

1 AN ACT concerning taxes.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 203 as follows:

6 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

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

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

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

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

27 (C) An amount equal to the amount received
28 during the taxable year as a recovery or refund of
29 real property taxes paid with respect to the
30 taxpayer's principal residence under the Revenue Act
31 of 1939 and for which a deduction was previously

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

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

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15 withdrawn by the taxpayer in the taxable year from a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

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

28 (D-15) For taxable years 2001 and thereafter,
29 an amount equal to the bonus depreciation deduction
30 (30% of the adjusted basis of the qualified
31 property) taken on the taxpayer's federal income tax
32 return for the taxable year under subsection (k) of
33 Section 168 of the Internal Revenue Code; and

34 (D-16) If the taxpayer reports a capital gain

1 or loss on the taxpayer's federal income tax return
 2 for the taxable year based on a sale or transfer of
 3 property for which the taxpayer was required in any
 4 taxable year to make an addition modification under
 5 subparagraph (D-15), then an amount equal to the
 6 aggregate amount of the deductions taken in all
 7 taxable years under subparagraph (Z) with respect to
 8 that property.†

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

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

22 and by deducting from the total so obtained the sum of
 23 the following amounts:

24 (E) For taxable years ending before December
 25 31, 2001, any amount included in such total in
 26 respect of any compensation (including but not
 27 limited to any compensation paid or accrued to a
 28 serviceman while a prisoner of war or missing in
 29 action) paid to a resident by reason of being on
 30 active duty in the Armed Forces of the United States
 31 and in respect of any compensation paid or accrued
 32 to a resident who as a governmental employee was a
 33 prisoner of war or missing in action, and in respect
 34 of any compensation paid to a resident in 1971 or

1 thereafter for annual training performed pursuant to
2 Sections 502 and 503, Title 32, United States Code
3 as a member of the Illinois National Guard. For
4 taxable years ending on or after December 31, 2001,
5 any amount included in such total in respect of any
6 compensation (including but not limited to any
7 compensation paid or accrued to a serviceman while a
8 prisoner of war or missing in action) paid to a
9 resident by reason of being a member of any
10 component of the Armed Forces of the United States
11 and in respect of any compensation paid or accrued
12 to a resident who as a governmental employee was a
13 prisoner of war or missing in action, and in respect
14 of any compensation paid to a resident in 2001 or
15 thereafter by reason of being a member of the
16 Illinois National Guard. The provisions of this
17 amendatory Act of the 92nd General Assembly are
18 exempt from the provisions of Section 250;

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

30 (G) The valuation limitation amount;

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

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

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

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

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

27 (M) With the exception of any amounts
28 subtracted under subparagraph (N), an amount equal
29 to the sum of all amounts disallowed as deductions
30 by (i) Sections 171(a) (2), and 265(2) of the
31 Internal Revenue Code of 1954, as now or hereafter
32 amended, and all amounts of expenses allocable to
33 interest and disallowed as deductions by Section
34 265(1) of the Internal Revenue Code of 1954, as now

1 or hereafter amended; and (ii) for taxable years
2 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; the provisions of this
5 subparagraph are exempt from the provisions of
6 Section 250;

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

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

20 (P) An amount equal to the amount of the
21 deduction used to compute the federal income tax
22 credit for restoration of substantial amounts held
23 under claim of right for the taxable year pursuant
24 to Section 1341 of the Internal Revenue Code of
25 1986;

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

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

1 (S) An amount, to the extent included in
2 adjusted gross income, equal to the amount of a
3 contribution made in the taxable year on behalf of
4 the taxpayer to a medical care savings account
5 established under the Medical Care Savings Account
6 Act or the Medical Care Savings Account Act of 2000
7 to the extent the contribution is accepted by the
8 account administrator as provided in that Act;

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

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

24 (V) Beginning with tax years ending on or
25 after December 31, 1995 and ending with tax years
26 ending on or before December 31, 2004, an amount
27 equal to the amount paid by a taxpayer who is a
28 self-employed taxpayer, a partner of a partnership,
29 or a shareholder in a Subchapter S corporation for
30 health insurance or long-term care insurance for
31 that taxpayer or that taxpayer's spouse or
32 dependents, to the extent that the amount paid for
33 that health insurance or long-term care insurance
34 may be deducted under Section 213 of the Internal

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

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

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

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

26 (Y) For taxable years beginning on or after
27 January 1, 2002, moneys contributed in the taxable
28 year to a College Savings Pool account under Section
29 16.5 of the State Treasurer Act, except that amounts
30 excluded from gross income under Section
31 529(c)(3)(C)(i) of the Internal Revenue Code shall
32 not be considered moneys contributed under this
33 subparagraph (Y). This subparagraph (Y) is exempt
34 from the provisions of Section 250;

1 (Z) For taxable years 2001 and thereafter, for
2 the taxable year in which the bonus depreciation
3 deduction (30% of the adjusted basis of the
4 qualified property) is taken on the taxpayer's
5 federal income tax return under subsection (k) of
6 Section 168 of the Internal Revenue Code and for
7 each applicable taxable year thereafter, an amount
8 equal to "x", where:

9 (1) "y" equals the amount of the
10 depreciation deduction taken for the taxable
11 year on the taxpayer's federal income tax
12 return on property for which the bonus
13 depreciation deduction (30% of the adjusted
14 basis of the qualified property) was taken in
15 any year under subsection (k) of Section 168 of
16 the Internal Revenue Code, but not including
17 the bonus depreciation deduction; and

18 (2) "x" equals "y" multiplied by 30 and
19 then divided by 70 (or "y" multiplied by
20 0.429).

21 The aggregate amount deducted under this
22 subparagraph in all taxable years for any one piece
23 of property may not exceed the amount of the bonus
24 depreciation deduction (30% of the adjusted basis of
25 the qualified property) taken on that property on
26 the taxpayer's federal income tax return under
27 subsection (k) of Section 168 of the Internal
28 Revenue Code; and

29 (AA) If the taxpayer reports a capital gain or
30 loss on the taxpayer's federal income tax return for
31 the taxable year based on a sale or transfer of
32 property for which the taxpayer was required in any
33 taxable year to make an addition modification under
34 subparagraph (D-15), then an amount equal to that

1 addition modification.

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

5 ~~(BB)~~ ~~(Z)~~ Any amount included in adjusted gross
6 income, other than salary, received by a driver in a
7 ridesharing arrangement using a motor vehicle.

8 (b) Corporations.

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

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

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

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

25 (C) In the case of a regulated investment
26 company, an amount equal to the excess of (i) the
27 net ~~long-term~~ capital gain for the taxable year,
28 over (ii) the amount of the capital gain dividends
29 designated as such in accordance with Section
30 852(b)(3)(C) of the Internal Revenue Code and any
31 amount designated under Section 852(b)(3)(D) of the
32 Internal Revenue Code, attributable to the taxable
33 year (this amendatory Act of the 93rd General
34 Assembly and 1995--~~(Public Act 89-89 are)~~--is

1 declarative of existing law and are is not a new
2 enactments enactment);

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

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

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

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

32 For taxable years in which there is a net
33 operating loss carryback or carryforward from more
34 than one other taxable year ending prior to December

1 31, 1986, the addition modification provided in this
 2 subparagraph (E) shall be the sum of the amounts
 3 computed independently under the preceding
 4 provisions of this subparagraph (E) for each such
 5 taxable year;

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

12 (E-10) For taxable years 2001 and thereafter,
 13 an amount equal to the bonus depreciation deduction
 14 (30% of the adjusted basis of the qualified
 15 property) taken on the taxpayer's federal income tax
 16 return for the taxable year under subsection (k) of
 17 Section 168 of the Internal Revenue Code; and

18 (E-11) If the taxpayer reports a capital gain
 19 or loss on the taxpayer's federal income tax return
 20 for the taxable year based on a sale or transfer of
 21 property for which the taxpayer was required in any
 22 taxable year to make an addition modification under
 23 subparagraph (E-10), then an amount equal to the
 24 aggregate amount of the deductions taken in all
 25 taxable years under subparagraph (T) with respect to
 26 that property;

27 The taxpayer is required to make the addition
 28 modification under this subparagraph only once with
 29 respect to any one piece of property;

30 and by deducting from the total so obtained the sum of
 31 the following amounts:

32 (F) An amount equal to the amount of any tax
 33 imposed by this Act which was refunded to the
 34 taxpayer and included in such total for the taxable

1 year;

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

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

10 (I) With the exception of any amounts
11 subtracted under subparagraph (J), an amount equal
12 to the sum of all amounts disallowed as deductions
13 by (i) Sections 171(a) (2), and 265(a)(2) and
14 amounts disallowed as interest expense by Section
15 291(a)(3) of the Internal Revenue Code, as now or
16 hereafter amended, and all amounts of expenses
17 allocable to interest and disallowed as deductions
18 by Section 265(a)(1) of the Internal Revenue Code,
19 as now or hereafter amended; and (ii) for taxable
20 years ending on or after August 13, 1999, Sections
21 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i)
22 of the Internal Revenue Code; the provisions of this
23 subparagraph are exempt from the provisions of
24 Section 250;

25 (J) An amount equal to all amounts included in
26 such total which are exempt from taxation by this
27 State either by reason of its statutes or
28 Constitution or by reason of the Constitution,
29 treaties or statutes of the United States; provided
30 that, in the case of any statute of this State that
31 exempts income derived from bonds or other
32 obligations from the tax imposed under this Act, the
33 amount exempted shall be the interest net of bond
34 premium amortization;

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

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

17 (M) For any taxpayer that is a financial
18 organization within the meaning of Section 304(c) of
19 this Act, an amount included in such total as
20 interest income from a loan or loans made by such
21 taxpayer to a borrower, to the extent that such a
22 loan is secured by property which is eligible for
23 the Enterprise Zone Investment Credit. To determine
24 the portion of a loan or loans that is secured by
25 property eligible for a Section 201(f) investment
26 credit to the borrower, the entire principal amount
27 of the loan or loans between the taxpayer and the
28 borrower should be divided into the basis of the
29 Section 201(f) investment credit property which
30 secures the loan or loans, using for this purpose
31 the original basis of such property on the date that
32 it was placed in service in the Enterprise Zone.
33 The subtraction modification available to taxpayer
34 in any year under this subsection shall be that

1 portion of the total interest paid by the borrower
2 with respect to such loan attributable to the
3 eligible property as calculated under the previous
4 sentence;

5 (M-1) For any taxpayer that is a financial
6 organization within the meaning of Section 304(c) of
7 this Act, an amount included in such total as
8 interest income from a loan or loans made by such
9 taxpayer to a borrower, to the extent that such a
10 loan is secured by property which is eligible for
11 the High Impact Business Investment Credit. To
12 determine the portion of a loan or loans that is
13 secured by property eligible for a Section 201(h)
14 investment credit to the borrower, the entire
15 principal amount of the loan or loans between the
16 taxpayer and the borrower should be divided into the
17 basis of the Section 201(h) investment credit
18 property which secures the loan or loans, using for
19 this purpose the original basis of such property on
20 the date that it was placed in service in a
21 federally designated Foreign Trade Zone or Sub-Zone
22 located in Illinois. No taxpayer that is eligible
23 for the deduction provided in subparagraph (M) of
24 paragraph (2) of this subsection shall be eligible
25 for the deduction provided under this subparagraph
26 (M-1). The subtraction modification available to
27 taxpayers in any year under this subsection shall be
28 that portion of the total interest paid by the
29 borrower with respect to such loan attributable to
30 the eligible property as calculated under the
31 previous sentence;

32 (N) Two times any contribution made during the
33 taxable year to a designated zone organization to
34 the extent that the contribution (i) qualifies as a

1 charitable contribution under subsection (c) of
2 Section 170 of the Internal Revenue Code and (ii)
3 must, by its terms, be used for a project approved
4 by the Department of Commerce and Community Affairs
5 under Section 11 of the Illinois Enterprise Zone
6 Act;

7 (0) An amount equal to: (i) 85% for taxable
8 years ending on or before December 31, 1992, or, a
9 percentage equal to the percentage allowable under
10 Section 243(a)(1) of the Internal Revenue Code of
11 1986 for taxable years ending after December 31,
12 1992, of the amount by which dividends included in
13 taxable income and received from a corporation that
14 is not created or organized under the laws of the
15 United States or any state or political subdivision
16 thereof, including, for taxable years ending on or
17 after December 31, 1988, dividends received or
18 deemed received or paid or deemed paid under
19 Sections 951 through 964 of the Internal Revenue
20 Code, exceed the amount of the modification provided
21 under subparagraph (G) of paragraph (2) of this
22 subsection (b) which is related to such dividends;
23 plus (ii) 100% of the amount by which dividends,
24 included in taxable income and received, including,
25 for taxable years ending on or after December 31,
26 1988, dividends received or deemed received or paid
27 or deemed paid under Sections 951 through 964 of the
28 Internal Revenue Code, from any such corporation
29 specified in clause (i) that would but for the
30 provisions of Section 1504 (b) (3) of the Internal
31 Revenue Code be treated as a member of the
32 affiliated group which includes the dividend
33 recipient, exceed the amount of the modification
34 provided under subparagraph (G) of paragraph (2) of

1 this subsection (b) which is related to such
2 dividends;

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

6 (Q) An amount equal to the amount of the
7 deduction used to compute the federal income tax
8 credit for restoration of substantial amounts held
9 under claim of right for the taxable year pursuant
10 to Section 1341 of the Internal Revenue Code of
11 1986;

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

23 (S) For taxable years ending on or after
24 December 31, 1997, in the case of a Subchapter S
25 corporation, an amount equal to all amounts of
26 income allocable to a shareholder subject to the
27 Personal Property Tax Replacement Income Tax imposed
28 by subsections (c) and (d) of Section 201 of this
29 Act, including amounts allocable to organizations
30 exempt from federal income tax by reason of Section
31 501(a) of the Internal Revenue Code. This
32 subparagraph (S) is exempt from the provisions of
33 Section 250;

34 (T) For taxable years 2001 and thereafter, for

1 the taxable year in which the bonus depreciation
2 deduction (30% of the adjusted basis of the
3 qualified property) is taken on the taxpayer's
4 federal income tax return under subsection (k) of
5 Section 168 of the Internal Revenue Code and for
6 each applicable taxable year thereafter, an amount
7 equal to "x", where:

8 (1) "y" equals the amount of the
9 depreciation deduction taken for the taxable
10 year on the taxpayer's federal income tax
11 return on property for which the bonus
12 depreciation deduction (30% of the adjusted
13 basis of the qualified property) was taken in
14 any year under subsection (k) of Section 168 of
15 the Internal Revenue Code, but not including
16 the bonus depreciation deduction; and

17 (2) "x" equals "y" multiplied by 30 and
18 then divided by 70 (or "y" multiplied by
19 0.429).

20 The aggregate amount deducted under this
21 subparagraph in all taxable years for any one piece
22 of property may not exceed the amount of the bonus
23 depreciation deduction (30% of the adjusted basis of
24 the qualified property) taken on that property on
25 the taxpayer's federal income tax return under
26 subsection (k) of Section 168 of the Internal
27 Revenue Code; and

28 (U) If the taxpayer reports a capital gain or
29 loss on the taxpayer's federal income tax return for
30 the taxable year based on a sale or transfer of
31 property for which the taxpayer was required in any
32 taxable year to make an addition modification under
33 subparagraph (E-10), then an amount equal to that
34 addition modification.

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

4 (3) Special rule. For purposes of paragraph (2)
5 (A), "gross income" in the case of a life insurance
6 company, for tax years ending on and after December 31,
7 1994, shall mean the gross investment income for the
8 taxable year.

9 (c) Trusts and estates.

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

14 (2) Modifications. Subject to the provisions of
15 paragraph (3), the taxable income referred to in
16 paragraph (1) shall be modified by adding thereto the sum
17 of the following amounts:

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

22 (B) In the case of (i) an estate, \$600; (ii) a
23 trust which, under its governing instrument, is
24 required to distribute all of its income currently,
25 \$300; and (iii) any other trust, \$100, but in each
26 such case, only to the extent such amount was
27 deducted in the computation of taxable income;

28 (C) An amount equal to the amount of tax
29 imposed by this Act to the extent deducted from
30 gross income in the computation of taxable income
31 for the taxable year;

32 (D) The amount of any net operating loss
33 deduction taken in arriving at taxable income, other
34 than a net operating loss carried forward from a

1 taxable year ending prior to December 31, 1986;

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

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

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

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

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

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

11 (G-5) For taxable years ending after December
12 31, 1997, an amount equal to any eligible
13 remediation costs that the trust or estate deducted
14 in computing adjusted gross income and for which the
15 trust or estate claims a credit under subsection (l)
16 of Section 201;

17 (G-10) For taxable years 2001 and thereafter,
18 an amount equal to the bonus depreciation deduction
19 (30% of the adjusted basis of the qualified
20 property) taken on the taxpayer's federal income tax
21 return for the taxable year under subsection (k) of
22 Section 168 of the Internal Revenue Code; and

23 (G-11) If the taxpayer reports a capital gain
24 or loss on the taxpayer's federal income tax return
25 for the taxable year based on a sale or transfer of
26 property for which the taxpayer was required in any
27 taxable year to make an addition modification under
28 subparagraph (G-10), then an amount equal to the
29 aggregate amount of the deductions taken in all
30 taxable years under subparagraph (R) with respect to
31 that property;

32 The taxpayer is required to make the addition
33 modification under this subparagraph only once with
34 respect to any one piece of property;

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

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

14 (I) The valuation limitation amount;

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

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

30 (L) With the exception of any amounts
31 subtracted under subparagraph (K), an amount equal
32 to the sum of all amounts disallowed as deductions
33 by (i) Sections 171(a) (2) and 265(a)(2) of the
34 Internal Revenue Code, as now or hereafter amended,

1 and all amounts of expenses allocable to interest
2 and disallowed as deductions by Section 265(1) of
3 the Internal Revenue Code of 1954, as now or
4 hereafter amended; and (ii) for taxable years ending
5 on or after August 13, 1999, Sections 171(a)(2),
6 265, 280C, and 832(b)(5)(B)(i) of the Internal
7 Revenue Code; the provisions of this subparagraph
8 are exempt from the provisions of Section 250;

9 (M) An amount equal to those dividends
10 included in such total which were paid by a
11 corporation which conducts business operations in an
12 Enterprise Zone or zones created under the Illinois
13 Enterprise Zone Act and conducts substantially all
14 of its operations in an Enterprise Zone or Zones;

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

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

28 (P) An amount equal to the amount of the
29 deduction used to compute the federal income tax
30 credit for restoration of substantial amounts held
31 under claim of right for the taxable year pursuant
32 to Section 1341 of the Internal Revenue Code of
33 1986;

34 (Q) For taxable year 1999 and thereafter, an

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

1 (R) For taxable years 2001 and thereafter, for
2 the taxable year in which the bonus depreciation
3 deduction (30% of the adjusted basis of the
4 qualified property) is taken on the taxpayer's
5 federal income tax return under subsection (k) of
6 Section 168 of the Internal Revenue Code and for
7 each applicable taxable year thereafter, an amount
8 equal to "x", where:

9 (1) "y" equals the amount of the
10 depreciation deduction taken for the taxable
11 year on the taxpayer's federal income tax
12 return on property for which the bonus
13 depreciation deduction (30% of the adjusted
14 basis of the qualified property) was taken in
15 any year under subsection (k) of Section 168 of
16 the Internal Revenue Code, but not including
17 the bonus depreciation deduction; and

18 (2) "x" equals "y" multiplied by 30 and
19 then divided by 70 (or "y" multiplied by
20 0.429).

21 The aggregate amount deducted under this
22 subparagraph in all taxable years for any one piece
23 of property may not exceed the amount of the bonus
24 depreciation deduction (30% of the adjusted basis of
25 the qualified property) taken on that property on
26 the taxpayer's federal income tax return under
27 subsection (k) of Section 168 of the Internal
28 Revenue Code; and

29 (S) If the taxpayer reports a capital gain or
30 loss on the taxpayer's federal income tax return for
31 the taxable year based on a sale or transfer of
32 property for which the taxpayer was required in any
33 taxable year to make an addition modification under
34 subparagraph (G-10), then an amount equal to that

1 addition modification.

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

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

12 (d) Partnerships.

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

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

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

23 (B) An amount equal to the amount of tax
24 imposed by this Act to the extent deducted from
25 gross income for the taxable year;

26 (C) The amount of deductions allowed to the
27 partnership pursuant to Section 707 (c) of the
28 Internal Revenue Code in calculating its taxable
29 income;

30 (D) An amount equal to the amount of the
31 capital gain deduction allowable under the Internal
32 Revenue Code, to the extent deducted from gross
33 income in the computation of taxable income;

34 (D-5) For taxable years 2001 and thereafter,

1 an amount equal to the bonus depreciation deduction
 2 (30% of the adjusted basis of the qualified
 3 property) taken on the taxpayer's federal income tax
 4 return for the taxable year under subsection (k) of
 5 Section 168 of the Internal Revenue Code; and

6 (D-6) If the taxpayer reports a capital gain
 7 or loss on the taxpayer's federal income tax return
 8 for the taxable year based on a sale or transfer of
 9 property for which the taxpayer was required in any
 10 taxable year to make an addition modification under
 11 subparagraph (D-5), then an amount equal to the
 12 aggregate amount of the deductions taken in all
 13 taxable years under subparagraph (O) with respect to
 14 that property.†

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

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

20 (E) The valuation limitation amount;

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

25 (G) An amount equal to all amounts included in
 26 taxable income as modified by subparagraphs (A),
 27 (B), (C) and (D) which are exempt from taxation by
 28 this State either by reason of its statutes or
 29 Constitution or by reason of the Constitution,
 30 treaties or statutes of the United States; provided
 31 that, in the case of any statute of this State that
 32 exempts income derived from bonds or other
 33 obligations from the tax imposed under this Act, the
 34 amount exempted shall be the interest net of bond

1 premium amortization;

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

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

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

29 (K) An amount equal to those dividends
30 included in such total which were paid by a
31 corporation which conducts business operations in an
32 Enterprise Zone or zones created under the Illinois
33 Enterprise Zone Act, enacted by the 82nd General
34 Assembly, and conducts substantially all of its

1 operations in an Enterprise Zone or Zones;

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

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

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

22 (O) For taxable years 2001 and thereafter, for
23 the taxable year in which the bonus depreciation
24 deduction (30% of the adjusted basis of the
25 qualified property) is taken on the taxpayer's
26 federal income tax return under subsection (k) of
27 Section 168 of the Internal Revenue Code and for
28 each applicable taxable year thereafter, an amount
29 equal to "x", where:

30 (1) "y" equals the amount of the
31 depreciation deduction taken for the taxable
32 year on the taxpayer's federal income tax
33 return on property for which the bonus
34 depreciation deduction (30% of the adjusted

1 basis of the qualified property) was taken in
2 any year under subsection (k) of Section 168 of
3 the Internal Revenue Code, but not including
4 the bonus depreciation deduction; and

5 (2) "x" equals "y" multiplied by 30 and
6 then divided by 70 (or "y" multiplied by
7 0.429).

8 The aggregate amount deducted under this
9 subparagraph in all taxable years for any one piece
10 of property may not exceed the amount of the bonus
11 depreciation deduction (30% of the adjusted basis of
12 the qualified property) taken on that property on
13 the taxpayer's federal income tax return under
14 subsection (k) of Section 168 of the Internal
15 Revenue Code; and

16 (P) If the taxpayer reports a capital gain or
17 loss on the taxpayer's federal income tax return for
18 the taxable year based on a sale or transfer of
19 property for which the taxpayer was required in any
20 taxable year to make an addition modification under
21 subparagraph (D-5), then an amount equal to that
22 addition modification.

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

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

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

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

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

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

1 the Internal Revenue Code;

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

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

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

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

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

33 (G) Subchapter S corporations. In the case
34 of: (i) a Subchapter S corporation for which there

1 is in effect an election for the taxable year under
 2 Section 1362 of the Internal Revenue Code, the
 3 taxable income of such corporation determined in
 4 accordance with Section 1363(b) of the Internal
 5 Revenue Code, except that taxable income shall take
 6 into account those items which are required by
 7 Section 1363(b)(1) of the Internal Revenue Code to
 8 be separately stated; and (ii) a Subchapter S
 9 corporation for which there is in effect a federal
 10 election to opt out of the provisions of the
 11 Subchapter S Revision Act of 1982 and have applied
 12 instead the prior federal Subchapter S rules as in
 13 effect on July 1, 1982, the taxable income of such
 14 corporation determined in accordance with the
 15 federal Subchapter S rules as in effect on July 1,
 16 1982; and

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

25 (f) Valuation limitation amount.

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

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

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

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

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

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

34 (C) The Department shall prescribe such

1 regulations as may be necessary to carry out the
2 purposes of this paragraph.

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

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

15 (Source: P.A. 91-192, eff. 7-20-99; 91-205, eff. 7-20-99;
16 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff.
17 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; 92-16,
18 eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01;
19 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff.
20 7-11-02; 92-846, eff. 8-23-02; revised 11-15-02.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.