



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB2239

Introduced 2/10/2011, by Sen. Matt Murphy

SYNOPSIS AS INTRODUCED:

15 ILCS 305/5	from Ch. 124, par. 5
35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/207	from Ch. 120, par. 2-207
35 ILCS 5/804	from Ch. 120, par. 8-804
35 ILCS 5/901	from Ch. 120, par. 9-901
35 ILCS 405/2	from Ch. 120, par. 405A-2
30 ILCS 5/3-20 rep.	
30 ILCS 105/5.787 rep.	
30 ILCS 105/6z-85 rep.	
30 ILCS 105/6z-86 rep.	
30 ILCS 105/25.2 rep.	
35 ILCS 5/202.5 rep.	

Amends the Illinois Income Tax Act. Reduces the rate of tax imposed by Public Act 96-1496 to 3% for individuals, trusts, and estates and 4.8% for corporations (the rates in effect immediately prior to the effective date of Public Act 96-1496). Provides that the amendatory Act supersedes Public Act 96-1496 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 Public Act 96-1496 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 Public Act 96-1496. Effective immediately.

LRB097 10193 HLH 50386 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. The Secretary of State Act is amended by
5 changing Section 5 as follows:

6 (15 ILCS 305/5) (from Ch. 124, par. 5)

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

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

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

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

17 3-a. To review all rules of all State agencies adopted in
18 compliance with the codification system prescribed by the
19 Secretary. The review shall be for the purposes and include all
20 the powers and duties provided in the Illinois Administrative
21 Procedure Act. The Secretary of State shall cooperate with the
22 Legislative Information System to insure the accuracy of the
23 text of the rules maintained under the Legislative Information

1 System Act.

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

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

15 6. To supervise the distribution of the laws.

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

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

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

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

11 (Source: P.A. 96-37, eff. 7-13-09; 96-1496, eff. 1-13-11.)

12 Section 10. The Illinois Income Tax Act is amended by
13 changing Sections 201, 207, 804, and 901 as follows:

14 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

15 Sec. 201. Tax Imposed.

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

23 (b) Rates. The tax imposed by subsection (a) of this
24 Section shall be determined as follows, except as adjusted by

1 subsection (d-1):

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

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

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

17 (4) (Blank). ~~In the case of an individual, trust, or~~
18 ~~estate, for taxable years beginning prior to January 1,~~
19 ~~2011, and ending after December 31, 2010, an amount equal~~
20 ~~to the sum of (i) 3% of the taxpayer's net income for the~~
21 ~~period prior to January 1, 2011, as calculated under~~
22 ~~Section 202.5, and (ii) 5% of the taxpayer's net income for~~
23 ~~the period after December 31, 2010, as calculated under~~
24 ~~Section 202.5.~~

25 (5) (Blank). ~~In the case of an individual, trust, or~~
26 ~~estate, for taxable years beginning on or after January 1,~~

1 ~~2011, and ending prior to January 1, 2015, an amount equal~~
2 ~~to 5% of the taxpayer's net income for the taxable year.~~

3 (5.1) (Blank). ~~In the case of an individual, trust, or~~
4 ~~estate, for taxable years beginning prior to January 1,~~
5 ~~2015, and ending after December 31, 2014, an amount equal~~
6 ~~to the sum of (i) 5% of the taxpayer's net income for the~~
7 ~~period prior to January 1, 2015, as calculated under~~
8 ~~Section 202.5, and (ii) 3.75% of the taxpayer's net income~~
9 ~~for the period after December 31, 2014, as calculated under~~
10 ~~Section 202.5.~~

11 (5.2) (Blank). ~~In the case of an individual, trust, or~~
12 ~~estate, for taxable years beginning on or after January 1,~~
13 ~~2015, and ending prior to January 1, 2025, an amount equal~~
14 ~~to 3.75% of the taxpayer's net income for the taxable year.~~

15 (5.3) (Blank). ~~In the case of an individual, trust, or~~
16 ~~estate, for taxable years beginning prior to January 1,~~
17 ~~2025, and ending after December 31, 2024, an amount equal~~
18 ~~to the sum of (i) 3.75% of the taxpayer's net income for~~
19 ~~the period prior to January 1, 2025, as calculated under~~
20 ~~Section 202.5, and (ii) 3.25% of the taxpayer's net income~~
21 ~~for the period after December 31, 2024, as calculated under~~
22 ~~Section 202.5.~~

23 (5.4) (Blank). ~~In the case of an individual, trust, or~~
24 ~~estate, for taxable years beginning on or after January 1,~~
25 ~~2025, an amount equal to 3.25% of the taxpayer's net income~~
26 ~~for the taxable year.~~

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

4 (7) In the case of a corporation, for taxable years
5 beginning prior to July 1, 1989 and ending after June 30,
6 1989, an amount equal to the sum of (i) 4% of the
7 taxpayer's net income for the period prior to July 1, 1989,
8 as calculated under Section 202.3, and (ii) 4.8% of the
9 taxpayer's net income for the period after June 30, 1989,
10 as calculated under Section 202.3.

11 (8) In the case of a corporation, for taxable years
12 beginning after June 30, 1989, ~~and ending prior to January~~
13 ~~1, 2011,~~ an amount equal to 4.8% of the taxpayer's net
14 income for the taxable year.

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

22 (10) (Blank). ~~In the case of a corporation, for taxable~~
23 ~~years beginning on or after January 1, 2011, and ending~~
24 ~~prior to January 1, 2015, an amount equal to 7% of the~~
25 ~~taxpayer's net income for the taxable year.~~

26 (11) (Blank). ~~In the case of a corporation, for taxable~~

~~years beginning prior to January 1, 2015, and ending after December 31, 2014, an amount equal to the sum of (i) 7% of the taxpayer's net income for the period prior to January 1, 2015, as calculated under Section 202.5, and (ii) 5.25% of the taxpayer's net income for the period after December 31, 2014, as calculated under Section 202.5.~~

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

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

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

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

(b-5) It is the intention of the General Assembly that this amendatory Act of the 97th General Assembly supersedes Public Act 96-1496. The rates under subsection (b) shall be deemed to

1 be 3% for individuals, trusts, and estates and 4.8% for
2 corporations for the entire period beginning on the effective
3 date of Public Act 96-1496 through the effective date of this
4 amendatory Act of the 97th General Assembly and thereafter.

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

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

1 partnership, trust or a Subchapter S corporation shall be an
2 additional amount equal to 1.5% of such taxpayer's net income
3 for the taxable year.

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

1 a mutual insurer under common management.

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

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

8 (B) the privilege tax imposed by Section 409 of the
9 Illinois Insurance Code, the fire insurance company
10 tax imposed by Section 12 of the Fire Investigation
11 Act, and the fire department taxes imposed under
12 Section 11-10-1 of the Illinois Municipal Code,
13 equals 1.25% for taxable years ending prior to December 31,
14 2003, or 1.75% for taxable years ending on or after
15 December 31, 2003, of the net taxable premiums written for
16 the taxable year, as described by subsection (1) of Section
17 409 of the Illinois Insurance Code. This paragraph will in
18 no event increase the rates imposed under subsections (b)
19 and (d).

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

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

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

6 (1) A taxpayer shall be allowed a credit equal to .5%
7 of the basis of qualified property placed in service during
8 the taxable year, provided such property is placed in
9 service on or after July 1, 1984. There shall be allowed an
10 additional credit equal to .5% of the basis of qualified
11 property placed in service during the taxable year,
12 provided such property is placed in service on or after
13 July 1, 1986, and the taxpayer's base employment within
14 Illinois has increased by 1% or more over the preceding
15 year as determined by the taxpayer's employment records
16 filed with the Illinois Department of Employment Security.
17 Taxpayers who are new to Illinois shall be deemed to have
18 met the 1% growth in base employment for the first year in
19 which they file employment records with the Illinois
20 Department of Employment Security. The provisions added to
21 this Section by Public Act 85-1200 (and restored by Public
22 Act 87-895) shall be construed as declaratory of existing
23 law and not as a new enactment. If, in any year, the
24 increase in base employment within Illinois over the
25 preceding year is less than 1%, the additional credit shall
26 be limited to that percentage times a fraction, the

1 numerator of which is .5% and the denominator of which is
2 1%, but shall not exceed .5%. The investment credit shall
3 not be allowed to the extent that it would reduce a
4 taxpayer's liability in any tax year below zero, nor may
5 any credit for qualified property be allowed for any year
6 other than the year in which the property was placed in
7 service in Illinois. For tax years ending on or after
8 December 31, 1987, and on or before December 31, 1988, the
9 credit shall be allowed for the tax year in which the
10 property is placed in service, or, if the amount of the
11 credit exceeds the tax liability for that year, whether it
12 exceeds the original liability or the liability as later
13 amended, such excess may be carried forward and applied to
14 the tax liability of the 5 taxable years following the
15 excess credit years if the taxpayer (i) makes investments
16 which cause the creation of a minimum of 2,000 full-time
17 equivalent jobs in Illinois, (ii) is located in an
18 enterprise zone established pursuant to the Illinois
19 Enterprise Zone Act and (iii) is certified by the
20 Department of Commerce and Community Affairs (now
21 Department of Commerce and Economic Opportunity) as
22 complying with the requirements specified in clause (i) and
23 (ii) by July 1, 1986. The Department of Commerce and
24 Community Affairs (now Department of Commerce and Economic
25 Opportunity) shall notify the Department of Revenue of all
26 such certifications immediately. For tax years ending

1 after December 31, 1988, the credit shall be allowed for
2 the tax year in which the property is placed in service,
3 or, if the amount of the credit exceeds the tax liability
4 for that year, whether it exceeds the original liability or
5 the liability as later amended, such excess may be carried
6 forward and applied to the tax liability of the 5 taxable
7 years following the excess credit years. The credit shall
8 be applied to the earliest year for which there is a
9 liability. If there is credit from more than one tax year
10 that is available to offset a liability, earlier credit
11 shall be applied first.

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

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

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

26 (C) is acquired by purchase as defined in Section

1 179(d) of the Internal Revenue Code;

2 (D) is used in Illinois by a taxpayer who is
3 primarily engaged in manufacturing, or in mining coal
4 or fluorite, or in retailing, or was placed in service
5 on or after July 1, 2006 in a River Edge Redevelopment
6 Zone established pursuant to the River Edge
7 Redevelopment Zone Act; and

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

12 (3) For purposes of this subsection (e),
13 "manufacturing" means the material staging and production
14 of tangible personal property by procedures commonly
15 regarded as manufacturing, processing, fabrication, or
16 assembling which changes some existing material into new
17 shapes, new qualities, or new combinations. For purposes of
18 this subsection (e) the term "mining" shall have the same
19 meaning as the term "mining" in Section 613(c) of the
20 Internal Revenue Code. For purposes of this subsection (e),
21 the term "retailing" means the sale of tangible personal
22 property for use or consumption and not for resale, or
23 services rendered in conjunction with the sale of tangible
24 personal property for use or consumption and not for
25 resale. For purposes of this subsection (e), "tangible
26 personal property" has the same meaning as when that term

1 is used in the Retailers' Occupation Tax Act, and, for
2 taxable years ending after December 31, 2008, does not
3 include the generation, transmission, or distribution of
4 electricity.

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

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

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

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

1 purposes of this paragraph (7), a reduction of the basis of
2 qualified property resulting from a redetermination of the
3 purchase price shall be deemed a disposition of qualified
4 property to the extent of such reduction.

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

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

26 For taxable years ending on or after December 31, 2000,

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

14 (f) Investment credit; Enterprise Zone; River Edge
15 Redevelopment Zone.

16 (1) A taxpayer shall be allowed a credit against the
17 tax imposed by subsections (a) and (b) of this Section for
18 investment in qualified property which is placed in service
19 in an Enterprise Zone created pursuant to the Illinois
20 Enterprise Zone Act or, for property placed in service on
21 or after July 1, 2006, a River Edge Redevelopment Zone
22 established pursuant to the River Edge Redevelopment Zone
23 Act. For partners, shareholders of Subchapter S
24 corporations, and owners of limited liability companies,
25 if the liability company is treated as a partnership for
26 purposes of federal and State income taxation, there shall

1 be allowed a credit under this subsection (f) to be
2 determined in accordance with the determination of income
3 and distributive share of income under Sections 702 and 704
4 and Subchapter S of the Internal Revenue Code. The credit
5 shall be .5% of the basis for such property. The credit
6 shall be available only in the taxable year in which the
7 property is placed in service in the Enterprise Zone or
8 River Edge Redevelopment Zone and shall not be allowed to
9 the extent that it would reduce a taxpayer's liability for
10 the tax imposed by subsections (a) and (b) of this Section
11 to below zero. For tax years ending on or after December
12 31, 1985, the credit shall be allowed for the tax year in
13 which the property is placed in service, or, if the amount
14 of the credit exceeds the tax liability for that year,
15 whether it exceeds the original liability or the liability
16 as later amended, such excess may be carried forward and
17 applied to the tax liability of the 5 taxable years
18 following the excess credit year. The credit shall be
19 applied to the earliest year for which there is a
20 liability. If there is credit from more than one tax year
21 that is available to offset a liability, the credit
22 accruing first in time shall be applied first.

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

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

26 (B) is depreciable pursuant to Section 167 of the

1 Internal Revenue Code, except that "3-year property"
2 as defined in Section 168(c)(2)(A) of that Code is not
3 eligible for the credit provided by this subsection
4 (f);

5 (C) is acquired by purchase as defined in Section
6 179(d) of the Internal Revenue Code;

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

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

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

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

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

24 (6) If during any taxable year, any property ceases to
25 be qualified property in the hands of the taxpayer within
26 48 months after being placed in service, or the situs of

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

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

1 Security. If, in any year, the increase in base employment
2 within Illinois over the preceding year is less than 1%,
3 the additional credit shall be limited to that percentage
4 times a fraction, the numerator of which is 0.5% and the
5 denominator of which is 1%, but shall not exceed 0.5%.

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

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

18 (2) To qualify for the credit:

19 (A) the taxpayer must hire 5 or more eligible
20 employees to work in an enterprise zone, River Edge
21 Redevelopment Zone, or federally designated Foreign
22 Trade Zone or Sub-Zone during the taxable year;

23 (B) the taxpayer's total employment within the
24 enterprise zone, River Edge Redevelopment Zone, or
25 federally designated Foreign Trade Zone or Sub-Zone
26 must increase by 5 or more full-time employees beyond

1 the total employed in that zone at the end of the
2 previous tax year for which a jobs tax credit under
3 this Section was taken, or beyond the total employed by
4 the taxpayer as of December 31, 1985, whichever is
5 later; and

6 (C) the eligible employees must be employed 180
7 consecutive days in order to be deemed hired for
8 purposes of this subsection.

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

10 (A) Certified by the Department of Commerce and
11 Economic Opportunity as "eligible for services"
12 pursuant to regulations promulgated in accordance with
13 Title II of the Job Training Partnership Act, Training
14 Services for the Disadvantaged or Title III of the Job
15 Training Partnership Act, Employment and Training
16 Assistance for Dislocated Workers Program.

17 (B) Hired after the enterprise zone, River Edge
18 Redevelopment Zone, or federally designated Foreign
19 Trade Zone or Sub-Zone was designated or the trade or
20 business was located in that zone, whichever is later.

21 (C) Employed in the enterprise zone, River Edge
22 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.
23 An employee is employed in an enterprise zone or
24 federally designated Foreign Trade Zone or Sub-Zone if
25 his services are rendered there or it is the base of
26 operations for the services performed.

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

3 (4) For tax years ending on or after December 31, 1985
4 and prior to December 31, 1988, the credit shall be allowed
5 for the tax year in which the eligible employees are hired.
6 For tax years ending on or after December 31, 1988, the
7 credit shall be allowed for the tax year immediately
8 following the tax year in which the eligible employees are
9 hired. 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, earlier
17 credit shall be applied first.

18 (5) The Department of Revenue shall promulgate such
19 rules and regulations as may be deemed necessary to carry
20 out the purposes of this subsection (g).

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

23 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (k) Research and development credit.

26 For tax years ending after July 1, 1990 and prior to

1 December 31, 2003, and beginning again for tax years ending on
2 or after December 31, 2004, and ending prior to January 1,
3 2011, a taxpayer shall be allowed a credit against the tax
4 imposed by subsections (a) and (b) of this Section for
5 increasing research activities in this State. The credit
6 allowed against the tax imposed by subsections (a) and (b)
7 shall be equal to 6 1/2% of the qualifying expenditures for
8 increasing research activities in this State. For partners,
9 shareholders of subchapter S corporations, and owners of
10 limited liability companies, if the liability company is
11 treated as a partnership for purposes of federal and State
12 income taxation, there shall be allowed a credit under this
13 subsection to be determined in accordance with the
14 determination of income and distributive share of income under
15 Sections 702 and 704 and subchapter S of the Internal Revenue
16 Code.

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

1 period, and "base period" means the 3 taxable years immediately
2 preceding the taxable year for which the determination is being
3 made.

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

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

26 No inference shall be drawn from this amendatory Act of the

1 91st General Assembly in construing this Section for taxable
2 years beginning before January 1, 1999.

3 (1) Environmental Remediation Tax Credit.

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

1 enforcement of Section 58.9 of the Environmental
2 Protection Act, determinations as to credit availability
3 for purposes of this Section shall be made consistent with
4 those rules. For purposes of this Section, "taxpayer"
5 includes a person whose tax attributes the taxpayer has
6 succeeded to under Section 381 of the Internal Revenue Code
7 and "related party" includes the persons disallowed a
8 deduction for losses by paragraphs (b), (c), and (f)(1) of
9 Section 267 of the Internal Revenue Code by virtue of being
10 a related taxpayer, as well as any of its partners. The
11 credit allowed against the tax imposed by subsections (a)
12 and (b) shall be equal to 25% of the unreimbursed eligible
13 remediation costs in excess of \$100,000 per site, except
14 that the \$100,000 threshold shall not apply to any site
15 contained in an enterprise zone as determined by the
16 Department of Commerce and Community Affairs (now
17 Department of Commerce and Economic Opportunity). The
18 total credit allowed shall not exceed \$40,000 per year with
19 a maximum total of \$150,000 per site. For partners and
20 shareholders of subchapter S corporations, there shall be
21 allowed a credit under this subsection to be determined in
22 accordance with the determination of income and
23 distributive share of income under Sections 702 and 704 and
24 subchapter S of the Internal Revenue Code.

25 (ii) A credit allowed under this subsection that is
26 unused in the year the credit is earned may be carried

1 forward to each of the 5 taxable years following the year
2 for which the credit is first earned until it is used. The
3 term "unused credit" does not include any amounts of
4 unreimbursed eligible remediation costs in excess of the
5 maximum credit per site authorized under paragraph (i).
6 This 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 (m) Education expense credit. Beginning with tax years
2 ending after December 31, 1999, a taxpayer who is the custodian
3 of one or more qualifying pupils shall be allowed a credit
4 against the tax imposed by subsections (a) and (b) of this
5 Section for qualified education expenses incurred on behalf of
6 the qualifying pupils. The credit shall be equal to 25% of
7 qualified education expenses, but in no event may the total
8 credit under this subsection claimed by a family that is the
9 custodian of qualifying pupils exceed \$500. In no event shall a
10 credit under this subsection reduce the taxpayer's liability
11 under this Act to less than zero. This subsection is exempt
12 from the provisions of Section 250 of this Act.

13 For purposes of this subsection:

14 "Qualifying pupils" means individuals who (i) are
15 residents of the State of Illinois, (ii) are under the age of
16 21 at the close of the school year for which a credit is
17 sought, and (iii) during the school year for which a credit is
18 sought were full-time pupils enrolled in a kindergarten through
19 twelfth grade education program at any school, as defined in
20 this subsection.

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

25 "School" means any public or nonpublic elementary or
26 secondary school in Illinois that is in compliance with Title

1 VI of the Civil Rights Act of 1964 and attendance at which
2 satisfies the requirements of Section 26-1 of the School Code,
3 except that nothing shall be construed to require a child to
4 attend any particular public or nonpublic school to qualify for
5 the credit under this Section.

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

9 (n) River Edge Redevelopment Zone site remediation tax
10 credit.

11 (i) For tax years ending on or after December 31, 2006,
12 a taxpayer shall be allowed a credit against the tax
13 imposed by subsections (a) and (b) of this Section for
14 certain amounts paid for unreimbursed eligible remediation
15 costs, as specified in this subsection. For purposes of
16 this Section, "unreimbursed eligible remediation costs"
17 means costs approved by the Illinois Environmental
18 Protection Agency ("Agency") under Section 58.14a of the
19 Environmental Protection Act that were paid in performing
20 environmental remediation at a site within a River Edge
21 Redevelopment Zone for which a No Further Remediation
22 Letter was issued by the Agency and recorded under Section
23 58.10 of the Environmental Protection Act. The credit must
24 be claimed for the taxable year in which Agency approval of
25 the eligible remediation costs is granted. The credit is
26 not available to any taxpayer if the taxpayer or any

1 related party caused or contributed to, in any material
2 respect, a release of regulated substances on, in, or under
3 the site that was identified and addressed by the remedial
4 action pursuant to the Site Remediation Program of the
5 Environmental Protection Act. Determinations as to credit
6 availability for purposes of this Section shall be made
7 consistent with rules adopted by the Pollution Control
8 Board pursuant to the Illinois Administrative Procedure
9 Act for the administration and enforcement of Section 58.9
10 of the Environmental Protection Act. For purposes of this
11 Section, "taxpayer" includes a person whose tax attributes
12 the taxpayer has succeeded to under Section 381 of the
13 Internal Revenue Code and "related party" includes the
14 persons disallowed a deduction for losses by paragraphs
15 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
16 Code by virtue of being a related taxpayer, as well as any
17 of its partners. The credit allowed against the tax imposed
18 by subsections (a) and (b) shall be equal to 25% of the
19 unreimbursed eligible remediation costs in excess of
20 \$100,000 per site.

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

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

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

20 (iv) This subsection is exempt from the provisions of
21 Section 250.

22 (Source: P.A. 95-454, eff. 8-27-07; 96-115, eff. 7-31-09;
23 96-116, eff. 7-31-09; 96-937, eff. 6-23-10; 96-1000, eff.
24 7-2-10; 96-1496, eff. 1-13-11.)

25 (35 ILCS 5/207) (from Ch. 120, par. 2-207)

1 Sec. 207. Net Losses.

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

8 (1) for any taxable year ending prior to December 31,
9 1999, such loss shall be allowed as a carryover or
10 carryback deduction in the manner allowed under Section 172
11 of the Internal Revenue Code;

12 (2) for any taxable year ending on or after December
13 31, 1999 and prior to December 31, 2003, such loss shall be
14 allowed as a carryback to each of the 2 taxable years
15 preceding the taxable year of such loss and shall be a net
16 operating loss carryover to each of the 20 taxable years
17 following the taxable year of such loss; and

18 (3) for any taxable year ending on or after December
19 31, 2003, such loss shall be allowed as a net operating
20 loss carryover to each of the 12 taxable years following
21 the taxable year of such loss, except as provided in
22 subsection (d).

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

25 (A) For losses incurred in tax years ending prior
26 to December 31, 2003, the taxpayer may elect to

1 relinquish the entire carryback period with respect to
2 such loss. Such election shall be made in the form and
3 manner prescribed by the Department and shall be made
4 by the due date (including extensions of time) for
5 filing the taxpayer's return for the taxable year in
6 which such loss is incurred, and such election, once
7 made, shall be irrevocable.

8 (B) The entire amount of such loss shall be carried
9 to the earliest taxable year to which such loss may be
10 carried. The amount of such loss which shall be carried
11 to each of the other taxable years shall be the excess,
12 if any, of the amount of such loss over the sum of the
13 deductions for carryback or carryover of such loss
14 allowable for each of the prior taxable years to which
15 such loss may be carried.

16 (b) Any loss determined under subsection (a) of this
17 Section must be carried back or carried forward in the same
18 manner for purposes of subsections (a) and (b) of Section 201
19 of this Act as for purposes of subsections (c) and (d) of
20 Section 201 of this Act.

21 (c) Notwithstanding any other provision of this Act, for
22 each taxable year ending on or after December 31, 2008, for
23 purposes of computing the loss for the taxable year under
24 subsection (a) of this Section and the deduction taken into
25 account for the taxable year for a net operating loss carryover
26 under paragraphs (1), (2), and (3) of subsection (a) of this

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

18 ~~(d) In the case of a corporation (other than a Subchapter S~~
19 ~~corporation), no carryover deduction shall be allowed under~~
20 ~~this Section for any taxable year ending after December 31,~~
21 ~~2010 and prior to December 31, 2014; provided that, for~~
22 ~~purposes of determining the taxable years to which a net loss~~
23 ~~may be carried under subsection (a) of this Section, no taxable~~
24 ~~year for which a deduction is disallowed under this subsection~~
25 ~~shall be counted.~~

26 (Source: P.A. 95-233, eff. 8-16-07; 96-1496, eff. 1-13-11.)

1 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

2 Sec. 804. Failure to Pay Estimated Tax.

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

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

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

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

16 (c) Amount of Required Installments.

17 (1) Amount.

18 (A) In General. Except as provided in paragraph
19 (2), the amount of any required installment shall be
20 25% of the required annual payment.

21 (B) Required Annual Payment. For purposes of
22 subparagraph (A), the term "required annual payment"
23 means the lesser of

24 (i) 90% of the tax shown on the return for the
25 taxable year, or if no return is filed, 90% of the

1 tax for such year, or

2 (ii) ~~for installments due prior to February 1,~~
3 ~~2011, and after January 31, 2012,~~ 100% of the tax
4 shown on the return of the taxpayer for the
5 preceding taxable year if a return showing a
6 liability for tax was filed by the taxpayer for the
7 preceding taxable year and such preceding year was
8 a taxable year of 12 months; or

9 (iii) ~~for installments due after January 31,~~
10 ~~2011, and prior to February 1, 2012,~~ 150% of the
11 ~~tax 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.~~

16 (2) Lower Required Installment where Annualized Income
17 Installment is Less Than Amount Determined Under Paragraph
18 (1).

19 (A) In General. In the case of any required
20 installment if a taxpayer establishes that the
21 annualized income installment is less than the amount
22 determined under paragraph (1),

23 (i) the amount of such required installment
24 shall be the annualized income installment, and

25 (ii) any reduction in a required installment
26 resulting from the application of this

1 subparagraph shall be recaptured by increasing the
 2 amount of the next required installment determined
 3 under paragraph (1) by the amount of such
 4 reduction, and by increasing subsequent required
 5 installments to the extent that the reduction has
 6 not previously been recaptured under this clause.

7 (B) Determination of Annualized Income
 8 Installment. In the case of any required installment,
 9 the annualized income installment is the excess, if
 10 any, of

11 (i) an amount equal to the applicable
 12 percentage of the tax for the taxable year computed
 13 by placing on an annualized basis the net income
 14 for months in the taxable year ending before the
 15 due date for the installment, over

16 (ii) the aggregate amount of any prior
 17 required installments for the taxable year.

18 (C) Applicable Percentage.

19 In the case of the following	The applicable
20 required installments:	percentage is:
21 1st.....	22.5%
22 2nd.....	45%
23 3rd.....	67.5%
24 4th.....	90%

25 (D) Annualized Net Income; Individuals. For
 26 individuals, net income shall be placed on an

1 annualized basis by:

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

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

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

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

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

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

26 (iii) for the first 6 months or for the first 8

1 months of the taxable year, in the case of the
2 installment required to be paid in the 9th month,
3 and

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

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

11 (d) Exceptions. Notwithstanding the provisions of the
12 preceding subsections, the penalty imposed by subsection (a)
13 shall not be imposed if the taxpayer was not required to file
14 an Illinois income tax return for the preceding taxable year,
15 or, for individuals, if the taxpayer had no tax liability for
16 the preceding taxable year and such year was a taxable year of
17 12 months. The penalty imposed by subsection (a) shall also not
18 be imposed on any underpayments of estimated tax due before the
19 effective date of this amendatory Act of 1998 which
20 underpayments are solely attributable to the change in
21 apportionment from subsection (a) to subsection (h) of Section
22 304. The provisions of this amendatory Act of 1998 apply to tax
23 years ending on or after December 31, 1998.

24 (e) The penalty imposed for underpayment of estimated tax
25 by subsection (a) of this Section shall not be imposed to the
26 extent that the Director or his or her designate determines,

1 pursuant to Section 3-8 of the Uniform Penalty and Interest Act
2 that the penalty should not be imposed.

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

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

9 (1) in the case of an individual, tax withheld from
10 compensation for the taxable year shall be deemed a payment
11 of estimated tax, and an equal part of such amount shall be
12 deemed paid on each installment date for such taxable year,
13 unless the taxpayer establishes the dates on which all
14 amounts were actually withheld, in which case the amounts
15 so withheld shall be deemed payments of estimated tax on
16 the dates on which such amounts were actually withheld;

17 (2) amounts timely paid by a partnership, Subchapter S
18 corporation, or trust on behalf of a partner, shareholder,
19 or beneficiary pursuant to subsection (f) of Section 502 or
20 Section 709.5 and claimed as a payment of estimated tax
21 shall be deemed a payment of estimated tax made on the last
22 day of the taxable year of the partnership, Subchapter S
23 corporation, or trust for which the income from the
24 withholding is made was computed; and

25 (3) all other amounts pursuant to Article 7 shall be
26 deemed a payment of estimated tax on the date the payment

1 is made to the taxpayer of the amount from which the tax is
2 withheld.

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

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

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

14 (Source: P.A. 95-233, eff. 8-16-07; 96-1496, eff. 1-13-11.)

15 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

16 Sec. 901. Collection Authority.

17 (a) In general.

18 The Department shall collect the taxes imposed by this Act.
19 The Department shall collect certified past due child support
20 amounts under Section 2505-650 of the Department of Revenue Law
21 (20 ILCS 2505/2505-650). Except as provided in subsections (c)
22 and, (e), ~~(f)~~, and ~~(g)~~ of this Section, money collected
23 pursuant to subsections (a) and (b) of Section 201 of this Act
24 shall be paid into the General Revenue Fund in the State
25 treasury; money collected pursuant to subsections (c) and (d)

1 of Section 201 of this Act shall be paid into the Personal
2 Property Tax Replacement Fund, a special fund in the State
3 Treasury; and money collected under Section 2505-650 of the
4 Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid
5 into the Child Support Enforcement Trust Fund, a special fund
6 outside the State Treasury, or to the State Disbursement Unit
7 established under Section 10-26 of the Illinois Public Aid
8 Code, as directed by the Department of Healthcare and Family
9 Services.

10 (b) Local Government Distributive Fund.

11 Beginning August 1, 1969, and continuing through June 30,
12 1994, the Treasurer shall transfer each month from the General
13 Revenue Fund to a special fund in the State treasury, to be
14 known as the "Local Government Distributive Fund", an amount
15 equal to 1/12 of the net revenue realized from the tax imposed
16 by subsections (a) and (b) of Section 201 of this Act during
17 the preceding month. Beginning July 1, 1994, and continuing
18 through June 30, 1995, the Treasurer shall transfer each month
19 from the General Revenue Fund to the Local Government
20 Distributive Fund an amount equal to 1/11 of the net revenue
21 realized from the tax imposed by subsections (a) and (b) of
22 Section 201 of this Act during the preceding month. Beginning
23 July 1, 1995 ~~and continuing through January 31, 2011,~~ the
24 Treasurer shall transfer each month from the General Revenue
25 Fund to the Local Government Distributive Fund an amount equal
26 to the net of (i) 1/10 of the net revenue realized from the tax

1 imposed by subsections (a) and (b) of Section 201 of the
2 Illinois Income Tax Act during the preceding month (ii) minus,
3 beginning July 1, 2003 and ending June 30, 2004, \$6,666,666,
4 and beginning July 1, 2004, zero. ~~Beginning February 1, 2011,~~
5 ~~and continuing through January 31, 2015, the Treasurer shall~~
6 ~~transfer each month from the General Revenue Fund to the Local~~
7 ~~Government Distributive Fund an amount equal to the sum of (i)~~
8 ~~6% (10% of the ratio of the 3% individual income tax rate prior~~
9 ~~to 2011 to the 5% individual income tax rate after 2010) of the~~
10 ~~net revenue realized from the tax imposed by subsections (a)~~
11 ~~and (b) of Section 201 of this Act upon individuals, trusts,~~
12 ~~and estates during the preceding month and (ii) 6.86% (10% of~~
13 ~~the ratio of the 4.8% corporate income tax rate prior to 2011~~
14 ~~to the 7% corporate income tax rate after 2010) of the net~~
15 ~~revenue realized from the tax imposed by subsections (a) and~~
16 ~~(b) of Section 201 of this Act upon corporations during the~~
17 ~~preceding month. Beginning February 1, 2015 and continuing~~
18 ~~through January 31, 2025, the Treasurer shall transfer each~~
19 ~~month from the General Revenue Fund to the Local Government~~
20 ~~Distributive Fund an amount equal to the sum of (i) 8% (10% of~~
21 ~~the ratio of the 3% individual income tax rate prior to 2011 to~~
22 ~~the 3.75% individual income tax rate after 2014) of the net~~
23 ~~revenue realized from the tax imposed by subsections (a) and~~
24 ~~(b) of Section 201 of this Act upon individuals, trusts, and~~
25 ~~estates during the preceding month and (ii) 9.14% (10% of the~~
26 ~~ratio of the 4.8% corporate income tax rate prior to 2011 to~~

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

25 (c) Deposits Into Income Tax Refund Fund.

26 (1) Beginning on January 1, 1989 and thereafter, the

1 Department shall deposit a percentage of the amounts
2 collected pursuant to subsections (a) and (b) (1), (2), and
3 (3), of Section 201 of this Act into a fund in the State
4 treasury known as the Income Tax Refund Fund. The
5 Department shall deposit 6% of such amounts during the
6 period beginning January 1, 1989 and ending on June 30,
7 1989. Beginning with State fiscal year 1990 and for each
8 fiscal year thereafter, the percentage deposited into the
9 Income Tax Refund Fund during a fiscal year shall be the
10 Annual Percentage. For fiscal years 1999 through 2001, the
11 Annual Percentage shall be 7.1%. For fiscal year 2003, the
12 Annual Percentage shall be 8%. For fiscal year 2004, the
13 Annual Percentage shall be 11.7%. Upon the effective date
14 of this amendatory Act of the 93rd General Assembly, the
15 Annual Percentage shall be 10% for fiscal year 2005. For
16 fiscal year 2006, the Annual Percentage shall be 9.75%. For
17 fiscal year 2007, the Annual Percentage shall be 9.75%. For
18 fiscal year 2008, the Annual Percentage shall be 7.75%. For
19 fiscal year 2009, the Annual Percentage shall be 9.75%. For
20 fiscal year 2010, the Annual Percentage shall be 9.75%. For
21 fiscal year 2011, the Annual Percentage shall be 8.75%. For
22 all other fiscal years, the Annual Percentage shall be
23 calculated as a fraction, the numerator of which shall be
24 the amount of refunds approved for payment by the
25 Department during the preceding fiscal year as a result of
26 overpayment of tax liability under subsections (a) and

1 (b) (1), (2), and (3) of Section 201 of this Act plus the
2 amount of such refunds remaining approved but unpaid at the
3 end of the preceding fiscal year, minus the amounts
4 transferred into the Income Tax Refund Fund from the
5 Tobacco Settlement Recovery Fund, and the denominator of
6 which shall be the amounts which will be collected pursuant
7 to subsections (a) and (b) (1), (2), and (3) of Section 201
8 of this Act during the preceding fiscal year; except that
9 in State fiscal year 2002, the Annual Percentage shall in
10 no event exceed 7.6%. The Director of Revenue shall certify
11 the Annual Percentage to the Comptroller on the last
12 business day of the fiscal year immediately preceding the
13 fiscal year for which it is to be effective.

14 (2) Beginning on January 1, 1989 and thereafter, the
15 Department shall deposit a percentage of the amounts
16 collected pursuant to subsections (a) and (b) (6), (7), and
17 (8), (c) and (d) of Section 201 of this Act into a fund in
18 the State treasury known as the Income Tax Refund Fund. The
19 Department shall deposit 18% of such amounts during the
20 period beginning January 1, 1989 and ending on June 30,
21 1989. Beginning with State fiscal year 1990 and for each
22 fiscal year thereafter, the percentage deposited into the
23 Income Tax Refund Fund during a fiscal year shall be the
24 Annual Percentage. For fiscal years 1999, 2000, and 2001,
25 the Annual Percentage shall be 19%. For fiscal year 2003,
26 the Annual Percentage shall be 27%. For fiscal year 2004,

1 the Annual Percentage shall be 32%. Upon the effective date
2 of this amendatory Act of the 93rd General Assembly, the
3 Annual Percentage shall be 24% for fiscal year 2005. For
4 fiscal year 2006, the Annual Percentage shall be 20%. For
5 fiscal year 2007, the Annual Percentage shall be 17.5%. For
6 fiscal year 2008, the Annual Percentage shall be 15.5%. For
7 fiscal year 2009, the Annual Percentage shall be 17.5%. For
8 fiscal year 2010, the Annual Percentage shall be 17.5%. For
9 fiscal year 2011, the Annual Percentage shall be 17.5%. For
10 all other fiscal years, the Annual Percentage shall be
11 calculated as a fraction, the numerator of which shall be
12 the amount of refunds approved for payment by the
13 Department during the preceding fiscal year as a result of
14 overpayment of tax liability under subsections (a) and
15 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
16 Act plus the amount of such refunds remaining approved but
17 unpaid at the end of the preceding fiscal year, and the
18 denominator of which shall be the amounts which will be
19 collected pursuant to subsections (a) and (b) (6), (7), and
20 (8), (c) and (d) of Section 201 of this Act during the
21 preceding fiscal year; except that in State fiscal year
22 2002, the Annual Percentage shall in no event exceed 23%.
23 The Director of Revenue shall certify the Annual Percentage
24 to the Comptroller on the last business day of the fiscal
25 year immediately preceding the fiscal year for which it is
26 to be effective.

1 (3) The Comptroller shall order transferred and the
2 Treasurer shall transfer from the Tobacco Settlement
3 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
4 in January, 2001, (ii) \$35,000,000 in January, 2002, and
5 (iii) \$35,000,000 in January, 2003.

6 (d) Expenditures from Income Tax Refund Fund.

7 (1) Beginning January 1, 1989, money in the Income Tax
8 Refund Fund shall be expended exclusively for the purpose
9 of paying refunds resulting from overpayment of tax
10 liability under Section 201 of this Act, for paying rebates
11 under Section 208.1 in the event that the amounts in the
12 Homeowners' Tax Relief Fund are insufficient for that
13 purpose, and for making transfers pursuant to this
14 subsection (d).

15 (2) The Director shall order payment of refunds
16 resulting from overpayment of tax liability under Section
17 201 of this Act from the Income Tax Refund Fund only to the
18 extent that amounts collected pursuant to Section 201 of
19 this Act and transfers pursuant to this subsection (d) and
20 item (3) of subsection (c) have been deposited and retained
21 in the Fund.

22 (3) As soon as possible after the end of each fiscal
23 year, the Director shall order transferred and the State
24 Treasurer and State Comptroller shall transfer from the
25 Income Tax Refund Fund to the Personal Property Tax
26 Replacement Fund an amount, certified by the Director to

1 the Comptroller, equal to the excess of the amount
2 collected pursuant to subsections (c) and (d) of Section
3 201 of this Act deposited into the Income Tax Refund Fund
4 during the fiscal year over the amount of refunds resulting
5 from overpayment of tax liability under subsections (c) and
6 (d) of Section 201 of this Act paid from the Income Tax
7 Refund Fund during the fiscal year.

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

20 (4.5) As soon as possible after the end of fiscal year
21 1999 and of each fiscal year thereafter, the Director shall
22 order transferred and the State Treasurer and State
23 Comptroller shall transfer from the Income Tax Refund Fund
24 to the General Revenue Fund any surplus remaining in the
25 Income Tax Refund Fund as of the end of such fiscal year;
26 excluding for fiscal years 2000, 2001, and 2002 amounts

1 attributable to transfers under item (3) of subsection (c)
2 less refunds resulting from the earned income tax credit.

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

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

9 On July 1, 1991, and thereafter, of the amounts collected
10 pursuant to subsections (a) and (b) of Section 201 of this Act,
11 minus deposits into the Income Tax Refund Fund, the Department
12 shall deposit 7.3% into the Education Assistance Fund in the
13 State Treasury. Beginning July 1, 1991, and continuing through
14 January 31, 1993, of the amounts collected pursuant to
15 subsections (a) and (b) of Section 201 of the Illinois Income
16 Tax Act, minus deposits into the Income Tax Refund Fund, the
17 Department shall deposit 3.0% into the Income Tax Surcharge
18 Local Government Distributive Fund in the State Treasury.
19 Beginning February 1, 1993 and continuing through June 30,
20 1993, of the amounts collected pursuant to subsections (a) and
21 (b) of Section 201 of the Illinois Income Tax Act, minus
22 deposits into the Income Tax Refund Fund, the Department shall
23 deposit 4.4% into the Income Tax Surcharge Local Government
24 Distributive Fund in the State Treasury. Beginning July 1,
25 1993, and continuing through June 30, 1994, of the amounts
26 collected under subsections (a) and (b) of Section 201 of this

1 Act, minus deposits into the Income Tax Refund Fund, the
2 Department shall deposit 1.475% into the Income Tax Surcharge
3 Local Government Distributive Fund in the State Treasury.

4 (f) (Blank). ~~Deposits into the Fund for the Advancement of~~
5 ~~Education. Beginning February 1, 2015, the Department shall~~
6 ~~deposit the following portions of the revenue realized from the~~
7 ~~tax imposed upon individuals, trusts, and estates by~~
8 ~~subsections (a) and (b) of Section 201 of this Act during the~~
9 ~~preceding month, minus deposits into the Income Tax Refund~~
10 ~~Fund, into the Fund for the Advancement of Education:~~

11 ~~(1) beginning February 1, 2015, and prior to February~~
12 ~~1, 2025, 1/30; and~~

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

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

18 (g) (Blank). ~~Deposits into the Commitment to Human Services~~
19 ~~Fund. Beginning February 1, 2015, the Department shall deposit~~
20 ~~the following portions of the revenue realized from the tax~~
21 ~~imposed upon individuals, trusts, and estates by subsections~~
22 ~~(a) and (b) of Section 201 of this Act during the preceding~~
23 ~~month, minus deposits into the Income Tax Refund Fund, into the~~
24 ~~Commitment to Human Services Fund:~~

25 ~~(1) beginning February 1, 2015, and prior to February~~
26 ~~1, 2025, 1/30; and~~

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

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

6 (Source: P.A. 95-707, eff. 1-11-08; 95-744, eff. 7-18-08;
7 96-45, eff. 7-15-09; 96-328, eff. 8-11-09; 96-959, eff. 7-1-10;
8 96-1496, eff. 1-13-11.)

9 Section 15. The Illinois Estate and Generation-Skipping
10 Transfer Tax Act is amended by changing Section 2 as follows:

11 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

12 Sec. 2. Definitions.

13 "Federal estate tax" means the tax due to the United States
14 with respect to a taxable transfer under Chapter 11 of the
15 Internal Revenue Code.

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

19 "Federal return" means the federal estate tax return with
20 respect to the federal estate tax and means the federal
21 generation-skipping transfer tax return with respect to the
22 federal generation-skipping transfer tax.

23 "Federal transfer tax" means the federal estate tax or the
24 federal generation-skipping transfer tax.

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

3 "Illinois generation-skipping transfer tax" means the tax
4 due to this State with respect to a taxable transfer that gives
5 rise to a federal generation-skipping transfer tax.

6 "Illinois transfer tax" means the Illinois estate tax or
7 the Illinois generation-skipping transfer tax.

8 "Internal Revenue Code" means, unless otherwise provided,
9 the Internal Revenue Code of 1986, as amended from time to
10 time.

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

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

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

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

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

23 "State tax credit" means:

24 (a) For persons dying on or after January 1, 2003 and
25 through December 31, 2005, an amount equal to the full credit
26 calculable under Section 2011 or Section 2604 of the Internal

1 Revenue Code as the credit would have been computed and allowed
2 under the Internal Revenue Code as in effect on December 31,
3 2001, without the reduction in the State Death Tax Credit as
4 provided in Section 2011(b) (2) or the termination of the State
5 Death Tax Credit as provided in Section 2011(f) as enacted by
6 the Economic Growth and Tax Relief Reconciliation Act of 2001,
7 but recognizing the increased applicable exclusion amount
8 through December 31, 2005.

9 (b) For persons dying after December 31, 2005 and on or
10 before December 31, 2009, ~~and for persons dying after December~~
11 ~~31, 2010,~~ an amount equal to the full credit calculable under
12 Section 2011 or 2604 of the Internal Revenue Code as the credit
13 would have been computed and allowed under the Internal Revenue
14 Code as in effect on December 31, 2001, without the reduction
15 in the State Death Tax Credit as provided in Section 2011(b) (2)
16 or the termination of the State Death Tax Credit as provided in
17 Section 2011(f) as enacted by the Economic Growth and Tax
18 Relief Reconciliation Act of 2001, but recognizing the
19 exclusion amount of only \$2,000,000, and with reduction to the
20 adjusted taxable estate for any qualified terminable interest
21 property election as defined in subsection (b-1) of this
22 Section.

23 (b-1) The person required to file the Illinois return may
24 elect on a timely filed Illinois return a marital deduction for
25 qualified terminable interest property under Section
26 2056(b) (7) of the Internal Revenue Code for purposes of the

1 Illinois estate tax that is separate and independent of any
2 qualified terminable interest property election for federal
3 estate tax purposes. For purposes of the Illinois estate tax,
4 the inclusion of property in the gross estate of a surviving
5 spouse is the same as under Section 2044 of the Internal
6 Revenue Code.

7 In the case of any trust for which a State or federal
8 qualified terminable interest property election is made, the
9 trustee may not retain non-income producing assets for more
10 than a reasonable amount of time without the consent of the
11 surviving spouse.

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

15 "Taxable transfer" means an event that gives rise to a
16 state tax credit, including any credit as a result of the
17 imposition of an additional tax under Section 2032A(c) of the
18 Internal Revenue Code.

19 "Transferee" means a transferee within the meaning of
20 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue
21 Code.

22 "Transferred property" means:

23 (1) With respect to a taxable transfer occurring at the
24 death of an individual, the deceased individual's gross
25 estate as defined in Section 2031 of the Internal Revenue
26 Code.

1 (2) With respect to a taxable transfer occurring as a
2 result of a taxable termination as defined in Section
3 2612(a) of the Internal Revenue Code, the taxable amount
4 determined under Section 2622(a) of the Internal Revenue
5 Code.

6 (3) With respect to a taxable transfer occurring as a
7 result of a taxable distribution as defined in Section
8 2612(b) of the Internal Revenue Code, the taxable amount
9 determined under Section 2621(a) of the Internal Revenue
10 Code.

11 (4) With respect to an event which causes the
12 imposition of an additional estate tax under Section
13 2032A(c) of the Internal Revenue Code, the qualified real
14 property that was disposed of or which ceased to be used
15 for the qualified use, within the meaning of Section
16 2032A(c) (1) of the Internal Revenue Code.

17 "Trust" includes a trust as defined in Section 2652(b) (1)
18 of the Internal Revenue Code.

19 (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11.)

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

21 Section 20. The Illinois State Auditing Act is amended by
22 repealing Section 3-20.

23 (30 ILCS 105/5.787 rep.)

24 (30 ILCS 105/6z-85 rep.)

1 (30 ILCS 105/6z-86 rep.)

2 (30 ILCS 105/25.2 rep.)

3 Section 25. The State Finance Act is amended by repealing
4 Sections 5.787, 6z-85, 6z-86, and 25.2.

5 (35 ILCS 5/202.5 rep.)

6 Section 30. The Illinois Income Tax Act is amended by
7 repealing Section 202.5.

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.