with respect to that property.

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

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

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

14 This paragraph shall not apply to the following:

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

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

26 (a) the person, during the same taxable

1 year, paid, accrued, or incurred, the interest
2 to a person that is not a related member, and

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

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

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

23 Nothing in this subsection shall preclude the
24 Director from making any other adjustment
25 otherwise allowed under Section 404 of this Act for
26 any tax year beginning after the effective date of

1 this amendment provided such adjustment is made
2 pursuant to regulation adopted by the Department
3 and such regulations provide methods and standards
4 by which the Department will utilize its authority
5 under Section 404 of this Act;

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

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

25 This paragraph shall not apply to the following:

26 (i) any item of intangible expenses or costs

1 paid, accrued, or incurred, directly or
2 indirectly, from a transaction with a person who is
3 subject in a foreign country or state, other than a
4 state which requires mandatory unitary reporting,
5 to a tax on or measured by net income with respect
6 to such item; or

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

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

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

23 (iii) any item of intangible expense or cost
24 paid, accrued, or incurred, directly or
25 indirectly, from a transaction with a person if the
26 taxpayer establishes by clear and convincing

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

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

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

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

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

1 out-of-state program distributes its offering
2 materials;

3 (D-20.5) For taxable years beginning on or after
4 January 1, 2018, in the case of a distribution from a
5 qualified ABLE program under Section 529A of the
6 Internal Revenue Code, other than a distribution from a
7 qualified ABLE program created under Section 16.6 of
8 the State Treasurer Act, an amount equal to the amount
9 excluded from gross income under Section 529A(c)(1)(B)
10 of the Internal Revenue Code;

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-21.5) For taxable years beginning on or after
19 January 1, 2018, in the case of the transfer of moneys
20 from a qualified tuition program under Section 529 or a
21 qualified ABLE program under Section 529A of the
22 Internal Revenue Code that is administered by this
23 State to an ABLE account established under an
24 out-of-state ABLE account program, an amount equal to
25 the contribution component of the transferred amount
26 that was previously deducted from base income under

1 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
2 Section;

3 (D-22) For taxable years beginning on or after
4 January 1, 2009, and prior to January 1, 2018, in the
5 case of a nonqualified withdrawal or refund of moneys
6 from a qualified tuition program under Section 529 of
7 the Internal Revenue Code administered by the State
8 that is not used for qualified expenses at an eligible
9 education institution, an amount equal to the
10 contribution component of the nonqualified withdrawal
11 or refund that was previously deducted from base income
12 under subsection (a)(2)(y) of this Section, provided
13 that the withdrawal or refund did not result from the
14 beneficiary's death or disability. For taxable years
15 beginning on or after January 1, 2018: (1) in the case
16 of a nonqualified withdrawal or refund, as defined
17 under Section 16.5 of the State Treasurer Act, of
18 moneys from a qualified tuition program under Section
19 529 of the Internal Revenue Code administered by the
20 State, an amount equal to the contribution component of
21 the nonqualified withdrawal or refund that was
22 previously deducted from base income under subsection
23 (a)(2)(Y) of this Section, and (2) in the case of a
24 nonqualified withdrawal or refund from a qualified
25 ABLE program under Section 529A of the Internal Revenue
26 Code administered by the State that is not used for

1 qualified disability expenses, an amount equal to the
2 contribution component of the nonqualified withdrawal
3 or refund that was previously deducted from base income
4 under subsection (a) (2) (HH) of this Section;

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

9 (D-24) For taxable years ending on or after
10 December 31, 2017 and ending on or before December 31,
11 2018, an amount equal to the deduction allowed under
12 Section 199 of the Internal Revenue Code for the
13 taxable year;

14 and by deducting from the total so obtained the sum of the
15 following amounts:

16 (E) For taxable years ending before December 31,
17 2001, any amount included in such total in respect of
18 any compensation (including but not limited to any
19 compensation paid or accrued to a serviceman while a
20 prisoner of war or missing in action) paid to a
21 resident by reason of being on active duty in the Armed
22 Forces of the United States and in respect of any
23 compensation paid or accrued to a resident who as a
24 governmental employee was a prisoner of war or missing
25 in action, and in respect of any compensation paid to a
26 resident in 1971 or thereafter for annual training

1 performed pursuant to Sections 502 and 503, Title 32,
2 United States Code as a member of the Illinois National
3 Guard or, beginning with taxable years ending on or
4 after December 31, 2007, the National Guard of any
5 other state. For taxable years ending on or after
6 December 31, 2001, any amount included in such total in
7 respect of any compensation (including but not limited
8 to any compensation paid or accrued to a serviceman
9 while a prisoner of war or missing in action) paid to a
10 resident by reason of being a member of any component
11 of the Armed Forces of the United States and in respect
12 of any compensation paid or accrued to a resident who
13 as a governmental employee was a prisoner of war or
14 missing in action, and in respect of any compensation
15 paid to a resident in 2001 or thereafter by reason of
16 being a member of the Illinois National Guard or,
17 beginning with taxable years ending on or after
18 December 31, 2007, the National Guard of any other
19 state. The provisions of this subparagraph (E) are
20 exempt from the provisions of Section 250;

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

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

6 (G) The valuation limitation amount;

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

10 (I) An amount equal to all amounts included in such
11 total pursuant to the provisions of Section 111 of the
12 Internal Revenue Code as a recovery of items previously
13 deducted from adjusted gross income in the computation
14 of taxable income;

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

23 (K) An amount equal to those dividends included in
24 such total that were paid by a corporation that
25 conducts business operations in a federally designated
26 Foreign Trade Zone or Sub-Zone and that is designated a

1 High Impact Business located in Illinois; provided
2 that dividends eligible for the deduction provided in
3 subparagraph (J) of paragraph (2) of this subsection
4 shall not be eligible for the deduction provided under
5 this subparagraph (K);

6 (L) For taxable years ending after December 31,
7 1983, an amount equal to all social security benefits
8 and railroad retirement benefits included in such
9 total pursuant to Sections 72(r) and 86 of the Internal
10 Revenue Code;

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

1 250;

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

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

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

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

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

3 (S) An amount, to the extent included in adjusted
4 gross income, equal to the amount of a contribution
5 made in the taxable year on behalf of the taxpayer to a
6 medical care savings account established under the
7 Medical Care Savings Account Act or the Medical Care
8 Savings Account Act of 2000 to the extent the
9 contribution is accepted by the account administrator
10 as provided in that Act;

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

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

24 (V) Beginning with tax years ending on or after
25 December 31, 1995 and ending with tax years ending on
26 or before December 31, 2004, an amount equal to the

1 amount paid by a taxpayer who is a self-employed
2 taxpayer, a partner of a partnership, or a shareholder
3 in a Subchapter S corporation for health insurance or
4 long-term care insurance for that taxpayer or that
5 taxpayer's spouse or dependents, to the extent that the
6 amount paid for that health insurance or long-term care
7 insurance may be deducted under Section 213 of the
8 Internal Revenue Code, has not been deducted on the
9 federal income tax return of the taxpayer, and does not
10 exceed the taxable income attributable to that
11 taxpayer's income, self-employment income, or
12 Subchapter S corporation income; except that no
13 deduction shall be allowed under this item (V) if the
14 taxpayer is eligible to participate in any health
15 insurance or long-term care insurance plan of an
16 employer of the taxpayer or the taxpayer's spouse. The
17 amount of the health insurance and long-term care
18 insurance subtracted under this item (V) shall be
19 determined by multiplying total health insurance and
20 long-term care insurance premiums paid by the taxpayer
21 times a number that represents the fractional
22 percentage of eligible medical expenses under Section
23 213 of the Internal Revenue Code of 1986 not actually
24 deducted on the taxpayer's federal income tax return;

25 (W) For taxable years beginning on or after January
26 1, 1998, all amounts included in the taxpayer's federal

1 gross income in the taxable year from amounts converted
2 from a regular IRA to a Roth IRA. This paragraph is
3 exempt from the provisions of Section 250;

4 (X) For taxable year 1999 and thereafter, an amount
5 equal to the amount of any (i) distributions, to the
6 extent includible in gross income for federal income
7 tax purposes, made to the taxpayer because of his or
8 her status as a victim of persecution for racial or
9 religious reasons by Nazi Germany or any other Axis
10 regime or as an heir of the victim and (ii) items of
11 income, to the extent includible in gross income for
12 federal income tax purposes, attributable to, derived
13 from or in any way related to assets stolen from,
14 hidden from, or otherwise lost to a victim of
15 persecution for racial or religious reasons by Nazi
16 Germany or any other Axis regime immediately prior to,
17 during, and immediately after World War II, including,
18 but not limited to, interest on the proceeds receivable
19 as insurance under policies issued to a victim of
20 persecution for racial or religious reasons by Nazi
21 Germany or any other Axis regime by European insurance
22 companies immediately prior to and during World War II;
23 provided, however, this subtraction from federal
24 adjusted gross income does not apply to assets acquired
25 with such assets or with the proceeds from the sale of
26 such assets; provided, further, this paragraph shall

1 only apply to a taxpayer who was the first recipient of
2 such assets after their recovery and who is a victim of
3 persecution for racial or religious reasons by Nazi
4 Germany or any other Axis regime or as an heir of the
5 victim. The amount of and the eligibility for any
6 public assistance, benefit, or similar entitlement is
7 not affected by the inclusion of items (i) and (ii) of
8 this paragraph in gross income for federal income tax
9 purposes. This paragraph is exempt from the provisions
10 of Section 250;

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

1 of this subparagraph, contributions made by an
2 employer on behalf of an employee, or matching
3 contributions made by an employee, shall be treated as
4 made by the employee. This subparagraph (Y) is exempt
5 from the provisions of Section 250;

6 (Z) 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 (Z) is exempt from the provisions of
15 Section 250;

16 (AA) If the taxpayer sells, transfers, abandons,
17 or otherwise disposes of property for which the
18 taxpayer was required in any taxable year to make an
19 addition modification under subparagraph (D-15), then
20 an amount 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 (D-15), 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 (AA) is exempt from the
6 provisions of Section 250;

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

10 (CC) The amount of (i) any interest income (net of
11 the deductions allocable thereto) taken into account
12 for the taxable year with respect to a transaction with
13 a taxpayer that is required to make an addition
14 modification with respect to such transaction under
15 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
16 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
17 the amount of that addition modification, and (ii) any
18 income from intangible property (net of the deductions
19 allocable thereto) taken into account for the taxable
20 year with respect to a transaction with a taxpayer that
21 is required to make an addition modification with
22 respect to such transaction under Section
23 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
24 203(d)(2)(D-8), but not to exceed the amount of that
25 addition modification. This subparagraph (CC) is
26 exempt from the provisions of Section 250;

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

21 (EE) An amount equal to the income from intangible
22 property taken into account for the taxable year (net
23 of the 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(a)(2)(D-18) for
12 intangible expenses and costs paid, accrued, or
13 incurred, directly or indirectly, to the same foreign
14 person. This subparagraph (EE) is exempt from the
15 provisions of Section 250;

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

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

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

11 (HH) For taxable years beginning on or after
12 January 1, 2018 and prior to January 1, 2023, a maximum
13 of \$10,000 contributed in the taxable year to a
14 qualified ABLE account under Section 16.6 of the State
15 Treasurer Act, except that amounts excluded from gross
16 income under Section 529(c)(3)(C)(i) or Section
17 529A(c)(1)(C) of the Internal Revenue Code shall not be
18 considered moneys contributed under this subparagraph
19 (HH). For purposes of this subparagraph (HH),
20 contributions made by an employer on behalf of an
21 employee, or matching contributions made by an
22 employee, shall be treated as made by the employee.

23 (b) Corporations.

24 (1) In general. In the case of a corporation, base
25 income means an amount equal to the taxpayer's taxable

1 income for the taxable year as modified by paragraph (2).

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

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

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

13 (C) In the case of a regulated investment company,
14 an amount equal to the excess of (i) the net long-term
15 capital gain for the taxable year, over (ii) the amount
16 of the capital gain dividends designated as such in
17 accordance with Section 852(b)(3)(C) of the Internal
18 Revenue Code and any amount designated under Section
19 852(b)(3)(D) of the Internal Revenue Code,
20 attributable to the taxable year (this amendatory Act
21 of 1995 (Public Act 89-89) is declarative of existing
22 law and is not a new enactment);

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

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

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

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

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

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

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

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

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

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

1 modification under subparagraph (T), then an amount
2 equal to that subtraction modification.

3 The taxpayer is required to make the addition
4 modification under this subparagraph only once with
5 respect to any one piece of property;

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

1 included in gross income pursuant to Sections 951
2 through 964 of the Internal Revenue Code and amounts
3 included in gross income under Section 78 of the
4 Internal Revenue Code) with respect to the stock of the
5 same person to whom the interest was paid, accrued, or
6 incurred.

7 This paragraph shall not apply to the following:

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

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

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

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

1 reflects an arm's-length interest rate and
2 terms; or

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

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

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

25 (E-13) An amount equal to the amount of intangible
26 expenses and costs otherwise allowed as a deduction in

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

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

18 This paragraph shall not apply to the following:

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

26 (ii) any item of intangible expense or cost

1 paid, accrued, or incurred, directly or
2 indirectly, if the taxpayer can establish, based
3 on a preponderance of the evidence, both of the
4 following:

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

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

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

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act for

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

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

1 of the same person to whom the premiums and costs were
2 directly or indirectly paid, incurred, or accrued. The
3 preceding sentence does not apply to the extent that
4 the same dividends caused a reduction to the addition
5 modification required under Section 203(b)(2)(E-12) or
6 Section 203(b)(2)(E-13) of this Act;

7 (E-15) For taxable years beginning after December
8 31, 2008, any deduction for dividends paid by a captive
9 real estate investment trust that is allowed to a real
10 estate investment trust under Section 857(b)(2)(B) of
11 the Internal Revenue Code for dividends paid;

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

16 (E-17) For taxable years ending on or after
17 December 31, 2017 and ending on or before December 31,
18 2018, an amount equal to the deduction allowed under
19 Section 199 of the Internal Revenue Code for the
20 taxable year;

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

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

26 (G) An amount equal to any amount included in such

1 total under Section 78 of the Internal Revenue Code;

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

7 (I) With the exception of any amounts subtracted
8 under subparagraph (J), an amount equal to the sum of
9 all amounts disallowed as deductions by (i) Sections
10 171(a) (2), and 265(a) (2) and amounts disallowed as
11 interest expense by Section 291(a) (3) of the Internal
12 Revenue Code, and all amounts of expenses allocable to
13 interest and disallowed as deductions by Section
14 265(a) (1) of the Internal Revenue Code; and (ii) for
15 taxable years ending on or after August 13, 1999,
16 Sections 171(a) (2), 265, 280C, 291(a) (3), and
17 832(b) (5) (B) (i) of the Internal Revenue Code, plus,
18 for tax years ending on or after December 31, 2011,
19 amounts disallowed as deductions by Section 45G(e) (3)
20 of the Internal Revenue Code and, for taxable years
21 ending on or after December 31, 2008, any amount
22 included in gross income under Section 87 of the
23 Internal Revenue Code and the policyholders' share of
24 tax-exempt interest of a life insurance company under
25 Section 807(a) (2) (B) of the Internal Revenue Code (in
26 the case of a life insurance company with gross income

1 from a decrease in reserves for the tax year) or
2 Section 807(b)(1)(B) of the Internal Revenue Code (in
3 the case of a life insurance company allowed a
4 deduction for an increase in reserves for the tax
5 year); the provisions of this subparagraph are exempt
6 from the provisions of Section 250;

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

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

24 (L) An amount equal to those dividends included in
25 such total that were paid by a corporation that
26 conducts business operations in a federally designated

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

7 (M) For any taxpayer that is a financial
8 organization within the meaning of Section 304(c) of
9 this Act, an amount included in such total as interest
10 income from a loan or loans made by such taxpayer to a
11 borrower, to the extent that such a loan is secured by
12 property which is eligible for the River Edge
13 Redevelopment Zone Investment Credit. To determine the
14 portion of a loan or loans that is secured by property
15 eligible for a Section 201(f) investment credit to the
16 borrower, the entire principal amount of the loan or
17 loans between the taxpayer and the borrower should be
18 divided into the basis of the Section 201(f) investment
19 credit property which secures the loan or loans, using
20 for this purpose the original basis of such property on
21 the date that it was placed in service in the River
22 Edge Redevelopment Zone. The subtraction modification
23 available to the taxpayer in any year under this
24 subsection shall be that portion of the total interest
25 paid by the borrower with respect to such loan
26 attributable to the eligible property as calculated

1 under the previous sentence. This subparagraph (M) is
2 exempt from the provisions of Section 250;

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

1 calculated under the previous sentence;

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

13 (O) An amount equal to: (i) 85% for taxable years
14 ending on or before December 31, 1992, or, a percentage
15 equal to the percentage allowable under Section
16 243(a)(1) of the Internal Revenue Code of 1986 for
17 taxable years ending after December 31, 1992, of the
18 amount by which dividends included in taxable income
19 and received from a corporation that is not created or
20 organized under the laws of the United States or any
21 state or political subdivision thereof, including, for
22 taxable years ending on or after December 31, 1988,
23 dividends received or deemed received or paid or deemed
24 paid under Sections 951 through 965 of the Internal
25 Revenue Code, exceed the amount of the modification
26 provided under subparagraph (G) of paragraph (2) of

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

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

24 (Q) 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 (R) On and after July 20, 1999, in the case of an
4 attorney-in-fact with respect to whom an interinsurer
5 or a reciprocal insurer has made the election under
6 Section 835 of the Internal Revenue Code, 26 U.S.C.
7 835, an amount equal to the excess, if any, of the
8 amounts paid or incurred by that interinsurer or
9 reciprocal insurer in the taxable year to the
10 attorney-in-fact over the deduction allowed to that
11 interinsurer or reciprocal insurer with respect to the
12 attorney-in-fact under Section 835(b) of the Internal
13 Revenue Code for the taxable year; the provisions of
14 this subparagraph are exempt from the provisions of
15 Section 250;

16 (S) For taxable years ending on or after December
17 31, 1997, in the case of a Subchapter S corporation, an
18 amount equal to all amounts of income allocable to a
19 shareholder subject to the Personal Property Tax
20 Replacement Income Tax imposed by subsections (c) and
21 (d) of Section 201 of this Act, including amounts
22 allocable to organizations exempt from federal income
23 tax by reason of Section 501(a) of the Internal Revenue
24 Code. This subparagraph (S) is exempt from the
25 provisions of Section 250;

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

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

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

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

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

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

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

1 1.0.

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

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

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

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

25 This subparagraph (U) is exempt from the
26 provisions of Section 250;

1 (V) The amount of: (i) any interest income (net of
2 the deductions allocable thereto) taken into account
3 for the taxable year with respect to a transaction with
4 a taxpayer that is required to make an addition
5 modification with respect to such transaction under
6 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
7 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
8 the amount of such addition modification, (ii) any
9 income from intangible property (net of the deductions
10 allocable thereto) taken into account for the taxable
11 year with respect to a transaction with a taxpayer that
12 is required to make an addition modification with
13 respect to such transaction under Section
14 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
15 203(d)(2)(D-8), but not to exceed the amount of such
16 addition modification, and (iii) any insurance premium
17 income (net of deductions allocable thereto) taken
18 into account for the taxable year with respect to a
19 transaction with a taxpayer that is required to make an
20 addition modification with respect to such transaction
21 under Section 203(a)(2)(D-19), Section
22 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
23 203(d)(2)(D-9), but not to exceed the amount of that
24 addition modification. This subparagraph (V) is exempt
25 from the provisions of Section 250;

26 (W) An amount equal to the interest income taken

1 into account for the taxable year (net of the
2 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-12) for
17 interest paid, accrued, or incurred, directly or
18 indirectly, to the same person. This subparagraph (W)
19 is exempt from the provisions of Section 250;

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

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

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

1 to income the amount subtracted by the taxpayer
2 pursuant to this subparagraph (Y). This subparagraph
3 (Y) is exempt from the provisions of Section 250; and

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

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

20 (c) Trusts and estates.

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

24 (2) Modifications. Subject to the provisions of
25 paragraph (3), the taxable income referred to in paragraph

1 (1) shall be modified by adding thereto the sum of the
2 following amounts:

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

7 (B) In the case of (i) an estate, \$600; (ii) a
8 trust which, under its governing instrument, is
9 required to distribute all of its income currently,
10 \$300; and (iii) any other trust, \$100, but in each such
11 case, only to the extent such amount was deducted in
12 the computation of taxable income;

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

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

20 (E) For taxable years in which a net operating loss
21 carryback or carryforward from a taxable year ending
22 prior to December 31, 1986 is an element of taxable
23 income under paragraph (1) of subsection (e) or
24 subparagraph (E) of paragraph (2) of subsection (e),
25 the amount by which addition modifications other than
26 those provided by this subparagraph (E) exceeded

1 subtraction modifications in such taxable year, with
2 the following limitations applied in the order that
3 they are listed:

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

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

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

24 (F) For taxable years ending on or after January 1,
25 1989, an amount equal to the tax deducted pursuant to
26 Section 164 of the Internal Revenue Code if the trust

1 or estate is claiming the same tax for purposes of the
2 Illinois foreign tax credit under Section 601 of this
3 Act;

4 (G) An amount equal to the amount of the capital
5 gain deduction allowable under the Internal Revenue
6 Code, to the extent deducted from gross income in the
7 computation of taxable income;

8 (G-5) For taxable years ending after December 31,
9 1997, an amount equal to any eligible remediation costs
10 that the trust or estate deducted in computing adjusted
11 gross income and for which the trust or estate claims a
12 credit under subsection (l) of Section 201;

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

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

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

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

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

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

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

10 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

1 under Section 404 of this Act;

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

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

21 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

10 (G-15) An amount equal to the credit allowable to
11 the taxpayer under Section 218(a) of this Act,
12 determined without regard to Section 218(c) of this
13 Act;

14 (G-16) For taxable years ending on or after
15 December 31, 2017 and ending on or before December 31,
16 2018, an amount equal to the deduction allowed under
17 Section 199 of the Internal Revenue Code for the
18 taxable year;

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

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

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

6 (I) The valuation limitation amount;

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

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

21 (L) With the exception of any amounts subtracted
22 under subparagraph (K), an amount equal to the sum of
23 all amounts disallowed as deductions by (i) Sections
24 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
25 and all amounts of expenses allocable to interest and
26 disallowed as deductions by Section 265(a)(1) ~~265(1)~~

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

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

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

23 (O) An amount equal to those dividends included in
24 such total that were paid by a corporation that
25 conducts business operations in a federally designated
26 Foreign Trade Zone or Sub-Zone and that is designated a

1 High Impact Business located in Illinois; provided
2 that dividends eligible for the deduction provided in
3 subparagraph (M) of paragraph (2) of this subsection
4 shall not be eligible for the deduction provided under
5 this subparagraph (O);

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

11 (Q) For taxable year 1999 and thereafter, an amount
12 equal to the amount of any (i) distributions, to the
13 extent includible in gross income for federal income
14 tax purposes, made to the taxpayer because of his or
15 her status as a victim of persecution for racial or
16 religious reasons by Nazi Germany or any other Axis
17 regime or as an heir of the victim and (ii) items of
18 income, to the extent includible in gross income for
19 federal income tax purposes, attributable to, derived
20 from or in any way related to assets stolen from,
21 hidden from, or otherwise lost to a victim of
22 persecution for racial or religious reasons by Nazi
23 Germany or any other Axis regime immediately prior to,
24 during, and immediately after World War II, including,
25 but not limited to, interest on the proceeds receivable
26 as insurance under policies issued to a victim of

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

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

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) of Section
3 168 of the Internal Revenue Code, but not including
4 the bonus depreciation deduction;

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

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

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

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

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

1 Section 250;

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

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

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

17 This subparagraph (S) is exempt from the
18 provisions of Section 250;

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

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

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

1 interest paid, accrued, or incurred, directly or
2 indirectly, to the same person. This subparagraph (U)
3 is exempt from the provisions of Section 250;

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

25 (W) in the case of an estate, an amount equal to
26 all amounts included in such total pursuant to the

1 provisions of Section 111 of the Internal Revenue Code
2 as a recovery of items previously deducted by the
3 decedent from adjusted gross income in the computation
4 of taxable income. This subparagraph (W) is exempt from
5 Section 250;

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

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

26 (3) Limitation. The amount of any modification

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

7 (d) Partnerships.

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

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

14 (A) An amount equal to all amounts paid or accrued
15 to the taxpayer as interest or dividends during the
16 taxable year to the extent excluded from gross income
17 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 for
20 the taxable year;

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

24 (D) An amount equal to the amount of the capital
25 gain deduction allowable under the Internal Revenue

1 Code, to the extent deducted from gross income in the
2 computation of taxable income;

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

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

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

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

25 (D-7) An amount equal to the amount otherwise
26 allowed as a deduction in computing base income for

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

26 This paragraph shall not apply to the following:

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

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

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

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

22 (iii) the taxpayer can establish, based on
23 clear and convincing evidence, that the interest
24 paid, accrued, or incurred relates to a contract or
25 agreement entered into at arm's-length rates and
26 terms and the principal purpose for the payment is

1 not federal or Illinois tax avoidance; or
2 (iv) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person if
4 the taxpayer establishes by clear and convincing
5 evidence that the adjustments are unreasonable; or
6 if the taxpayer and the Director agree in writing
7 to the application or use of an alternative method
8 of apportionment under Section 304(f).

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

18 (D-8) An amount equal to the amount of intangible
19 expenses and costs otherwise allowed as a deduction in
20 computing base income, and that were paid, accrued, or
21 incurred, directly or indirectly, (i) for taxable
22 years ending on or after December 31, 2004, to a
23 foreign person who would be a member of the same
24 unitary business group but for the fact that the
25 foreign person's business activity outside the United
26 States is 80% or more of that person's total business

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

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

11 This paragraph shall not apply to the following:

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

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

24 (a) the person during the same taxable
25 year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

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

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

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

26 (D-9) For taxable years ending on or after December

1 31, 2008, an amount equal to the amount of insurance
2 premium expenses and costs otherwise allowed as a
3 deduction in computing base income, and that were paid,
4 accrued, or incurred, directly or indirectly, to a
5 person who would be a member of the same unitary
6 business group but for the fact that the person is
7 prohibited under Section 1501(a)(27) from being
8 included in the unitary business group because he or
9 she is ordinarily required to apportion business
10 income under different subsections of Section 304. The
11 addition modification required by this subparagraph
12 shall be reduced to the extent that dividends were
13 included in base income of the unitary group for the
14 same taxable year and received by the taxpayer or by a
15 member of the taxpayer's unitary business group
16 (including amounts included in gross income under
17 Sections 951 through 964 of the Internal Revenue Code
18 and amounts included in gross income under Section 78
19 of the Internal Revenue Code) with respect to the stock
20 of the same person to whom the premiums and costs were
21 directly or indirectly paid, incurred, or accrued. The
22 preceding sentence does not apply to the extent that
23 the same dividends caused a reduction to the addition
24 modification required under Section 203(d)(2)(D-7) or
25 Section 203(d)(2)(D-8) of this Act;

26 (D-10) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,
2 determined without regard to Section 218(c) of this
3 Act;

4 (D-11) For taxable years ending on or after
5 December 31, 2017 and ending on or before December 31,
6 2018, an amount equal to the deduction allowed under
7 Section 199 of the Internal Revenue Code for the
8 taxable year;

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

11 (E) The valuation limitation amount;

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

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

25 (H) Any income of the partnership which
26 constitutes personal service income as defined in

1 Section 1348(b)(1) of the Internal Revenue Code (as in
2 effect December 31, 1981) or a reasonable allowance for
3 compensation paid or accrued for services rendered by
4 partners to the partnership, whichever is greater;
5 this subparagraph (H) is exempt from the provisions of
6 Section 250;

7 (I) An amount equal to all amounts of income
8 distributable to an entity subject to the Personal
9 Property Tax Replacement Income Tax imposed by
10 subsections (c) and (d) of Section 201 of this Act
11 including amounts distributable to organizations
12 exempt from federal income tax by reason of Section
13 501(a) of the Internal Revenue Code; this subparagraph
14 (I) is exempt from the provisions of Section 250;

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

1 years ending on or after December 31, 2008, any amount
2 included in gross income under Section 87 of the
3 Internal Revenue Code; the provisions of this
4 subparagraph are exempt from the provisions of Section
5 250;

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

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

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

26 (N) An amount equal to the amount of the deduction

1 used to compute the federal income tax credit for
2 restoration of substantial amounts held under claim of
3 right for the taxable year pursuant to Section 1341 of
4 the Internal Revenue Code;

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

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

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

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

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied by
2 0.429); and

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

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

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

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

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

4 This subparagraph (P) is exempt from the
5 provisions of Section 250;

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

23 (R) An amount equal to the interest income taken
24 into account for the taxable year (net of the
25 deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

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

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

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

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

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

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

1 addition modification must be made under those
2 subparagraphs for any other taxable year to which the
3 taxable income less than zero (net operating loss) is
4 applied under Section 172 of the Internal Revenue Code or
5 under subparagraph (E) of paragraph (2) of this subsection
6 (e) applied in conjunction with Section 172 of the Internal
7 Revenue Code.

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

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

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

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

26 (D) Real estate investment trusts. In the case of a

1 real estate investment trust subject to the tax imposed
2 by Section 857 of the Internal Revenue Code, real
3 estate investment trust taxable income;

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

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

1 computed and carried over in a manner consistent with
2 subsection (a) of Section 207 of this Act and
3 apportioned by the apportionment factor reported by
4 the cooperative on its Illinois income tax return filed
5 for the taxable year in which the losses are incurred.
6 The election shall be effective for all taxable years
7 with original returns due on or after the date of the
8 election. In addition, the cooperative may file an
9 amended return or returns, as allowed under this Act,
10 to provide that the election shall be effective for
11 losses incurred or carried forward for taxable years
12 occurring prior to the date of the election. Once made,
13 the election may only be revoked upon approval of the
14 Director. The Department shall adopt rules setting
15 forth requirements for documenting the elections and
16 any resulting Illinois net loss and the standards to be
17 used by the Director in evaluating requests to revoke
18 elections. Public Act 96-932 is declaratory of
19 existing law;

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

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

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

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

1 or business. Such amount shall be apportioned to Illinois
2 using the greater of the apportionment fraction computed
3 for the business under Section 304 of this Act for the
4 taxable year or the average of the apportionment fractions
5 computed for the business under Section 304 of this Act for
6 the taxable year and for the 2 immediately preceding
7 taxable years.

8 (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

13 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;
14 revised 10-29-18.)

15 (35 ILCS 5/204) (from Ch. 120, par. 2-204)
16 Sec. 204. Standard exemption.

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

24 (b) Basic amount. For the purpose of subsection (a) of this

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

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

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

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

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

14 (5) for taxable years ending on or after December 31,
15 2013 and on or before December 31, 2023, \$2,050 plus the
16 cost-of-living adjustment under subsection (d-5).

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

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

1 individual taxpayer for the taxable year under Section 151 of
2 the Internal Revenue Code.

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

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

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

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

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

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

25 (B) For spouse when a joint return is not filed. An
26 additional exemption of \$1,000 for the spouse of the

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

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

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

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

26 (2) the Consumer Price Index for the calendar year

1 2011.

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

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

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

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

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

15 (g) Notwithstanding any other provision of law, for taxable
16 years beginning on or after January 1, 2017 and beginning prior
17 to January 1, 2019, no taxpayer may claim an exemption under
18 this Section if the taxpayer's adjusted gross income for the
19 taxable year exceeds (i) \$500,000, in the case of spouses
20 filing a joint federal tax return or (ii) \$250,000, in the case
21 of all other taxpayers.

22 (Source: P.A. 100-22, eff. 7-6-17; 100-865, eff. 8-14-18.)

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, 2017 and beginning prior to January 1, 2019, no
10 taxpayer may claim a credit under this Section if the
11 taxpayer's adjusted gross income for the taxable year exceeds
12 (i) \$500,000, in the case of spouses filing a joint federal tax
13 return, or (ii) \$250,000, in the case of all other taxpayers.
14 (Source: P.A. 100-22, eff. 7-6-17.)

15 (35 ILCS 5/212)

16 Sec. 212. Earned income tax credit.

17 (a) With respect to the federal earned income tax credit
18 allowed for the taxable year under Section 32 of the federal
19 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
20 is entitled to a credit against the tax imposed by subsections
21 (a) and (b) of Section 201 in an amount equal to (i) 5% of the
22 federal tax credit for each taxable year beginning on or after
23 January 1, 2000 and ending prior to December 31, 2012, (ii)
24 7.5% of the federal tax credit for each taxable year beginning
25 on or after January 1, 2012 and ending prior to December 31,

1 2013, (iii) 10% of the federal tax credit for each taxable year
2 beginning on or after January 1, 2013 and beginning prior to
3 January 1, 2017, (iv) 14% of the federal tax credit for each
4 taxable year beginning on or after January 1, 2017 and
5 beginning prior to January 1, 2018, ~~and~~ (v) 18% of the federal
6 tax credit for each taxable year beginning on or after January
7 1, 2018 and beginning prior to January 1, 2019, and (vi) 10% of
8 the of the federal tax credit for each taxable year beginning
9 on or after January 1, 2019.

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

13 (b) For taxable years beginning before January 1, 2003, in
14 no event shall a credit under this Section reduce the
15 taxpayer's liability to less than zero. For each taxable year
16 beginning on or after January 1, 2003, if the amount of the
17 credit exceeds the income tax liability for the applicable tax
18 year, then the excess credit shall be refunded to the taxpayer.
19 The amount of a refund shall not be included in the taxpayer's
20 income or resources for the purposes of determining eligibility
21 or benefit level in any means-tested benefit program
22 administered by a governmental entity unless required by
23 federal law.

24 (c) This Section is exempt from the provisions of Section
25 250.

26 (Source: P.A. 100-22, eff. 7-6-17.)

1 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

2 Sec. 901. Collection authority.

3 (a) In general. The Department shall collect the taxes
4 imposed by this Act. The Department shall collect certified
5 past due child support amounts under Section 2505-650 of the
6 Department of Revenue Law of the Civil Administrative Code of
7 Illinois. Except as provided in subsections (b), (c), (e), (f),
8 (g), and (h) of this Section, money collected pursuant to
9 subsections (a) and (b) of Section 201 of this Act shall be
10 paid into the General Revenue Fund in the State treasury; money
11 collected pursuant to subsections (c) and (d) of Section 201 of
12 this Act shall be paid into the Personal Property Tax
13 Replacement Fund, a special fund in the State Treasury; and
14 money collected under Section 2505-650 of the Department of
15 Revenue Law of the Civil Administrative Code of Illinois shall
16 be paid into the Child Support Enforcement Trust Fund, a
17 special fund outside the State Treasury, or to the State
18 Disbursement Unit established under Section 10-26 of the
19 Illinois Public Aid Code, as directed by the Department of
20 Healthcare and Family Services.

21 (b) Local Government Distributive Fund. Beginning August
22 1, 1969, and continuing through June 30, 1994, the Treasurer
23 shall transfer each month from the General Revenue Fund to a
24 special fund in the State treasury, to be known as the "Local
25 Government Distributive Fund", an amount equal to 1/12 of the

1 net revenue realized from the tax imposed by subsections (a)
2 and (b) of Section 201 of this Act during the preceding month.
3 Beginning July 1, 1994, and continuing through June 30, 1995,
4 the Treasurer shall transfer each month from the General
5 Revenue Fund to the Local Government Distributive Fund an
6 amount equal to 1/11 of the net revenue realized from the tax
7 imposed by subsections (a) and (b) of Section 201 of this Act
8 during the preceding month. Beginning July 1, 1995 and
9 continuing through January 31, 2011, the Treasurer shall
10 transfer each month from the General Revenue Fund to the Local
11 Government Distributive Fund an amount equal to the net of (i)
12 1/10 of the net revenue realized from the tax imposed by
13 subsections (a) and (b) of Section 201 of the Illinois Income
14 Tax Act during the preceding month (ii) minus, beginning July
15 1, 2003 and ending June 30, 2004, \$6,666,666, and beginning
16 July 1, 2004, zero. Beginning February 1, 2011, and continuing
17 through January 31, 2015, the Treasurer shall transfer each
18 month from the General Revenue Fund to the Local Government
19 Distributive Fund an amount equal to the sum of (i) 6% (10% of
20 the ratio of the 3% individual income tax rate prior to 2011 to
21 the 5% individual income tax rate after 2010) of the net
22 revenue realized from the tax imposed by subsections (a) and
23 (b) of Section 201 of this Act upon individuals, trusts, and
24 estates during the preceding month and (ii) 6.86% (10% of the
25 ratio of the 4.8% corporate income tax rate prior to 2011 to
26 the 7% corporate income tax rate after 2010) of the net revenue

1 realized from the tax imposed by subsections (a) and (b) of
2 Section 201 of this Act upon corporations during the preceding
3 month. Beginning February 1, 2015 and continuing through July
4 31, 2017, the Treasurer shall transfer each month from the
5 General Revenue Fund to the Local Government Distributive Fund
6 an amount equal to the sum of (i) 8% (10% of the ratio of the 3%
7 individual income tax rate prior to 2011 to the 3.75%
8 individual income tax rate after 2014) of the net revenue
9 realized from the tax imposed by subsections (a) and (b) of
10 Section 201 of this Act upon individuals, trusts, and estates
11 during the preceding month and (ii) 9.14% (10% of the ratio of
12 the 4.8% corporate income tax rate prior to 2011 to the 5.25%
13 corporate income tax rate after 2014) of the net revenue
14 realized from the tax imposed by subsections (a) and (b) of
15 Section 201 of this Act upon corporations during the preceding
16 month. Beginning August 1, 2017 and continuing through January
17 31, 2019, the Treasurer shall transfer each month from the
18 General Revenue Fund to the Local Government Distributive Fund
19 an amount equal to the sum of (i) 6.06% (10% of the ratio of the
20 3% individual income tax rate prior to 2011 to the 4.95%
21 individual income tax rate after July 1, 2017) of the net
22 revenue realized from the tax imposed by subsections (a) and
23 (b) of Section 201 of this Act upon individuals, trusts, and
24 estates during the preceding month and (ii) 6.85% (10% of the
25 ratio of the 4.8% corporate income tax rate prior to 2011 to
26 the 7% corporate income tax rate after July 1, 2017) of the net

1 revenue realized from the tax imposed by subsections (a) and
2 (b) of Section 201 of this Act upon corporations during the
3 preceding month. Beginning on February 1, 2019 and continuing
4 through January 31, 2025, the Treasurer shall transfer each
5 month from the General Revenue Fund to the Local Government
6 Distributive Fund an amount equal to the sum of (i) 8% (10% of
7 the ratio of the 3% individual income tax rate prior to 2011 to
8 the 3.75% individual income tax rate after January 1, 2019) of
9 the net revenue realized from the tax imposed by subsections
10 (a) and (b) of Section 201 of this Act upon individuals,
11 trusts, and estates during the preceding month and (ii) 9.14%
12 (10% of the ratio of the 4.8% corporate income tax rate prior
13 to 2011 to the 5.25% corporate income tax rate after 2019) of
14 the net revenue realized from the tax imposed by subsections
15 (a) and (b) of Section 201 of this Act upon corporations during
16 the preceding month. Beginning on February 1, 2025, the
17 Treasurer shall transfer each month from the General Revenue
18 Fund to the Local Government Distributive Fund an amount equal
19 to 1/10 of the net revenue realized from the tax imposed on
20 individuals, trusts, estates, and corporations by subsections
21 (a) and (b) of Section 201 during the preceding month. Net
22 revenue realized for a month shall be defined as the revenue
23 from the tax imposed by subsections (a) and (b) of Section 201
24 of this Act which is deposited in the General Revenue Fund, the
25 Education Assistance Fund, the Income Tax Surcharge Local
26 Government Distributive Fund, the Fund for the Advancement of

1 Education, and the Commitment to Human Services Fund during the
2 month minus the amount paid out of the General Revenue Fund in
3 State warrants during that same month as refunds to taxpayers
4 for overpayment of liability under the tax imposed by
5 subsections (a) and (b) of Section 201 of this Act.

6 Notwithstanding any provision of law to the contrary,
7 beginning on July 6, 2017 (the effective date of Public Act
8 100-23), those amounts required under this subsection (b) to be
9 transferred by the Treasurer into the Local Government
10 Distributive Fund from the General Revenue Fund shall be
11 directly deposited into the Local Government Distributive Fund
12 as the revenue is realized from the tax imposed by subsections
13 (a) and (b) of Section 201 of this Act.

14 For State fiscal year 2018 only, notwithstanding any
15 provision of law to the contrary, the total amount of revenue
16 and deposits under this Section attributable to revenues
17 realized during State fiscal year 2018 shall be reduced by 10%.

18 For State fiscal year 2019 only, notwithstanding any
19 provision of law to the contrary, the total amount of revenue
20 and deposits under this Section attributable to revenues
21 realized during State fiscal year 2019 shall be reduced by 5%.

22 (c) Deposits Into Income Tax Refund Fund.

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

1 treasury known as the Income Tax Refund Fund. The
2 Department shall deposit 6% of such amounts during the
3 period beginning January 1, 1989 and ending on June 30,
4 1989. Beginning with State fiscal year 1990 and for each
5 fiscal year thereafter, the percentage deposited into the
6 Income Tax Refund Fund during a fiscal year shall be the
7 Annual Percentage. For fiscal years 1999 through 2001, the
8 Annual Percentage shall be 7.1%. For fiscal year 2003, the
9 Annual Percentage shall be 8%. For fiscal year 2004, the
10 Annual Percentage shall be 11.7%. Upon the effective date
11 of Public Act 93-839 (July 30, 2004), the Annual Percentage
12 shall be 10% for fiscal year 2005. For fiscal year 2006,
13 the Annual Percentage shall be 9.75%. For fiscal year 2007,
14 the Annual Percentage shall be 9.75%. For fiscal year 2008,
15 the Annual Percentage shall be 7.75%. For fiscal year 2009,
16 the Annual Percentage shall be 9.75%. For fiscal year 2010,
17 the Annual Percentage shall be 9.75%. For fiscal year 2011,
18 the Annual Percentage shall be 8.75%. For fiscal year 2012,
19 the Annual Percentage shall be 8.75%. For fiscal year 2013,
20 the Annual Percentage shall be 9.75%. For fiscal year 2014,
21 the Annual Percentage shall be 9.5%. For fiscal year 2015,
22 the Annual Percentage shall be 10%. For fiscal year 2018,
23 the Annual Percentage shall be 9.8%. For fiscal year 2019,
24 the Annual Percentage shall be 9.7%. For all other fiscal
25 years, the Annual Percentage shall be calculated as a
26 fraction, the numerator of which shall be the amount of

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

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

1 Annual Percentage. For fiscal years 1999, 2000, and 2001,
2 the Annual Percentage shall be 19%. For fiscal year 2003,
3 the Annual Percentage shall be 27%. For fiscal year 2004,
4 the Annual Percentage shall be 32%. Upon the effective date
5 of Public Act 93-839 (July 30, 2004), the Annual Percentage
6 shall be 24% for fiscal year 2005. For fiscal year 2006,
7 the Annual Percentage shall be 20%. For fiscal year 2007,
8 the Annual Percentage shall be 17.5%. For fiscal year 2008,
9 the Annual Percentage shall be 15.5%. For fiscal year 2009,
10 the Annual Percentage shall be 17.5%. For fiscal year 2010,
11 the Annual Percentage shall be 17.5%. For fiscal year 2011,
12 the Annual Percentage shall be 17.5%. For fiscal year 2012,
13 the Annual Percentage shall be 17.5%. For fiscal year 2013,
14 the Annual Percentage shall be 14%. For fiscal year 2014,
15 the Annual Percentage shall be 13.4%. For fiscal year 2015,
16 the Annual Percentage shall be 14%. For fiscal year 2018,
17 the Annual Percentage shall be 17.5%. For fiscal year 2019,
18 the Annual Percentage shall be 15.5%. For all other fiscal
19 years, the Annual Percentage shall be calculated as a
20 fraction, the numerator of which shall be the amount of
21 refunds approved for payment by the Department during the
22 preceding fiscal year as a result of overpayment of tax
23 liability under subsections (a) and (b) (6), (7), and (8),
24 (c) and (d) of Section 201 of this Act plus the amount of
25 such refunds remaining approved but unpaid at the end of
26 the preceding fiscal year, and the denominator of which

1 shall be the amounts which will be collected pursuant to
2 subsections (a) and (b) (6), (7), and (8), (c) and (d) of
3 Section 201 of this Act during the preceding fiscal year;
4 except that in State fiscal year 2002, the Annual
5 Percentage shall in no event exceed 23%. The Director of
6 Revenue shall certify the Annual Percentage to the
7 Comptroller on the last business day of the fiscal year
8 immediately preceding the fiscal year for which it is to be
9 effective.

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

15 (d) Expenditures from Income Tax Refund Fund.

16 (1) Beginning January 1, 1989, money in the Income Tax
17 Refund Fund shall be expended exclusively for the purpose
18 of paying refunds resulting from overpayment of tax
19 liability under Section 201 of this Act and for making
20 transfers pursuant to this subsection (d).

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

1 in the Fund.

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

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

26 (4.5) As soon as possible after the end of fiscal year

1 1999 and of each fiscal year thereafter, the Director shall
2 order transferred and the State Treasurer and State
3 Comptroller shall transfer from the Income Tax Refund Fund
4 to the General Revenue Fund any surplus remaining in the
5 Income Tax Refund Fund as of the end of such fiscal year;
6 excluding for fiscal years 2000, 2001, and 2002 amounts
7 attributable to transfers under item (3) of subsection (c)
8 less refunds resulting from the earned income tax credit.

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

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

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

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

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

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

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

24 (g) Deposits into the Commitment to Human Services Fund.
25 Beginning February 1, 2015, the Department shall deposit the
26 following portions of the revenue realized from the tax imposed

1 upon individuals, trusts, and estates by subsections (a) and
2 (b) of Section 201 of this Act during the preceding month,
3 minus deposits into the Income Tax Refund Fund, into the
4 Commitment to Human Services Fund:

5 (1) beginning February 1, 2015, and prior to February
6 1, 2025, 1/30; and

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

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

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

24 (Source: P.A. 99-78, eff. 7-20-15; 100-22, eff. 7-6-17; 100-23,
25 eff. 7-6-17; 100-587, eff. 6-4-18; 100-621, eff. 7-20-18;
26 100-863, eff. 8-14-18; revised 10-12-18.)

1 (35 ILCS 5/1102) (from Ch. 120, par. 11-1102)

2 Sec. 1102. Jeopardy assessments.

3 (a) Jeopardy assessment and lien.

4 (1) Assessment. If the Department finds that a taxpayer
5 is about to depart from the State, or to conceal himself or
6 his property, or to do any other act tending to prejudice
7 or to render wholly or partly ineffectual proceedings to
8 collect any amount of tax or penalties imposed under this
9 Act unless court proceedings are brought without delay, or
10 if the Department finds that the collection of such amount
11 will be jeopardized by delay, the Department shall give the
12 taxpayer notice of such findings and shall make demand for
13 immediate return and payment of such amount, whereupon such
14 amount shall be deemed assessed and shall become
15 immediately due and payable.

16 (2) Filing of lien. If the taxpayer, within 5 days
17 after such notice (or within such extension of time as the
18 Department may grant), does not comply with such notice or
19 show to the Department that the findings in such notice are
20 erroneous, the Department may file a notice of jeopardy
21 assessment lien in the office of the recorder of the county
22 in which any property of the taxpayer may be located ~~State~~
23 ~~Tax Lien Registry~~ and shall notify the taxpayer of such
24 filing. Such jeopardy assessment lien shall have the same
25 scope and effect as a statutory lien under this Act. The

1 taxpayer is liable for the filing fee incurred by the
2 Department for filing the lien and the filing fee incurred
3 by the Department to file the release of that lien ~~any~~
4 ~~administrative fee imposed by the Department by rule in~~
5 ~~connection with the State Tax Lien Registry~~. The filing
6 fees shall be paid to the Department in addition to payment
7 of the tax, penalty, and interest included in the amount of
8 the lien.

9 (b) Termination of taxable year. In the case of a tax for a
10 current taxable year, the Director shall declare the taxable
11 period of the taxpayer immediately terminated and his notice
12 and demand for a return and immediate payment of the tax shall
13 relate to the period declared terminated, including therein
14 income accrued and deductions incurred up to the date of
15 termination if not otherwise properly includible or deductible
16 in respect of such taxable year.

17 (c) Protest. If the taxpayer believes that he does not owe
18 some or all of the amount for which the jeopardy assessment
19 lien against him has been filed, or that no jeopardy to the
20 revenue in fact exists, he may protest within 20 days after
21 being notified by the Department of the filing of such jeopardy
22 assessment lien and request a hearing, whereupon the Department
23 shall hold a hearing in conformity with the provisions of
24 Section 908 and, pursuant thereto, shall notify the taxpayer of
25 its decision as to whether or not such jeopardy assessment lien
26 will be released.

1 (Source: P.A. 100-22, eff. 1-1-18.)

2 (35 ILCS 5/1103) (from Ch. 120, par. 11-1103)

3 Sec. 1103. Filing and priority of liens.

4 (a) Filing with Recorder ~~in the State Tax Lien Registry~~.

5 Nothing in this Article shall be construed to give the
6 Department a preference over the rights of any bona fide
7 purchaser, holder of a security interest, mechanics lienor,
8 mortgagee, or judgment lien creditor arising prior to the
9 filing of a regular notice of lien or a notice of jeopardy
10 assessment lien in the office of the recorder in the county in
11 which the property subject to the lien is located ~~State Tax~~
12 ~~Lien Registry~~. For purposes of this Section, the term "bona
13 fide," shall not include any mortgage of real or personal
14 property or any other credit transaction that results in the
15 mortgagee or the holder of the security acting as trustee for
16 unsecured creditors of the taxpayer mentioned in the notice of
17 lien who executed such chattel or real property mortgage or the
18 document evidencing such credit transaction. Such lien shall be
19 inferior to the lien of general taxes, special assessments and
20 special taxes heretofore or hereafter levied by any political
21 subdivision of this State.

22 (b) Filing with Registrar ~~in the State Tax Lien Registry~~.

23 In case title to land to be affected by the notice of lien or
24 notice of jeopardy assessment lien is registered under the
25 provisions of "An Act concerning land titles," approved May 1,

1 1897, as amended, such notice shall ~~also~~ be filed in the office
2 of the Registrar of Titles of the county within which the
3 property subject to the lien is situated and shall be entered
4 upon the register of titles as a memorial of charge upon each
5 folium of the register of titles affected by such notice ~~State~~
6 ~~Tax Lien Registry~~, and the Department shall not have a
7 preference over the rights of any bona fide purchaser,
8 mortgagee, judgment creditor or other lien holder arising prior
9 to the registration of such notice.

10 (c) Index. The recorder of each county shall procure a file
11 labeled "State Tax Lien Notices" and an index book labeled
12 "State Tax Lien Index." When notice of any lien or jeopardy
13 assessment lien is presented to him for filing, he shall file
14 it in numerical order in the file and shall enter it
15 alphabetically in the index. The entry shall show the name and
16 last known address of the person named in the notice, the
17 serial number of the notice, the date and hour of filing,
18 whether it is a regular lien or a jeopardy assessment lien, and
19 the amount of tax and penalty due and unpaid, plus the amount
20 of interest due at the time when the notice of lien or jeopardy
21 assessment is filed. ~~The Department of Revenue shall maintain a~~
22 ~~State Tax Lien Index of all tax liens filed in the State Tax~~
23 ~~Lien Registry as provided for by the State Tax Lien~~
24 ~~Registration Act.~~

25 (d) No recorder or registrar of titles of any county shall
26 require that the Department pay any costs or fees in connection

1 with recordation of any notice or other document filed by the
2 Department under this Act at the time such notice or other
3 document is presented for recordation. The recorder or
4 registrar of each county, in order to receive payment for fees
5 or costs incurred by the Department, shall present the
6 Department with monthly statements indicating the amount of
7 fees and costs incurred by the Department and for which no
8 payment has been received. This amendatory Act of 1987 applies
9 to all liens heretofore or hereafter filed. (Blank).

10 (e) The taxpayer is liable for the any filing fee incurred
11 ~~fees imposed~~ by the Department for filing the lien ~~in the State~~
12 ~~Tax Lien Registry~~ and the any filing fee incurred ~~fees imposed~~
13 by the Department to file ~~for~~ the release of that lien. The
14 filing fees shall be paid to the Department in addition to
15 payment of the tax, penalty, and interest included in the
16 amount of the lien.

17 (Source: P.A. 100-22, eff. 1-1-18.)

18 (35 ILCS 5/1105) (from Ch. 120, par. 11-1105)

19 Sec. 1105. Release of liens.

20 (a) In general. Upon payment by the taxpayer to the
21 Department in cash or by guaranteed remittance of an amount
22 representing the filing fees and charges for the lien and the
23 filing fees and charges for the release of that lien, the
24 Department shall release all or any portion of the property
25 subject to any lien provided for in this Act and file that

1 complete or partial release of lien with the recorder of the
2 county where the lien was filed ~~in the State Tax Lien Registry~~
3 if it determines that the release will not endanger or
4 jeopardize the collection of the amount secured thereby.

5 (b) Judicial determination. If on judicial review the final
6 judgment of the court is that the taxpayer does not owe some or
7 all of the amount secured by the lien against him, or that no
8 jeopardy to the revenue exists, the Department shall release
9 its lien to the extent of such finding of nonliability, or to
10 the extent of such finding of no jeopardy to the revenue. The
11 taxpayer shall, however, be liable for the filing fee paid
12 ~~imposed~~ by the Department to file the lien and the filing fee
13 required to file a release of ~~imposed to release~~ the lien. The
14 filing fees shall be paid to the Department.

15 (c) Payment. The Department shall also release its jeopardy
16 assessment lien against the taxpayer whenever the tax and
17 penalty covered by such lien, plus any interest which may be
18 due and an amount representing the filing fee to file the lien
19 and the filing fee required to file a release of ~~imposed to~~
20 ~~release~~ that lien, are paid by the taxpayer to the Department
21 in cash or by guaranteed remittance.

22 (d) Certificate of release. The Department shall issue a
23 certificate of complete or partial release of the lien upon
24 payment by the taxpayer to the Department in cash or by
25 guaranteed remittance of an amount representing the filing fee
26 paid ~~imposed~~ by the Department to file the lien and the filing

1 fee required to file the ~~imposed to~~ release of that lien:

2 (1) to the extent that the fair market value of any
3 property subject to the lien exceeds the amount of the lien
4 plus the amount of all prior liens upon such property;

5 (2) to the extent that such lien shall become
6 unenforceable;

7 (3) to the extent that the amount of such lien is paid
8 by the person whose property is subject to such lien,
9 together with any interest and penalty which may become due
10 under this Act between the date when the notice of lien is
11 filed and the date when the amount of such lien is paid;

12 (4) to the extent that there is furnished to the
13 Department on a form to be approved and with a surety or
14 sureties satisfactory to the Department a bond that is
15 conditioned upon the payment of the amount of such lien,
16 together with any interest which may become due under this
17 Act after the notice of lien is filed, but before the
18 amount thereof is fully paid;

19 (5) to the extent and under the circumstances specified
20 in this Section.

21 A certificate of complete or partial release of any lien
22 shall be held conclusive that the lien upon the property
23 covered by the certificate is extinguished to the extent
24 indicated by such certificate.

25 Such release of lien shall be issued to the person, or his
26 agent, against whom the lien was obtained and shall contain in

1 legible letters a statement as follows:

2 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL
3 BE FILED WITH THE RECORDER OF THE REGISTRAR OF TITLES IN
4 WHOSE OFFICE THE LIEN WAS FILED ~~IN THE STATE TAX LIEN REGISTRY.~~

5 (e) Filing. When a certificate of complete or partial
6 release of lien issued by the Department is presented for
7 filing in the office of the recorder or Registrar of Titles
8 where a notice of lien or notice of jeopardy assessment lien
9 was filed:

10 (1) the recorder, in the case of nonregistered
11 property, filed in the State Tax Lien Registry, the
12 ~~Department~~ shall permanently attach the certificate of
13 release to the notice of lien or notice of jeopardy
14 assessment lien and shall enter the certificate of release
15 and the date in the "State Tax Lien Index" on the line
16 where the notice of lien or notice of jeopardy assessment
17 lien is entered; and -

18 (2) in the case of registered property, the Registrar
19 of Titles shall file and enter upon each folium of the
20 register of titles affected thereby a memorial of the
21 certificate of release which memorial when so entered shall
22 act as a release pro tanto of any memorial of such notice
23 of lien or notice of jeopardy assessment lien previously
24 filed and registered.

25 (Source: P.A. 100-22, eff. 1-1-18.)

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

2 Sec. 1501. Definitions.

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

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

16 (1.5) Captive real estate investment trust:

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

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

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

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

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

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

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

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

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

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

26 (d) an entity organized as a trust,

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

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

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

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

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

1 certificates of beneficial interest on an
2 annual basis;

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

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

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

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

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

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

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

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

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

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

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

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

13 (8) Financial organization.

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

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

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

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

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

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

1 Retail Installment Sales Act;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (11.5) Investment partnership.

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

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

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

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

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

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

26 (ii) bonds, debentures, and other debt

1 securities;

2 (iii) foreign and domestic currency deposits
3 secured by federal, state, or local governmental
4 agencies;

5 (iv) mortgage or asset-backed securities
6 secured by federal, state, or local governmental
7 agencies;

8 (v) repurchase agreements and loan
9 participations;

10 (vi) foreign currency exchange contracts and
11 forward and futures contracts on foreign
12 currencies;

13 (vii) stock and bond index securities and
14 futures contracts and other similar financial
15 securities and futures contracts on those
16 securities;

17 (viii) options for the purchase or sale of any
18 of the securities, currencies, contracts, or
19 financial instruments described in items (i) to
20 (vii), inclusive;

21 (ix) regulated futures contracts;

22 (x) commodities (not described in Section
23 1221(a)(1) of the Internal Revenue Code) or
24 futures, forwards, and options with respect to
25 such commodities, provided, however, that any item
26 of a physical commodity to which title is actually

1 acquired in the partnership's capacity as a dealer
2 in such commodity shall not be a qualifying
3 investment security;

4 (xi) derivatives; and

5 (xii) a partnership interest in another
6 partnership that is an investment partnership.

7 (12) Mathematical error. The term "mathematical error"
8 includes the following types of errors, omissions, or
9 defects in a return filed by a taxpayer which prevents
10 acceptance of the return as filed for processing:

11 (A) arithmetic errors or incorrect computations on
12 the return or supporting schedules;

13 (B) entries on the wrong lines;

14 (C) omission of required supporting forms or
15 schedules or the omission of the information in whole
16 or in part called for thereon; and

17 (D) an attempt to claim, exclude, deduct, or
18 improperly report, in a manner directly contrary to the
19 provisions of the Act and regulations thereunder any
20 item of income, exemption, deduction, or credit.

21 (13) Nonbusiness income. The term "nonbusiness income"
22 means all income other than business income or
23 compensation.

24 (14) Nonresident. The term "nonresident" means a
25 person who is not a resident.

26 (15) Paid, incurred and accrued. The terms "paid",

1 "incurred" and "accrued" shall be construed according to
2 the method of accounting upon the basis of which the
3 person's base income is computed under this Act.

4 (16) Partnership and partner. The term "partnership"
5 includes a syndicate, group, pool, joint venture or other
6 unincorporated organization, through or by means of which
7 any business, financial operation, or venture is carried
8 on, and which is not, within the meaning of this Act, a
9 trust or estate or a corporation; and the term "partner"
10 includes a member in such syndicate, group, pool, joint
11 venture or organization.

12 The term "partnership" includes any entity, including
13 a limited liability company formed under the Illinois
14 Limited Liability Company Act, classified as a partnership
15 for federal income tax purposes.

16 The term "partnership" does not include a syndicate,
17 group, pool, joint venture, or other unincorporated
18 organization established for the sole purpose of playing
19 the Illinois State Lottery.

20 (17) Part-year resident. The term "part-year resident"
21 means an individual who became a resident during the
22 taxable year or ceased to be a resident during the taxable
23 year. Under Section 1501(a)(20)(A)(i) residence commences
24 with presence in this State for other than a temporary or
25 transitory purpose and ceases with absence from this State
26 for other than a temporary or transitory purpose. Under

1 Section 1501(a)(20)(A)(ii) residence commences with the
2 establishment of domicile in this State and ceases with the
3 establishment of domicile in another State.

4 (18) Person. The term "person" shall be construed to
5 mean and include an individual, a trust, estate,
6 partnership, association, firm, company, corporation,
7 limited liability company, or fiduciary. For purposes of
8 Section 1301 and 1302 of this Act, a "person" means (i) an
9 individual, (ii) a corporation, (iii) an officer, agent, or
10 employee of a corporation, (iv) a member, agent or employee
11 of a partnership, or (v) a member, manager, employee,
12 officer, director, or agent of a limited liability company
13 who in such capacity commits an offense specified in
14 Section 1301 and 1302.

15 (18A) Records. The term "records" includes all data
16 maintained by the taxpayer, whether on paper, microfilm,
17 microfiche, or any type of machine-sensible data
18 compilation.

19 (19) Regulations. The term "regulations" includes
20 rules promulgated and forms prescribed by the Department.

21 (20) Resident. The term "resident" means:

22 (A) an individual (i) who is in this State for
23 other than a temporary or transitory purpose during the
24 taxable year; or (ii) who is domiciled in this State
25 but is absent from the State for a temporary or
26 transitory purpose during the taxable year;

1 (B) The estate of a decedent who at his or her
2 death was domiciled in this State;

3 (C) A trust created by a will of a decedent who at
4 his death was domiciled in this State; and

5 (D) An irrevocable trust, the grantor of which was
6 domiciled in this State at the time such trust became
7 irrevocable. For purpose of this subparagraph, a trust
8 shall be considered irrevocable to the extent that the
9 grantor is not treated as the owner thereof under
10 Sections 671 through 678 of the Internal Revenue Code.

11 (21) Sales. The term "sales" means all gross receipts
12 of the taxpayer not allocated under Sections 301, 302 and
13 303.

14 (22) State. The term "state" when applied to a
15 jurisdiction other than this State means any state of the
16 United States, the District of Columbia, the Commonwealth
17 of Puerto Rico, any Territory or Possession of the United
18 States, and any foreign country, or any political
19 subdivision of any of the foregoing. For purposes of the
20 foreign tax credit under Section 601, the term "state"
21 means any state of the United States, the District of
22 Columbia, the Commonwealth of Puerto Rico, and any
23 territory or possession of the United States, or any
24 political subdivision of any of the foregoing, effective
25 for tax years ending on or after December 31, 1989.

26 (23) Taxable year. The term "taxable year" means the

1 calendar year, or the fiscal year ending during such
2 calendar year, upon the basis of which the base income is
3 computed under this Act. "Taxable year" means, in the case
4 of a return made for a fractional part of a year under the
5 provisions of this Act, the period for which such return is
6 made.

7 (24) Taxpayer. The term "taxpayer" means any person
8 subject to the tax imposed by this Act.

9 (25) International banking facility. The term
10 international banking facility shall have the same meaning
11 as is set forth in the Illinois Banking Act or as is set
12 forth in the laws of the United States or regulations of
13 the Board of Governors of the Federal Reserve System.

14 (26) Income Tax Return Preparer.

15 (A) The term "income tax return preparer" means any
16 person who prepares for compensation, or who employs
17 one or more persons to prepare for compensation, any
18 return of tax imposed by this Act or any claim for
19 refund of tax imposed by this Act. The preparation of a
20 substantial portion of a return or claim for refund
21 shall be treated as the preparation of that return or
22 claim for refund.

23 (B) A person is not an income tax return preparer
24 if all he or she does is

25 (i) furnish typing, reproducing, or other
26 mechanical assistance;

1 (ii) prepare returns or claims for refunds for
2 the employer by whom he or she is regularly and
3 continuously employed;

4 (iii) prepare as a fiduciary returns or claims
5 for refunds for any person; or

6 (iv) prepare claims for refunds for a taxpayer
7 in response to any notice of deficiency issued to
8 that taxpayer or in response to any waiver of
9 restriction after the commencement of an audit of
10 that taxpayer or of another taxpayer if a
11 determination in the audit of the other taxpayer
12 directly or indirectly affects the tax liability
13 of the taxpayer whose claims he or she is
14 preparing.

15 (27) Unitary business group.

16 (A) The term "unitary business group" means a group
17 of persons related through common ownership whose
18 business activities are integrated with, dependent
19 upon and contribute to each other. The group will not
20 include those members whose business activity outside
21 the United States is 80% or more of any such member's
22 total business activity; for purposes of this
23 paragraph and clause (a)(3)(B)(ii) of Section 304,
24 business activity within the United States shall be
25 measured by means of the factors ordinarily applicable
26 under subsections (a), (b), (c), (d), or (h) of Section

1 304 except that, in the case of members ordinarily
2 required to apportion business income by means of the 3
3 factor formula of property, payroll and sales
4 specified in subsection (a) of Section 304, including
5 the formula as weighted in subsection (h) of Section
6 304, such members shall not use the sales factor in the
7 computation and the results of the property and payroll
8 factor computations of subsection (a) of Section 304
9 shall be divided by 2 (by one if either the property or
10 payroll factor has a denominator of zero). The
11 computation required by the preceding sentence shall,
12 in each case, involve the division of the member's
13 property, payroll, or revenue miles in the United
14 States, insurance premiums on property or risk in the
15 United States, or financial organization business
16 income from sources within the United States, as the
17 case may be, by the respective worldwide figures for
18 such items. Common ownership in the case of
19 corporations is the direct or indirect control or
20 ownership of more than 50% of the outstanding voting
21 stock of the persons carrying on unitary business
22 activity. Unitary business activity can ordinarily be
23 illustrated where the activities of the members are:
24 (1) in the same general line (such as manufacturing,
25 wholesaling, retailing of tangible personal property,
26 insurance, transportation or finance); or (2) are

1 steps in a vertically structured enterprise or process
2 (such as the steps involved in the production of
3 natural resources, which might include exploration,
4 mining, refining, and marketing); and, in either
5 instance, the members are functionally integrated
6 through the exercise of strong centralized management
7 (where, for example, authority over such matters as
8 purchasing, financing, tax compliance, product line,
9 personnel, marketing and capital investment is not
10 left to each member).

11 (B) In no event, for taxable years ending prior to
12 December 31, 2017 or ending after December 31, 2018,
13 shall any unitary business group include members which
14 are ordinarily required to apportion business income
15 under different subsections of Section 304 except that
16 for tax years ending on or after December 31, 1987 this
17 prohibition shall not apply to a holding company that
18 would otherwise be a member of a unitary business group
19 with taxpayers that apportion business income under
20 any of subsections (b), (c), (c-1), or (d) of Section
21 304. If a unitary business group would, but for the
22 preceding sentence, include members that are
23 ordinarily required to apportion business income under
24 different subsections of Section 304, then for each
25 subsection of Section 304 for which there are two or
26 more members, there shall be a separate unitary

1 business group composed of such members. For purposes
2 of the preceding two sentences, a member is "ordinarily
3 required to apportion business income" under a
4 particular subsection of Section 304 if it would be
5 required to use the apportionment method prescribed by
6 such subsection except for the fact that it derives
7 business income solely from Illinois. As used in this
8 paragraph, for taxable years ending before December
9 31, 2017 or ending after December 31, 2018, the phrase
10 "United States" means only the 50 states and the
11 District of Columbia, but does not include any
12 territory or possession of the United States or any
13 area over which the United States has asserted
14 jurisdiction or claimed exclusive rights with respect
15 to the exploration for or exploitation of natural
16 resources. For taxable years ending on or after
17 December 31, 2017 and ending on or before December 31,
18 2018, the phrase "United States", as used in this
19 paragraph, means only the 50 states, the District of
20 Columbia, and any area over which the United States has
21 asserted jurisdiction or claimed exclusive rights with
22 respect to the exploration for or exploitation of
23 natural resources, but does not include any territory
24 or possession of the United States.

25 (C) Holding companies.

26 (i) For purposes of this subparagraph, a

1 "holding company" is a corporation (other than a
2 corporation that is a financial organization under
3 paragraph (8) of this subsection (a) of Section
4 1501 because it is a bank holding company under the
5 provisions of the Bank Holding Company Act of 1956
6 (12 U.S.C. 1841, et seq.) or because it is owned by
7 a bank or a bank holding company) that owns a
8 controlling interest in one or more other
9 taxpayers ("controlled taxpayers"); that, during
10 the period that includes the taxable year and the 2
11 immediately preceding taxable years or, if the
12 corporation was formed during the current or
13 immediately preceding taxable year, the taxable
14 years in which the corporation has been in
15 existence, derived substantially all its gross
16 income from dividends, interest, rents, royalties,
17 fees or other charges received from controlled
18 taxpayers for the provision of services, and gains
19 on the sale or other disposition of interests in
20 controlled taxpayers or in property leased or
21 licensed to controlled taxpayers or used by the
22 taxpayer in providing services to controlled
23 taxpayers; and that incurs no substantial expenses
24 other than expenses (including interest and other
25 costs of borrowing) incurred in connection with
26 the acquisition and holding of interests in

1 controlled taxpayers and in the provision of
2 services to controlled taxpayers or in the leasing
3 or licensing of property to controlled taxpayers.

4 (ii) The income of a holding company which is a
5 member of more than one unitary business group
6 shall be included in each unitary business group of
7 which it is a member on a pro rata basis, by
8 including in each unitary business group that
9 portion of the base income of the holding company
10 that bears the same proportion to the total base
11 income of the holding company as the gross receipts
12 of the unitary business group bears to the combined
13 gross receipts of all unitary business groups (in
14 both cases without regard to the holding company)
15 or on any other reasonable basis, consistently
16 applied.

17 (iii) A holding company shall apportion its
18 business income under the subsection of Section
19 304 used by the other members of its unitary
20 business group. The apportionment factors of a
21 holding company which would be a member of more
22 than one unitary business group shall be included
23 with the apportionment factors of each unitary
24 business group of which it is a member on a pro
25 rata basis using the same method used in clause
26 (ii).

1 (iv) The provisions of this subparagraph (C)
2 are intended to clarify existing law.

3 (D) If including the base income and factors of a
4 holding company in more than one unitary business group
5 under subparagraph (C) does not fairly reflect the
6 degree of integration between the holding company and
7 one or more of the unitary business groups, the
8 dependence of the holding company and one or more of
9 the unitary business groups upon each other, or the
10 contributions between the holding company and one or
11 more of the unitary business groups, the holding
12 company may petition the Director, under the
13 procedures provided under Section 304(f), for
14 permission to include all base income and factors of
15 the holding company only with members of a unitary
16 business group apportioning their business income
17 under one subsection of subsections (a), (b), (c), or
18 (d) of Section 304. If the petition is granted, the
19 holding company shall be included in a unitary business
20 group only with persons apportioning their business
21 income under the selected subsection of Section 304
22 until the Director grants a petition of the holding
23 company either to be included in more than one unitary
24 business group under subparagraph (C) or to include its
25 base income and factors only with members of a unitary
26 business group apportioning their business income

1 under a different subsection of Section 304.

2 (E) If the unitary business group members'
3 accounting periods differ, the common parent's
4 accounting period or, if there is no common parent, the
5 accounting period of the member that is expected to
6 have, on a recurring basis, the greatest Illinois
7 income tax liability must be used to determine whether
8 to use the apportionment method provided in subsection
9 (a) or subsection (h) of Section 304. The prohibition
10 against membership in a unitary business group for
11 taxpayers ordinarily required to apportion income
12 under different subsections of Section 304 does not
13 apply to taxpayers required to apportion income under
14 subsection (a) and subsection (h) of Section 304. The
15 provisions of this amendatory Act of 1998 apply to tax
16 years ending on or after December 31, 1998.

17 (28) Subchapter S corporation. The term "Subchapter S
18 corporation" means a corporation for which there is in
19 effect an election under Section 1362 of the Internal
20 Revenue Code, or for which there is a federal election to
21 opt out of the provisions of the Subchapter S Revision Act
22 of 1982 and have applied instead the prior federal
23 Subchapter S rules as in effect on July 1, 1982.

24 (30) Foreign person. The term "foreign person" means
25 any person who is a nonresident alien individual and any
26 nonindividual entity, regardless of where created or

1 organized, whose business activity outside the United
2 States is 80% or more of the entity's total business
3 activity.

4 (b) Other definitions.

5 (1) Words denoting number, gender, and so forth, when
6 used in this Act, where not otherwise distinctly expressed
7 or manifestly incompatible with the intent thereof:

8 (A) Words importing the singular include and apply
9 to several persons, parties or things;

10 (B) Words importing the plural include the
11 singular; and

12 (C) Words importing the masculine gender include
13 the feminine as well.

14 (2) "Company" or "association" as including successors
15 and assigns. The word "company" or "association", when used
16 in reference to a corporation, shall be deemed to embrace
17 the words "successors and assigns of such company or
18 association", and in like manner as if these last-named
19 words, or words of similar import, were expressed.

20 (3) Other terms. Any term used in any Section of this
21 Act with respect to the application of, or in connection
22 with, the provisions of any other Section of this Act shall
23 have the same meaning as in such other Section.

24 (Source: P.A. 99-213, eff. 7-31-15; 100-22, eff. 7-6-17.)

1 Section 130. The Retailers' Occupation Tax Act is amended
2 by changing Sections 5a, 5b, and 5c as follows:

3 (35 ILCS 120/5a) (from Ch. 120, par. 444a)

4 Sec. 5a. The Department shall have a lien for the tax
5 herein imposed or any portion thereof, or for any penalty
6 provided for in this Act, or for any amount of interest which
7 may be due as provided for in Section 5 of this Act, upon all
8 the real and personal property of any person to whom a final
9 assessment or revised final assessment has been issued as
10 provided in this Act, or whenever a return is filed without
11 payment of the tax or penalty shown therein to be due,
12 including all such property of such persons acquired after
13 receipt of such assessment or filing of such return. The
14 taxpayer is liable for the filing fee incurred ~~imposed~~ by the
15 Department for filing the lien and the filing fee incurred
16 ~~imposed~~ by the Department to file the release of that ~~the~~ lien.
17 The filing fees shall be paid to the Department in addition to
18 payment of the tax, penalty, and interest included in the
19 amount of the lien.

20 However, where the lien arises because of the issuance of a
21 final assessment or revised final assessment by the Department,
22 such lien shall not attach and the notice hereinafter referred
23 to in this Section shall not be filed until all proceedings in
24 court for review of such final assessment or revised final
25 assessment have terminated or the time for the taking thereof

1 has expired without such proceedings being instituted.

2 Upon the granting of a rehearing or departmental review
3 pursuant to Section 4 or Section 5 of this Act after a lien has
4 attached, such lien shall remain in full force except to the
5 extent to which the final assessment may be reduced by a
6 revised final assessment following such rehearing or review.

7 The lien created by the issuance of a final assessment
8 shall terminate unless a notice of lien is filed, as provided
9 in Section 5b hereof, within 3 years from the date all
10 proceedings in court for the review of such final assessment
11 have terminated or the time for the taking thereof has expired
12 without such proceedings being instituted, or (in the case of a
13 revised final assessment issued pursuant to a rehearing or
14 departmental review) within 3 years from the date all
15 proceedings in court for the review of such revised final
16 assessment have terminated or the time for the taking thereof
17 has expired without such proceedings being instituted; and
18 where the lien results from the filing of a return without
19 payment of the tax or penalty shown therein to be due, the lien
20 shall terminate unless a notice of lien is filed, as provided
21 in Section 5b hereof, within 3 years from the date when such
22 return is filed with the Department: Provided that the time
23 limitation period on the Department's right to file a notice of
24 lien shall not run (1) during any period of time in which the
25 order of any court has the effect of enjoining or restraining
26 the Department from filing such notice of lien, or (2) during

1 the term of a repayment plan that taxpayer has entered into
2 with the Department, as long as taxpayer remains in compliance
3 with the terms of the repayment plan.

4 If the Department finds that a taxpayer is about to depart
5 from the State, or to conceal himself or his property, or to do
6 any other act tending to prejudice or to render wholly or
7 partly ineffectual proceedings to collect such tax unless such
8 proceedings are brought without delay, or if the Department
9 finds that the collection of the amount due from any taxpayer
10 will be jeopardized by delay, the Department shall give the
11 taxpayer notice of such findings and shall make demand for
12 immediate return and payment of such tax, whereupon such tax
13 shall become immediately due and payable. If the taxpayer,
14 within 5 days after such notice (or within such extension of
15 time as the Department may grant), does not comply with such
16 notice or show to the Department that the findings in such
17 notice are erroneous, the Department may file a notice of
18 jeopardy assessment lien in the office of the recorder of the
19 county in which any property of the taxpayer may be located
20 ~~State Tax Lien Registry~~ and shall notify the taxpayer of such
21 filing. Such jeopardy assessment lien shall have the same scope
22 and effect as the statutory lien hereinbefore provided for in
23 this Section.

24 If the taxpayer believes that he does not owe some or all
25 of the tax for which the jeopardy assessment lien against him
26 has been filed, or that no jeopardy to the revenue in fact

1 exists, he may protest within 20 days after being notified by
2 the Department of the filing of such jeopardy assessment lien
3 and request a hearing, whereupon the Department shall hold a
4 hearing in conformity with the provisions of this Act and,
5 pursuant thereto, shall notify the taxpayer of its findings as
6 to whether or not such jeopardy assessment lien will be
7 released. If not, and if the taxpayer is aggrieved by this
8 decision, he may file an action for judicial review of such
9 final determination of the Department in accordance with
10 Section 12 of this Act and the Administrative Review Law.

11 On and after July 1, 2013, protests concerning matters that
12 are subject to the jurisdiction of the Illinois Independent Tax
13 Tribunal shall be filed with the Tribunal, and hearings on
14 those matters shall be held before the Tribunal in accordance
15 with the Illinois Independent Tax Tribunal Act of 2012. The
16 Tribunal shall notify the taxpayer of its findings as to
17 whether or not such jeopardy assessment lien will be released.
18 If not, and if the taxpayer is aggrieved by this decision, he
19 may file an action for judicial review of such final
20 determination of the Department in accordance with Section 12
21 of this Act and the Illinois Independent Tax Tribunal Act of
22 2012.

23 With respect to protests filed with the Department prior to
24 July 1, 2013 that would otherwise be subject to the
25 jurisdiction of the Illinois Independent Tax Tribunal, the
26 taxpayer may elect to be subject to the provisions of the

1 Illinois Independent Tax Tribunal Act of 2012 at any time on or
2 after July 1, 2013, but not later than 30 days after the date
3 on which the protest was filed. If made, the election shall be
4 irrevocable.

5 If, pursuant to such hearing (or after an independent
6 determination of the facts by the Department without a
7 hearing), the Department or the Tribunal determines that some
8 or all of the tax covered by the jeopardy assessment lien is
9 not owed by the taxpayer, or that no jeopardy to the revenue
10 exists, or if on judicial review the final judgment of the
11 court is that the taxpayer does not owe some or all of the tax
12 covered by the jeopardy assessment lien against him, or that no
13 jeopardy to the revenue exists, the Department shall release
14 its jeopardy assessment lien to the extent of such finding of
15 nonliability for the tax, or to the extent of such finding of
16 no jeopardy to the revenue.

17 The Department shall also release its jeopardy assessment
18 lien against the taxpayer whenever the tax and penalty covered
19 by such lien, plus any interest which may be due, are paid and
20 the taxpayer has paid the Department in cash or by guaranteed
21 remittance an amount representing the filing fee for the lien
22 and the filing fee for the release of that lien. The Department
23 shall file that release of lien with the recorder of the county
24 where that lien was filed ~~in the State Tax Lien Registry.~~

25 Nothing in this Section shall be construed to give the
26 Department a preference over the rights of any bona fide

1 purchaser, holder of a security interest, mechanics
2 lienholder, mortgagee, or judgment lien creditor arising prior
3 to the filing of a regular notice of lien or a notice of
4 jeopardy assessment lien in the office of the recorder in the
5 county in which the property subject to the lien is located
6 ~~State Tax Lien Registry~~: Provided, however, that the word "bona
7 fide", as used in this Section shall not include any mortgage
8 of real or personal property or any other credit transaction
9 that results in the mortgagee or the holder of the security
10 acting as trustee for unsecured creditors of the taxpayer
11 mentioned in the notice of lien who executed such chattel or
12 real property mortgage or the document evidencing such credit
13 transaction. Such lien shall be inferior to the lien of general
14 taxes, special assessments and special taxes heretofore or
15 hereafter levied by any political subdivision of this State.

16 In case title to land to be affected by the notice of lien
17 or notice of jeopardy assessment lien is registered under the
18 provisions of "An Act concerning land titles", approved May 1,
19 1897, as amended, such notice shall ~~also~~ be filed in the office
20 of the Registrar of Titles of the county within which the
21 property subject to the lien is situated and shall be entered
22 upon the register of titles as a memorial or charge upon each
23 folium of the register of titles affected by such notice ~~State~~
24 ~~Tax Lien Registry~~, and the Department shall not have a
25 preference over the rights of any bona fide purchaser,
26 mortgagee, judgment creditor or other lien holder arising prior

1 to the registration of such notice: Provided, however, that the
2 word "bona fide" shall not include any mortgage of real or
3 personal property or any other credit transaction that results
4 in the mortgagee or the holder of the security acting as
5 trustee for unsecured creditors of the taxpayer mentioned in
6 the notice of lien who executed such chattel or real property
7 mortgage or the document evidencing such credit transaction.

8 Such regular lien or jeopardy assessment lien shall not be
9 effective against any purchaser with respect to any item in a
10 retailer's stock in trade purchased from the retailer in the
11 usual course of such retailer's business.

12 (Source: P.A. 100-22, eff. 1-1-18.)

13 (35 ILCS 120/5b) (from Ch. 120, par. 444b)

14 Sec. 5b. Notice of lien ~~State Tax Lien Index~~. The recorder
15 of each county shall procure a file labeled "State Tax Lien
16 Notices" and an index book labeled "State Tax Lien Index". When
17 notice of any lien or jeopardy assessment lien is presented to
18 him for filing, he shall file it in numerical order in the file
19 and shall enter it alphabetically in the index. The entry shall
20 show the name and last known business address of the person
21 named in the notice, the serial number of the notice, the date
22 and hour of filing, whether it is a regular lien or a jeopardy
23 assessment lien, and the amount of tax and penalty due and
24 unpaid, plus the amount of interest due under Section 5 of this
25 Act at the time when the notice of lien or jeopardy assessment

1 lien is filed.

2 No recorder or registrar of titles of any county shall
3 require that the Department pay any costs or fees in connection
4 with recordation of any notice or other document filed by the
5 Department under this Act at the time such notice or other
6 document is presented for recordation. The recorder or
7 registrar of each county, in order to receive payment for fees
8 or costs incurred by the Department, shall present the
9 Department with monthly statements indicating the amount of
10 fees and costs incurred by the Department and for which no
11 payment has been received. The Department of Revenue shall
12 maintain a State Tax Lien Index of all tax liens filed in the
13 State Tax Lien Registry as provided for by the State Tax Lien
14 Registration Act.

15 A notice of lien may be filed after the issuance of a
16 revised final assessment pursuant to a rehearing or
17 departmental review under Section 4 or Section 5 of this Act.

18 When the lien obtained pursuant to this Act has been
19 satisfied and the taxpayer has paid the Department in cash or
20 by guaranteed remittance an amount representing the filing fee
21 for the lien and the filing fee for the release of that lien,
22 the Department shall issue a release of lien and file that
23 release of lien with the recorder of the county where that lien
24 was filed in the State Tax Lien Registry. The release of lien
25 shall contain in legible letters a statement as follows:

26 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL

1 BE FILED WITH THE RECORDER OR THE REGISTRAR OF TITLES IN
2 WHOSE OFFICE THE LIEN WAS FILED ~~IN THE STATE TAX LIEN REGISTRY.~~

3 When a certificate of complete or partial release of lien
4 issued by the Department is presented for filing in the office
5 of the recorder or Registrar of Titles where a notice of lien
6 or notice of jeopardy assessment lien was filed, the recorder,
7 in the case of nonregistered property, ~~filed in the State Tax~~
8 ~~Lien Registry, the Department of Revenue~~ shall permanently
9 attach the certificate of release to the notice of lien or
10 notice of jeopardy assessment lien and shall enter the
11 certificate of release and the date in the "State Tax Lien
12 Index" on the line where the notice of lien or notice of
13 jeopardy assessment lien is entered.

14 In the case of registered property, the Registrar of Titles
15 shall file and enter upon each folium of the register of titles
16 affected thereby a memorial of the certificate of release which
17 memorial when so entered shall act as a release pro tanto of
18 any memorial of such notice of lien or notice of jeopardy
19 assessment lien previously filed and registered.

20 (Source: P.A. 100-22, eff. 1-1-18.)

21 (35 ILCS 120/5c) (from Ch. 120, par. 444c)

22 Sec. 5c. Upon payment by the taxpayer to the Department in
23 cash or by guaranteed remittance of an amount representing the
24 filing fee for the lien and the filing fee for the release of
25 that lien, the Department shall issue a certificate of complete

1 or partial release of the lien and file that complete or
2 partial release of lien with the recorder of the county where
3 the lien was filed ~~in the State Tax Lien Registry:~~

4 (a) to the extent that the fair market value of any
5 property subject to the lien exceeds the amount of the lien
6 plus the amount of all prior liens upon such property;

7 (b) to the extent that such lien shall become
8 unenforceable;

9 (c) to the extent that the amount of such lien is paid
10 by the retailer whose property is subject to such lien,
11 together with any interest which may become due under
12 Section 5 of this Act between the date when the notice of
13 lien is filed and the date when the amount of such lien is
14 paid;

15 (d) to the extent that there is furnished to the
16 Department on a form to be approved and with a surety or
17 sureties satisfactory to the Department a bond that is
18 conditioned upon the payment of the amount of such lien,
19 together with any interest which may become due under
20 Section 5 of this Act after the notice of lien is filed,
21 but before the amount thereof is fully paid;

22 (e) to the extent and under the circumstances specified
23 in Section 5a of this Act in the case of jeopardy
24 assessment liens;

25 (f) to the extent to which an assessment is reduced
26 pursuant to a rehearing or departmental review under

1 Section 4 or Section 5 of this Act.

2 A certificate of complete or partial release of any lien
3 shall be held conclusive that the lien upon the property
4 covered by the certificate is extinguished to the extent
5 indicated by such certificate.

6 (Source: P.A. 100-22, eff. 1-1-18.)

7 Section 135. The Cannabis and Controlled Substances Tax Act
8 is amended by changing Sections 16, 17, and 19 as follows:

9 (35 ILCS 520/16) (from Ch. 120, par. 2166)

10 Sec. 16. All assessments are jeopardy assessments - lien.

11 (a) Assessment. An assessment for a dealer not possessing
12 valid stamps or other official indicia showing that the tax has
13 been paid shall be considered a jeopardy assessment or
14 collection, as provided by Section 1102 of the Illinois Income
15 Tax Act. The Department shall determine and assess a tax and
16 applicable penalties and interest according to the best
17 judgment and information available to the Department, which
18 amount so fixed by the Department shall be prima facie correct
19 and shall be prima facie evidence of the correctness of the
20 amount of tax due, as shown in such determination. When,
21 according to the best judgment and information available to the
22 Department with regard to all real and personal property and
23 rights to property of the dealer, there is no reasonable
24 expectation of collection of the amount of tax and penalty to

1 be assessed, the Department may issue an assessment under this
2 Section for the amount of tax without penalty.

3 (b) Filing of lien. Upon issuance of a jeopardy assessment
4 as provided by subsection (a) of this Section, the Department
5 may file a notice of jeopardy assessment lien in the office of
6 the recorder of the county in which any property of the
7 taxpayer may be located ~~State Tax Lien Registry~~ and shall
8 notify the taxpayer of such filing.

9 (c) Protest. If the taxpayer believes that he does not owe
10 some or all of the amount for which the jeopardy assessment
11 lien against him has been filed, he may protest within 20 days
12 after being notified by the Department of the filing of such
13 jeopardy assessment lien and request a hearing, whereupon the
14 Department shall hold a hearing in conformity with the
15 provisions of Section 908 of the Illinois Income Tax Act and,
16 pursuant thereto, shall notify the taxpayer of its decision as
17 to whether or not such jeopardy assessment lien will be
18 released.

19 After the expiration of the period within which the person
20 assessed may file an action for judicial review without such
21 action being filed, a certified copy of the final assessment or
22 revised final assessment of the Department may be filed with
23 the Circuit Court of the county in which the dealer resides, or
24 of Cook County in the case of a dealer who does not reside in
25 this State, or in the county where the violation of this Act
26 took place. The certified copy of the final assessment or

1 revised final assessment shall be accompanied by a
2 certification which recites facts that are sufficient to show
3 that the Department complied with the jurisdictional
4 requirements of the Act in arriving at its final assessment or
5 its revised final assessment and that the dealer had this
6 opportunity for an administrative hearing and for judicial
7 review, whether he availed himself or herself of either or both
8 of these opportunities or not. If the court is satisfied that
9 the Department complied with the jurisdictional requirements
10 of the Act in arriving at its final assessment or its revised
11 final assessment and that the taxpayer had his opportunity for
12 an administrative hearing and for judicial review, whether he
13 availed himself of either or both of these opportunities or
14 not, the court shall render judgment in favor of the Department
15 and against the taxpayer for the amount shown to be due by the
16 final assessment or the revised final assessment, plus any
17 interest which may be due, and such judgment shall be entered
18 in the judgment docket of the court. Such judgment shall bear
19 the same rate of interest and shall have the same effect as
20 other judgments. The judgment may be enforced, and all laws
21 applicable to sales for the enforcement of a judgment shall be
22 applicable to sales made under such judgments. The Department
23 shall file the certified copy of its assessment, as herein
24 provided, with the Circuit Court within 2 years after such
25 assessment becomes final except when the taxpayer consents in
26 writing to an extension of such filing period, and except that

1 the time limitation period on the Department's right to file
2 the certified copy of its assessment with the Circuit Court
3 shall not run during any period of time in which the order of
4 any court has the effect of enjoining or restraining the
5 Department from filing such certified copy of its assessment
6 with the Circuit Court.

7 If, when the cause of action for a proceeding in court
8 accrues against a person, he or she is out of the State, the
9 action may be commenced within the times herein limited, after
10 his or her coming into or returning to the State; and if, after
11 the cause of action accrues, he or she departs from and remains
12 out of the State, the time of his or her absence from the
13 State, the time of his or her absence is no part of the time
14 limited for the commencement of the action; but the foregoing
15 provisions concerning absence from the State shall not apply to
16 any case in which, at the time the cause of action accrues, the
17 party against whom the cause of action accrues is not a
18 resident of this State. The time within which a court action is
19 to be commenced by the Department hereunder shall not run from
20 the date the taxpayer files a petition in bankruptcy under the
21 Federal Bankruptcy Act until 30 days after notice of
22 termination or expiration of the automatic stay imposed by the
23 Federal Bankruptcy Act.

24 No claim shall be filed against the estate of any deceased
25 person or any person under legal disability for any tax or
26 penalty or part of either, or interest, except in the manner

1 prescribed and within the time limited by the Probate Act of
2 1975, as amended.

3 The collection of tax or penalty or interest by any means
4 provided for herein shall not be a bar to any prosecution under
5 this Act.

6 In addition to any penalty provided for in this Act, any
7 amount of tax which is not paid when due shall bear interest at
8 the rate determined in accordance with the Uniform Penalty and
9 Interest Act, per month or fraction thereof from the date when
10 such tax becomes past due until such tax is paid or a judgment
11 therefor is obtained by the Department. If the time for making
12 or completing an audit of a taxpayer's books and records is
13 extended with the taxpayer's consent, at the request of and for
14 the convenience of the Department, beyond the date on which the
15 statute of limitations upon the issuance of a notice of tax
16 liability by the Department otherwise run, no interest shall
17 accrue during the period of such extension. Interest shall be
18 collected in the same manner and as part of the tax.

19 If the Department determines that an amount of tax or
20 penalty or interest was incorrectly assessed, whether as the
21 result of a mistake of fact or an error of law, the Department
22 shall waive the amount of tax or penalty or interest that
23 accrued due to the incorrect assessment.

24 (Source: P.A. 100-22, eff. 1-1-18.)

25 (35 ILCS 520/17) (from Ch. 120, par. 2167)

1 Sec. 17. Filing and priority of liens.

2 (a) Filing with Recorder ~~in the State Tax Lien Registry~~.

3 Nothing in this Act shall be construed to give the Department a
4 preference over the rights of any bona fide purchaser, holder
5 of a security interest, mechanics lienholder, mortgagee, or
6 judgment lien creditor arising prior to the filing of a regular
7 notice of lien or a notice of jeopardy assessment lien in the
8 office of the recorder in the county in which the property
9 subject to the lien is located ~~State Tax Lien Registry~~. For
10 purposes of this section, the term "bona fide," shall not
11 include any mortgage of real or personal property or any other
12 credit transaction that results in the mortgagee or the holder
13 of the security acting as trustee for unsecured creditors of
14 the taxpayer mentioned in the notice of lien who executed such
15 chattel or real property mortgage or the document evidencing
16 such credit transaction. Such lien shall be inferior to the
17 lien of general taxes, special assessments and special taxes
18 heretofore or hereafter levied by any political subdivision of
19 this State.

20 (b) Filing with Registrar. In case title to land to be
21 affected by the notice of lien or notice of jeopardy assessment
22 lien is registered under the provisions of "An Act concerning
23 land titles," approved May 1, 1897, as amended, such notice
24 shall ~~also~~ be filed in the office of the Registrar of Titles of
25 the county within which the property subject to the lien is
26 situated and shall be entered upon the register of titles as a

1 memorial of charge upon each folium of the register of titles
2 affected by such notice ~~State Tax Lien Registry~~, and the
3 Department shall not have a preference over the rights of any
4 bona fide purchaser, mortgagee, judgment creditor or other lien
5 holder arising prior to the registration of such notice.

6 (c) No recorder or registrar of titles of any county shall
7 require that the Department pay any costs or fees in connection
8 with recordation of any notice or other document filed by the
9 Department under this Act at the time such notice or other
10 document is presented for recordation. ~~(Blank)~~.

11 (Source: P.A. 100-22, eff. 1-1-18.)

12 (35 ILCS 520/19) (from Ch. 120, par. 2169)

13 Sec. 19. Release of liens.

14 (a) In general. The Department shall release all or any
15 portion of the property subject to any lien provided for in
16 this Act if it determines that the release will not endanger or
17 jeopardize the collection of the amount secured thereby. The
18 Department shall release its lien on property which is the
19 subject of forfeiture proceedings under the Narcotics Profit
20 Forfeiture Act, the Criminal Code of 2012, or the Drug Asset
21 Forfeiture Procedure Act until all forfeiture proceedings are
22 concluded. Property forfeited shall not be subject to a lien
23 under this Act.

24 (b) Judicial determination. If on judicial review the final
25 judgment of the court is that the taxpayer does not owe some or

1 all of the amount secured by the lien against him, or that no
2 jeopardy to the revenue exists, the Department shall release
3 its lien to the extent of such finding of nonliability, or to
4 the extent of such finding of no jeopardy to the revenue.

5 (c) Payment. The Department shall also release its jeopardy
6 assessment lien against the taxpayer whenever the tax and
7 penalty covered by such lien, plus any interest which may be
8 due, are paid.

9 (d) Certificate of release. The Department shall issue a
10 certificate of complete or partial release of the lien:

11 (1) To the extent that the fair market value of any
12 property subject to the lien exceeds the amount of the lien
13 plus the amount of all prior liens upon such property;

14 (2) To the extent that such lien shall become
15 unenforceable;

16 (3) To the extent that the amount of such lien is paid
17 by the person whose property is subject to such lien,
18 together with any interest and penalty which may become due
19 under this Act between the date when the notice of lien is
20 filed and the date when the amount of such lien is paid;

21 (4) To the extent and under the circumstances specified
22 in this Section. A certificate of complete or partial
23 release of any lien shall be held conclusive that the lien
24 upon the property covered by the certificate is
25 extinguished to the extent indicated by such certificate.

26 Such release of lien shall be issued to the person, or his

1 agent, against whom the lien was obtained and shall contain in
2 legible letters a statement as follows:

3 FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL
4 BE FILED WITH THE RECORDER OR THE REGISTRAR OF TITLES IN
5 WHOSE OFFICE THE LIEN WAS FILED ~~IN THE STATE TAX LIEN REGISTRY.~~

6 (e) Filing. When a certificate of complete or partial
7 release of lien issued by the Department is presented for
8 filing in the office of the recorder or Registrar of Titles
9 where a notice of lien or notice of jeopardy assessment lien
10 was filed: ~~filed in the State Tax Lien Registry, the Department~~

11 (1) The recorder, in the case of nonregistered
12 property, shall permanently attach the certificate of
13 release to the notice of lien or notice of jeopardy
14 assessment lien and shall enter the certificate of release
15 and the date in the "State Tax Lien Index" on the line
16 where the notice of lien or notice of jeopardy assessment
17 lien is entered; and -

18 (2) In the case of registered property, the Registrar
19 of Titles shall file and enter upon each folium of the
20 register of titles affected thereby a memorial of the
21 certificate of release which memorial when so entered shall
22 act as a release pro tanto of any memorial of such notice
23 of lien or notice of jeopardy assessment lien previously
24 filed and registered.

25 (Source: P.A. 100-22, eff. 1-1-18.)

1 Section 140. The Illinois Municipal Code is amended by
2 changing Section 8-3-15 as follows:

3 (65 ILCS 5/8-3-15) (from Ch. 24, par. 8-3-15)

4 Sec. 8-3-15. The corporate authorities of each
5 municipality shall have all powers necessary to enforce the
6 collection of any tax imposed and collected by such
7 municipality, whether such tax was imposed pursuant to its home
8 rule powers or statutory authorization, including but not
9 limited to subpoena power and the power to create and enforce
10 liens. No such lien shall affect the rights of bona fide
11 purchasers, mortgagees, judgment creditors or other
12 lienholders who acquire their interests in such property prior
13 to the time a notice of such lien is placed on record in the
14 office of the recorder or the registrar of titles of the county
15 in which the property is located. However, nothing in this
16 Section shall permit a municipality to place a lien upon
17 property not located or found within its corporate boundaries.
18 A municipality creating a lien may provide that the procedures
19 for its notice and enforcement shall be the same as that
20 provided in the Retailers' Occupation Tax Act, as now or
21 hereafter amended ~~that Act existed prior to the adoption of the~~
22 ~~State Tax Lien Registration Act~~, for State tax liens, and any
23 recorder or registrar of titles with whom a notice of such lien
24 is filed shall treat such lien as a State tax lien for
25 recording purposes.

1 (Source: P.A. 100-22, eff. 1-1-18.)

2 Section 145. The Title Insurance Act is amended by changing
3 Section 22 as follows:

4 (215 ILCS 155/22) (from Ch. 73, par. 1422)

5 Sec. 22. Tax indemnity; notice. A corporation authorized to
6 do business under this Act shall notify the Director of Revenue
7 of the State of Illinois, by notice directed to his office in
8 the City of Chicago, of each trust account or similar account
9 established which relates to title exceptions due to a judgment
10 lien or any other lien arising under any tax Act administered
11 by the Illinois Department of Revenue, when notice of such lien
12 has been filed with the registrar of titles or recorder ~~or in~~
13 ~~the State Tax Lien Registry~~, as the case may be, in the manner
14 prescribed by law. Such notice shall contain the name, address,
15 and tax identification number of the debtor, the permanent real
16 estate index numbers, if any, and the address and legal
17 description of the property, the type of lien claimed by the
18 Department and identification of any trust fund or similar
19 account held by such corporation or any agent thereof relating
20 to such lien. Any trust fund or similar account established by
21 such corporation or agent relating to any such lien shall
22 include provisions requiring such corporation or agent to apply
23 such fund in satisfaction or release of such lien upon written
24 demand therefor by the Department of Revenue.

1 (Source: P.A. 100-22, eff. 1-1-18.)

2 Section 150. The Use Tax Act is amended by changing
3 Sections 3-5 and 3-50 as follows:

4 (35 ILCS 105/3-5)

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

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

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

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

1 orchestras and theatrical groups, arts and cultural service
2 organizations, local arts councils, visual arts organizations,
3 and media arts organizations. On and after July 1, 2001 (the
4 effective date of Public Act 92-35), however, an entity
5 otherwise eligible for this exemption shall not make tax-free
6 purchases unless it has an active identification number issued
7 by the Department.

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

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

25 (6) Until July 1, 2003 and beginning again on September 1,
26 2004 through August 30, 2014, graphic arts machinery and

1 equipment, including repair and replacement parts, both new and
2 used, and including that manufactured on special order,
3 certified by the purchaser to be used primarily for graphic
4 arts production, and including machinery and equipment
5 purchased for lease. Equipment includes chemicals or chemicals
6 acting as catalysts but only if the chemicals or chemicals
7 acting as catalysts effect a direct and immediate change upon a
8 graphic arts product. Beginning on July 1, 2017 and until July
9 1, 2019, graphic arts machinery and equipment is included in
10 the manufacturing and assembling machinery and equipment
11 exemption under paragraph (18).

12 (7) Farm chemicals.

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

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

20 (10) A motor vehicle that is used for automobile renting,
21 as defined in the Automobile Renting Occupation and Use Tax
22 Act.

23 (11) Farm machinery and equipment, both new and used,
24 including that manufactured on special order, certified by the
25 purchaser to be used primarily for production agriculture or
26 State or federal agricultural programs, including individual

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

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

24 Farm machinery and equipment also includes computers,
25 sensors, software, and related equipment used primarily in the
26 computer-assisted operation of production agriculture

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

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

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

23 (13) Proceeds of mandatory service charges separately
24 stated on customers' bills for the purchase and consumption of
25 food and beverages purchased at retail from a retailer, to the
26 extent that the proceeds of the service charge are in fact

1 turned over as tips or as a substitute for tips to the
2 employees who participate directly in preparing, serving,
3 hosting or cleaning up the food or beverage function with
4 respect to which the service charge is imposed.

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

14 (15) Photoprocessing machinery and equipment, including
15 repair and replacement parts, both new and used, including that
16 manufactured on special order, certified by the purchaser to be
17 used primarily for photoprocessing, and including
18 photoprocessing machinery and equipment purchased for lease.

19 (16) Until July 1, 2023, coal and aggregate exploration,
20 mining, off-highway hauling, processing, maintenance, and
21 reclamation equipment, including replacement parts and
22 equipment, and including equipment purchased for lease, but
23 excluding motor vehicles required to be registered under the
24 Illinois Vehicle Code. The changes made to this Section by
25 Public Act 97-767 apply on and after July 1, 2003, but no claim
26 for credit or refund is allowed on or after August 16, 2013

1 (the effective date of Public Act 98-456) for such taxes paid
2 during the period beginning July 1, 2003 and ending on August
3 16, 2013 (the effective date of Public Act 98-456).

4 (17) Until July 1, 2003, distillation machinery and
5 equipment, sold as a unit or kit, assembled or installed by the
6 retailer, certified by the user to be used only for the
7 production of ethyl alcohol that will be used for consumption
8 as motor fuel or as a component of motor fuel for the personal
9 use of the user, and not subject to sale or resale.

10 (18) Manufacturing and assembling machinery and equipment
11 used primarily in the process of manufacturing or assembling
12 tangible personal property for wholesale or retail sale or
13 lease, whether that sale or lease is made directly by the
14 manufacturer or by some other person, whether the materials
15 used in the process are owned by the manufacturer or some other
16 person, or whether that sale or lease is made apart from or as
17 an incident to the seller's engaging in the service occupation
18 of producing machines, tools, dies, jigs, patterns, gauges, or
19 other similar items of no commercial value on special order for
20 a particular purchaser. The exemption provided by this
21 paragraph (18) does not include machinery and equipment used in
22 (i) the generation of electricity for wholesale or retail sale;
23 (ii) the generation or treatment of natural or artificial gas
24 for wholesale or retail sale that is delivered to customers
25 through pipes, pipelines, or mains; or (iii) the treatment of
26 water for wholesale or retail sale that is delivered to

1 customers through pipes, pipelines, or mains. The provisions of
2 Public Act 98-583 are declaratory of existing law as to the
3 meaning and scope of this exemption. Beginning on July 1, 2017
4 and until July 1, 2019, the exemption provided by this
5 paragraph (18) includes, but is not limited to, graphic arts
6 machinery and equipment, as defined in paragraph (6) of this
7 Section.

8 (19) Personal property delivered to a purchaser or
9 purchaser's donee inside Illinois when the purchase order for
10 that personal property was received by a florist located
11 outside Illinois who has a florist located inside Illinois
12 deliver the personal property.

13 (20) Semen used for artificial insemination of livestock
14 for direct agricultural production.

15 (21) 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 (21) is exempt from the provisions
21 of Section 3-90, and the exemption provided for under this item
22 (21) 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 for such taxes paid during the period beginning May 30,
25 2000 and ending on January 1, 2008.

26 (22) Computers and communications equipment utilized for

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

23 (23) Personal property purchased by a lessor who leases the
24 property, under a lease of one year or longer executed or in
25 effect at the time the lessor would otherwise be subject to the
26 tax imposed by this Act, to a governmental body that has been

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

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

1 (25) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is used in the
4 performance of infrastructure repairs in this State, including
5 but not limited to municipal roads and streets, access roads,
6 bridges, sidewalks, waste disposal systems, water and sewer
7 line extensions, water distribution and purification
8 facilities, storm water drainage and retention facilities, and
9 sewage treatment facilities, resulting from a State or
10 federally declared disaster in Illinois or bordering Illinois
11 when such repairs are initiated on facilities located in the
12 declared disaster area within 6 months after the disaster.

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

17 (27) A motor vehicle, as that term is defined in Section
18 1-146 of the Illinois Vehicle Code, that is donated to a
19 corporation, limited liability company, society, association,
20 foundation, or institution that is determined by the Department
21 to be organized and operated exclusively for educational
22 purposes. For purposes of this exemption, "a corporation,
23 limited liability company, society, association, foundation,
24 or institution organized and operated exclusively for
25 educational purposes" means all tax-supported public schools,
26 private schools that offer systematic instruction in useful

1 branches of learning by methods common to public schools and
2 that compare favorably in their scope and intensity with the
3 course of study presented in tax-supported schools, and
4 vocational or technical schools or institutes organized and
5 operated exclusively to provide a course of study of not less
6 than 6 weeks duration and designed to prepare individuals to
7 follow a trade or to pursue a manual, technical, mechanical,
8 industrial, business, or commercial occupation.

9 (28) Beginning January 1, 2000, personal property,
10 including food, purchased through fundraising events for the
11 benefit of a public or private elementary or secondary school,
12 a group of those schools, or one or more school districts if
13 the events are sponsored by an entity recognized by the school
14 district that consists primarily of volunteers and includes
15 parents and teachers of the school children. This paragraph
16 does not apply to fundraising events (i) for the benefit of
17 private home instruction or (ii) for which the fundraising
18 entity purchases the personal property sold at the events from
19 another individual or entity that sold the property for the
20 purpose of resale by the fundraising entity and that profits
21 from the sale to the fundraising entity. This paragraph is
22 exempt from the provisions of Section 3-90.

23 (29) Beginning January 1, 2000 and through December 31,
24 2001, new or used automatic vending machines that prepare and
25 serve hot food and beverages, including coffee, soup, and other
26 items, and replacement parts for these machines. Beginning

1 January 1, 2002 and through June 30, 2003, machines and parts
2 for machines used in commercial, coin-operated amusement and
3 vending business if a use or occupation tax is paid on the
4 gross receipts derived from the use of the commercial,
5 coin-operated amusement and vending machines. This paragraph
6 is exempt from the provisions of Section 3-90.

7 (30) Beginning January 1, 2001 and through June 30, 2016,
8 food for human consumption that is to be consumed off the
9 premises where it is sold (other than alcoholic beverages, soft
10 drinks, and food that has been prepared for immediate
11 consumption) and prescription and nonprescription medicines,
12 drugs, medical appliances, and insulin, urine testing
13 materials, syringes, and needles used by diabetics, for human
14 use, when purchased for use by a person receiving medical
15 assistance under Article V of the Illinois Public Aid Code who
16 resides in a licensed long-term care facility, as defined in
17 the Nursing Home Care Act, or in a licensed facility as defined
18 in the ID/DD Community Care Act, the MC/DD Act, or the
19 Specialized Mental Health Rehabilitation Act of 2013.

20 (31) Beginning on August 2, 2001 (the effective date of
21 Public Act 92-227), computers and communications equipment
22 utilized for any hospital purpose and equipment used in the
23 diagnosis, analysis, or treatment of hospital patients
24 purchased by a lessor who leases the equipment, under a lease
25 of one year or longer executed or in effect at the time the
26 lessor would otherwise be subject to the tax imposed by this

1 Act, to a hospital that has been issued an active tax exemption
2 identification number by the Department under Section 1g of the
3 Retailers' Occupation Tax Act. If the equipment is leased in a
4 manner that does not qualify for this exemption or is used in
5 any other nonexempt manner, the lessor shall be liable for the
6 tax imposed under this Act or the Service Use Tax Act, as the
7 case may be, based on the fair market value of the property at
8 the time the nonqualifying use occurs. No lessor shall collect
9 or attempt to collect an amount (however designated) that
10 purports to reimburse that lessor for the tax imposed by this
11 Act or the Service Use Tax Act, as the case may be, if the tax
12 has not been paid by the lessor. If a lessor improperly
13 collects any such amount from the lessee, the lessee shall have
14 a legal right to claim a refund of that amount from the lessor.
15 If, however, that amount is not refunded to the lessee for any
16 reason, the lessor is liable to pay that amount to the
17 Department. This paragraph is exempt from the provisions of
18 Section 3-90.

19 (32) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), personal property purchased by a lessor who
21 leases the property, under a lease of one year or longer
22 executed or in effect at the time the lessor would otherwise be
23 subject to the tax imposed by this Act, to a governmental body
24 that has been issued an active sales tax exemption
25 identification number by the Department under Section 1g of the
26 Retailers' Occupation Tax Act. If the property is leased in a

1 manner that does not qualify for this exemption or used in any
2 other nonexempt manner, the lessor shall be liable for the tax
3 imposed under this Act or the Service Use Tax Act, as the case
4 may be, based on the fair market value of the property at the
5 time the nonqualifying use occurs. No lessor shall collect or
6 attempt to collect an amount (however designated) that purports
7 to reimburse that lessor for the tax imposed by this Act or the
8 Service Use Tax Act, as the case may be, if the tax has not been
9 paid by the lessor. If a lessor improperly collects any such
10 amount from the lessee, the lessee shall have a legal right to
11 claim a refund of that amount from the lessor. If, however,
12 that amount is not refunded to the lessee for any reason, the
13 lessor is liable to pay that amount to the Department. This
14 paragraph is exempt from the provisions of Section 3-90.

15 (33) On and after July 1, 2003 and through June 30, 2004,
16 the use in this State of motor vehicles of the second division
17 with a gross vehicle weight in excess of 8,000 pounds and that
18 are subject to the commercial distribution fee imposed under
19 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
20 1, 2004 and through June 30, 2005, the use in this State of
21 motor vehicles of the second division: (i) with a gross vehicle
22 weight rating in excess of 8,000 pounds; (ii) that are subject
23 to the commercial distribution fee imposed under Section
24 3-815.1 of the Illinois Vehicle Code; and (iii) that are
25 primarily used for commercial purposes. Through June 30, 2005,
26 this exemption applies to repair and replacement parts added

1 after the initial purchase of such a motor vehicle if that
2 motor vehicle is used in a manner that would qualify for the
3 rolling stock exemption otherwise provided for in this Act. For
4 purposes of this paragraph, the term "used for commercial
5 purposes" means the transportation of persons or property in
6 furtherance of any commercial or industrial enterprise,
7 whether for-hire or not.

8 (34) Beginning January 1, 2008, tangible personal property
9 used in the construction or maintenance of a community water
10 supply, as defined under Section 3.145 of the Environmental
11 Protection Act, that is operated by a not-for-profit
12 corporation that holds a valid water supply permit issued under
13 Title IV of the Environmental Protection Act. This paragraph is
14 exempt from the provisions of Section 3-90.

15 (35) 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 use of qualifying
4 tangible personal property by persons who modify, refurbish,
5 complete, repair, replace, or maintain aircraft and who (i)
6 hold an Air Agency Certificate and are empowered to operate an
7 approved repair station by the Federal Aviation
8 Administration, (ii) have a Class IV Rating, and (iii) conduct
9 operations in accordance with Part 145 of the Federal Aviation
10 Regulations. The exemption does not include aircraft operated
11 by a commercial air carrier providing scheduled passenger air
12 service pursuant to authority issued under Part 121 or Part 129
13 of the Federal Aviation Regulations. The changes made to this
14 paragraph (35) by Public Act 98-534 are declarative of existing
15 law.

16 (36) Tangible personal property purchased by a
17 public-facilities corporation, as described in Section
18 11-65-10 of the Illinois Municipal Code, for purposes of
19 constructing or furnishing a municipal convention hall, but
20 only if the legal title to the municipal convention hall is
21 transferred to the municipality without any further
22 consideration by or on behalf of the municipality at the time
23 of the completion of the municipal convention hall or upon the
24 retirement or redemption of any bonds or other debt instruments
25 issued by the public-facilities corporation in connection with
26 the development of the municipal convention hall. This

1 exemption includes existing public-facilities corporations as
2 provided in Section 11-65-25 of the Illinois Municipal Code.
3 This paragraph is exempt from the provisions of Section 3-90.

4 (37) Beginning January 1, 2017, menstrual pads, tampons,
5 and menstrual cups.

6 (38) Merchandise that is subject to the Rental Purchase
7 Agreement Occupation and Use Tax. The purchaser must certify
8 that the item is purchased to be rented subject to a rental
9 purchase agreement, as defined in the Rental Purchase Agreement
10 Act, and provide proof of registration under the Rental
11 Purchase Agreement Occupation and Use Tax Act. This paragraph
12 is exempt from the provisions of Section 3-90.

13 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
14 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.
15 6-29-18; 100-863, eff. 8-14-18.)

16 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

17 Sec. 3-50. Manufacturing and assembly exemption. The
18 manufacturing and assembling machinery and equipment exemption
19 includes machinery and equipment that replaces machinery and
20 equipment in an existing manufacturing facility as well as
21 machinery and equipment that are for use in an expanded or new
22 manufacturing facility. The machinery and equipment exemption
23 also includes machinery and equipment used in the general
24 maintenance or repair of exempt machinery and equipment or for
25 in-house manufacture of exempt machinery and equipment.

1 Beginning on July 1, 2017 and until July 1, 2019, the
2 manufacturing and assembling machinery and equipment exemption
3 also includes graphic arts machinery and equipment, as defined
4 in paragraph (6) of Section 3-5. The machinery and equipment
5 exemption does not include machinery and equipment used in (i)
6 the generation of electricity for wholesale or retail sale;
7 (ii) the generation or treatment of natural or artificial gas
8 for wholesale or retail sale that is delivered to customers
9 through pipes, pipelines, or mains; or (iii) the treatment of
10 water for wholesale or retail sale that is delivered to
11 customers through pipes, pipelines, or mains. The provisions of
12 this amendatory Act of the 98th General Assembly are
13 declaratory of existing law as to the meaning and scope of this
14 exemption. For the purposes of this exemption, terms have the
15 following meanings:

16 (1) "Manufacturing process" means the production of an
17 article of tangible personal property, whether the article
18 is a finished product or an article for use in the process
19 of manufacturing or assembling a different article of
20 tangible personal property, by a procedure commonly
21 regarded as manufacturing, processing, fabricating, or
22 refining that changes some existing material into a
23 material with a different form, use, or name. In relation
24 to a recognized integrated business composed of a series of
25 operations that collectively constitute manufacturing, or
26 individually constitute manufacturing operations, the

1 manufacturing process commences with the first operation
2 or stage of production in the series and does not end until
3 the completion of the final product in the last operation
4 or stage of production in the series. For purposes of this
5 exemption, photoprocessing is a manufacturing process of
6 tangible personal property for wholesale or retail sale.

7 (2) "Assembling process" means the production of an
8 article of tangible personal property, whether the article
9 is a finished product or an article for use in the process
10 of manufacturing or assembling a different article of
11 tangible personal property, by the combination of existing
12 materials in a manner commonly regarded as assembling that
13 results in an article or material of a different form, use,
14 or name.

15 (3) "Machinery" means major mechanical machines or
16 major components of those machines contributing to a
17 manufacturing or assembling process.

18 (4) "Equipment" includes an independent device or tool
19 separate from machinery but essential to an integrated
20 manufacturing or assembly process; including computers
21 used primarily in a manufacturer's computer assisted
22 design, computer assisted manufacturing (CAD/CAM) system;
23 any subunit or assembly comprising a component of any
24 machinery or auxiliary, adjunct, or attachment parts of
25 machinery, such as tools, dies, jigs, fixtures, patterns,
26 and molds; and any parts that require periodic replacement

1 in the course of normal operation; but does not include
2 hand tools. Equipment includes chemicals or chemicals
3 acting as catalysts but only if the chemicals or chemicals
4 acting as catalysts effect a direct and immediate change
5 upon a product being manufactured or assembled for
6 wholesale or retail sale or lease.

7 (5) "Production related tangible personal property"
8 means all tangible personal property that is used or
9 consumed by the purchaser in a manufacturing facility in
10 which a manufacturing process takes place and includes,
11 without limitation, tangible personal property that is
12 purchased for incorporation into real estate within a
13 manufacturing facility and tangible personal property that
14 is used or consumed in activities such as research and
15 development, preproduction material handling, receiving,
16 quality control, inventory control, storage, staging, and
17 packaging for shipping and transportation purposes.
18 "Production related tangible personal property" does not
19 include (i) tangible personal property that is used, within
20 or without a manufacturing facility, in sales, purchasing,
21 accounting, fiscal management, marketing, personnel
22 recruitment or selection, or landscaping or (ii) tangible
23 personal property that is required to be titled or
24 registered with a department, agency, or unit of federal,
25 State, or local government.

26 The manufacturing and assembling machinery and equipment

1 exemption includes production related tangible personal
2 property that is purchased on or after July 1, 2007 and on or
3 before June 30, 2008. The exemption for production related
4 tangible personal property is subject to both of the following
5 limitations:

6 (1) The maximum amount of the exemption for any one
7 taxpayer may not exceed 5% of the purchase price of
8 production related tangible personal property that is
9 purchased on or after July 1, 2007 and on or before June
10 30, 2008. A credit under Section 3-85 of this Act may not
11 be earned by the purchase of production related tangible
12 personal property for which an exemption is received under
13 this Section.

14 (2) The maximum aggregate amount of the exemptions for
15 production related tangible personal property awarded
16 under this Act and the Retailers' Occupation Tax Act to all
17 taxpayers may not exceed \$10,000,000. If the claims for the
18 exemption exceed \$10,000,000, then the Department shall
19 reduce the amount of the exemption to each taxpayer on a
20 pro rata basis.

21 The Department may adopt rules to implement and administer the
22 exemption for production related tangible personal property.

23 The manufacturing and assembling machinery and equipment
24 exemption includes the sale of materials to a purchaser who
25 produces exempted types of machinery, equipment, or tools and
26 who rents or leases that machinery, equipment, or tools to a

1 manufacturer of tangible personal property. This exemption
2 also includes the sale of materials to a purchaser who
3 manufactures those materials into an exempted type of
4 machinery, equipment, or tools that the purchaser uses himself
5 or herself in the manufacturing of tangible personal property.
6 This exemption includes the sale of exempted types of machinery
7 or equipment to a purchaser who is not the manufacturer, but
8 who rents or leases the use of the property to a manufacturer.
9 The purchaser of the machinery and equipment who has an active
10 resale registration number shall furnish that number to the
11 seller at the time of purchase. A user of the machinery,
12 equipment, or tools without an active resale registration
13 number shall prepare a certificate of exemption for each
14 transaction stating facts establishing the exemption for that
15 transaction, and that certificate shall be available to the
16 Department for inspection or audit. The Department shall
17 prescribe the form of the certificate. Informal rulings,
18 opinions, or letters issued by the Department in response to an
19 inquiry or request for an opinion from any person regarding the
20 coverage and applicability of this exemption to specific
21 devices shall be published, maintained as a public record, and
22 made available for public inspection and copying. If the
23 informal ruling, opinion, or letter contains trade secrets or
24 other confidential information, where possible, the Department
25 shall delete that information before publication. Whenever
26 informal rulings, opinions, or letters contain a policy of

1 general applicability, the Department shall formulate and
2 adopt that policy as a rule in accordance with the Illinois
3 Administrative Procedure Act.

4 ~~The manufacturing and assembling machinery and equipment~~
5 ~~exemption is exempt from the provisions of Section 3-90.~~

6 (Source: P.A. 100-22, eff. 7-6-17.)

7 Section 155. The Service Use Tax Act is amended by changing
8 Sections 2 and 3-5 as follows:

9 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

10 Sec. 2. Definitions. In this Act:

11 "Use" means the exercise by any person of any right or
12 power over tangible personal property incident to the ownership
13 of that property, but does not include the sale or use for
14 demonstration by him of that property in any form as tangible
15 personal property in the regular course of business. "Use" does
16 not mean the interim use of tangible personal property nor the
17 physical incorporation of tangible personal property, as an
18 ingredient or constituent, into other tangible personal
19 property, (a) which is sold in the regular course of business
20 or (b) which the person incorporating such ingredient or
21 constituent therein has undertaken at the time of such purchase
22 to cause to be transported in interstate commerce to
23 destinations outside the State of Illinois.

24 "Purchased from a serviceman" means the acquisition of the

1 ownership of, or title to, tangible personal property through a
2 sale of service.

3 "Purchaser" means any person who, through a sale of
4 service, acquires the ownership of, or title to, any tangible
5 personal property.

6 "Cost price" means the consideration paid by the serviceman
7 for a purchase valued in money, whether paid in money or
8 otherwise, including cash, credits and services, and shall be
9 determined without any deduction on account of the supplier's
10 cost of the property sold or on account of any other expense
11 incurred by the supplier. When a serviceman contracts out part
12 or all of the services required in his sale of service, it
13 shall be presumed that the cost price to the serviceman of the
14 property transferred to him or her by his or her subcontractor
15 is equal to 50% of the subcontractor's charges to the
16 serviceman in the absence of proof of the consideration paid by
17 the subcontractor for the purchase of such property.

18 "Selling price" means the consideration for a sale valued
19 in money whether received in money or otherwise, including
20 cash, credits and service, and shall be determined without any
21 deduction on account of the serviceman's cost of the property
22 sold, the cost of materials used, labor or service cost or any
23 other expense whatsoever, but does not include interest or
24 finance charges which appear as separate items on the bill of
25 sale or sales contract nor charges that are added to prices by
26 sellers on account of the seller's duty to collect, from the

1 purchaser, the tax that is imposed by this Act.

2 "Department" means the Department of Revenue.

3 "Person" means any natural individual, firm, partnership,
4 association, joint stock company, joint venture, public or
5 private corporation, limited liability company, and any
6 receiver, executor, trustee, guardian or other representative
7 appointed by order of any court.

8 "Sale of service" means any transaction except:

9 (1) a retail sale of tangible personal property taxable
10 under the Retailers' Occupation Tax Act or under the Use
11 Tax Act.

12 (2) a sale of tangible personal property for the
13 purpose of resale made in compliance with Section 2c of the
14 Retailers' Occupation Tax Act.

15 (3) except as hereinafter provided, a sale or transfer
16 of tangible personal property as an incident to the
17 rendering of service for or by any governmental body, or
18 for or by any corporation, society, association,
19 foundation or institution organized and operated
20 exclusively for charitable, religious or educational
21 purposes or any not-for-profit corporation, society,
22 association, foundation, institution or organization which
23 has no compensated officers or employees and which is
24 organized and operated primarily for the recreation of
25 persons 55 years of age or older. A limited liability
26 company may qualify for the exemption under this paragraph

1 only if the limited liability company is organized and
2 operated exclusively for educational purposes.

3 (4) (blank).

4 (4a) a sale or transfer of tangible personal property
5 as an incident to the rendering of service for owners,
6 lessors, or shippers of tangible personal property which is
7 utilized by interstate carriers for hire for use as rolling
8 stock moving in interstate commerce so long as so used by
9 interstate carriers for hire, and equipment operated by a
10 telecommunications provider, licensed as a common carrier
11 by the Federal Communications Commission, which is
12 permanently installed in or affixed to aircraft moving in
13 interstate commerce.

14 (4a-5) on and after July 1, 2003 and through June 30,
15 2004, a sale or transfer of a motor vehicle of the second
16 division with a gross vehicle weight in excess of 8,000
17 pounds as an incident to the rendering of service if that
18 motor vehicle is subject to the commercial distribution fee
19 imposed under Section 3-815.1 of the Illinois Vehicle Code.
20 Beginning on July 1, 2004 and through June 30, 2005, the
21 use in this State of motor vehicles of the second division:
22 (i) with a gross vehicle weight rating in excess of 8,000
23 pounds; (ii) that are subject to the commercial
24 distribution fee imposed under Section 3-815.1 of the
25 Illinois Vehicle Code; and (iii) that are primarily used
26 for commercial purposes. Through June 30, 2005, this

1 exemption applies to repair and replacement parts added
2 after the initial purchase of such a motor vehicle if that
3 motor vehicle is used in a manner that would qualify for
4 the rolling stock exemption otherwise provided for in this
5 Act. For purposes of this paragraph, "used for commercial
6 purposes" means the transportation of persons or property
7 in furtherance of any commercial or industrial enterprise
8 whether for-hire or not.

9 (5) a sale or transfer of machinery and equipment used
10 primarily in the process of the manufacturing or
11 assembling, either in an existing, an expanded or a new
12 manufacturing facility, of tangible personal property for
13 wholesale or retail sale or lease, whether such sale or
14 lease is made directly by the manufacturer or by some other
15 person, whether the materials used in the process are owned
16 by the manufacturer or some other person, or whether such
17 sale or lease is made apart from or as an incident to the
18 seller's engaging in a service occupation and the
19 applicable tax is a Service Use Tax or Service Occupation
20 Tax, rather than Use Tax or Retailers' Occupation Tax. The
21 exemption provided by this paragraph (5) does not include
22 machinery and equipment used in (i) the generation of
23 electricity for wholesale or retail sale; (ii) the
24 generation or treatment of natural or artificial gas for
25 wholesale or retail sale that is delivered to customers
26 through pipes, pipelines, or mains; or (iii) the treatment

1 of water for wholesale or retail sale that is delivered to
2 customers through pipes, pipelines, or mains. The
3 provisions of Public Act 98-583 are declaratory of existing
4 law as to the meaning and scope of this exemption. ~~The~~
5 ~~exemption under this paragraph (5) is exempt from the~~
6 ~~provisions of Section 3-75.~~

7 (5a) the repairing, reconditioning or remodeling, for
8 a common carrier by rail, of tangible personal property
9 which belongs to such carrier for hire, and as to which
10 such carrier receives the physical possession of the
11 repaired, reconditioned or remodeled item of tangible
12 personal property in Illinois, and which such carrier
13 transports, or shares with another common carrier in the
14 transportation of such property, out of Illinois on a
15 standard uniform bill of lading showing the person who
16 repaired, reconditioned or remodeled the property to a
17 destination outside Illinois, for use outside Illinois.

18 (5b) a sale or transfer of tangible personal property
19 which is produced by the seller thereof on special order in
20 such a way as to have made the applicable tax the Service
21 Occupation Tax or the Service Use Tax, rather than the
22 Retailers' Occupation Tax or the Use Tax, for an interstate
23 carrier by rail which receives the physical possession of
24 such property in Illinois, and which transports such
25 property, or shares with another common carrier in the
26 transportation of such property, out of Illinois on a

1 standard uniform bill of lading showing the seller of the
2 property as the shipper or consignor of such property to a
3 destination outside Illinois, for use outside Illinois.

4 (6) until July 1, 2003, a sale or transfer of
5 distillation machinery and equipment, sold as a unit or kit
6 and assembled or installed by the retailer, which machinery
7 and equipment is certified by the user to be used only for
8 the production of ethyl alcohol that will be used for
9 consumption as motor fuel or as a component of motor fuel
10 for the personal use of such user and not subject to sale
11 or resale.

12 (7) at the election of any serviceman not required to
13 be otherwise registered as a retailer under Section 2a of
14 the Retailers' Occupation Tax Act, made for each fiscal
15 year sales of service in which the aggregate annual cost
16 price of tangible personal property transferred as an
17 incident to the sales of service is less than 35%, or 75%
18 in the case of servicemen transferring prescription drugs
19 or servicemen engaged in graphic arts production, of the
20 aggregate annual total gross receipts from all sales of
21 service. The purchase of such tangible personal property by
22 the serviceman shall be subject to tax under the Retailers'
23 Occupation Tax Act and the Use Tax Act. However, if a
24 primary serviceman who has made the election described in
25 this paragraph subcontracts service work to a secondary
26 serviceman who has also made the election described in this

1 paragraph, the primary serviceman does not incur a Use Tax
2 liability if the secondary serviceman (i) has paid or will
3 pay Use Tax on his or her cost price of any tangible
4 personal property transferred to the primary serviceman
5 and (ii) certifies that fact in writing to the primary
6 serviceman.

7 Tangible personal property transferred incident to the
8 completion of a maintenance agreement is exempt from the tax
9 imposed pursuant to this Act.

10 Exemption (5) also includes machinery and equipment used in
11 the general maintenance or repair of such exempt machinery and
12 equipment or for in-house manufacture of exempt machinery and
13 equipment. On and after July 1, 2017 and until July 1, 2019,
14 exemption (5) also includes graphic arts machinery and
15 equipment, as defined in paragraph (5) of Section 3-5. The
16 machinery and equipment exemption does not include machinery
17 and equipment used in (i) the generation of electricity for
18 wholesale or retail sale; (ii) the generation or treatment of
19 natural or artificial gas for wholesale or retail sale that is
20 delivered to customers through pipes, pipelines, or mains; or
21 (iii) the treatment of water for wholesale or retail sale that
22 is delivered to customers through pipes, pipelines, or mains.
23 The provisions of Public Act 98-583 are declaratory of existing
24 law as to the meaning and scope of this exemption. For the
25 purposes of exemption (5), each of these terms shall have the
26 following meanings: (1) "manufacturing process" shall mean the

1 production of any article of tangible personal property,
2 whether such article is a finished product or an article for
3 use in the process of manufacturing or assembling a different
4 article of tangible personal property, by procedures commonly
5 regarded as manufacturing, processing, fabricating, or
6 refining which changes some existing material or materials into
7 a material with a different form, use or name. In relation to a
8 recognized integrated business composed of a series of
9 operations which collectively constitute manufacturing, or
10 individually constitute manufacturing operations, the
11 manufacturing process shall be deemed to commence with the
12 first operation or stage of production in the series, and shall
13 not be deemed to end until the completion of the final product
14 in the last operation or stage of production in the series; and
15 further, for purposes of exemption (5), photoprocessing is
16 deemed to be a manufacturing process of tangible personal
17 property for wholesale or retail sale; (2) "assembling process"
18 shall mean the production of any article of tangible personal
19 property, whether such article is a finished product or an
20 article for use in the process of manufacturing or assembling a
21 different article of tangible personal property, by the
22 combination of existing materials in a manner commonly regarded
23 as assembling which results in a material of a different form,
24 use or name; (3) "machinery" shall mean major mechanical
25 machines or major components of such machines contributing to a
26 manufacturing or assembling process; and (4) "equipment" shall

1 include any independent device or tool separate from any
2 machinery but essential to an integrated manufacturing or
3 assembly process; including computers used primarily in a
4 manufacturer's computer assisted design, computer assisted
5 manufacturing (CAD/CAM) system; or any subunit or assembly
6 comprising a component of any machinery or auxiliary, adjunct
7 or attachment parts of machinery, such as tools, dies, jigs,
8 fixtures, patterns and molds; or any parts which require
9 periodic replacement in the course of normal operation; but
10 shall not include hand tools. Equipment includes chemicals or
11 chemicals acting as catalysts but only if the chemicals or
12 chemicals acting as catalysts effect a direct and immediate
13 change upon a product being manufactured or assembled for
14 wholesale or retail sale or lease. The purchaser of such
15 machinery and equipment who has an active resale registration
16 number shall furnish such number to the seller at the time of
17 purchase. The user of such machinery and equipment and tools
18 without an active resale registration number shall prepare a
19 certificate of exemption for each transaction stating facts
20 establishing the exemption for that transaction, which
21 certificate shall be available to the Department for inspection
22 or audit. The Department shall prescribe the form of the
23 certificate.

24 Any informal rulings, opinions or letters issued by the
25 Department in response to an inquiry or request for any opinion
26 from any person regarding the coverage and applicability of

1 exemption (5) to specific devices shall be published,
2 maintained as a public record, and made available for public
3 inspection and copying. If the informal ruling, opinion or
4 letter contains trade secrets or other confidential
5 information, where possible the Department shall delete such
6 information prior to publication. Whenever such informal
7 rulings, opinions, or letters contain any policy of general
8 applicability, the Department shall formulate and adopt such
9 policy as a rule in accordance with the provisions of the
10 Illinois Administrative Procedure Act.

11 On and after July 1, 1987, no entity otherwise eligible
12 under exemption (3) of this Section shall make tax-free
13 purchases unless it has an active exemption identification
14 number issued by the Department.

15 The purchase, employment and transfer of such tangible
16 personal property as newsprint and ink for the primary purpose
17 of conveying news (with or without other information) is not a
18 purchase, use or sale of service or of tangible personal
19 property within the meaning of this Act.

20 "Serviceman" means any person who is engaged in the
21 occupation of making sales of service.

22 "Sale at retail" means "sale at retail" as defined in the
23 Retailers' Occupation Tax Act.

24 "Supplier" means any person who makes sales of tangible
25 personal property to servicemen for the purpose of resale as an
26 incident to a sale of service.

1 "Serviceman maintaining a place of business in this State",
2 or any like term, means and includes any serviceman:

3 (1) having or maintaining within this State, directly
4 or by a subsidiary, an office, distribution house, sales
5 house, warehouse or other place of business, or any agent
6 or other representative operating within this State under
7 the authority of the serviceman or its subsidiary,
8 irrespective of whether such place of business or agent or
9 other representative is located here permanently or
10 temporarily, or whether such serviceman or subsidiary is
11 licensed to do business in this State;

12 (1.1) having a contract with a person located in this
13 State under which the person, for a commission or other
14 consideration based on the sale of service by the
15 serviceman, directly or indirectly refers potential
16 customers to the serviceman by providing to the potential
17 customers a promotional code or other mechanism that allows
18 the serviceman to track purchases referred by such persons.
19 Examples of mechanisms that allow the serviceman to track
20 purchases referred by such persons include but are not
21 limited to the use of a link on the person's Internet
22 website, promotional codes distributed through the
23 person's hand-delivered or mailed material, and
24 promotional codes distributed by the person through radio
25 or other broadcast media. The provisions of this paragraph
26 (1.1) shall apply only if the cumulative gross receipts

1 from sales of service by the serviceman to customers who
2 are referred to the serviceman by all persons in this State
3 under such contracts exceed \$10,000 during the preceding 4
4 quarterly periods ending on the last day of March, June,
5 September, and December; a serviceman meeting the
6 requirements of this paragraph (1.1) shall be presumed to
7 be maintaining a place of business in this State but may
8 rebut this presumption by submitting proof that the
9 referrals or other activities pursued within this State by
10 such persons were not sufficient to meet the nexus
11 standards of the United States Constitution during the
12 preceding 4 quarterly periods;

13 (1.2) beginning July 1, 2011, having a contract with a
14 person located in this State under which:

15 (A) the serviceman sells the same or substantially
16 similar line of services as the person located in this
17 State and does so using an identical or substantially
18 similar name, trade name, or trademark as the person
19 located in this State; and

20 (B) the serviceman provides a commission or other
21 consideration to the person located in this State based
22 upon the sale of services by the serviceman.

23 The provisions of this paragraph (1.2) shall apply only if
24 the cumulative gross receipts from sales of service by the
25 serviceman to customers in this State under all such
26 contracts exceed \$10,000 during the preceding 4 quarterly

1 periods ending on the last day of March, June, September,
2 and December;

3 (2) soliciting orders for tangible personal property
4 by means of a telecommunication or television shopping
5 system (which utilizes toll free numbers) which is intended
6 by the retailer to be broadcast by cable television or
7 other means of broadcasting, to consumers located in this
8 State;

9 (3) pursuant to a contract with a broadcaster or
10 publisher located in this State, soliciting orders for
11 tangible personal property by means of advertising which is
12 disseminated primarily to consumers located in this State
13 and only secondarily to bordering jurisdictions;

14 (4) soliciting orders for tangible personal property
15 by mail if the solicitations are substantial and recurring
16 and if the retailer benefits from any banking, financing,
17 debt collection, telecommunication, or marketing
18 activities occurring in this State or benefits from the
19 location in this State of authorized installation,
20 servicing, or repair facilities;

21 (5) being owned or controlled by the same interests
22 which own or control any retailer engaging in business in
23 the same or similar line of business in this State;

24 (6) having a franchisee or licensee operating under its
25 trade name if the franchisee or licensee is required to
26 collect the tax under this Section;

1 (7) pursuant to a contract with a cable television
2 operator located in this State, soliciting orders for
3 tangible personal property by means of advertising which is
4 transmitted or distributed over a cable television system
5 in this State;

6 (8) engaging in activities in Illinois, which
7 activities in the state in which the supply business
8 engaging in such activities is located would constitute
9 maintaining a place of business in that state; or

10 (9) beginning October 1, 2018, making sales of service
11 to purchasers in Illinois from outside of Illinois if:

12 (A) the cumulative gross receipts from sales of
13 service to purchasers in Illinois are \$100,000 or more;

14 or

15 (B) the serviceman enters into 200 or more separate
16 transactions for sales of service to purchasers in
17 Illinois.

18 The serviceman shall determine on a quarterly basis,
19 ending on the last day of March, June, September, and
20 December, whether he or she meets the criteria of either
21 subparagraph (A) or (B) of this paragraph (9) for the
22 preceding 12-month period. If the serviceman meets the
23 criteria of either subparagraph (A) or (B) for a 12-month
24 period, he or she is considered a serviceman maintaining a
25 place of business in this State and is required to collect
26 and remit the tax imposed under this Act and file returns

1 for one year. At the end of that one-year period, the
2 serviceman shall determine whether the serviceman met the
3 criteria of either subparagraph (A) or (B) during the
4 preceding 12-month period. If the serviceman met the
5 criteria in either subparagraph (A) or (B) for the
6 preceding 12-month period, he or she is considered a
7 serviceman maintaining a place of business in this State
8 and is required to collect and remit the tax imposed under
9 this Act and file returns for the subsequent year. If at
10 the end of a one-year period a serviceman that was required
11 to collect and remit the tax imposed under this Act
12 determines that he or she did not meet the criteria in
13 either subparagraph (A) or (B) during the preceding
14 12-month period, the serviceman subsequently shall
15 determine on a quarterly basis, ending on the last day of
16 March, June, September, and December, whether he or she
17 meets the criteria of either subparagraph (A) or (B) for
18 the preceding 12-month period.

19 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
20 100-587, eff. 6-4-18; 100-863, eff. 8-14-18.)

21 (35 ILCS 110/3-5)

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

24 (1) Personal property purchased from a corporation,
25 society, association, foundation, institution, or

1 organization, other than a limited liability company, that is
2 organized and operated as a not-for-profit service enterprise
3 for the benefit of persons 65 years of age or older if the
4 personal property was not purchased by the enterprise for the
5 purpose of resale by the enterprise.

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

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

24 (4) Legal tender, currency, medallions, or gold or silver
25 coinage issued by the State of Illinois, the government of the
26 United States of America, or the government of any foreign

1 country, and bullion.

2 (5) Until July 1, 2003 and beginning again on September 1,
3 2004 through August 30, 2014, graphic arts machinery and
4 equipment, including repair and replacement parts, both new and
5 used, and including that manufactured on special order or
6 purchased for lease, certified by the purchaser to be used
7 primarily for graphic arts production. Equipment includes
8 chemicals or chemicals acting as catalysts but only if the
9 chemicals or chemicals acting as catalysts effect a direct and
10 immediate change upon a graphic arts product. Beginning on July
11 1, 2017 and until July 1, 2019, graphic arts machinery and
12 equipment is included in the manufacturing and assembling
13 machinery and equipment exemption under Section 2 of this Act.

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

17 (7) Farm machinery and equipment, both new and used,
18 including that manufactured on special order, certified by the
19 purchaser to be used primarily for production agriculture or
20 State or federal agricultural programs, including individual
21 replacement parts for the machinery and equipment, including
22 machinery and equipment purchased for lease, and including
23 implements of husbandry defined in Section 1-130 of the
24 Illinois Vehicle Code, farm machinery and agricultural
25 chemical and fertilizer spreaders, and nurse wagons required to
26 be registered under Section 3-809 of the Illinois Vehicle Code,

1 but excluding other motor vehicles required to be registered
2 under the Illinois Vehicle Code. Horticultural polyhouses or
3 hoop houses used for propagating, growing, or overwintering
4 plants shall be considered farm machinery and equipment under
5 this item (7). Agricultural chemical tender tanks and dry boxes
6 shall include units sold separately from a motor vehicle
7 required to be licensed and units sold mounted on a motor
8 vehicle required to be licensed if the selling price of the
9 tender is separately stated.

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

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

26 (8) Until June 30, 2013, fuel and petroleum products sold

1 to or used by an air common carrier, certified by the carrier
2 to be used for consumption, shipment, or storage in the conduct
3 of its business as an air common carrier, for a flight destined
4 for or returning from a location or locations outside the
5 United States without regard to previous or subsequent domestic
6 stopovers.

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

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

26 (10) Until July 1, 2003, oil field exploration, drilling,

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

9 (11) Proceeds from the sale of photoprocessing machinery
10 and equipment, including repair and replacement parts, both new
11 and used, including that manufactured on special order,
12 certified by the purchaser to be used primarily for
13 photoprocessing, and including photoprocessing machinery and
14 equipment purchased for lease.

15 (12) Until July 1, 2023, coal and aggregate exploration,
16 mining, off-highway hauling, processing, maintenance, and
17 reclamation equipment, including replacement parts and
18 equipment, and including equipment purchased for lease, but
19 excluding motor vehicles required to be registered under the
20 Illinois Vehicle Code. The changes made to this Section by
21 Public Act 97-767 apply on and after July 1, 2003, but no claim
22 for credit or refund is allowed on or after August 16, 2013
23 (the effective date of Public Act 98-456) for such taxes paid
24 during the period beginning July 1, 2003 and ending on August
25 16, 2013 (the effective date of Public Act 98-456).

26 (13) Semen used for artificial insemination of livestock

1 for direct agricultural production.

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

15 (15) Computers and communications equipment utilized for
16 any hospital purpose and equipment used in the diagnosis,
17 analysis, or treatment of hospital patients purchased by a
18 lessor who leases the equipment, under a lease of one year or
19 longer executed or in effect at the time the lessor would
20 otherwise be subject to the tax imposed by this Act, to a
21 hospital that has been issued an active tax exemption
22 identification number by the Department under Section 1g of the
23 Retailers' Occupation Tax Act. If the equipment is leased in a
24 manner that does not qualify for this exemption or is used in
25 any other non-exempt manner, the lessor shall be liable for the
26 tax imposed under this Act or the Use Tax Act, as the case may

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

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

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that amount
3 is not refunded to the lessee for any reason, the lessor is
4 liable to pay that amount to the Department.

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

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

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

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

23 (21) Beginning January 1, 2000, personal property,
24 including food, purchased through fundraising events for the
25 benefit of a public or private elementary or secondary school,
26 a group of those schools, or one or more school districts if

1 the events are sponsored by an entity recognized by the school
2 district that consists primarily of volunteers and includes
3 parents and teachers of the school children. This paragraph
4 does not apply to fundraising events (i) for the benefit of
5 private home instruction or (ii) for which the fundraising
6 entity purchases the personal property sold at the events from
7 another individual or entity that sold the property for the
8 purpose of resale by the fundraising entity and that profits
9 from the sale to the fundraising entity. This paragraph is
10 exempt from the provisions of Section 3-75.

11 (22) Beginning January 1, 2000 and through December 31,
12 2001, new or used automatic vending machines that prepare and
13 serve hot food and beverages, including coffee, soup, and other
14 items, and replacement parts for these machines. Beginning
15 January 1, 2002 and through June 30, 2003, machines and parts
16 for machines used in commercial, coin-operated amusement and
17 vending business if a use or occupation tax is paid on the
18 gross receipts derived from the use of the commercial,
19 coin-operated amusement and vending machines. This paragraph
20 is exempt from the provisions of Section 3-75.

21 (23) Beginning August 23, 2001 and through June 30, 2016,
22 food for human consumption that is to be consumed off the
23 premises where it is sold (other than alcoholic beverages, soft
24 drinks, and food that has been prepared for immediate
25 consumption) and prescription and nonprescription medicines,
26 drugs, medical appliances, and insulin, urine testing

1 materials, syringes, and needles used by diabetics, for human
2 use, when purchased for use by a person receiving medical
3 assistance under Article V of the Illinois Public Aid Code who
4 resides in a licensed long-term care facility, as defined in
5 the Nursing Home Care Act, or in a licensed facility as defined
6 in the ID/DD Community Care Act, the MC/DD Act, or the
7 Specialized Mental Health Rehabilitation Act of 2013.

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

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that amount
3 is not refunded to the lessee for any reason, the lessor is
4 liable to pay that amount to the Department. This paragraph is
5 exempt from the provisions of Section 3-75.

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

1 exempt from the provisions of Section 3-75.

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

9 (27) Beginning January 1, 2010, materials, parts,
10 equipment, components, and furnishings incorporated into or
11 upon an aircraft as part of the modification, refurbishment,
12 completion, replacement, repair, or maintenance of the
13 aircraft. This exemption includes consumable supplies used in
14 the modification, refurbishment, completion, replacement,
15 repair, and maintenance of aircraft, but excludes any
16 materials, parts, equipment, components, and consumable
17 supplies used in the modification, replacement, repair, and
18 maintenance of aircraft engines or power plants, whether such
19 engines or power plants are installed or uninstalled upon any
20 such aircraft. "Consumable supplies" include, but are not
21 limited to, adhesive, tape, sandpaper, general purpose
22 lubricants, cleaning solution, latex gloves, and protective
23 films. This exemption applies only to the use of qualifying
24 tangible personal property transferred incident to the
25 modification, refurbishment, completion, replacement, repair,
26 or maintenance of aircraft by persons who (i) hold an Air

1 Agency Certificate and are empowered to operate an approved
2 repair station by the Federal Aviation Administration, (ii)
3 have a Class IV Rating, and (iii) conduct operations in
4 accordance with Part 145 of the Federal Aviation Regulations.
5 The exemption does not include aircraft operated by a
6 commercial air carrier providing scheduled passenger air
7 service pursuant to authority issued under Part 121 or Part 129
8 of the Federal Aviation Regulations. The changes made to this
9 paragraph (27) by Public Act 98-534 are declarative of existing
10 law.

11 (28) Tangible personal property purchased by a
12 public-facilities corporation, as described in Section
13 11-65-10 of the Illinois Municipal Code, for purposes of
14 constructing or furnishing a municipal convention hall, but
15 only if the legal title to the municipal convention hall is
16 transferred to the municipality without any further
17 consideration by or on behalf of the municipality at the time
18 of the completion of the municipal convention hall or upon the
19 retirement or redemption of any bonds or other debt instruments
20 issued by the public-facilities corporation in connection with
21 the development of the municipal convention hall. This
22 exemption includes existing public-facilities corporations as
23 provided in Section 11-65-25 of the Illinois Municipal Code.
24 This paragraph is exempt from the provisions of Section 3-75.

25 (29) Beginning January 1, 2017, menstrual pads, tampons,
26 and menstrual cups.

1 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
2 100-22, eff. 7-6-17; 100-594, eff. 6-29-18.)

3 Section 160. The Service Occupation Tax Act is amended by
4 changing Sections 2 and 3-5 as follows:

5 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

6 Sec. 2. In this Act:

7 "Transfer" means any transfer of the title to property or
8 of the ownership of property whether or not the transferor
9 retains title as security for the payment of amounts due him
10 from the transferee.

11 "Cost Price" means the consideration paid by the serviceman
12 for a purchase valued in money, whether paid in money or
13 otherwise, including cash, credits and services, and shall be
14 determined without any deduction on account of the supplier's
15 cost of the property sold or on account of any other expense
16 incurred by the supplier. When a serviceman contracts out part
17 or all of the services required in his sale of service, it
18 shall be presumed that the cost price to the serviceman of the
19 property transferred to him by his or her subcontractor is
20 equal to 50% of the subcontractor's charges to the serviceman
21 in the absence of proof of the consideration paid by the
22 subcontractor for the purchase of such property.

23 "Department" means the Department of Revenue.

24 "Person" means any natural individual, firm, partnership,

1 association, joint stock company, joint venture, public or
2 private corporation, limited liability company, and any
3 receiver, executor, trustee, guardian or other representative
4 appointed by order of any court.

5 "Sale of Service" means any transaction except:

6 (a) A retail sale of tangible personal property taxable
7 under the Retailers' Occupation Tax Act or under the Use Tax
8 Act.

9 (b) A sale of tangible personal property for the purpose of
10 resale made in compliance with Section 2c of the Retailers'
11 Occupation Tax Act.

12 (c) Except as hereinafter provided, a sale or transfer of
13 tangible personal property as an incident to the rendering of
14 service for or by any governmental body or for or by any
15 corporation, society, association, foundation or institution
16 organized and operated exclusively for charitable, religious
17 or educational purposes or any not-for-profit corporation,
18 society, association, foundation, institution or organization
19 which has no compensated officers or employees and which is
20 organized and operated primarily for the recreation of persons
21 55 years of age or older. A limited liability company may
22 qualify for the exemption under this paragraph only if the
23 limited liability company is organized and operated
24 exclusively for educational purposes.

25 (d) (Blank).

26 (d-1) A sale or transfer of tangible personal property as

1 an incident to the rendering of service for owners, lessors or
2 shippers of tangible personal property which is utilized by
3 interstate carriers for hire for use as rolling stock moving in
4 interstate commerce, and equipment operated by a
5 telecommunications provider, licensed as a common carrier by
6 the Federal Communications Commission, which is permanently
7 installed in or affixed to aircraft moving in interstate
8 commerce.

9 (d-1.1) On and after July 1, 2003 and through June 30,
10 2004, a sale or transfer of a motor vehicle of the second
11 division with a gross vehicle weight in excess of 8,000 pounds
12 as an incident to the rendering of service if that motor
13 vehicle is subject to the commercial distribution fee imposed
14 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
15 on July 1, 2004 and through June 30, 2005, the use in this
16 State of motor vehicles of the second division: (i) with a
17 gross vehicle weight rating in excess of 8,000 pounds; (ii)
18 that are subject to the commercial distribution fee imposed
19 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
20 that are primarily used for commercial purposes. Through June
21 30, 2005, this exemption applies to repair and replacement
22 parts added after the initial purchase of such a motor vehicle
23 if that motor vehicle is used in a manner that would qualify
24 for the rolling stock exemption otherwise provided for in this
25 Act. For purposes of this paragraph, "used for commercial
26 purposes" means the transportation of persons or property in

1 furtherance of any commercial or industrial enterprise whether
2 for-hire or not.

3 (d-2) The repairing, reconditioning or remodeling, for a
4 common carrier by rail, of tangible personal property which
5 belongs to such carrier for hire, and as to which such carrier
6 receives the physical possession of the repaired,
7 reconditioned or remodeled item of tangible personal property
8 in Illinois, and which such carrier transports, or shares with
9 another common carrier in the transportation of such property,
10 out of Illinois on a standard uniform bill of lading showing
11 the person who repaired, reconditioned or remodeled the
12 property as the shipper or consignor of such property to a
13 destination outside Illinois, for use outside Illinois.

14 (d-3) A sale or transfer of tangible personal property
15 which is produced by the seller thereof on special order in
16 such a way as to have made the applicable tax the Service
17 Occupation Tax or the Service Use Tax, rather than the
18 Retailers' Occupation Tax or the Use Tax, for an interstate
19 carrier by rail which receives the physical possession of such
20 property in Illinois, and which transports such property, or
21 shares with another common carrier in the transportation of
22 such property, out of Illinois on a standard uniform bill of
23 lading showing the seller of the property as the shipper or
24 consignor of such property to a destination outside Illinois,
25 for use outside Illinois.

26 (d-4) Until January 1, 1997, a sale, by a registered

1 serviceman paying tax under this Act to the Department, of
2 special order printed materials delivered outside Illinois and
3 which are not returned to this State, if delivery is made by
4 the seller or agent of the seller, including an agent who
5 causes the product to be delivered outside Illinois by a common
6 carrier or the U.S. postal service.

7 (e) A sale or transfer of machinery and equipment used
8 primarily in the process of the manufacturing or assembling,
9 either in an existing, an expanded or a new manufacturing
10 facility, of tangible personal property for wholesale or retail
11 sale or lease, whether such sale or lease is made directly by
12 the manufacturer or by some other person, whether the materials
13 used in the process are owned by the manufacturer or some other
14 person, or whether such sale or lease is made apart from or as
15 an incident to the seller's engaging in a service occupation
16 and the applicable tax is a Service Occupation Tax or Service
17 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
18 exemption provided by this paragraph (e) does not include
19 machinery and equipment used in (i) the generation of
20 electricity for wholesale or retail sale; (ii) the generation
21 or treatment of natural or artificial gas for wholesale or
22 retail sale that is delivered to customers through pipes,
23 pipelines, or mains; or (iii) the treatment of water for
24 wholesale or retail sale that is delivered to customers through
25 pipes, pipelines, or mains. The provisions of Public Act 98-583
26 are declaratory of existing law as to the meaning and scope of

1 this exemption. ~~The exemption under this subsection (e) is~~
2 ~~exempt from the provisions of Section 3-75.~~

3 (f) Until July 1, 2003, the sale or transfer of
4 distillation machinery and equipment, sold as a unit or kit and
5 assembled or installed by the retailer, which machinery and
6 equipment is certified by the user to be used only for the
7 production of ethyl alcohol that will be used for consumption
8 as motor fuel or as a component of motor fuel for the personal
9 use of such user and not subject to sale or resale.

10 (g) At the election of any serviceman not required to be
11 otherwise registered as a retailer under Section 2a of the
12 Retailers' Occupation Tax Act, made for each fiscal year sales
13 of service in which the aggregate annual cost price of tangible
14 personal property transferred as an incident to the sales of
15 service is less than 35% (75% in the case of servicemen
16 transferring prescription drugs or servicemen engaged in
17 graphic arts production) of the aggregate annual total gross
18 receipts from all sales of service. The purchase of such
19 tangible personal property by the serviceman shall be subject
20 to tax under the Retailers' Occupation Tax Act and the Use Tax
21 Act. However, if a primary serviceman who has made the election
22 described in this paragraph subcontracts service work to a
23 secondary serviceman who has also made the election described
24 in this paragraph, the primary serviceman does not incur a Use
25 Tax liability if the secondary serviceman (i) has paid or will
26 pay Use Tax on his or her cost price of any tangible personal

1 property transferred to the primary serviceman and (ii)
2 certifies that fact in writing to the primary serviceman.

3 Tangible personal property transferred incident to the
4 completion of a maintenance agreement is exempt from the tax
5 imposed pursuant to this Act.

6 Exemption (e) also includes machinery and equipment used in
7 the general maintenance or repair of such exempt machinery and
8 equipment or for in-house manufacture of exempt machinery and
9 equipment. On and after July 1, 2017 and until July 1, 2019,
10 exemption (e) also includes graphic arts machinery and
11 equipment, as defined in paragraph (5) of Section 3-5. The
12 machinery and equipment exemption does not include machinery
13 and equipment used in (i) the generation of electricity for
14 wholesale or retail sale; (ii) the generation or treatment of
15 natural or artificial gas for wholesale or retail sale that is
16 delivered to customers through pipes, pipelines, or mains; or
17 (iii) the treatment of water for wholesale or retail sale that
18 is delivered to customers through pipes, pipelines, or mains.
19 The provisions of Public Act 98-583 are declaratory of existing
20 law as to the meaning and scope of this exemption. For the
21 purposes of exemption (e), each of these terms shall have the
22 following meanings: (1) "manufacturing process" shall mean the
23 production of any article of tangible personal property,
24 whether such article is a finished product or an article for
25 use in the process of manufacturing or assembling a different
26 article of tangible personal property, by procedures commonly

1 regarded as manufacturing, processing, fabricating, or
2 refining which changes some existing material or materials into
3 a material with a different form, use or name. In relation to a
4 recognized integrated business composed of a series of
5 operations which collectively constitute manufacturing, or
6 individually constitute manufacturing operations, the
7 manufacturing process shall be deemed to commence with the
8 first operation or stage of production in the series, and shall
9 not be deemed to end until the completion of the final product
10 in the last operation or stage of production in the series; and
11 further for purposes of exemption (e), photoprocessing is
12 deemed to be a manufacturing process of tangible personal
13 property for wholesale or retail sale; (2) "assembling process"
14 shall mean the production of any article of tangible personal
15 property, whether such article is a finished product or an
16 article for use in the process of manufacturing or assembling a
17 different article of tangible personal property, by the
18 combination of existing materials in a manner commonly regarded
19 as assembling which results in a material of a different form,
20 use or name; (3) "machinery" shall mean major mechanical
21 machines or major components of such machines contributing to a
22 manufacturing or assembling process; and (4) "equipment" shall
23 include any independent device or tool separate from any
24 machinery but essential to an integrated manufacturing or
25 assembly process; including computers used primarily in a
26 manufacturer's computer assisted design, computer assisted

1 manufacturing (CAD/CAM) system; or any subunit or assembly
2 comprising a component of any machinery or auxiliary, adjunct
3 or attachment parts of machinery, such as tools, dies, jigs,
4 fixtures, patterns and molds; or any parts which require
5 periodic replacement in the course of normal operation; but
6 shall not include hand tools. Equipment includes chemicals or
7 chemicals acting as catalysts but only if the chemicals or
8 chemicals acting as catalysts effect a direct and immediate
9 change upon a product being manufactured or assembled for
10 wholesale or retail sale or lease. The purchaser of such
11 machinery and equipment who has an active resale registration
12 number shall furnish such number to the seller at the time of
13 purchase. The purchaser of such machinery and equipment and
14 tools without an active resale registration number shall
15 furnish to the seller a certificate of exemption for each
16 transaction stating facts establishing the exemption for that
17 transaction, which certificate shall be available to the
18 Department for inspection or audit.

19 Except as provided in Section 2d of this Act, the rolling
20 stock exemption applies to rolling stock used by an interstate
21 carrier for hire, even just between points in Illinois, if such
22 rolling stock transports, for hire, persons whose journeys or
23 property whose shipments originate or terminate outside
24 Illinois.

25 Any informal rulings, opinions or letters issued by the
26 Department in response to an inquiry or request for any opinion

1 from any person regarding the coverage and applicability of
2 exemption (e) to specific devices shall be published,
3 maintained as a public record, and made available for public
4 inspection and copying. If the informal ruling, opinion or
5 letter contains trade secrets or other confidential
6 information, where possible the Department shall delete such
7 information prior to publication. Whenever such informal
8 rulings, opinions, or letters contain any policy of general
9 applicability, the Department shall formulate and adopt such
10 policy as a rule in accordance with the provisions of the
11 Illinois Administrative Procedure Act.

12 On and after July 1, 1987, no entity otherwise eligible
13 under exemption (c) of this Section shall make tax-free
14 purchases unless it has an active exemption identification
15 number issued by the Department.

16 "Serviceman" means any person who is engaged in the
17 occupation of making sales of service.

18 "Sale at Retail" means "sale at retail" as defined in the
19 Retailers' Occupation Tax Act.

20 "Supplier" means any person who makes sales of tangible
21 personal property to servicemen for the purpose of resale as an
22 incident to a sale of service.

23 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
24 100-863, eff. 8-14-18.)

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

3 (1) 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 (2) Personal property purchased by a not-for-profit
11 Illinois county fair association for use in conducting,
12 operating, or promoting the county fair.

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

1 number issued by the Department.

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

6 (5) Until July 1, 2003 and beginning again on September 1,
7 2004 through August 30, 2014, graphic arts machinery and
8 equipment, including repair and replacement parts, both new and
9 used, and including that manufactured on special order or
10 purchased for lease, certified by the purchaser to be used
11 primarily for graphic arts production. Equipment includes
12 chemicals or chemicals acting as catalysts but only if the
13 chemicals or chemicals acting as catalysts effect a direct and
14 immediate change upon a graphic arts product. Beginning on July
15 1, 2017 and until July 1, 2019, graphic arts machinery and
16 equipment is included in the manufacturing and assembling
17 machinery and equipment exemption under Section 2 of this Act.

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

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

1 implements of husbandry defined in Section 1-130 of the
2 Illinois Vehicle Code, farm machinery and agricultural
3 chemical and fertilizer spreaders, and nurse wagons required to
4 be registered under Section 3-809 of the Illinois Vehicle Code,
5 but excluding other motor vehicles required to be registered
6 under the Illinois Vehicle Code. Horticultural polyhouses or
7 hoop houses used for propagating, growing, or overwintering
8 plants shall be considered farm machinery and equipment under
9 this item (7). Agricultural chemical tender tanks and dry boxes
10 shall include units sold separately from a motor vehicle
11 required to be licensed and units sold mounted on a motor
12 vehicle required to be licensed if the selling price of the
13 tender is separately stated.

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

22 Farm machinery and equipment also includes computers,
23 sensors, software, and related equipment used primarily in the
24 computer-assisted operation of production agriculture
25 facilities, equipment, and activities such as, but not limited
26 to, the collection, monitoring, and correlation of animal and

1 crop data for the purpose of formulating animal diets and
2 agricultural chemicals. This item (7) is exempt from the
3 provisions of Section 3-55.

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

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

21 (9) Proceeds of mandatory service charges separately
22 stated on customers' bills for the purchase and consumption of
23 food and beverages, to the extent that the proceeds of the
24 service charge are in fact turned over as tips or as a
25 substitute for tips to the employees who participate directly
26 in preparing, serving, hosting or cleaning up the food or

1 beverage function with respect to which the service charge is
2 imposed.

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

12 (11) Photoprocessing machinery and equipment, including
13 repair and replacement parts, both new and used, including that
14 manufactured on special order, certified by the purchaser to be
15 used primarily for photoprocessing, and including
16 photoprocessing machinery and equipment purchased for lease.

17 (12) Until July 1, 2023, coal and aggregate exploration,
18 mining, off-highway hauling, processing, maintenance, and
19 reclamation equipment, including replacement parts and
20 equipment, and including equipment purchased for lease, but
21 excluding motor vehicles required to be registered under the
22 Illinois Vehicle Code. The changes made to this Section by
23 Public Act 97-767 apply on and after July 1, 2003, but no claim
24 for credit or refund is allowed on or after August 16, 2013
25 (the effective date of Public Act 98-456) for such taxes paid
26 during the period beginning July 1, 2003 and ending on August

1 16, 2013 (the effective date of Public Act 98-456).

2 (13) Beginning January 1, 1992 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 non-prescription 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 (14) Semen used for artificial insemination of livestock
16 for direct agricultural production.

17 (15) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (15) is exempt from the provisions
23 of Section 3-55, and the exemption provided for under this item
24 (15) applies for all periods beginning May 30, 1995, but no
25 claim for credit or refund is allowed on or after January 1,
26 2008 (the effective date of Public Act 95-88) for such taxes

1 paid during the period beginning May 30, 2000 and ending on
2 January 1, 2008 (the effective date of Public Act 95-88).

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

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

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

1 (19) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is used in the
4 performance of infrastructure repairs in this State, including
5 but not limited to municipal roads and streets, access roads,
6 bridges, sidewalks, waste disposal systems, water and sewer
7 line extensions, water distribution and purification
8 facilities, storm water drainage and retention facilities, and
9 sewage treatment facilities, resulting from a State or
10 federally declared disaster in Illinois or bordering Illinois
11 when such repairs are initiated on facilities located in the
12 declared disaster area within 6 months after the disaster.

13 (20) Beginning July 1, 1999, game or game birds sold at a
14 "game breeding and hunting preserve area" as that term is used
15 in the Wildlife Code. This paragraph is exempt from the
16 provisions of Section 3-55.

17 (21) A motor vehicle, as that term is defined in Section
18 1-146 of the Illinois Vehicle Code, that is donated to a
19 corporation, limited liability company, society, association,
20 foundation, or institution that is determined by the Department
21 to be organized and operated exclusively for educational
22 purposes. For purposes of this exemption, "a corporation,
23 limited liability company, society, association, foundation,
24 or institution organized and operated exclusively for
25 educational purposes" means all tax-supported public schools,
26 private schools that offer systematic instruction in useful

1 branches of learning by methods common to public schools and
2 that compare favorably in their scope and intensity with the
3 course of study presented in tax-supported schools, and
4 vocational or technical schools or institutes organized and
5 operated exclusively to provide a course of study of not less
6 than 6 weeks duration and designed to prepare individuals to
7 follow a trade or to pursue a manual, technical, mechanical,
8 industrial, business, or commercial occupation.

9 (22) Beginning January 1, 2000, personal property,
10 including food, purchased through fundraising events for the
11 benefit of a public or private elementary or secondary school,
12 a group of those schools, or one or more school districts if
13 the events are sponsored by an entity recognized by the school
14 district that consists primarily of volunteers and includes
15 parents and teachers of the school children. This paragraph
16 does not apply to fundraising events (i) for the benefit of
17 private home instruction or (ii) for which the fundraising
18 entity purchases the personal property sold at the events from
19 another individual or entity that sold the property for the
20 purpose of resale by the fundraising entity and that profits
21 from the sale to the fundraising entity. This paragraph is
22 exempt from the provisions of Section 3-55.

23 (23) Beginning January 1, 2000 and through December 31,
24 2001, new or used automatic vending machines that prepare and
25 serve hot food and beverages, including coffee, soup, and other
26 items, and replacement parts for these machines. Beginning

1 January 1, 2002 and through June 30, 2003, machines and parts
2 for machines used in commercial, coin-operated amusement and
3 vending business if a use or occupation tax is paid on the
4 gross receipts derived from the use of the commercial,
5 coin-operated amusement and vending machines. This paragraph
6 is exempt from the provisions of Section 3-55.

7 (24) Beginning on the effective date of this amendatory Act
8 of the 92nd General Assembly, computers and communications
9 equipment utilized for any hospital purpose and equipment used
10 in the diagnosis, analysis, or treatment of hospital patients
11 sold to a lessor who leases the equipment, under a lease of one
12 year or longer executed or in effect at the time of the
13 purchase, to a hospital that has been issued an active tax
14 exemption identification number by the Department under
15 Section 1g of the Retailers' Occupation Tax Act. This paragraph
16 is exempt from the provisions of Section 3-55.

17 (25) Beginning on the effective date of this amendatory Act
18 of the 92nd General Assembly, personal property sold to a
19 lessor who leases the property, under a lease of one year or
20 longer executed or in effect at the time of the purchase, to a
21 governmental body that has been issued an active tax exemption
22 identification number by the Department under Section 1g of the
23 Retailers' Occupation Tax Act. This paragraph is exempt from
24 the provisions of Section 3-55.

25 (26) Beginning on January 1, 2002 and through June 30,
26 2016, tangible personal property purchased from an Illinois

1 retailer by a taxpayer engaged in centralized purchasing
2 activities in Illinois who will, upon receipt of the property
3 in Illinois, temporarily store the property in Illinois (i) for
4 the purpose of subsequently transporting it outside this State
5 for use or consumption thereafter solely outside this State or
6 (ii) for the purpose of being processed, fabricated, or
7 manufactured into, attached to, or incorporated into other
8 tangible personal property to be transported outside this State
9 and thereafter used or consumed solely outside this State. The
10 Director of Revenue shall, pursuant to rules adopted in
11 accordance with the Illinois Administrative Procedure Act,
12 issue a permit to any taxpayer in good standing with the
13 Department who is eligible for the exemption under this
14 paragraph (26). The permit issued under this paragraph (26)
15 shall authorize the holder, to the extent and in the manner
16 specified in the rules adopted under this Act, to purchase
17 tangible personal property from a retailer exempt from the
18 taxes imposed by this Act. Taxpayers shall maintain all
19 necessary books and records to substantiate the use and
20 consumption of all such tangible personal property outside of
21 the State of Illinois.

22 (27) Beginning January 1, 2008, tangible personal property
23 used in the construction or maintenance of a community water
24 supply, as defined under Section 3.145 of the Environmental
25 Protection Act, that is operated by a not-for-profit
26 corporation that holds a valid water supply permit issued under

1 Title IV of the Environmental Protection Act. This paragraph is
2 exempt from the provisions of Section 3-55.

3 (28) Tangible personal property sold to a
4 public-facilities corporation, as described in Section
5 11-65-10 of the Illinois Municipal Code, for purposes of
6 constructing or furnishing a municipal convention hall, but
7 only if the legal title to the municipal convention hall is
8 transferred to the municipality without any further
9 consideration by or on behalf of the municipality at the time
10 of the completion of the municipal convention hall or upon the
11 retirement or redemption of any bonds or other debt instruments
12 issued by the public-facilities corporation in connection with
13 the development of the municipal convention hall. This
14 exemption includes existing public-facilities corporations as
15 provided in Section 11-65-25 of the Illinois Municipal Code.
16 This paragraph is exempt from the provisions of Section 3-55.

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

1 engines or power plants are installed or uninstalled upon any
2 such aircraft. "Consumable supplies" include, but are not
3 limited to, adhesive, tape, sandpaper, general purpose
4 lubricants, cleaning solution, latex gloves, and protective
5 films. This exemption applies only to the transfer of
6 qualifying tangible personal property incident to the
7 modification, refurbishment, completion, replacement, repair,
8 or maintenance of an aircraft by persons who (i) hold an Air
9 Agency Certificate and are empowered to operate an approved
10 repair station by the Federal Aviation Administration, (ii)
11 have a Class IV Rating, and (iii) conduct operations in
12 accordance with Part 145 of the Federal Aviation Regulations.
13 The exemption does not include aircraft operated by a
14 commercial air carrier providing scheduled passenger air
15 service pursuant to authority issued under Part 121 or Part 129
16 of the Federal Aviation Regulations. The changes made to this
17 paragraph (29) by Public Act 98-534 are declarative of existing
18 law.

19 (30) Beginning January 1, 2017, menstrual pads, tampons,
20 and menstrual cups.

21 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
22 100-22, eff. 7-6-17; 100-594, eff. 6-29-18.)

23 Section 165. The Retailers' Occupation Tax Act is amended
24 by changing Sections 2-5 and 2-45 as follows:

1 (35 ILCS 120/2-5)

2 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
3 sale of the following tangible personal property are exempt
4 from the tax imposed by this Act:

5 (1) Farm chemicals.

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

26 Farm machinery and equipment shall include precision

1 farming equipment that is installed or purchased to be
2 installed on farm machinery and equipment including, but
3 not limited to, tractors, harvesters, sprayers, planters,
4 seeders, or spreaders. Precision farming equipment
5 includes, but is not limited to, soil testing sensors,
6 computers, monitors, software, global positioning and
7 mapping systems, and other such equipment.

8 Farm machinery and equipment also includes computers,
9 sensors, software, and related equipment used primarily in
10 the computer-assisted operation of production agriculture
11 facilities, equipment, and activities such as, but not
12 limited to, the collection, monitoring, and correlation of
13 animal and crop data for the purpose of formulating animal
14 diets and agricultural chemicals. This item (2) is exempt
15 from the provisions of Section 2-70.

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

23 (4) Until July 1, 2003 and beginning again September 1,
24 2004 through August 30, 2014, graphic arts machinery and
25 equipment, including repair and replacement parts, both
26 new and used, and including that manufactured on special

1 order or purchased for lease, certified by the purchaser to
2 be used primarily for graphic arts production. Equipment
3 includes chemicals or chemicals acting as catalysts but
4 only if the chemicals or chemicals acting as catalysts
5 effect a direct and immediate change upon a graphic arts
6 product. Beginning on July 1, 2017 and until July 1, 2019,
7 graphic arts machinery and equipment is included in the
8 manufacturing and assembling machinery and equipment
9 exemption under paragraph (14).

10 (5) A motor vehicle that is used for automobile
11 renting, as defined in the Automobile Renting Occupation
12 and Use Tax Act. This paragraph is exempt from the
13 provisions of Section 2-70.

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

17 (7) Until July 1, 2003, proceeds of that portion of the
18 selling price of a passenger car the sale of which is
19 subject to the Replacement Vehicle Tax.

20 (8) Personal property sold to an Illinois county fair
21 association for use in conducting, operating, or promoting
22 the county fair.

23 (9) Personal property sold to a not-for-profit arts or
24 cultural organization that establishes, by proof required
25 by the Department by rule, that it has received an
26 exemption under Section 501(c)(3) of the Internal Revenue

1 Code and that is organized and operated primarily for the
2 presentation or support of arts or cultural programming,
3 activities, or services. These organizations include, but
4 are not limited to, music and dramatic arts organizations
5 such as symphony orchestras and theatrical groups, arts and
6 cultural service organizations, local arts councils,
7 visual arts organizations, and media arts organizations.
8 On and after July 1, 2001 (the effective date of Public Act
9 92-35), however, an entity otherwise eligible for this
10 exemption shall not make tax-free purchases unless it has
11 an active identification number issued by the Department.

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

19 (11) Personal property sold to a governmental body, to
20 a corporation, society, association, foundation, or
21 institution organized and operated exclusively for
22 charitable, religious, or educational purposes, or to a
23 not-for-profit corporation, society, association,
24 foundation, institution, or organization that has no
25 compensated officers or employees and that is organized and
26 operated primarily for the recreation of persons 55 years

1 of age or older. A limited liability company may qualify
2 for the exemption under this paragraph only if the limited
3 liability company is organized and operated exclusively
4 for educational purposes. On and after July 1, 1987,
5 however, no entity otherwise eligible for this exemption
6 shall make tax-free purchases unless it has an active
7 identification number issued by the Department.

8 (12) (Blank).

9 (12-5) On and after July 1, 2003 and through June 30,
10 2004, motor vehicles of the second division with a gross
11 vehicle weight in excess of 8,000 pounds that are subject
12 to the commercial distribution fee imposed under Section
13 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
14 2004 and through June 30, 2005, the use in this State of
15 motor vehicles of the second division: (i) with a gross
16 vehicle weight rating in excess of 8,000 pounds; (ii) that
17 are subject to the commercial distribution fee imposed
18 under Section 3-815.1 of the Illinois Vehicle Code; and
19 (iii) that are primarily used for commercial purposes.
20 Through June 30, 2005, this exemption applies to repair and
21 replacement parts added after the initial purchase of such
22 a motor vehicle if that motor vehicle is used in a manner
23 that would qualify for the rolling stock exemption
24 otherwise provided for in this Act. For purposes of this
25 paragraph, "used for commercial purposes" means the
26 transportation of persons or property in furtherance of any

1 commercial or industrial enterprise whether for-hire or
2 not.

3 (13) Proceeds from sales to owners, lessors, or
4 shippers of tangible personal property that is utilized by
5 interstate carriers for hire for use as rolling stock
6 moving in interstate commerce and equipment operated by a
7 telecommunications provider, licensed as a common carrier
8 by the Federal Communications Commission, which is
9 permanently installed in or affixed to aircraft moving in
10 interstate commerce.

11 (14) Machinery and equipment that will be used by the
12 purchaser, or a lessee of the purchaser, primarily in the
13 process of manufacturing or assembling tangible personal
14 property for wholesale or retail sale or lease, whether the
15 sale or lease is made directly by the manufacturer or by
16 some other person, whether the materials used in the
17 process are owned by the manufacturer or some other person,
18 or whether the sale or lease is made apart from or as an
19 incident to the seller's engaging in the service occupation
20 of producing machines, tools, dies, jigs, patterns,
21 gauges, or other similar items of no commercial value on
22 special order for a particular purchaser. The exemption
23 provided by this paragraph (14) does not include machinery
24 and equipment used in (i) the generation of electricity for
25 wholesale or retail sale; (ii) the generation or treatment
26 of natural or artificial gas for wholesale or retail sale

1 that is delivered to customers through pipes, pipelines, or
2 mains; or (iii) the treatment of water for wholesale or
3 retail sale that is delivered to customers through pipes,
4 pipelines, or mains. The provisions of Public Act 98-583
5 are declaratory of existing law as to the meaning and scope
6 of this exemption. Beginning on July 1, 2017 and until July
7 1, 2019, the exemption provided by this paragraph (14)
8 includes, but is not limited to, graphic arts machinery and
9 equipment, as defined in paragraph (4) of this Section.

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

18 (16) Petroleum products sold to a purchaser if the
19 seller is prohibited by federal law from charging tax to
20 the purchaser.

21 (17) Tangible personal property sold to a common
22 carrier by rail or motor that receives the physical
23 possession of the property in Illinois and that transports
24 the property, or shares with another common carrier in the
25 transportation of the property, out of Illinois on a
26 standard uniform bill of lading showing the seller of the

1 property as the shipper or consignor of the property to a
2 destination outside Illinois, for use outside Illinois.

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

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

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

23 (21) Until July 1, 2023, coal and aggregate
24 exploration, mining, off-highway hauling, processing,
25 maintenance, and reclamation equipment, including
26 replacement parts and equipment, and including equipment

1 purchased for lease, but excluding motor vehicles required
2 to be registered under the Illinois Vehicle Code. The
3 changes made to this Section by Public Act 97-767 apply on
4 and after July 1, 2003, but no claim for credit or refund
5 is allowed on or after August 16, 2013 (the effective date
6 of Public Act 98-456) for such taxes paid during the period
7 beginning July 1, 2003 and ending on August 16, 2013 (the
8 effective date of Public Act 98-456).

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

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

26 (23) A transaction in which the purchase order is

1 received by a florist who is located outside Illinois, but
2 who has a florist located in Illinois deliver the property
3 to the purchaser or the purchaser's donee in Illinois.

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

10 (25) Except as provided in item (25-5) of this Section,
11 a motor vehicle sold in this State to a nonresident even
12 though the motor vehicle is delivered to the nonresident in
13 this State, if the motor vehicle is not to be titled in
14 this State, and if a drive-away permit is issued to the
15 motor vehicle as provided in Section 3-603 of the Illinois
16 Vehicle Code or if the nonresident purchaser has vehicle
17 registration plates to transfer to the motor vehicle upon
18 returning to his or her home state. The issuance of the
19 drive-away permit or having the out-of-state registration
20 plates to be transferred is prima facie evidence that the
21 motor vehicle will not be titled in this State.

22 (25-5) The exemption under item (25) does not apply if
23 the state in which the motor vehicle will be titled does
24 not allow a reciprocal exemption for a motor vehicle sold
25 and delivered in that state to an Illinois resident but
26 titled in Illinois. The tax collected under this Act on the

1 sale of a motor vehicle in this State to a resident of
2 another state that does not allow a reciprocal exemption
3 shall be imposed at a rate equal to the state's rate of tax
4 on taxable property in the state in which the purchaser is
5 a resident, except that the tax shall not exceed the tax
6 that would otherwise be imposed under this Act. At the time
7 of the sale, the purchaser shall execute a statement,
8 signed under penalty of perjury, of his or her intent to
9 title the vehicle in the state in which the purchaser is a
10 resident within 30 days after the sale and of the fact of
11 the payment to the State of Illinois of tax in an amount
12 equivalent to the state's rate of tax on taxable property
13 in his or her state of residence and shall submit the
14 statement to the appropriate tax collection agency in his
15 or her state of residence. In addition, the retailer must
16 retain a signed copy of the statement in his or her
17 records. Nothing in this item shall be construed to require
18 the removal of the vehicle from this state following the
19 filing of an intent to title the vehicle in the purchaser's
20 state of residence if the purchaser titles the vehicle in
21 his or her state of residence within 30 days after the date
22 of sale. The tax collected under this Act in accordance
23 with this item (25-5) shall be proportionately distributed
24 as if the tax were collected at the 6.25% general rate
25 imposed under this Act.

26 (25-7) Beginning on July 1, 2007, no tax is imposed

1 under this Act on the sale of an aircraft, as defined in
2 Section 3 of the Illinois Aeronautics Act, if all of the
3 following conditions are met:

4 (1) the aircraft leaves this State within 15 days
5 after the later of either the issuance of the final
6 billing for the sale of the aircraft, or the authorized
7 approval for return to service, completion of the
8 maintenance record entry, and completion of the test
9 flight and ground test for inspection, as required by
10 14 C.F.R. 91.407;

11 (2) the aircraft is not based or registered in this
12 State after the sale of the aircraft; and

13 (3) the seller retains in his or her books and
14 records and provides to the Department a signed and
15 dated certification from the purchaser, on a form
16 prescribed by the Department, certifying that the
17 requirements of this item (25-7) are met. The
18 certificate must also include the name and address of
19 the purchaser, the address of the location where the
20 aircraft is to be titled or registered, the address of
21 the primary physical location of the aircraft, and
22 other information that the Department may reasonably
23 require.

24 For purposes of this item (25-7):

25 "Based in this State" means hangared, stored, or
26 otherwise used, excluding post-sale customizations as

1 defined in this Section, for 10 or more days in each
2 12-month period immediately following the date of the sale
3 of the aircraft.

4 "Registered in this State" means an aircraft
5 registered with the Department of Transportation,
6 Aeronautics Division, or titled or registered with the
7 Federal Aviation Administration to an address located in
8 this State.

9 This paragraph (25-7) is exempt from the provisions of
10 Section 2-70.

11 (26) Semen used for artificial insemination of
12 livestock for direct agricultural production.

13 (27) Horses, or interests in horses, registered with
14 and meeting the requirements of any of the Arabian Horse
15 Club Registry of America, Appaloosa Horse Club, American
16 Quarter Horse Association, United States Trotting
17 Association, or Jockey Club, as appropriate, used for
18 purposes of breeding or racing for prizes. This item (27)
19 is exempt from the provisions of Section 2-70, and the
20 exemption provided for under this item (27) applies for all
21 periods beginning May 30, 1995, but no claim for credit or
22 refund is allowed on or after January 1, 2008 (the
23 effective date of Public Act 95-88) for such taxes paid
24 during the period beginning May 30, 2000 and ending on
25 January 1, 2008 (the effective date of Public Act 95-88).

26 (28) Computers and communications equipment utilized

1 for any hospital purpose and equipment used in the
2 diagnosis, analysis, or treatment of hospital patients
3 sold to a lessor who leases the equipment, under a lease of
4 one year or longer executed or in effect at the time of the
5 purchase, to a hospital that has been issued an active tax
6 exemption identification number by the Department under
7 Section 1g of this Act.

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

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

25 (31) Beginning with taxable years ending on or after
26 December 31, 1995 and ending with taxable years ending on

1 or before December 31, 2004, personal property that is used
2 in the performance of infrastructure repairs in this State,
3 including but not limited to municipal roads and streets,
4 access roads, bridges, sidewalks, waste disposal systems,
5 water and sewer line extensions, water distribution and
6 purification facilities, storm water drainage and
7 retention facilities, and sewage treatment facilities,
8 resulting from a State or federally declared disaster in
9 Illinois or bordering Illinois when such repairs are
10 initiated on facilities located in the declared disaster
11 area within 6 months after the disaster.

12 (32) Beginning July 1, 1999, game or game birds sold at
13 a "game breeding and hunting preserve area" as that term is
14 used in the Wildlife Code. This paragraph is exempt from
15 the provisions of Section 2-70.

16 (33) A motor vehicle, as that term is defined in
17 Section 1-146 of the Illinois Vehicle Code, that is donated
18 to a corporation, limited liability company, society,
19 association, foundation, or institution that is determined
20 by the Department to be organized and operated exclusively
21 for educational purposes. For purposes of this exemption,
22 "a corporation, limited liability company, society,
23 association, foundation, or institution organized and
24 operated exclusively for educational purposes" means all
25 tax-supported public schools, private schools that offer
26 systematic instruction in useful branches of learning by

1 methods common to public schools and that compare favorably
2 in their scope and intensity with the course of study
3 presented in tax-supported schools, and vocational or
4 technical schools or institutes organized and operated
5 exclusively to provide a course of study of not less than 6
6 weeks duration and designed to prepare individuals to
7 follow a trade or to pursue a manual, technical,
8 mechanical, industrial, business, or commercial
9 occupation.

10 (34) Beginning January 1, 2000, personal property,
11 including food, purchased through fundraising events for
12 the benefit of a public or private elementary or secondary
13 school, a group of those schools, or one or more school
14 districts if the events are sponsored by an entity
15 recognized by the school district that consists primarily
16 of volunteers and includes parents and teachers of the
17 school children. This paragraph does not apply to
18 fundraising events (i) for the benefit of private home
19 instruction or (ii) for which the fundraising entity
20 purchases the personal property sold at the events from
21 another individual or entity that sold the property for the
22 purpose of resale by the fundraising entity and that
23 profits from the sale to the fundraising entity. This
24 paragraph is exempt from the provisions of Section 2-70.

25 (35) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare

1 and serve hot food and beverages, including coffee, soup,
2 and other items, and replacement parts for these machines.
3 Beginning January 1, 2002 and through June 30, 2003,
4 machines and parts for machines used in commercial,
5 coin-operated amusement and vending business if a use or
6 occupation tax is paid on the gross receipts derived from
7 the use of the commercial, coin-operated amusement and
8 vending machines. This paragraph is exempt from the
9 provisions of Section 2-70.

10 (35-5) Beginning August 23, 2001 and through June 30,
11 2016, food for human consumption that is to be consumed off
12 the premises where it is sold (other than alcoholic
13 beverages, soft drinks, and food that has been prepared for
14 immediate consumption) and prescription and
15 nonprescription medicines, drugs, medical appliances, and
16 insulin, urine testing materials, syringes, and needles
17 used by diabetics, for human use, when purchased for use by
18 a person receiving medical assistance under Article V of
19 the Illinois Public Aid Code who resides in a licensed
20 long-term care facility, as defined in the Nursing Home
21 Care Act, or a licensed facility as defined in the ID/DD
22 Community Care Act, the MC/DD Act, or the Specialized
23 Mental Health Rehabilitation Act of 2013.

24 (36) Beginning August 2, 2001, computers and
25 communications equipment utilized for any hospital purpose
26 and equipment used in the diagnosis, analysis, or treatment

1 of hospital patients sold to a lessor who leases the
2 equipment, under a lease of one year or longer executed or
3 in effect at the time of the purchase, to a hospital that
4 has been issued an active tax exemption identification
5 number by the Department under Section 1g of this Act. This
6 paragraph is exempt from the provisions of Section 2-70.

7 (37) Beginning August 2, 2001, personal property sold
8 to a lessor who leases the property, under a lease of one
9 year or longer executed or in effect at the time of the
10 purchase, to a governmental body that has been issued an
11 active tax exemption identification number by the
12 Department under Section 1g of this Act. This paragraph is
13 exempt from the provisions of Section 2-70.

14 (38) Beginning on January 1, 2002 and through June 30,
15 2016, tangible personal property purchased from an
16 Illinois retailer by a taxpayer engaged in centralized
17 purchasing activities in Illinois who will, upon receipt of
18 the property in Illinois, temporarily store the property in
19 Illinois (i) for the purpose of subsequently transporting
20 it outside this State for use or consumption thereafter
21 solely outside this State or (ii) for the purpose of being
22 processed, fabricated, or manufactured into, attached to,
23 or incorporated into other tangible personal property to be
24 transported outside this State and thereafter used or
25 consumed solely outside this State. The Director of Revenue
26 shall, pursuant to rules adopted in accordance with the

1 Illinois Administrative Procedure Act, issue a permit to
2 any taxpayer in good standing with the Department who is
3 eligible for the exemption under this paragraph (38). The
4 permit issued under this paragraph (38) shall authorize the
5 holder, to the extent and in the manner specified in the
6 rules adopted under this Act, to purchase tangible personal
7 property from a retailer exempt from the taxes imposed by
8 this Act. Taxpayers shall maintain all necessary books and
9 records to substantiate the use and consumption of all such
10 tangible personal property outside of the State of
11 Illinois.

12 (39) Beginning January 1, 2008, tangible personal
13 property used in the construction or maintenance of a
14 community water supply, as defined under Section 3.145 of
15 the Environmental Protection Act, that is operated by a
16 not-for-profit corporation that holds a valid water supply
17 permit issued under Title IV of the Environmental
18 Protection Act. This paragraph is exempt from the
19 provisions of Section 2-70.

20 (40) Beginning January 1, 2010, materials, parts,
21 equipment, components, and furnishings incorporated into
22 or upon an aircraft as part of the modification,
23 refurbishment, completion, replacement, repair, or
24 maintenance of the aircraft. This exemption includes
25 consumable supplies used in the modification,
26 refurbishment, completion, replacement, repair, and

1 maintenance of aircraft, but excludes any materials,
2 parts, equipment, components, and consumable supplies used
3 in the modification, replacement, repair, and maintenance
4 of aircraft engines or power plants, whether such engines
5 or power plants are installed or uninstalled upon any such
6 aircraft. "Consumable supplies" include, but are not
7 limited to, adhesive, tape, sandpaper, general purpose
8 lubricants, cleaning solution, latex gloves, and
9 protective films. This exemption applies only to the sale
10 of qualifying tangible personal property to persons who
11 modify, refurbish, complete, replace, or maintain an
12 aircraft and who (i) hold an Air Agency Certificate and are
13 empowered to operate an approved repair station by the
14 Federal Aviation Administration, (ii) have a Class IV
15 Rating, and (iii) conduct operations in accordance with
16 Part 145 of the Federal Aviation Regulations. The exemption
17 does not include aircraft operated by a commercial air
18 carrier providing scheduled passenger air service pursuant
19 to authority issued under Part 121 or Part 129 of the
20 Federal Aviation Regulations. The changes made to this
21 paragraph (40) by Public Act 98-534 are declarative of
22 existing law.

23 (41) Tangible personal property sold to a
24 public-facilities corporation, as described in Section
25 11-65-10 of the Illinois Municipal Code, for purposes of
26 constructing or furnishing a municipal convention hall,

1 but only if the legal title to the municipal convention
2 hall is transferred to the municipality without any further
3 consideration by or on behalf of the municipality at the
4 time of the completion of the municipal convention hall or
5 upon the retirement or redemption of any bonds or other
6 debt instruments issued by the public-facilities
7 corporation in connection with the development of the
8 municipal convention hall. This exemption includes
9 existing public-facilities corporations as provided in
10 Section 11-65-25 of the Illinois Municipal Code. This
11 paragraph is exempt from the provisions of Section 2-70.

12 (42) Beginning January 1, 2017, menstrual pads,
13 tampons, and menstrual cups.

14 (43) Merchandise that is subject to the Rental Purchase
15 Agreement Occupation and Use Tax. The purchaser must
16 certify that the item is purchased to be rented subject to
17 a rental purchase agreement, as defined in the Rental
18 Purchase Agreement Act, and provide proof of registration
19 under the Rental Purchase Agreement Occupation and Use Tax
20 Act. This paragraph is exempt from the provisions of
21 Section 2-70.

22 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
23 100-22, eff. 7-6-17; 100-321, eff. 8-24-17; 100-437, eff.
24 1-1-18; 100-594, eff. 6-29-18; 100-863, eff. 8-14-18.)

25 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

1 Sec. 2-45. Manufacturing and assembly exemption. The
2 manufacturing and assembly machinery and equipment exemption
3 includes machinery and equipment that replaces machinery and
4 equipment in an existing manufacturing facility as well as
5 machinery and equipment that are for use in an expanded or new
6 manufacturing facility.

7 The machinery and equipment exemption also includes
8 machinery and equipment used in the general maintenance or
9 repair of exempt machinery and equipment or for in-house
10 manufacture of exempt machinery and equipment. Beginning on
11 July 1, 2017 and until July 1, 2019, the manufacturing and
12 assembling machinery and equipment exemption also includes
13 graphic arts machinery and equipment, as defined in paragraph
14 (4) of Section 2-5. The machinery and equipment exemption does
15 not include machinery and equipment used in (i) the generation
16 of electricity for wholesale or retail sale; (ii) the
17 generation or treatment of natural or artificial gas for
18 wholesale or retail sale that is delivered to customers through
19 pipes, pipelines, or mains; or (iii) the treatment of water for
20 wholesale or retail sale that is delivered to customers through
21 pipes, pipelines, or mains. The provisions of this amendatory
22 Act of the 98th General Assembly are declaratory of existing
23 law as to the meaning and scope of this exemption. For the
24 purposes of this exemption, terms have the following meanings:

25 (1) "Manufacturing process" means the production of an
26 article of tangible personal property, whether the article

1 is a finished product or an article for use in the process
2 of manufacturing or assembling a different article of
3 tangible personal property, by a procedure commonly
4 regarded as manufacturing, processing, fabricating, or
5 refining that changes some existing material or materials
6 into a material with a different form, use, or name. In
7 relation to a recognized integrated business composed of a
8 series of operations that collectively constitute
9 manufacturing, or individually constitute manufacturing
10 operations, the manufacturing process commences with the
11 first operation or stage of production in the series and
12 does not end until the completion of the final product in
13 the last operation or stage of production in the series.
14 For purposes of this exemption, photoprocessing is a
15 manufacturing process of tangible personal property for
16 wholesale or retail sale.

17 (2) "Assembling process" means the production of an
18 article of tangible personal property, whether the article
19 is a finished product or an article for use in the process
20 of manufacturing or assembling a different article of
21 tangible personal property, by the combination of existing
22 materials in a manner commonly regarded as assembling that
23 results in a material of a different form, use, or name.

24 (3) "Machinery" means major mechanical machines or
25 major components of those machines contributing to a
26 manufacturing or assembling process.

1 (4) "Equipment" includes an independent device or tool
2 separate from machinery but essential to an integrated
3 manufacturing or assembly process; including computers
4 used primarily in a manufacturer's computer assisted
5 design, computer assisted manufacturing (CAD/CAM) system;
6 any subunit or assembly comprising a component of any
7 machinery or auxiliary, adjunct, or attachment parts of
8 machinery, such as tools, dies, jigs, fixtures, patterns,
9 and molds; and any parts that require periodic replacement
10 in the course of normal operation; but does not include
11 hand tools. 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
14 upon a product being manufactured or assembled for
15 wholesale or retail sale or lease.

16 (5) "Production related tangible personal property"
17 means all tangible personal property that is used or
18 consumed by the purchaser in a manufacturing facility in
19 which a manufacturing process takes place and includes,
20 without limitation, tangible personal property that is
21 purchased for incorporation into real estate within a
22 manufacturing facility and tangible personal property that
23 is used or consumed in activities such as research and
24 development, preproduction material handling, receiving,
25 quality control, inventory control, storage, staging, and
26 packaging for shipping and transportation purposes.

1 "Production related tangible personal property" does not
2 include (i) tangible personal property that is used, within
3 or without a manufacturing facility, in sales, purchasing,
4 accounting, fiscal management, marketing, personnel
5 recruitment or selection, or landscaping or (ii) tangible
6 personal property that is required to be titled or
7 registered with a department, agency, or unit of federal,
8 State, or local government.

9 The manufacturing and assembling machinery and equipment
10 exemption includes production related tangible personal
11 property that is purchased on or after July 1, 2007 and on or
12 before June 30, 2008. The exemption for production related
13 tangible personal property is subject to both of the following
14 limitations:

15 (1) The maximum amount of the exemption for any one
16 taxpayer may not exceed 5% of the purchase price of
17 production related tangible personal property that is
18 purchased on or after July 1, 2007 and on or before June
19 30, 2008. A credit under Section 3-85 of this Act may not
20 be earned by the purchase of production related tangible
21 personal property for which an exemption is received under
22 this Section.

23 (2) The maximum aggregate amount of the exemptions for
24 production related tangible personal property awarded
25 under this Act and the Use Tax Act to all taxpayers may not
26 exceed \$10,000,000. If the claims for the exemption exceed

1 \$10,000,000, then the Department shall reduce the amount of
2 the exemption to each taxpayer on a pro rata basis.

3 The Department may adopt rules to implement and administer the
4 exemption for production related tangible personal property.

5 The manufacturing and assembling machinery and equipment
6 exemption includes the sale of materials to a purchaser who
7 produces exempted types of machinery, equipment, or tools and
8 who rents or leases that machinery, equipment, or tools to a
9 manufacturer of tangible personal property. This exemption
10 also includes the sale of materials to a purchaser who
11 manufactures those materials into an exempted type of
12 machinery, equipment, or tools that the purchaser uses himself
13 or herself in the manufacturing of tangible personal property.
14 The purchaser of the machinery and equipment who has an active
15 resale registration number shall furnish that number to the
16 seller at the time of purchase. A purchaser of the machinery,
17 equipment, and tools without an active resale registration
18 number shall furnish to the seller a certificate of exemption
19 for each transaction stating facts establishing the exemption
20 for that transaction, and that certificate shall be available
21 to the Department for inspection or audit. Informal rulings,
22 opinions, or letters issued by the Department in response to an
23 inquiry or request for an opinion from any person regarding the
24 coverage and applicability of this exemption to specific
25 devices shall be published, maintained as a public record, and
26 made available for public inspection and copying. If the

1 informal ruling, opinion, or letter contains trade secrets or
2 other confidential information, where possible, the Department
3 shall delete that information before publication. Whenever
4 informal rulings, opinions, or letters contain a policy of
5 general applicability, the Department shall formulate and
6 adopt that policy as a rule in accordance with the Illinois
7 Administrative Procedure Act.

8 ~~The manufacturing and assembling machinery and equipment~~
9 ~~exemption is exempt from the provisions of Section 2-70.~~

10 (Source: P.A. 100-22, eff. 7-6-17.)

11 Section 995. No acceleration or delay. Where this Act makes
12 changes in a statute that is represented in this Act by text
13 that is not yet or no longer in effect (for example, a Section
14 represented by multiple versions), the use of that text does
15 not accelerate or delay the taking effect of (i) the changes
16 made by this Act or (ii) provisions derived from any other
17 Public Act.

18 Section 999. Effective date. This Act takes effect upon
19 becoming law.

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