



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB0078

Introduced 1/27/2011, by Sen. Matt Murphy - Christine Radogno
- Chris Lauzen - Ronald Sandack - Dan Duffy, et al.

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Income Tax Act if and only if Senate Bill 2505 of the 96th General Assembly becomes law. Reduces the rate of tax imposed by Senate Bill 2505 of the 96th General Assembly to 3% for individuals, trusts, and estates and 4.8% for corporations (the rates in effect immediately prior to the passage of Senate Bill 2505). Provides that the amendatory Act supersedes Senate Bill 2505 of the 96th General Assembly and that the rates shall be deemed to be 3% for individuals, trusts, and estates and 4.8% for corporations for the entire period beginning on the effective date of Senate Bill 2505 of the 96th General Assembly through the effective date of the amendatory Act and thereafter. Makes corresponding changes concerning the distribution of tax proceeds. Amends the Illinois Estate and Generation-Skipping Transfer Tax Act to reverse certain changes made by Senate Bill 2505 of the 96th General Assembly. Effective immediately.

LRB097 05759 HLH 45823 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 5. If and only if Senate Bill 2505 of the 96th
5 General Assembly becomes law, then the Secretary of State Act
6 is amended by changing Section 5 as follows:

7 (15 ILCS 305/5) (from Ch. 124, par. 5)

8 Sec. 5. It shall be the duty of the Secretary of State:

9 1. To countersign and affix the seal of state to all
10 commissions required by law to be issued by the Governor.

11 2. To make a register of all appointments by the Governor,
12 specifying the person appointed, the office conferred, the date
13 of the appointment, the date when bond or oath is taken and the
14 date filed. If Senate confirmation is required, the date of the
15 confirmation shall be included in the register.

16 3. To make proper indexes to public acts, resolutions,
17 papers and documents in his office.

18 3-a. To review all rules of all State agencies adopted in
19 compliance with the codification system prescribed by the
20 Secretary. The review shall be for the purposes and include all
21 the powers and duties provided in the Illinois Administrative
22 Procedure Act. The Secretary of State shall cooperate with the
23 Legislative Information System to insure the accuracy of the

1 text of the rules maintained under the Legislative Information
2 System Act.

3 4. To give any person requiring the same paying the lawful
4 fees therefor, a copy of any law, act, resolution, record or
5 paper in his office, and attach thereto his certificate, under
6 the seal of the state.

7 5. To take charge of and preserve from waste, and keep in
8 repair, the houses, lots, grounds and appurtenances, situated
9 in the City of Springfield, and belonging to or occupied by the
10 State, the care of which is not otherwise provided for by law,
11 and to take charge of and preserve from waste, and keep in
12 repair, the houses, lots, grounds and appurtenances, situated
13 in the State outside the City of Springfield where such houses,
14 lots, grounds and appurtenances are occupied by the Secretary
15 of State and no other State officer or agency.

16 6. To supervise the distribution of the laws.

17 7. To perform such other duties as may be required by law.
18 The Secretary of State may, within appropriations authorized by
19 the General Assembly, maintain offices in the State Capital and
20 in such other places in the State as he may deem necessary to
21 properly carry out the powers and duties vested in him by law.

22 8. In addition to all other authority granted to the
23 Secretary by law, subject to appropriation, to make grants or
24 otherwise provide assistance to, among others without
25 limitation, units of local government, school districts,
26 educational institutions, private agencies, not-for-profit

1 organizations, and for-profit entities for the health, safety,
2 and welfare of Illinois residents for purposes related to
3 education, transportation, construction, capital improvements,
4 social services, and any other lawful public purpose. Upon
5 request of the Secretary, all State agencies are mandated to
6 provide the Secretary with assistance in administering the
7 grants.

8 ~~9. To notify the Auditor General of any Public Act filed~~
9 ~~with the Office of the Secretary of State making an~~
10 ~~appropriation or transfer of funds from the State treasury.~~
11 ~~This paragraph (9) applies only through June 30, 2015.~~

12 (Source: P.A. 96-37, eff. 7-13-09; 09600SB2505enr.)

13 Section 10. If and only if Senate Bill 2505 of the 96th
14 General Assembly becomes law, then the Illinois Income Tax Act
15 is amended by changing Sections 201, 207, 804, and 901 as
16 follows:

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

18 Sec. 201. Tax Imposed.

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

1 corporation or political subdivision thereof.

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

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

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

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

20 (4) (Blank). ~~In the case of an individual, trust, or~~
21 ~~estate, for taxable years beginning prior to January 1,~~
22 ~~2011, and ending after December 31, 2010, an amount equal~~
23 ~~to the sum of (i) 3% of the taxpayer's net income for the~~
24 ~~period prior to January 1, 2011, as calculated under~~
25 ~~Section 202.5, and (ii) 5% of the taxpayer's net income for~~
26 ~~the period after December 31, 2010, as calculated under~~

1 ~~Section 202.5.~~

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

6 (5.1) (Blank). ~~In the case of an individual, trust, or~~
7 ~~estate, for taxable years beginning prior to January 1,~~
8 ~~2015, and ending after December 31, 2014, an amount equal~~
9 ~~to the sum of (i) 5% of the taxpayer's net income for the~~
10 ~~period prior to January 1, 2015, as calculated under~~
11 ~~Section 202.5, and (ii) 3.75% of the taxpayer's net income~~
12 ~~for the period after December 31, 2014, as calculated under~~
13 ~~Section 202.5.~~

14 (5.2) (Blank). ~~In the case of an individual, trust, or~~
15 ~~estate, for taxable years beginning on or after January 1,~~
16 ~~2015, and ending prior to January 1, 2025, an amount equal~~
17 ~~to 3.75% of the taxpayer's net income for the taxable year.~~

18 (5.3) (Blank). ~~In the case of an individual, trust, or~~
19 ~~estate, for taxable years beginning prior to January 1,~~
20 ~~2025, and ending after December 31, 2024, an amount equal~~
21 ~~to the sum of (i) 3.75% of the taxpayer's net income for~~
22 ~~the period prior to January 1, 2025, as calculated under~~
23 ~~Section 202.5, and (ii) 3.25% of the taxpayer's net income~~
24 ~~for the period after December 31, 2024, as calculated under~~
25 ~~Section 202.5.~~

26 (5.4) (Blank). ~~In the case of an individual, trust, or~~

1 ~~estate, for taxable years beginning on or after January 1,~~
2 ~~2025, an amount equal to 3.25% of the taxpayer's net income~~
3 ~~for the taxable year.~~

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

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

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

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

25 (10) (Blank). ~~In the case of a corporation, for taxable~~
26 ~~years beginning on or after January 1, 2011, and ending~~

1 ~~prior to January 1, 2015, an amount equal to 7% of the~~
2 ~~taxpayer's net income for the taxable year.~~

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

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

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

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

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

1 (b-5) It is the intention of the General Assembly that this
2 amendatory Act of the 97th General Assembly supersedes Senate
3 Bill 2505 of the 96th General Assembly. If Senate Bill 2505 of
4 the 96th General Assembly becomes law prior to the effective
5 date of this amendatory Act of the 96th General Assembly, then
6 the rates under subsection (b) shall be deemed to be 3% for
7 individuals, trusts, and estates and 4.8% for corporations for
8 the entire period beginning on the effective date of Senate
9 Bill 2505 of the 96th General Assembly through the effective
10 date of this amendatory Act of the 97th General Assembly and
11 thereafter.

12 (c) Personal Property Tax Replacement Income Tax.
13 Beginning on July 1, 1979 and thereafter, in addition to such
14 income tax, there is also hereby imposed the Personal Property
15 Tax Replacement Income Tax measured by net income on every
16 corporation (including Subchapter S corporations), partnership
17 and trust, for each taxable year ending after June 30, 1979.
18 Such taxes are imposed on the privilege of earning or receiving
19 income in or as a resident of this State. The Personal Property
20 Tax Replacement Income Tax shall be in addition to the income
21 tax imposed by subsections (a) and (b) of this Section and in
22 addition to all other occupation or privilege taxes imposed by
23 this State or by any municipal corporation or political
24 subdivision thereof.

25 (d) Additional Personal Property Tax Replacement Income
26 Tax Rates. The personal property tax replacement income tax

1 imposed by this subsection and subsection (c) of this Section
2 in the case of a corporation, other than a Subchapter S
3 corporation and except as adjusted by subsection (d-1), shall
4 be an additional amount equal to 2.85% of such taxpayer's net
5 income for the taxable year, except that beginning on January
6 1, 1981, and thereafter, the rate of 2.85% specified in this
7 subsection shall be reduced to 2.5%, and in the case of a
8 partnership, trust or a Subchapter S corporation shall be an
9 additional amount equal to 1.5% of such taxpayer's net income
10 for the taxable year.

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

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

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

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

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

20 equals 1.25% for taxable years ending prior to December 31,
21 2003, or 1.75% for taxable years ending on or after
22 December 31, 2003, of the net taxable premiums written for
23 the taxable year, as described by subsection (1) of Section
24 409 of the Illinois Insurance Code. This paragraph will in
25 no event increase the rates imposed under subsections (b)
26 and (d).

1 (2) Any reduction in the rates of tax imposed by this
2 subsection shall be applied first against the rates imposed
3 by subsection (b) and only after the tax imposed by
4 subsection (a) net of all credits allowed under this
5 Section other than the credit allowed under subsection (i)
6 has been reduced to zero, against the rates imposed by
7 subsection (d).

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

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

13 (1) A taxpayer shall be allowed a credit equal to .5%
14 of the basis of qualified property placed in service during
15 the taxable year, provided such property is placed in
16 service on or after July 1, 1984. There shall be allowed an
17 additional credit equal to .5% of the basis of qualified
18 property placed in service during the taxable year,
19 provided such property is placed in service on or after
20 July 1, 1986, and the taxpayer's base employment within
21 Illinois has increased by 1% or more over the preceding
22 year as determined by the taxpayer's employment records
23 filed with the Illinois Department of Employment Security.
24 Taxpayers who are new to Illinois shall be deemed to have
25 met the 1% growth in base employment for the first year in
26 which they file employment records with the Illinois

1 Department of Employment Security. The provisions added to
2 this Section by Public Act 85-1200 (and restored by Public
3 Act 87-895) shall be construed as declaratory of existing
4 law and not as a new enactment. If, in any year, the
5 increase in base employment within Illinois over the
6 preceding year is less than 1%, the additional credit shall
7 be limited to that percentage times a fraction, the
8 numerator of which is .5% and the denominator of which is
9 1%, but shall not exceed .5%. The investment credit shall
10 not be allowed to the extent that it would reduce a
11 taxpayer's liability in any tax year below zero, nor may
12 any credit for qualified property be allowed for any year
13 other than the year in which the property was placed in
14 service in Illinois. For tax years ending on or after
15 December 31, 1987, and on or before December 31, 1988, the
16 credit shall be allowed for the tax year in which the
17 property is placed in service, or, if the amount of the
18 credit exceeds the tax liability for that year, whether it
19 exceeds the original liability or the liability as later
20 amended, such excess may be carried forward and applied to
21 the tax liability of the 5 taxable years following the
22 excess credit years if the taxpayer (i) makes investments
23 which cause the creation of a minimum of 2,000 full-time
24 equivalent jobs in Illinois, (ii) is located in an
25 enterprise zone established pursuant to the Illinois
26 Enterprise Zone Act and (iii) is certified by the

1 Department of Commerce and Community Affairs (now
2 Department of Commerce and Economic Opportunity) as
3 complying with the requirements specified in clause (i) and
4 (ii) by July 1, 1986. The Department of Commerce and
5 Community Affairs (now Department of Commerce and Economic
6 Opportunity) shall notify the Department of Revenue of all
7 such certifications immediately. For tax years ending
8 after December 31, 1988, the credit shall be allowed for
9 the tax year in which the property is placed in service,
10 or, if the amount of the credit exceeds the tax liability
11 for that year, whether it exceeds the original liability or
12 the liability as later amended, such excess may be carried
13 forward and applied to the tax liability of the 5 taxable
14 years following the excess credit years. The credit shall
15 be applied to the earliest year for which there is a
16 liability. If there is credit from more than one tax year
17 that is available to offset a liability, earlier credit
18 shall be applied first.

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

21 (A) is tangible, whether new or used, including
22 buildings and structural components of buildings and
23 signs that are real property, but not including land or
24 improvements to real property that are not a structural
25 component of a building such as landscaping, sewer
26 lines, local access roads, fencing, parking lots, and

1 other appurtenances;

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

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

9 (D) is used in Illinois by a taxpayer who is
10 primarily engaged in manufacturing, or in mining coal
11 or fluorite, or in retailing, or was placed in service
12 on or after July 1, 2006 in a River Edge Redevelopment
13 Zone established pursuant to the River Edge
14 Redevelopment Zone Act; and

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

19 (3) For purposes of this subsection (e),
20 "manufacturing" means the material staging and production
21 of tangible personal property by procedures commonly
22 regarded as manufacturing, processing, fabrication, or
23 assembling which changes some existing material into new
24 shapes, new qualities, or new combinations. For purposes of
25 this subsection (e) the term "mining" shall have the same
26 meaning as the term "mining" in Section 613(c) of the

1 Internal Revenue Code. For purposes of this subsection (e),
2 the term "retailing" means the sale of tangible personal
3 property for use or consumption and not for resale, or
4 services rendered in conjunction with the sale of tangible
5 personal property for use or consumption and not for
6 resale. For purposes of this subsection (e), "tangible
7 personal property" has the same meaning as when that term
8 is used in the Retailers' Occupation Tax Act, and, for
9 taxable years ending after December 31, 2008, does not
10 include the generation, transmission, or distribution of
11 electricity.

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

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

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

22 (7) If during any taxable year, any property ceases to
23 be qualified property in the hands of the taxpayer within
24 48 months after being placed in service, or the situs of
25 any qualified property is moved outside Illinois within 48
26 months after being placed in service, the Personal Property

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

12 (8) Unless the investment credit is extended by law,
13 the basis of qualified property shall not include costs
14 incurred after December 31, 2013, except for costs incurred
15 pursuant to a binding contract entered into on or before
16 December 31, 2013.

17 (9) Each taxable year ending before December 31, 2000,
18 a partnership may elect to pass through to its partners the
19 credits to which the partnership is entitled under this
20 subsection (e) for the taxable year. A partner may use the
21 credit allocated to him or her under this paragraph only
22 against the tax imposed in subsections (c) and (d) of this
23 Section. If the partnership makes that election, those
24 credits shall be allocated among the partners in the
25 partnership in accordance with the rules set forth in
26 Section 704(b) of the Internal Revenue Code, and the rules

1 promulgated under that Section, and the allocated amount of
2 the credits shall be allowed to the partners for that
3 taxable year. The partnership shall make this election on
4 its Personal Property Tax Replacement Income Tax return for
5 that taxable year. The election to pass through the credits
6 shall be irrevocable.

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

21 (f) Investment credit; Enterprise Zone; River Edge
22 Redevelopment Zone.

23 (1) A taxpayer shall be allowed a credit against the
24 tax imposed by subsections (a) and (b) of this Section for
25 investment in qualified property which is placed in service
26 in an Enterprise Zone created pursuant to the Illinois

1 Enterprise Zone Act or, for property placed in service on
2 or after July 1, 2006, a River Edge Redevelopment Zone
3 established pursuant to the River Edge Redevelopment Zone
4 Act. For partners, shareholders of Subchapter S
5 corporations, and owners of limited liability companies,
6 if the liability company is treated as a partnership for
7 purposes of federal and State income taxation, there shall
8 be allowed a credit under this subsection (f) to be
9 determined in accordance with the determination of income
10 and distributive share of income under Sections 702 and 704
11 and Subchapter S of the Internal Revenue Code. The credit
12 shall be .5% of the basis for such property. The credit
13 shall be available only in the taxable year in which the
14 property is placed in service in the Enterprise Zone or
15 River Edge Redevelopment Zone and shall not be allowed to
16 the extent that it would reduce a taxpayer's liability for
17 the tax imposed by subsections (a) and (b) of this Section
18 to below zero. For tax years ending on or after December
19 31, 1985, the credit shall be allowed for the tax year in
20 which the property is placed in service, or, if the amount
21 of the credit exceeds the tax liability for that year,
22 whether it exceeds the original liability or the liability
23 as later amended, such excess may be carried forward and
24 applied to the tax liability of the 5 taxable years
25 following the excess credit year. The credit shall be
26 applied to the earliest year for which there is a

1 liability. If there is credit from more than one tax year
2 that is available to offset a liability, the credit
3 accruing first in time shall be applied first.

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

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

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

12 (C) is acquired by purchase as defined in Section
13 179(d) of the Internal Revenue Code;

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

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

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

23 (4) If the basis of the property for federal income tax
24 depreciation purposes is increased after it has been placed
25 in service in the Enterprise Zone or River Edge
26 Redevelopment Zone by the taxpayer, the amount of such

1 increase shall be deemed property placed in service on the
2 date of such increase in basis.

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

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

22 (7) There shall be allowed an additional credit equal
23 to 0.5% of the basis of qualified property placed in
24 service during the taxable year in a River Edge
25 Redevelopment Zone, provided such property is placed in
26 service on or after July 1, 2006, and the taxpayer's base

1 employment within Illinois has increased by 1% or more over
2 the preceding year as determined by the taxpayer's
3 employment records filed with the Illinois Department of
4 Employment Security. Taxpayers who are new to Illinois
5 shall be deemed to have met the 1% growth in base
6 employment for the first year in which they file employment
7 records with the Illinois Department of Employment
8 Security. If, in any year, the increase in base employment
9 within Illinois over the preceding year is less than 1%,
10 the additional credit shall be limited to that percentage
11 times a fraction, the numerator of which is 0.5% and the
12 denominator of which is 1%, but shall not exceed 0.5%.

13 (g) Jobs Tax Credit; Enterprise Zone, River Edge
14 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

15 (1) A taxpayer conducting a trade or business in an
16 enterprise zone or a High Impact Business designated by the
17 Department of Commerce and Economic Opportunity or for
18 taxable years ending on or after December 31, 2006, in a
19 River Edge Redevelopment Zone conducting a trade or
20 business in a federally designated Foreign Trade Zone or
21 Sub-Zone shall be allowed a credit against the tax imposed
22 by subsections (a) and (b) of this Section in the amount of
23 \$500 per eligible employee hired to work in the zone during
24 the taxable year.

25 (2) To qualify for the credit:

26 (A) the taxpayer must hire 5 or more eligible

1 employees to work in an enterprise zone, River Edge
2 Redevelopment Zone, or federally designated Foreign
3 Trade Zone or Sub-Zone during the taxable year;

4 (B) the taxpayer's total employment within the
5 enterprise zone, River Edge Redevelopment Zone, or
6 federally designated Foreign Trade Zone or Sub-Zone
7 must increase by 5 or more full-time employees beyond
8 the total employed in that zone at the end of the
9 previous tax year for which a jobs tax credit under
10 this Section was taken, or beyond the total employed by
11 the taxpayer as of December 31, 1985, whichever is
12 later; and

13 (C) the eligible employees must be employed 180
14 consecutive days in order to be deemed hired for
15 purposes of this subsection.

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

17 (A) Certified by the Department of Commerce and
18 Economic Opportunity as "eligible for services"
19 pursuant to regulations promulgated in accordance with
20 Title II of the Job Training Partnership Act, Training
21 Services for the Disadvantaged or Title III of the Job
22 Training Partnership Act, Employment and Training
23 Assistance for Dislocated Workers Program.

24 (B) Hired after the enterprise zone, River Edge
25 Redevelopment Zone, or federally designated Foreign
26 Trade Zone or Sub-Zone was designated or the trade or

1 business was located in that zone, whichever is later.

2 (C) Employed in the enterprise zone, River Edge
3 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
4 An employee is employed in an enterprise zone or
5 federally designated Foreign Trade Zone or Sub-Zone if
6 his services are rendered there or it is the base of
7 operations for the services performed.

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

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

25 (5) The Department of Revenue shall promulgate such
26 rules and regulations as may be deemed necessary to carry

1 out the purposes of this subsection (g).

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

4 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

1 eligible for the credit provided by this subsection
2 (h);

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

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

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

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

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

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

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

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

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

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

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

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

1 taxable year, an amended return shall be filed for such taxable
2 year to reduce the amount of credit claimed.

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

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

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

6 (k) Research and development credit.

7 For tax years ending after July 1, 1990 and prior to
8 December 31, 2003, and beginning again for tax years ending on
9 or after December 31, 2004, and ending prior to January 1,
10 2011, a taxpayer shall be allowed a credit against the tax
11 imposed by subsections (a) and (b) of this Section for
12 increasing research activities in this State. The credit
13 allowed against the tax imposed by subsections (a) and (b)
14 shall be equal to 6 1/2% of the qualifying expenditures for
15 increasing research activities in this State. For partners,
16 shareholders of subchapter S corporations, and owners of
17 limited liability companies, if the liability company is
18 treated as a partnership for purposes of federal and State
19 income taxation, there shall be allowed a credit under this
20 subsection to be determined in accordance with the
21 determination of income and distributive share of income under
22 Sections 702 and 704 and subchapter S of the Internal Revenue
23 Code.

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

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

11 Any credit in excess of the tax liability for the taxable
12 year may be carried forward. A taxpayer may elect to have the
13 unused credit shown on its final completed return carried over
14 as a credit against the tax liability for the following 5
15 taxable years or until it has been fully used, whichever occurs
16 first; provided that no credit earned in a tax year ending
17 prior to December 31, 2003 may be carried forward to any year
18 ending on or after December 31, 2003, and no credit may be
19 carried forward to any taxable year ending on or after January
20 1, 2011.

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

1 liability for the given year remains. Any remaining unused
2 credit or credits then will be carried forward to the next
3 following year in which a tax liability is incurred, except
4 that no credit can be carried forward to a year which is more
5 than 5 years after the year in which the expense for which the
6 credit is given was incurred.

7 No inference shall be drawn from this amendatory Act of the
8 91st General Assembly in construing this Section for taxable
9 years beginning before January 1, 1999.

10 (1) Environmental Remediation Tax Credit.

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

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

1 shareholders of subchapter S corporations, there shall be
2 allowed a credit under this subsection to be determined in
3 accordance with the determination of income and
4 distributive share of income under Sections 702 and 704 and
5 subchapter S of the Internal Revenue Code.

6 (ii) A credit allowed under this subsection that is
7 unused in the year the credit is earned may be carried
8 forward to each of the 5 taxable years following the year
9 for which the credit is first earned until it is used. The
10 term "unused credit" does not include any amounts of
11 unreimbursed eligible remediation costs in excess of the
12 maximum credit per site authorized under paragraph (i).
13 This credit shall be applied first to the earliest year for
14 which there is a liability. If there is a credit under this
15 subsection from more than one tax year that is available to
16 offset a liability, the earliest credit arising under this
17 subsection shall be applied first. A credit allowed under
18 this subsection may be sold to a buyer as part of a sale of
19 all or part of the remediation site for which the credit
20 was granted. The purchaser of a remediation site and the
21 tax credit shall succeed to the unused credit and remaining
22 carry-forward period of the seller. To perfect the
23 transfer, the assignor shall record the transfer in the
24 chain of title for the site and provide written notice to
25 the Director of the Illinois Department of Revenue of the
26 assignor's intent to sell the remediation site and the

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

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

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

20 For purposes of this subsection:

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

1 this subsection.

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

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

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

16 (n) River Edge Redevelopment Zone site remediation tax
17 credit.

18 (i) For tax years ending on or after December 31, 2006,
19 a taxpayer shall be allowed a credit against the tax
20 imposed by subsections (a) and (b) of this Section for
21 certain amounts paid for unreimbursed eligible remediation
22 costs, as specified in this subsection. For purposes of
23 this Section, "unreimbursed eligible remediation costs"
24 means costs approved by the Illinois Environmental
25 Protection Agency ("Agency") under Section 58.14a of the
26 Environmental Protection Act that were paid in performing

1 environmental remediation at a site within a River Edge
2 Redevelopment Zone for which a No Further Remediation
3 Letter was issued by the Agency and recorded under Section
4 58.10 of the Environmental Protection Act. The credit must
5 be claimed for the taxable year in which Agency approval of
6 the eligible remediation costs is granted. The credit is
7 not available to any taxpayer if the taxpayer or any
8 related party caused or contributed to, in any material
9 respect, a release of regulated substances on, in, or under
10 the site that was identified and addressed by the remedial
11 action pursuant to the Site Remediation Program of the
12 Environmental Protection Act. Determinations as to credit
13 availability for purposes of this Section shall be made
14 consistent with rules adopted by the Pollution Control
15 Board pursuant to the Illinois Administrative Procedure
16 Act for the administration and enforcement of Section 58.9
17 of the Environmental Protection Act. For purposes of this
18 Section, "taxpayer" includes a person whose tax attributes
19 the taxpayer has succeeded to under Section 381 of the
20 Internal Revenue Code and "related party" includes the
21 persons disallowed a deduction for losses by paragraphs
22 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
23 Code by virtue of being a related taxpayer, as well as any
24 of its partners. The credit allowed against the tax imposed
25 by subsections (a) and (b) shall be equal to 25% of the
26 unreimbursed eligible remediation costs in excess of

1 \$100,000 per site.

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

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

1 (iv) This subsection is exempt from the provisions of
2 Section 250.

3 (Source: P.A. 95-454, eff. 8-27-07; 96-115, eff. 7-31-09;
4 96-116, eff. 7-31-09; 96-937, eff. 6-23-10; 96-1000, eff.
5 7-2-10; 09600SB2505enr.)

6 (35 ILCS 5/207) (from Ch. 120, par. 2-207)
7 Sec. 207. Net Losses.

8 (a) If after applying all of the (i) modifications provided
9 for in paragraph (2) of Section 203(b), paragraph (2) of
10 Section 203(c) and paragraph (2) of Section 203(d) and (ii) the
11 allocation and apportionment provisions of Article 3 of this
12 Act and subsection (c) of this Section, the taxpayer's net
13 income results in a loss;

14 (1) for any taxable year ending prior to December 31,
15 1999, such loss shall be allowed as a carryover or
16 carryback deduction in the manner allowed under Section 172
17 of the Internal Revenue Code;

18 (2) for any taxable year ending on or after December
19 31, 1999 and prior to December 31, 2003, such loss shall be
20 allowed as a carryback to each of the 2 taxable years
21 preceding the taxable year of such loss and shall be a net
22 operating loss carryover to each of the 20 taxable years
23 following the taxable year of such loss; and

24 (3) for any taxable year ending on or after December
25 31, 2003, such loss shall be allowed as a net operating

1 loss carryover to each of the 12 taxable years following
2 the taxable year of such loss,~~except as provided in~~
3 ~~subsection (d)~~.

4 (a-5) Election to relinquish carryback and order of
5 application of losses.

6 (A) For losses incurred in tax years ending prior
7 to December 31, 2003, the taxpayer may elect to
8 relinquish the entire carryback period with respect to
9 such loss. Such election shall be made in the form and
10 manner prescribed by the Department and shall be made
11 by the due date (including extensions of time) for
12 filing the taxpayer's return for the taxable year in
13 which such loss is incurred, and such election, once
14 made, shall be irrevocable.

15 (B) The entire amount of such loss shall be carried
16 to the earliest taxable year to which such loss may be
17 carried. The amount of such loss which shall be carried
18 to each of the other taxable years shall be the excess,
19 if any, of the amount of such loss over the sum of the
20 deductions for carryback or carryover of such loss
21 allowable for each of the prior taxable years to which
22 such loss may be carried.

23 (b) Any loss determined under subsection (a) of this
24 Section must be carried back or carried forward in the same
25 manner for purposes of subsections (a) and (b) of Section 201
26 of this Act as for purposes of subsections (c) and (d) of

1 Section 201 of this Act.

2 (c) Notwithstanding any other provision of this Act, for
3 each taxable year ending on or after December 31, 2008, for
4 purposes of computing the loss for the taxable year under
5 subsection (a) of this Section and the deduction taken into
6 account for the taxable year for a net operating loss carryover
7 under paragraphs (1), (2), and (3) of subsection (a) of this
8 Section, the loss and net operating loss carryover shall be
9 reduced in an amount equal to the reduction to the net
10 operating loss and net operating loss carryover to the taxable
11 year, respectively, required under Section 108(b)(2)(A) of the
12 Internal Revenue Code, multiplied by a fraction, the numerator
13 of which is the amount of discharge of indebtedness income that
14 is excluded from gross income for the taxable year (but only if
15 the taxable year ends on or after December 31, 2008) under
16 Section 108(a) of the Internal Revenue Code and that would have
17 been allocated and apportioned to this State under Article 3 of
18 this Act but for that exclusion, and the denominator of which
19 is the total amount of discharge of indebtedness income
20 excluded from gross income under Section 108(a) of the Internal
21 Revenue Code for the taxable year. The reduction required under
22 this subsection (c) shall be made after the determination of
23 Illinois net income for the taxable year in which the
24 indebtedness is discharged.

25 ~~(d) In the case of a corporation (other than a Subchapter S~~
26 ~~corporation), no carryover deduction shall be allowed under~~

~~this Section for any taxable year ending after December 31, 2010 and prior to December 31, 2014; provided that, for purposes of determining the taxable years to which a net loss may be carried under subsection (a) of this Section, no taxable year for which a deduction is disallowed under this subsection shall be counted.~~

(Source: P.A. 95-233, eff. 8-16-07; 09600SB2505enr.)

(35 ILCS 5/804) (from Ch. 120, par. 8-804)

Sec. 804. Failure to Pay Estimated Tax.

(a) In general. In case of any underpayment of estimated tax by a taxpayer, except as provided in subsection (d) or (e), the taxpayer shall be liable to a penalty in an amount determined at the rate prescribed by Section 3-3 of the Uniform Penalty and Interest Act upon the amount of the underpayment (determined under subsection (b)) for each required installment.

(b) Amount of underpayment. For purposes of subsection (a), the amount of the underpayment shall be the excess of:

(1) the amount of the installment which would be required to be paid under subsection (c), over

(2) the amount, if any, of the installment paid on or before the last date prescribed for payment.

(c) Amount of Required Installments.

(1) Amount.

(A) In General. Except as provided in paragraph

1 (2), the amount of any required installment shall be
2 25% of the required annual payment.

3 (B) Required Annual Payment. For purposes of
4 subparagraph (A), the term "required annual payment"
5 means the lesser of

6 (i) 90% of the tax shown on the return for the
7 taxable year, or if no return is filed, 90% of the
8 tax for such year, or

9 ~~(ii) for installments due prior to February 1,~~
10 ~~2011, and after January 31, 2012,~~ 100% of the tax
11 shown on the return of the taxpayer for the
12 preceding taxable year if a return showing a
13 liability for tax was filed by the taxpayer for the
14 preceding taxable year and such preceding year was
15 a taxable year of 12 months. ~~+~~ ~~or~~

16 ~~(iii) for installments due after January 31,~~
17 ~~2011, and prior to February 1, 2012,~~ 150% of the
18 tax shown on the return of the taxpayer for the
19 preceding taxable year if a return showing a
20 liability for tax was filed by the taxpayer for the
21 preceding taxable year and such preceding year was
22 a taxable year of 12 months.

23 (2) Lower Required Installment where Annualized Income
24 Installment is Less Than Amount Determined Under Paragraph
25 (1).

26 (A) In General. In the case of any required

1 installment if a taxpayer establishes that the
2 annualized income installment is less than the amount
3 determined under paragraph (1),

4 (i) the amount of such required installment
5 shall be the annualized income installment, and

6 (ii) any reduction in a required installment
7 resulting from the application of this
8 subparagraph shall be recaptured by increasing the
9 amount of the next required installment determined
10 under paragraph (1) by the amount of such
11 reduction, and by increasing subsequent required
12 installments to the extent that the reduction has
13 not previously been recaptured under this clause.

14 (B) Determination of Annualized Income
15 Installment. In the case of any required installment,
16 the annualized income installment is the excess, if
17 any, of

18 (i) an amount equal to the applicable
19 percentage of the tax for the taxable year computed
20 by placing on an annualized basis the net income
21 for months in the taxable year ending before the
22 due date for the installment, over

23 (ii) the aggregate amount of any prior
24 required installments for the taxable year.

25 (C) Applicable Percentage.

26 In the case of the following

The applicable

required installments:	percentage is:
1st.....	22.5%
2nd.....	45%
3rd.....	67.5%
4th.....	90%

(D) Annualized Net Income; Individuals. For individuals, net income shall be placed on an annualized basis by:

(i) multiplying by 12, or in the case of a taxable year of less than 12 months, by the number of months in the taxable year, the net income computed without regard to the standard exemption for the months in the taxable year ending before the month in which the installment is required to be paid;

(ii) dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls; and

(iii) deducting from such amount the standard exemption allowable for the taxable year, such standard exemption being determined as of the last date prescribed for payment of the installment.

(E) Annualized Net Income; Corporations. For corporations, net income shall be placed on an annualized basis by multiplying by 12 the taxable income

1 (i) for the first 3 months of the taxable year,
2 in the case of the installment required to be paid
3 in the 4th month,

4 (ii) for the first 3 months or for the first 5
5 months of the taxable year, in the case of the
6 installment required to be paid in the 6th month,

7 (iii) for the first 6 months or for the first 8
8 months of the taxable year, in the case of the
9 installment required to be paid in the 9th month,
10 and

11 (iv) for the first 9 months or for the first 11
12 months of the taxable year, in the case of the
13 installment required to be paid in the 12th month
14 of the taxable year,

15 then dividing the resulting amount by the number of
16 months in the taxable year (3, 5, 6, 8, 9, or 11 as the
17 case may be).

18 (d) Exceptions. Notwithstanding the provisions of the
19 preceding subsections, the penalty imposed by subsection (a)
20 shall not be imposed if the taxpayer was not required to file
21 an Illinois income tax return for the preceding taxable year,
22 or, for individuals, if the taxpayer had no tax liability for
23 the preceding taxable year and such year was a taxable year of
24 12 months. The penalty imposed by subsection (a) shall also not
25 be imposed on any underpayments of estimated tax due before the
26 effective date of this amendatory Act of 1998 which

1 underpayments are solely attributable to the change in
2 apportionment from subsection (a) to subsection (h) of Section
3 304. The provisions of this amendatory Act of 1998 apply to tax
4 years ending on or after December 31, 1998.

5 (e) The penalty imposed for underpayment of estimated tax
6 by subsection (a) of this Section shall not be imposed to the
7 extent that the Director or his or her designate determines,
8 pursuant to Section 3-8 of the Uniform Penalty and Interest Act
9 that the penalty should not be imposed.

10 (f) Definition of tax. For purposes of subsections (b) and
11 (c), the term "tax" means the excess of the tax imposed under
12 Article 2 of this Act, over the amounts credited against such
13 tax under Sections 601(b) (3) and (4).

14 (g) Application of Section in case of tax withheld under
15 Article 7. For purposes of applying this Section:

16 (1) in the case of an individual, tax withheld from
17 compensation for the taxable year shall be deemed a payment
18 of estimated tax, and an equal part of such amount shall be
19 deemed paid on each installment date for such taxable year,
20 unless the taxpayer establishes the dates on which all
21 amounts were actually withheld, in which case the amounts
22 so withheld shall be deemed payments of estimated tax on
23 the dates on which such amounts were actually withheld;

24 (2) amounts timely paid by a partnership, Subchapter S
25 corporation, or trust on behalf of a partner, shareholder,
26 or beneficiary pursuant to subsection (f) of Section 502 or

1 Section 709.5 and claimed as a payment of estimated tax
2 shall be deemed a payment of estimated tax made on the last
3 day of the taxable year of the partnership, Subchapter S
4 corporation, or trust for which the income from the
5 withholding is made was computed; and

6 (3) all other amounts pursuant to Article 7 shall be
7 deemed a payment of estimated tax on the date the payment
8 is made to the taxpayer of the amount from which the tax is
9 withheld.

10 (g-5) Amounts withheld under the State Salary and Annuity
11 Withholding Act. An individual who has amounts withheld under
12 paragraph (10) of Section 4 of the State Salary and Annuity
13 Withholding Act may elect to have those amounts treated as
14 payments of estimated tax made on the dates on which those
15 amounts are actually withheld.

16 (i) Short taxable year. The application of this Section to
17 taxable years of less than 12 months shall be in accordance
18 with regulations prescribed by the Department.

19 The changes in this Section made by Public Act 84-127 shall
20 apply to taxable years ending on or after January 1, 1986.

21 (Source: P.A. 95-233, eff. 8-16-07; 09600SB2505enr.)

22 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

23 Sec. 901. Collection Authority.

24 (a) In general.

25 The Department shall collect the taxes imposed by this Act.

1 The Department shall collect certified past due child support
2 amounts under Section 2505-650 of the Department of Revenue Law
3 (20 ILCS 2505/2505-650). Except as provided in subsections (c)
4 and, (e), ~~(f)~~, and ~~(g)~~ of this Section, money collected
5 pursuant to subsections (a) and (b) of Section 201 of this Act
6 shall be paid into the General Revenue Fund in the State
7 treasury; money collected pursuant to subsections (c) and (d)
8 of Section 201 of this Act shall be paid into the Personal
9 Property Tax Replacement Fund, a special fund in the State
10 Treasury; and money collected under Section 2505-650 of the
11 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
12 into the Child Support Enforcement Trust Fund, a special fund
13 outside the State Treasury, or to the State Disbursement Unit
14 established under Section 10-26 of the Illinois Public Aid
15 Code, as directed by the Department of Healthcare and Family
16 Services.

17 (b) Local Government Distributive Fund.

18 Beginning August 1, 1969, and continuing through June 30,
19 1994, the Treasurer shall transfer each month from the General
20 Revenue Fund to a special fund in the State treasury, to be
21 known as the "Local Government Distributive Fund", an amount
22 equal to 1/12 of the net revenue realized from the tax imposed
23 by subsections (a) and (b) of Section 201 of this Act during
24 the preceding month. Beginning July 1, 1994, and continuing
25 through June 30, 1995, the Treasurer shall transfer each month
26 from the General Revenue Fund to the Local Government

1 Distributive Fund an amount equal to 1/11 of the net revenue
2 realized from the tax imposed by subsections (a) and (b) of
3 Section 201 of this Act during the preceding month. Beginning
4 July 1, 1995 ~~and continuing through January 31, 2011,~~ the
5 Treasurer shall transfer each month from the General Revenue
6 Fund to the Local Government Distributive Fund an amount equal
7 to the net of (i) 1/10 of the net revenue realized from the tax
8 imposed by subsections (a) and (b) of Section 201 of the
9 Illinois Income Tax Act during the preceding month (ii) minus,
10 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
11 and beginning July 1, 2004, zero. ~~Beginning February 1, 2011,~~
12 ~~and continuing through January 31, 2015,~~ the Treasurer shall
13 ~~transfer each month from the General Revenue Fund to the Local~~
14 ~~Government Distributive Fund an amount equal to the sum of (i)~~
15 ~~6% (10% of the ratio of the 3% individual income tax rate prior~~
16 ~~to 2011 to the 5% individual income tax rate after 2010) of the~~
17 ~~net revenue realized from the tax imposed by subsections (a)~~
18 ~~and (b) of Section 201 of this Act upon individuals, trusts,~~
19 ~~and estates during the preceding month and (ii) 6.86% (10% of~~
20 ~~the ratio of the 4.8% corporate income tax rate prior to 2011~~
21 ~~to the 7% corporate 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 corporations during the~~
24 ~~preceding month. Beginning February 1, 2015 and continuing~~
25 ~~through January 31, 2025,~~ the Treasurer shall transfer each
26 month from the General Revenue Fund to the Local Government

1 ~~Distributive Fund an amount equal to the sum of (i) 8% (10% of~~
2 ~~the ratio of the 3% individual income tax rate prior to 2011 to~~
3 ~~the 3.75% individual income tax rate after 2014) of the net~~
4 ~~revenue realized from the tax imposed by subsections (a) and~~
5 ~~(b) of Section 201 of this Act upon individuals, trusts, and~~
6 ~~estates during the preceding month and (ii) 9.14% (10% of the~~
7 ~~ratio of the 4.8% corporate income tax rate prior to 2011 to~~
8 ~~the 5.25% corporate income tax rate after 2014) of the net~~
9 ~~revenue realized from the tax imposed by subsections (a) and~~
10 ~~(b) of Section 201 of this Act upon corporations during the~~
11 ~~preceding month. Beginning February 1, 2025, the Treasurer~~
12 ~~shall transfer each month from the General Revenue Fund to the~~
13 ~~Local Government Distributive Fund an amount equal to the sum~~
14 ~~of (i) 9.23% (10% of the ratio of the 3% individual income tax~~
15 ~~rate prior to 2011 to the 3.25% individual income tax rate~~
16 ~~after 2024) of the net revenue realized from the tax imposed by~~
17 ~~subsections (a) and (b) of Section 201 of this Act upon~~
18 ~~individuals, trusts, and estates during the preceding month and~~
19 ~~(ii) 10% of the net revenue realized from the tax imposed by~~
20 ~~subsections (a) and (b) of Section 201 of this Act upon~~
21 ~~corporations during the preceding month. Net revenue realized~~
22 ~~for a month shall be defined as the revenue from the tax~~
23 ~~imposed by subsections (a) and (b) of Section 201 of this Act~~
24 ~~which is deposited in the General Revenue Fund, the Education~~
25 ~~Assistance Fund, and the Income Tax Surcharge Local Government~~
26 ~~Distributive Fund, the Fund for the Advancement of Education,~~

1 ~~and the Commitment to Human Services Fund~~ during the month
2 minus the amount paid out of the General Revenue Fund in State
3 warrants during that same month as refunds to taxpayers for
4 overpayment of liability under the tax imposed by subsections
5 (a) and (b) of Section 201 of this Act.

6 (c) Deposits Into Income Tax Refund Fund.

7 (1) Beginning on January 1, 1989 and thereafter, the
8 Department shall deposit a percentage of the amounts
9 collected pursuant to subsections (a) and (b) (1), (2), and
10 (3), of Section 201 of this Act into a fund in the State
11 treasury known as the Income Tax Refund Fund. The
12 Department shall deposit 6% of such amounts during the
13 period beginning January 1, 1989 and ending on June 30,
14 1989. Beginning with State fiscal year 1990 and for each
15 fiscal year thereafter, the percentage deposited into the
16 Income Tax Refund Fund during a fiscal year shall be the
17 Annual Percentage. For fiscal years 1999 through 2001, the
18 Annual Percentage shall be 7.1%. For fiscal year 2003, the
19 Annual Percentage shall be 8%. For fiscal year 2004, the
20 Annual Percentage shall be 11.7%. Upon the effective date
21 of this amendatory Act of the 93rd General Assembly, the
22 Annual Percentage shall be 10% for fiscal year 2005. For
23 fiscal year 2006, the Annual Percentage shall be 9.75%. For
24 fiscal year 2007, the Annual Percentage shall be 9.75%. For
25 fiscal year 2008, the Annual Percentage shall be 7.75%. For
26 fiscal year 2009, the Annual Percentage shall be 9.75%. For

1 fiscal year 2010, the Annual Percentage shall be 9.75%. For
2 fiscal year 2011, the Annual Percentage shall be 8.75%. For
3 all other fiscal years, the Annual Percentage shall be
4 calculated as a fraction, the numerator of which shall be
5 the amount of refunds approved for payment by the
6 Department during the preceding fiscal year as a result of
7 overpayment of tax liability under subsections (a) and
8 (b) (1), (2), and (3) of Section 201 of this Act plus the
9 amount of such refunds remaining approved but unpaid at the
10 end of the preceding fiscal year, minus the amounts
11 transferred into the Income Tax Refund Fund from the
12 Tobacco Settlement Recovery Fund, and the denominator of
13 which shall be the amounts which will be collected pursuant
14 to subsections (a) and (b) (1), (2), and (3) of Section 201
15 of this Act during the preceding fiscal year; except that
16 in State fiscal year 2002, the Annual Percentage shall in
17 no event exceed 7.6%. The Director of Revenue shall certify
18 the Annual Percentage to the Comptroller on the last
19 business day of the fiscal year immediately preceding the
20 fiscal year for which it is to be effective.

21 (2) Beginning on January 1, 1989 and thereafter, the
22 Department shall deposit a percentage of the amounts
23 collected pursuant to subsections (a) and (b) (6), (7), and
24 (8), (c) and (d) of Section 201 of this Act into a fund in
25 the State treasury known as the Income Tax Refund Fund. The
26 Department shall deposit 18% of such amounts during the

1 period beginning January 1, 1989 and ending on June 30,
2 1989. Beginning with State fiscal year 1990 and for each
3 fiscal year thereafter, the percentage deposited into the
4 Income Tax Refund Fund during a fiscal year shall be the
5 Annual Percentage. For fiscal years 1999, 2000, and 2001,
6 the Annual Percentage shall be 19%. For fiscal year 2003,
7 the Annual Percentage shall be 27%. For fiscal year 2004,
8 the Annual Percentage shall be 32%. Upon the effective date
9 of this amendatory Act of the 93rd General Assembly, the
10 Annual Percentage shall be 24% for fiscal year 2005. For
11 fiscal year 2006, the Annual Percentage shall be 20%. For
12 fiscal year 2007, the Annual Percentage shall be 17.5%. For
13 fiscal year 2008, the Annual Percentage shall be 15.5%. For
14 fiscal year 2009, the Annual Percentage shall be 17.5%. For
15 fiscal year 2010, the Annual Percentage shall be 17.5%. For
16 fiscal year 2011, the Annual Percentage shall be 17.5%. For
17 all other fiscal years, the Annual Percentage shall be
18 calculated as a fraction, the numerator of which shall be
19 the amount of refunds approved for payment by the
20 Department during the preceding fiscal year as a result of
21 overpayment of tax liability under subsections (a) and
22 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
23 Act plus the amount of such refunds remaining approved but
24 unpaid at the end of the preceding fiscal year, and the
25 denominator of which shall be the amounts which will be
26 collected pursuant to subsections (a) and (b) (6), (7), and

1 (8), (c) and (d) of Section 201 of this Act during the
2 preceding fiscal year; except that in State fiscal year
3 2002, the Annual Percentage shall in no event exceed 23%.
4 The Director of Revenue shall certify the Annual Percentage
5 to the Comptroller on the last business day of the fiscal
6 year immediately preceding the fiscal year for which it is
7 to be effective.

8 (3) The Comptroller shall order transferred and the
9 Treasurer shall transfer from the Tobacco Settlement
10 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
11 in January, 2001, (ii) \$35,000,000 in January, 2002, and
12 (iii) \$35,000,000 in January, 2003.

13 (d) Expenditures from Income Tax Refund Fund.

14 (1) Beginning January 1, 1989, money in the Income Tax
15 Refund Fund shall be expended exclusively for the purpose
16 of paying refunds resulting from overpayment of tax
17 liability under Section 201 of this Act, for paying rebates
18 under Section 208.1 in the event that the amounts in the
19 Homeowners' Tax Relief Fund are insufficient for that
20 purpose, and for making transfers pursuant to this
21 subsection (d).

22 (2) The Director shall order payment of refunds
23 resulting from overpayment of tax liability under Section
24 201 of this Act from the Income Tax Refund Fund only to the
25 extent that amounts collected pursuant to Section 201 of
26 this Act and transfers pursuant to this subsection (d) and

1 item (3) of subsection (c) have been deposited and retained
2 in the Fund.

3 (3) As soon as possible after the end of each fiscal
4 year, the Director shall order transferred and the State
5 Treasurer and State Comptroller shall transfer from the
6 Income Tax Refund Fund to the Personal Property Tax
7 Replacement Fund an amount, certified by the Director to
8 the Comptroller, equal to the excess of the amount
9 collected pursuant to subsections (c) and (d) of Section
10 201 of this Act deposited into the Income Tax Refund Fund
11 during the fiscal year over the amount of refunds resulting
12 from overpayment of tax liability under subsections (c) and
13 (d) of Section 201 of this Act paid from the Income Tax
14 Refund Fund during the fiscal year.

15 (4) As soon as possible after the end of each fiscal
16 year, the Director shall order transferred and the State
17 Treasurer and State Comptroller shall transfer from the
18 Personal Property Tax Replacement Fund to the Income Tax
19 Refund Fund an amount, certified by the Director to the
20 Comptroller, equal to the excess of the amount of refunds
21 resulting from overpayment of tax liability under
22 subsections (c) and (d) of Section 201 of this Act paid
23 from the Income Tax Refund Fund during the fiscal year over
24 the amount collected pursuant to subsections (c) and (d) of
25 Section 201 of this Act deposited into the Income Tax
26 Refund Fund during the fiscal year.

1 (4.5) As soon as possible after the end of fiscal year
2 1999 and of each fiscal year thereafter, the Director shall
3 order transferred and the State Treasurer and State
4 Comptroller shall transfer from the Income Tax Refund Fund
5 to the General Revenue Fund any surplus remaining in the
6 Income Tax Refund Fund as of the end of such fiscal year;
7 excluding for fiscal years 2000, 2001, and 2002 amounts
8 attributable to transfers under item (3) of subsection (c)
9 less refunds resulting from the earned income tax credit.

10 (5) This Act shall constitute an irrevocable and
11 continuing appropriation from the Income Tax Refund Fund
12 for the purpose of paying refunds upon the order of the
13 Director in accordance with the provisions of this Section.

14 (e) Deposits into the Education Assistance Fund and the
15 Income Tax Surcharge Local Government Distributive Fund.

16 On July 1, 1991, and thereafter, of the amounts collected
17 pursuant to subsections (a) and (b) of Section 201 of this Act,
18 minus deposits into the Income Tax Refund Fund, the Department
19 shall deposit 7.3% into the Education Assistance Fund in the
20 State Treasury. Beginning July 1, 1991, and continuing through
21 January 31, 1993, of the amounts collected pursuant to
22 subsections (a) and (b) of Section 201 of the Illinois Income
23 Tax Act, minus deposits into the Income Tax Refund Fund, the
24 Department shall deposit 3.0% into the Income Tax Surcharge
25 Local Government Distributive Fund in the State Treasury.
26 Beginning February 1, 1993 and continuing through June 30,

1 1993, of the amounts collected pursuant to subsections (a) and
2 (b) of Section 201 of the Illinois Income Tax Act, minus
3 deposits into the Income Tax Refund Fund, the Department shall
4 deposit 4.4% into the Income Tax Surcharge Local Government
5 Distributive Fund in the State Treasury. Beginning July 1,
6 1993, and continuing through June 30, 1994, of the amounts
7 collected under subsections (a) and (b) of Section 201 of this
8 Act, minus deposits into the Income Tax Refund Fund, the
9 Department shall deposit 1.475% into the Income Tax Surcharge
10 Local Government Distributive Fund in the State Treasury.

11 ~~(f) (Blank). Deposits into the Fund for the Advancement of~~
12 ~~Education. Beginning February 1, 2015, the Department shall~~
13 ~~deposit the following portions of the revenue realized from the~~
14 ~~tax imposed upon individuals, trusts, and estates by~~
15 ~~subsections (a) and (b) of Section 201 of this Act during the~~
16 ~~preceding month, minus deposits into the Income Tax Refund~~
17 ~~Fund, into the Fund for the Advancement of Education:~~

18 ~~(1) beginning February 1, 2015, and prior to February~~
19 ~~1, 2025, 1/30; and~~

20 ~~(2) beginning February 1, 2025, 1/26.~~

21 ~~If the rate of tax imposed by subsection (a) and (b) of~~
22 ~~Section 201 is reduced pursuant to Section 201.5 of this Act,~~
23 ~~the Department shall not make the deposits required by this~~
24 ~~subsection (f) on or after the effective date of the reduction.~~

25 ~~(g) (Blank). Deposits into the Commitment to Human Services~~
26 ~~Fund. Beginning February 1, 2015, the Department shall deposit~~

1 ~~the following portions of the revenue realized from the tax~~
2 ~~imposed upon individuals, trusts, and estates by subsections~~
3 ~~(a) and (b) of Section 201 of this Act during the preceding~~
4 ~~month, minus deposits into the Income Tax Refund Fund, into the~~
5 ~~Commitment to Human Services Fund:~~

6 ~~(1) beginning February 1, 2015, and prior to February~~
7 ~~1, 2025, 1/30; and~~

8 ~~(2) beginning February 1, 2025, 1/26.~~

9 ~~If the rate of tax imposed by subsection (a) and (b) of~~
10 ~~Section 201 is reduced pursuant to Section 201.5 of this Act,~~
11 ~~the Department shall not make the deposits required by this~~
12 ~~subsection (g) on or after the effective date of the reduction.~~

13 (Source: P.A. 95-707, eff. 1-11-08; 95-744, eff. 7-18-08;
14 96-45, eff. 7-15-09; 96-328, eff. 8-11-09; 96-959, eff. 7-1-10;
15 09600SB2505enr.)

16 Section 15. If and only if Senate Bill 2505 of the 96th
17 General Assembly becomes law, then the Illinois Estate and
18 Generation-Skipping Transfer Tax Act is amended by changing
19 Section 2 as follows:

20 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

21 Sec. 2. Definitions.

22 "Federal estate tax" means the tax due to the United States
23 with respect to a taxable transfer under Chapter 11 of the
24 Internal Revenue Code.

1 "Federal generation-skipping transfer tax" means the tax
2 due to the United States with respect to a taxable transfer
3 under Chapter 13 of the Internal Revenue Code.

4 "Federal return" means the federal estate tax return with
5 respect to the federal estate tax and means the federal
6 generation-skipping transfer tax return with respect to the
7 federal generation-skipping transfer tax.

8 "Federal transfer tax" means the federal estate tax or the
9 federal generation-skipping transfer tax.

10 "Illinois estate tax" means the tax due to this State with
11 respect to a taxable transfer.

12 "Illinois generation-skipping transfer tax" means the tax
13 due to this State with respect to a taxable transfer that gives
14 rise to a federal generation-skipping transfer tax.

15 "Illinois transfer tax" means the Illinois estate tax or
16 the Illinois generation-skipping transfer tax.

17 "Internal Revenue Code" means, unless otherwise provided,
18 the Internal Revenue Code of 1986, as amended from time to
19 time.

20 "Non-resident trust" means a trust that is not a resident
21 of this State for purposes of the Illinois Income Tax Act, as
22 amended from time to time.

23 "Person" means and includes any individual, trust, estate,
24 partnership, association, company or corporation.

25 "Qualified heir" means a qualified heir as defined in
26 Section 2032A(e) (1) of the Internal Revenue Code.

1 "Resident trust" means a trust that is a resident of this
2 State for purposes of the Illinois Income Tax Act, as amended
3 from time to time.

4 "State" means any state, territory or possession of the
5 United States and the District of Columbia.

6 "State tax credit" means:

7 (a) For persons dying on or after January 1, 2003 and
8 through December 31, 2005, an amount equal to the full credit
9 calculable under Section 2011 or Section 2604 of the Internal
10 Revenue Code as the credit would have been computed and allowed
11 under the Internal Revenue Code as in effect on December 31,
12 2001, without the reduction in the State Death Tax Credit as
13 provided in Section 2011(b) (2) or the termination of the State
14 Death Tax Credit as provided in Section 2011(f) as enacted by
15 the Economic Growth and Tax Relief Reconciliation Act of 2001,
16 but recognizing the increased applicable exclusion amount
17 through December 31, 2005.

18 (b) For persons dying after December 31, 2005 and on or
19 before December 31, 2009, ~~and for persons dying after December~~
20 ~~31, 2010,~~ an amount equal to the full credit calculable under
21 Section 2011 or 2604 of the Internal Revenue Code as the credit
22 would have been computed and allowed under the Internal Revenue
23 Code as in effect on December 31, 2001, without the reduction
24 in the State Death Tax Credit as provided in Section 2011(b) (2)
25 or the termination of the State Death Tax Credit as provided in
26 Section 2011(f) as enacted by the Economic Growth and Tax

1 Relief Reconciliation Act of 2001, but recognizing the
2 exclusion amount of only \$2,000,000, and with reduction to the
3 adjusted taxable estate for any qualified terminable interest
4 property election as defined in subsection (b-1) of this
5 Section.

6 (b-1) The person required to file the Illinois return may
7 elect on a timely filed Illinois return a marital deduction for
8 qualified terminable interest property under Section
9 2056(b)(7) of the Internal Revenue Code for purposes of the
10 Illinois estate tax that is separate and independent of any
11 qualified terminable interest property election for federal
12 estate tax purposes. For purposes of the Illinois estate tax,
13 the inclusion of property in the gross estate of a surviving
14 spouse is the same as under Section 2044 of the Internal
15 Revenue Code.

16 In the case of any trust for which a State or federal
17 qualified terminable interest property election is made, the
18 trustee may not retain non-income producing assets for more
19 than a reasonable amount of time without the consent of the
20 surviving spouse.

21 (c) For persons dying after December 31, 2009, the credit
22 for state tax allowable under Section 2011 or Section 2604 of
23 the Internal Revenue Code.

24 "Taxable transfer" means an event that gives rise to a
25 state tax credit, including any credit as a result of the
26 imposition of an additional tax under Section 2032A(c) of the

1 Internal Revenue Code.

2 "Transferee" means a transferee within the meaning of
3 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue
4 Code.

5 "Transferred property" means:

6 (1) With respect to a taxable transfer occurring at the
7 death of an individual, the deceased individual's gross
8 estate as defined in Section 2031 of the Internal Revenue
9 Code.

10 (2) With respect to a taxable transfer occurring as a
11 result of a taxable termination as defined in Section
12 2612(a) of the Internal Revenue Code, the taxable amount
13 determined under Section 2622(a) of the Internal Revenue
14 Code.

15 (3) With respect to a taxable transfer occurring as a
16 result of a taxable distribution as defined in Section
17 2612(b) of the Internal Revenue Code, the taxable amount
18 determined under Section 2621(a) of the Internal Revenue
19 Code.

20 (4) With respect to an event which causes the
21 imposition of an additional estate tax under Section
22 2032A(c) of the Internal Revenue Code, the qualified real
23 property that was disposed of or which ceased to be used
24 for the qualified use, within the meaning of Section
25 2032A(c)(1) of the Internal Revenue Code.

26 "Trust" includes a trust as defined in Section 2652(b)(1)

1 of the Internal Revenue Code.

2 (Source: P.A. 96-789, eff. 9-8-09; 09600SB2505enr.)

3 (30 ILCS 5/3-20 rep.)

4 Section 20. If and only if Senate Bill 2505 of the 96th
5 General Assembly becomes law, then the Illinois State Auditing
6 Act is amended by repealing Section 3-20 as added by Senate
7 Bill 2505 of the 96th General Assembly.

8 (30 ILCS 105/5.786 rep.)

9 (30 ILCS 105/5.787 rep.)

10 (30 ILCS 105/6z-85 rep.)

11 (30 ILCS 105/6z-86 rep.)

12 (30 ILCS 105/25.2 rep.)

13 Section 25. If and only if Senate Bill 2505 of the 96th
14 General Assembly becomes law, then the State Finance Act is
15 amended by repealing Sections 5.786, 5.787, 6z-85, 6z-86, and
16 25.2 as added by Senate Bill 2505 of the 96th General Assembly.

17 (35 ILCS 5/201.5 rep.)

18 (35 ILCS 5/202.5 rep.)

19 Section 30. If and only if Senate Bill 2505 of the 96th
20 General Assembly becomes law, then the Illinois Income Tax Act
21 is amended by repealing Sections 201.5 and 202.5 as added by
22 Senate Bill 2505 of the 96th General Assembly.

23 Section 99. Effective date. This Act takes effect upon

1 becoming law.

1		INDEX
2		Statutes amended in order of appearance
3	15 ILCS 305/5	from Ch. 124, par. 5
4	35 ILCS 5/201	from Ch. 120, par. 2-201
5	35 ILCS 5/207	from Ch. 120, par. 2-207
6	35 ILCS 5/804	from Ch. 120, par. 8-804
7	35 ILCS 5/901	from Ch. 120, par. 9-901
8	35 ILCS 405/2	from Ch. 120, par. 405A-2
9	30 ILCS 5/3-20 rep.	
10	30 ILCS 105/5.786 rep.	
11	30 ILCS 105/5.787 rep.	
12	30 ILCS 105/6z-85 rep.	
13	30 ILCS 105/6z-86 rep.	
14	30 ILCS 105/25.2 rep.	
15	35 ILCS 5/201.5 rep.	
16	35 ILCS 5/202.5 rep.	