SYNOPSIS AS INTRODUCED:

See Index

AN ACT concerning budget implementation.

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

ARTICLE 1. SHORT TITLE; PURPOSE

Section 1-1. Short title. This Act may be cited as the FY2016 and FY2017 Budget Implementation (Revenue) Act.

Section 1-5. Purpose, It is the purpose of this Act to make changes in State programs that are necessary to implement the State's budget for Fiscal Years 2016 and 2017.

ARTICLE 5. ILLINOIS BUSINESS AND ECONOMIC DEVELOPMENT CORPORATION ACT

Section 5-1. Short title. This Act may be cited as the Illinois Business and Economic Development Corporation Act. References in this Article to "this Act" mean this Article.

Section 5-3. Findings. The General Assembly finds that targeted efforts to promote and foster business growth, job creation, and tourism are necessary for economic growth in Illinois to provide more prosperity and opportunities for Illinois residents. As both the public and private sectors have
a shared interest in fostering the economic vitality of the
State, it is the purpose of this Act to implement economic
development policy in the State by means of collaboration
between the government and a not-for-profit corporation.

Section 5-5. Definitions. For the purposes of this Act:
"Board" means the board of directors of the corporation.
"Chief Executive Officer" means the chief executive
officer of the corporation.
"Conflict party" means a director, officer, or employee of
the corporation; the spouse of a director, officer, or employee
of the corporation; or an immediate family member of a
director, officer, or employee of the corporation residing in
the same residence as the director, officer or employee.
"Corporation" means the Illinois Business and Economic
Development Corporation incorporated by the Department
pursuant to Section 5-10.
"Department" means the Department of Commerce and Economic
Opportunity.
"Director" means the Director of Commerce and Economic
Opportunity.

Section 5-10. Creation of the Illinois Business and
Economic Development Corporation.
(a) The General Assembly authorizes the Department, in
accordance with Section 5-10 of the State Agency Entity
Creation Act, to incorporate the Illinois Business and Economic Development Corporation as a not-for-profit corporation pursuant to the General Not For Profit Corporation Act of 1986.

(b) The purpose of the corporation shall be to operate exclusively for charitable purposes within the government, by promoting the economic development and well-being of the State. The corporation shall focus on business development, small and minority-owned business incubation, trade and investment, tourism and film. The corporation shall:

(1) develop best practices for economic development in consultation with the Department;

(2) enter into grant agreements with the Department and sub-grants with other persons and entities, subject to Department approval;

(3) maintain and develop economic data and research that is beneficial to business development in the State;

(4) maintain and develop information about specific statewide and regional economic incentives and benefits that may be available to a business to expand within, or relocate to, the State; and provide such information to prospective businesses;

(5) formulate and pursue programs and local partnerships for encouraging the location of new businesses in the State and for retaining and fostering the growth of existing businesses;

(6) negotiate tax incentives with private businesses,
subject to Department approval; and

(7) cooperate with and provide information to State
agencies, local governments, community colleges, and State
universities on economic development matters.

(c) For the purposes described in this Act, the corporation
shall collaborate with the Department; with other State
agencies, authorities, boards, and commissions whose programs
and activities significantly affect economic activity in the
State as appropriate; and with local and regional economic
development organizations, local elected officials,
community-based organizations, service delivery providers, and
other organizations whose programs and activities
significantly affect economic activity. The Department and
each other State agency, authority, board, or commission with
which the corporation seeks to collaborate shall assist the
corporation in carrying out its purposes as directed by the
Governor.

(d) The corporation shall make every effort to focus on
small business development and incentives and programs
designed to assist minority-owned and women-owned businesses
and businesses that will create jobs in areas with high
unemployment or poverty.

(e) The corporation shall not be considered, in whole or in
part, an agency, political subdivision, or instrumentality of
the State. The corporation shall not exercise any sovereign
power of the State. Employees and officers of the corporation
shall not be considered employees or officers of the State or
subject to the Personnel Code or other laws applicable to State
employees and officers. The corporation does not have authority
to pledge the credit of the State; the State shall not be
liable for the debts or obligations of the corporation; and all
debts and obligations of the corporation shall be payable
solely from the corporation's funds.

(f) The corporation shall have such powers, rights, and
obligations as are conferred upon a not-for-profit corporation
under the General Not For Profit Corporation Act of 1986,
including to accept grants, loans, or other amounts from the
State, the federal government, or other persons; to enter into
contracts; and to employ personnel and other agents.

(g) The corporation shall be established, maintained, and
operated so that donations and bequests to the corporation
qualify as tax deductible under State income tax laws and
Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code.

(h) The articles of incorporation and bylaws of the
corporation shall provide for (1) governance and efficient
management of the corporation, (2) a board of directors
satisfying the requirements of Section 5-15, (3) a conflict of
interest policy satisfying the requirements of Section 5-30,
and (4) financial operations of the corporation, including the
authority to receive and expend funds from public and private
sources and to use its property, money, and other resources for
the purposes of the corporation.
Section 5-15. Board of directors and Chief Executive Officer of the corporation.

(a) The affairs of the corporation shall be managed by or under the direction of the board of directors of the corporation.

(b) The board shall comprise 16 directors as follows:

1. The Governor or his or designee shall be a director ex officio and serve as chairperson of the board.

2. The Governor shall appoint 11 directors, including:
   (i) one director with professional experience in finance, insurance, or investment banking,
   (ii) one director with professional experience in small business development,
   (iii) one director with professional experience in the tourism or hospitality industry,
   and (iv) eight directors who are actively employed in the private, for-profit sector or who otherwise have substantial experience in economic development. Of those eight directors described in clause (iv), there shall be at least one director from each industry cluster as identified to the Governor by the Director. Of the 11 directors appointed pursuant to this paragraph, at least 6 directors shall be representatives of minority-owned and women-owned businesses.

3. The Speaker and Minority Leader of the House of Representatives and the President and Minority Leader of the Senate each shall appoint one director who is employed...
in, or retired from employment in, a private business, not-for-profit organization, or academic organization.

(c) To facilitate communication and cooperation between the corporation and State agencies involved in economic development, the director or head of each of the following agencies shall serve as a non-voting, non-director member of the board: Department of Commerce and Economic Opportunity, Department of Agriculture, Department of Natural Resources, Department of Financial and Professional Regulation, Illinois Finance Authority, Department of Revenue, Department of Labor, Department of Veterans' Affairs, Department of Central Management Services, Illinois Environmental Protection Agency, and Department of Employment Security.

(d) Except for the Governor or his or her designee, each director shall serve a term of three years. The articles of incorporation or bylaws shall divide the other 15 directors into three equal classes, with the terms of one class of directors expiring each year. In the event of a vacancy on the Board, the Governor shall appoint a replacement member within 60 days. In the event of a position appointed by a legislative leader, the leader making the original appointment shall fill the vacancy within 60 days.

(e) The Governor shall select an initial Chief Executive Officer of the corporation, subject to confirmation by a majority of members of the board. After the initial Chief Executive Officer,
shall be selected and confirmed by a majority vote of the Board.

(f) The members of the board are prohibited from making any contributions to any political committee established to support the Governor or any candidate for Governor.

Section 5-20. Office of Economic Development and Tourism. Within the Department, there shall be created a new division called the Office of Economic Development and Tourism for the purpose of collaborating with the corporation, issuing grants and transferring funds to the corporation, subject to appropriation, and being responsible for the following functions of the Department: business development; entrepreneurship, innovation, and technology; trade and investment; and tourism and film. The director of that office shall report directly to the Director.

Section 5-25. Accountability and transparency. (a) Within the Office of the Director there is created a new division called the Office of Accountability and Transparency. Such division shall be responsible for monitoring all grants made by the Department; for ensuring compliance by the Department and its grantees, including the corporation, with all applicable laws and grant terms and conditions; and for ensuring transparency in the Department's grant-making and other activities.
(b) With respect to any grant agreement entered into between the corporation and the Department, the corporation shall comply with the following provisions:

(1) For the purposes of the Freedom of Information Act, the corporation shall be considered a contractor performing a governmental function on behalf of the Department in accordance with subsection (2) of Section 7 of such Act, whether the corporation receives a grant from or enters into a contract with the Department.

(2) The corporation shall post copies of minutes of its board meetings on its publicly-accessible website. Any redactions shall be limited to information exempt from disclosure pursuant to subsection (1) of Section 7 of the Freedom of Information Act or other applicable law.

(3) The corporation shall post copies of all final grant agreements and tax incentives on its publicly-accessible website within 10 business days of the later of the execution of the final agreement or incentive or the public announcement of the final agreement or incentive. Any redactions shall be limited to information exempt from disclosure pursuant to subsection (1) of Section 7 of the Freedom of Information Act or other applicable law.

(4) The corporation shall develop procedures, standards, and objectives for evaluating all sub-grant applicants and sub-grants awarded to ensure that State
funds spent by the corporation and its sub-grantees optimize return on investment for Illinois taxpayers. Such procedures, standards, and objectives shall be disclosed on the corporation's publicly-accessible website.

(5) The corporation shall assess and report its efforts and results to the public and the Department's Office of Accountability and Transparency. In addition, the corporation shall comply with all grant monitoring procedures issued by the Department for the monitoring of grants of State and federal funds.

(6) The corporation shall conduct an annual audit performed by a certified public accountant in accordance with generally accepted accounting principles. Such audit shall be filed with the Department's Office of Accountability and Transparency and made available to the public.

(7) The corporation shall be subject to bi-annual audits by the Auditor General.

(8) The corporation shall submit an annual report by March 31 of each year to the Governor, the General Assembly, and the Department's Office of Accountability and Transparency that describes the corporation's operations and activities during the prior fiscal year, including: (A) the corporation's complete, audited financial statements, including a description of the corporation's financial conditions and operations and a
detailed account of how private funds were utilized versus
public funds; (B) a listing of all public sources of funds
received by the corporation; (C) a listing of all private
sources of funds received by the corporation; (D) a listing
of all firms and individuals who provided assistance or
resources to the corporation without compensation,
including the approximate value of the assistance or
resources provided; (E) a description of how the operations
and activities of the corporation serve the interests of
the State and promote economic development; (F) an analysis
of the State's return on investment; and (G) a listing of
all conflicts of interest from directors, officers, and
employees identified in the board meeting minutes.

(9) The corporation shall comply with all applicable
State and federal laws, including all applicable terms of
the Grant Accountability and Transparency Act. For
purposes of the Illinois Grant Funds Recovery Act, all
sub-grants of grant funds made by the corporation shall be
treated as grant funds in accordance with Section 12 of
that Act.

Section 5-30. Conflicts of interest.

(a) In the conduct of their service to the corporation,
directors, officers, and employees of the corporation shall
behave ethically and in the best interests of the State and
avoid actual and potential conflicts of interest.
(b) The corporation shall adopt and maintain a comprehensive conflicts of interest policy. Such policy shall include, without limitation, the following:

(1) Any pecuniary interest held by or for a conflict party in a grant from or contract with the corporation or a tax incentive from the Department shall be disclosed in writing and identified in the minutes of the board. Such conflict must be disclosed before the approval of any grant, contract, or incentive.

(2) A conflict party who holds a pecuniary interest in a grant from or contract with the corporation or a tax incentive from the Department, or for whom such an interest is held, shall not participate in any corporate action, including deliberations on such action, with respect to such grant, contract, or incentive.

(3) A conflict party may not acquire a pecuniary interest in a grant from or contract with the corporation or a tax incentive from the Department during the time that the conflict party (or the spouse or immediate family member of the conflict party) serves as a director, officer, or employee of the corporation and for one year after termination of such service.

(4) The corporation shall not enter into any grant or contract with any entity in which a conflict party is entitled to receive more than 7.5%, or in which a conflict party together with his or her spouse and immediate family
members residing in his or her residence are entitled to receive more than 15%, of the total distributable income of the entity. For purposes of this paragraph (4), "distributable income" means the income of a company after payment of all expenses, including employee salary and bonus, and retained earnings, which is distributed to those entitled to receive a share of the income. In the case of a for-profit corporation, "distributable" income means dividends. When calculating entitlement to distributable income the entitlement shall be determined at the end of the company's most recent fiscal year.

(5) The board of directors shall determine appropriate penalties for any violations of these provisions.

Section 5-33. Prohibition on political contributions. Any business entity whose cumulative pending applications for grants or tax incentives or previously approved grants or tax incentives in the aggregate value more than $50,000, and any affiliated entities or affiliated persons of such business entity, are prohibited from making any contributions to any political committees established to support the Governor or any candidate for Governor.

Section 5-35. Fundraising. The corporation shall raise and accept funds from private donors to support its economic development efforts and other operations.
Section 5-40. Repeal. This Act is repealed 3 years after the effective date of this Act.

(20 ILCS 605/605-300 rep.)

Section 5-90. The Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois is amended by repealing Section 605-300.

ARTICLE 10. HEALTH INSURANCE CLAIMS ASSESSMENT ACT

Section 10-1. Short title. This Act may be cited as the Health Insurance Claims Assessment Act. References in this Article to "this Act" mean this Article.

Section 10-5. Definitions. As used in this Act:

"Carrier" or "insurer" means:

(1) a company authorized to do business in this State or accredited by this State to issue policies of health or dental insurance, including but not limited to, self-insured plans, group health plans (as defined in Section 607(1) of the Employee Retirement Income Security Act of 1974), service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are by statute, contract, or agreement legally responsible for payment of a claim for a health care item...
or service;

(2) a group health plan sponsor, including, but not limited to, one or more of the following:

(A) an employer if a group health plan is established or maintained by a single employer;

(B) an employee organization if a plan is established or maintained by an employee organization; and

(C) the association, committee, joint board of trustees, or other similar group of representatives of the parties that establish or maintain a plan if the plan is established or maintained by 2 or more employers or jointly by one or more employers and one or more employee organizations.

"Claims-related expenses" means all of the following:

(1) cost containment expenses, including, but not limited to, payments for utilization review, care or case management, disease management, medication review management, risk assessment, and similar administrative services intended to reduce the claims paid for health and medical services rendered to covered individuals by attempting to ensure that needed services are delivered in the most efficacious manner possible or by helping those covered individuals maintain or improve their health;

(2) payments that are made to or by an organized group of health and medical service providers in accordance with
managed care risk arrangements or network access agreements, which payments are unrelated to the provision of services to specific covered individuals; and

(3) general administrative expenses.

"Department" means the Department of Revenue.

"Excess loss" or "stop-loss" means coverage issued by a carrier that provides insurance protection against the accumulation of total claims exceeding a stated level for a group as a whole or protection against a high-dollar claim on any one individual.

"Federal employee health benefit program" means the program of health benefits plans, as defined in 5 U.S.C. 8901, available to federal employees under 5 U.S.C. 8901 to 8914.

"Group health plan" means an employee welfare benefit plan as defined in Section 3(1) of Subtitle A of Title I of the Employee Retirement Income Security Act of 1974, to the extent that the plan provides medical care, including items and services paid for as medical care to employees or their dependents as defined under the terms of the plan directly or through insurance, reimbursement, or otherwise.

"Group insurance coverage" means a form of voluntary health and medical services insurance that covers members, with or without their eligible dependents, and that is written under a master policy.

"Health and medical services" means:

(1) services included in furnishing medical care,
dental care, pharmaceutical benefits, or hospitalization, including, but not limited to, services provided in a hospital or other medical facility;

(2) ancillary services, including, but not limited to, ambulatory services and emergency and nonemergency transportation;

(3) services provided by a physician or other practitioner, including, but not limited to, health professionals, other than veterinarians, marriage and family therapists, athletic trainers, massage therapists, and licensed professional counselors; and

(4) behavioral health services, including, but not limited to, mental health and substance abuse services.

"Paid claims" means actual payments, net of recoveries, made to a health and medical services provider or reimbursed to an individual by a carrier, third-party administrator, or excess loss or stop-loss carrier. "Paid claims" include payments, net of recoveries, made under a service contract for administrative services only, for health and medical services provided under group health plans, any claims for service in this State by a pharmacy benefits manager, and individual, nongroup, and group insurance coverage to residents of this State in this State that affect the rights of an insured in this State and bear a reasonable relation to this State, regardless of whether the coverage is delivered, renewed, or issued for delivery in this State. If a carrier or a
third-party administrator is contractually entitled to withhold a certain amount from payments due to providers of health and medical services in order to help ensure that the providers can fulfill any financial obligations they may have under a managed care risk arrangement, the full amounts due the providers before that amount is withheld shall be included in "paid claims". The term "paid claims" includes claims or payments made under any federally-approved waiver or initiative to integrate Medicare and Medicaid funding for dual eligibles under the federal Patient Protection and Affordable Care Act or the federal Healthcare and Education Reconciliation Act of 2010. The term "paid claims" does not include any of the following:

1. Claims-related expenses.
2. Payments made to a qualifying provider under an incentive compensation arrangement if the payments are not reflected in the processing of claims submitted for services rendered to specific covered individuals.
3. Claims paid by carriers or third-party administrators for specified accident, accident-only coverage, credit, disability income, long-term care, health-related claims under automobile insurance, homeowners insurance, farm owners, commercial multi-peril, and worker's compensation, or claims paid under coverage issued as a supplement to liability insurance.
4. Claims paid for services rendered to a nonresident
(5) The proportionate share of claims paid for services rendered to a person covered under a health benefit plan for federal employees.

(6) Claims paid for services rendered outside of this State to a person who is a resident of this State.

(7) Claims paid under a federal employee health benefit program, Medicare, Medicare Advantage, Medicare Part D, Tricare, by the United States Veterans Administration, and for high-risk pools established pursuant to the federal Patient Protection and Affordable Care Act or the federal Healthcare and Education Reconciliation Act of 2010.

(8) Reimbursements to individuals under a flexible spending arrangement, as that term is defined in Section 106(c)(2) of the Internal Revenue Code; a health savings account, as that term is defined in Section 223 of the Internal Revenue Code; an Archer medical savings account as defined in Section 220 of the Internal Revenue Code; a Medicare Advantage medical savings account, as that term is defined in Section 138 of the Internal Revenue Code; or other similar health reimbursement arrangement authorized under federal law.

(9) Health and medical services costs paid by an individual for cost-sharing requirements, including deductibles, coinsurance, or copays.

"Third-party administrator" means an entity that processes
claims under a service contract and that may also provide one
or more other administrative services under a service contract.

Section 10-10. Assessment; levy; limitation; adjustment;
credit; notice; carrying forward unused credit; refund.

(a) For dates of service beginning on or after January 1,
2016, there is levied upon and there shall be collected from
every carrier and third-party administrator an assessment of 1%
on that carrier's or third-party administrator's paid claims.

(b) All of the following apply to a group health plan that
uses the services of a third-party administrator or excess loss
or stop-loss insurer:

(1) A group health plan sponsor is not responsible for
an assessment under this Section for a paid claim if the
assessment on that claim has been paid by a third-party
administrator or excess loss or stop-loss insurer.

(2) Except as otherwise provided in paragraph (4), the
third-party administrator is responsible for all
assessments on paid claims paid by the third-party
administrator.

(3) Except as otherwise provided in paragraph (4), the
excess loss or stop-loss insurer is responsible for all
assessments on paid claims paid by the excess loss or
stop-loss insurer.

(4) If there is both a third-party administrator and an
excess loss or stop-loss insurer servicing the group health
plan, the third-party administrator is responsible for all assessments for paid claims that are not reimbursed by the excess loss or stop-loss insurer and the excess loss or stop-loss insurer is responsible for all assessments for paid claims that are reimbursable to the excess loss or stop-loss insurer.

(c) The assessment under this Section shall not exceed $10,000 per insured individual or covered life annually.

(d) To the extent an assessment paid under this Section for paid claims for a group health plan or individual subscriber is inaccurate due to subsequent claim adjustments or recoveries, subsequent filings shall be adjusted to accurately reflect the correct assessment based on actual claims paid.

Section 10-15. Carrier required to file rates; methodology. A carrier or third-party administrator shall develop and implement a methodology by which it will collect the assessment levied under this Act from an individual, employer, or group health plan, subject to all of the following:

(1) Any methodology shall be applied uniformly within a line of business.

(2) Except as provided in paragraph (4), health status or claims experience of an individual or group shall not be an element or factor of any methodology to collect the assessment from that individual or group.
(3) The amount collected from individuals and groups with insured coverage shall be determined as a percentage of premium.

(4) The amount collected from groups with uninsured or self-funded coverage shall be determined as a percentage of actual paid claims.

(5) The amount collected shall reflect only the assessment levied under this Act, and shall not include any additional amounts, such as related administrative expenses.

(6) Each carrier shall notify the Department of the methodology used for the collection of the assessment levied under this Act.

Section 10-20. Returns.

(a) Every carrier and third-party administrator with paid claims subject to the assessment under this Act shall file with the Department on or before April 30, July 30, October 30, and January 30 of each year a return for the preceding calendar quarter, in a form prescribed by the Department, showing all information that the Department considers necessary for the proper administration of this Act. At the same time, each carrier and third-party administrator shall pay to the Department the amount of the assessment imposed under this Act with respect to the paid claims included in the return. The Department may require each carrier and third-party
administrator to file with the Department an annual reconciliation return.

(b) If a due date falls on a Saturday, Sunday, State holiday, or legal banking holiday, the returns and assessments are due on the next succeeding business day.

(c) The Department may require that payment of the assessment be made by an electronic funds transfer method approved by the Department.

Section 10-25. Records.

(a) Each carrier or third-party administrator liable for an assessment under this Act shall keep accurate and complete records and pertinent documents as required by the Department. Records required by the Department shall be retained for a period of 4 years after the assessment imposed under this Act to which the records apply is due or as otherwise provided by law.

(b) If the Department considers it necessary, the Department may require a person, by notice served upon that person, to make a return, render under oath certain statements, or keep certain records the Department considers sufficient to show whether that person is liable for the assessment under this Act.

(c) If a carrier or third-party administrator fails to file a return or keep proper records as required under this Section, or if the Department has reason to believe that any records
kept or returns filed are inaccurate or incomplete and that additional assessments are due, the Department may assess the amount of the assessment due from the carrier or third-party administrator based on information that is available or that may become available to the Department. An assessment under this subsection (c) is considered prima facie correct under this Act, and a carrier or third-party administrator has the burden of proof for refuting the assessment.

Section 10-30. Distribution of receipts; Medicaid services. All moneys received and collected under this Act shall be deposited into the Healthcare Provider Relief Fund and used solely for the purpose of funding Medicaid services provided under the medical assistance programs administered by the Department of Healthcare and Family Services.

ARTICLE 15. NEW MARKETS DEVELOPMENT PROGRAM; WATER'S EDGE; STIPENDS

Section 15-5. The New Markets Development Program Act is amended by adding Section 55 as follows:

(20 ILCS 663/55 new)
Sec. 55. Repealer. This Act is repealed on July 1, 2016.

Section 15-10. The Illinois Income Tax Act is amended by
changing Sections 203, 304, 901, and 1501 and by adding Section 309 as follows:

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

Sec. 203. Base income defined.

(a) Individuals.

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

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

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

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

       (C) An amount equal to the amount received during the taxable year as a recovery or refund of real
property taxes paid with respect to the taxpayer's principal residence under the Revenue Act of 1939 and for which a deduction was previously taken under subparagraph (L) of this paragraph (2) prior to July 1, 1991, the retrospective application date of Article 4 of Public Act 87-17. In the case of multi-unit or multi-use structures and farm dwellings, the taxes on the taxpayer's principal residence shall be that portion of the total taxes for the entire property which is attributable to such principal residence;

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

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

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

(D-15) For taxable years 2001 and thereafter, an
amount equal to the bonus depreciation deduction taken
on the taxpayer's federal income tax return for the
taxable year under subsection (k) of Section 168 of the
Internal Revenue Code; except that, for taxable years
beginning on or after January 1, 2016, for property
acquired by purchase, as defined in subsection (d) of
Section 179 of the Internal Revenue Code, by a small
business, the modification shall be in an amount equal
to the depreciation deduction taken on the taxpayer's
federal income tax return for property that is
depreciable pursuant to Section 167 of the Internal
Revenue Code; for purposes of this paragraph (D-15),
"small business" means an individual sole proprietor,
corporation, trust, or partnership, including its
affiliates, that is independently owned and operated,
not dominant in its field, and has average gross annual
sales for the taxable year and the 2 previous taxable
years of less than $10,000,000;

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

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

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

(D-17) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different
subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

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

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

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and
(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

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

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

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

(D-18) An amount equal to the amount of intangible
expenses and costs otherwise allowed as a deduction in
computing base income, and that were paid, accrued, or
incurred, directly or indirectly, (i) for taxable
years ending on or after December 31, 2004, to a
foreign person who would be a member of the same
unitary business group but for the fact that the
foreign person's business activity outside the United
States is 80% or more of that person's total business
activity and (ii) for taxable years ending on or after
December 31, 2008, to a person who would be a member of
the same unitary business group but for the fact that
the person is prohibited under Section 1501(a)(27)
from being included in the unitary business group
because he or she is ordinarily required to apportion
business income under different subsections of Section
304. The addition modification required by this
subparagraph shall be reduced to the extent that
dividends were included in base income of the unitary
group for the same taxable year and received by the
taxpayer or by a member of the taxpayer's unitary
business group (including amounts included in gross
income under Sections 951 through 964 of the Internal
Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(a)(2)(D-17) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This paragraph shall not apply to the following:

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

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

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

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

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

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

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

(D-20) For taxable years beginning on or after January 1, 2002 and ending on or before December 31, 2006, in the case of a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code, other than (i) a distribution from a College Savings Pool created under Section 16.5 of the State Treasurer Act or (ii) a distribution from the Illinois Prepaid Tuition Trust Fund, an amount equal to the amount excluded from gross income under Section 529(c)(3)(B). For taxable years beginning on or after January 1, 2007, in the case of a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code, other than (i) a distribution from a College Savings Pool created under Section 16.5 of the State Treasurer Act, (ii) a distribution from
the Illinois Prepaid Tuition Trust Fund, or (iii) a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code that (I) adopts and determines that its offering materials comply with the College Savings Plans Network's disclosure principles and (II) has made reasonable efforts to inform in-state residents of the existence of in-state qualified tuition programs by informing Illinois residents directly and, where applicable, to inform financial intermediaries distributing the program to inform in-state residents of the existence of in-state qualified tuition programs at least annually, an amount equal to the amount excluded from gross income under Section 529(c)(3)(B).

For the purposes of this subparagraph (D-20), a qualified tuition program has made reasonable efforts if it makes disclosures (which may use the term "in-state program" or "in-state plan" and need not specifically refer to Illinois or its qualified programs by name) (i) directly to prospective participants in its offering materials or makes a public disclosure, such as a website posting; and (ii) where applicable, to intermediaries selling the out-of-state program in the same manner that the out-of-state program distributes its offering materials;
(D-21) For taxable years beginning on or after January 1, 2007, in the case of transfer of moneys from a qualified tuition program under Section 529 of the Internal Revenue Code that is administered by the State to an out-of-state program, an amount equal to the amount of moneys previously deducted from base income under subsection (a)(2)(Y) of this Section;

(D-22) For taxable years beginning on or after January 1, 2009, in the case of a nonqualified withdrawal or refund of moneys from a qualified tuition program under Section 529 of the Internal Revenue Code administered by the State that is not used for qualified expenses at an eligible education institution, an amount equal to the contribution component of the nonqualified withdrawal or refund that was previously deducted from base income under subsection (a)(2)(y) of this Section, provided that the withdrawal or refund did not result from the beneficiary's death or disability;

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

(D-24) For taxable years ending on or after December 31, 2015, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code
for the taxable year;

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

(E) For taxable years ending before December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in action) paid to a resident by reason of being on active duty in the Armed Forces of the United States and in respect of any compensation paid or accrued to a governmental employee who as a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 1971 or thereafter for annual training performed pursuant to Sections 502 and 503, Title 32, United States Code as a member of the Illinois National Guard or, beginning with taxable years ending on or after December 31, 2007, the National Guard of any other state. For taxable years ending on or after December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in action) paid to a resident by reason of being a member of any component of the Armed Forces of the United States and in respect of any compensation paid or accrued to a resident who
as a governmental employee was a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 2001 or thereafter by reason of being a member of the Illinois National Guard or, beginning with taxable years ending on or after December 31, 2007, the National Guard of any other state. The provisions of this subparagraph (E) are exempt from the provisions of Section 250;

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

(G) The valuation limitation amount;

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

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

(J) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act, and conducts substantially all of its operations in a River Edge Redevelopment Zone or zones. This subparagraph (J) is exempt from the provisions of Section 250;

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

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

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

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

(O) An amount equal to any contribution made to a job training project established pursuant to the Tax Increment Allocation Redevelopment Act;
(P) An amount equal to the amount of the deduction used to compute the federal income tax credit for restoration of substantial amounts held under claim of right for the taxable year pursuant to Section 1341 of the Internal Revenue Code or of any itemized deduction taken from adjusted gross income in the computation of taxable income for restoration of substantial amounts held under claim of right for the taxable year;

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

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

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

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

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

(V) Beginning with tax years ending on or after
December 31, 1995 and ending with tax years ending on
or before December 31, 2004, an amount equal to the
amount paid by a taxpayer who is a self-employed
taxpayer, a partner of a partnership, or a shareholder
in a Subchapter S corporation for health insurance or
long-term care insurance for that taxpayer or that
taxpayer's spouse or dependents, to the extent that the
amount paid for that health insurance or long-term care
insurance may be deducted under Section 213 of the
Internal Revenue Code, has not been deducted on the
federal income tax return of the taxpayer, and does not
exceed the taxable income attributable to that
taxpayer's income, self-employment income, or
Subchapter S corporation income; except that no
deduction shall be allowed under this item (V) if the
taxpayer is eligible to participate in any health
insurance or long-term care insurance plan of an
employer of the taxpayer or the taxpayer's spouse. The
amount of the health insurance and long-term care
insurance subtracted under this item (V) shall be
determined by multiplying total health insurance and
long-term care insurance premiums paid by the taxpayer
times a number that represents the fractional
percentage of eligible medical expenses under Section
213 of the Internal Revenue Code of 1986 not actually
deducted on the taxpayer's federal income tax return;

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

(X) For taxable year 1999 and thereafter, an amount
equal to the amount of any (i) distributions, to the
extent includible in gross income for federal income
tax purposes, made to the taxpayer because of his or
her status as a victim of persecution for racial or
religious reasons by Nazi Germany or any other Axis
regime or as an heir of the victim and (ii) items of
income, to the extent includible in gross income for
federal income tax purposes, attributable to, derived
from or in any way related to assets stolen from,
hidden from, or otherwise lost to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime immediately prior to, during, and immediately after World War II, including, but not limited to, interest on the proceeds receivable as insurance under policies issued to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime by European insurance companies immediately prior to and during World War II; provided, however, this subtraction from federal adjusted gross income does not apply to assets acquired with such assets or with the proceeds from the sale of such assets; provided, further, this paragraph shall only apply to a taxpayer who was the first recipient of such assets after their recovery and who is a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim. The amount of and the eligibility for any public assistance, benefit, or similar entitlement is not affected by the inclusion of items (i) and (ii) of this paragraph in gross income for federal income tax purposes. This paragraph is exempt from the provisions of Section 250;

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

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

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

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

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

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

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0; and

(4) for taxable years beginning on and after January 1, 2016, in the case of a small business, for property acquired by purchase as defined in subsection (d) of Section 179 of the Internal Revenue Code, "x" equals the basis of the property used to compute the depreciation deduction for
federal income tax purposes; for purposes of this paragraph (Z)(4), "small business" means an individual sole proprietor, corporation, trust, or partnership, including its affiliates, that is independently owned and operated, not dominant in its field, and has average gross annual sales for the taxable year and the 2 previous taxable years of less than $10,000,000.

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

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

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

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

This subparagraph (AA) is exempt from the provisions of Section 250;

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

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

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

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

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

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

(b) Corporations.

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

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

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

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

(C) In the case of a regulated investment company, an amount equal to the excess of (i) the net long-term capital gain for the taxable year, over (ii) the amount of the capital gain dividends designated as such in accordance with Section 852(b)(3)(C) of the Internal Revenue Code and any amount designated under Section 852(b)(3)(D) of the Internal Revenue Code, attributable to the taxable year (this amendatory Act of 1995 (Public Act 89-89) is declarative of existing law and is not a new enactment);

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

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

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

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

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

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

(E-10) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction taken
on the taxpayer's federal income tax return for the
taxable year under subsection (k) of Section 168 of the
Internal Revenue Code; except that, for taxable years
beginning on or after January 1, 2016, for property
acquired by purchase, as defined in subsection (d) of
Section 179 of the Internal Revenue Code, by a small
business, the modification shall be in an amount equal
to the depreciation deduction taken on the taxpayer's
federal income tax return for property that is
depreciable pursuant to Section 167 of the Internal
Revenue Code; for purposes of this paragraph (E-10),
"small business" means an individual sole proprietor,
corporation, trust, or partnership, including its
affiliates, that is independently owned and operated,
not dominant in its field, and has average gross annual
sales for the taxable year and the 2 previous taxable
years of less than $10,000,000;

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

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

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

(E-12) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of
the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

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

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

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

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

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

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

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

(E-13) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code)
with respect to the stock of the same person to whom
the intangible expenses and costs were directly or
indirectly paid, incurred, or accrued. The preceding
sentence shall not apply to the extent that the same
dividends caused a reduction to the addition
modification required under Section 203(b)(2)(E-12) of
this Act. As used in this subparagraph, the term
"intangible expenses and costs" includes (1) expenses,
losses, and costs for, or related to, the direct or
indirect acquisition, use, maintenance or management,
ownership, sale, exchange, or any other disposition of
intangible property; (2) losses incurred, directly or
indirectly, from factoring transactions or discounting
transactions; (3) royalty, patent, technical, and
copyright fees; (4) licensing fees; and (5) other
similar expenses and costs. For purposes of this
subparagraph, "intangible property" includes patents,
patent applications, trade names, trademarks, service
marks, copyrights, mask works, trade secrets, and
similar types of intangible assets.

This paragraph shall not apply to the following:

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

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

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

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

(iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f);
Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

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

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

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

(E-17) For taxable years ending on or after December 31, 2015, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code for the taxable year;

(E-18) For taxable years ending on or after December 31, 2015, any deduction allowed to the taxpayer under Sections 243 through 246A of the Internal Revenue Code;
and by deducting from the total so obtained the sum of the following amounts:

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

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

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

(I) With the exception of any amounts subtracted under subparagraph (J), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a) (2), and 265(a)(2) and amounts disallowed as interest expense by Section 291(a)(3) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, for tax years ending on or after December 31, 2011, amounts disallowed as deductions by Section 45G(e)(3) of the Internal Revenue Code and, for taxable years
ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code and the policyholders' share of tax-exempt interest of a life insurance company under Section 807(a)(2)(B) of the Internal Revenue Code (in the case of a life insurance company with gross income from a decrease in reserves for the tax year) or Section 807(b)(1)(B) of the Internal Revenue Code (in the case of a life insurance company allowed a deduction for an increase in reserves for the tax year); the provisions of this subparagraph are exempt from the provisions of Section 250;

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

(K) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act and conducts substantially
all of its operations in a River Edge Redevelopment Zone or zones. This subparagraph (K) is exempt from the provisions of Section 250;

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

(M) For any taxpayer that is a financial organization within the meaning of Section 304(c) of this Act, an amount included in such total as interest income from a loan or loans made by such taxpayer to a borrower, to the extent that such a loan is secured by property which is eligible for the River Edge Redevelopment Zone Investment Credit. To determine the portion of a loan or loans that is secured by property eligible for a Section 201(f) investment credit to the borrower, the entire principal amount of the loan or loans between the taxpayer and the borrower should be divided into the basis of the Section 201(f) investment credit property which secures the loan or loans, using for this purpose the original basis of such property on
the date that it was placed in service in the River Edge Redevelopment Zone. The subtraction modification available to taxpayer in any year under this subsection shall be that portion of the total interest paid by the borrower with respect to such loan attributable to the eligible property as calculated under the previous sentence. This subparagraph (M) is exempt from the provisions of Section 250;

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

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

(O) An amount equal to: (i) 85% for taxable years ending on or before December 31, 1992, or, a percentage equal to the percentage allowable under Section 243(a)(1) of the Internal Revenue Code of 1986 for taxable years ending after December 31, 1992, of the amount by which dividends included in taxable income and received from a corporation that is not created or organized under the laws of the United States or any
state or political subdivision thereof, including, for
taxable years ending on or after December 31, 1988,
dividends received or deemed received or paid or deemed
paid under Sections 951 through 965 of the Internal
Revenue Code, exceed the amount of the modification
provided under subparagraph (G) of paragraph (2) of
this subsection (b) which is related to such dividends,
and including, for taxable years ending on or after
December 31, 2008, dividends received from a captive
real estate investment trust; plus (ii) 100% of the
amount by which dividends, included in taxable income
and received, including, for taxable years ending on or
after December 31, 1988, dividends received or deemed
received or paid or deemed paid under Sections 951
through 964 of the Internal Revenue Code and including,
for taxable years ending on or after December 31, 2008,
dividends received from a captive real estate
investment trust, from any such corporation specified
in clause (i) that would but for the provisions of
Section 1504 (b) (3) of the Internal Revenue Code be
treated as a member of the affiliated group which
includes the dividend recipient, exceed the amount of
the modification provided under subparagraph (G) of
paragraph (2) of this subsection (b) which is related
to such dividends. This subparagraph (O) shall not
apply to taxable years ending on or after December 31,
2015 is exempt from the provisions of Section 250 of this Act;

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

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

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

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

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

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

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

(3) for taxable years ending after December 31, 2005:
(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0; and

for taxable years beginning on and after January 1, 2016, in the case of a small business, for property acquired by purchase as defined in subsection (d) of Section 179 of the Internal Revenue Code, "x" equals the basis of the property used to compute the depreciation deduction for federal income tax purposes; for purposes of this paragraph (T)(4), "small business" means an individual sole proprietor, corporation, trust, or partnership, including its affiliates, that is independently owned and operated, not dominant in its field, and has average gross annual sales for the taxable year and the 2 previous taxable years of less than $10,000,000.

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

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

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

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

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

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

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

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

(Y) For taxable years ending on or after December 31, 2011, in the case of a taxpayer who was required to add back any insurance premiums under Section 203(b)(2)(E-14), such taxpayer may elect to subtract that part of a reimbursement received from the insurance company equal to the amount of the expense or loss (including expenses incurred by the insurance company) that would have been taken into account as a deduction for federal income tax purposes if the expense or loss had been uninsured. If a taxpayer makes the election provided for by this subparagraph (Y), the insurer to which the premiums were paid must add back to income the amount subtracted by the taxpayer pursuant to this subparagraph (Y). This subparagraph (Y) is exempt from the provisions of Section 250; and

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

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

(c) Trusts and estates.

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

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

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

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

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

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

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

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

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

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

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

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

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

(G-10) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code; except that, for taxable years beginning on or after January 1, 2016, for property acquired by purchase, as defined in subsection (d) of Section 179 of the Internal Revenue Code, by a small business, the modification shall be in an amount equal to the depreciation deduction taken on the taxpayer's federal income tax return for property that is depreciable pursuant to Section 167 of the Internal Revenue Code; for purposes of this paragraph (G-10), "small business" means an individual sole proprietor, corporation, trust, or partnership, including its affiliates, that is independently owned and operated, not dominant in its field, and has average gross annual sales for the taxable year and the 2 previous taxable
years of less than $10,000,000; and

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

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

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

(G-12) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of the foreign
person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person who is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such interest; or
(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

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

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

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

(iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or

if the taxpayer and the Director agree in writing
to the application or use of an alternative method of apportionment under Section 304(f).

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

(G-13) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion
business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence shall not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(c)(2)(G-12) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes: (1) expenses, losses, and costs for or related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For
purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets. This paragraph shall not apply to the following:

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

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

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

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

or

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

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

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

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

(G-16) For taxable years ending on or after December 31, 2015, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code
for the taxable year;
and by deducting from the total so obtained the sum of the
following amounts:

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

(I) The valuation limitation amount;

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

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

(L) With the exception of any amounts subtracted
under subparagraph (K), an amount equal to the sum of
all amounts disallowed as deductions by (i) Sections
171(a) (2) and 265(a)(2) of the Internal Revenue Code,
and all amounts of expenses allocable to interest and
disallowed as deductions by Section 265(1) of the
Internal Revenue Code; and (ii) for taxable years
ending on or after August 13, 1999, Sections 171(a)(2),
265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue
Code, plus, (iii) for taxable years ending on or after
December 31, 2011, Section 45G(e)(3) of the Internal
Revenue Code and, for taxable years ending on or after
December 31, 2008, any amount included in gross income
under Section 87 of the Internal Revenue Code; the
provisions of this subparagraph are exempt from the
provisions of Section 250;

(M) An amount equal to those dividends included in
such total which were paid by a corporation which
conducts business operations in a River Edge
Redevelopment Zone or zones created under the River
Edge Redevelopment Zone Act and conducts substantially
all of its operations in a River Edge Redevelopment
Zone or zones. This subparagraph (M) is exempt from the
provisions of Section 250;

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

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

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

(Q) For taxable year 1999 and thereafter, an amount equal to the amount of any (i) distributions, to the extent includible in gross income for federal income tax purposes, made to the taxpayer because of his or her status as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim and (ii) items of income, to the extent includible in gross income for
federal income tax purposes, attributable to, derived from or in any way related to assets stolen from, hidden from, or otherwise lost to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime immediately prior to, during, and immediately after World War II, including, but not limited to, interest on the proceeds receivable as insurance under policies issued to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime by European insurance companies immediately prior to and during World War II; provided, however, this subtraction from federal adjusted gross income does not apply to assets acquired with such assets or with the proceeds from the sale of such assets; provided, further, this paragraph shall only apply to a taxpayer who was the first recipient of such assets after their recovery and who is a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim. The amount of and the eligibility for any public assistance, benefit, or similar entitlement is not affected by the inclusion of items (i) and (ii) of this paragraph in gross income for federal income tax purposes. This paragraph is exempt from the provisions of Section 250;

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

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

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

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

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

   (ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by
1.0; and -

(4) for taxable years beginning on and after January 1, 2016, in the case of a small business, for property acquired by purchase as defined in subsection (d) of Section 179 of the Internal Revenue Code, "x" equals the basis of the property used to compute the depreciation deduction for federal income tax purposes; for purposes of this paragraph (R)(4), "small business" means an individual sole proprietor, corporation, trust, or partnership, including its affiliates, that is independently owned and operated, not dominant in its field, and has average gross annual sales for the taxable year and the 2 previous taxable years of less than $10,000,000.

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

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

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

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

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

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

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

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

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

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

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

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

(d) Partnerships.

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

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

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

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

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

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

(D-5) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction taken
on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code; except that, for taxable years beginning on or after January 1, 2016, for property acquired by purchase, as defined in subsection (d) of Section 179 of the Internal Revenue Code, by a small business, the modification shall be in an amount equal to the depreciation deduction taken on the taxpayer's federal income tax return for property that is depreciable pursuant to Section 167 of the Internal Revenue Code; for purposes of this paragraph (D-5), "small business" means an individual sole proprietor, corporation, trust, or partnership, including its affiliates, that is independently owned and operated, not dominant in its field, and has average gross annual sales for the taxable year and the 2 previous taxable years of less than $10,000,000;

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

If the taxpayer continues to own property through the last day of the last tax year for which the
The taxpayer is required to make the addition modification under this subparagraph only once with respect to any one piece of property;

(D-7) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of
the unitary group for the same taxable year and
received by the taxpayer or by a member of the
taxpayer's unitary business group (including amounts
included in gross income pursuant to Sections 951
through 964 of the Internal Revenue Code and amounts
included in gross income under Section 78 of the
Internal Revenue Code) with respect to the stock of the
same person to whom the interest was paid, accrued, or
incurred.

This paragraph shall not apply to the following:

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

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

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

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

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

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

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

(D-8) An amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code)
with respect to the stock of the same person to whom
the intangible expenses and costs were directly or
indirectly paid, incurred or accrued. The preceding
sentence shall not apply to the extent that the same
dividends caused a reduction to the addition
modification required under Section 203(d)(2)(D-7) of
this Act. As used in this subparagraph, the term
"intangible expenses and costs" includes (1) expenses,
losses, and costs for, or related to, the direct or
indirect acquisition, use, maintenance or management,
ownership, sale, exchange, or any other disposition of
intangible property; (2) losses incurred, directly or
indirectly, from factoring transactions or discounting
transactions; (3) royalty, patent, technical, and
copyright fees; (4) licensing fees; and (5) other
similar expenses and costs. For purposes of this
subparagraph, "intangible property" includes patents,
patent applications, trade names, trademarks, service
marks, copyrights, mask works, trade secrets, and
similar types of intangible assets;

This paragraph shall not apply to the following:

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

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

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

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

(iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f);
Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act;

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

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

(D-11) For taxable years ending on or after December 31, 2015, an amount equal to the deduction allowed under Section 199 of the Internal Revenue Code for the taxable year;

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

(E) The valuation limitation amount;

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

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

(H) Any income of the partnership which constitutes personal service income as defined in Section 1348 (b) (1) of the Internal Revenue Code (as in effect December 31, 1981) or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership, whichever is greater; this subparagraph (H) is exempt from the provisions of Section 250;

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

(J) With the exception of any amounts subtracted under subparagraph (G), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections
171(a)(2), and 265(2) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, (iii) for taxable years ending on or after December 31, 2011, Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code; the provisions of this subparagraph are exempt from the provisions of Section 250;

(K) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act and conducts substantially all of its operations from a River Edge Redevelopment Zone or zones. This subparagraph (K) is exempt from the provisions of Section 250;

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

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

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

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

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

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

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

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

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0; and

(4) for taxable years beginning on and after January 1, 2016, in the case of a small business, for property acquired by purchase as defined in subsection (d) of Section 179 of the Internal Revenue Code, "x" equals the basis of the property used to compute the depreciation deduction for federal income tax purposes; for purposes of this paragraph (O)(4), "small business" means an individual sole proprietor, corporation, trust, or partnership, including its affiliates, that is independently owned and operated, not dominant in its field, and has average gross annual sales for
the taxable year and the 2 previous taxable years
of less than $10,000,000.

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

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

If the taxpayer continues to own property through
the last day of the last tax year for which the
taxpayer may claim a depreciation deduction for
federal income tax purposes and for which the taxpayer
was required in any taxable year to make an addition
modification under subparagraph (D-5), then an amount
equal to that addition modification.

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

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

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

(R) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with (i) a foreign person who would be a member of the taxpayer's unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of that person's total business activity and (ii) for taxable
years ending on or after December 31, 2008, to a person
who would be a member of the same unitary business
group but for the fact that the person is prohibited
under Section 1501(a)(27) from being included in the
unitary business group because he or she is ordinarily
required to apportion business income under different
 subsections of Section 304, but not to exceed the
addition modification required to be made for the same
taxable year under Section 203(d)(2)(D-7) for interest
paid, accrued, or incurred, directly or indirectly, to
the same person. This subparagraph (R) is exempt from
Section 250;

(S) An amount equal to the income from intangible
property taken into account for the taxable year (net
of the deductions allocable thereto) with respect to
transactions with (i) a foreign person who would be a
member of the taxpayer's unitary business group but for
the fact that the foreign person's business activity
outside the United States is 80% or more of that
person's total business activity and (ii) for taxable
years ending on or after December 31, 2008, to a person
who would be a member of the same unitary business
group but for the fact that the person is prohibited
under Section 1501(a)(27) from being included in the
unitary business group because he or she is ordinarily
required to apportion business income under different
subsections of Section 304, but not to exceed the addition modification required to be made for the same taxable year under Section 203(d)(2)(D-8) for intangible expenses and costs paid, accrued, or incurred, directly or indirectly, to the same person. This subparagraph (S) is exempt from Section 250; and

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

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

(1) In general. Subject to the provisions of paragraph (2) and subsection (b) (3), for purposes of this Section and Section 803(e), a taxpayer's gross income, adjusted
gross income, or taxable income for the taxable year shall
mean the amount of gross income, adjusted gross income or
taxable income properly reportable for federal income tax
purposes for the taxable year under the provisions of the
Internal Revenue Code. Taxable income may be less than
zero. However, for taxable years ending on or after
December 31, 1986, net operating loss carryforwards from
taxable years ending prior to December 31, 1986, may not
exceed the sum of federal taxable income for the taxable
year before net operating loss deduction, plus the excess
of addition modifications over subtraction modifications
for the taxable year. For taxable years ending prior to
December 31, 1986, taxable income may never be an amount in
excess of the net operating loss for the taxable year as
defined in subsections (c) and (d) of Section 172 of the
Internal Revenue Code, provided that when taxable income of
a corporation (other than a Subchapter S corporation),
trust, or estate is less than zero and addition
modifications, other than those provided by subparagraph
(E) of paragraph (2) of subsection (b) for corporations or
subparagraph (E) of paragraph (2) of subsection (c) for
trusts and estates, exceed subtraction modifications, an
addition modification must be made under those
subparagraphs for any other taxable year to which the
taxable income less than zero (net operating loss) is
applied under Section 172 of the Internal Revenue Code or
under subparagraph (E) of paragraph (2) of this subsection (e) applied in conjunction with Section 172 of the Internal Revenue Code.

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

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

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

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

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

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

(F) Cooperatives. In the case of a cooperative
corporation or association, the taxable income of such
organization determined in accordance with the
provisions of Section 1381 through 1388 of the Internal
Revenue Code, but without regard to the prohibition
against offsetting losses from patronage activities
against income from nonpatronage activities; except
that a cooperative corporation or association may make
an election to follow its federal income tax treatment
of patronage losses and nonpatronage losses. In the
event such election is made, such losses shall be
computed and carried over in a manner consistent with
subsection (a) of Section 207 of this Act and
apportioned by the apportionment factor reported by
the cooperative on its Illinois income tax return filed
for the taxable year in which the losses are incurred. The election shall be effective for all taxable years with original returns due on or after the date of the election. In addition, the cooperative may file an amended return or returns, as allowed under this Act, to provide that the election shall be effective for losses incurred or carried forward for taxable years occurring prior to the date of the election. Once made, the election may only be revoked upon approval of the Director. The Department shall adopt rules setting forth requirements for documenting the elections and any resulting Illinois net loss and the standards to be used by the Director in evaluating requests to revoke elections. Public Act 96-932 is declaratory of existing law;

(G) Subchapter S corporations. In the case of: (i) a Subchapter S corporation for which there is in effect an election for the taxable year under Section 1362 of the Internal Revenue Code, the taxable income of such corporation determined in accordance with Section 1363(b) of the Internal Revenue Code, except that taxable income shall take into account those items which are required by Section 1363(b)(1) of the Internal Revenue Code to be separately stated; and (ii) a Subchapter S corporation for which there is in effect a federal election to opt out of the provisions of the
Subchapter S Revision Act of 1982 and have applied instead the prior federal Subchapter S rules as in effect on July 1, 1982, the taxable income of such corporation determined in accordance with the federal Subchapter S rules as in effect on July 1, 1982; and

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

(3) Recapture of business expenses on disposition of asset or business. Notwithstanding any other law to the contrary, if in prior years income from an asset or business has been classified as business income and in a later year is demonstrated to be non-business income, then all expenses, without limitation, deducted in such later year and in the 2 immediately preceding taxable years related to that asset or business that generated the non-business income shall be added back and recaptured as business income in the year of the disposition of the asset or business. Such amount shall be apportioned to Illinois using the greater of the apportionment fraction computed for the business under Section 304 of this Act for the taxable year or the average of the apportionment fractions
computed for the business under Section 304 of this Act for
the taxable year and for the 2 immediately preceding
taxable years.

(f) Valuation limitation amount.

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

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

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

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

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

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

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

(g) Double deductions. Unless specifically provided
otherwise, nothing in this Section shall permit the same item
to be deducted more than once.
(h) Legislative intention. Except as expressly provided by this Section there shall be no modifications or limitations on the amounts of income, gain, loss or deduction taken into account in determining gross income, adjusted gross income or taxable income for federal income tax purposes for the taxable year, or in the amount of such items entering into the computation of base income and net income under this Act for such taxable year, whether in respect of property values as of August 1, 1969 or otherwise.

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

(35 ILCS 5/304) (from Ch. 120, par. 3-304)

Sec. 304. Business income of persons other than residents.

(a) In general. The business income of a person other than a resident shall be allocated to this State if such person's business income is derived solely from this State. If a person other than a resident derives business income from this State and one or more other states, then, for tax years ending on or before December 30, 1998, and for tax years ending on or after December 31, 2015, and except as otherwise provided by this Section, such person's business income shall be apportioned to this State by multiplying the income by a fraction, the
numerator of which is the sum of the property factor (if any),
the payroll factor (if any) and 200% of the sales factor (if
any), and the denominator of which is 4 reduced by the number
of factors other than the sales factor which have a denominator
of zero and by an additional 2 if the sales factor has a
denominator of zero. For tax years ending on or after December
31, 1998 and ending on or before December 30, 2015, and except
as otherwise provided by this Section, persons other than
residents who derive business income from this State and one or
more other states shall compute their apportionment factor by
weighting their property, payroll, and sales factors as
provided in subsection (h) of this Section.

(1) Property factor.

   (A) The property factor is a fraction, the numerator of
which is the average value of the person's real and
tangible personal property owned or rented and used in the
trade or business in this State during the taxable year and
the denominator of which is the average value of all the
person's real and tangible personal property owned or
rented and used in the trade or business during the taxable
year.

   (B) Property owned by the person is valued at its
original cost. Property rented by the person is valued at 8
times the net annual rental rate. Net annual rental rate is
the annual rental rate paid by the person less any annual
rental rate received by the person from sub-rentals.
(C) The average value of property shall be determined by averaging the values at the beginning and ending of the taxable year but the Director may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the person's property.

(2) Payroll factor.

(A) The payroll factor is a fraction, the numerator of which is the total amount paid in this State during the taxable year by the person for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year.

(B) Compensation is paid in this State if:

(i) The individual's service is performed entirely within this State;

(ii) The individual's service is performed both within and without this State, but the service performed without this State is incidental to the individual's service performed within this State; or

(iii) Some of the service is performed within this State and either the base of operations, or if there is no base of operations, the place from which the service is directed or controlled is within this State, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the
individual's residence is in this State.

(iv) Compensation paid to nonresident professional athletes.

(a) General. The Illinois source income of a nonresident individual who is a member of a professional athletic team includes the portion of the individual's total compensation for services performed as a member of a professional athletic team during the taxable year which the number of duty days spent within this State performing services for the team in any manner during the taxable year bears to the total number of duty days spent both within and without this State during the taxable year.

(b) Travel days. Travel days that do not involve either a game, practice, team meeting, or other similar team event are not considered duty days spent in this State. However, such travel days are considered in the total duty days spent both within and without this State.

(c) Definitions. For purposes of this subpart (iv):

(1) The term "professional athletic team" includes, but is not limited to, any professional baseball, basketball, football, soccer, or hockey team.

(2) The term "member of a professional
athletic team" includes those employees who are active players, players on the disabled list, and any other persons required to travel and who travel with and perform services on behalf of a professional athletic team on a regular basis. This includes, but is not limited to, coaches, managers, and trainers.

(3) Except as provided in items (C) and (D) of this subpart (3), the term "duty days" means all days during the taxable year from the beginning of the professional athletic team's official pre-season training period through the last game in which the team competes or is scheduled to compete. Duty days shall be counted for the year in which they occur, including where a team's official pre-season training period through the last game in which the team competes or is scheduled to compete, occurs during more than one tax year.

(A) Duty days shall also include days on which a member of a professional athletic team performs service for a team on a date that does not fall within the foregoing period (e.g., participation in instructional leagues, the "All Star Game", or promotional "caravans"). Performing a service for a professional
athletic team includes conducting training and rehabilitation activities, when such activities are conducted at team facilities.

(B) Also included in duty days are game days, practice days, days spent at team meetings, promotional caravans, preseason training camps, and days served with the team through all post-season games in which the team competes or is scheduled to compete.

(C) Duty days for any person who joins a team during the period from the beginning of the professional athletic team's official pre-season training period through the last game in which the team competes, or is scheduled to compete, shall begin on the day that person joins the team. Conversely, duty days for any person who leaves a team during this period shall end on the day that person leaves the team. Where a person switches teams during a taxable year, a separate duty-day calculation shall be made for the period the person was with each team.

(D) Days for which a member of a professional athletic team is not compensated and is not performing services for the team in any manner, including days when such member of
a professional athletic team has been suspended without pay and prohibited from performing any services for the team, shall not be treated as duty days.

(E) Days for which a member of a professional athletic team is on the disabled list and does not conduct rehabilitation activities at facilities of the team, and is not otherwise performing services for the team in Illinois, shall not be considered duty days spent in this State. All days on the disabled list, however, are considered to be included in total duty days spent both within and without this State.

(4) The term "total compensation for services performed as a member of a professional athletic team" means the total compensation received during the taxable year for services performed:

(A) from the beginning of the official pre-season training period through the last game in which the team competes or is scheduled to compete during that taxable year; and

(B) during the taxable year on a date which does not fall within the foregoing period (e.g., participation in instructional leagues, the "All Star Game", or promotional caravans).
This compensation shall include, but is not limited to, salaries, wages, bonuses as described in this subpart, and any other type of compensation paid during the taxable year to a member of a professional athletic team for services performed in that year. This compensation does not include strike benefits, severance pay, termination pay, contract or option year buy-out payments, expansion or relocation payments, or any other payments not related to services performed for the team.

For purposes of this subparagraph, "bonuses" included in "total compensation for services performed as a member of a professional athletic team" subject to the allocation described in Section 302(c)(1) are: bonuses earned as a result of play (i.e., performance bonuses) during the season, including bonuses paid for championship, playoff or "bowl" games played by a team, or for selection to all-star league or other honorary positions; and bonuses paid for signing a contract, unless the payment of the signing bonus is not conditional upon the signee playing any games for the team or performing any subsequent services for the team or even making the team, the signing bonus is payable separately from the
salary and any other compensation, and the signing
bonus is nonrefundable.

(3) Sales factor.

(A) The sales factor is a fraction, the numerator of
which is the total sales of the person in this State during
the taxable year, and the denominator of which is the total
sales of the person everywhere during the taxable year.

(B) Sales of tangible personal property are in this
State if:

(i) The property is delivered or shipped to a
purchaser, other than the United States government,
within this State regardless of the f. o. b. point or
other conditions of the sale; or

(ii) The property is shipped from an office, store,
warehouse, factory or other place of storage in this
State and either the purchaser is the United States
government or the person is not taxable in the state of
the purchaser; provided, however, that premises owned
or leased by a person who has independently contracted
with the seller for the printing of newspapers,
periodicals or books shall not be deemed to be an
office, store, warehouse, factory or other place of
storage for purposes of this Section. Sales of tangible
personal property are not in this State if the seller
and purchaser would be members of the same unitary
business group but for the fact that either the seller
or purchaser is a person with 80% or more of total business activity outside of the United States and the property is purchased for resale.

(B-1) Patents, copyrights, trademarks, and similar items of intangible personal property.

(i) Gross receipts from the licensing, sale, or other disposition of a patent, copyright, trademark, or similar item of intangible personal property, other than gross receipts governed by paragraph (B-7) of this item (3), are in this State to the extent the item is utilized in this State during the year the gross receipts are included in gross income.

(ii) Place of utilization.

(I) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If a patent is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts of the licensee or purchaser from sales or leases of items produced, fabricated, manufactured, or processed within that state using the patent and of patented items produced within that state, divided by the total of such gross receipts for all states in which the
(II) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If a copyright is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts from sales or licenses of materials printed or published in that state divided by the total of such gross receipts for all states in which the copyright is utilized.

(III) Trademarks and other items of intangible personal property governed by this paragraph (B-1) are utilized in the state in which the commercial domicile of the licensee or purchaser is located.

(iii) If the state of utilization of an item of property governed by this paragraph (B-1) cannot be determined from the taxpayer's books and records or from the books and records of any person related to the taxpayer within the meaning of Section 267(b) of the Internal Revenue Code, 26 U.S.C. 267, the gross receipts attributable to that item shall be excluded from both the numerator and the denominator of the sales factor.

(B-2) Gross receipts from the license, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property, other than
gross receipts governed by paragraph (B-7) of this item (3), may be included in the numerator or denominator of the sales factor only if gross receipts from licenses, sales, or other disposition of such items comprise more than 50% of the taxpayer's total gross receipts included in gross income during the tax year and during each of the 2 immediately preceding tax years; provided that, when a taxpayer is a member of a unitary business group, such determination shall be made on the basis of the gross receipts of the entire unitary business group.

(B-5) For taxable years ending on or after December 31, 2008, except as provided in subsections (ii) through (vii), receipts from the sale of telecommunications service or mobile telecommunications service are in this State if the customer's service address is in this State.

(i) For purposes of this subparagraph (B-5), the following terms have the following meanings:

"Ancillary services" means services that are associated with or incidental to the provision of "telecommunications services", including but not limited to "detailed telecommunications billing", "directory assistance", "vertical service", and "voice mail services".

"Air-to-Ground Radiotelephone service" means a radio service, as that term is defined in 47 CFR 22.99,
provide radio telecommunications service for hire to
subscribers in aircraft.

"Call-by-call Basis" means any method of charging
for telecommunications services where the price is
measured by individual calls.

"Communications Channel" means a physical or
virtual path of communications over which signals are
transmitted between or among customer channel
termination points.

"Conference bridging service" means an "ancillary
service" that links two or more participants of an
audio or video conference call and may include the
provision of a telephone number. "Conference bridging
service" does not include the "telecommunications
services" used to reach the conference bridge.

"Customer Channel Termination Point" means the
location where the customer either inputs or receives
the communications.

"Detailed telecommunications billing service"
means an "ancillary service" of separately stating
information pertaining to individual calls on a
customer's billing statement.

"Directory assistance" means an "ancillary
service" of providing telephone number information,
and/or address information.

"Home service provider" means the facilities based
carrier or reseller with which the customer contracts for the provision of mobile telecommunications services.

"Mobile telecommunications service" means commercial mobile radio service, as defined in Section 20.3 of Title 47 of the Code of Federal Regulations as in effect on June 1, 1999.

"Place of primary use" means the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, "place of primary use" must be within the licensed service area of the home service provider.

"Post-paid telecommunication service" means the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone number which is not associated with the origination or termination of the telecommunications service. A post-paid calling service includes telecommunications service, except a prepaid wireless calling service, that would be a prepaid calling service except it is not exclusively a
telecommunication service.

"Prepaid telecommunication service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Prepaid Mobile telecommunication service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunication services, including but not limited to ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Private communication service" means a telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.
"Service address" means:

(a) The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid;

(b) If the location in line (a) is not known, service address means the origination point of the signal of the telecommunications services first identified by either the seller's telecommunications system or in information received by the seller from its service provider where the system used to transport such signals is not that of the seller; and

(c) If the locations in line (a) and line (b) are not known, the service address means the location of the customer's place of primary use.

"Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over
Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications service" does not include:

(a) Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an electronic transmission to a purchaser when such purchaser's primary purpose for the underlying transaction is the processed data or information;

(b) Installation or maintenance of wiring or equipment on a customer's premises;

(c) Tangible personal property;

(d) Advertising, including but not limited to directory advertising.

(e) Billing and collection services provided to third parties;

(f) Internet access service;

(g) Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include but not be limited to cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial mobile radio
service providers, as defined in 47 CFR 20.3;

(h) "Ancillary services"; or

(i) Digital products "delivered electronically", including but not limited to software, music, video, reading materials or ring tones.

"Vertical service" means an "ancillary service" that is offered in connection with one or more "telecommunications services", which offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including "conference bridging services".

"Voice mail service" means an "ancillary service" that enables the customer to store, send or receive recorded messages. "Voice mail service" does not include any "vertical services" that the customer may be required to have in order to utilize the "voice mail service".

(ii) Receipts from the sale of telecommunications service sold on an individual call-by-call basis are in this State if either of the following applies:

(a) The call both originates and terminates in this State.

(b) The call either originates or terminates in this State and the service address is located in this State.
(iii) Receipts from the sale of postpaid telecommunications service at retail are in this State if the origination point of the telecommunication signal, as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if the system used to transport telecommunication signals is not the seller's, is located in this State.

(iv) Receipts from the sale of prepaid telecommunications service or prepaid mobile telecommunications service at retail are in this State if the purchaser obtains the prepaid card or similar means of conveyance at a location in this State. Receipts from recharging a prepaid telecommunications service or mobile telecommunications service is in this State if the purchaser's billing information indicates a location in this State.

(v) Receipts from the sale of private communication services are in this State as follows:

(a) 100% of receipts from charges imposed at each channel termination point in this State.

(b) 100% of receipts from charges for the total channel mileage between each channel termination point in this State.

(c) 50% of the total receipts from charges for
service segments when those segments are between 2 customer channel termination points, 1 of which is located in this State and the other is located outside of this State, which segments are separately charged.

(d) The receipts from charges for service segments with a channel termination point located in this State and in two or more other states, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points.

(vi) Receipts from charges for ancillary services for telecommunications service sold to customers at retail are in this State if the customer's primary place of use of telecommunications services associated with those ancillary services is in this State. If the seller of those ancillary services cannot determine where the associated telecommunications are located, then the ancillary services shall be based on the location of the purchaser.

(vii) Receipts to access a carrier's network or from the sale of telecommunication services or ancillary services for resale are in this State as follows:
(a) 100% of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State.

(b) 50% of the receipts from access fees attributable to interstate telecommunications service if the interstate call either originates or terminates in this State.

(c) 100% of the receipts from interstate end user access line charges, if the customer's service address is in this State. As used in this subdivision, "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the federal communications commission and levied pursuant to 47 CFR 69.

(d) Gross receipts from sales of telecommunication services or from ancillary services for telecommunications services sold to other telecommunication service providers for resale shall be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method.
(B-7) For taxable years ending on or after December 31, 2008, receipts from the sale of broadcasting services are in this State if the broadcasting services are received in this State. For purposes of this paragraph (B-7), the following terms have the following meanings:

"Advertising revenue" means consideration received by the taxpayer in exchange for broadcasting services or allowing the broadcasting of commercials or announcements in connection with the broadcasting of film or radio programming, from sponsorships of the programming, or from product placements in the programming.

"Audience factor" means the ratio that the audience or subscribers located in this State of a station, a network, or a cable system bears to the total audience or total subscribers for that station, network, or cable system. The audience factor for film or radio programming shall be determined by reference to the books and records of the taxpayer or by reference to published rating statistics provided the method used by the taxpayer is consistently used from year to year for this purpose and fairly represents the taxpayer's activity in this State.

"Broadcast" or "broadcasting" or "broadcasting services" means the transmission or provision of film or radio programming, whether through the public
airwaves, by cable, by direct or indirect satellite
transmission, or by any other means of communication,
either through a station, a network, or a cable system.

"Film" or "film programming" means the broadcast
on television of any and all performances, events, or
productions, including but not limited to news,
sporting events, plays, stories, or other literary,
commercial, educational, or artistic works, either
live or through the use of video tape, disc, or any
other type of format or medium. Each episode of a
series of films produced for television shall
constitute separate "film" notwithstanding that the
series relates to the same principal subject and is
produced during one or more tax periods.

"Radio" or "radio programming" means the broadcast
on radio of any and all performances, events, or
productions, including but not limited to news,
sporting events, plays, stories, or other literary,
commercial, educational, or artistic works, either
live or through the use of an audio tape, disc, or any
other format or medium. Each episode in a series of
radio programming produced for radio broadcast shall
constitute a separate "radio programming"
notwithstanding that the series relates to the same
principal subject and is produced during one or more
tax periods.
(i) In the case of advertising revenue from broadcasting, the customer is the advertiser and the service is received in this State if the commercial domicile of the advertiser is in this State.

(ii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration received from the recipient of the broadcast, the portion of the service that is received in this State is measured by the portion of the recipients of the broadcast located in this State. Accordingly, the fee or other remuneration for such service that is included in the Illinois numerator of the sales factor is the total of those fees or other remuneration received from recipients in Illinois. For purposes of this paragraph, a taxpayer may determine the location of the recipients of its broadcast using the address of the recipient shown in its contracts with the recipient or using the billing address of the recipient in the taxpayer's records.

(iii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration from the person providing the programming, the
portion of the broadcast service that is received by such station, network, or cable system in this State is measured by the portion of recipients of the broadcast located in this State. Accordingly, the amount of revenue related to such an arrangement that is included in the Illinois numerator of the sales factor is the total fee or other total remuneration from the person providing the programming related to that broadcast multiplied by the Illinois audience factor for that broadcast.

(iv) In the case where film or radio programming is provided by a taxpayer that is a network or station to a customer for broadcast in exchange for a fee or other remuneration from that customer the broadcasting service is received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(v) In the case where film or radio programming is provided by a taxpayer that is not a network or
station to another person for broadcasting in
exchange for a fee or other remuneration from that
person, the broadcasting service is received at
the location of the office of the customer from
which the services were ordered in the regular
course of the customer's trade or business.
Accordingly, in such a case the revenue derived by
the taxpayer that is included in the taxpayer's
Illinois numerator of the sales factor is the
revenue from such customers who receive the
broadcasting service in Illinois.

(B-8) Gross receipts from winnings under the Illinois
Lottery Law from the assignment of a prize under Section
13-1 of the Illinois Lottery Law are received in this
State. This paragraph (B-8) applies only to taxable years
ending on or after December 31, 2013.

(C) For taxable years ending before December 31, 2008,
sales, other than sales governed by paragraphs (B), (B-1),
(B-2), and (B-8) are in this State if:

(i) The income-producing activity is performed in
this State; or

(ii) The income-producing activity is performed
both within and without this State and a greater
proportion of the income-producing activity is
performed within this State than without this State,
based on performance costs.
(C-5) For taxable years ending on or after December 31, 2008, sales, other than sales governed by paragraphs (B), (B-1), (B-2), (B-5), and (B-7), are in this State if any of the following criteria are met:

(i) Sales from the sale or lease of real property are in this State if the property is located in this State.

(ii) Sales from the lease or rental of tangible personal property are in this State if the property is located in this State during the rental period. Sales from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are in this State to the extent that the property is used in this State.

(iii) In the case of interest, net gains (but not less than zero) and other items of income from intangible personal property, the sale is in this State if:

(a) in the case of a taxpayer who is a dealer in the item of intangible personal property within the meaning of Section 475 of the Internal Revenue Code, the income or gain is received from a customer in this State. For purposes of this subparagraph, a customer is in this State if the
customer is an individual, trust or estate who is a resident of this State and, for all other customers, if the customer's commercial domicile is in this State. Unless the dealer has actual knowledge of the residence or commercial domicile of a customer during a taxable year, the customer shall be deemed to be a customer in this State if the billing address of the customer, as shown in the records of the dealer, is in this State; or

(b) in all other cases, if the income-producing activity of the taxpayer is performed in this State or, if the income-producing activity of the taxpayer is performed both within and without this State, if a greater proportion of the income-producing activity of the taxpayer is performed within this State than in any other state, based on performance costs.

(iv) Sales of services are in this State if the services are received in this State. For the purposes of this section, gross receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where that corporation, partnership, or trust has a fixed place of business. If the state where the services are received is not readily determinable or is a state where the
corporation, partnership, or trust receiving the
service does not have a fixed place of business, the
services shall be deemed to be received at the location
of the office of the customer from which the services
were ordered in the regular course of the customer's
trade or business. If the ordering office cannot be
determined, the services shall be deemed to be received
at the office of the customer to which the services are
billed. If the taxpayer is not taxable in the state in
which the services are received, the sale must be
excluded from both the numerator and the denominator of
the sales factor. The Department shall adopt rules
prescribing where specific types of service are
received, including, but not limited to, publishing,
and utility service.

(D) For taxable years ending on or after December 31,
1995, the following items of income shall not be included
in the numerator or denominator of the sales factor:
dividends; amounts included under Section 78 of the
Internal Revenue Code; and Subpart F income as defined in
Section 952 of the Internal Revenue Code. No inference
shall be drawn from the enactment of this paragraph (D) in
construing this Section for taxable years ending before

(E) Paragraphs (B-1) and (B-2) shall apply to tax years
ending on or after December 31, 1999, provided that a
taxpayer may elect to apply the provisions of these paragraphs to prior tax years. Such election shall be made in the form and manner prescribed by the Department, shall be irrevocable, and shall apply to all tax years; provided that, if a taxpayer's Illinois income tax liability for any tax year, as assessed under Section 903 prior to January 1, 1999, was computed in a manner contrary to the provisions of paragraphs (B-1) or (B-2), no refund shall be payable to the taxpayer for that tax year to the extent such refund is the result of applying the provisions of paragraph (B-1) or (B-2) retroactively. In the case of a unitary business group, such election shall apply to all members of such group for every tax year such group is in existence, but shall not apply to any taxpayer for any period during which that taxpayer is not a member of such group.

(b) Insurance companies.

(1) In general. Except as otherwise provided by paragraph (2), business income of an insurance company for a taxable year shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the direct premiums written for insurance upon property or risk in this State, and the denominator of which is the direct premiums written for insurance upon property or risk everywhere. For purposes of this subsection, the term "direct premiums written" means the total amount of direct premiums written, assessments and
annuity considerations as reported for the taxable year on
the annual statement filed by the company with the Illinois
Director of Insurance in the form approved by the National
Convention of Insurance Commissioners or such other form as
may be prescribed in lieu thereof.

(2) Reinsurance. If the principal source of premiums
written by an insurance company consists of premiums for
reinsurance accepted by it, the business income of such
company shall be apportioned to this State by multiplying
such income by a fraction, the numerator of which is the
sum of (i) direct premiums written for insurance upon
property or risk in this State, plus (ii) premiums written
for reinsurance accepted in respect of property or risk in
this State, and the denominator of which is the sum of
(iii) direct premiums written for insurance upon property
or risk everywhere, plus (iv) premiums written for
reinsurance accepted in respect of property or risk
everywhere. For purposes of this paragraph, premiums
written for reinsurance accepted in respect of property or
risk in this State, whether or not otherwise determinable,
may, at the election of the company, be determined on the
basis of the proportion which premiums written for
reinsurance accepted from companies commercially domiciled
in Illinois bears to premiums written for reinsurance
accepted from all sources, or, alternatively, in the
proportion which the sum of the direct premiums written for
insurance upon property or risk in this State by each ceding company from which reinsurance is accepted bears to the sum of the total direct premiums written by each such ceding company for the taxable year. The election made by a company under this paragraph for its first taxable year ending on or after December 31, 2011, shall be binding for that company for that taxable year and for all subsequent taxable years, and may be altered only with the written permission of the Department, which shall not be unreasonably withheld.

(c) Financial organizations.

(1) In general. For taxable years ending before December 31, 2008, business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the denominator of which is its business income from all sources. For the purposes of this subsection, the business income of a financial organization from sources within this State is the sum of the amounts referred to in subparagraphs (A) through (E) following, but excluding the adjusted income of an international banking facility as determined in paragraph (2):

(A) Fees, commissions or other compensation for financial services rendered within this State;

(B) Gross profits from trading in stocks, bonds or
other securities managed within this State;

(C) Dividends, and interest from Illinois customers, which are received within this State;

(D) Interest charged to customers at places of business maintained within this State for carrying debit balances of margin accounts, without deduction of any costs incurred in carrying such accounts; and

(E) Any other gross income resulting from the operation as a financial organization within this State. In computing the amounts referred to in paragraphs (A) through (E) of this subsection, any amount received by a member of an affiliated group (determined under Section 1504(a) of the Internal Revenue Code but without reference to whether any such corporation is an "includible corporation" under Section 1504(b) of the Internal Revenue Code) from another member of such group shall be included only to the extent such amount exceeds expenses of the recipient directly related thereto.

(2) International Banking Facility. For taxable years ending before December 31, 2008:

(A) Adjusted Income. The adjusted income of an international banking facility is its income reduced by the amount of the floor amount.

(B) Floor Amount. The floor amount shall be the amount, if any, determined by multiplying the income of
the international banking facility by a fraction, not greater than one, which is determined as follows:

(i) The numerator shall be:

The average aggregate, determined on a quarterly basis, of the financial organization's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, as reported for its branches, agencies and offices within the state on its "Consolidated Report of Condition", Schedule A, Lines 2.c., 5.b., and 7.a., which was filed with the Federal Deposit Insurance Corporation and other regulatory authorities, for the year 1980, minus

The average aggregate, determined on a quarterly basis, of such loans (other than loans of an international banking facility), as reported by the financial institution for its branches, agencies and offices within the state, on the corresponding Schedule and lines of the Consolidated Report of Condition for the current taxable year, provided, however, that in no case shall the amount determined in this clause (the subtrahend) exceed the amount determined in the
(ii) the denominator shall be the average aggregate, determined on a quarterly basis, of the international banking facility's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, which were recorded in its financial accounts for the current taxable year.

(C) Change to Consolidated Report of Condition and in Qualification. In the event the Consolidated Report of Condition which is filed with the Federal Deposit Insurance Corporation and other regulatory authorities is altered so that the information required for determining the floor amount is not found on Schedule A, lines 2.c., 5.b. and 7.a., the financial institution shall notify the Department and the Department may, by regulations or otherwise, prescribe or authorize the use of an alternative source for such information. The financial institution shall also notify the Department should its international banking facility fail to qualify as such, in whole or in part, or should there be any amendment or change to the Consolidated Report of Condition, as originally filed, to the extent such amendment or change alters the information used in determining the floor amount.
For taxable years ending on or after December 31, 2008, the business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its gross receipts from sources in this State or otherwise attributable to this State's marketplace and the denominator of which is its gross receipts everywhere during the taxable year. "Gross receipts" for purposes of this subparagraph (3) means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the financial organization's trade or business. The following examples are illustrative:

(i) Receipts from the lease or rental of real or tangible personal property are in this State if the property is located in this State during the rental period. Receipts from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are from sources in this State to the extent that the property is used in this State.

(ii) Interest income, commissions, fees, gains on disposition, and other receipts from assets in the nature of loans that are secured primarily by real
estate or tangible personal property are from sources in this State if the security is located in this State.

(iii) Interest income, commissions, fees, gains on disposition, and other receipts from consumer loans that are not secured by real or tangible personal property are from sources in this State if the debtor is a resident of this State.

(iv) Interest income, commissions, fees, gains on disposition, and other receipts from commercial loans and installment obligations that are not secured by real or tangible personal property are from sources in this State if the proceeds of the loan are to be applied in this State. If it cannot be determined where the funds are to be applied, the income and receipts are from sources in this State if the office of the borrower from which the loan was negotiated in the regular course of business is located in this State. If the location of this office cannot be determined, the income and receipts shall be excluded from the numerator and denominator of the sales factor.

(v) Interest income, fees, gains on disposition, service charges, merchant discount income, and other receipts from credit card receivables are from sources in this State if the card charges are regularly billed to a customer in this State.

(vi) Receipts from the performance of services,
including, but not limited to, fiduciary, advisory, and brokerage services, are in this State if the services are received in this State within the meaning of subparagraph (a)(3)(C-5)(iv) of this Section.

(vii) Receipts from the issuance of travelers checks and money orders are from sources in this State if the checks and money orders are issued from a location within this State.

(viii) Receipts from investment assets and activities and trading assets and activities are included in the receipts factor as follows:

(1) Interest, dividends, net gains (but not less than zero) and other income from investment assets and activities from trading assets and activities shall be included in the receipts factor. Investment assets and activities and trading assets and activities include but are not limited to: investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions. With respect to the investment and trading assets and activities described in subparagraphs (A) and (B) of this paragraph, the receipts factor shall
include the amounts described in such subparagraphs.

(A) The receipts factor shall include the amount by which interest from federal funds sold and securities purchased under resale agreements exceeds interest expense on federal funds purchased and securities sold under repurchase agreements.

(B) The receipts factor shall include the amount by which interest, dividends, gains and other income from trading assets and activities, including but not limited to assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, exceed amounts paid in lieu of interest, amounts paid in lieu of dividends, and losses from such assets and activities.

(2) The numerator of the receipts factor includes interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and from trading assets and activities described in paragraph (1) of this subsection that are attributable to this State.

(A) The amount of interest, dividends, net gains (but not less than zero), and other income from investment assets and activities
in the investment account to be attributed to this State and included in the numerator is determined by multiplying all such income from such assets and activities by a fraction, the numerator of which is the gross income from such assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(B) The amount of interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (A) of paragraph (1) of this subsection from such funds and such securities by a fraction, the numerator of which is the gross income from such funds and such securities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such funds and such securities.

(C) The amount of interest, dividends,
gains, and other income from trading assets and activities, including but not limited to assets and activities in the matched book, in the arbitrage book and foreign currency transactions (but excluding amounts described in subparagraphs (A) or (B) of this paragraph), attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (B) of paragraph (1) of this subsection by a fraction, the numerator of which is the gross income from such trading assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(D) Properly assigned, for purposes of this paragraph (2) of this subsection, means the investment or trading asset or activity is assigned to the fixed place of business with which it has a preponderance of substantive contacts. An investment or trading asset or activity assigned by the taxpayer to a fixed place of business without the State shall be presumed to have been properly assigned if:

(i) the taxpayer has assigned, in the
regular course of its business, such asset
or activity on its records to a fixed place
of business consistent with federal or
state regulatory requirements;

(ii) such assignment on its records is
based upon substantive contacts of the
asset or activity to such fixed place of
business; and

(iii) the taxpayer uses such records
reflecting assignment of such assets or
activities for the filing of all state and
local tax returns for which an assignment
of such assets or activities to a fixed
place of business is required.

(E) The presumption of proper assignment
of an investment or trading asset or activity
provided in subparagraph (D) of paragraph (2)
of this subsection may be rebutted upon a
showing by the Department, supported by a
preponderance of the evidence, that the
preponderance of substantive contacts
regarding such asset or activity did not occur
at the fixed place of business to which it was
assigned on the taxpayer's records. If the
fixed place of business that has a
preponderance of substantive contacts cannot
be determined for an investment or trading asset or activity to which the presumption in subparagraph (D) of paragraph (2) of this subsection does not apply or with respect to which that presumption has been rebutted, that asset or activity is properly assigned to the state in which the taxpayer's commercial domicile is located. For purposes of this subparagraph (E), it shall be presumed, subject to rebuttal, that taxpayer's commercial domicile is in the state of the United States or the District of Columbia to which the greatest number of employees are regularly connected with the management of the investment or trading income or out of which they are working, irrespective of where the services of such employees are performed, as of the last day of the taxable year.

(4) (Blank).

(5) (Blank).

(c-1) Federally regulated exchanges. For taxable years ending on or after December 31, 2012, business income of a federally regulated exchange shall, at the option of the federally regulated exchange, be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the
denominator of which is its business income from all sources.

For purposes of this subsection, the business income within
this State of a federally regulated exchange is the sum of the
following:

(1) Receipts attributable to transactions executed on
a physical trading floor if that physical trading floor is
located in this State.

(2) Receipts attributable to all other matching,
execution, or clearing transactions, including without
limitation receipts from the provision of matching,
execution, or clearing services to another entity,
multiplied by (i) for taxable years ending on or after
December 31, 2012 but before December 31, 2013, 63.77%; and
(ii) for taxable years ending on or after December 31,
2013, 27.54%.

(3) All other receipts not governed by subparagraphs
(1) or (2) of this subsection (c-1), to the extent the
receipts would be characterized as "sales in this State"
under item (3) of subsection (a) of this Section.

"Federally regulated exchange" means (i) a "registered
entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B),
or (C), (ii) an "exchange" or "clearing agency" within the
meaning of 15 U.S.C. Section 78c (a)(1) or (23), (iii) any such
entities regulated under any successor regulatory structure to
the foregoing, and (iv) all taxpayers who are members of the
same unitary business group as a federally regulated exchange,
determined without regard to the prohibition in Section 1501(a)(27) of this Act against including in a unitary business group taxpayers who are ordinarily required to apportion business income under different subsections of this Section; provided that this subparagraph (iv) shall apply only if 50% or more of the business receipts of the unitary business group determined by application of this subparagraph (iv) for the taxable year are attributable to the matching, execution, or clearing of transactions conducted by an entity described in subparagraph (i), (ii), or (iii) of this paragraph.

In no event shall the Illinois apportionment percentage computed in accordance with this subsection (c-1) for any taxpayer for any tax year be less than the Illinois apportionment percentage computed under this subsection (c-1) for that taxpayer for the first full tax year ending on or after December 31, 2013 for which this subsection (c-1) applied to the taxpayer.

(d) Transportation services. For taxable years ending before December 31, 2008, business income derived from furnishing transportation services shall be apportioned to this State in accordance with paragraphs (1) and (2):

(1) Such business income (other than that derived from transportation by pipeline) shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue
miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of 1 passenger or 1 net ton of freight the distance of 1 mile for a consideration. Where a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's

(A) relative railway operating income from total passenger and total freight service, as reported to the Interstate Commerce Commission, in the case of transportation by railroad, and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(2) Such business income derived from transportation by pipeline shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For the purposes of this paragraph, a revenue mile is the transportation by pipeline of 1 barrel of oil, 1,000 cubic feet of gas, or of any specified quantity of any other substance, the distance of 1 mile for a consideration.
(3) For taxable years ending on or after December 31, 2008, business income derived from providing transportation services other than airline services shall be apportioned to this State by using a fraction, (a) the numerator of which shall be (i) all receipts from any movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline) that both originates and terminates in this State, plus (ii) that portion of the person's gross receipts from movements or shipments of people, goods, mail, oil, gas, or any other substance (other than by airline) that originates in one state or jurisdiction and terminates in another state or jurisdiction, that is determined by the ratio that the miles traveled in this State bears to total miles everywhere and (b) the denominator of which shall be all revenue derived from the movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline). Where a taxpayer is engaged in the transportation of both passengers and freight, the fraction above referred to shall first be determined separately for passenger miles and freight miles. Then an average of the passenger miles fraction and the freight miles fraction shall be weighted to reflect the taxpayer's:

(A) relative railway operating income from total passenger and total freight service, as reported to the Surface Transportation Board, in the case of
transportation by railroad; and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(4) For taxable years ending on or after December 31, 2008, business income derived from furnishing airline transportation services shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of one passenger or one net ton of freight the distance of one mile for a consideration. If a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's relative gross receipts from passenger and freight airline transportation.

(e) Combined apportionment. Where 2 or more persons are engaged in a unitary business as described in subsection (a)(27) of Section 1501, a part of which is conducted in this State by one or more members of the group, the business income attributable to this State by any such member or members shall be apportioned by means of the combined apportionment method.

(f) Alternative allocation. If the allocation and
apportionment provisions of subsections (a) through (e) and of subsection (h) do not, for taxable years ending before December 31, 2008, fairly represent the extent of a person's business activity in this State, or, for taxable years ending on or after December 31, 2008, fairly represent the market for the person's goods, services, or other sources of business income, the person may petition for, or the Director may, without a petition, permit or require, in respect of all or any part of the person's business activity, if reasonable:

(1) Separate accounting;
(2) The exclusion of any one or more factors;
(3) The inclusion of one or more additional factors which will fairly represent the person's business activities or market in this State; or
(4) The employment of any other method to effectuate an equitable allocation and apportionment of the person's business income.

(g) Cross reference. For allocation of business income by residents, see Section 301(a).

(h) For tax years ending on or after December 31, 1998, and ending on or before December 31, 2015, the apportionment factor of persons who apportion their business income to this State under subsection (a) shall be equal to:

(1) for tax years ending on or after December 31, 1998 and before December 31, 1999, 16 2/3% of the property factor plus 16 2/3% of the payroll factor plus 66 2/3% of
the sales factor;
(2) for tax years ending on or after December 31, 1999 and before December 31, 2000, 8 1/3% of the property factor plus 8 1/3% of the payroll factor plus 83 1/3% of the sales factor;
(3) for tax years ending on or after December 31, 2000, the sales factor.

If, in any tax year ending on or after December 31, 1998 and before December 31, 2000, the denominator of the payroll, property, or sales factor is zero, the apportionment factor computed in paragraph (1) or (2) of this subsection for that year shall be divided by an amount equal to 100% minus the percentage weight given to each factor whose denominator is equal to zero.
(Source: P.A. 97-507, eff. 8-23-11; 97-636, eff. 6-1-12; 98-478, eff. 1-1-14; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14.)

(35 ILCS 5/309 new)
Sec. 309. Water's edge election; inclusion of tax havens.
(a) As used in this Section:
"Affiliated corporation" means a United States parent corporation and any subsidiary of which more than 50% of the voting stock is owned directly or indirectly by another corporate member of the water's-edge combined group.
"United States" means the 50 states of the United
States and the District of Columbia.

"Water's edge combined group" means all corporations or entities included in the election of a taxpayer under this Section.

(b) Notwithstanding any other provisions of law, a taxpayer subject to the taxes imposed under subsections (a) and (b) of Section 201 of this Act may apportion its income under this Section. A return under filed by a taxpayer that elects to apportion its income under this Section must include the income and apportionment factors of the following affiliated corporations only:

(1) a corporation incorporated in the United States in a unitary relationship with the taxpayer and eligible to be included in a federal consolidated return as described in 26 U.S.C. 1501 through 1505 that has more than 20% of its payroll and property assignable to locations inside the United States; for purposes of determining eligibility for inclusion in a federal consolidated return under this subsection (1)(a), the 80% stock ownership requirements of 26 U.S.C. 1504 must be reduced to ownership of over 50% of the voting stock directly or indirectly owned or controlled by an includable corporation;

(2) domestic international sales corporations, as described in 26 U.S.C. 991 through 994, and foreign sales corporations, as described in 26 U.S.C. 921 through 927;

(3) export trade corporations, as described in 26
U.S.C. 970 and 971;

(4) foreign corporations deriving gain or loss from disposition of a United States real property interest to the extent recognized under 26 U.S.C. 897;

(5) a corporation incorporated outside the United States if over 50% of its voting stock is owned directly or indirectly by the taxpayer and if more than 20% of the average of its payroll and property is assignable to a location inside the United States; or

(6) a corporation that is in a unitary relationship with the taxpayer and that is incorporated in a tax haven, including Andorra, Anguilla, Antigua and Barbuda, Aruba, the Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Grenada, Guernsey-Sark-Alderney, Isle of Man, Jersey, Liberia, Liechtenstein, Luxembourg, Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Netherlands Antilles, Niue, Panama, Samoa, San Marino, Seychelles, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Turks and Caicos Islands, U.S. Virgin Islands, and Vanuatu.

(c) For purposes of paragraphs (1) through (5) of subsection (b), the location of payroll and property shall be determined under the individual state's laws and regulations that set forth the apportionment formulas used to assign net income subject to taxes on or measured by net income. If a
state does not impose a tax on or measured by net income, apportionment is determined under this Act. For the purposes of paragraph (6) of subsection (b), income shifted to a tax haven, to the extent taxable, is considered income subject to apportionment.

(d) A water's edge election may be made by a taxpayer and is effective only if every affiliated corporation subject to the taxes imposed under this Act consents to the election. Consent by the common parent of an affiliated group constitutes consent of all members of the group. An affiliated corporation that becomes subject to taxes under this Act after the water's edge election is considered to have consented to the election. The election must disclose the identity of the taxpayer and the identity of any affiliated corporation, including an affiliated corporation incorporated in a tax haven set forth in paragraph (6) of subsection (b), in which the taxpayer owns directly or indirectly more than 50% of the voting stock of the affiliated corporation.

(e) Each water's edge election must be for a 3-year renewable period. A water's edge election may be changed by a taxpayer before the end of each 3-year period only with the permission of the Department. In granting a change of election, the Department shall impose reasonable conditions that are necessary to prevent the avoidance of tax or clearly reflect income for the election period prior to the change.

(f) For the purposes of this Section, dividends received
from corporations incorporated outside the United States, to
the extent taxable, are considered income subject to
apportionment. The after-tax net income of United States
corporations excluded from eligibility as affiliated
corporations under this Section and possession corporations
described in sections 931 through 934 and 936 of the Internal
Revenue Code are considered dividends received from
corporations incorporated outside the United States. Eighty
percent of all dividends apportionable under this Section must
be excluded from income subject to apportionment. "Deemed"
distributions, as set forth in section 78 of the Internal
Revenue Code, and corresponding amounts with respect to
dividends considered received under this subsection must be
excluded from the income of the water's-edge combined group.
The dividends apportionable under this subsection are in lieu
of any expenses attributable to dividend income. A dividend
from a corporation required to be combined in the water's edge
combined group must be eliminated from the calculation of
apportionable income.

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

Sec. 901. Collection authority.

(a) In general.

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

(b) Local Government Distributive Fund.

Beginning August 1, 1969, and continuing through June 30, 1994, the Treasurer shall transfer each month from the General Revenue Fund to a special fund in the State treasury, to be known as the "Local Government Distributive Fund", an amount equal to 1/12 of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act during the preceding month. Beginning July 1, 1994, and continuing through June 30, 1995, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to 1/11 of the net revenue realized from the tax imposed by subsections (a) and (b) of
Section 201 of this Act during the preceding month. Beginning 
July 1, 1995 and continuing through January 31, 2011, the 
Treasurer shall transfer each month from the General Revenue 
Fund to the Local Government Distributive Fund an amount equal 
to the net of (i) 1/10 of the net revenue realized from the tax 
imposed by subsections (a) and (b) of Section 201 of the 
Illinois Income Tax Act during the preceding month (ii) minus, 
beginning July 1, 2003 and ending June 30, 2004, $6,666,666, 
and beginning July 1, 2004, zero. Beginning February 1, 2011, 
and continuing through January 31, 2015, the Treasurer shall 
transfer each month from the General Revenue Fund to the Local 
Government Distributive Fund an amount equal to the sum of (i) 
6% (10% of the ratio of the 3% individual income tax rate prior 
to 2011 to the 5% individual income tax rate after 2010) of the 
net revenue realized from the tax imposed by subsections (a) 
and (b) of Section 201 of this Act upon individuals, trusts, 
and estates during the preceding month and (ii) 6.86% (10% of 
the ratio of the 4.8% corporate income tax rate prior to 2011 
to the 7% corporate income tax rate after 2010) of the net 
revenue realized from the tax imposed by subsections (a) and 
(b) of Section 201 of this Act upon corporations during the 
preceding month. Beginning February 1, 2015 and continuing 
through January 31, 2016 January 31, 2025, the Treasurer shall 
transfer each month from the General Revenue Fund to the Local 
Government Distributive Fund an amount equal to the sum of (i) 
8% (10% of the ratio of the 3% individual income tax rate prior
to 2011 to the 3.75% individual income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month and (ii) 9.14% (10% of the ratio of the 4.8% corporate income tax rate prior to 2011 to the 5.25% corporate income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month. Beginning February 1, 2016 and continuing through January 31, 2025, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of (i) 7.2% (9% of the ratio of the 3% individual income tax rate prior to 2011 to the 3.75% individual income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month and (ii) 8.23% (9% of the ratio of the 4.8% corporate income tax rate prior to 2011 to the 5.25% corporate income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month. Beginning February 1, 2025, the Treasurer shall transfer each month from the General Revenue Fund to the Local Government Distributive Fund an amount equal to the sum of (i) 8.31% 9.23% (9%10% of the ratio of the 3% individual income tax rate prior to 2011 to the 3.25% individual income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month and (ii) 8.23% (9% of the ratio of the 4.8% corporate income tax rate prior to 2011 to the 5.25% corporate income tax rate after 2014) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month.
tax rate after 2024) of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon individuals, trusts, and estates during the preceding month and (ii) $9\%$ $10\%$ of the net revenue realized from the tax imposed by subsections (a) and (b) of Section 201 of this Act upon corporations during the preceding month. Net revenue realized for a month shall be defined as the revenue from the tax imposed by subsections (a) and (b) of Section 201 of this Act which is deposited in the General Revenue Fund, the Education Assistance Fund, the Income Tax Surcharge Local Government Distributive Fund, the Fund for the Advancement of Education, and the Commitment to Human Services Fund during the month minus the amount paid out of the General Revenue Fund in State warrants during that same month as refunds to taxpayers for overpayment of liability under the tax imposed by subsections (a) and (b) of Section 201 of this Act.

Beginning on August 26, 2014 (the effective date of Public Act 98-1052), the Comptroller shall perform the transfers required by this subsection (b) no later than 60 days after he or she receives the certification from the Treasurer as provided in Section 1 of the State Revenue Sharing Act.

(c) Deposits Into Income Tax Refund Fund.

(1) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts collected pursuant to subsections (a) and (b)(1), (2), and (3), of Section 201 of this Act into a fund in the State
treasury known as the Income Tax Refund Fund. The Department shall deposit 6% of such amounts during the period beginning January 1, 1989 and ending on June 30, 1989. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal years 1999 through 2001, the Annual Percentage shall be 7.1%. For fiscal year 2003, the Annual Percentage shall be 8%. For fiscal year 2004, the Annual Percentage shall be 11.7%. Upon the effective date of this amendatory Act of the 93rd General Assembly, the Annual Percentage shall be 10% for fiscal year 2005. For fiscal year 2006, the Annual Percentage shall be 9.75%. For fiscal year 2007, the Annual Percentage shall be 9.75%. For fiscal year 2008, the Annual Percentage shall be 7.75%. For fiscal year 2009, the Annual Percentage shall be 9.75%. For fiscal year 2010, the Annual Percentage shall be 9.75%. For fiscal year 2011, the Annual Percentage shall be 8.75%. For fiscal year 2012, the Annual Percentage shall be 8.75%. For fiscal year 2013, the Annual Percentage shall be 9.75%. For fiscal year 2014, the Annual Percentage shall be 9.5%. For fiscal year 2015, the Annual Percentage shall be 10%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of
overpayment of tax liability under subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, minus the amounts transferred into the Income Tax Refund Fund from the Tobacco Settlement Recovery Fund, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 7.6%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(2) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act into a fund in the State treasury known as the Income Tax Refund Fund. The Department shall deposit 18% of such amounts during the period beginning January 1, 1989 and ending on June 30, 1989. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal years 1999, 2000, and 2001, the Annual Percentage shall be 19%. For fiscal year 2003,
the Annual Percentage shall be 27%. For fiscal year 2004, the Annual Percentage shall be 32%. Upon the effective date of this amendatory Act of the 93rd General Assembly, the Annual Percentage shall be 24% for fiscal year 2005. For fiscal year 2006, the Annual Percentage shall be 20%. For fiscal year 2007, the Annual Percentage shall be 17.5%. For fiscal year 2008, the Annual Percentage shall be 15.5%. For fiscal year 2009, the Annual Percentage shall be 17.5%. For fiscal year 2010, the Annual Percentage shall be 17.5%. For fiscal year 2011, the Annual Percentage shall be 17.5%. For fiscal year 2012, the Annual Percentage shall be 17.5%. For fiscal year 2013, the Annual Percentage shall be 14%. For fiscal year 2014, the Annual Percentage shall be 13.4%. For fiscal year 2015, the Annual Percentage shall be 14%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year
2002, the Annual Percentage shall in no event exceed 23%.
The Director of Revenue shall certify the Annual Percentage
to the Comptroller on the last business day of the fiscal
year immediately preceding the fiscal year for which it is
to be effective.

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

(d) Expenditures from Income Tax Refund Fund.

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

(2) The Director shall order payment of refunds
resulting from overpayment of tax liability under Section
201 of this Act from the Income Tax Refund Fund only to the
extent that amounts collected pursuant to Section 201 of
this Act and transfers pursuant to this subsection (d) and
item (3) of subsection (c) have been deposited and retained
in the Fund.
(3) As soon as possible after the end of each fiscal year, the Director shall order transferred and the State Treasurer and State Comptroller shall transfer from the Income Tax Refund Fund to the Personal Property Tax Replacement Fund an amount, certified by the Director to the Comptroller, equal to the excess of the amount collected pursuant to subsections (c) and (d) of Section 201 of this Act deposited into the Income Tax Refund Fund during the fiscal year over the amount of refunds resulting from overpayment of tax liability under subsections (c) and (d) of Section 201 of this Act paid from the Income Tax Refund Fund during the fiscal year.

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

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

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

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

On July 1, 1991, and thereafter, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 7.3% into the Education Assistance Fund in the State Treasury. Beginning July 1, 1991, and continuing through January 31, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 3.0% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning February 1, 1993 and continuing through June 30, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus
deposits into the Income Tax Refund Fund, the Department shall deposit 4.4% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning July 1, 1993, and continuing through June 30, 1994, of the amounts collected under subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 1.475% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury.

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

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

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

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

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

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

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

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

(h) Deposits into the Tax Compliance and Administration Fund. Beginning on the first day of the first calendar month to occur on or after August 26, 2014 (the effective date of Public Act 98-1098), each month the Department shall pay into the Tax Compliance and Administration Fund, to be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department, an amount equal to 1/12 of 5% of the cash receipts collected during the preceding fiscal year by the Audit Bureau of the Department from the tax imposed by subsections (a), (b), (c), and (d) of Section 201 of this Act, net of deposits into the Income Tax Refund Fund made from those cash receipts.

(Source: P.A. 98-24, eff. 6-19-13; 98-674, eff. 6-30-14; 98-1052, eff. 8-26-14; 98-1098, eff. 8-26-14; 99-78, eff. 7-20-15.)
Sec. 1501. Definitions.

(a) In general. When used in this Act, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(1) Business income. The term "business income" means all income that may be treated as apportionable business income under the Constitution of the United States. Business income is net of the deductions allocable thereto. Such term does not include compensation or the deductions allocable thereto. For each taxable year beginning on or after January 1, 2003, a taxpayer may elect to treat all income other than compensation as business income. This election shall be made in accordance with rules adopted by the Department and, once made, shall be irrevocable.

(1.5) Captive real estate investment trust:

(A) The term "captive real estate investment trust" means a corporation, trust, or association:

(i) that is considered a real estate investment trust for the taxable year under Section 856 of the Internal Revenue Code;

(ii) the certificates of beneficial interest or shares of which are not regularly traded on an established securities market; and

(iii) of which more than 50% of the voting power or value of the beneficial interest or
shares, at any time during the last half of the taxable year, is owned or controlled, directly, indirectly, or constructively, by a single corporation.

(B) The term "captive real estate investment trust" does not include:

    (i) a real estate investment trust of which more than 50% of the voting power or value of the beneficial interest or shares is owned or controlled, directly, indirectly, or constructively, by:

        (a) a real estate investment trust, other than a captive real estate investment trust;

        (b) a person who is exempt from taxation under Section 501 of the Internal Revenue Code, and who is not required to treat income received from the real estate investment trust as unrelated business taxable income under Section 512 of the Internal Revenue Code;

        (c) a listed Australian property trust, if no more than 50% of the voting power or value of the beneficial interest or shares of that trust, at any time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single person;

        (d) an entity organized as a trust,
provided a listed Australian property trust
described in subparagraph (c) owns or
controls, directly or indirectly, or
constructively, 75% or more of the voting power
or value of the beneficial interests or shares
of such entity; or

(e) an entity that is organized outside of
the laws of the United States and that
satisfies all of the following criteria:

(1) at least 75% of the entity's total
asset value at the close of its taxable
year is represented by real estate assets
(as defined in Section 856(c)(5)(B) of the
Internal Revenue Code, thereby including
shares or certificates of beneficial
interest in any real estate investment
trust), cash and cash equivalents, and
U.S. Government securities;

(2) the entity is not subject to tax on
amounts that are distributed to its
beneficial owners or is exempt from
entity-level taxation;

(3) the entity distributes at least
85% of its taxable income (as computed in
the jurisdiction in which it is organized)
to the holders of its shares or
certificates of beneficial interest on an annual basis;

(4) either (i) the shares or beneficial interests of the entity are regularly traded on an established securities market or (ii) not more than 10% of the voting power or value in the entity is held, directly, indirectly, or constructively, by a single entity or individual; and

(5) the entity is organized in a country that has entered into a tax treaty with the United States; or

(ii) during its first taxable year for which it elects to be treated as a real estate investment trust under Section 856(c)(1) of the Internal Revenue Code, a real estate investment trust the certificates of beneficial interest or shares of which are not regularly traded on an established securities market, but only if the certificates of beneficial interest or shares of the real estate investment trust are regularly traded on an established securities market prior to the earlier of the due date (including extensions) for filing its return under this Act for that first taxable year or the date it actually files that return.
(C) For the purposes of this subsection (1.5), the constructive ownership rules prescribed under Section 318(a) of the Internal Revenue Code, as modified by Section 856(d)(5) of the Internal Revenue Code, apply in determining the ownership of stock, assets, or net profits of any person.

(D) For the purposes of this item (1.5), for taxable years ending on or after August 16, 2007, the voting power or value of the beneficial interest or shares of a real estate investment trust does not include any voting power or value of beneficial interest or shares in a real estate investment trust held directly or indirectly in a segregated asset account by a life insurance company (as described in Section 817 of the Internal Revenue Code) to the extent such voting power or value is for the benefit of entities or persons who are either immune from taxation or exempt from taxation under subtitle A of the Internal Revenue Code.

(2) Commercial domicile. The term "commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(3) Compensation. The term "compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(4) Corporation. The term "corporation" includes
associations, joint-stock companies, insurance companies
and cooperatives. Any entity, including a limited
liability company formed under the Illinois Limited
Liability Company Act, shall be treated as a corporation if
it is so classified for federal income tax purposes.

(5) Department. The term "Department" means the
Department of Revenue of this State.

(6) Director. The term "Director" means the Director of
Revenue of this State.

(7) Fiduciary. The term "fiduciary" means a guardian,
trustee, executor, administrator, receiver, or any person
acting in any fiduciary capacity for any person.

(8) Financial organization.

(A) The term "financial organization" means any
bank, bank holding company, trust company, savings
bank, industrial bank, land bank, safe deposit
company, private banker, savings and loan association,
building and loan association, credit union, currency
exchange, cooperative bank, small loan company, sales
finance company, investment company, or any person
which is owned by a bank or bank holding company. For
the purpose of this Section a "person" will include
only those persons which a bank holding company may
acquire and hold an interest in, directly or
indirectly, under the provisions of the Bank Holding
where interests in any person must be disposed of within certain required time limits under the Bank Holding Company Act of 1956.

(B) For purposes of subparagraph (A) of this paragraph, the term "bank" includes (i) any entity that is regulated by the Comptroller of the Currency under the National Bank Act, or by the Federal Reserve Board, or by the Federal Deposit Insurance Corporation and (ii) any federally or State chartered bank operating as a credit card bank.

(C) For purposes of subparagraph (A) of this paragraph, the term "sales finance company" has the meaning provided in the following item (i) or (ii):

(i) A person primarily engaged in one or more of the following businesses: the business of purchasing customer receivables, the business of making loans upon the security of customer receivables, the business of making loans for the express purpose of funding purchases of tangible personal property or services by the borrower, or the business of finance leasing. For purposes of this item (i), "customer receivable" means:

(a) a retail installment contract or retail charge agreement within the meaning of the Sales Finance Agency Act, the Retail Installment Sales Act, or the Motor Vehicle
Retail Installment Sales Act;

(b) an installment, charge, credit, or similar contract or agreement arising from the sale of tangible personal property or services in a transaction involving a deferred payment price payable in one or more installments subsequent to the sale; or

(c) the outstanding balance of a contract or agreement described in provisions (a) or (b) of this item (i).

A customer receivable need not provide for payment of interest on deferred payments. A sales finance company may purchase a customer receivable from, or make a loan secured by a customer receivable to, the seller in the original transaction or to a person who purchased the customer receivable directly or indirectly from that seller.

(ii) A corporation meeting each of the following criteria:

(a) the corporation must be a member of an "affiliated group" within the meaning of Section 1504(a) of the Internal Revenue Code, determined without regard to Section 1504(b) of the Internal Revenue Code;

(b) more than 50% of the gross income of
the corporation for the taxable year must be
interest income derived from qualifying loans.
A "qualifying loan" is a loan made to a member
of the corporation's affiliated group that
originates customer receivables (within the
meaning of item (i)) or to whom customer
receivables originated by a member of the
affiliated group have been transferred, to the
extent the average outstanding balance of
loans from that corporation to members of its
affiliated group during the taxable year do not
exceed the limitation amount for that
corporation. The "limitation amount" for a
corporation is the average outstanding
balances during the taxable year of customer
receivables (within the meaning of item (i))
originated by all members of the affiliated
group. If the average outstanding balances of
the loans made by a corporation to members of
its affiliated group exceed the limitation
amount, the interest income of that
corporation from qualifying loans shall be
equal to its interest income from loans to
members of its affiliated groups times a
fraction equal to the limitation amount
divided by the average outstanding balances of
the loans made by that corporation to members of its affiliated group;

(c) the total of all shareholder's equity (including, without limitation, paid-in capital on common and preferred stock and retained earnings) of the corporation plus the total of all of its loans, advances, and other obligations payable or owed to members of its affiliated group may not exceed 20% of the total assets of the corporation at any time during the tax year; and

(d) more than 50% of all interest-bearing obligations of the affiliated group payable to persons outside the group determined in accordance with generally accepted accounting principles must be obligations of the corporation.

This amendatory Act of the 91st General Assembly is declaratory of existing law.

(D) Subparagraphs (B) and (C) of this paragraph are declaratory of existing law and apply retroactively, for all tax years beginning on or before December 31, 1996, to all original returns, to all amended returns filed no later than 30 days after the effective date of this amendatory Act of 1996, and to all notices issued on or before the effective date of this amendatory Act.
of 1996 under subsection (a) of Section 903, subsection (a) of Section 904, subsection (e) of Section 909, or Section 912. A taxpayer that is a "financial organization" that engages in any transaction with an affiliate shall be a "financial organization" for all purposes of this Act.

(E) For all tax years beginning on or before December 31, 1996, a taxpayer that falls within the definition of a "financial organization" under subparagraphs (B) or (C) of this paragraph, but who does not fall within the definition of a "financial organization" under the Proposed Regulations issued by the Department of Revenue on July 19, 1996, may irrevocably elect to apply the Proposed Regulations for all of those years as though the Proposed Regulations had been lawfully promulgated, adopted, and in effect for all of those years. For purposes of applying subparagraphs (B) or (C) of this paragraph to all of those years, the election allowed by this subparagraph applies only to the taxpayer making the election and to those members of the taxpayer's unitary business group who are ordinarily required to apportion business income under the same subsection of Section 304 of this Act as the taxpayer making the election. No election allowed by this subparagraph shall be made under a claim filed under subsection (d)
of Section 909 more than 30 days after the effective date of this amendatory Act of 1996.

(F) Finance Leases. For purposes of this subsection, a finance lease shall be treated as a loan or other extension of credit, rather than as a lease, regardless of how the transaction is characterized for any other purpose, including the purposes of any regulatory agency to which the lessor is subject. A finance lease is any transaction in the form of a lease in which the lessee is treated as the owner of the leased asset entitled to any deduction for depreciation allowed under Section 167 of the Internal Revenue Code.

(9) Fiscal year. The term "fiscal year" means an accounting period of 12 months ending on the last day of any month other than December.

(9.5) Fixed place of business. The term "fixed place of business" has the same meaning as that term is given in Section 864 of the Internal Revenue Code and the related Treasury regulations.

(10) Includes and including. The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(11) Internal Revenue Code. The term "Internal Revenue Code" means the United States Internal Revenue Code of 1954
(11.5) Investment partnership.

(A) The term "investment partnership" means any entity that is treated as a partnership for federal income tax purposes that meets the following requirements:

(i) no less than 90% of the partnership's cost of its total assets consists of qualifying investment securities, deposits at banks or other financial institutions, and office space and equipment reasonably necessary to carry on its activities as an investment partnership;

(ii) no less than 90% of its gross income consists of interest, dividends, and gains from the sale or exchange of qualifying investment securities; and

(iii) the partnership is not a dealer in qualifying investment securities.

(B) For purposes of this paragraph (11.5), the term "qualifying investment securities" includes all of the following:

(i) common stock, including preferred or debt securities convertible into common stock, and preferred stock;

(ii) bonds, debentures, and other debt
securities;

(iii) foreign and domestic currency deposits secured by federal, state, or local governmental agencies;

(iv) mortgage or asset-backed securities secured by federal, state, or local governmental agencies;

(v) repurchase agreements and loan participations;

(vi) foreign currency exchange contracts and forward and futures contracts on foreign currencies;

(vii) stock and bond index securities and futures contracts and other similar financial securities and futures contracts on those securities;

(viii) options for the purchase or sale of any of the securities, currencies, contracts, or financial instruments described in items (i) to (vii), inclusive;

(ix) regulated futures contracts;

(x) commodities (not described in Section 1221(a)(1) of the Internal Revenue Code) or futures, forwards, and options with respect to such commodities, provided, however, that any item of a physical commodity to which title is actually
acquired in the partnership's capacity as a dealer in such commodity shall not be a qualifying investment security;

(xii) a partnership interest in another partnership that is an investment partnership.

(12) Mathematical error. The term "mathematical error" includes the following types of errors, omissions, or defects in a return filed by a taxpayer which prevents acceptance of the return as filed for processing:

(A) arithmetic errors or incorrect computations on the return or supporting schedules;

(B) entries on the wrong lines;

(C) omission of required supporting forms or schedules or the omission of the information in whole or in part called for thereon; and

(D) an attempt to claim, exclude, deduct, or improperly report, in a manner directly contrary to the provisions of the Act and regulations thereunder any item of income, exemption, deduction, or credit.

(13) Nonbusiness income. The term "nonbusiness income" means all income other than business income or compensation.

(14) Nonresident. The term "nonresident" means a person who is not a resident.

(15) Paid, incurred and accrued. The terms "paid", 
"incurred" and "accrued" shall be construed according to the method of accounting upon the basis of which the person's base income is computed under this Act.

(16) Partnership and partner. The term "partnership" includes a syndicate, group, pool, joint venture or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this Act, a trust or estate or a corporation; and the term "partner" includes a member in such syndicate, group, pool, joint venture or organization.

The term "partnership" includes any entity, including a limited liability company formed under the Illinois Limited Liability Company Act, classified as a partnership for federal income tax purposes.

The term "partnership" does not include a syndicate, group, pool, joint venture, or other unincorporated organization established for the sole purpose of playing the Illinois State Lottery.

(17) Part-year resident. The term "part-year resident" means an individual who became a resident during the taxable year or ceased to be a resident during the taxable year. Under Section 1501(a)(20)(A)(i) residence commences with presence in this State for other than a temporary or transitory purpose and ceases with absence from this State for other than a temporary or transitory purpose. Under
Section 1501(a)(20)(A)(ii) residence commences with the establishment of domicile in this State and ceases with the establishment of domicile in another State.

(18) Person. The term "person" shall be construed to mean and include an individual, a trust, estate, partnership, association, firm, company, corporation, limited liability company, or fiduciary. For purposes of Section 1301 and 1302 of this Act, a "person" means (i) an individual, (ii) a corporation, (iii) an officer, agent, or employee of a corporation, (iv) a member, agent or employee of a partnership, or (v) a member, manager, employee, officer, director, or agent of a limited liability company who in such capacity commits an offense specified in Section 1301 and 1302.

(18A) Records. The term "records" includes all data maintained by the taxpayer, whether on paper, microfilm, microfiche, or any type of machine-sensible data compilation.

(19) Regulations. The term "regulations" includes rules promulgated and forms prescribed by the Department.

(20) Resident. The term "resident" means:

(A) an individual (i) who is in this State for other than a temporary or transitory purpose during the taxable year; or (ii) who is domiciled in this State but is absent from the State for a temporary or transitory purpose during the taxable year;
(B) The estate of a decedent who at his or her
death was domiciled in this State;

(C) A trust created by a will of a decedent who at
his death was domiciled in this State; and

(D) An irrevocable trust, the grantor of which was
domiciled in this State at the time such trust became
irrevocable. For purpose of this subparagraph, a trust
shall be considered irrevocable to the extent that the
grantor is not treated as the owner thereof under
Sections 671 through 678 of the Internal Revenue Code.

(21) Sales. The term "sales" means all gross receipts
of the taxpayer not allocated under Sections 301, 302 and
303.

(22) State. The term "state" when applied to a
jurisdiction other than this State means any state of the
United States, the District of Columbia, the Commonwealth
of Puerto Rico, any Territory or Possession of the United
States, and any foreign country, or any political
subdivision of any of the foregoing. For purposes of the
foreign tax credit under Section 601, the term "state"
means any state of the United States, the District of
Columbia, the Commonwealth of Puerto Rico, and any
territory or possession of the United States, or any
political subdivision of any of the foregoing, effective
for tax years ending on or after December 31, 1989.

(23) Taxable year. The term "taxable year" means the
calendar year, or the fiscal year ending during such
calendar year, upon the basis of which the base income is
computed under this Act. "Taxable year" means, in the case
of a return made for a fractional part of a year under the
provisions of this Act, the period for which such return is
made.

(24) Taxpayer. The term "taxpayer" means any person
subject to the tax imposed by this Act.

(25) International banking facility. The term
international banking facility shall have the same meaning
as is set forth in the Illinois Banking Act or as is set
forth in the laws of the United States or regulations of
the Board of Governors of the Federal Reserve System.

(26) Income Tax Return Preparer.

(A) The term "income tax return preparer" means any
person who prepares for compensation, or who employs
one or more persons to prepare for compensation, any
return of tax imposed by this Act or any claim for
refund of tax imposed by this Act. The preparation of a
substantial portion of a return or claim for refund
shall be treated as the preparation of that return or
claim for refund.

(B) A person is not an income tax return preparer
if all he or she does is

(i) furnish typing, reproducing, or other
mechanical assistance;
(ii) prepare returns or claims for refunds for the employer by whom he or she is regularly and continuously employed;

(iii) prepare as a fiduciary returns or claims for refunds for any person; or

(iv) prepare claims for refunds for a taxpayer in response to any notice of deficiency issued to that taxpayer or in response to any waiver of restriction after the commencement of an audit of that taxpayer or of another taxpayer if a determination in the audit of the other taxpayer directly or indirectly affects the tax liability of the taxpayer whose claims he or she is preparing.

(27) Unitary business group.

(A) The term "unitary business group" means a group of persons related through common ownership whose business activities are integrated with, dependent upon and contribute to each other. The group will not include those members whose business activity outside the United States is 80% or more of any such member's total business activity; for purposes of this paragraph and clause (a)(3)(B)(ii) of Section 304, business activity within the United States shall be measured by means of the factors ordinarily applicable under subsections (a), (b), (c), (d), or (h) of Section
304 except that, in the case of members ordinarily required to apportion business income by means of the 3 factor formula of property, payroll and sales specified in subsection (a) of Section 304, including the formula as weighted in subsection (h) of Section 304, such members shall not use the sales factor in the computation and the results of the property and payroll factor computations of subsection (a) of Section 304 shall be divided by 2 (by one if either the property or payroll factor has a denominator of zero). The computation required by the preceding sentence shall, in each case, involve the division of the member's property, payroll, or revenue miles in the United States, insurance premiums on property or risk in the United States, or financial organization business income from sources within the United States, as the case may be, by the respective worldwide figures for such items. Common ownership in the case of corporations is the direct or indirect control or ownership of more than 50% of the outstanding voting stock of the persons carrying on unitary business activity. Unitary business activity can ordinarily be illustrated where the activities of the members are: (1) in the same general line (such as manufacturing, wholesaling, retailing of tangible personal property, insurance, transportation or finance); or (2) are
steps in a vertically structured enterprise or process (such as the steps involved in the production of natural resources, which might include exploration, mining, refining, and marketing); and, in either instance, the members are functionally integrated through the exercise of strong centralized management (where, for example, authority over such matters as purchasing, financing, tax compliance, product line, personnel, marketing and capital investment is not left to each member).

(B) In no event, for taxable years ending prior to December 31, 2015, shall any unitary business group include members which are ordinarily required to apportion business income under different subsections of Section 304 except that for tax years ending on or after December 31, 1987 this prohibition shall not apply to a holding company that would otherwise be a member of a unitary business group with taxpayers that apportion business income under any of subsections (b), (c), (c-1), or (d) of Section 304. If a unitary business group would, but for the preceding sentence, include members that are ordinarily required to apportion business income under different subsections of Section 304, then for each subsection of Section 304 for which there are two or more members, there shall be a separate unitary business group composed of such
members. For purposes of the preceding two sentences, a member is "ordinarily required to apportion business income" under a particular subsection of Section 304 if it would be required to use the apportionment method prescribed by such subsection except for the fact that it derives business income solely from Illinois. As used in this paragraph, the phrase "United States" means only the 50 states and the District of Columbia, but does not include any territory or possession of the United States or any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources.

(C) Holding companies.

(i) For purposes of this subparagraph, a "holding company" is a corporation (other than a corporation that is a financial organization under paragraph (8) of this subsection (a) of Section 1501 because it is a bank holding company under the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841, et seq.) or because it is owned by a bank or a bank holding company) that owns a controlling interest in one or more other taxpayers ("controlled taxpayers"); that, during the period that includes the taxable year and the 2 immediately preceding taxable years or, if the
corporation was formed during the current or immediately preceding taxable year, the taxable years in which the corporation has been in existence, derived substantially all its gross income from dividends, interest, rents, royalties, fees or other charges received from controlled taxpayers for the provision of services, and gains on the sale or other disposition of interests in controlled taxpayers or in property leased or licensed to controlled taxpayers or used by the taxpayer in providing services to controlled taxpayers; and that incurs no substantial expenses other than expenses (including interest and other costs of borrowing) incurred in connection with the acquisition and holding of interests in controlled taxpayers and in the provision of services to controlled taxpayers or in the leasing or licensing of property to controlled taxpayers.

(ii) The income of a holding company which is a member of more than one unitary business group shall be included in each unitary business group of which it is a member on a pro rata basis, by including in each unitary business group that portion of the base income of the holding company that bears the same proportion to the total base income of the holding company as the gross receipts
of the unitary business group bears to the combined
gross receipts of all unitary business groups (in
both cases without regard to the holding company)
or on any other reasonable basis, consistently
applied.

(iii) A holding company shall apportion its
business income under the subsection of Section
304 used by the other members of its unitary
business group. The apportionment factors of a
holding company which would be a member of more
than one unitary business group shall be included
with the apportionment factors of each unitary
business group of which it is a member on a pro
rata basis using the same method used in clause
(ii).

(iv) The provisions of this subparagraph (C)
are intended to clarify existing law.

(D) If including the base income and factors of a
holding company in more than one unitary business group
under subparagraph (C) does not fairly reflect the
degree of integration between the holding company and
one or more of the unitary business groups, the
dependence of the holding company and one or more of
the unitary business groups upon each other, or the
contributions between the holding company and one or
more of the unitary business groups, the holding
company may petition the Director, under the procedures provided under Section 304(f), for permission to include all base income and factors of the holding company only with members of a unitary business group apportioning their business income under one subsection of subsections (a), (b), (c), or (d) of Section 304. If the petition is granted, the holding company shall be included in a unitary business group only with persons apportioning their business income under the selected subsection of Section 304 until the Director grants a petition of the holding company either to be included in more than one unitary business group under subparagraph (C) or to include its base income and factors only with members of a unitary business group apportioning their business income under a different subsection of Section 304.

(E) If the unitary business group members' accounting periods differ, the common parent's accounting period or, if there is no common parent, the accounting period of the member that is expected to have, on a recurring basis, the greatest Illinois income tax liability must be used to determine whether to use the apportionment method provided in subsection (a) or subsection (h) of Section 304. The prohibition against membership in a unitary business group for taxpayers ordinarily required to apportion income
under different subsections of Section 304 does not
apply to taxpayers required to apportion income under
subsection (a) and subsection (h) of Section 304. The
provisions of this amendatory Act of 1998 apply to tax
years ending on or after December 31, 1998.

(28) Subchapter S corporation. The term "Subchapter S
corporation" means a corporation for which there is in
effect an election under Section 1362 of the Internal
Revenue Code, or for which there is a federal election to
opt out of the provisions of the Subchapter S Revision Act
of 1982 and have applied instead the prior federal
Subchapter S rules as in effect on July 1, 1982.

(30) Foreign person. The term "foreign person" means
any person who is a nonresident alien individual and any
nonindividual entity, regardless of where created or
organized, whose business activity outside the United
States is 80% or more of the entity's total business
activity.

(b) Other definitions.

(1) Words denoting number, gender, and so forth, when
used in this Act, where not otherwise distinctly expressed
or manifestly incompatible with the intent thereof:

(A) Words importing the singular include and apply
to several persons, parties or things;

(B) Words importing the plural include the
singular; and

(C) Words importing the masculine gender include the feminine as well.

(2) "Company" or "association" as including successors and assigns. The word "company" or "association", when used in reference to a corporation, shall be deemed to embrace the words "successors and assigns of such company or association", and in like manner as if these last-named words, or words of similar import, were expressed.

(3) Other terms. Any term used in any Section of this Act with respect to the application of, or in connection with, the provisions of any other Section of this Act shall have the same meaning as in such other Section.

(Source: P.A. 99-213, eff. 7-31-15.)

Section 15-15. The Property Tax Code is amended by changing Sections 3-40 and 4-20 as follows:

(35 ILCS 200/3-40)

Sec. 3-40. Compensation of supervisors of assessments.

(a) A supervisor of assessments shall receive annual compensation in an amount fixed by the county board subject to the following minimum amounts:

In counties with less than 14,000 inhabitants, not less than $7,500;

In counties with 14,000 or more but less than 30,000
inhabitants, not less than $8,000;

In counties with 30,000 or more but less than 60,000 inhabitants, not less than $9,000;

In counties with 60,000 or more but less than 100,000 inhabitants, not less than $10,000;

In counties with 100,000 or more but less than 200,000 inhabitants, not less than $11,500;

In counties with 200,000 or more but less than 300,000 inhabitants, not less than $13,000;

In counties with 300,000 or more but less than 1,000,000 inhabitants, not less than $15,000.

For purposes of this subsection, the number of inhabitants shall be determined by the latest Federal decennial or special census of the county.

(b) Elected supervisors of assessments who began a term of office before December 1, 1990 shall be compensated at the rate of their base salary. "Base salary" is the compensation paid for their position before July 1, 1989.

(c) Elected supervisors of assessments beginning a term of office on or after December 1, 1990 shall, beginning December 1, 1993, receive their base salary plus at least 12% of base salary.

Any supervisor of assessments who has been presented a Certified Assessing Evaluator Certificate by the International Association of Assessing Officers shall receive an additional compensation of $500 per year to be paid out of funds
appropriated to the Department from the Personal Property Tax Replacement Fund. **No additional compensation shall be paid to supervisors of assessments whose terms of office begin on or after the effective date of this amendatory Act of the 99th General Assembly.**

The salary set by the county board shall be paid in equal monthly installments out of the treasury of the county in which he or she is appointed or elected. If the Department has determined that the total assessed value of property in a county, as equalized by the supervisor of assessments under Section 9-210, is between 31 1/3% and 35 1/3% of the total fair cash value of property in the county, subject to appropriation, the Department shall reimburse the county monthly from the Personal Property Tax Replacement Fund 50% of the amount of salary the county paid to the officer for the preceding month.

The county board shall provide necessary office space for the officer and pay all necessary expenses of the office out of the county treasury.

Each supervisor of assessments may, with the advice and consent of the county board, appoint necessary deputies and clerks, their compensation to be fixed by the county board and paid by the county.

(Source: P.A. 97-72, eff. 7-1-11.)

(35 ILCS 200/4-20)

Sec. 4-20. Additional compensation based on performance.
Any assessor in counties with less than 3,000,000 but more than 50,000 inhabitants each year may petition the Department to receive additional compensation based on performance. To receive additional compensation, the official's assessment jurisdiction must meet the following criteria:

   (1) the median level of assessment must be no more than 35 1/3\% and no less than 31 1/3\% of fair cash value of property in his or her assessment jurisdiction; and

   (2) the coefficient of dispersion must not be greater than 15\%.

For purposes of this Section, "coefficient of dispersion" means the average deviation of all assessments from the median level. For purposes of this Section, the number of inhabitants shall be determined by the latest federal decennial census. When the most recent census shows an increase in inhabitants to over 50,000 or a decrease to 50,000 or fewer, then the assessment year used to compute the coefficient of dispersion and the most recent year of the 3-year average level of assessments is the year that determines qualification for additional compensation. The Department will promulgate rules and regulations to determine whether an assessor meets these criteria.

Any assessor in a county of 50,000 or fewer inhabitants may petition the Department for consideration to receive additional compensation each year based on performance. In order to receive the additional compensation, the assessments
in the official’s assessment jurisdiction must meet the following criteria: (i) the median level of assessments must be no more than 35 1/3% and no less than 31 1/3% of fair cash value of property in his or her assessment jurisdiction; and (ii) the coefficient of dispersion must not be greater than 40% in 1994, 38% in 1995, 36% in 1996, 34% in 1997, 32% in 1998, and 30% in 1999 and every year thereafter.

Real estate transfer declarations used by the Department in annual sales-assessment ratio studies will be used to evaluate applications for additional compensation. The Department will audit other property to determine if the sales-assessment ratio study data is representative of the assessment jurisdiction. If the ratio study is found not representative, appraisals and other information may be utilized. If the ratio study is representative, upon certification by the Department, the assessor shall receive additional compensation of $3,000 for that year, to be paid out of funds appropriated to the Department from the Personal Property Tax Replacement Fund.

No additional compensation shall be paid to assessors whose terms of office begin on or after the effective date of this amendatory Act of the 99th General Assembly.

As used in this Section, "assessor" means any township or multi-township assessor, or supervisor of assessments.

(Source: P.A. 97-72, eff. 7-1-11.)
by changing Section 10 as follows:

(35 ILCS 745/10)

Sec. 10. Amnesty program. The Department shall establish an amnesty program for all taxpayers owing any tax imposed by reason of or pursuant to authorization by any law of the State of Illinois and collected by the Department.

The amnesty program shall be for a period from October 1, 2003 through November 15, 2003, and for a period beginning on October 1, 2010 and ending November 8, 2010, and for a period beginning on October 1, 2016 and ending November 8, 2016.

The amnesty program shall provide that, upon payment by a taxpayer of all taxes due from that taxpayer to the State of Illinois for any taxable period ending (i) after June 30, 1983 and prior to July 1, 2002 for the tax amnesty period occurring from October 1, 2003 through November 15, 2003, and (ii) after June 30, 2002 and prior to July 1, 2009 for the tax amnesty period beginning on October 1, 2010 through November 8, 2010, and (iii) after June 30, 2008 and prior to July 1, 2015 for the tax amnesty period beginning on October 1, 2016 through November 8, 2016, the Department shall abate and not seek to collect any interest or penalties that may be applicable and the Department shall not seek civil or criminal prosecution for any taxpayer for the period of time for which amnesty has been granted to the taxpayer. Failure to pay all taxes due to the State for a taxable period shall invalidate any amnesty granted
under this Act. Amnesty shall be granted only if all amnesty conditions are satisfied by the taxpayer.

Amnesty shall not be granted to taxpayers who are a party to any criminal investigation or to any civil or criminal litigation that is pending in any circuit court or appellate court or the Supreme Court of this State for nonpayment, delinquency, or fraud in relation to any State tax imposed by any law of the State of Illinois.

Participation in an amnesty program shall not preclude a taxpayer from claiming a refund for an overpayment of tax on an issue unrelated to the issues for which the taxpayer claimed amnesty or for an overpayment of tax by taxpayers estimating a non-final liability for the amnesty program pursuant to Section 506(b) of the Illinois Income Tax Act (35 ILCS 5/506(b)).

Voluntary payments made under this Act shall be made by cash, check, guaranteed remittance, or ACH debit.

The Department shall adopt rules as necessary to implement the provisions of this Act.

Except as otherwise provided in this Section, all money collected under this Act that would otherwise be deposited into the General Revenue Fund shall be deposited as follows: (i) one-half into the Common School Fund; (ii) one-half into the General Revenue Fund. Two percent of all money collected under this Act shall be deposited by the State Treasurer into the Tax Compliance and Administration Fund and, subject to appropriation, shall be used by the Department to cover costs
associated with the administration of this Act.
(Source: P.A. 96-1435, eff. 8-16-10.)

Section 15-25. The Counties Code is amended by changing Sections 3-10007, 4-6001, 4-6002, 4-6003, and 4-8002 as follows:

(55 ILCS 5/3-10007) (from Ch. 34, par. 3-10007)

Sec. 3-10007. Annual stipend. In addition to all other compensation provided by law, every elected county treasurer, for additional duties mandated by State law, shall receive an annual stipend of (i) $5,000 if his or her term begins before December 1, 1998, (ii) $5,500 after December 1, 1998 and $6,500 after December 1, 1999 if his or her term begins on or after December 1, 1998 but before December 1, 2000, and (iii) $6,500 if his or her term begins December 1, 2000 or thereafter, to be annually appropriated from the Personal Property Tax Replacement Fund by the General Assembly to the Department of Revenue which shall distribute the awards in annual lump sum payments to every elected county treasurer. This annual stipend shall not affect any other compensation provided by law to be paid to elected county treasurers. No county board may reduce or otherwise impair the compensation payable from county funds to an elected county treasurer if such reduction or impairment is the result of his receiving an annual stipend under this Section. No stipend shall be paid to county treasurers whose
terms of office begin on or after the effective date of this amendatory Act of the 99th General Assembly.
(Source: P.A. 97-72, eff. 7-1-11.)

(55 ILCS 5/4-6001) (from Ch. 34, par. 4-6001)
Sec. 4-6001. Officers in counties of less than 2,000,000.
(a) In all counties of less than 2,000,000 inhabitants, the compensation of Coroners, County Treasurers, County Clerks, Recorders and Auditors shall be determined under this Section. The County Board in those counties shall fix the amount of the necessary clerk hire, stationery, fuel and other expenses of those officers. The compensation of those officers shall be separate from the necessary clerk hire, stationery, fuel and other expenses, and such compensation (except for coroners in those counties with less than 2,000,000 population in which the coroner's compensation is set in accordance with Section 4-6002) shall be fixed within the following limits:

To each such officer in counties containing less than 14,000 inhabitants, not less than $13,500 per annum.

To each such officer in counties containing 14,000 or more inhabitants, but less than 30,000 inhabitants, not less than $14,500 per annum.

To each such officer in counties containing 30,000 or more inhabitants but less than 60,000 inhabitants, not less than $15,000 per annum.

To each such officer in counties containing 60,000 or more
inhabitants but less than 100,000 inhabitants, not less than $15,000 per annum.

To each such officer in counties containing 100,000 or more inhabitants but less than 200,000 inhabitants, not less than $16,500 per annum.

To each such officer in counties containing 200,000 or more inhabitants but less than 300,000 inhabitants, not less than $18,000 per annum.

To each such officer in counties containing 300,000 or more inhabitants but less than 2,000,000 inhabitants, not less than $20,000 per annum.

(b) Those officers beginning a term of office before December 1, 1990 shall be compensated at the rate of their base salary. "Base salary" is the compensation paid for each of those offices, respectively, before July 1, 1989.

(c) Those officers beginning a term of office on or after December 1, 1990 shall be compensated as follows:

(1) Beginning December 1, 1990, base salary plus at least 3% of base salary.

(2) Beginning December 1, 1991, base salary plus at least 6% of base salary.

(3) Beginning December 1, 1992, base salary plus at least 9% of base salary.

(4) Beginning December 1, 1993, base salary plus at least 12% of base salary.

(d) In addition to but separate and apart from the
compensation provided in this Section, the county clerk of each county, the recorder of each county, and the chief clerk of each county board of election commissioners shall receive an award as follows:

(1) $4,500 per year after January 1, 1998;
(2) $5,500 per year after January 1, 1999; and
(3) $6,500 per year after January 1, 2000.

The total amount required for such awards each year shall be appropriated by the General Assembly to the State Board of Elections which shall distribute the awards in annual lump sum payments to the several county clerks, recorders, and chief election clerks. Beginning December 1, 1990, this annual award, and any other award or stipend paid out of State funds to county officers, shall not affect any other compensation provided by law to be paid to county officers. No stipend shall be paid to county officers whose terms of office begin on or after the effective date of this amendatory Act of the 99th General Assembly.

(e) Beginning December 1, 1990, no county board may reduce or otherwise impair the compensation payable from county funds to a county officer if the reduction or impairment is the result of the county officer receiving an award or stipend payable from State funds.

(f) The compensation, necessary clerk hire, stationery, fuel and other expenses of the county auditor, as fixed by the county board, shall be paid by the county.
(g) The population of all counties for the purpose of fixing compensation, as herein provided, shall be based upon the last Federal census immediately previous to the election of the officer in question in each county.

(h) With respect to an auditor who takes office on or after the effective date of this amendatory Act of the 95th General Assembly, the auditor shall receive an annual stipend of $6,500 per year. The General Assembly shall appropriate the total amount required for the stipend each year from the Personal Property Tax Replacement Fund to the Department of Revenue, and the Department of Revenue shall distribute the awards in an annual lump sum payment to each county auditor. The stipend shall be in addition to, but separate and apart from, the compensation provided in this Section. No stipend shall be paid to auditors whose terms of office begin on or after the effective date of this amendatory Act of the 99th General Assembly. No county board may reduce or otherwise impair the compensation payable from county funds to the auditor if the reduction or impairment is the result of the auditor receiving an award or stipend pursuant to this subsection.

(Source: P.A. 97-72, eff. 7-1-11.)

(55 ILCS 5/4-6002) (from Ch. 34, par. 4-6002)

Sec. 4-6002. Coroners in counties of less than 2,000,000.

(a) The County Board, in all counties of less than 2,000,000 inhabitants, shall fix the compensation of Coroners
within the limitations fixed by this Division, and shall
appropriate for their necessary clerk hire, stationery, fuel,
supplies, and other expenses. The compensation of the Coroner
shall be fixed separately from his necessary clerk hire,
stationery, fuel and other expenses, and such compensation
shall be fixed within the following limits:

To each Coroner in counties containing less than 5,000
inhabitants, not less than $4,500 per annum.

To each Coroner in counties containing 5,000 or more
inhabitants but less than 14,000 inhabitants, not less than
$6,000 per annum.

To each Coroner in counties containing 14,000 or more
inhabitants, but less than 30,000 inhabitants, not less than
$9,000 per annum.

To each Coroner in counties containing 30,000 or more
inhabitants, but less than 60,000 inhabitants, not less than
$14,000 per annum.

To each Coroner in counties containing 60,000 or more
inhabitants, but less than 100,000 inhabitants, not less than
$15,000 per annum.

To each Coroner in counties containing 100,000 or more
inhabitants, but less than 200,000 inhabitants, not less than
$16,500 per annum.

To each Coroner in counties containing 200,000 or more
inhabitants, but less than 300,000 inhabitants, not less than
$18,000 per annum.
To each Coroner in counties containing 300,000 or more inhabitants, but less than 2,000,000 inhabitants, not less than $20,000 per annum.

The population of all counties for the purpose of fixing compensation, as herein provided, shall be based upon the last Federal census immediately previous to the election of the Coroner in question in each county. This Section does not apply to a county which has abolished the elective office of coroner.

(b) Those coroners beginning a term of office on or after December 1, 1990 shall be compensated as follows:

1. Beginning December 1, 1990, base salary plus at least 3% of base salary.
2. Beginning December 1, 1991, base salary plus at least 6% of base salary.
3. Beginning December 1, 1992, base salary plus at least 9% of base salary.
4. Beginning December 1, 1993, base salary plus at least 12% of base salary.

"Base salary", as used in this subsection (b), means the salary in effect before July 1, 1989.

(c) In addition to, but separate and apart from, the compensation provided in this Section, subject to appropriation, the coroner of each county shall receive an annual stipend of $6,500 to be paid by the Illinois Department of Revenue out of the Personal Property Tax Replacement Fund if his or her term begins on or after December 1, 2000. No stipend
shall be paid to coroners whose terms of office begin on or after the effective date of this amendatory Act of the 99th General Assembly.

(Source: P.A. 97-72, eff. 7-1-11.)

(55 ILCS 5/4-6003) (from Ch. 34, par. 4-6003)

Sec. 4-6003. Compensation of sheriffs for certain expenses in counties of less than 2,000,000.

(a) The County Board, in all counties of less than 2,000,000 inhabitants, shall fix the compensation of sheriffs, with the amount of their necessary clerk hire, stationery, fuel and other expenses. The county shall supply the sheriff with all necessary uniforms, guns and ammunition. The compensation of each such officer shall be fixed separately from his necessary clerk hire, stationery, fuel and other expenses. Beginning immediately, no county with a population under 2,000,000 may reduce the rate of compensation of its sheriff below the rate of compensation that it was actually paying to its sheriff on January 1, 2002 or the effective date of this amendatory Act of the 92nd General Assembly, whichever is greater.

(b) In addition to the requirement of subsection (a), the rate of compensation payable to the sheriff by the county shall not be less than the following:

To each such sheriff in counties containing less than 10,000 inhabitants, not less than $27,000 per annum.
To each such sheriff in counties containing 10,000 or more inhabitants but less than 20,000 inhabitants, not less than $31,000 per annum.

To each such sheriff in counties containing 20,000 or more inhabitants but less than 30,000 inhabitants, not less than $34,000 per annum.

To each such sheriff in counties containing 30,000 or more inhabitants but less than 60,000 inhabitants, not less than $37,000 per annum.

To each such sheriff in counties containing 60,000 or more inhabitants but less than 100,000 inhabitants, not less than $40,000 per annum.

To each such sheriff in counties containing 100,000 or more inhabitants but less than 2,000,000 inhabitants, not less than $43,000 per annum.

The population of each county for the purpose of fixing compensation as herein provided, shall be based upon the last federal census immediately previous to the election of the sheriff in question in such county.

(c) (Blank).

(d) In addition to the salary provided for in subsections (a), (b), and (c), beginning December 1, 1998, subject to appropriation, each sheriff, for his or her additional duties imposed by other statutes or laws, shall receive an annual stipend to be paid by the Illinois Department of Revenue out of the Personal Property Tax Replacement Fund in the amount of
(e) No county board may reduce or otherwise impair the compensation payable from county funds to a sheriff if the reduction or impairment is the result of the sheriff receiving an award or stipend payable from State funds.
(Source: P.A. 97-72, eff. 7-1-11.)

(55 ILCS 5/4-8002) (from Ch. 34, par. 4-8002)
Sec. 4-8002. Additional compensation of sheriff and recorder.
(a) In addition to any salary otherwise provided by law, beginning December 1, 1998, subject to appropriation, the sheriff of Cook County for his or her additional duties imposed by other statutes or laws shall receive an annual stipend to be paid by the Illinois Department of Revenue out of the Personal Property Tax Replacement Fund in the amount of $6,500. However, no such stipend shall be paid to any sheriff of Cook County whose term of office begins on or after the effective date of this amendatory Act of the 99th General Assembly. The county board shall not reduce or otherwise impair the compensation payable from county funds to the sheriff if the reduction or impairment is the result of the sheriff receiving a stipend payable from State funds.
(b) In addition to any salary otherwise provided by law,
beginning December 1, 2000, subject to appropriation, the recorder of deeds of Cook County for his or her additional duties imposed by law shall receive an annual stipend to be paid by the State in an amount equal to the stipend paid to each recorder in other counties under subsection (d) of Section 4-6001 of this Code. However, no such stipend shall be paid to any recorder of deeds of Cook County whose term of office begins on or after the effective date of this amendatory Act of the 99th General Assembly. The county board may not reduce or otherwise impair the compensation payable from county funds to the recorder of deeds if the reduction or impairment is the result of the recorder of deeds receiving a stipend payable from State funds.

(Source: P.A. 97-72, eff. 7-1-11; 97-619, eff. 11-14-11.)

Section 15-30. The Clerks of Courts Act is amended by changing Section 27.3 as follows:

(705 ILCS 105/27.3) (from Ch. 25, par. 27.3)

Sec. 27.3. Compensation.

(a) The county board shall provide the compensation of Clerks of the Circuit Court, and the amount necessary for clerk hire, stationery, fuel and other expenses. Beginning December 1, 1989, the compensation per annum for Clerks of the Circuit Court shall be as follows:

In counties where the population is:
(b) In counties in which the population is 3,000,000 or less, "base salary" is the compensation paid for each Clerk of the Circuit Court, respectively, before July 1, 1989.

(c) The Clerks of the Circuit Court, in counties in which the population is 3,000,000 or less, shall be compensated as follows:

(1) Beginning December 1, 1989, base salary plus at least 3% of base salary.

(2) Beginning December 1, 1990, base salary plus at least 6% of base salary.

(3) Beginning December 1, 1991, base salary plus at least 9% of base salary.

(4) Beginning December 1, 1992, base salary plus at least 12% of base salary.

(d) In addition to the compensation provided by the county board, each Clerk of the Circuit Court shall receive an award from the State for the additional duties imposed by Sections 5-9-1 and 5-9-1.2 of the Unified Code of Corrections, Section
10 of the Violent Crime Victims Assistance Act, Section 16-104a
of the Illinois Vehicle Code, and other laws, in the following
amount:

(1) $3,500 per year before January 1, 1997.
(2) $4,500 per year beginning January 1, 1997.
(3) $5,500 per year beginning January 1, 1998.
(4) $6,500 per year beginning January 1, 1999.

The total amount required for such awards shall be appropriated
each year by the General Assembly to the Supreme Court, which
shall distribute such awards in annual lump sum payments to the
Clerks of the Circuit Court in all counties. This annual award,
and any other award or stipend paid out of State funds to the
Clerks of the Circuit Court, shall not affect any other
compensation provided by law to be paid to Clerks of the
Circuit Court. No award or stipend authorized under this
subsection (d) shall be paid to any recorder of deeds of Cook
County whose term of office begins on or after the effective
date of this amendatory Act of the 99th General Assembly.

(e) (Blank).

(f) No county board may reduce or otherwise impair the
compensation payable from county funds to a Clerk of the
Circuit Court if the reduction or impairment is the result of
the Clerk of the Circuit Court receiving an award or stipend
payable from State funds.

(Source: P.A. 98-24, eff. 6-19-13.)
Section 15-35. The Limited Liability Company Act is amended by changing Section 50-10 as follows:

(805 ILCS 180/50-10)

Sec. 50-10. Fees.

(a) The Secretary of State shall charge and collect in accordance with the provisions of this Act and rules promulgated under its authority all of the following:

(1) Fees for filing documents.
(2) Miscellaneous charges.
(3) Fees for the sale of lists of filings and for copies of any documents.

(b) The Secretary of State shall charge and collect for all of the following:

(1) Filing articles of organization (domestic), application for admission (foreign), and restated articles of organization (domestic), $150 $500. Notwithstanding the foregoing, the fee for filing articles of organization (domestic), application for admission (foreign), and restated articles of organization (domestic) in connection with a limited liability company with ability to establish series pursuant to Section 37-40 of this Act is $400 $750.
(2) Filing articles of amendment or an amended application for admission, $50 $150.
(3) Filing articles of dissolution or application for withdrawal, $5 $100.
(4) Filing an application to reserve a name, $25 $300.

(5) Filing a notice of cancellation of a reserved name, $5 $100.

(6) Filing a notice of a transfer of a reserved name, $25 $100.

(7) Registration of a name, $50 $300.

(8) Renewal of registration of a name, $50 $100.

(9) Filing an application for use of an assumed name under Section 1-20 of this Act, $150 for each year or part thereof ending in 0 or 5, $120 for each year or part thereof ending in 1 or 6, $90 for each year or part thereof ending in 2 or 7, $60 for each year or part thereof ending in 3 or 8, $30 for each year or part thereof ending in 4 or 9, and a renewal for each assumed name, $150.

(9.5) Filing an application for change of an assumed name, $25.

(10) Filing an application for change or cancellation of an assumed name, $5 $100.

(11) Filing an annual report of a limited liability company or foreign limited liability company, $75 $250, if filed as required by this Act, plus a penalty if delinquent. Notwithstanding the foregoing, the fee for filing an annual report of a limited liability company or foreign limited liability company with ability to establish series is $75 $250 plus $50 for each series for which a certificate of designation has been filed pursuant
(12) Filing an application for reinstatement of a limited liability company or foreign limited liability company $200 $500.

(13) Filing Articles of Merger, $100 plus $50 for each party to the merger in excess of the first 2 parties.

(14) Filing an Agreement of Conversion or Statement of Conversion, $100.

(15) Filing a statement of change of address of registered office or change of registered agent, or both, or filing a statement of correction, $25.

(16) Filing a petition for refund, $5 $15.

(17) Filing any other document, $5 $100.

(18) Filing a certificate of designation of a limited liability company with the ability to establish series pursuant to Section 37-40 of this Act, $50.

(c) The Secretary of State shall charge and collect all of the following:

(1) For furnishing a copy or certified copy of any document, instrument, or paper relating to a limited liability company or foreign limited liability company, or for a certificate, $25.

(2) For the transfer of information by computer process media to any purchaser, fees established by rule.
ARTICLE 20. INCOME TAX; CONTINENTAL SHELF

Section 20-5. The Illinois Income Tax Act is amended by changing Section 1501 as follows:

(35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

Sec. 1501. Definitions.

(a) In general. When used in this Act, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(1) Business income. The term "business income" means all income that may be treated as apportionable business income under the Constitution of the United States. Business income is net of the deductions allocable thereto. Such term does not include compensation or the deductions allocable thereto. For each taxable year beginning on or after January 1, 2003, a taxpayer may elect to treat all income other than compensation as business income. This election shall be made in accordance with rules adopted by the Department and, once made, shall be irrevocable.

(1.5) Captive real estate investment trust:

(A) The term "captive real estate investment trust" means a corporation, trust, or association:

(i) that is considered a real estate
investment trust for the taxable year under
Section 856 of the Internal Revenue Code;

(ii) the certificates of beneficial interest
or shares of which are not regularly traded on an
established securities market; and

(iii) of which more than 50% of the voting
power or value of the beneficial interest or
shares, at any time during the last half of the
taxable year, is owned or controlled, directly,
indirectly, or constructively, by a single
corporation.

(B) The term "captive real estate investment
trust" does not include:

(i) a real estate investment trust of which
more than 50% of the voting power or value of the
beneficial interest or shares is owned or
controlled, directly, indirectly, or
constructively, by:

(a) a real estate investment trust, other
than a captive real estate investment trust;

(b) a person who is exempt from taxation
under Section 501 of the Internal Revenue Code,
and who is not required to treat income
received from the real estate investment trust
as unrelated business taxable income under
Section 512 of the Internal Revenue Code;
(c) a listed Australian property trust, if no more than 50% of the voting power or value of the beneficial interest or shares of that trust, at any time during the last half of the taxable year, is owned or controlled, directly or indirectly, by a single person;

(d) an entity organized as a trust, provided a listed Australian property trust described in subparagraph (c) owns or controls, directly or indirectly, or constructively, 75% or more of the voting power or value of the beneficial interests or shares of such entity; or

(e) an entity that is organized outside of the laws of the United States and that satisfies all of the following criteria:

(1) at least 75% of the entity's total asset value at the close of its taxable year is represented by real estate assets (as defined in Section 856(c)(5)(B) of the Internal Revenue Code, thereby including shares or certificates of beneficial interest in any real estate investment trust), cash and cash equivalents, and U.S. Government securities;

(2) the entity is not subject to tax on
amounts that are distributed to its beneficial owners or is exempt from entity-level taxation;

(3) the entity distributes at least 85% of its taxable income (as computed in the jurisdiction in which it is organized) to the holders of its shares or certificates of beneficial interest on an annual basis;

(4) either (i) the shares or beneficial interests of the entity are regularly traded on an established securities market or (ii) not more than 10% of the voting power or value in the entity is held, directly, indirectly, or constructively, by a single entity or individual; and

(5) the entity is organized in a country that has entered into a tax treaty with the United States; or

(ii) during its first taxable year for which it elects to be treated as a real estate investment trust under Section 856(c)(1) of the Internal Revenue Code, a real estate investment trust the certificates of beneficial interest or shares of which are not regularly traded on an established
securities market, but only if the certificates of
beneficial interest or shares of the real estate
investment trust are regularly traded on an
established securities market prior to the earlier
of the due date (including extensions) for filing
its return under this Act for that first taxable
year or the date it actually files that return.

(C) For the purposes of this subsection (1.5), the
constructive ownership rules prescribed under Section
318(a) of the Internal Revenue Code, as modified by
Section 856(d)(5) of the Internal Revenue Code, apply
in determining the ownership of stock, assets, or net
profits of any person.

(D) For the purposes of this item (1.5), for
taxable years ending on or after August 16, 2007, the
voting power or value of the beneficial interest or
shares of a real estate investment trust does not
include any voting power or value of beneficial
interest or shares in a real estate investment trust
held directly or indirectly in a segregated asset
account by a life insurance company (as described in
Section 817 of the Internal Revenue Code) to the extent
such voting power or value is for the benefit of
entities or persons who are either immune from taxation
or exempt from taxation under subtitle A of the
Internal Revenue Code.
(2) Commercial domicile. The term "commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(3) Compensation. The term "compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(4) Corporation. The term "corporation" includes associations, joint-stock companies, insurance companies and cooperatives. Any entity, including a limited liability company formed under the Illinois Limited Liability Company Act, shall be treated as a corporation if it is so classified for federal income tax purposes.

(5) Department. The term "Department" means the Department of Revenue of this State.

(6) Director. The term "Director" means the Director of Revenue of this State.

(7) Fiduciary. The term "fiduciary" means a guardian, trustee, executor, administrator, receiver, or any person acting in any fiduciary capacity for any person.

(8) Financial organization.

(A) The term "financial organization" means any bank, bank holding company, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, building and loan association, credit union, currency exchange, cooperative bank, small loan company, sales
finance company, investment company, or any person
which is owned by a bank or bank holding company. For
the purpose of this Section a "person" will include
only those persons which a bank holding company may
acquire and hold an interest in, directly or
indirectly, under the provisions of the Bank Holding
where interests in any person must be disposed of
within certain required time limits under the Bank
Holding Company Act of 1956.

(B) For purposes of subparagraph (A) of this
paragraph, the term "bank" includes (i) any entity that
is regulated by the Comptroller of the Currency under
the National Bank Act, or by the Federal Reserve Board,
or by the Federal Deposit Insurance Corporation and
(ii) any federally or State chartered bank operating as
a credit card bank.

(C) For purposes of subparagraph (A) of this
paragraph, the term "sales finance company" has the
meaning provided in the following item (i) or (ii):

(i) A person primarily engaged in one or more
of the following businesses: the business of
purchasing customer receivables, the business of
making loans upon the security of customer
receivables, the business of making loans for the
express purpose of funding purchases of tangible
personal property or services by the borrower, or
the business of finance leasing. For purposes of
this item (i), "customer receivable" means:

(a) a retail installment contract or
retail charge agreement within the meaning of
the Sales Finance Agency Act, the Retail
Installment Sales Act, or the Motor Vehicle
Retail Installment Sales Act;

(b) an installment, charge, credit, or
similar contract or agreement arising from the
sale of tangible personal property or services
in a transaction involving a deferred payment
price payable in one or more installments
subsequent to the sale; or

(c) the outstanding balance of a contract
or agreement described in provisions (a) or (b)
of this item (i).

A customer receivable need not provide for
payment of interest on deferred payments. A sales
finance company may purchase a customer receivable
from, or make a loan secured by a customer
receivable to, the seller in the original
transaction or to a person who purchased the
customer receivable directly or indirectly from
that seller.

(ii) A corporation meeting each of the
following criteria:

(a) the corporation must be a member of an "affiliated group" within the meaning of Section 1504(a) of the Internal Revenue Code, determined without regard to Section 1504(b) of the Internal Revenue Code;

(b) more than 50% of the gross income of the corporation for the taxable year must be interest income derived from qualifying loans. A "qualifying loan" is a loan made to a member of the corporation's affiliated group that originates customer receivables (within the meaning of item (i)) or to whom customer receivables originated by a member of the affiliated group have been transferred, to the extent the average outstanding balance of loans from that corporation to members of its affiliated group during the taxable year do not exceed the limitation amount for that corporation. The "limitation amount" for a corporation is the average outstanding balances during the taxable year of customer receivables (within the meaning of item (i)) originated by all members of the affiliated group. If the average outstanding balances of the loans made by a corporation to members of
its affiliated group exceed the limitation amount, the interest income of that corporation from qualifying loans shall be equal to its interest income from loans to members of its affiliated groups times a fraction equal to the limitation amount divided by the average outstanding balances of the loans made by that corporation to members of its affiliated group;

(c) the total of all shareholder's equity (including, without limitation, paid-in capital on common and preferred stock and retained earnings) of the corporation plus the total of all of its loans, advances, and other obligations payable or owed to members of its affiliated group may not exceed 20% of the total assets of the corporation at any time during the tax year; and

(d) more than 50% of all interest-bearing obligations of the affiliated group payable to persons outside the group determined in accordance with generally accepted accounting principles must be obligations of the corporation.

This amendatory Act of the 91st General Assembly is declaratory of existing law.
(D) Subparagraphs (B) and (C) of this paragraph are declaratory of existing law and apply retroactively, for all tax years beginning on or before December 31, 1996, to all original returns, to all amended returns filed no later than 30 days after the effective date of this amendatory Act of 1996, and to all notices issued on or before the effective date of this amendatory Act of 1996 under subsection (a) of Section 903, subsection (a) of Section 904, subsection (e) of Section 909, or Section 912. A taxpayer that is a "financial organization" that engages in any transaction with an affiliate shall be a "financial organization" for all purposes of this Act.

(E) For all tax years beginning on or before December 31, 1996, a taxpayer that falls within the definition of a "financial organization" under subparagraphs (B) or (C) of this paragraph, but who does not fall within the definition of a "financial organization" under the Proposed Regulations issued by the Department of Revenue on July 19, 1996, may irrevocably elect to apply the Proposed Regulations for all of those years as though the Proposed Regulations had been lawfully promulgated, adopted, and in effect for all of those years. For purposes of applying subparagraphs (B) or (C) of this paragraph to all of those years, the election allowed by this
subparagraph applies only to the taxpayer making the election and to those members of the taxpayer's unitary business group who are ordinarily required to apportion business income under the same subsection of Section 304 of this Act as the taxpayer making the election. No election allowed by this subparagraph shall be made under a claim filed under subsection (d) of Section 909 more than 30 days after the effective date of this amendatory Act of 1996.

(F) Finance Leases. For purposes of this subsection, a finance lease shall be treated as a loan or other extension of credit, rather than as a lease, regardless of how the transaction is characterized for any other purpose, including the purposes of any regulatory agency to which the lessor is subject. A finance lease is any transaction in the form of a lease in which the lessee is treated as the owner of the leased asset entitled to any deduction for depreciation allowed under Section 167 of the Internal Revenue Code.

(9) Fiscal year. The term "fiscal year" means an accounting period of 12 months ending on the last day of any month other than December.

(9.5) Fixed place of business. The term "fixed place of business" has the same meaning as that term is given in Section 864 of the Internal Revenue Code and the related
Treasury regulations.

(10) Includes and including. The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

(11) Internal Revenue Code. The term "Internal Revenue Code" means the United States Internal Revenue Code of 1954 or any successor law or laws relating to federal income taxes in effect for the taxable year.

(11.5) Investment partnership.

(A) The term "investment partnership" means any entity that is treated as a partnership for federal income tax purposes that meets the following requirements:

(i) no less than 90% of the partnership's cost of its total assets consists of qualifying investment securities, deposits at banks or other financial institutions, and office space and equipment reasonably necessary to carry on its activities as an investment partnership;

(ii) no less than 90% of its gross income consists of interest, dividends, and gains from the sale or exchange of qualifying investment securities; and

(iii) the partnership is not a dealer in qualifying investment securities.
(B) For purposes of this paragraph (11.5), the term "qualifying investment securities" includes all of the following:

(i) common stock, including preferred or debt securities convertible into common stock, and preferred stock;

(ii) bonds, debentures, and other debt securities;

(iii) foreign and domestic currency deposits secured by federal, state, or local governmental agencies;

(iv) mortgage or asset-backed securities secured by federal, state, or local governmental agencies;

(v) repurchase agreements and loan participations;

(vi) foreign currency exchange contracts and forward and futures contracts on foreign currencies;

(vii) stock and bond index securities and futures contracts and other similar financial securities and futures contracts on those securities;

(viii) options for the purchase or sale of any of the securities, currencies, contracts, or financial instruments described in items (i) to
(vii), inclusive;

(ix) regulated futures contracts;

(x) commodities (not described in Section 1221(a)(1) of the Internal Revenue Code) or futures, forwards, and options with respect to such commodities, provided, however, that any item of a physical commodity to which title is actually acquired in the partnership's capacity as a dealer in such commodity shall not be a qualifying investment security;

(xi) derivatives; and

(xii) a partnership interest in another partnership that is an investment partnership.

(12) Mathematical error. The term "mathematical error" includes the following types of errors, omissions, or defects in a return filed by a taxpayer which prevents acceptance of the return as filed for processing:

(A) arithmetic errors or incorrect computations on the return or supporting schedules;

(B) entries on the wrong lines;

(C) omission of required supporting forms or schedules or the omission of the information in whole or in part called for thereon; and

(D) an attempt to claim, exclude, deduct, or improperly report, in a manner directly contrary to the provisions of the Act and regulations thereunder any
item of income, exemption, deduction, or credit.

(13) Nonbusiness income. The term "nonbusiness income" means all income other than business income or compensation.

(14) Nonresident. The term "nonresident" means a person who is not a resident.

(15) Paid, incurred and accrued. The terms "paid", "incurred" and "accrued" shall be construed according to the method of accounting upon the basis of which the person's base income is computed under this Act.

(16) Partnership and partner. The term "partnership" includes a syndicate, group, pool, joint venture or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this Act, a trust or estate or a corporation; and the term "partner" includes a member in such syndicate, group, pool, joint venture or organization.

The term "partnership" includes any entity, including a limited liability company formed under the Illinois Limited Liability Company Act, classified as a partnership for federal income tax purposes.

The term "partnership" does not include a syndicate, group, pool, joint venture, or other unincorporated organization established for the sole purpose of playing the Illinois State Lottery.
(17) Part-year resident. The term "part-year resident" means an individual who became a resident during the taxable year or ceased to be a resident during the taxable year. Under Section 1501(a)(20)(A)(i) residence commences with presence in this State for other than a temporary or transitory purpose and ceases with absence from this State for other than a temporary or transitory purpose. Under Section 1501(a)(20)(A)(ii) residence commences with the establishment of domicile in this State and ceases with the establishment of domicile in another State.

(18) Person. The term "person" shall be construed to mean and include an individual, a trust, estate, partnership, association, firm, company, corporation, limited liability company, or fiduciary. For purposes of Section 1301 and 1302 of this Act, a "person" means (i) an individual, (ii) a corporation, (iii) an officer, agent, or employee of a corporation, (iv) a member, agent or employee of a partnership, or (v) a member, manager, employee, officer, director, or agent of a limited liability company who in such capacity commits an offense specified in Section 1301 and 1302.

(18A) Records. The term "records" includes all data maintained by the taxpayer, whether on paper, microfilm, microfiche, or any type of machine-sensible data compilation.

(19) Regulations. The term "regulations" includes
rules promulgated and forms prescribed by the Department.

(20) Resident. The term "resident" means:

(A) an individual (i) who is in this State for other than a temporary or transitory purpose during the taxable year; or (ii) who is domiciled in this State but is absent from the State for a temporary or transitory purpose during the taxable year;

(B) The estate of a decedent who at his or her death was domiciled in this State;

(C) A trust created by a will of a decedent who at his death was domiciled in this State; and

(D) An irrevocable trust, the grantor of which was domiciled in this State at the time such trust became irrevocable. For purpose of this subparagraph, a trust shall be considered irrevocable to the extent that the grantor is not treated as the owner thereof under Sections 671 through 678 of the Internal Revenue Code.

(21) Sales. The term "sales" means all gross receipts of the taxpayer not allocated under Sections 301, 302 and 303.

(22) State. The term "state" when applied to a jurisdiction other than this State means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any Territory or Possession of the United States, and any foreign country, or any political subdivision of any of the foregoing. For purposes of the
The term "state" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or political subdivision of any of the foregoing, effective for tax years ending on or after December 31, 1989.

(23) Taxable year. The term "taxable year" means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the base income is computed under this Act. "Taxable year" means, in the case of a return made for a fractional part of a year under the provisions of this Act, the period for which such return is made.

(24) Taxpayer. The term "taxpayer" means any person subject to the tax imposed by this Act.

(25) International banking facility. The term international banking facility shall have the same meaning as is set forth in the Illinois Banking Act or as is set forth in the laws of the United States or regulations of the Board of Governors of the Federal Reserve System.

(26) Income Tax Return Preparer.

(A) The term "income tax return preparer" means any person who prepares for compensation, or who employs one or more persons to prepare for compensation, any return of tax imposed by this Act or any claim for refund of tax imposed by this Act. The preparation of a
substantial portion of a return or claim for refund shall be treated as the preparation of that return or claim for refund.

(B) A person is not an income tax return preparer if all he or she does is

(i) furnish typing, reproducing, or other mechanical assistance;

(ii) prepare returns or claims for refunds for the employer by whom he or she is regularly and continuously employed;

(iii) prepare as a fiduciary returns or claims for refunds for any person; or

(iv) prepare claims for refunds for a taxpayer in response to any notice of deficiency issued to that taxpayer or in response to any waiver of restriction after the commencement of an audit of that taxpayer or of another taxpayer if a determination in the audit of the other taxpayer directly or indirectly affects the tax liability of the taxpayer whose claims he or she is preparing.

(27) Unitary business group.

(A) The term "unitary business group" means a group of persons related through common ownership whose business activities are integrated with, dependent upon and contribute to each other. The group will not
include those members whose business activity outside
the United States is 80% or more of any such member's
total business activity; for purposes of this
paragraph and clause (a)(3)(B)(ii) of Section 304,
business activity within the United States shall be
measured by means of the factors ordinarily applicable
under subsections (a), (b), (c), (d), or (h) of Section
304 except that, in the case of members ordinarily
required to apportion business income by means of the 3
factor formula of property, payroll and sales
specified in subsection (a) of Section 304, including
the formula as weighted in subsection (h) of Section
304, such members shall not use the sales factor in the
computation and the results of the property and payroll
factor computations of subsection (a) of Section 304
shall be divided by 2 (by one if either the property or
payroll factor has a denominator of zero). The
computation required by the preceding sentence shall,
in each case, involve the division of the member's
property, payroll, or revenue miles in the United
States, insurance premiums on property or risk in the
United States, or financial organization business
income from sources within the United States, as the
case may be, by the respective worldwide figures for
such items. Common ownership in the case of
corporations is the direct or indirect control or
ownership of more than 50% of the outstanding voting
stock of the persons carrying on unitary business
activity. Unitary business activity can ordinarily be
illustrated where the activities of the members are:
(1) in the same general line (such as manufacturing,
wholesaling, retailing of tangible personal property,
insurance, transportation or finance); or (2) are
steps in a vertically structured enterprise or process
(such as the steps involved in the production of
natural resources, which might include exploration,
mining, refining, and marketing); and, in either
instance, the members are functionally integrated
through the exercise of strong centralized management
(where, for example, authority over such matters as
purchasing, financing, tax compliance, product line,
personnel, marketing and capital investment is not
left to each member).

(B) In no event, shall any unitary business group
include members which are ordinarily required to
apportion business income under different subsections
of Section 304 except that for tax years ending on or
after December 31, 1987 this prohibition shall not
apply to a holding company that would otherwise be a
member of a unitary business group with taxpayers that
apportion business income under any of subsections
(b), (c), (c-1), or (d) of Section 304. If a unitary
business group would, but for the preceding sentence, include members that are ordinarily required to apportion business income under different subsections of Section 304, then for each subsection of Section 304 for which there are two or more members, there shall be a separate unitary business group composed of such members. For purposes of the preceding two sentences, a member is "ordinarily required to apportion business income" under a particular subsection of Section 304 if it would be required to use the apportionment method prescribed by such subsection except for the fact that it derives business income solely from Illinois. As used in this paragraph, for taxable years ending before December 31, 2015, the phrase "United States" means only the 50 states and the District of Columbia, but does not include any territory or possession of the United States or any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources. For taxable years ending on or after December 31, 2015, the phrase "United States", as used in this paragraph, means only the 50 states, the District of Columbia, and any area over which the United States has asserted jurisdiction or claimed exclusive rights with respect to the exploration for or exploitation of natural resources, but does not
include any territory or possession of the United States.

(C) Holding companies.

(i) For purposes of this subparagraph, a "holding company" is a corporation (other than a corporation that is a financial organization under paragraph (8) of this subsection (a) of Section 1501 because it is a bank holding company under the provisions of the Bank Holding Company Act of 1956 (12 U.S.C. 1841, et seq.) or because it is owned by a bank or a bank holding company) that owns a controlling interest in one or more other taxpayers ("controlled taxpayers"); that, during the period that includes the taxable year and the 2 immediately preceding taxable years or, if the corporation was formed during the current or immediately preceding taxable year, the taxable years in which the corporation has been in existence, derived substantially all its gross income from dividends, interest, rents, royalties, fees or other charges received from controlled taxpayers for the provision of services, and gains on the sale or other disposition of interests in controlled taxpayers or in property leased or licensed to controlled taxpayers or used by the taxpayer in providing services to controlled
taxpayers; and that incurs no substantial expenses other than expenses (including interest and other costs of borrowing) incurred in connection with the acquisition and holding of interests in controlled taxpayers and in the provision of services to controlled taxpayers or in the leasing or licensing of property to controlled taxpayers.

(ii) The income of a holding company which is a member of more than one unitary business group shall be included in each unitary business group of which it is a member on a pro rata basis, by including in each unitary business group that portion of the base income of the holding company that bears the same proportion to the total base income of the holding company as the gross receipts of the unitary business group bears to the combined gross receipts of all unitary business groups (in both cases without regard to the holding company) or on any other reasonable basis, consistently applied.

(iii) A holding company shall apportion its business income under the subsection of Section 304 used by the other members of its unitary business group. The apportionment factors of a holding company which would be a member of more than one unitary business group shall be included
with the apportionment factors of each unitary business group of which it is a member on a pro rata basis using the same method used in clause (ii).

(iv) The provisions of this subparagraph (C) are intended to clarify existing law.

(D) If including the base income and factors of a holding company in more than one unitary business group under subparagraph (C) does not fairly reflect the degree of integration between the holding company and one or more of the unitary business groups, the dependence of the holding company and one or more of the unitary business groups upon each other, or the contributions between the holding company and one or more of the unitary business groups, the holding company may petition the Director, under the procedures provided under Section 304(f), for permission to include all base income and factors of the holding company only with members of a unitary business group apportioning their business income under one subsection of subsections (a), (b), (c), or (d) of Section 304. If the petition is granted, the holding company shall be included in a unitary business group only with persons apportioning their business income under the selected subsection of Section 304 until the Director grants a petition of the holding
company either to be included in more than one unitary business group under subparagraph (C) or to include its base income and factors only with members of a unitary business group apportioning their business income under a different subsection of Section 304.

(E) If the unitary business group members' accounting periods differ, the common parent's accounting period or, if there is no common parent, the accounting period of the member that is expected to have, on a recurring basis, the greatest Illinois income tax liability must be used to determine whether to use the apportionment method provided in subsection (a) or subsection (h) of Section 304. The prohibition against membership in a unitary business group for taxpayers ordinarily required to apportion income under different subsections of Section 304 does not apply to taxpayers required to apportion income under subsection (a) and subsection (h) of Section 304. The provisions of this amendatory Act of 1998 apply to tax years ending on or after December 31, 1998.

(28) Subchapter S corporation. The term "Subchapter S corporation" means a corporation for which there is in effect an election under Section 1362 of the Internal Revenue Code, or for which there is a federal election to opt out of the provisions of the Subchapter S Revision Act of 1982 and have applied instead the prior federal
Subchapter S rules as in effect on July 1, 1982.

(30) Foreign person. The term "foreign person" means any person who is a nonresident alien individual and any nonindividual entity, regardless of where created or organized, whose business activity outside the United States is 80% or more of the entity's total business activity.

(b) Other definitions.

(1) Words denoting number, gender, and so forth, when used in this Act, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(A) Words importing the singular include and apply to several persons, parties or things;

(B) Words importing the plural include the singular; and

(C) Words importing the masculine gender include the feminine as well.

(2) "Company" or "association" as including successors and assigns. The word "company" or "association", when used in reference to a corporation, shall be deemed to embrace the words "successors and assigns of such company or association", and in like manner as if these last-named words, or words of similar import, were expressed.

(3) Other terms. Any term used in any Section of this Act with respect to the application of, or in connection
with, the provisions of any other Section of this Act shall have the same meaning as in such other Section.
(Source: P.A. 99-213, eff. 7-31-15.)

ARTICLE 25. COMPENSATION; BOARDS AND COMMISSIONS

Section 25-5. The Personnel Code is amended by changing Section 7d as follows:

(20 ILCS 415/7d) (from Ch. 127, par. 63b107d)

Sec. 7d. Compensation. The chairman shall be paid an annual salary of $8,200 from the third Monday in January, 1979 to the third Monday in January, 1980; $8,700 from the third Monday in January, 1980 to the third Monday in January, 1981; $9,300 from the third Monday in January, 1981 to the third Monday in January, 1982; $10,000 from the third Monday in January, 1982 to the effective date of this amendatory Act of the 91st General Assembly; and $25,000 until July 1, 2016 thereafter, or as set by the Compensation Review Board, whichever is greater. Other members of the Commission shall each be paid an annual salary of $5,500 from the third Monday in January, 1979 to the third Monday in January, 1980; $6,000 from the third Monday in January, 1980 to the third Monday in January, 1981; $6,500 from the third Monday in January, 1981 to the third Monday in January, 1982; $7,500 from the third Monday in January, 1982 to the effective date of this amendatory Act of the 91st General
Assembly; and $20,000 until July 1, 2016 thereafter, or as set by the Compensation Review Board, whichever is greater. Until July 1, 2016, they shall be entitled to reimbursement for necessary traveling and other official expenditures necessitated by their official duties. On and after July 1, 2016, no member of the Commission shall receive compensation for his or her service on the Commission, nor shall they be entitled to reimbursement for necessary traveling and other official expenditures necessitated by their official duties.

(Source: P.A. 91-798, eff. 7-9-00.)

Section 25-10. The Capital Development Board Act is amended by changing Section 6 as follows:

(20 ILCS 3105/6) (from Ch. 127, par. 776)

Sec. 6.

Members of the Board shall serve without compensation but shall, until July 1, 2016, be reimbursed for their reasonable expenses necessarily incurred in the performance of their duties and the exercise of their powers under this Act. Each member shall before entering upon the duties of his office, take and subscribe the constitutional oath of office and give bond in the penal sum of $100,000 conditioned upon the faithful performance of his duties. The oath and bond shall be filed in the office of the Secretary of State.

(Source: P.A. 77-1995.)
Section 25-15. The Illinois Finance Authority Act is amended by changing Section 801-15 as follows:

(20 ILCS 3501/801-15)

Sec. 801-15. There is hereby created a body politic and corporate to be known as the Illinois Finance Authority. The exercise of the powers conferred by law shall be an essential public function. The Authority shall consist of 15 members, who shall be appointed by the Governor, with the advice and consent of the Senate. Upon the appointment of the Board and every 2 years thereafter, the chairperson of the Authority shall be selected by the Governor to serve as chairperson for two years. Appointments to the Authority shall be persons of recognized ability and experience in one or more of the following areas: economic development, finance, banking, industrial development, small business management, real estate development, housing, health facilities financing, local government financing, community development, venture finance, construction, labor relations, agribusiness, and production agriculture. At the time of appointment, the Governor shall designate 5 members to serve until the third Monday in July 2005, 5 members to serve until the third Monday in July 2006 and 5 members to serve until the third Monday in July 2007. Thereafter, appointments shall be for 3-year terms. At any point in time, the Authority must include no fewer than 2
members who have expertise in agribusiness or production agriculture. A member shall serve until his or her successor shall be appointed and have qualified for office by filing the oath and bond. Members of the Authority shall not be entitled to compensation for their services as members, but shall, until July 1, 2016, be entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The Governor may remove any member of the Authority in case of incompetence, neglect of duty, or malfeasance in office, after service on him of a copy of the written charges against him and an opportunity to be publicly heard in person or by counsel in his own defense upon not less than 10 days' notice. From nominations received from the Governor, the members of the Authority shall appoint an Executive Director who shall be a person knowledgeable in the areas of financial markets and instruments, to hold office for a one-year term. The Executive Director shall be the chief administrative and operational officer of the Authority and shall direct and supervise its administrative affairs and general management and perform such other duties as may be prescribed from time to time by the members and shall receive compensation fixed by the Authority. The Executive Director or any committee of the members may carry out such responsibilities of the members as the members by resolution may delegate. The Executive Director shall attend all meetings of the Authority; however, no action of the Authority shall be
invalid on account of the absence of the Executive Director from a meeting. The Authority may engage the services of such other agents and employees, including attorneys, appraisers, engineers, accountants, credit analysts and other consultants, as it may deem advisable and may prescribe their duties and fix their compensation. The Authority may appoint Advisory Councils to (1) assist in the formulation of policy goals and objectives, (2) assist in the coordination of the delivery of services, (3) assist in establishment of funding priorities for the various activities of the Authority, and (4) target the activities of the Authority to specific geographic regions. There may be an Advisory Council on Economic Development. The Advisory Council shall consist of no more than 12 members, who shall serve at the pleasure of the Authority. Members of the Advisory Council shall receive no compensation for their services, but may, until July 1, 2016, be reimbursed for expenses incurred with their service on the Advisory Council.

(Source: P.A. 98-344, eff. 8-13-13.)

Section 25-20. The Illinois Health Facilities Planning Act is amended by changing Section 4 as follows:

(20 ILCS 3960/4) (from Ch. 111 1/2, par. 1154)

(Section scheduled to be repealed on December 31, 2019)

Sec. 4. Health Facilities and Services Review Board; membership; appointment; term; compensation; quorum.
Notwithstanding any other provision in this Section, members of the State Board holding office on the day before the effective date of this amendatory Act of the 96th General Assembly shall retain their authority.

(a) There is created the Health Facilities and Services Review Board, which shall perform the functions described in this Act. The Department shall provide operational support to the Board, including the provision of office space, supplies, and clerical, financial, and accounting services. The Board may contract with experts related to specific health services or facilities and create technical advisory panels to assist in the development of criteria, standards, and procedures used in the evaluation of applications for permit and exemption.

(b) Beginning March 1, 2010, the State Board shall consist of 9 voting members. All members shall be residents of Illinois and at least 4 shall reside outside the Chicago Metropolitan Statistical Area. Consideration shall be given to potential appointees who reflect the ethnic and cultural diversity of the State. Neither Board members nor Board staff shall be convicted felons or have pled guilty to a felony.

Each member shall have a reasonable knowledge of the practice, procedures and principles of the health care delivery system in Illinois, including at least 5 members who shall be knowledgeable about health care delivery systems, health systems planning, finance, or the management of health care facilities currently regulated under the Act. One member shall
be a representative of a non-profit health care consumer advocacy organization. A spouse, parent, sibling, or child of a Board member cannot be an employee, agent, or under contract with services or facilities subject to the Act. Prior to appointment and in the course of service on the Board, members of the Board shall disclose the employment or other financial interest of any other relative of the member, if known, in service or facilities subject to the Act. Members of the Board shall declare any conflict of interest that may exist with respect to the status of those relatives and recuse themselves from voting on any issue for which a conflict of interest is declared. No person shall be appointed or continue to serve as a member of the State Board who is, or whose spouse, parent, sibling, or child is, a member of the Board of Directors of, has a financial interest in, or has a business relationship with a health care facility.

Notwithstanding any provision of this Section to the contrary, the term of office of each member of the State Board serving on the day before the effective date of this amendatory Act of the 96th General Assembly is abolished on the date upon which members of the 9-member Board, as established by this amendatory Act of the 96th General Assembly, have been appointed and can begin to take action as a Board. Members of the State Board serving on the day before the effective date of this amendatory Act of the 96th General Assembly may be reappointed to the 9-member Board. Prior to March 1, 2010, the
Health Facilities Planning Board shall establish a plan to transition its powers and duties to the Health Facilities and Services Review Board.

(c) The State Board shall be appointed by the Governor, with the advice and consent of the Senate. Not more than 5 of the appointments shall be of the same political party at the time of the appointment.

The Secretary of Human Services, the Director of Healthcare and Family Services, and the Director of Public Health, or their designated representatives, shall serve as ex-officio, non-voting members of the State Board.

(d) Of those 9 members initially appointed by the Governor following the effective date of this amendatory Act of the 96th General Assembly, 3 shall serve for terms expiring July 1, 2011, 3 shall serve for terms expiring July 1, 2012, and 3 shall serve for terms expiring July 1, 2013. Thereafter, each appointed member shall hold office for a term of 3 years, provided that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his or her predecessor was appointed shall be appointed for the remainder of such term and the term of office of each successor shall commence on July 1 of the year in which his predecessor's term expires. Each member appointed after the effective date of this amendatory Act of the 96th General Assembly shall hold office until his or her successor is appointed and qualified. The Governor may reappoint a member for additional terms, but no
member shall serve more than 3 terms, subject to review and re-approval every 3 years.

(e) Until July 1, 2016, State Board members, while serving on business of the State Board, shall receive actual and necessary travel and subsistence expenses while so serving away from their places of residence. Until March 1, 2010, a member of the State Board who experiences a significant financial hardship due to the loss of income on days of attendance at meetings or while otherwise engaged in the business of the State Board may be paid a hardship allowance, as determined by and subject to the approval of the Governor's Travel Control Board.

(f) The Governor shall designate one of the members to serve as the Chairman of the Board, who shall be a person with expertise in health care delivery system planning, finance or management of health care facilities that are regulated under the Act. The Chairman shall annually review Board member performance and shall report the attendance record of each Board member to the General Assembly.

(g) The State Board, through the Chairman, shall prepare a separate and distinct budget approved by the General Assembly and shall hire and supervise its own professional staff responsible for carrying out the responsibilities of the Board.

(h) The State Board shall meet at least every 45 days, or as often as the Chairman of the State Board deems necessary, or upon the request of a majority of the members.
(i) Five members of the State Board shall constitute a quorum. The affirmative vote of 5 of the members of the State Board shall be necessary for any action requiring a vote to be taken by the State Board. A vacancy in the membership of the State Board shall not impair the right of a quorum to exercise all the rights and perform all the duties of the State Board as provided by this Act.

(j) A State Board member shall disqualify himself or herself from the consideration of any application for a permit or exemption in which the State Board member or the State Board member's spouse, parent, sibling, or child: (i) has an economic interest in the matter; or (ii) is employed by, serves as a consultant for, or is a member of the governing board of the applicant or a party opposing the application.

(k) The Chairman, Board members, and Board staff must comply with the Illinois Governmental Ethics Act.

(Source: P.A. 96-31, eff. 6-30-09; 97-1115, eff. 8-27-12.)

Section 25-25. The Illinois Pension Code is amended by changing Sections 2-127, 14-134, 15-159, 16-167, and 18-158 as follows:

(40 ILCS 5/2-127) (from Ch. 108 1/2, par. 2-127)
Sec. 2-127. Board created. The system shall be administered by a board of trustees of 7 members as follows: the President of the Senate, ex officio, or his designee; 2 members of the
Senate appointed by the President; 3 members of the House of Representatives appointed by the Speaker; and one person elected from the member annuitants under rules prescribed by the board. Only participants are eligible to serve as board members. Not more than two members of the House of Representatives, and not more than one member of the Senate so appointed shall be of the same political party. Appointed board members shall serve for 2-year terms. If the office of President of the Senate or Speaker of the House is vacant or its incumbent is not a participant, the position of trustee otherwise occupied by such officers shall be deemed vacant and be filled by appointment by the Governor with a member of the Senate or the House, as the case may be. This appointment shall be of the same political party as the vacated position.

Elections for the annuitant member shall be held in January of 1993 and every fourth year thereafter. Nominations and elections shall be conducted in accordance with such procedures as the Board may prescribe. In the event that only one eligible person is nominated, the Board may declare the nominee elected at the close of the nomination period, and need not conduct an election. The annuitant member elected in 1989 shall serve for a term of 4 years beginning February 1, 1989; thereafter, an annuitant member shall serve for a period of 4 years from the February 1st immediately following the date of election, and until a successor is elected and qualified.

Every person designated to serve as a trustee shall take an
oath of office and shall thereupon qualify as a trustee. The oath shall state that the person will diligently and honestly administer the affairs of the system, and will not knowingly violate or wilfully permit the violation of any of the provisions of this Article.

Beginning on July 1, 2016, trustees shall serve without compensation and shall not be reimbursed for expenses incurred with their service as trustee.

(Source: P.A. 86-273; 86-1488.)

(40 ILCS 5/14-134) (from Ch. 108 1/2, par. 14-134)

Sec. 14-134. Board created. The retirement system created by this Article shall be a trust, separate and distinct from all other entities. The responsibility for the operation of the system and for making effective this Article is vested in a board of trustees.

The board shall consist of 7 trustees, as follows:

(a) the Director of the Governor's Office of Management and Budget; (b) the Comptroller; (c) one trustee, not a State employee, who shall be Chairman, to be appointed by the Governor for a 5 year term; (d) two members of the system, one of whom shall be an annuitant age 60 or over, having at least 8 years of creditable service, to be appointed by the Governor for terms of 5 years; (e) one member of the system having at least 8 years of creditable service, to be elected from the contributing membership of the system by the contributing
members as provided in Section 14-134.1; (f) one annuitant of
the system who has been an annuitant for at least one full
year, to be elected from and by the annuitants of the system,
as provided in Section 14-134.1. The Director of the Governor's
Office of Management and Budget and the Comptroller shall be
ex-officio members and shall serve as trustees during their
respective terms of office, except that each of them may
designate another officer or employee from the same agency to
serve in his or her place. However, no ex-officio member may
designate a different proxy within one year after designating a
proxy unless the person last so designated has become
ineligible to serve in that capacity. Except for the elected
trustees, any vacancy in the office of trustee shall be filled
in the same manner as the office was filled previously.

A trustee shall serve until a successor qualifies, except
that a trustee who is a member of the system shall be
disqualified as a trustee immediately upon terminating service
with the State.

Notwithstanding any provision of this Section to the
contrary, the term of office of each trustee of the board
appointed by the Governor who is sitting on the board on the
effective date of this amendatory Act of the 96th General
Assembly is terminated on that effective date.

Beginning on the 90th day after the effective date of this
amendatory Act of the 96th General Assembly, the board shall
consist of 13 trustees as follows:
(1) the Comptroller, who shall be the Chairperson;

(2) six persons appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 5 years, except that the terms of the initial appointees under this amendatory Act of the 96th General Assembly shall be as follows: 3 for a term of 3 years and 3 for a term of 5 years;

(3) four active participants of the system having at least 8 years of creditable service, to be elected from the contributing members of the system by the contribution members as provided in Section 14-134.1; and

(4) two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system, as provided in Section 14-134.1.

For the purposes of this Section, the Governor may make a nomination and the Senate may confirm the nominee in advance of the commencement of the nominee's term of office. The Governor shall make nominations for appointment to the board under this Section within 60 days after the effective date of this amendatory Act of the 96th General Assembly. A trustee sitting on the board on the effective date of this amendatory Act of the 96th General Assembly may not hold over in office for more than 90 days after the effective date of this amendatory Act of the 96th General Assembly. Nothing in this Section shall
prevent the Governor from making a temporary appointment or
nominating a trustee holding office on the day before the
effective date of this amendatory Act of the 96th General
Assembly.

Each trustee is entitled to one vote on the board, and 4
trustees shall constitute a quorum for the transaction of
business. The affirmative votes of a majority of the trustees
present, but at least 3 trustees, shall be necessary for action
by the board at any meeting. On the 90th day after the
effective date of this amendatory Act of the 96th General
Assembly, 7 trustees shall constitute a quorum for the
transaction of business and the affirmative vote of a majority
of the trustees present, but at least 7 trustees, shall be
necessary for action by the board at any meeting. The board's
action of July 22, 1986, by which it amended the bylaws of the
system to increase the number of affirmative votes required for
board action from 3 to 4 (in response to Public Act 84-1028,
which increased the number of trustees from 5 to 7), and the
board's rejection, between that date and the effective date of
this amendatory Act of 1993, of proposed actions not receiving
at least 4 affirmative votes, are hereby validated.

The trustees shall serve without compensation, but shall,
until July 1, 2016, be reimbursed from the funds of the system
for all necessary expenses incurred through service on the
board.

Each trustee shall take an oath of office that he or she
will diligently and honestly administer the affairs of the
system, and will not knowingly violate or willfully permit the
violation of any of the provisions of law applicable to the
system. The oath shall be subscribed to by the trustee making
it, certified by the officer before whom it is taken, and filed
with the Secretary of State. A trustee shall qualify for
membership on the board when the oath has been approved by the
board.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)
Sec. 15-159. Board created.
(a) A board of trustees constituted as provided in this
Section shall administer this System. The board shall be known
as the Board of Trustees of the State Universities Retirement
System.
(b) (Blank).
(c) (Blank).
(d) Beginning on the 90th day after April 3, 2009 (the
effective date of Public Act 96-6), the Board of Trustees shall
be constituted as follows:
(1) The Chairperson of the Board of Higher Education,
who shall act as chairperson of this Board.
(2) Four trustees appointed by the Governor with the
advice and consent of the Senate who may not be members of
the system or hold an elective State office and who shall
serve for a term of 6 years, except that the terms of the initial appointees under this subsection (d) shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(3) Four active participants of the system to be elected from the contributing membership of the system by the contributing members, no more than 2 of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: 2 for a term of 3 years and 2 for a term of 6 years.

(4) Two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system, no more than one of which may be from any of the University of Illinois campuses, who shall serve for a term of 6 years, except that the terms of the initial electees shall be as follows: one for a term of 3 years and one for a term of 6 years.

For the purposes of this Section, the Governor may make a nomination and the Senate may confirm the nominee in advance of the commencement of the nominee's term of office.

(e) The 6 elected trustees shall be elected within 90 days after April 3, 2009 (the effective date of Public Act 96-6) for a term beginning on the 90th day after that effective date. Trustees shall be elected thereafter as terms expire for a 6-year term beginning July 15 next following their election,
and such election shall be held on May 1, or on May 2 when May 1 falls on a Sunday. The board may establish rules for the election of trustees to implement the provisions of Public Act 96-6 and for future elections. Candidates for the participating trustee shall be nominated by petitions in writing, signed by not less than 400 participants with their addresses shown opposite their names. Candidates for the annuitant trustee shall be nominated by petitions in writing, signed by not less than 100 annuitants with their addresses shown opposite their names. If there is more than one qualified nominee for each elected trustee, then the board shall conduct a secret ballot election by mail for that trustee, in accordance with rules as established by the board. If there is only one qualified person nominated by petition for each elected trustee, then the election as required by this Section shall not be conducted for that trustee and the board shall declare such nominee duly elected. A vacancy occurring in the elective membership of the board shall be filled for the unexpired term by the elected trustees serving on the board for the remainder of the term. Nothing in this subsection shall preclude the adoption of rules providing for internet or phone balloting in addition, or as an alternative, to election by mail.

(f) A vacancy in the appointed membership on the board of trustees caused by resignation, death, expiration of term of office, or other reason shall be filled by a qualified person appointed by the Governor for the remainder of the unexpired
(g) Trustees (other than the trustees incumbent on June 30, 1995 or as provided in subsection (c) of this Section) shall continue in office until their respective successors are appointed and have qualified, except that a trustee appointed to one of the participant positions shall be disqualified immediately upon the termination of his or her status as a participant and a trustee appointed to one of the annuitant positions shall be disqualified immediately upon the termination of his or her status as an annuitant receiving a retirement annuity.

(h) Each trustee must take an oath of office before a notary public of this State and shall qualify as a trustee upon the presentation to the board of a certified copy of the oath. The oath must state that the person will diligently and honestly administer the affairs of the retirement system, and will not knowingly violate or willfully permit to be violated any provisions of this Article.

Each trustee shall serve without compensation but shall, until July 1, 2016, be reimbursed for expenses necessarily incurred in attending board meetings and carrying out his or her duties as a trustee or officer of the system.

(Source: P.A. 98-92, eff. 7-16-13.)

(40 ILCS 5/16-167) (from Ch. 108 1/2, par. 16-167)

Sec. 16-167. Board - compensation and expenses. The
trustees shall serve without compensation, but shall, until
July 1, 2016, be reimbursed for all necessary expenses.
(Source: P.A. 83-1440.)

(40 ILCS 5/18-158) (from Ch. 108 1/2, par. 18-158)
Sec. 18-158. No compensation.
Trustees shall serve without compensation, but shall, until July 1, 2016, be reimbursed for any reasonable traveling expenses incurred in attending meetings of the board.
(Source: Laws 1963, p. 161.)

Section 25-30. The Metropolitan Pier and Exposition Authority Act is amended by changing Sections 14 and 23.1 as follows:

(70 ILCS 210/14) (from Ch. 85, par. 1234)
Sec. 14. Board; compensation. The governing and administrative body of the Authority shall be a board known as the Metropolitan Pier and Exposition Board. On the effective date of this amendatory Act of the 96th General Assembly, the Trustee shall assume the duties and powers of the Board for a period of 18 months or until the Board is fully constituted, whichever is later. Any action requiring Board approval shall be deemed approved by the Board if the Trustee approves the action in accordance with Section 14.5. Beginning the first Monday of the month occurring 18 months after the effective
date of this amendatory Act of the 96th General Assembly, the
Board shall consist of 9 members. The Governor shall appoint 4
members to the Board, subject to the advice and consent of the
Senate. The Mayor shall appoint 4 members to the Board. At
least one member of the Board shall represent the interests of
labor and at least one member of the Board shall represent the
interests of the convention industry. A majority of the members
appointed by the Governor and Mayor shall appoint a ninth
member to serve as the chairperson. The Board shall be fully
constituted when a quorum has been appointed. The members of
the board shall be individuals of generally recognized ability
and integrity. No member of the Board may be (i) an officer or
employee of, or a member of a board, commission or authority
of, the State, any unit of local government or any school
district or (ii) a person who served on the Board prior to the
effective date of this amendatory Act of the 96th General
Assembly.

Of the initial members appointed by the Governor, one shall
serve for a term expiring June 1, 2013, one shall serve for a
term expiring June 1, 2014, one shall serve for a term expiring
June 1, 2015, and one shall serve for a term expiring June 1,
2016, as determined by the Governor. Of the initial members
appointed by the Mayor, one shall serve for a term expiring
June 1, 2013, one shall serve for a term expiring June 1, 2014,
one shall serve for a term expiring June 1, 2015, and one shall
serve for a term expiring June 1, 2016, as determined by the
Mayor. The initial chairperson appointed by the Board shall serve a term for a term expiring June 1, 2015. Successors shall be appointed to 4-year terms. No person may be appointed to more than 2 terms.

Members of the Board shall serve without compensation, but shall, until July 1, 2016, be reimbursed for actual expenses incurred by them in the performance of their duties. All members of the Board and employees of the Authority are subject to the Illinois Governmental Ethics Act, in accordance with its terms.

(Source: P.A. 96-882, eff. 2-17-10; 96-898, eff. 5-27-10.)

(70 ILCS 210/23.1) (from Ch. 85, par. 1243.1)

Sec. 23.1. Affirmative action.

(a) The Authority shall, within 90 days after the effective date of this amendatory Act of 1984, establish and maintain an affirmative action program designed to promote equal employment opportunity and eliminate the effects of past discrimination. Such program shall include a plan, including timetables where appropriate, which shall specify goals and methods for increasing participation by women and minorities in employment, including employment related to the planning, organization, and staging of the games, by the Authority and by parties which contract with the Authority. The Authority shall submit a detailed plan with the General Assembly prior to September 1 of each year. Such program shall also establish
procedures and sanctions (including debarment), which the Authority shall enforce to ensure compliance with the plan established pursuant to this Section and with State and federal laws and regulations relating to the employment of women and minorities. A determination by the Authority as to whether a party to a contract with the Authority has achieved the goals or employed the methods for increasing participation by women and minorities shall be determined in accordance with the terms of such contracts or the applicable provisions of rules and regulations of the Authority existing at the time such contract was executed, including any provisions for consideration of good faith efforts at compliance which the Authority may reasonably adopt.

(b) The Authority shall adopt and maintain minority and female owned business enterprise procurement programs under the affirmative action program described in subsection (a) for any and all work, including all contracting related to the planning, organization, and staging of the games, undertaken by the Authority. That work shall include, but is not limited to, the purchase of professional services, construction services, supplies, materials, and equipment. The programs shall establish goals of awarding not less than 25% of the annual dollar value of all contracts, purchase orders, or other agreements (collectively referred to as "contracts") to minority owned businesses and 5% of the annual dollar value of all contracts to female owned businesses. Without limiting the
generality of the foregoing, the programs shall require in connection with the prequalification or consideration of vendors for professional service contracts, construction contracts, and contracts for supplies, materials, equipment, and services that each proposer or bidder submit as part of his or her proposal or bid a commitment detailing how he or she will expend 25% or more of the dollar value of his or her contracts with one or more minority owned businesses and 5% or more of the dollar value with one or more female owned businesses. Bids or proposals that do not include such detailed commitments are not responsive and shall be rejected unless the Authority deems it appropriate to grant a waiver of these requirements. In addition the Authority may, in connection with the selection of providers of professional services, reserve the right to select a minority or female owned business or businesses to fulfill the commitment to minority and female business participation. The commitment to minority and female business participation may be met by the contractor or professional service provider's status as a minority or female owned business, by joint venture or by subcontracting a portion of the work with or purchasing materials for the work from one or more such businesses, or by any combination thereof. Each contract shall require the contractor or provider to submit a certified monthly report detailing the status of that contractor or provider's compliance with the Authority's minority and female owned business enterprise procurement
program. The Authority, after reviewing the monthly reports of
the contractors and providers, shall compile a comprehensive
report regarding compliance with this procurement program and
file it quarterly with the General Assembly. If, in connection
with a particular contract, the Authority determines that it is
impracticable or excessively costly to obtain minority or
female owned businesses to perform sufficient work to fulfill
the commitment required by this subsection, the Authority shall
reduce or waive the commitment in the contract, as may be
appropriate. The Authority shall establish rules and
regulations setting forth the standards to be used in
determining whether or not a reduction or waiver is
appropriate. The terms "minority owned business" and "female
owned business" have the meanings given to those terms in the
Business Enterprise for Minorities, Females, and Persons with
Disabilities Act.

(c) The Authority shall adopt and maintain an affirmative
action program in connection with the hiring of minorities and
women on the Expansion Project and on any and all construction
projects, including all contracting related to the planning,
organization, and staging of the games, undertaken by the
Authority. The program shall be designed to promote equal
employment opportunity and shall specify the goals and methods
for increasing the participation of minorities and women in a
representative mix of job classifications required to perform
the respective contracts awarded by the Authority.
(d) In connection with the Expansion Project, the Authority shall incorporate the following elements into its minority and female owned business procurement programs to the extent feasible: (1) a major contractors program that permits minority owned businesses and female owned businesses to bear significant responsibility and risk for a portion of the project; (2) a mentor/protege program that provides financial, technical, managerial, equipment, and personnel support to minority owned businesses and female owned businesses; (3) an emerging firms program that includes minority owned businesses and female owned businesses that would not otherwise qualify for the project due to inexperience or limited resources; (4) a small projects program that includes participation by smaller minority owned businesses and female owned businesses on jobs where the total dollar value is $5,000,000 or less; and (5) a set-aside program that will identify contracts requiring the expenditure of funds less than $50,000 for bids to be submitted solely by minority owned businesses and female owned businesses.

(e) The Authority is authorized to enter into agreements with contractors' associations, labor unions, and the contractors working on the Expansion Project to establish an Apprenticeship Preparedness Training Program to provide for an increase in the number of minority and female journeymen and apprentices in the building trades and to enter into agreements with Community College District 508 to provide readiness
training. The Authority is further authorized to enter into contracts with public and private educational institutions and persons in the hospitality industry to provide training for employment in the hospitality industry.

(f) McCormick Place Advisory Board. There is created a McCormick Place Advisory Board composed as follows: 2 members shall be appointed by the Mayor of Chicago; 2 members shall be appointed by the Governor; 2 members shall be State Senators appointed by the President of the Senate; 2 members shall be State Senators appointed by the Minority Leader of the Senate; 2 members shall be State Representatives appointed by the Speaker of the House of Representatives; and 2 members shall be State Representatives appointed by the Minority Leader of the House of Representatives. The terms of all previously appointed members of the Advisory Board expire on the effective date of this amendatory Act of the 92nd General Assembly. A State Senator or State Representative member may appoint a designee to serve on the McCormick Place Advisory Board in his or her absence.

A "member of a minority group" shall mean a person who is a citizen or lawful permanent resident of the United States and who is any of the following:

(1) American Indian or Alaska Native (a person having origins in any of the original peoples of North and South America, including Central America, and who maintains tribal affiliation or community attachment).
(2) Asian (a person having origins in any of the
original peoples of the Far East, Southeast Asia, or the
Indian subcontinent, including, but not limited to,
Cambodia, China, India, Japan, Korea, Malaysia, Pakistan,
the Philippine Islands, Thailand, and Vietnam).

(3) Black or African American (a person having origins
in any of the black racial groups of Africa). Terms such as
"Haitian" or "Negro" can be used in addition to "Black or
African American".

(4) Hispanic or Latino (a person of Cuban, Mexican,
Puerto Rican, South or Central American, or other Spanish
culture or origin, regardless of race).

(5) Native Hawaiian or Other Pacific Islander (a person
having origins in any of the original peoples of Hawaii,
Guam, Samoa, or other Pacific Islands).

Members of the McCormick Place Advisory Board shall serve
2-year terms and until their successors are appointed, except
members who serve as a result of their elected position whose
terms shall continue as long as they hold their designated
elected positions. Vacancies shall be filled by appointment for
the unexpired term in the same manner as original appointments
are made. The McCormick Place Advisory Board shall elect its
own chairperson.

Members of the McCormick Place Advisory Board shall serve
without compensation but, until July 1, 2016, at the
Authority's discretion, shall be reimbursed for necessary
expenses in connection with the performance of their duties at the Authority's discretion.

The McCormick Place Advisory Board shall meet quarterly, or as needed, shall produce any reports it deems necessary, and shall:

1. Work with the Authority on ways to improve the area physically and economically;

2. Work with the Authority regarding potential means for providing increased economic opportunities to minorities and women produced indirectly or directly from the construction and operation of the Expansion Project;

3. Work with the Authority to minimize any potential impact on the area surrounding the McCormick Place Expansion Project, including any impact on minority or female owned businesses, resulting from the construction and operation of the Expansion Project;

4. Work with the Authority to find candidates for building trades apprenticeships, for employment in the hospitality industry, and to identify job training programs;

5. Work with the Authority to implement the provisions of subsections (a) through (e) of this Section in the construction of the Expansion Project, including the Authority's goal of awarding not less than 25% and 5% of the annual dollar value of contracts to minority and female owned businesses, the outreach program for minorities and
women, and the mentor/protege program for providing assistance to minority and female owned businesses.

(g) The Authority shall comply with subsection (e) of Section 5-42 of the Olympic Games and Paralympic Games (2016) Law. For purposes of this Section, the term "games" has the meaning set forth in the Olympic Games and Paralympic Games (2016) Law.

(Source: P.A. 96-7, eff. 4-3-09; 97-396, eff. 1-1-12.)

Section 25-35. The Illinois International Port District Act is amended by changing Section 12 as follows:

(70 ILCS 1810/12) (from Ch. 19, par. 163)

Sec. 12. The governing and administrative body of the District shall be a board consisting of 9 members, to be known as the Illinois International Port District Board. Members of the Board shall be residents of a county whose territory, in whole or in part, is embraced by the District and persons of recognized business ability. Until July 1, 2016, the The members of the Board shall receive compensation for their services, set by the Board at an amount not to exceed $20,000.00 annually, except the Chairman may receive an additional $5,000.00 annually, if approved by the Board. All such compensation shall be paid directly from the Port District's operating funds. The members shall receive no other compensation whatever, whether in form of salary, per diem
allowance or otherwise, for or in connection with his service as a member. The preceding sentence shall not prevent any member from receiving any non-salary benefit of the type received by employees of the District. Until July 1, 2016, each member shall be reimbursed for actual expenses incurred by them in the performance of their duties. Any person who is appointed to the office of secretary or treasurer of the Board may receive compensation for services as such officer, as determined by the Board, provided such person is not a member of the Board. No member of the Board or employee of the District shall have any private financial interest, profit or benefit in any contract, work or business of the District nor in the sale or lease of any property to or from the District.
(Source: P.A. 93-250, eff. 7-22-03.)

Section 25-40. The School Code is amended by changing Section 14-7.02 as follows:

(105 ILCS 5/14-7.02) (from Ch. 122, par. 14-7.02)

Sec. 14-7.02. Children attending private schools, public out-of-state schools, public school residential facilities or private special education facilities. The General Assembly recognizes that non-public schools or special education facilities provide an important service in the educational system in Illinois.

If because of his or her disability the special education
The program of a district is unable to meet the needs of a child and the child attends a non-public school or special education facility, a public out-of-state school or a special education facility owned and operated by a county government unit that provides special educational services required by the child and is in compliance with the appropriate rules and regulations of the State Superintendent of Education, the school district in which the child is a resident shall pay the actual cost of tuition for special education and related services provided during the regular school term and during the summer school term if the child's educational needs so require, excluding room, board and transportation costs charged the child by that non-public school or special education facility, public out-of-state school or county special education facility, or $4,500 per year, whichever is less, and shall provide him any necessary transportation. "Nonpublic special education facility" shall include a residential facility, within or without the State of Illinois, which provides special education and related services to meet the needs of the child by utilizing private schools or public schools, whether located on the site or off the site of the residential facility.

The State Board of Education shall promulgate rules and regulations for determining when placement in a private special education facility is appropriate. Such rules and regulations shall take into account the various types of services needed by a child and the availability of such services to the particular
child in the public school. In developing these rules and regulations the State Board of Education shall consult with the Advisory Council on Education of Children with Disabilities and hold public hearings to secure recommendations from parents, school personnel, and others concerned about this matter.

The State Board of Education shall also promulgate rules and regulations for transportation to and from a residential school. Transportation to and from home to a residential school more than once each school term shall be subject to prior approval by the State Superintendent in accordance with the rules and regulations of the State Board.

A school district making tuition payments pursuant to this Section is eligible for reimbursement from the State for the amount of such payments actually made in excess of the district per capita tuition charge for students not receiving special education services. Such reimbursement shall be approved in accordance with Section 14-12.01 and each district shall file its claims, computed in accordance with rules prescribed by the State Board of Education, on forms prescribed by the State Superintendent of Education. Data used as a basis of reimbursement claims shall be for the preceding regular school term and summer school term. Each school district shall transmit its claims to the State Board of Education on or before August 15. The State Board of Education, before approving any such claims, shall determine their accuracy and whether they are based upon services and facilities provided
under approved programs. Upon approval the State Board shall
cause vouchers to be prepared showing the amount due for
payment of reimbursement claims to school districts, for
transmittal to the State Comptroller on the 30th day of
September, December, and March, respectively, and the final
voucher, no later than June 20. If the money appropriated by
the General Assembly for such purpose for any year is
insufficient, it shall be apportioned on the basis of the
claims approved.

No child shall be placed in a special education program
pursuant to this Section if the tuition cost for special
education and related services increases more than 10 percent
over the tuition cost for the previous school year or exceeds
$4,500 per year unless such costs have been approved by the
Illinois Purchased Care Review Board. The Illinois Purchased
Care Review Board shall consist of the following persons, or
their designees: the Directors of Children and Family Services,
Public Health, Public Aid, and the Governor's Office of
Management and Budget; the Secretary of Human Services; the
State Superintendent of Education; and such other persons as
the Governor may designate. The Review Board shall also consist
of one non-voting member who is an administrator of a private,
nonpublic, special education school. The Review Board shall
establish rules and regulations for its determination of
allowable costs and payments made by local school districts for
special education, room and board, and other related services
provided by non-public schools or special education facilities
and shall establish uniform standards and criteria which it
shall follow. The Review Board shall approve the usual and
customary rate or rates of a special education program that (i)
is offered by an out-of-state, non-public provider of
integrated autism specific educational and autism specific
residential services, (ii) offers 2 or more levels of
residential care, including at least one locked facility, and
(iii) serves 12 or fewer Illinois students.

The Review Board shall establish uniform definitions and
criteria for accounting separately by special education, room
and board and other related services costs. The Board shall
also establish guidelines for the coordination of services and
financial assistance provided by all State agencies to assure
that no otherwise qualified child with a disability receiving
services under Article 14 shall be excluded from participation
in, be denied the benefits of or be subjected to discrimination
under any program or activity provided by any State agency.

The Review Board shall review the costs for special
education and related services provided by non-public schools
or special education facilities and shall approve or disapprove
such facilities in accordance with the rules and regulations
established by it with respect to allowable costs.

The State Board of Education shall provide administrative
and staff support for the Review Board as deemed reasonable by
the State Superintendent of Education. No member of the Review
Board shall receive reimbursement for This support shall not include travel expenses or other compensation for his or her service on the any Review Board member other than the State Superintendent of Education.

The Review Board shall seek the advice of the Advisory Council on Education of Children with Disabilities on the rules and regulations to be promulgated by it relative to providing special education services.

If a child has been placed in a program in which the actual per pupil costs of tuition for special education and related services based on program enrollment, excluding room, board and transportation costs, exceed $4,500 and such costs have been approved by the Review Board, the district shall pay such total costs which exceed $4,500. A district making such tuition payments in excess of $4,500 pursuant to this Section shall be responsible for an amount in excess of $4,500 equal to the district per capita tuition charge and shall be eligible for reimbursement from the State for the amount of such payments actually made in excess of the districts per capita tuition charge for students not receiving special education services.

If a child has been placed in an approved individual program and the tuition costs including room and board costs have been approved by the Review Board, then such room and board costs shall be paid by the appropriate State agency subject to the provisions of Section 14-8.01 of this Act. Room and board costs not provided by a State agency other than the
State Board of Education shall be provided by the State Board of Education on a current basis. In no event, however, shall the State's liability for funding of these tuition costs begin until after the legal obligations of third party payors have been subtracted from such costs. If the money appropriated by the General Assembly for such purpose for any year is insufficient, it shall be apportioned on the basis of the claims approved. Each district shall submit estimated claims to the State Superintendent of Education. Upon approval of such claims, the State Superintendent of Education shall direct the State Comptroller to make payments on a monthly basis. The frequency for submitting estimated claims and the method of determining payment shall be prescribed in rules and regulations adopted by the State Board of Education. Such current state reimbursement shall be reduced by an amount equal to the proceeds which the child or child's parents are eligible to receive under any public or private insurance or assistance program. Nothing in this Section shall be construed as relieving an insurer or similar third party from an otherwise valid obligation to provide or to pay for services provided to a child with a disability.

If it otherwise qualifies, a school district is eligible for the transportation reimbursement under Section 14-13.01 and for the reimbursement of tuition payments under this Section whether the non-public school or special education facility, public out-of-state school or county special
education facility, attended by a child who resides in that
district and requires special educational services, is within
or outside of the State of Illinois. However, a district is not
eligible to claim transportation reimbursement under this
Section unless the district certifies to the State
Superintendent of Education that the district is unable to
provide special educational services required by the child for
the current school year.

Nothing in this Section authorizes the reimbursement of a
school district for the amount paid for tuition of a child
attending a non-public school or special education facility,
public out-of-state school or county special education
facility unless the school district certifies to the State
Superintendent of Education that the special education program
of that district is unable to meet the needs of that child
because of his disability and the State Superintendent of
Education finds that the school district is in substantial
compliance with Section 14-4.01. However, if a child is
unilaterally placed by a State agency or any court in a
non-public school or special education facility, public
out-of-state school, or county special education facility, a
school district shall not be required to certify to the State
Superintendent of Education, for the purpose of tuition
reimbursement, that the special education program of that
district is unable to meet the needs of a child because of his
or her disability.
Any educational or related services provided, pursuant to 
this Section in a non-public school or special education 
facility or a special education facility owned and operated by 
a county government unit shall be at no cost to the parent or 
guardian of the child. However, current law and practices 
relative to contributions by parents or guardians for costs 
other than educational or related services are not affected by 
this amendatory Act of 1978.

Reimbursement for children attending public school 
residential facilities shall be made in accordance with the 
provisions of this Section.

Notwithstanding any other provision of law, any school 
district receiving a payment under this Section or under 
Section 14-7.02b, 14-13.01, or 29-5 of this Code may classify 
all or a portion of the funds that it receives in a particular 
fiscal year or from general State aid pursuant to Section 
18-8.05 of this Code as funds received in connection with any 
funding program for which it is entitled to receive funds from 
the State in that fiscal year (including, without limitation, 
any funding program referenced in this Section), regardless of 
the source or timing of the receipt. The district may not 
classify more funds as funds received in connection with the 
funding program than the district is entitled to receive in 
that fiscal year for that program. Any classification by a 
district must be made by a resolution of its board of 
education. The resolution must identify the amount of any
payments or general State aid to be classified under this paragraph and must specify the funding program to which the funds are to be treated as received in connection therewith. This resolution is controlling as to the classification of funds referenced therein. A certified copy of the resolution must be sent to the State Superintendent of Education. The resolution shall still take effect even though a copy of the resolution has not been sent to the State Superintendent of Education in a timely manner. No classification under this paragraph by a district shall affect the total amount or timing of money the district is entitled to receive under this Code. No classification under this paragraph by a district shall in any way relieve the district from or affect any requirements that otherwise would apply with respect to that funding program, including any accounting of funds by source, reporting expenditures by original source and purpose, reporting requirements, or requirements of providing services.

(Source: P.A. 98-636, eff. 6-6-14; 98-1008, eff. 1-1-15; 99-78, eff. 7-20-15; 99-143, eff. 7-27-15.)

Section 25-45. The Board of Higher Education Act is amended by changing Section 5 as follows:

(110 ILCS 205/5) (from Ch. 144, par. 185)

Sec. 5. The members of the Board shall serve without compensation but they shall, until July 1, 2016, be reimbursed
for their actual and necessary traveling and other expenses while engaged in the performance of their duties.
(Source: Laws 1961, p. 3819.)

Section 25-50. The University of Illinois Trustees Act is amended by changing Section 1 as follows:

(110 ILCS 310/1) (from Ch. 144, par. 41)

Sec. 1. The Board of Trustees of the University of Illinois shall consist of the Governor and at least 12 trustees. Nine trustees shall be appointed by the Governor, by and with the advice and consent of the Senate. The other trustees shall be students, of whom one student shall be selected from each University campus.

Each student trustee shall serve a term of one year, beginning on July 1 or on the date of his or her selection, whichever is later, and expiring on the next succeeding June 30.

Each trustee shall have all of the privileges of membership, except that only one student trustee shall have the right to cast a legally binding vote. The Governor shall designate which one of the student trustees shall possess, for his or her entire term, the right to cast a legally binding vote. Each student trustee who does not possess the right to cast a legally binding vote shall have the right to cast an advisory vote and the right to make and second motions and to
Attend executive sessions.

Each trustee shall be governed by the same conflict of interest standards. Pursuant to those standards, it shall not be a conflict of interest for a student trustee to vote on matters pertaining to students generally, such as tuition and fees. However, it shall be a conflict of interest for a student trustee to vote on faculty member tenure or promotion. Student trustees shall be chosen by campus-wide student election, and the student trustee designated by the Governor to possess a legally binding vote shall be one of the students selected by this method. A student trustee who does not possess a legally binding vote on a measure at a meeting of the Board or any of its committees shall not be considered a trustee for the purpose of determining whether a quorum is present at the time that measure is voted upon. To be eligible for selection as a student trustee and to be eligible to remain as a voting or nonvoting student trustee, a student trustee must be a resident of this State, must have and maintain a grade point average that is equivalent to at least 2.5 on a 4.0 scale, and must be a full time student enrolled at all times during his or her term of office except for that part of the term which follows the completion of the last full regular semester of an academic year and precedes the first full regular semester of the succeeding academic year at the University (sometimes commonly referred to as the summer session or summer school). If a voting or nonvoting student trustee fails to continue to meet
or maintain the residency, minimum grade point average, or enrollment requirement established by this Section, his or her membership on the Board shall be deemed to have terminated by operation of law. The University may not use residency for tuition purposes as a factor in making the determination that a student is or is not a resident of this State. The following factors shall positively demonstrate residency in this State for the purposes of the residency requirement for student trustees and candidates for student trustee:

(1) evidence of the student's Illinois domicile for at least the previous 6 months;

(2) evidence of the student's current, valid Illinois driver's license; and

(3) evidence of the student's valid Illinois voter registration.

A positive demonstration of residency in this State for student trustees and candidates for student trustees under this Section does not apply to residency requirements for tuition purposes.

If a voting student trustee resigns or otherwise ceases to serve on the Board, the Governor shall, within 30 days, designate one of the remaining student trustees to possess the right to cast a legally binding vote for the remainder of his or her term. If a nonvoting student trustee resigns or otherwise ceases to serve on the Board, the chief executive of the student government from that campus shall, within 30 days, select a new nonvoting student trustee to serve for the
remainder of the term.

No more than 5 of the 9 appointed trustees shall be affiliated with the same political party. Each trustee appointed by the Governor must be a resident of this State. A failure to meet or maintain this residency requirement constitutes a resignation from and creates a vacancy in the Board. The term of office of each appointed trustee shall be 6 years from the third Monday in January of each odd numbered year. The regular terms of office of the appointed trustees shall be staggered so that 3 terms expire in each odd-numbered year.

Vacancies for appointed trustees shall be filled for the unexpired term in the same manner as original appointments. If a vacancy in membership occurs at a time when the Senate is not in session, the Governor shall make temporary appointments until the next meeting of the Senate, when he shall appoint persons to fill such memberships for the remainder of their respective terms. If the Senate is not in session when appointments for a full term are made, appointments shall be made as in the case of vacancies.

No action of the board shall be invalidated by reason of any vacancies on the board, or by reason of any failure to select student trustees.

Beginning on July 1, 2016, trustees shall serve without compensation and shall not be reimbursed for expenses incurred with their service as trustee.
Section 25-55. The Southern Illinois University Management Act is amended by changing Section 4 as follows:

(110 ILCS 520/4) (from Ch. 144, par. 654)

Sec. 4. Members of the Board shall serve without compensation but shall, until July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until July 1, 2016, such expenses incurred by any non-voting student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to such member, who shall account therefor to the Board immediately after each meeting.

No member of the Board shall hold or be employed in or appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government. This section does not prohibit the student members of the Board from maintaining normal and official status as enrolled students or normal student employment at Southern Illinois University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-60. The Chicago State University Law is amended by changing Section 5-20 as follows:
Sec. 5-20. Reimbursement; employment limitations. Members of the Board shall serve without compensation but shall, until July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until July 1, 2016, such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.

No member of the Board shall hold or be employed in or appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government; provided that nothing in this Section shall be deemed to prohibit the student member of the Board from maintaining normal and official status as an enrolled student or normal student employment at Chicago State University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-65. The Eastern Illinois University Law is amended by changing Section 10-20 as follows:

(110 ILCS 665/10-20)
Sec. 10-20. Reimbursement; employment limitations. Members of the Board shall serve without compensation but shall, until July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until July 1, 2016, such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.

No member of the Board shall hold or be employed in or appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government; provided that nothing in this Section shall be deemed to prohibit the student member of the Board from maintaining normal and official status as an enrolled student or normal student employment at Eastern Illinois University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-70. The Governors State University Law is amended by changing Section 15-20 as follows:

(110 ILCS 670/15-20)

Sec. 15-20. Reimbursement; employment limitations. Members of the Board shall serve without compensation but shall, until
July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until July 1, 2016, such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.

No member of the Board shall hold or be employed in or appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government; provided that nothing in this Section shall be deemed to prohibit the student member of the Board from maintaining normal and official status as an enrolled student or normal student employment at Governors State University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-75. The Illinois State University Law is amended by changing Section 20-20 as follows:

Sec. 20-20. Reimbursement; employment limitations. Members of the Board shall serve without compensation but shall, until July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until
July 1, 2016, such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.

No member of the Board shall hold or be employed in or appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government; provided that nothing in this Section shall be deemed to prohibit the student member of the Board from maintaining normal and official status as an enrolled student or normal student employment at Illinois State University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-80. The Northeastern Illinois University Law is amended by changing Section 25-20 as follows:

(110 ILCS 680/25-20)

Sec. 25-20. Reimbursement; employment limitations. Members of the Board shall serve without compensation but shall, until July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until July 1, 2016, such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be
provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.

No member of the Board shall hold or be employed in or appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government; provided that nothing in this Section shall be deemed to prohibit the student member of the Board from maintaining normal and official status as an enrolled student or normal student employment at Northeastern Illinois University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-85. The Northern Illinois University Law is amended by changing Section 30-20 as follows:

(110 ILCS 685/30-20)

Sec. 30-20. Reimbursement; employment limitations. Members of the Board shall serve without compensation but shall, until July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until July 1, 2016, such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each
No member of the Board shall hold or be employed in or appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government; provided that nothing in this Section shall be deemed to prohibit the student member of the Board from maintaining normal and official status as an enrolled student or normal student employment at Northern Illinois University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-90. The Western Illinois University Law is amended by changing Section 35-20 as follows:

(110 ILCS 690/35-20)

Sec. 35-20. Reimbursement; employment limitations. Members of the Board shall serve without compensation but shall, until July 1, 2016, be entitled to reasonable amounts for expenses necessarily incurred in the performance of their duties. Until July 1, 2016, such expenses incurred by the student member may, at the discretion of the Chairman of the Board, be provided for by advance payment to the student member, who shall account therefor to the Board immediately after each meeting.

No member of the Board shall hold or be employed in or
appointed to any office or place under the authority of the Board, nor shall any member of the Board be directly or indirectly interested in any contract made by the Board, nor shall he be an employee of the State Government; provided that nothing in this Section shall be deemed to prohibit the student member of the Board from maintaining normal and official status as an enrolled student or normal student employment at Western Illinois University.

(Source: P.A. 93-1096, eff. 1-1-06.)

Section 25-95. The Public Community College Act is amended by changing Section 2-5 as follows:

(110 ILCS 805/2-5) (from Ch. 122, par. 102-5)

Sec. 2-5. Compensation and expenses of members. The members of the State Board shall serve without compensation but they shall, until July 1, 2016, be reimbursed for their actual and necessary expenses while engaged in the performance of their duties.

(Source: P.A. 96-910, eff. 7-1-10.)

Section 25-100. The Higher Education Student Assistance Act is amended by changing Section 15 as follows:

(110 ILCS 947/15)

Sec. 15. Illinois Student Assistance Commission.
(a) There is established the Illinois Student Assistance Commission, consisting of 10 persons to be appointed by the Governor with the advice and consent of the Senate. The membership of the Commission shall consist of one representative of the institutions of higher learning operated by the State; one representative of the private institutions of higher learning located in the State; one representative of the public community colleges located in the State; one representative of the public high schools located in the State; 5 citizens of the State chosen for their knowledge of and interest in higher education, but not employed by, professionally affiliated with, or members of the governing boards of any institution of higher learning located in the State, and one student member selected from nominations submitted to the Governor by multi-campus student organizations, including but not limited to, the recognized advisory committee of students of the Illinois Community College Board, the recognized advisory committee of students of the Board of Higher Education, and the recognized advisory committee of students of the Federation of Independent Illinois Colleges and Universities. The Governor shall designate one member, other than the student member, as chairman. Each member of the Commission, including the student member, shall serve without compensation, but shall, until July 1, 2016, be reimbursed for expenses necessarily incurred in performing his or her duties under this Act. Subject to a requirement that
Commission members in office on the effective date of this amendatory Act of 1995 may serve the full term to which they were appointed, the appointment of Commission members to terms that commence on or after that effective date shall be made in a manner that gives effect at the earliest possible time to the change that is required by this amendatory Act in the representative composition of the Commission's membership.

(b) The term of office of each member, other than the student member, is 6 years from July 1 of the year of appointment, and until his successor is appointed and qualified. If a member's tenure of office, other than that of the student member, is terminated for any reason before his or her term has expired, the Governor shall fill the vacancy by the appointment of a person who has the same representative status as the person whose term has been so terminated, and the new appointee shall hold office only for the remainder of that term and until a successor is appointed and qualified. The term of the student member shall be for 2 years from July 1 of each odd-numbered year. If the tenure of the student member is terminated for any reason, the vacancy shall be filled in the same manner as heretofore provided for a regular term of office appointment of the student member. The new student appointee shall hold office only for the remainder of that term. A student appointee's status on the Commission may not be considered in determining his or her eligibility for programs administered by the Commission.
(c) In accordance with the provisions of the State Universities Civil Service Act, the Commission shall employ a professionally qualified person as the Executive Director of the Commission, and such other employees as may be necessary to effectuate the purposes of this Act.

(d) The Commission shall meet at least once in each fiscal year, and may meet at other times which the Chairman may designate by giving at least 10 days' written notice to each member.

(Source: P.A. 99-198, eff. 7-30-15.)

Section 25-105. The Illinois Plumbing License Law is amended by changing Sections 7 and 39 as follows:

(225 ILCS 320/7) (from Ch. 111, par. 1106)

Sec. 7. (1) There is created an Illinois State Board of Plumbing Examiners which shall exercise its duties provided in this Act under the supervision of the Department. The Board shall consist of 9 licensed plumbers designated from time to time by the Director. In making the appointments to the Board, the Director shall consider the recommendations of individuals, firms or organizations involved in plumbing in this State.

(2) The Board shall aid the Director and the Department by:

(a) Preparing subject matter for examinations as provided in this Act.
(b) Suggesting rules to govern examinations and hearings for suspension, revocation or reinstatement of licenses.
(c) Submitting recommendations to the Director from time to time for the efficient administration of this Act.
(d) Grading all tests and examinations for licenses and promptly reporting the results to the Director.
(e) Performing such other duties from time to time prescribed by the Director.

(3) Until July 1, 2016, each Board member shall be compensated the sum of $50 for each day or part thereof on which he serves on business of the Board and in addition thereto shall be reimbursed for per diem expenses as authorized for State employees.

(Source: P.A. 85-981.)

(225 ILCS 320/39) (from Ch. 111, par. 1137)
Sec. 39. The Governor shall appoint a Plumbing Code Advisory Council to consult with and advise the Department. The Council shall be composed of the Director or his or her authorized representative, who shall serve as chairman ex-officio, and 11 members appointed by the Governor. The appointed members shall consist of 4 Illinois licensed plumbers engaged in plumbing in Illinois who are residents of Illinois, one registered professional engineer actively engaged in construction and design of plumbing systems; one licensed architect; one elected official of a municipality in Illinois;
2 representatives of the consumer public in Illinois; and two persons representing labor. Members of the Council shall be appointed for 3 year terms. The Plumbing Code Advisory Council as appointed by the Governor under authority of this Act shall remain in effect for the term of their appointments. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his or her predecessor was appointed shall be appointed for the remainder of the term.

The Council shall meet as frequently as the Chairman deems necessary, but not less than once each year. Additional meetings may be called by the Chairman or by 3 members of the Council upon delivery of 10 days' written notice to the office of each member of the Council. Six members of the Council shall constitute a quorum. Until July 1, 2016, each appointed member of the Council shall be reimbursed for actual expenses incurred in the performance of his or her duties.

(Source: P.A. 87-885.)

Section 25-115. The Illinois Horse Racing Act of 1975 is amended by changing Section 5 as follows:

(230 ILCS 5/5) (from Ch. 8, par. 37-5)

Sec. 5. As soon as practicable following the effective date of this amendatory Act of 1995, the Governor shall appoint, with the advice and consent of the Senate, members to the Board as follows: 3 members for terms expiring July 1, 1996; 3
members for terms expiring July 1, 1998; and 3 members for
terms expiring July 1, 2000. Of the 2 additional members
appointed pursuant to this amendatory Act of the 91st General
Assembly, the initial term of one member shall expire on July
1, 2002 and the initial term of the other member shall expire
on July 1, 2004. Thereafter, the terms of office of the Board
members shall be 6 years. Incumbent members on the effective
date of this amendatory Act of 1995 shall continue to serve
only until their successors are appointed and have qualified.

Until July 1, 2016, each Each member of the Board shall receive $300 per day for each day the Board meets and for each
day the member conducts a hearing pursuant to Section 16 of
this Act, provided that no Board member shall receive more than
$5,000 in such fees during any calendar year, or an amount set
by the Compensation Review Board, whichever is greater. Until
July 1, 2016, members Members of the Board shall also be
reimbursed for all actual and necessary expenses and
disbursements incurred in the execution of their official
duties.

(Source: P.A. 91-357, eff. 7-29-99; 91-798, eff. 7-9-00.)

Section 25-120. The Riverboat Gambling Act is amended by
changing Section 5 as follows:

(230 ILCS 10/5) (from Ch. 120, par. 2405)

Sec. 5. Gaming Board.
(a) (1) There is hereby established the Illinois Gaming Board, which shall have the powers and duties specified in this Act, and all other powers necessary and proper to fully and effectively execute this Act for the purpose of administering, regulating, and enforcing the system of riverboat gambling established by this Act. Its jurisdiction shall extend under this Act to every person, association, corporation, partnership and trust involved in riverboat gambling operations in the State of Illinois.

(2) The Board shall consist of 5 members to be appointed by the Governor with the advice and consent of the Senate, one of whom shall be designated by the Governor to be chairman. Each member shall have a reasonable knowledge of the practice, procedure and principles of gambling operations. Each member shall either be a resident of Illinois or shall certify that he will become a resident of Illinois before taking office. At least one member shall be experienced in law enforcement and criminal investigation, at least one member shall be a certified public accountant experienced in accounting and auditing, and at least one member shall be a lawyer licensed to practice law in Illinois.

(3) The terms of office of the Board members shall be 3 years, except that the terms of office of the initial Board members appointed pursuant to this Act will commence from the effective date of this Act and run as follows: one for a term ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for
a term ending July 1, 1993. Upon the expiration of the
foregoing terms, the successors of such members shall serve a
term for 3 years and until their successors are appointed and
qualified for like terms. Vacancies in the Board shall be
filled for the unexpired term in like manner as original
appointments. Each member of the Board shall be eligible for
reappointment at the discretion of the Governor with the advice
and consent of the Senate.

(4) Until July 1, 2016, each member of the Board shall
receive $300 for each day the Board meets and for each day the
member conducts any hearing pursuant to this Act. Until July 1,
2016, each member of the Board shall also be reimbursed
for all actual and necessary expenses and disbursements
incurred in the execution of official duties.

(5) No person shall be appointed a member of the Board or
continue to be a member of the Board who is, or whose spouse,
child or parent is, a member of the board of directors of, or a
person financially interested in, any gambling operation
subject to the jurisdiction of this Board, or any race track,
race meeting, racing association or the operations thereof
subject to the jurisdiction of the Illinois Racing Board. No
Board member shall hold any other public office. No person
shall be a member of the Board who is not of good moral
character or who has been convicted of, or is under indictment
for, a felony under the laws of Illinois or any other state, or
the United States.
(5.5) No member of the Board shall engage in any political activity. For the purposes of this Section, "political" means any activity in support of or in connection with any campaign for federal, State, or local elective office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action (as those terms are defined in Section 2 of the Lobbyist Registration Act), (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official State duties or governmental and public service functions.

(6) Any member of the Board may be removed by the Governor for neglect of duty, misfeasance, malfeasance, or nonfeasance in office or for engaging in any political activity.

(7) Before entering upon the discharge of the duties of his office, each member of the Board shall take an oath that he will faithfully execute the duties of his office according to the laws of the State and the rules and regulations adopted therewith and shall give bond to the State of Illinois, approved by the Governor, in the sum of $25,000. Every such bond, when duly executed and approved, shall be recorded in the office of the Secretary of State. Whenever the Governor determines that the bond of any member of the Board has become or is likely to become invalid or insufficient, he shall require such member forthwith to renew his bond, which is to be approved by the Governor. Any member of the Board who fails to
take oath and give bond within 30 days from the date of his
appointment, or who fails to renew his bond within 30 days
after it is demanded by the Governor, shall be guilty of
neglect of duty and may be removed by the Governor. The cost of
any bond given by any member of the Board under this Section
shall be taken to be a part of the necessary expenses of the
Board.

(7.5) For the examination of all mechanical,
electromechanical, or electronic table games, slot machines,
slot accounting systems, and other electronic gaming equipment
for compliance with this Act, the Board may utilize the
services of one or more independent outside testing
laboratories that have been accredited by a national
accreditation body and that, in the judgment of the Board, are
qualified to perform such examinations.

(8) The Board shall employ such personnel as may be
necessary to carry out its functions and shall determine the
salaries of all personnel, except those personnel whose
salaries are determined under the terms of a collective
bargaining agreement. No person shall be employed to serve the
Board who is, or whose spouse, parent or child is, an official
of, or has a financial interest in or financial relation with,
any operator engaged in gambling operations within this State
or any organization engaged in conducting horse racing within
this State. Any employee violating these prohibitions shall be
subject to termination of employment.
(9) An Administrator shall perform any and all duties that the Board shall assign him. The salary of the Administrator shall be determined by the Board and, in addition, he shall be reimbursed for all actual and necessary expenses incurred by him in discharge of his official duties. The Administrator shall keep records of all proceedings of the Board and shall preserve all records, books, documents and other papers belonging to the Board or entrusted to its care. The Administrator shall devote his full time to the duties of the office and shall not hold any other office or employment.

(b) The Board shall have general responsibility for the implementation of this Act. Its duties include, without limitation, the following:

(1) To decide promptly and in reasonable order all license applications. Any party aggrieved by an action of the Board denying, suspending, revoking, restricting or refusing to renew a license may request a hearing before the Board. A request for a hearing must be made to the Board in writing within 5 days after service of notice of the action of the Board. Notice of the action of the Board shall be served either by personal delivery or by certified mail, postage prepaid, to the aggrieved party. Notice served by certified mail shall be deemed complete on the business day following the date of such mailing. The Board shall conduct all requested hearings promptly and in reasonable order;
(2) To conduct all hearings pertaining to civil violations of this Act or rules and regulations promulgated hereunder;

(3) To promulgate such rules and regulations as in its judgment may be necessary to protect or enhance the credibility and integrity of gambling operations authorized by this Act and the regulatory process hereunder;

(4) To provide for the establishment and collection of all license and registration fees and taxes imposed by this Act and the rules and regulations issued pursuant hereto. All such fees and taxes shall be deposited into the State Gaming Fund;

(5) To provide for the levy and collection of penalties and fines for the violation of provisions of this Act and the rules and regulations promulgated hereunder. All such fines and penalties shall be deposited into the Education Assistance Fund, created by Public Act 86-0018, of the State of Illinois;

(6) To be present through its inspectors and agents any time gambling operations are conducted on any riverboat for the purpose of certifying the revenue thereof, receiving complaints from the public, and conducting such other investigations into the conduct of the gambling games and the maintenance of the equipment as from time to time the Board may deem necessary and proper;
(7) To review and rule upon any complaint by a licensee regarding any investigative procedures of the State which are unnecessarily disruptive of gambling operations. The need to inspect and investigate shall be presumed at all times. The disruption of a licensee's operations shall be proved by clear and convincing evidence, and establish that: (A) the procedures had no reasonable law enforcement purposes, and (B) the procedures were so disruptive as to unreasonably inhibit gambling operations;

(8) To hold at least one meeting each quarter of the fiscal year. In addition, special meetings may be called by the Chairman or any 2 Board members upon 72 hours written notice to each member. All Board meetings shall be subject to the Open Meetings Act. Three members of the Board shall constitute a quorum, and 3 votes shall be required for any final determination by the Board. The Board shall keep a complete and accurate record of all its meetings. A majority of the members of the Board shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power which this Act requires the Board members to transact, perform or exercise en banc, except that, upon order of the Board, one of the Board members or an administrative law judge designated by the Board may conduct any hearing provided for under this Act or by Board rule and may recommend findings and decisions to the Board. The Board
member or administrative law judge conducting such hearing shall have all powers and rights granted to the Board in this Act. The record made at the time of the hearing shall be reviewed by the Board, or a majority thereof, and the findings and decision of the majority of the Board shall constitute the order of the Board in such case;

(9) To maintain records which are separate and distinct from the records of any other State board or commission. Such records shall be available for public inspection and shall accurately reflect all Board proceedings;

(10) To file a written annual report with the Governor on or before March 1 each year and such additional reports as the Governor may request. The annual report shall include a statement of receipts and disbursements by the Board, actions taken by the Board, and any additional information and recommendations which the Board may deem valuable or which the Governor may request;

(11) (Blank);

(12) (Blank);

(13) To assume responsibility for administration and enforcement of the Video Gaming Act; and

(14) To adopt, by rule, a code of conduct governing Board members and employees that ensure, to the maximum extent possible, that persons subject to this Code avoid situations, relationships, or associations that may represent or lead to a conflict of interest.
(c) The Board shall have jurisdiction over and shall supervise all gambling operations governed by this Act. The Board shall have all powers necessary and proper to fully and effectively execute the provisions of this Act, including, but not limited to, the following:

(1) To investigate applicants and determine the eligibility of applicants for licenses and to select among competing applicants the applicants which best serve the interests of the citizens of Illinois.

(2) To have jurisdiction and supervision over all riverboat gambling operations in this State and all persons on riverboats where gambling operations are conducted.

(3) To promulgate rules and regulations for the purpose of administering the provisions of this Act and to prescribe rules, regulations and conditions under which all riverboat gambling in the State shall be conducted. Such rules and regulations are to provide for the prevention of practices detrimental to the public interest and for the best interests of riverboat gambling, including rules and regulations regarding the inspection of such riverboats and the review of any permits or licenses necessary to operate a riverboat under any laws or regulations applicable to riverboats, and to impose penalties for violations thereof.

(4) To enter the office, riverboats, facilities, or other places of business of a licensee, where evidence of
the compliance or noncompliance with the provisions of this Act is likely to be found.

(5) To investigate alleged violations of this Act or the rules of the Board and to take appropriate disciplinary action against a licensee or a holder of an occupational license for a violation, or institute appropriate legal action for enforcement, or both.

(6) To adopt standards for the licensing of all persons under this Act, as well as for electronic or mechanical gambling games, and to establish fees for such licenses.

(7) To adopt appropriate standards for all riverboats and facilities.

(8) To require that the records, including financial or other statements of any licensee under this Act, shall be kept in such manner as prescribed by the Board and that any such licensee involved in the ownership or management of gambling operations submit to the Board an annual balance sheet and profit and loss statement, list of the stockholders or other persons having a 1% or greater beneficial interest in the gambling activities of each licensee, and any other information the Board deems necessary in order to effectively administer this Act and all rules, regulations, orders and final decisions promulgated under this Act.

(9) To conduct hearings, issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the
production of books, records and other pertinent documents in accordance with the Illinois Administrative Procedure Act, and to administer oaths and affirmations to the witnesses, when, in the judgment of the Board, it is necessary to administer or enforce this Act or the Board rules.

(10) To prescribe a form to be used by any licensee involved in the ownership or management of gambling operations as an application for employment for their employees.

(11) To revoke or suspend licenses, as the Board may see fit and in compliance with applicable laws of the State regarding administrative procedures, and to review applications for the renewal of licenses. The Board may suspend an owners license, without notice or hearing upon a determination that the safety or health of patrons or employees is jeopardized by continuing a riverboat's operation. The suspension may remain in effect until the Board determines that the cause for suspension has been abated. The Board may revoke the owners license upon a determination that the owner has not made satisfactory progress toward abating the hazard.

(12) To eject or exclude or authorize the ejection or exclusion of, any person from riverboat gambling facilities where such person is in violation of this Act, rules and regulations thereunder, or final orders of the
Board, or where such person's conduct or reputation is such that his presence within the riverboat gambling facilities may, in the opinion of the Board, call into question the honesty and integrity of the gambling operations or interfere with orderly conduct thereof; provided that the propriety of such ejection or exclusion is subject to subsequent hearing by the Board.

(13) To require all licensees of gambling operations to utilize a cashless wagering system whereby all players' money is converted to tokens, electronic cards, or chips which shall be used only for wagering in the gambling establishment.

(14) (Blank).

(15) To suspend, revoke or restrict licenses, to require the removal of a licensee or an employee of a licensee for a violation of this Act or a Board rule or for engaging in a fraudulent practice, and to impose civil penalties of up to $5,000 against individuals and up to $10,000 or an amount equal to the daily gross receipts, whichever is larger, against licensees for each violation of any provision of the Act, any rules adopted by the Board, any order of the Board or any other action which, in the Board's discretion, is a detriment or impediment to riverboat gambling operations.

(16) To hire employees to gather information, conduct investigations and carry out any other tasks contemplated
(17) To establish minimum levels of insurance to be maintained by licensees.

(18) To authorize a licensee to sell or serve alcoholic liquors, wine or beer as defined in the Liquor Control Act of 1934 on board a riverboat and to have exclusive authority to establish the hours for sale and consumption of alcoholic liquor on board a riverboat, notwithstanding any provision of the Liquor Control Act of 1934 or any local ordinance, and regardless of whether the riverboat makes excursions. The establishment of the hours for sale and consumption of alcoholic liquor on board a riverboat is an exclusive power and function of the State. A home rule unit may not establish the hours for sale and consumption of alcoholic liquor on board a riverboat. This amendatory Act of 1991 is a denial and limitation of home rule powers and functions under subsection (h) of Section 6 of Article VII of the Illinois Constitution.

(19) After consultation with the U.S. Army Corps of Engineers, to establish binding emergency orders upon the concurrence of a majority of the members of the Board regarding the navigability of water, relative to excursions, in the event of extreme weather conditions, acts of God or other extreme circumstances.

(20) To delegate the execution of any of its powers under this Act for the purpose of administering and
enforcing this Act and its rules and regulations hereunder.

(20.5) To approve any contract entered into on its behalf.

(20.6) To appoint investigators to conduct investigations, searches, seizures, arrests, and other duties imposed under this Act, as deemed necessary by the Board. These investigators have and may exercise all of the rights and powers of peace officers, provided that these powers shall be limited to offenses or violations occurring or committed on a riverboat or dock, as defined in subsections (d) and (f) of Section 4, or as otherwise provided by this Act or any other law.

(20.7) To contract with the Department of State Police for the use of trained and qualified State police officers and with the Department of Revenue for the use of trained and qualified Department of Revenue investigators to conduct investigations, searches, seizures, arrests, and other duties imposed under this Act and to exercise all of the rights and powers of peace officers, provided that the powers of Department of Revenue investigators under this subdivision (20.7) shall be limited to offenses or violations occurring or committed on a riverboat or dock, as defined in subsections (d) and (f) of Section 4, or as otherwise provided by this Act or any other law. In the event the Department of State Police or the Department of Revenue is unable to fill contracted police or
investigative positions, the Board may appoint investigators to fill those positions pursuant to subdivision (20.6).

(21) To take any other action as may be reasonable or appropriate to enforce this Act and rules and regulations hereunder.

(d) The Board may seek and shall receive the cooperation of the Department of State Police in conducting background investigations of applicants and in fulfilling its responsibilities under this Section. Costs incurred by the Department of State Police as a result of such cooperation shall be paid by the Board in conformance with the requirements of Section 2605-400 of the Department of State Police Law (20 ILCS 2605/2605-400).

(e) The Board must authorize to each investigator and to any other employee of the Board exercising the powers of a peace officer a distinct badge that, on its face, (i) clearly states that the badge is authorized by the Board and (ii) contains a unique identifying number. No other badge shall be authorized by the Board.

(Source: P.A. 98-377, eff. 1-1-14; 98-582, eff. 8-27-13.)

Section 25-125. The Workers' Compensation Act is amended by changing Sections 8.3, 13.1, and 14.1 as follows:

(820 ILCS 305/8.3)
Sec. 8.3. Workers' Compensation Medical Fee Advisory Board. There is created a Workers' Compensation Medical Fee Advisory Board consisting of 9 members appointed by the Governor with the advice and consent of the Senate. Three members of the Advisory Board shall be representative citizens chosen from the employee class, 3 members shall be representative citizens chosen from the employing class, and 3 members shall be representative citizens chosen from the medical provider class. Each member shall serve a 4-year term and shall continue to serve until a successor is appointed. A vacancy on the Advisory Board shall be filled by the Governor for the unexpired term.

Members of the Advisory Board shall receive no compensation for their services but shall, until July 1, 2016, be reimbursed for expenses incurred in the performance of their duties by the Commission from appropriations made to the Commission for that purpose.

The Advisory Board shall advise the Commission on establishment of fees for medical services and accessibility of medical treatment.

(Source: P.A. 94-277, eff. 7-20-05.)

(820 ILCS 305/13.1) (from Ch. 48, par. 138.13-1)

Sec. 13.1. (a) There is created a Workers' Compensation Advisory Board hereinafter referred to as the Advisory Board. After the effective date of this amendatory Act of the 94th
General Assembly, the Advisory Board shall consist of 12 members appointed by the Governor with the advice and consent of the Senate. Six members of the Advisory Board shall be representative citizens chosen from the employee class, and 6 members shall be representative citizens chosen from the employing class. The Chairman of the Commission shall serve as the ex officio Chairman of the Advisory Board. After the effective date of this amendatory Act of the 94th General Assembly, each member of the Advisory Board shall serve a term ending on the third Monday in January 2007 and shall continue to serve until his or her successor is appointed and qualified. Members of the Advisory Board shall thereafter be appointed for 4 year terms from the third Monday in January of the year of their appointment, and until their successors are appointed and qualified. Seven members of the Advisory Board shall constitute a quorum to do business, but in no case shall there be less than one representative from each class. A vacancy on the Advisory Board shall be filled by the Governor for the unexpired term.

(b) Members of the Advisory Board shall receive no compensation for their services but shall, until July 1, 2016, be reimbursed for expenses incurred in the performance of their duties by the Commission from appropriations made to the Commission for such purpose.

(c) The Advisory Board shall aid the Commission in formulating policies, discussing problems, setting priorities
of expenditures, reviewing advisory rates filed by an advisory
organization as defined in Section 463 of the Illinois
Insurance Code, and establishing short and long range
administrative goals. Prior to making the (1) initial set of
arbitrator appointments pursuant to this amendatory Act of the
97th General Assembly and (2) appointment of Commissioners, the
Governor shall request that the Advisory Board make
recommendations as to candidates to consider for appointment
and the Advisory Board may then make such recommendations.

(d) The terms of all Advisory Board members serving on the
effective date of this amendatory Act of the 97th General
Assembly are terminated. The Governor shall appoint new members
to the Advisory Board within 30 days after the effective date
of the amendatory Act of the 97th General Assembly, subject to
the advice and consent of the Senate.

(Source: P.A. 97-18, eff. 6-28-11.)

(820 ILCS 305/14.1) (from Ch. 48, par. 138.14-1)

Sec. 14.1. There is created a Commission Review Board
consisting of the Chairman of the Illinois Workers'
Compensation Commission, the Commissioner with the most
seniority who is a representative citizen of the class of
employees covered under this Act, the Commissioner with the
most seniority who is a representative citizen of the employing
class operating under this Act, two Arbitrators, one assigned
to hear cases filed in counties with a population of 3,000,000
or more and one assigned to hear cases in any other county, both selected by a vote of a majority of the appointed Arbitrators pursuant to an election conducted by the Chairman, and 2 members designated by the Governor who are not commissioners, Arbitrators or employees of the Illinois Workers' Compensation Commission. Members of the Board shall serve without compensation, but shall, until July 1, 2016, be reimbursed for actual expenses incurred. All appointments for the initial terms shall be made and elections concluded by October 1, 1984, with each initial term commencing on October 1, 1984 and extending through February 28, 1987, until the office holder's successor is appointed or elected and qualified. Thereafter each term shall commence on March 1 of each odd-numbered year and extend through March 1 of the next succeeding odd-numbered year, until the office holder's successor is appointed or elected and qualified. The Governor shall certify his appointments, and the Chairman shall certify the results of the elections by the Arbitrators, to the Secretary of the Illinois Workers' Compensation Commission. A vacancy in the office of a member of the Commission Review Board shall be filled for the remainder of the vacating member's term in the same manner as that in which the member was appointed or elected.

The Chairman of the Illinois Workers' Compensation Commission shall serve as the Chairman of the Commission Review Board. It shall be the duty of the Chairman to compile, audit,
and retain complaints registered against Commissioners and Arbitrators. The Chairman shall immediately advise a Commissioner or Arbitrator in writing of the nature of any and all complaints filed against him, preserving the identity of the complainant.

At a proceeding before the Commission Review Board, it shall then become the duty of any complainant to testify regarding his or her previously filed complaint, or said complaint shall be considered null and void.

The Commission Review Board shall advise any Commissioner or Arbitrator in writing of necessary remedial action to correct any deficiency and shall afford said individual the opportunity to report or respond to a complaint within a prescribed period of time.

In matters of serious concern to the State, the Commission Review Board may recommend that the Governor: 1) dismiss any Arbitrator who is found unfit to serve; or 2) not reappoint a Commissioner who it finds unfit to serve. This action shall require a record vote of at least 5 members of the Board. The Governor, in his discretion, may act on the recommendation of the Commission Review Board.

(Source: P.A. 93-721, eff. 1-1-05.)

ARTICLE 30. USE AND OCCUPATION TAXES; RAIL CARRIER

Section 30-5. The Use Tax Act is amended by changing
Section 3-55 as follows:

(35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

Sec. 3-55. Multistate exemption. To prevent actual or likely multistate taxation, the tax imposed by this Act does not apply to the use of tangible personal property in this State under the following circumstances:

(a) The use, in this State, of tangible personal property acquired outside this State by a nonresident individual and brought into this State by the individual for his or her own use while temporarily within this State or while passing through this State.

(b) The use, in this State, of tangible personal property by an interstate carrier for hire as rolling stock moving in interstate commerce or by lessors under a lease of one year or longer executed or in effect at the time of purchase of tangible personal property by interstate carriers for-hire for use as rolling stock moving in interstate commerce as long as so used by the interstate carriers for-hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(c) The use, in this State, by owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce.
commerce as long as so used by the interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d) The use, in this State, of tangible personal property that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another State in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other State.

(e) The temporary storage, in this State, of tangible personal property that is acquired outside this State and that, after being brought into this State and stored here temporarily, is used solely outside this State or is physically attached to or incorporated into other tangible personal property that is used solely outside this State, or is altered by converting, fabricating, manufacturing, printing, processing, or shaping, and, as altered, is used solely outside this State.

(f) The temporary storage in this State of building materials and fixtures that are acquired either in this State or outside this State by an Illinois registered combination retailer and construction contractor, and that the purchaser thereafter uses outside this State by incorporating that property into real estate located outside this State.
(g) Through June 30, 2016, the use or purchase of tangible personal property by a common carrier by rail or motor that receives the physical possession of the property in Illinois, and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

(h) Except as provided in subsection (h-1), the use, in this State, of a motor vehicle that was sold in this State to a nonresident, even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred shall be prima facie evidence that the motor vehicle will not be titled in this State.

(h-1) The exemption under subsection (h) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for the use in that state of a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this
Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this subsection shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this subsection (h-1) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(h-2) The following exemptions apply with respect to certain aircraft:
(1) Beginning on July 1, 2007, no tax is imposed under this Act on the purchase of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

   (A) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the purchase of the aircraft or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

   (B) the aircraft is not based or registered in this State after the purchase of the aircraft; and

   (C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (1) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

(2) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily
located in this State for the purpose of a prepurchase evaluation if all of the following conditions are met:

(A) the aircraft is not based or registered in this State after the prepurchase evaluation; and

(B) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (2) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

(3) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a post-sale customization if all of the following conditions are met:

(A) the aircraft leaves this State within 15 days after the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

(B) the aircraft is not based or registered in this State either before or after the post-sale
customization; and

(C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (3) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

If tax becomes due under this subsection (h-2) because of the purchaser's use of the aircraft in this State, the purchaser shall file a return with the Department and pay the tax on the fair market value of the aircraft. This return and payment of the tax must be made no later than 30 days after the aircraft is used in a taxable manner in this State. The tax is based on the fair market value of the aircraft on the date that it is first used in a taxable manner in this State.

For purposes of this subsection (h-2):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Post-sale customization" means any improvement, maintenance, or repair that is performed on an aircraft
following a transfer of ownership of the aircraft.

"Prepurchase evaluation" means an examination of an aircraft to provide a potential purchaser with information relevant to the potential purchase.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This subsection (h-2) is exempt from the provisions of Section 3-90.

(i) Beginning July 1, 1999, the use, in this State, of fuel acquired outside this State and brought into this State in the fuel supply tanks of locomotives engaged in freight hauling and passenger service for interstate commerce. This subsection is exempt from the provisions of Section 3-90.

(j) Beginning on January 1, 2002 and through June 30, 2016, the use of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this
State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this subsection (j). The permit issued under this subsection (j) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(Source: P.A. 97-73, eff. 6-30-11.)

Section 30-10. The Service Use Tax Act is amended by changing Section 2 as follows:

"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, but does not include the sale or use for demonstration by him of that property in any form as tangible personal property in the regular course of business. "Use" does not mean the interim use of tangible personal property nor the physical incorporation of tangible personal property, as an
ingredient or constituent, into other tangible personal property, (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois.

"Purchased from a serviceman" means the acquisition of the ownership of, or title to, tangible personal property through a sale of service.

"Purchaser" means any person who, through a sale of service, acquires the ownership of, or title to, any tangible personal property.

"Cost price" means the consideration paid by the serviceman for a purchase valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the property transferred to him or her by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Selling price" means the consideration for a sale valued in money whether received in money or otherwise, including
cash, credits and service, and shall be determined without any
deduction on account of the serviceman's cost of the property
sold, the cost of materials used, labor or service cost or any
other expense whatsoever, but does not include interest or
finance charges which appear as separate items on the bill of
sale or sales contract nor charges that are added to prices by
sellers on account of the seller's duty to collect, from the
purchaser, the tax that is imposed by this Act.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership,
association, joint stock company, joint venture, public or
private corporation, limited liability company, and any
receiver, executor, trustee, guardian or other representative
appointed by order of any court.

"Sale of service" means any transaction except:

(1) a retail sale of tangible personal property taxable
under the Retailers' Occupation Tax Act or under the Use
Tax Act.

(2) a sale of tangible personal property for the
purpose of resale made in compliance with Section 2c of the

(3) except as hereinafter provided, a sale or transfer
of tangible personal property as an incident to the
rendering of service for or by any governmental body, or
for or by any corporation, society, association,
foundations, or institution organized and operated
exclusively for charitable, religious or educational purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(4) a sale or transfer of tangible personal property as an incident to the rendering of service for interstate carriers for hire for use as rolling stock moving in interstate commerce or by lessors under a lease of one year or longer, executed or in effect at the time of purchase of personal property, to interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by such interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(4a) a sale or transfer of tangible personal property as an incident to the rendering of service for owners, lessors, or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by
interstate carriers for hire, and equipment operated by a
telecommunications provider, licensed as a common carrier
by the Federal Communications Commission, which is
permanently installed in or affixed to aircraft moving in
interstate commerce.

(4a-5) on and after July 1, 2003 and through June 30,
2004, a sale or transfer of a motor vehicle of the second
division with a gross vehicle weight in excess of 8,000
pounds as an incident to the rendering of service if that
motor vehicle is subject to the commercial distribution fee
imposed under Section 3-815.1 of the Illinois Vehicle Code.
Beginning on July 1, 2004 and through June 30, 2005, the
use in this State of motor vehicles of the second division:
(i) with a gross vehicle weight rating in excess of 8,000
pounds; (ii) that are subject to the commercial
distribution fee imposed under Section 3-815.1 of the
Illinois Vehicle Code; and (iii) that are primarily used
for commercial purposes. Through June 30, 2005, this
exemption applies to repair and replacement parts added
after the initial purchase of such a motor vehicle if that
motor vehicle is used in a manner that would qualify for
the rolling stock exemption otherwise provided for in this
Act. For purposes of this paragraph, "used for commercial
purposes" means the transportation of persons or property
in furtherance of any commercial or industrial enterprise
whether for-hire or not.
(5) a sale or transfer of machinery and equipment used primarily in the process of the manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for wholesale or retail sale or lease, whether such sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether such sale or lease is made apart from or as an incident to the seller's engaging in a service occupation and the applicable tax is a Service Use Tax or Service Occupation Tax, rather than Use Tax or Retailers' Occupation Tax. The exemption provided by this paragraph (5) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption.

(5a) through June 30, 2016, the repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier
for hire, and as to which such carrier receives the physical possession of the repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property to a destination outside Illinois, for use outside Illinois.

(5b) through June 30, 2016, a sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(6) until July 1, 2003, a sale or transfer of distillation machinery and equipment, sold as a unit or kit and assembled or installed by the retailer, which machinery and equipment is certified by the user to be used only for
the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of such user and not subject to sale or resale.

(7) at the election of any serviceman not required to be otherwise registered as a retailer under Section 2a of the Retailers' Occupation Tax Act, made for each fiscal year sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service. The purchase of such tangible personal property by the serviceman shall be subject to tax under the Retailers' Occupation Tax Act and the Use Tax Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman.

Tangible personal property transferred incident to the
completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

Exemption (5) also includes machinery and equipment used in the general maintenance or repair of such exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of exemption (5), each of these terms shall have the following meanings: (1) "manufacturing process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or
individually constitute manufacturing operations, the
manufacturing process shall be deemed to commence with the
first operation or stage of production in the series, and shall
not be deemed to end until the completion of the final product
in the last operation or stage of production in the series; and
further, for purposes of exemption (5), photoprocessing is
deemed to be a manufacturing process of tangible personal
property for wholesale or retail sale; (2) "assembling process"
shall mean the production of any article of tangible personal
property, whether such article is a finished product or an
article for use in the process of manufacturing or assembling a
different article of tangible personal property, by the
combination of existing materials in a manner commonly regarded
as assembling which results in a material of a different form,
use or name; (3) "machinery" shall mean major mechanical
machines or major components of such machines contributing to a
manufacturing or assembling process; and (4) "equipment" shall
include any independent device or tool separate from any
machinery but essential to an integrated manufacturing or
assembly process; including computers used primarily in a
manufacturer's computer assisted design, computer assisted
manufacturing (CAD/CAM) system; or any subunit or assembly
comprising a component of any machinery or auxiliary, adjunct
or attachment parts of machinery, such as tools, dies, jigs,
fixtures, patterns and molds; or any parts which require
periodic replacement in the course of normal operation; but
shall not include hand tools. Equipment includes chemicals or
chemicals acting as catalysts but only if the chemicals or
chemicals acting as catalysts effect a direct and immediate
change upon a product being manufactured or assembled for
wholesale or retail sale or lease. The purchaser of such
machinery and equipment who has an active resale registration
number shall furnish such number to the seller at the time of
purchase. The user of such machinery and equipment and tools
without an active resale registration number shall prepare a
certificate of exemption for each transaction stating facts
establishing the exemption for that transaction, which
certificate shall be available to the Department for inspection
or audit. The Department shall prescribe the form of the
certificate.

Any informal rulings, opinions or letters issued by the
Department in response to an inquiry or request for any opinion
from any person regarding the coverage and applicability of
exemption (5) to specific devices shall be published,
maintained as a public record, and made available for public
inspection and copying. If the informal ruling, opinion or
letter contains trade secrets or other confidential
information, where possible the Department shall delete such
information prior to publication. Whenever such informal
rulings, opinions, or letters contain any policy of general
applicability, the Department shall formulate and adopt such
policy as a rule in accordance with the provisions of the
Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (3) of this Section shall make tax free purchases unless it has an active exemption identification number issued by the Department.

The purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of service or of tangible personal property within the meaning of this Act.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act.

"Supplier" means any person who makes sales of tangible personal property to servicemen for the purpose of resale as an incident to a sale of service.

"Serviceman maintaining a place of business in this State", or any like term, means and includes any serviceman:

1. having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the serviceman or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or
temporarily, or whether such serviceman or subsidiary is
licensed to do business in this State;

1.1. having a contract with a person located in this State under which the person, for a commission or other consideration based on the sale of service by the serviceman, directly or indirectly refers potential customers to the serviceman by providing to the potential customers a promotional code or other mechanism that allows the serviceman to track purchases referred by such persons. Examples of mechanisms that allow the serviceman to track purchases referred by such persons include but are not limited to the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph 1.1 shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers who are referred to the serviceman by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December; a serviceman meeting the requirements of this paragraph 1.1 shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons
were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods;

1.2. beginning July 1, 2011, having a contract with a person located in this State under which:

   A. the serviceman sells the same or substantially similar line of services as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

   B. the serviceman provides a commission or other consideration to the person located in this State based upon the sale of services by the serviceman.

The provisions of this paragraph 1.2 shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December;

2. soliciting orders for tangible personal property by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers located in this State;

3. pursuant to a contract with a broadcaster or publisher located in this State, soliciting orders for
tangible personal property by means of advertising which is disseminated primarily to consumers located in this State and only secondarily to bordering jurisdictions;

4. soliciting orders for tangible personal property by mail if the solicitations are substantial and recurring and if the retailer benefits from any banking, financing, debt collection, telecommunication, or marketing activities occurring in this State or benefits from the location in this State of authorized installation, servicing, or repair facilities;

5. being owned or controlled by the same interests which own or control any retailer engaging in business in the same or similar line of business in this State;

6. having a franchisee or licensee operating under its trade name if the franchisee or licensee is required to collect the tax under this Section;

7. pursuant to a contract with a cable television operator located in this State, soliciting orders for tangible personal property by means of advertising which is transmitted or distributed over a cable television system in this State; or

8. engaging in activities in Illinois, which activities in the state in which the supply business engaging in such activities is located would constitute maintaining a place of business in that state.

(Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)
Section 30-15. The Service Occupation Tax Act is amended by changing Section 2 as follows:

(35 ILCS 115/2) (from Ch. 120, par. 439.102)

Sec. 2. "Transfer" means any transfer of the title to property or of the ownership of property whether or not the transferor retains title as security for the payment of amounts due him from the transferee.

"Cost Price" means the consideration paid by the serviceman for a purchase valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the property transferred to him by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint venture, public or private corporation, limited liability company, and any receiver, executor, trustee, guardian or other representative
appointed by order of any court.

"Sale of Service" means any transaction except:

(a) A retail sale of tangible personal property taxable under the Retailers' Occupation Tax Act or under the Use Tax Act.

(b) A sale of tangible personal property for the purpose of resale made in compliance with Section 2c of the Retailers' Occupation Tax Act.

(c) Except as hereinafter provided, a sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body or for or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(d) A sale or transfer of tangible personal property as an incident to the rendering of service for interstate carriers for hire for use as rolling stock moving in interstate commerce or lessors under leases of one year or longer, executed or in effect at the time of purchase, to interstate carriers for hire.
for use as rolling stock moving in interstate commerce, and
equipment operated by a telecommunications provider, licensed
as a common carrier by the Federal Communications Commission,
which is permanently installed in or affixed to aircraft moving
in interstate commerce.

(d-1) A sale or transfer of tangible personal property as
an incident to the rendering of service for owners, lessors or
shippers of tangible personal property which is utilized by
interstate carriers for hire for use as rolling stock moving in
interstate commerce, and equipment operated by a
 telecommunications provider, licensed as a common carrier by
the Federal Communications Commission, which is permanently
installed in or affixed to aircraft moving in interstate
commerce.

(d-1.1) On and after July 1, 2003 and through June 30,
2004, a sale or transfer of a motor vehicle of the second
division with a gross vehicle weight in excess of 8,000 pounds
as an incident to the rendering of service if that motor
vehicle is subject to the commercial distribution fee imposed
under Section 3-815.1 of the Illinois Vehicle Code. Beginning
on July 1, 2004 and through June 30, 2005, the use in this
State of motor vehicles of the second division: (i) with a
gross vehicle weight rating in excess of 8,000 pounds; (ii)
that are subject to the commercial distribution fee imposed
under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
that are primarily used for commercial purposes. Through June
30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(d-2) Through June 30, 2016, the repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(d-3) Through June 30, 2016, a sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical
possession of such property in Illinois, and which transports
such property, or shares with another common carrier in the
transportation of such property, out of Illinois on a standard
uniform bill of lading showing the seller of the property as
the shipper or consignor of such property to a destination
outside Illinois, for use outside Illinois.

(d-4) Until January 1, 1997, a sale, by a registered
serviceman paying tax under this Act to the Department, of
special order printed materials delivered outside Illinois and
which are not returned to this State, if delivery is made by
the seller or agent of the seller, including an agent who
causes the product to be delivered outside Illinois by a common
carrier or the U.S. postal service.

(e) A sale or transfer of machinery and equipment used
primarily in the process of the manufacturing or assembling,
either in an existing, an expanded or a new manufacturing
facility, of tangible personal property for wholesale or retail
sale or lease, whether such sale or lease is made directly by
the manufacturer or by some other person, whether the materials
used in the process are owned by the manufacturer or some other
person, or whether such sale or lease is made apart from or as
an incident to the seller's engaging in a service occupation
and the applicable tax is a Service Occupation Tax or Service
Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
exemption provided by this paragraph (e) does not include
machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or
retail sale that is delivered to customers through pipes,
pipelines, or mains; or (iii) the treatment of water for
wholesale or retail sale that is delivered to customers through
pipes, pipelines, or mains. The provisions of this amendatory
Act of the 98th General Assembly are declaratory of existing
law as to the meaning and scope of this exemption.

(f) Until July 1, 2003, the sale or transfer of
distillation machinery and equipment, sold as a unit or kit and
assembled or installed by the retailer, which machinery and
equipment is certified by the user to be used only for the
production of ethyl alcohol that will be used for consumption
as motor fuel or as a component of motor fuel for the personal
use of such user and not subject to sale or resale.

(g) At the election of any serviceman not required to be
otherwise registered as a retailer under Section 2a of the
Retailers' Occupation Tax Act, made for each fiscal year sales
of service in which the aggregate annual cost price of tangible
personal property transferred as an incident to the sales of
service is less than 35% (75% in the case of servicemen
transferring prescription drugs or servicemen engaged in
graphic arts production) of the aggregate annual total gross
receipts from all sales of service. The purchase of such
tangible personal property by the serviceman shall be subject
to tax under the Retailers' Occupation Tax Act and the Use Tax
Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman.

Tangible personal property transferred incident to the completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

Exemption (e) also includes machinery and equipment used in the general maintenance or repair of such exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of exemption (e), each of these terms shall have the following meanings: (1) "manufacturing process" shall mean the
production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process shall be deemed to commence with the first operation or stage of production in the series, and shall not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further for purposes of exemption (e), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall
include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The purchaser of such machinery and equipment and tools without an active resale registration number shall furnish to the seller a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, which certificate shall be available to the Department for inspection or audit.

Except as provided in Section 2d of this Act, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if such rolling stock transports, for hire, persons whose journeys or
property whose shipments originate or terminate outside Illinois.

Any informal rulings, opinions or letters issued by the Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (e) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (c) of this Section shall make tax free purchases unless it has an active exemption identification number issued by the Department.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at Retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act.

"Supplier" means any person who makes sales of tangible personal property to servicemen for the purpose of resale as an incident to a sale of service.
Section 30-20. The Retailers' Occupation Tax Act is amended by changing Section 2-5 as follows:

(35 ILCS 120/2-5)

Sec. 2-5. Exemptions. Gross receipts from proceeds from the sale of the following tangible personal property are exempt from the tax imposed by this Act:

(1) Farm chemicals.

(2) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (2). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle.
required to be licensed and units sold mounted on a motor
vehicle required to be licensed, if the selling price of the
tender is separately stated.

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

Farm machinery and equipment also includes computers,
sensors, software, and related equipment used primarily in the
computer-assisted operation of production agriculture
facilities, equipment, and activities such as, but not limited
to, the collection, monitoring, and correlation of animal and
crop data for the purpose of formulating animal diets and
agricultural chemicals. This item (2) is exempt from the
provisions of Section 2-70.

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

(4) Until July 1, 2003 and beginning again September 1,
2004 through August 30, 2014, graphic arts machinery and
equipment, including repair and replacement parts, both new and
used, and including that manufactured on special order or
purchased for lease, certified by the purchaser to be used
primarily for graphic arts production. Equipment includes
chemicals or chemicals acting as catalysts but only if the
chemicals or chemicals acting as catalysts effect a direct and
immediate change upon a graphic arts product.
(5) A motor vehicle that is used for automobile renting, as
defined in the Automobile Renting Occupation and Use Tax Act.
This paragraph is exempt from the provisions of Section 2-70.
(6) Personal property sold by a teacher-sponsored student
organization affiliated with an elementary or secondary school
located in Illinois.
(7) Until July 1, 2003, proceeds of that portion of the
selling price of a passenger car the sale of which is subject
to the Replacement Vehicle Tax.
(8) Personal property sold to an Illinois county fair
association for use in conducting, operating, or promoting the
county fair.
(9) Personal property sold to a not-for-profit arts or
cultural organization that establishes, by proof required by
the Department by rule, that it has received an exemption under
Section 501(c)(3) of the Internal Revenue Code and that is
organized and operated primarily for the presentation or
support of arts or cultural programming, activities, or
services. These organizations include, but are not limited to, music and dramatic arts organizations such as symphony orchestras and theatrical groups, arts and cultural service organizations, local arts councils, visual arts organizations, and media arts organizations. On and after the effective date of this amendatory Act of the 92nd General Assembly, however, an entity otherwise eligible for this exemption shall not make tax-free purchases unless it has an active identification number issued by the Department.

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

(11) Personal property sold to a governmental body, to a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, or to a not-for-profit corporation, society, association, foundation, institution, or organization that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated
exclusively for educational purposes. On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make tax-free purchases unless it has an active identification number issued by the Department.

(12) Tangible personal property sold to interstate carriers for hire for use as rolling stock moving in interstate commerce or to lessors under leases of one year or longer executed or in effect at the time of purchase by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used
in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(13) Proceeds from sales to owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

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

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

(16) Petroleum products sold to a purchaser if the seller is prohibited by federal law from charging tax to the purchaser.

(17) Through June 30, 2016, tangible personal property sold to a common carrier by rail or motor that receives the physical possession of the property in Illinois and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

(18) Legal tender, currency, medallions, or gold or silver
(19) Until July 1 2003, oil field exploration, drilling, and production equipment, including (i) rigs and parts of rigs, rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and tubular goods, including casing and drill strings, (iii) pumps and pump-jack units, (iv) storage tanks and flow lines, (v) any individual replacement part for oil field exploration, drilling, and production equipment, and (vi) machinery and equipment purchased for lease; but excluding motor vehicles required to be registered under the Illinois Vehicle Code.

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

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

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

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

(23) A transaction in which the purchase order is received
by a florist who is located outside Illinois, but who has a
florist located in Illinois deliver the property to the
purchaser or the purchaser's donee in Illinois.

(24) Fuel consumed or used in the operation of ships,
barges, or vessels that are used primarily in or for the
transportation of property or the conveyance of persons for
hire on rivers bordering on this State if the fuel is delivered by the seller to the purchaser's barge, ship, or vessel while it is afloat upon that bordering river.

(25) Except as provided in item (25-5) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.

(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a
statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this item shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this item (25-5) shall be proportionately distributed as if the tax were collected at the 6.25% general rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under this Act on the sale of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, if all of the following conditions are met:

   (1) the aircraft leaves this State within 15 days after the later of either the issuance of the final billing for the sale of the aircraft, or the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test
for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this State after the sale of the aircraft; and

(3) the seller retains in his or her books and records and provides to the Department a signed and dated certification from the purchaser, on a form prescribed by the Department, certifying that the requirements of this item (25-7) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

(26) Semen used for artificial insemination of livestock for direct agricultural production.
(27) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(28) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

(29) Personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

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

(31) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

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

(34) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising
entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 2-70.

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or a licensed facility as defined in
the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(36) Beginning August 2, 2001, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act. This paragraph is exempt from the provisions of Section 2-70.

(37) Beginning August 2, 2001, personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act. This paragraph is exempt from the provisions of Section 2-70.

(38) Beginning on January 1, 2002 and through June 30, 2016, tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or
manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the
aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the sale of qualifying tangible personal property to persons who modify, refurbish, complete, replace, or maintain an aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this paragraph (40) by Public Act 98-534 are declarative of existing law.

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of
constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15.)

ARTICLE 35. ROLLING STOCK

Section 35-5. The Use Tax Act is amended by changing Sections 3-55, 3-60, and 3-61 as follows:

(35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

Sec. 3-55. Multistate exemption. To prevent actual or likely multistate taxation, the tax imposed by this Act does not apply to the use of tangible personal property in this State under the following circumstances:
(a) The use, in this State, of tangible personal property acquired outside this State by a nonresident individual and brought into this State by the individual for his or her own use while temporarily within this State or while passing through this State.

(b) Through June 30, 2016, the use, in this State, of tangible personal property by an interstate carrier for hire as rolling stock moving in interstate commerce or by lessors under a lease of one year or longer executed or in effect at the time of purchase of tangible personal property by interstate carriers for-hire for use as rolling stock moving in interstate commerce as long as so used by the interstate carriers for-hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(c) Through June 30, 2016, the use, in this State, by owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce as long as so used by the interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d) The use, in this State, of tangible personal property
that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another State in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other State.

(e) The temporary storage, in this State, of tangible personal property that is acquired outside this State and that, after being brought into this State and stored here temporarily, is used solely outside this State or is physically attached to or incorporated into other tangible personal property that is used solely outside this State, or is altered by converting, fabricating, manufacturing, printing, processing, or shaping, and, as altered, is used solely outside this State.

(f) The temporary storage in this State of building materials and fixtures that are acquired either in this State or outside this State by an Illinois registered combination retailer and construction contractor, and that the purchaser thereafter uses outside this State by incorporating that property into real estate located outside this State.

(g) The use or purchase of tangible personal property by a common carrier by rail or motor that receives the physical possession of the property in Illinois, and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as
the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

(h) Except as provided in subsection (h-1), the use, in this State, of a motor vehicle that was sold in this State to a nonresident, even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred shall be prima facie evidence that the motor vehicle will not be titled in this State.

(h-1) The exemption under subsection (h) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for the use in that state of a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under
penalty of perjury, of his or her intent to title the vehicle
in the state in which the purchaser is a resident within 30
days after the sale and of the fact of the payment to the State
of Illinois of tax in an amount equivalent to the state's rate
of tax on taxable property in his or her state of residence and
shall submit the statement to the appropriate tax collection
agency in his or her state of residence. In addition, the
retailer must retain a signed copy of the statement in his or
her records. Nothing in this subsection shall be construed to
require the removal of the vehicle from this state following
the filing of an intent to title the vehicle in the purchaser's
state of residence if the purchaser titles the vehicle in his
or her state of residence within 30 days after the date of
sale. The tax collected under this Act in accordance with this
subsection (h-1) shall be proportionately distributed as if the
tax were collected at the 6.25% general rate imposed under this
Act.

(h-2) The following exemptions apply with respect to
certain aircraft:

  (1) Beginning on July 1, 2007, no tax is imposed under
this Act on the purchase of an aircraft, as defined in
Section 3 of the Illinois Aeronautics Act, if all of the
following conditions are met:

      (A) the aircraft leaves this State within 15 days
after the later of either the issuance of the final
billing for the purchase of the aircraft or the
authorized approval for return to service, completion
of the maintenance record entry, and completion of the
test flight and ground test for inspection, as required
by 14 C.F.R. 91.407;

(B) the aircraft is not based or registered in this
State after the purchase of the aircraft; and

(C) the purchaser provides the Department with a
signed and dated certification, on a form prescribed by
the Department, certifying that the requirements of
this item (1) are met. The certificate must also
include the name and address of the purchaser, the
address of the location where the aircraft is to be
titled or registered, the address of the primary
physical location of the aircraft, and other
information that the Department may reasonably
require.

(2) Beginning on July 1, 2007, no tax is imposed under
this Act on the use of an aircraft, as defined in Section 3
of the Illinois Aeronautics Act, that is temporarily
located in this State for the purpose of a prepurchase
evaluation if all of the following conditions are met:

(A) the aircraft is not based or registered in this
State after the prepurchase evaluation; and

(B) the purchaser provides the Department with a
signed and dated certification, on a form prescribed by
the Department, certifying that the requirements of
this item (2) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

(3) Beginning on July 1, 2007, no tax is imposed under this Act on the use of an aircraft, as defined in Section 3 of the Illinois Aeronautics Act, that is temporarily located in this State for the purpose of a post-sale customization if all of the following conditions are met:

   (A) the aircraft leaves this State within 15 days after the authorized approval for return to service, completion of the maintenance record entry, and completion of the test flight and ground test for inspection, as required by 14 C.F.R. 91.407;

   (B) the aircraft is not based or registered in this State either before or after the post-sale customization; and

   (C) the purchaser provides the Department with a signed and dated certification, on a form prescribed by the Department, certifying that the requirements of this item (3) are met. The certificate must also include the name and address of the purchaser, the address of the location where the aircraft is to be
titled or registered, the address of the primary physical location of the aircraft, and other information that the Department may reasonably require.

If tax becomes due under this subsection (h-2) because of the purchaser's use of the aircraft in this State, the purchaser shall file a return with the Department and pay the tax on the fair market value of the aircraft. This return and payment of the tax must be made no later than 30 days after the aircraft is used in a taxable manner in this State. The tax is based on the fair market value of the aircraft on the date that it is first used in a taxable manner in this State.

For purposes of this subsection (h-2):

"Based in this State" means hangared, stored, or otherwise used, excluding post-sale customizations as defined in this Section, for 10 or more days in each 12-month period immediately following the date of the sale of the aircraft.

"Post-sale customization" means any improvement, maintenance, or repair that is performed on an aircraft following a transfer of ownership of the aircraft.

"Prepurchase evaluation" means an examination of an aircraft to provide a potential purchaser with information relevant to the potential purchase.

"Registered in this State" means an aircraft registered with the Department of Transportation, Aeronautics Division, or titled or registered with the Federal Aviation
Administration to an address located in this State.

This subsection (h-2) is exempt from the provisions of Section 3-90.

(i) Beginning July 1, 1999, the use, in this State, of fuel acquired outside this State and brought into this State in the fuel supply tanks of locomotives engaged in freight hauling and passenger service for interstate commerce. This subsection is exempt from the provisions of Section 3-90.

(j) Beginning on January 1, 2002 and through June 30, 2016, the use of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this subsection (j). The permit issued under this subsection (j) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase
tangible personal property from a retailer exempt from the
taxes imposed by this Act. Taxpayers shall maintain all
necessary books and records to substantiate the use and
consumption of all such tangible personal property outside of
the State of Illinois.
(Source: P.A. 97-73, eff. 6-30-11.)

(35 ILCS 105/3-60) (from Ch. 120, par. 439.3-60)
Sec. 3-60. Rolling stock exemption. Except as provided in
Section 3-61 of this Act, through June 30, 2016, the rolling
stock exemption applies to rolling stock used by an interstate
carrier for hire, even just between points in Illinois, if the
rolling stock transports, for hire, persons whose journeys or
property whose shipments originate or terminate outside
Illinois.
(Source: P.A. 93-23, eff. 6-20-03.)

Section 35-10. The Service Use Tax Act is amended by
changing Sections 3-45 and 3-50 as follows:

(35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)
Sec. 3-45. Multistate exemption. To prevent actual or
likely multistate taxation, the tax imposed by this Act does
not apply to the use of tangible personal property in this
State under the following circumstances:
(a) The use, in this State, of property acquired outside
this State by a nonresident individual and brought into this State by the individual for his or her own use while temporarily within this State or while passing through this State.

(b) Through June 30, 2016, the use, in this State, of property that is acquired outside this State and that is moved into this State for use as rolling stock moving in interstate commerce.

(c) The use, in this State, of property that is acquired outside this State and caused to be brought into this State by a person who has already paid a tax in another state in respect to the sale, purchase, or use of that property, to the extent of the amount of the tax properly due and paid in the other state.

(d) The temporary storage, in this State, of property that is acquired outside this State and that after being brought into this State and stored here temporarily, is used solely outside this State or is physically attached to or incorporated into other property that is used solely outside this State, or is altered by converting, fabricating, manufacturing, printing, processing, or shaping, and, as altered, is used solely outside this State.

(e) Beginning July 1, 1999, the use, in this State, of fuel acquired outside this State and brought into this State in the fuel supply tanks of locomotives engaged in freight hauling and passenger service for interstate commerce. This subsection is
exempt from the provisions of Section 3-75.

(f) Beginning on January 1, 2002 and through June 30, 2016, the use of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this subsection (f). The permit issued under this subsection (f) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(Source: P.A. 97-73, eff. 6-30-11.)
Sec. 3-50. Rolling stock exemption. Except as provided in Section 3-51 of this Act, through June 30, 2016, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if the rolling stock transports, for hire, persons whose journeys or property whose shipments originate or terminate outside Illinois.

(Source: P.A. 93-23, eff. 6-20-03.)

Section 35-15. The Service Occupation Tax Act is amended by changing Section 2 as follows:

(35 ILCS 115/2) (from Ch. 120, par. 439.102)

Sec. 2. "Transfer" means any transfer of the title to property or of the ownership of property whether or not the transferor retains title as security for the payment of amounts due him from the transferee.

"Cost Price" means the consideration paid by the serviceman for a purchase valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the
property transferred to him by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint venture, public or private corporation, limited liability company, and any receiver, executor, trustee, guardian or other representative appointed by order of any court.

"Sale of Service" means any transaction except:

(a) A retail sale of tangible personal property taxable under the Retailers' Occupation Tax Act or under the Use Tax Act.

(b) A sale of tangible personal property for the purpose of resale made in compliance with Section 2c of the Retailers' Occupation Tax Act.

(c) Except as hereinafter provided, a sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body or for or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons
55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(d) Through June 30, 2016, a sale or transfer of tangible personal property as an incident to the rendering of service for interstate carriers for hire for use as rolling stock moving in interstate commerce or lessors under leases of one year or longer, executed or in effect at the time of purchase, to interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d-1) Through June 30, 2016, a sale or transfer of tangible personal property as an incident to the rendering of service for owners, lessors or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d-1.1) On and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second
division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(d-2) The repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing
the person who repaired, reconditioned or remodeled the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(d-3) A sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(d-4) Until January 1, 1997, a sale, by a registered serviceman paying tax under this Act to the Department, of special order printed materials delivered outside Illinois and which are not returned to this State, if delivery is made by the seller or agent of the seller, including an agent who causes the product to be delivered outside Illinois by a common carrier or the U.S. postal service.

(e) A sale or transfer of machinery and equipment used primarily in the process of the manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for wholesale or retail
sale or lease, whether such sale or lease is made directly by
the manufacturer or by some other person, whether the materials
used in the process are owned by the manufacturer or some other
person, or whether such sale or lease is made apart from or as
an incident to the seller's engaging in a service occupation
and the applicable tax is a Service Occupation Tax or Service
Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
exemption provided by this paragraph (e) does not include
machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or
retail sale that is delivered to customers through pipes,
pipelines, or mains; or (iii) the treatment of water for
wholesale or retail sale that is delivered to customers through
pipes, pipelines, or mains. The provisions of this amendatory
Act of the 98th General Assembly are declaratory of existing
law as to the meaning and scope of this exemption.

(f) Until July 1, 2003, the sale or transfer of
distillation machinery and equipment, sold as a unit or kit and
assembled or installed by the retailer, which machinery and
equipment is certified by the user to be used only for the
production of ethyl alcohol that will be used for consumption
as motor fuel or as a component of motor fuel for the personal
use of such user and not subject to sale or resale.

(g) At the election of any serviceman not required to be
otherwise registered as a retailer under Section 2a of the
Retailers' Occupation Tax Act, made for each fiscal year sales
of service in which the aggregate annual cost price of tangible
personal property transferred as an incident to the sales of
service is less than 35% (75% in the case of servicemen
transferring prescription drugs or servicemen engaged in
graphic arts production) of the aggregate annual total gross
receipts from all sales of service. The purchase of such
tangible personal property by the serviceman shall be subject
to tax under the Retailers' Occupation Tax Act and the Use Tax
Act. However, if a primary serviceman who has made the election
described in this paragraph subcontracts service work to a
secondary serviceman who has also made the election described
in this paragraph, the primary serviceman does not incur a Use
Tax liability if the secondary serviceman (i) has paid or will
pay Use Tax on his or her cost price of any tangible personal
property transferred to the primary serviceman and (ii)
certifies that fact in writing to the primary serviceman.

Tangible personal property transferred incident to the
completion of a maintenance agreement is exempt from the tax
imposed pursuant to this Act.

Exemption (e) also includes machinery and equipment used in
the general maintenance or repair of such exempt machinery and
equipment or for in-house manufacture of exempt machinery and
equipment. The machinery and equipment exemption does not
include machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of exemption (e), each of these terms shall have the following meanings: (1) "manufacturing process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process shall be deemed to commence with the first operation or stage of production in the series, and shall not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further for purposes of exemption (e), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process"
shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The purchaser of such machinery and equipment and
tools without an active resale registration number shall furnish to the seller a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, which certificate shall be available to the Department for inspection or audit.

Except as provided in Section 2d of this Act, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if such rolling stock transports, for hire, persons whose journeys or property whose shipments originate or terminate outside Illinois.

Any informal rulings, opinions or letters issued by the Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (e) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (c) of this Section shall make tax free
purchases unless it has an active exemption identification
number issued by the Department.

"Serviceman" means any person who is engaged in the
occupation of making sales of service.

"Sale at Retail" means "sale at retail" as defined in the

"Supplier" means any person who makes sales of tangible
personal property to servicemen for the purpose of resale as an
incident to a sale of service.

(Source: P.A. 98-583, eff. 1-1-14.)

Section 35-20. The Retailers' Occupation Tax Act is amended
by changing Sections 2-5 and 2-50 as follows:

(35 ILCS 120/2-5)

Sec. 2-5. Exemptions. Gross receipts from proceeds from the
sale of the following tangible personal property are exempt
from the tax imposed by this Act:

(1) Farm chemicals.

(2) Farm machinery and equipment, both new and used,
including that manufactured on special order, certified by the
purchaser to be used primarily for production agriculture or
State or federal agricultural programs, including individual
replacement parts for the machinery and equipment, including
machinery and equipment purchased for lease, and including
implements of husbandry defined in Section 1-130 of the
Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (2). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed, if the selling price of the tender is separately stated.

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

Farm machinery and equipment also includes computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and
agricultural chemicals. This item (2) is exempt from the provisions of Section 2-70.

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

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

(5) A motor vehicle that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

(6) Personal property sold by a teacher-sponsored student organization affiliated with an elementary or secondary school located in Illinois.

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.
(8) Personal property sold to an Illinois county fair association for use in conducting, operating, or promoting the county fair.

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

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

(11) Personal property sold to a governmental body, to a
corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, or to a not-for-profit corporation, society, association, foundation, institution, or organization that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes. On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make tax-free purchases unless it has an active identification number issued by the Department.

(12) Through June 30, 2016, tangible personal property sold to interstate carriers for hire for use as rolling stock moving in interstate commerce or to lessors under leases of one year or longer executed or in effect at the time of purchase by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the
commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(13) Through June 20, 2016, proceeds from sales to owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

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

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

(16) Petroleum products sold to a purchaser if the seller
is prohibited by federal law from charging tax to the purchaser.

(17) Tangible personal property sold to a common carrier by rail or motor that receives the physical possession of the property in Illinois and that transports the property, or shares with another common carrier in the transportation of the property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of the property to a destination outside Illinois, for use outside Illinois.

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

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

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

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

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

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

(23) A transaction in which the purchase order is received by a florist who is located outside Illinois, but who has a florist located in Illinois deliver the property to the purchaser or the purchaser's donee in Illinois.

(24) Fuel consumed or used in the operation of ships, barges, or vessels that are used primarily in or for the transportation of property or the conveyance of persons for hire on rivers bordering on this State if the fuel is delivered by the seller to the purchaser's barge, ship, or vessel while it is afloat upon that bordering river.

(25) Except as provided in item (25-5) of this Section, a motor vehicle sold in this State to a nonresident even though the motor vehicle is delivered to the nonresident in this State, if the motor vehicle is not to be titled in this State, and if a drive-away permit is issued to the motor vehicle as provided in Section 3-603 of the Illinois Vehicle Code or if the nonresident purchaser has vehicle registration plates to transfer to the motor vehicle upon returning to his or her home state. The issuance of the drive-away permit or having the out-of-state registration plates to be transferred is prima facie evidence that the motor vehicle will not be titled in this State.
(25-5) The exemption under item (25) does not apply if the state in which the motor vehicle will be titled does not allow a reciprocal exemption for a motor vehicle sold and delivered in that state to an Illinois resident but titled in Illinois. The tax collected under this Act on the sale of a motor vehicle in this State to a resident of another state that does not allow a reciprocal exemption shall be imposed at a rate equal to the state's rate of tax on taxable property in the state in which the purchaser is a resident, except that the tax shall not exceed the tax that would otherwise be imposed under this Act. At the time of the sale, the purchaser shall execute a statement, signed under penalty of perjury, of his or her intent to title the vehicle in the state in which the purchaser is a resident within 30 days after the sale and of the fact of the payment to the State of Illinois of tax in an amount equivalent to the state's rate of tax on taxable property in his or her state of residence and shall submit the statement to the appropriate tax collection agency in his or her state of residence. In addition, the retailer must retain a signed copy of the statement in his or her records. Nothing in this item shall be construed to require the removal of the vehicle from this state following the filing of an intent to title the vehicle in the purchaser's state of residence if the purchaser titles the vehicle in his or her state of residence within 30 days after the date of sale. The tax collected under this Act in accordance with this item (25-5) shall be proportionately
distributed as if the tax were collected at the 6.25% general
rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under
this Act on the sale of an aircraft, as defined in Section 3 of
the Illinois Aeronautics Act, if all of the following
conditions are met:

(1) the aircraft leaves this State within 15 days after
the later of either the issuance of the final billing for
the sale of the aircraft, or the authorized approval for
return to service, completion of the maintenance record
entry, and completion of the test flight and ground test
for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this
State after the sale of the aircraft; and

(3) the seller retains in his or her books and records
and provides to the Department a signed and dated
certification from the purchaser, on a form prescribed by
the Department, certifying that the requirements of this
item (25-7) are met. The certificate must also include the
name and address of the purchaser, the address of the
location where the aircraft is to be titled or registered,
the address of the primary physical location of the
aircraft, and other information that the Department may
reasonably require.

For purposes of this item (25-7):
"Based in this State" means hangared, stored, or otherwise
used, excluding post-sale customizations as defined in this
Section, for 10 or more days in each 12-month period
immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered
with the Department of Transportation, Aeronautics Division,
or titled or registered with the Federal Aviation
Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of
Section 2-70.

(26) Semen used for artificial insemination of livestock
for direct agricultural production.

(27) Horses, or interests in horses, registered with and
meeting the requirements of any of the Arabian Horse Club
Registry of America, Appaloosa Horse Club, American Quarter
Horse Association, United States Trotting Association, or
Jockey Club, as appropriate, used for purposes of breeding or
racing for prizes. This item (27) is exempt from the provisions
of Section 2-70, and the exemption provided for under this item
(27) applies for all periods beginning May 30, 1995, but no
claim for credit or refund is allowed on or after January 1,
2008 (the effective date of Public Act 95-88) for such taxes
paid during the period beginning May 30, 2000 and ending on
January 1, 2008 (the effective date of Public Act 95-88).

(28) Computers and communications equipment utilized for
any hospital purpose and equipment used in the diagnosis,
analysis, or treatment of hospital patients sold to a lessor
who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

(29) Personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

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

(31) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer
line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

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

(34) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 2-70.

(35) Beginning January 1, 2000 and through December 31, 2001, new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines. This paragraph is exempt from the provisions of Section 2-70.
(35-5) Beginning August 23, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or a licensed facility as defined in the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(36) Beginning August 2, 2001, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act. This paragraph is exempt from the provisions of Section 2-70.

(37) Beginning August 2, 2001, personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption
identification number by the Department under Section 1g of
this Act. This paragraph is exempt from the provisions of
Section 2-70.

(38) Beginning on January 1, 2002 and through June 30,
2016, tangible personal property purchased from an Illinois
retailer by a taxpayer engaged in centralized purchasing
activities in Illinois who will, upon receipt of the property
in Illinois, temporarily store the property in Illinois (i) for
the purpose of subsequently transporting it outside this State
for use or consumption thereafter solely outside this State or
(ii) for the purpose of being processed, fabricated, or
manufactured into, attached to, or incorporated into other
tangible personal property to be transported outside this State
and thereafter used or consumed solely outside this State. The
Director of Revenue shall, pursuant to rules adopted in
accordance with the Illinois Administrative Procedure Act,
issue a permit to any taxpayer in good standing with the
Department who is eligible for the exemption under this
paragraph (38). The permit issued under this paragraph (38)
shall authorize the holder, to the extent and in the manner
specified in the rules adopted under this Act, to purchase
tangible personal property from a retailer exempt from the
taxes imposed by this Act. Taxpayers shall maintain all
necessary books and records to substantiate the use and
consumption of all such tangible personal property outside of
the State of Illinois.
(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the sale of qualifying tangible personal property to persons who modify, refurbish, complete, replace, or maintain an aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii)
have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this paragraph (40) by Public Act 98-534 are declarative of existing law.

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15.)
Sec. 2-50. Rolling stock exemption. Except as provided in Section 2-51 of this Act, through June 30, 2016, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if the rolling stock transports, for hire, persons whose journeys or property whose shipments originate or terminate outside Illinois. 
(Source: P.A. 93-23, eff. 6-20-03.)
retail, then the tax is imposed on the lower of the fair market value, if any, of the specific property so used in this State or on the selling price of the property purchased at retail. For purposes of this Section "fair market value" means the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts. The fair market value shall be established by Illinois sales by the taxpayer of the same property as that functionally used or consumed, or if there are no such sales by the taxpayer, then comparable sales or purchases of property of like kind and character in Illinois.

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

Beginning on August 6, 2010 through August 15, 2010, with respect to sales tax holiday items as defined in Section 3-6 of this Act, the tax is imposed at the rate of 1.25%.

With respect to gasohol, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2015 December 31, 2018, and (iii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of gasohol is imposed
at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

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

With respect to biodiesel blends with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of biodiesel blends with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to 100% biodiesel and biodiesel blends with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 but applies to 100% of the proceeds of sales made thereafter.

With respect to food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been
prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including but not limited to soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

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

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

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

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by
prescription only, regardless of whether the products meet the
definition of "over-the-counter-drugs". For the purposes of
this paragraph, "over-the-counter-drug" means a drug for human
use that contains a label that identifies the product as a drug
as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
label includes:

(A) A "Drug Facts" panel; or

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

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

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

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

Section 40-10. The Service Use Tax Act is amended by
changing Section 3-10 as follows:
Sec. 3-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of the selling price of tangible personal property transferred as an incident to the sale of service, but, for the purpose of computing this tax, in no event shall the selling price be less than the cost price of the property to the serviceman.

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

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act applies to (i) 70% of the selling price of property transferred as an incident to the sale of service on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before December 31, 2015, and (iii) 100% of the selling price thereafter. If, at any time, however, the tax under this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to majority blended ethanol fuel, as defined in the Use Tax Act, the tax imposed by this Act does not apply
to the selling price of property transferred as an incident to
the sale of service on or after July 1, 2003 and on or before
December 31, 2018 but applies to 100% of the selling price
thereafter.

With respect to biodiesel blends, as defined in the Use Tax
Act, with no less than 1% and no more than 10% biodiesel, the
tax imposed by this Act applies to (i) 80% of the selling price
of property transferred as an incident to the sale of service
on or after July 1, 2003 and on or before December 31, 2018 and
(ii) 100% of the proceeds of the selling price thereafter. If,
at any time, however, the tax under this Act on sales of
biodiesel blends, as defined in the Use Tax Act, with no less
than 1% and no more than 10% biodiesel is imposed at the rate
of 1.25%, then the tax imposed by this Act applies to 100% of
the proceeds of sales of biodiesel blends with no less than 1%
and no more than 10% biodiesel made during that time.

With respect to 100% biodiesel, as defined in the Use Tax
Act, and biodiesel blends, as defined in the Use Tax Act, with
more than 10% but no more than 99% biodiesel, the tax imposed
by this Act does not apply to the proceeds of the selling price
of property transferred as an incident to the sale of service
on or after July 1, 2003 and on or before December 31, 2018 but
applies to 100% of the selling price thereafter.

At the election of any registered serviceman made for each
fiscal year, sales of service in which the aggregate annual
cost price of tangible personal property transferred as an
incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service, the tax imposed by this Act shall be based on the serviceman's cost price of the tangible personal property transferred as an incident to the sale of those services.

The tax shall be imposed at the rate of 1% on food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Occupation Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the ID/DD Community Care Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969. The tax shall also be imposed at the rate of 1% on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph) and prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including but not limited to soda water,
cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

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

Until August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine. Beginning August 1, 2009, and notwithstanding any other provisions of this Act, "food for human consumption that is to be consumed off the premises where it is sold" includes all food sold through a vending machine, except soft drinks, candy, and food products that are dispensed hot from a vending machine, regardless of the location of the vending machine.
Notwithstanding any other provisions of this Act, beginning September 1, 2009, "food for human consumption that is to be consumed off the premises where it is sold" does not include candy. For purposes of this Section, "candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation that contains flour or requires refrigeration.

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter-drug" label includes:

(A) A "Drug Facts" panel; or

(B) A statement of the "active ingredient(s)" with a list of those ingredients contained in the compound, substance or preparation.
Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Pilot Program Act.

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

(Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636, eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756, eff. 7-16-14.)

Section 40-15. The Service Occupation Tax Act is amended by changing Section 3-10 as follows:

(35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

Sec. 3-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of the "selling price", as defined in Section 2 of the Service Use Tax Act, of the tangible personal property. For the purpose of computing this tax, in no event shall the "selling price" be less than the cost price to the serviceman of the tangible
personal property transferred. The selling price of each item of tangible personal property transferred as an incident of a sale of service may be shown as a distinct and separate item on the serviceman's billing to the service customer. If the selling price is not so shown, the selling price of the tangible personal property is deemed to be 50% of the serviceman's entire billing to the service customer. When, however, a serviceman contracts to design, develop, and produce special order machinery or equipment, the tax imposed by this Act shall be based on the serviceman's cost price of the tangible personal property transferred incident to the completion of the contract.

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

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act shall apply to (i) 70% of the cost price of property transferred as an incident to the sale of service on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the selling price of property transferred as an incident to the sale of service on or after July 1, 2003 and on or before December 31, 2015, and (iii) 100% of the cost price thereafter. If, at any time, however, the tax imposed by this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%, then the tax imposed by
this Act applies to 100% of the proceeds of sales of gasohol
made during that time.

With respect to majority blended ethanol fuel, as defined
in the Use Tax Act, the tax imposed by this Act does not apply
to the selling price of property transferred as an incident to
the sale of service on or after July 1, 2003 and on or before
December 31, 2018 but applies to 100% of the selling price
thereafter.

With respect to biodiesel blends, as defined in the Use Tax
Act, with no less than 1% and no more than 10% biodiesel, the
tax imposed by this Act applies to (i) 80% of the selling price
of property transferred as an incident to the sale of service
on or after July 1, 2003 and on or before December 31, 2018 and
(ii) 100% of the proceeds of the selling price thereafter. If,
at any time, however, the tax under this Act on sales of
biodiesel blends, as defined in the Use Tax Act, with no less
than 1% and no more than 10% biodiesel is imposed at the rate
of 1.25%, then the tax imposed by this Act applies to 100% of
the proceeds of sales of biodiesel blends with no less than 1%
and no more than 10% biodiesel made during that time.

With respect to 100% biodiesel, as defined in the Use Tax
Act, and biodiesel blends, as defined in the Use Tax Act, with
more than 10% but no more than 99% biodiesel material, the tax
imposed by this Act does not apply to the proceeds of the
selling price of property transferred as an incident to the
sale of service on or after July 1, 2003 and on or before
December 31, 2018 but applies to 100% of the selling price thereafter.

At the election of any registered serviceman made for each fiscal year, sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service, the tax imposed by this Act shall be based on the serviceman's cost price of the tangible personal property transferred incident to the sale of those services.

The tax shall be imposed at the rate of 1% on food prepared for immediate consumption and transferred incident to a sale of service subject to this Act or the Service Occupation Tax Act by an entity licensed under the Hospital Licensing Act, the Nursing Home Care Act, the ID/DD Community Care Act, the Specialized Mental Health Rehabilitation Act of 2013, or the Child Care Act of 1969. The tax shall also be imposed at the rate of 1% on food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption and is not otherwise included in this paragraph) and prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and
insulin, urine testing materials, syringes, and needles used by
diabetics, for human use. For the purposes of this Section,
until September 1, 2009: the term "soft drinks" means any
complete, finished, ready-to-use, non-alcoholic drink, whether
carbonated or not, including but not limited to soda water,
cola, fruit juice, vegetable juice, carbonated water, and all
other preparations commonly known as soft drinks of whatever
kind or description that are contained in any closed or sealed
can, carton, or container, regardless of size; but "soft
drinks" does not include coffee, tea, non-carbonated water,
infant formula, milk or milk products as defined in the Grade A
Pasteurized Milk and Milk Products Act, or drinks containing
50% or more natural fruit or vegetable juice.

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

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

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

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter-drug"
label includes:

(A) A "Drug Facts" panel; or

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

Beginning on January 1, 2014 (the effective date of Public Act 98-122), "prescription and nonprescription medicines and drugs" includes medical cannabis purchased from a registered dispensing organization under the Compassionate Use of Medical Cannabis Pilot Program Act.

(Source: P.A. 97-38, eff. 6-28-11; 97-227, eff. 1-1-12; 97-636, eff. 6-1-12; 98-104, eff. 7-22-13; 98-122, eff. 1-1-14; 98-756, eff. 7-16-14.)

Section 40-20. The Retailers' Occupation Tax Act is amended by changing Section 2-10 as follows:

(35 ILCS 120/2-10)

Sec. 2-10. Rate of tax. Unless otherwise provided in this Section, the tax imposed by this Act is at the rate of 6.25% of gross receipts from sales of tangible personal property made in the course of business.

Beginning on July 1, 2000 and through December 31, 2000, with respect to motor fuel, as defined in Section 1.1 of the Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of the Use Tax Act, the tax is imposed at the rate of 1.25%.
Beginning on August 6, 2010 through August 15, 2010, with respect to sales tax holiday items as defined in Section 2-8 of this Act, the tax is imposed at the rate of 1.25%.

Within 14 days after the effective date of this amendatory Act of the 91st General Assembly, each retailer of motor fuel and gasohol shall cause the following notice to be posted in a prominently visible place on each retail dispensing device that is used to dispense motor fuel or gasohol in the State of Illinois: "As of July 1, 2000, the State of Illinois has eliminated the State's share of sales tax on motor fuel and gasohol through December 31, 2000. The price on this pump should reflect the elimination of the tax." The notice shall be printed in bold print on a sign that is no smaller than 4 inches by 8 inches. The sign shall be clearly visible to customers. Any retailer who fails to post or maintain a required sign through December 31, 2000 is guilty of a petty offense for which the fine shall be $500 per day per each retail premises where a violation occurs.

With respect to gasohol, as defined in the Use Tax Act, the tax imposed by this Act applies to (i) 70% of the proceeds of sales made on or after January 1, 1990, and before July 1, 2003, (ii) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2015 December 31, 2018, and (iii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of gasohol, as defined in the Use Tax Act, is imposed at the rate of 1.25%,
then the tax imposed by this Act applies to 100% of the proceeds of sales of gasohol made during that time.

With respect to majority blended ethanol fuel, as defined in the Use Tax Act, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 but applies to 100% of the proceeds of sales made thereafter.

With respect to biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel, the tax imposed by this Act applies to (i) 80% of the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 and (ii) 100% of the proceeds of sales made thereafter. If, at any time, however, the tax under this Act on sales of biodiesel blends, as defined in the Use Tax Act, with no less than 1% and no more than 10% biodiesel is imposed at the rate of 1.25%, then the tax imposed by this Act applies to 100% of the proceeds of sales of biodiesel blends with no less than 1% and no more than 10% biodiesel made during that time.

With respect to 100% biodiesel, as defined in the Use Tax Act, and biodiesel blends, as defined in the Use Tax Act, with more than 10% but no more than 99% biodiesel, the tax imposed by this Act does not apply to the proceeds of sales made on or after July 1, 2003 and on or before December 31, 2018 but applies to 100% of the proceeds of sales made thereafter.

With respect to food for human consumption that is to be consumed off the premises where it is sold (other than
alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a person with a disability, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, the tax is imposed at the rate of 1%. For the purposes of this Section, until September 1, 2009: the term "soft drinks" means any complete, finished, ready-to-use, non-alcoholic drink, whether carbonated or not, including but not limited to soda water, cola, fruit juice, vegetable juice, carbonated water, and all other preparations commonly known as soft drinks of whatever kind or description that are contained in any closed or sealed bottle, can, carton, or container, regardless of size; but "soft drinks" does not include coffee, tea, non-carbonated water, infant formula, milk or milk products as defined in the Grade A Pasteurized Milk and Milk Products Act, or drinks containing 50% or more natural fruit or vegetable juice.

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

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

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

Notwithstanding any other provisions of this Act, beginning September 1, 2009, "nonprescription medicines and drugs" does not include grooming and hygiene products. For purposes of this Section, "grooming and hygiene products" includes, but is not limited to, soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
lotions and screens, unless those products are available by prescription only, regardless of whether the products meet the definition of "over-the-counter-drugs". For the purposes of this paragraph, "over-the-counter-drug" means a drug for human use that contains a label that identifies the product as a drug as required by 21 C.F.R. § 201.66. The "over-the-counter-drug" label includes:

(A) A "Drug Facts" panel; or

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

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

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

ARTICLE 45. ENTERPRISE ZONES

Section 45-5. The Illinois Enterprise Zone Act is amended by changing Section 5.3 as follows:

(20 ILCS 655/5.3) (from Ch. 67 1/2, par. 608)

Sec. 5.3. Certification of Enterprise Zones; Effective date.
(a) Certification of Board-approved designated Enterprise Zones shall be made by the Department by certification of the designating ordinance. The Department shall promptly issue a certificate for each Enterprise Zone upon approval by the Board. The certificate shall be signed by the Director of the Department, shall make specific reference to the designating ordinance, which shall be attached thereto, and shall be filed in the office of the Secretary of State. A certified copy of the Enterprise Zone Certificate, or a duplicate original thereof, shall be recorded in the office of recorder of deeds of the county in which the Enterprise Zone lies.

(b) An Enterprise Zone shall be effective on January 1 of the first calendar year after Department certification. The Department shall transmit a copy of the certification to the Department of Revenue, and to the designating municipality or county.

Upon certification of an Enterprise Zone, the terms and provisions of the designating ordinance shall be in effect, and may not be amended or repealed except in accordance with Section 5.4.

(c) With the exception of Enterprise Zones scheduled to expire before December 31, 2018, an Enterprise Zone designated before the effective date of this amendatory Act of the 97th General Assembly shall be in effect for 30 calendar years, or for a lesser number of years specified in the certified designating ordinance. Notwithstanding the foregoing, any
Enterprise Zone in existence on the effective date of this amendatory Act of the 98th General Assembly that has a term of 20 calendar years may be extended for an additional 10 calendar years upon amendment of the designating ordinance by the designating municipality or county and submission of the ordinance to the Department. The amended ordinance must be properly recorded in the Office of Recorder of Deeds of each county in which the Enterprise Zone lies. Each Enterprise Zone in existence on the effective date of this amendatory Act of the 97th General Assembly that is scheduled to expire before July 1, 2016 may have its termination date extended until July 1, 2016 upon amendment of the designating ordinance by the designating municipality or county extending the termination date to July 1, 2016 and submission of the ordinance to the Department. The amended ordinance must be properly recorded in the Office of Recorder of Deeds of each county in which the Enterprise Zone lies. An Enterprise Zone designated on or after the effective date of this amendatory Act of the 97th General Assembly shall be in effect for a term of 15 calendar years, or for a lesser number of years specified in the certified designating ordinance. An enterprise zone designated on or after the effective date of this amendatory Act of the 97th General Assembly shall be subject to review by the Board after 13 years for an additional 10-year designation beginning on the expiration date of the enterprise zone. During the review process, the Board shall consider the costs incurred by the
State and units of local government as a result of tax benefits received by the enterprise zone. Enterprise Zones shall terminate at midnight of December 31 of the final calendar year of the certified term, except as provided in Section 5.4.

(d) No more than 12 Enterprise Zones may be certified by the Department in calendar year 1984, no more than 12 Enterprise Zones may be certified by the Department in calendar year 1985, no more than 13 Enterprise Zones may be certified by the Department in calendar year 1986, no more than 15 Enterprise Zones may be certified by the Department in calendar year 1987, and no more than 20 Enterprise Zones may be certified by the Department in calendar year 1990. In other calendar years, no more than 13 Enterprise Zones may be certified by the Department. The Department may also designate up to 8 additional Enterprise Zones outside the regular application cycle if warranted by the extreme economic circumstances as determined by the Department. The Department may also designate one additional Enterprise Zone outside the regular application cycle if an aircraft manufacturer agrees to locate an aircraft manufacturing facility in the proposed Enterprise Zone. Notwithstanding any other provision of this Act, no more than 89 Enterprise Zones may be certified by the Department for the 10 calendar years commencing with 1983. The 7 additional Enterprise Zones authorized by Public Act 86-15 shall not lie within municipalities or unincorporated areas of counties that abut or are contiguous to Enterprise Zones.
certified pursuant to this Section prior to June 30, 1989. The 7 additional Enterprise Zones (excluding the additional Enterprise Zone which may be designated outside the regular application cycle) authorized by Public Act 86-1030 shall not lie within municipalities or unincorporated areas of counties that abut or are contiguous to Enterprise Zones certified pursuant to this Section prior to February 28, 1990. Beginning in calendar year 2004 and until December 31, 2008, one additional enterprise zone may be certified by the Department. In any calendar year, the Department may not certify more than 3 Zones located within the same municipality. The Department may certify Enterprise Zones in each of the 10 calendar years commencing with 1983. The Department may not certify more than a total of 18 Enterprise Zones located within the same county (whether within municipalities or within unincorporated territory) for the 10 calendar years commencing with 1983. Thereafter, the Department may not certify any additional Enterprise Zones, but may amend and rescind certifications of existing Enterprise Zones in accordance with Section 5.4.

(e) Notwithstanding any other provision of law, if (i) the county board of any county in which a current military base is located, in part or in whole, or in which a military base that has been closed within 20 years of the effective date of this amendatory Act of 1998 is located, in part or in whole, adopts a designating ordinance in accordance with Section 5 of this Act to designate the military base in that county as an
enterprise zone and (ii) the property otherwise meets the qualifications for an enterprise zone as prescribed in Section 4 of this Act, then the Department may certify the designating ordinance or ordinances, as the case may be.

(f) Applications for Enterprise Zones that are scheduled to expire in 2016, including Enterprise Zones that have been extended until 2016 by this amendatory Act of the 97th General Assembly, shall be submitted to the Department no later than December 31, 2014. At that time, the Zone becomes available for either the previously designated area or a different area to compete for designation. No preference for designation as a Zone will be given to the previously designated area.

For Enterprise Zones that are scheduled to expire on or after January 1, 2017, an application process shall begin 2 years prior to the year in which the Zone expires. At that time, the Zone becomes available for either the previously designated area or a different area to compete for designation. No preference for designation as a Zone will be given to the previously designated area.

Each Enterprise Zone that reapplies for certification but does not receive a new certification shall expire on its scheduled termination date.

(g) Notwithstanding any other provision of law, no new Enterprise Zone shall be certified on or after the effective date of this amendatory Act of the 99th General Assembly, and no Enterprise Zone certified prior to the effective date of
this amendatory Act of the 99th General Assembly shall be renewed or extended on or after the effective date of this amendatory Act of the 99th General Assembly.
(Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

ARTICLE 50. VENDOR DISCOUNTS

Section 50-5. The Use Tax Act is amended by changing Section 9 as follows:

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

Sec. 9. Except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, each retailer required or authorized to collect the tax imposed by this Act shall pay to the Department the amount of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990 and prior to July 1, 2016, and 0.75% on and after July 1, 2016, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such
discount shall be taken with each such tax remittance instead of when such retailer files his periodic return. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final. A retailer need not remit that part of any tax collected by him to the extent that he is required to remit and does remit the tax imposed by the Retailers' Occupation Tax Act, with respect to the sale of the same property.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the retailer, in collecting the tax (except as to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State), may collect for each tax return period, only the tax applicable to that part of the selling price actually received during such tax return period.

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

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

1. The name of the seller;
2. The address of the principal place of business from which he engages in the business of selling tangible personal property at retail in this State;
3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;
4. The amount of credit provided in Section 2d of this Act;
5. The amount of tax due;
5-5. The signature of the taxpayer; and
6. Such other reasonable information as the Department may require.

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

Beginning October 1, 1993, a taxpayer who has an average
monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

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

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

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

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

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, the Service Use Tax Act was $10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act was $20,000 or more during the
preceding 4 complete calendar quarters, he shall file a return
with the Department each month by the 20th day of the month
next following the month during which such tax liability is
incurred and shall make payment to the Department on or before
the 7th, 15th, 22nd and last day of the month during which such
liability is incurred. If the month during which such tax
liability is incurred began prior to January 1, 1985, each
payment shall be in an amount equal to 1/4 of the taxpayer's
actual liability for the month or an amount set by the
Department not to exceed 1/4 of the average monthly liability
of the taxpayer to the Department for the preceding 4 complete
calendar quarters (excluding the month of highest liability and
the month of lowest liability in such 4 quarter period). If the
month during which such tax liability is incurred begins on or
after January 1, 1985, and prior to January 1, 1987, each
payment shall be in an amount equal to 22.5% of the taxpayer's
actual liability for the month or 27.5% of the taxpayer's
liability for the same calendar month of the preceding year. If
the month during which such tax liability is incurred begins on
or after January 1, 1987, and prior to January 1, 1988, each
payment shall be in an amount equal to 22.5% of the taxpayer's
actual liability for the month or 26.25% of the taxpayer's
liability for the same calendar month of the preceding year. If
the month during which such tax liability is incurred begins on
or after January 1, 1988, and prior to January 1, 1989, or
begins on or after January 1, 1996, each payment shall be in an
amount equal to 22.5% of the taxpayer's actual liability for
the month or 25% of the taxpayer's liability for the same
calendar month of the preceding year. If the month during which
such tax liability is incurred begins on or after January 1,
1989, and prior to January 1, 1996, each payment shall be in an
amount equal to 22.5% of the taxpayer's actual liability for
the month or 25% of the taxpayer's liability for the same
calendar month of the preceding year or 100% of the taxpayer's
actual liability for the quarter monthly reporting period. The
amount of such quarter monthly payments shall be credited
against the final tax liability of the taxpayer's return for
that month. Before October 1, 2000, once applicable, the
requirement of the making of quarter monthly payments to the
Department shall continue until such taxpayer's average
monthly liability to the Department during the preceding 4
complete calendar quarters (excluding the month of highest
liability and the month of lowest liability) is less than
$9,000, or until such taxpayer's average monthly liability to
the Department as computed for each calendar quarter of the 4
preceding complete calendar quarter period is less than
$10,000. However, if a taxpayer can show the Department that a
substantial change in the taxpayer's business has occurred
which causes the taxpayer to anticipate that his average
monthly tax liability for the reasonably foreseeable future
will fall below the $10,000 threshold stated above, then such
taxpayer may petition the Department for change in such
taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $20,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. The Department shall change such taxpayer's reporting status unless it finds that such change is seasonal in nature and not likely to be long term. If any such quarter monthly payment is not paid at the time or in the amount required by this Section, then the taxpayer shall be liable for penalties and interest on the difference between the minimum amount due and the amount of such quarter monthly payment actually and timely paid, except insofar as the taxpayer has previously made payments for that month to the Department in excess of the minimum payments previously due as provided in this Section. The Department shall make reasonable
rules and regulations to govern the quarter monthly payment
amount and quarter monthly payment dates for taxpayers who file
on other than a calendar monthly basis.

If any such payment provided for in this Section exceeds
the taxpayer's liabilities under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act and the Service Use Tax Act, as shown by an original monthly return, the Department shall issue to the taxpayer a credit memorandum no later than 30 days after the date of payment, which memorandum may be submitted by the taxpayer to the Department in payment of tax liability subsequently to be remitted by the taxpayer to the Department or be assigned by the taxpayer to a similar taxpayer under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department, except that if such excess payment is shown on an original monthly return and is made after December 31, 1986, no credit memorandum shall be issued, unless requested by the taxpayer. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted by the taxpayer to the Department under this Act, the Retailers' Occupation Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determines that all or any part of the credit taken was not actually due to the
taxpayer, the taxpayer's 2.1% or 1.75% vendor's discount shall be reduced by 2.1% or 1.75%, or 0.75% (as applicable) of the difference between the credit taken and that actually due, and the taxpayer shall be liable for penalties and interest on such difference.

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

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

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

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

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every retailer selling this kind of tangible personal property shall file, with the Department, upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles or trailers transfers more than one aircraft, watercraft, motor vehicle or trailer to another aircraft, watercraft, motor vehicle or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 3-55 of this Act, then that seller may report the transfer of all the aircraft, watercraft, motor vehicles or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4
watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

The transaction reporting return in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of the Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 2 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of the Illinois Vehicle Code, and such other information as the Department may reasonably require.

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

Such transaction reporting return shall be filed not later
than 20 days after the date of delivery of the item that is
being sold, but may be filed by the retailer at any time sooner
than that if he chooses to do so. The transaction reporting
return and tax remittance or proof of exemption from the tax
that is imposed by this Act may be transmitted to the
Department by way of the State agency with which, or State
officer with whom, the tangible personal property must be
titled or registered (if titling or registration is required)
if the Department and such agency or State officer determine
that this procedure will expedite the processing of
applications for title or registration.
With each such transaction reporting return, the retailer shall remit the proper amount of tax due (or shall submit satisfactory evidence that the sale is not taxable if that is the case), to the Department or its agents, whereupon the Department shall issue, in the purchaser's name, a tax receipt (or a certificate of exemption if the Department is satisfied that the particular sale is tax exempt) which such purchaser may submit to the agency with which, or State officer with whom, he must title or register the tangible personal property that is involved (if titling or registration is required) in support of such purchaser's application for an Illinois certificate or other evidence of title or registration to such tangible personal property.

No retailer's failure or refusal to remit tax under this Act precludes a user, who has paid the proper tax to the retailer, from obtaining his certificate of title or other evidence of title or registration (if titling or registration is required) upon satisfying the Department that such user has paid the proper tax (if tax is due) to the retailer. The Department shall adopt appropriate rules to carry out the mandate of this paragraph.

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

Where a retailer collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the retailer refunds the selling price thereof to the purchaser, such retailer shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the retailer may deduct the amount of the tax so refunded by him to the purchaser from any other use tax which such retailer may be required to pay or remit to the Department, as shown by such return, if the amount of the tax to be deducted was previously remitted to the Department by
such retailer. If the retailer has not previously remitted the amount of such tax to the Department, he is entitled to no deduction under this Act upon refunding such tax to the purchaser.

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

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable retailers, who are required to file returns hereunder and also under the Retailers' Occupation Tax Act, to furnish all the return information required by both Acts on the one form.

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

Beginning January 1, 1990, each month the Department shall pay into the State and Local Sales Tax Reform Fund, a special fund in the State Treasury which is hereby created, the net
revenue realized for the preceding month from the 1% tax on sales of food for human consumption which is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food which has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes and needles used by diabetics.

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

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

Beginning August 1, 2000, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. Beginning
September 1, 2010, each month the Department shall pay into the State and Local Sales Tax Reform Fund 100% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of sales tax holiday items.

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

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

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act (CAA) Permit Fund 80% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of sorbents used in Illinois in the process of sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act, but the total payment into the Clean Air Act (CAA) Permit Fund under this Act and the Retailers' Occupation Tax Act shall not exceed...
$2,000,000 in any fiscal year.

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

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

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal
year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund
pursuant to this clause (b) for any fiscal year in excess of
the greater of (i) the Tax Act Amount or (ii) the Annual
Specified Amount for such fiscal year; and, further provided,
that the amounts payable into the Build Illinois Fund under
this clause (b) shall be payable only until such time as the
aggregate amount on deposit under each trust indenture securing
Bonds issued and outstanding pursuant to the Build Illinois
Bond Act is sufficient, taking into account any future
investment income, to fully provide, in accordance with such
indenture, for the defeasance of or the payment of the
principal of, premium, if any, and interest on the Bonds
secured by such indenture and on any Bonds expected to be
issued thereafter and all fees and costs payable with respect
thereto, all as certified by the Director of the Bureau of the
Budget (now Governor's Office of Management and Budget). If on
the last business day of any month in which Bonds are
outstanding pursuant to the Build Illinois Bond Act, the
aggregate of the moneys deposited in the Build Illinois Bond
Account in the Build Illinois Fund in such month shall be less
than the amount required to be transferred in such month from
the Build Illinois Bond Account to the Build Illinois Bond
Retirement and Interest Fund pursuant to Section 13 of the
Build Illinois Bond Act, an amount equal to such deficiency
shall be immediately paid from other moneys received by the
Department pursuant to the Tax Acts to the Build Illinois Fund;
provided, however, that any amounts paid to the Build Illinois
Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

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

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2027 292,000,000
2028 307,000,000
2029 322,000,000
2030 338,000,000
2031 350,000,000
2032 350,000,000

and each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years,
shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

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

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

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

Of the remainder of the moneys received by the Department
pursuant to this Act, 75% thereof shall be paid into the State
Treasury and 25% shall be reserved in a special account and
used only for the transfer to the Common School Fund as part of
the monthly transfer from the General Revenue Fund in
accordance with Section 8a of the State Finance Act.

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

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

For greater simplicity of administration, manufacturers,
importers and wholesalers whose products are sold at retail in
Illinois by numerous retailers, and who wish to do so, may
assume the responsibility for accounting and paying to the
Department all tax accruing under this Act with respect to such
sales, if the retailers who are affected do not make written
objection to the Department to this arrangement.
(Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
8-26-14; 99-352, eff. 8-12-15.)

Section 50-10. The Service Use Tax Act is amended by
changing Section 9 as follows:

(35 ILCS 110/9) (from Ch. 120, par. 439.39)
Sec. 9. Each serviceman required or authorized to collect
the tax herein imposed shall pay to the Department the amount
of such tax (except as otherwise provided) at the time when he is required to file his return for the period during which such tax was collected, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990 and prior to July 1, 2016, and 0.75% on and after July 1, 2016, or $5 per calendar year, whichever is greater, which is allowed to reimburse the serviceman for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. The Department may disallow the discount for servicemen whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final. A serviceman need not remit that part of any tax collected by him to the extent that he is required to pay and does pay the tax imposed by the Service Occupation Tax Act with respect to his sale of service involving the incidental transfer by him of the same property.

Except as provided hereinafter in this Section, on or before the twentieth day of each calendar month, such serviceman shall file a return for the preceding calendar month in accordance with reasonable Rules and Regulations to be promulgated by the Department. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require.

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

1. The name of the seller;
2. The address of the principal place of business from which he engages in business as a serviceman in this State;
3. The total amount of taxable receipts received by him during the preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;
4. The amount of credit provided in Section 2d of this Act;
5. The amount of tax due;
5-5. The signature of the taxpayer; and
6. Such other reasonable information as the Department may require.

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

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic
funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

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

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

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

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

If the serviceman is otherwise required to file a monthly return and if the serviceman's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February and March of a given year being due by April 20 of such year; with the return for April, May and June of a given year being due by July 20 of such year; with the return for July, August and September of a given year being due by October 20 of such year, and with the return for October, November and December of a given year being due by January 20 of the following year.

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

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

Notwithstanding any other provision in this Act concerning the time within which a serviceman may file his return, in the case of any serviceman who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such serviceman shall file a final return under this Act with the Department not more than 1 month after discontinuing such business.

Where a serviceman collects the tax with respect to the selling price of property which he sells and the purchaser thereafter returns such property and the serviceman refunds the selling price thereof to the purchaser, such serviceman shall also refund, to the purchaser, the tax so collected from the purchaser. When filing his return for the period in which he refunds such tax to the purchaser, the serviceman may deduct the amount of the tax so refunded by him to the purchaser from any other Service Use Tax, Service Occupation Tax, retailers' occupation tax or use tax which such serviceman may be required to pay or remit to the Department, as shown by such return, provided that the amount of the tax to be deducted shall previously have been remitted to the Department by such serviceman. If the serviceman shall not previously have
remitted the amount of such tax to the Department, he shall be entitled to no deduction hereunder upon refunding such tax to the purchaser.

Any serviceman filing a return hereunder shall also include the total tax upon the selling price of tangible personal property purchased for use by him as an incident to a sale of service, and such serviceman shall remit the amount of such tax to the Department when filing such return.

If experience indicates such action to be practicable, the Department may prescribe and furnish a combination or joint return which will enable servicemen, who are required to file returns hereunder and also under the Service Occupation Tax Act, to furnish all the return information required by both Acts on the one form.

Where the serviceman has more than one business registered with the Department under separate registration hereunder, such serviceman shall not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

Beginning January 1, 1990, each month the Department shall pay into the State and Local Tax Reform Fund, a special fund in the State Treasury, the net revenue realized for the preceding month from the 1% tax on sales of food for human consumption which is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food which has been prepared for immediate consumption) and prescription and
nonprescription medicines, drugs, medical appliances and
insulin, urine testing materials, syringes and needles used by
diabetics.

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

Beginning August 1, 2000, each month the Department shall
pay into the State and Local Sales Tax Reform Fund 100% of the
net revenue realized for the preceding month from the 1.25%
rate on the selling price of motor fuel and gasohol.

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

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

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

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to Section 3 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called
the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as defined in Section 3 of the Retailers' Occupation Tax Act), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred during such month to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year; and, further provided, that the amounts payable into the Build Illinois Fund under this clause (b) shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing
Bonds issued and outstanding pursuant to the Build Illinois Bond Act is sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of the moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the preceding sentence and shall reduce the amount otherwise payable for such fiscal year pursuant to clause (b) of the preceding sentence. The moneys received by the Department pursuant to this Act and required to be deposited into the
Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.

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

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<tr>
<th>Fiscal Year</th>
<th>Total Deposit</th>
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<tbody>
<tr>
<td>1993</td>
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<td>2028</td>
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</table>
and each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

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

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

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

Of the remainder of the moneys received by the Department
pursuant to this Act, 75% thereof shall be paid into the
General Revenue Fund of the State Treasury and 25% shall be
reserved in a special account and used only for the transfer to
the Common School Fund as part of the monthly transfer from the
General Revenue Fund in accordance with Section 8a of the State
Finance Act.

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

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

(Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13; 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15.)

Section 50-15. The Service Occupation Tax Act is amended by changing Section 9 as follows:

(35 ILCS 115/9) (from Ch. 120, par. 439.109)

Sec. 9. Each serviceman required or authorized to collect the tax herein imposed shall pay to the Department the amount of such tax at the time when he is required to file his return for the period during which such tax was collectible, less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990 and prior to July 1, 2016, and 0.75% on and after July 1, 2016, or $5 per calendar year, whichever is greater, which is allowed to reimburse the serviceman for expenses incurred in collecting the tax, keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. The Department may disallow the discount for servicemen whose certificate of registration is revoked at the time the return is filed, but only if the
Department's decision to revoke the certificate of registration has become final.

Where such tangible personal property is sold under a conditional sales contract, or under any other form of sale wherein the payment of the principal sum, or a part thereof, is extended beyond the close of the period for which the return is filed, the serviceman, in collecting the tax may collect, for each tax return period, only the tax applicable to the part of the selling price actually received during such tax return period.

Except as provided hereinafter in this Section, on or before the twentieth day of each calendar month, such serviceman shall file a return for the preceding calendar month in accordance with reasonable rules and regulations to be promulgated by the Department of Revenue. Such return shall be filed on a form prescribed by the Department and shall contain such information as the Department may reasonably require.

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

1. The name of the seller;

2. The address of the principal place of business from
which he engages in business as a serviceman in this State;

3. The total amount of taxable receipts received by him during the preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

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

5. The amount of tax due;

5-5. The signature of the taxpayer; and

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

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

Prior to October 1, 2003, and on and after September 1, 2004 a serviceman may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Service Use Tax as provided in Section 3-70 of the Service Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-70 of the Service Use Tax Act. A Manufacturer's Purchase Credit certification, accepted prior to October 1, 2003 or on or after September 1, 2004 by a serviceman as provided in Section 3-70 of the Service Use Tax Act, may be used by that serviceman to satisfy Service Occupation Tax liability in the amount claimed in the
certification, not to exceed 6.25% of the receipts subject to
tax from a qualifying purchase. A Manufacturer's Purchase
Credit reported on any original or amended return filed under
this Act after October 20, 2003 for reporting periods prior to
September 1, 2004 shall be disallowed. Manufacturer's Purchase
Credit reported on annual returns due on or after January 1,
2005 will be disallowed for periods prior to September 1, 2004.
No Manufacturer's Purchase Credit may be used after September
30, 2003 through August 31, 2004 to satisfy any tax liability
imposed under this Act, including any audit liability.

If the serviceman's average monthly tax liability to the
Department does not exceed $200, the Department may authorize
his returns to be filed on a quarter annual basis, with the
return for January, February and March of a given year being
due by April 20 of such year; with the return for April, May
and June of a given year being due by July 20 of such year; with
the return for July, August and September of a given year being
due by October 20 of such year, and with the return for
October, November and December of a given year being due by
January 20 of the following year.

If the serviceman's average monthly tax liability to the
Department does not exceed $50, the Department may authorize
his returns to be filed on an annual basis, with the return for
a given year being due by January 20 of the following year.

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

Notwithstanding any other provision in this Act concerning the time within which a serviceman may file his return, in the case of any serviceman who ceases to engage in a kind of business which makes him responsible for filing returns under this Act, such serviceman shall file a final return under this Act with the Department not more than 1 month after discontinuing such business.

Beginning October 1, 1993, a taxpayer who has an average monthly tax liability of $150,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1994, a taxpayer who has an average monthly tax liability of $100,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 1995, a taxpayer who has an average monthly tax liability of $50,000 or more shall make all payments required by rules of the Department by electronic funds transfer. Beginning October 1, 2000, a taxpayer who has an annual tax liability of $200,000 or more shall make all payments required by rules of the Department by electronic funds transfer. The term "annual tax liability" shall be the sum of the taxpayer's liabilities under this Act, and under all other State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year. The term "average monthly tax liability" means the sum of the taxpayer's liabilities under this Act, and under all other
State and local occupation and use tax laws administered by the Department, for the immediately preceding calendar year divided by 12. Beginning on October 1, 2002, a taxpayer who has a tax liability in the amount set forth in subsection (b) of Section 2505-210 of the Department of Revenue Law shall make all payments required by rules of the Department by electronic funds transfer.

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

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

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

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

Where a serviceman collects the tax with respect to the selling price of tangible personal property which he sells and the purchaser thereafter returns such tangible personal property and the serviceman refunds the selling price thereof
to the purchaser, such serviceman shall also refund, to the
purchaser, the tax so collected from the purchaser. When filing
his return for the period in which he refunds such tax to the
purchaser, the serviceman may deduct the amount of the tax so
refunded by him to the purchaser from any other Service
Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
Use Tax which such serviceman may be required to pay or remit
to the Department, as shown by such return, provided that the
amount of the tax to be deducted shall previously have been
remitted to the Department by such serviceman. If the
serviceman shall not previously have remitted the amount of
such tax to the Department, he shall be entitled to no
deduction hereunder upon refunding such tax to the purchaser.

If experience indicates such action to be practicable, the
Department may prescribe and furnish a combination or joint
return which will enable servicemen, who are required to file
returns hereunder and also under the Retailers' Occupation Tax
Act, the Use Tax Act or the Service Use Tax Act, to furnish all
the return information required by all said Acts on the one
form.

Where the serviceman has more than one business registered
with the Department under separate registrations hereunder,
such serviceman shall file separate returns for each registered
business.

Beginning January 1, 1990, each month the Department shall
pay into the Local Government Tax Fund the revenue realized for
the preceding month from the 1% tax on sales of food for human
consumption which is to be consumed off the premises where it
is sold (other than alcoholic beverages, soft drinks and food
which has been prepared for immediate consumption) and
prescription and nonprescription medicines, drugs, medical
appliances and insulin, urine testing materials, syringes and
needles used by diabetics.

Beginning January 1, 1990, each month the Department shall
pay into the County and Mass Transit District Fund 4% of the
revenue realized for the preceding month from the 6.25% general
rate.

Beginning August 1, 2000, each month the Department shall
pay into the County and Mass Transit District Fund 20% of the
net revenue realized for the preceding month from the 1.25%
rate on the selling price of motor fuel and gasohol.

Beginning January 1, 1990, each month the Department shall
pay into the Local Government Tax Fund 16% of the revenue
realized for the preceding month from the 6.25% general rate on
transfers of tangible personal property.

Beginning August 1, 2000, each month the Department shall
pay into the Local Government Tax Fund 80% of the net revenue
realized for the preceding month from the 1.25% rate on the
selling price of motor fuel and gasohol.

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

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

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

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the
Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
and after July 1, 1989, 3.8% thereof shall be paid into the
Build Illinois Fund; provided, however, that if in any fiscal
year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
may be, of the moneys received by the Department and required
to be paid into the Build Illinois Fund pursuant to Section 3
of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
Act, Section 9 of the Service Use Tax Act, and Section 9 of the
Service Occupation Tax Act, such Acts being hereinafter called
the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case
may be, of moneys being hereinafter called the "Tax Act
Amount", and (2) the amount transferred to the Build Illinois
Fund from the State and Local Sales Tax Reform Fund shall be
less than the Annual Specified Amount (as defined in Section 3
of the Retailers' Occupation Tax Act), an amount equal to the
difference shall be immediately paid into the Build Illinois
Fund from other moneys received by the Department pursuant to
the Tax Acts; and further provided, that if on the last
business day of any month the sum of (1) the Tax Act Amount
required to be deposited into the Build Illinois Account in the
Build Illinois Fund during such month and (2) the amount
transferred during such month to the Build Illinois Fund from
the State and Local Sales Tax Reform Fund shall have been less
than 1/12 of the Annual Specified Amount, an amount equal to
the difference shall be immediately paid into the Build
Illinois Fund from other moneys received by the Department
pursuant to the Tax Acts; and, further provided, that in no
event shall the payments required under the preceding proviso
result in aggregate payments into the Build Illinois Fund
pursuant to this clause (b) for any fiscal year in excess of
the greater of (i) the Tax Act Amount or (ii) the Annual
Specified Amount for such fiscal year; and, further provided,
that the amounts payable into the Build Illinois Fund under
this clause (b) shall be payable only until such time as the
aggregate amount on deposit under each trust indenture securing
Bonds issued and outstanding pursuant to the Build Illinois
Bond Act is sufficient, taking into account any future
investment income, to fully provide, in accordance with such
indenture, for the defeasance of or the payment of the
principal of, premium, if any, and interest on the Bonds
secured by such indenture and on any Bonds expected to be
issued thereafter and all fees and costs payable with respect
thereto, all as certified by the Director of the Bureau of the
Budget (now Governor's Office of Management and Budget). If on
the last business day of any month in which Bonds are
outstanding pursuant to the Build Illinois Bond Act, the
aggregate of the moneys deposited in the Build Illinois Bond
Account in the Build Illinois Fund in such month shall be less
than the amount required to be transferred in such month from
the Build Illinois Bond Account to the Build Illinois Bond
Retirement and Interest Fund pursuant to Section 13 of the
Build Illinois Bond Act, an amount equal to such deficiency
shall be immediately paid from other moneys received by the
Department pursuant to the Tax Acts to the Build Illinois Fund;
provided, however, that any amounts paid to the Build Illinois
Fund in any fiscal year pursuant to this sentence shall be
deemed to constitute payments pursuant to clause (b) of the
preceding sentence and shall reduce the amount otherwise
payable for such fiscal year pursuant to clause (b) of the
preceding sentence. The moneys received by the Department
pursuant to this Act and required to be deposited into the
Build Illinois Fund are subject to the pledge, claim and charge
set forth in Section 12 of the Build Illinois Bond Act.

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

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<td>2032</td>
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and each fiscal year thereafter that bonds are outstanding under Section 13.2 of the Metropolitan Pier and Exposition Authority Act, but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal year thereafter, one-eighth of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority for that fiscal year, less the amount deposited into the McCormick Place Expansion Project Fund by
the State Treasurer in the respective month under subsection (g) of Section 13 of the Metropolitan Pier and Exposition Authority Act, plus cumulative deficiencies in the deposits required under this Section for previous months and years, shall be deposited into the McCormick Place Expansion Project Fund, until the full amount requested for the fiscal year, but not in excess of the amount specified above as "Total Deposit", has been deposited.

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

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

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

Of the remainder of the moneys received by the Department pursuant to this Act, 75% shall be paid into the General Revenue Fund of the State Treasury and 25% shall be reserved in a special account and used only for the transfer to the Common
School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the taxpayer's last Federal income tax return. If the total receipts of the business as reported in the Federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the taxpayer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The taxpayer's annual return to the Department shall also disclose the cost of goods sold by the taxpayer during the year covered by such return, opening and closing inventories of such goods for such year, cost of goods used from stock or taken from stock and given away by the taxpayer during such year, pay roll information of the taxpayer's business during such year and any additional reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly or annual returns filed by such taxpayer as hereinbefore provided for in this Section.
If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The foregoing portion of this Section concerning the filing of an annual information return shall not apply to a serviceman who is not required to file an income tax return with the United States Government.

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

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

For greater simplicity of administration, it shall be permissible for manufacturers, importers and wholesalers whose products are sold by numerous servicemen in Illinois, and who wish to do so, to assume the responsibility for accounting and paying to the Department all tax accruing under this Act with respect to such sales, if the servicemen who are affected do not make written objection to the Department to this arrangement.

(Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13; 98-298, eff. 8-9-13; 98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff. 8-26-14; 99-352, eff. 8-12-15.)

Section 50-20. The Retailers' Occupation Tax Act is amended by changing Section 3 as follows:

(35 ILCS 120/3) (from Ch. 120, par. 442)
Sec. 3. Except as provided in this Section, on or before the twentieth day of each calendar month, every person engaged in the business of selling tangible personal property at retail in this State during the preceding calendar month shall file a return with the Department, stating:

1. The name of the seller;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of selling tangible personal property at retail in this State;

3. Total amount of receipts received by him during the preceding calendar month or quarter, as the case may be, from sales of tangible personal property, and from services furnished, by him during such preceding calendar month or quarter;

4. Total amount received by him during the preceding calendar month or quarter on charge and time sales of tangible personal property, and from services furnished, by him prior to the month or quarter for which the return is filed;

5. Deductions allowed by law;

6. Gross receipts which were received by him during the preceding calendar month or quarter and upon the basis of which the tax is imposed;

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

8. The amount of tax due;

9. The signature of the taxpayer; and

10. Such other reasonable information as the Department may require.

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

Each return shall be accompanied by the statement of prepaid tax issued pursuant to Section 2e for which credit is claimed.

Prior to October 1, 2003, and on and after September 1, 2004 a retailer may accept a Manufacturer's Purchase Credit certification from a purchaser in satisfaction of Use Tax as provided in Section 3-85 of the Use Tax Act if the purchaser provides the appropriate documentation as required by Section 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit certification, accepted by a retailer prior to October 1, 2003 and on and after September 1, 2004 as provided in Section 3-85 of the Use Tax Act, may be used by that retailer to satisfy Retailers' Occupation Tax liability in the amount claimed in the certification, not to exceed 6.25% of the receipts subject to tax from a qualifying purchase. A Manufacturer's Purchase Credit reported on any original or amended return filed under this Act after October 20, 2003 for reporting periods prior to
September 1, 2004 shall be disallowed. Manufacturer's Purchaser Credit reported on annual returns due on or after January 1, 2005 will be disallowed for periods prior to September 1, 2004. No Manufacturer's Purchase Credit may be used after September 30, 2003 through August 31, 2004 to satisfy any tax liability imposed under this Act, including any audit liability.

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

1. The name of the seller;

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

3. The total amount of taxable receipts received by him during the preceding calendar month from sales of tangible personal property by him during such preceding calendar month, including receipts from charge and time sales, but less all deductions allowed by law;

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

5. The amount of tax due; and
6. Such other reasonable information as the Department may require.

Beginning on October 1, 2003, any person who is not a licensed distributor, importing distributor, or manufacturer, as defined in the Liquor Control Act of 1934, but is engaged in the business of selling, at retail, alcoholic liquor shall file a statement with the Department of Revenue, in a format and at a time prescribed by the Department, showing the total amount paid for alcoholic liquor purchased during the preceding month and such other information as is reasonably required by the Department. The Department may adopt rules to require that this statement be filed in an electronic or telephonic format. Such rules may provide for exceptions from the filing requirements of this paragraph. For the purposes of this paragraph, the term "alcoholic liquor" shall have the meaning prescribed in the Liquor Control Act of 1934.

Beginning on October 1, 2003, every distributor, importing distributor, and manufacturer of alcoholic liquor as defined in the Liquor Control Act of 1934, shall file a statement with the Department of Revenue, no later than the 10th day of the month for the preceding month during which transactions occurred, by electronic means, showing the total amount of gross receipts from the sale of alcoholic liquor sold or distributed during the preceding month to purchasers; identifying the purchaser to whom it was sold or distributed; the purchaser's tax registration number; and such other information reasonably
required by the Department. A distributor, importing
distributor, or manufacturer of alcoholic liquor must
personally deliver, mail, or provide by electronic means to
each retailer listed on the monthly statement a report
containing a cumulative total of that distributor's, importing
distributor's, or manufacturer's total sales of alcoholic
liquor to that retailer no later than the 10th day of the month
for the preceding month during which the transaction occurred.
The distributor, importing distributor, or manufacturer shall
notify the retailer as to the method by which the distributor,
importing distributor, or manufacturer will provide the sales
information. If the retailer is unable to receive the sales
information by electronic means, the distributor, importing
distributor, or manufacturer shall furnish the sales
information by personal delivery or by mail. For purposes of
this paragraph, the term "electronic means" includes, but is
not limited to, the use of a secure Internet website, e-mail,
or facsimile.

If a total amount of less than $1 is payable, refundable or
creditable, such amount shall be disregarded if it is less than
50 cents and shall be increased to $1 if it is 50 cents or more.

Beginning October 1, 1993, a taxpayer who has an average
monthly tax liability of $150,000 or more shall make all
payments required by rules of the Department by electronic
funds transfer. Beginning October 1, 1994, a taxpayer who has
an average monthly tax liability of $100,000 or more shall make
all payments required by rules of the Department by electronic
funds transfer. Beginning October 1, 1995, a taxpayer who has
an average monthly tax liability of $50,000 or more shall make
all payments required by rules of the Department by electronic
funds transfer. Beginning October 1, 2000, a taxpayer who has
an annual tax liability of $200,000 or more shall make all
payments required by rules of the Department by electronic
funds transfer. The term "annual tax liability" shall be the
sum of the taxpayer's liabilities under this Act, and under all
other State and local occupation and use tax laws administered
by the Department, for the immediately preceding calendar year.
The term "average monthly tax liability" shall be the sum of
the taxpayer's liabilities under this Act, and under all other
State and local occupation and use tax laws administered by the
Department, for the immediately preceding calendar year
divided by 12. Beginning on October 1, 2002, a taxpayer who has
a tax liability in the amount set forth in subsection (b) of
Section 2505-210 of the Department of Revenue Law shall make
all payments required by rules of the Department by electronic
funds transfer.

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

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

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

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

Any amount which is required to be shown or reported on any return or other document under this Act shall, if such amount is not a whole-dollar amount, be increased to the nearest whole-dollar amount in any case where the fractional part of a dollar is 50 cents or more, and decreased to the nearest whole-dollar amount where the fractional part of a dollar is less than 50 cents.

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

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

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

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

Where the same person has more than one business registered with the Department under separate registrations under this Act, such person may not file each return that is due as a single return covering all such registered businesses, but shall file separate returns for each such registered business.

In addition, with respect to motor vehicles, watercraft, aircraft, and trailers that are required to be registered with an agency of this State, every retailer selling this kind of tangible personal property shall file, with the Department,
upon a form to be prescribed and supplied by the Department, a separate return for each such item of tangible personal property which the retailer sells, except that if, in the same transaction, (i) a retailer of aircraft, watercraft, motor vehicles or trailers transfers more than one aircraft, watercraft, motor vehicle or trailer to another aircraft, watercraft, motor vehicle retailer or trailer retailer for the purpose of resale or (ii) a retailer of aircraft, watercraft, motor vehicles, or trailers transfers more than one aircraft, watercraft, motor vehicle, or trailer to a purchaser for use as a qualifying rolling stock as provided in Section 2-5 of this Act, then that seller may report the transfer of all aircraft, watercraft, motor vehicles or trailers involved in that transaction to the Department on the same uniform invoice-transaction reporting return form. For purposes of this Section, "watercraft" means a Class 2, Class 3, or Class 4 watercraft as defined in Section 3-2 of the Boat Registration and Safety Act, a personal watercraft, or any boat equipped with an inboard motor.

Any retailer who sells only motor vehicles, watercraft, aircraft, or trailers that are required to be registered with an agency of this State, so that all retailers' occupation tax liability is required to be reported, and is reported, on such transaction reporting returns and who is not otherwise required to file monthly or quarterly returns, need not file monthly or quarterly returns. However, those retailers shall be required
to file returns on an annual basis.

The transaction reporting return, in the case of motor vehicles or trailers that are required to be registered with an agency of this State, shall be the same document as the Uniform Invoice referred to in Section 5-402 of The Illinois Vehicle Code and must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale; a sufficient identification of the property sold; such other information as is required in Section 5-402 of The Illinois Vehicle Code, and such other information as the Department may reasonably require.

The transaction reporting return in the case of watercraft or aircraft must show the name and address of the seller; the name and address of the purchaser; the amount of the selling price including the amount allowed by the retailer for
traded-in property, if any; the amount allowed by the retailer for the traded-in tangible personal property, if any, to the extent to which Section 1 of this Act allows an exemption for the value of traded-in property; the balance payable after deducting such trade-in allowance from the total selling price; the amount of tax due from the retailer with respect to such transaction; the amount of tax collected from the purchaser by the retailer on such transaction (or satisfactory evidence that such tax is not due in that particular instance, if that is claimed to be the fact); the place and date of the sale, a sufficient identification of the property sold, and such other information as the Department may reasonably require.

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

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

No retailer's failure or refusal to remit tax under this
Act precludes a user, who has paid the proper tax to the
retailer, from obtaining his certificate of title or other
evidence of title or registration (if titling or registration
is required) upon satisfying the Department that such user has
paid the proper tax (if tax is due) to the retailer. The
Department shall adopt appropriate rules to carry out the
mandate of this paragraph.

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

Refunds made by the seller during the preceding return
period to purchasers, on account of tangible personal property
returned to the seller, shall be allowed as a deduction under
subdivision 5 of his monthly or quarterly return, as the case
may be, in case the seller had theretofore included the
receipts from the sale of such tangible personal property in a
return filed by him and had paid the tax imposed by this Act
with respect to such receipts.

Where the seller is a corporation, the return filed on
behalf of such corporation shall be signed by the president,
vice-president, secretary or treasurer or by the properly
accredited agent of such corporation.

Where the seller is a limited liability company, the return
filed on behalf of the limited liability company shall be
signed by a manager, member, or properly accredited agent of the limited liability company.

Except as provided in this Section, the retailer filing the return under this Section shall, at the time of filing such return, pay to the Department the amount of tax imposed by this Act less a discount of 2.1% prior to January 1, 1990, and 1.75% on and after January 1, 1990 and prior to July 1, 2016, and 0.75% on and after July 1, 2016, or $5 per calendar year, whichever is greater, which is allowed to reimburse the retailer for the expenses incurred in keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request. Any prepayment made pursuant to Section 2d of this Act shall be included in the amount on which such 2.1% or 1.75% discount is computed. In the case of retailers who report and pay the tax on a transaction by transaction basis, as provided in this Section, such discount shall be taken with each such tax remittance instead of when such retailer files his periodic return. The Department may disallow the discount for retailers whose certificate of registration is revoked at the time the return is filed, but only if the Department's decision to revoke the certificate of registration has become final.

Before October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, excluding any liability for prepaid sales tax to be
remitted in accordance with Section 2d of this Act, was $10,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. On and after October 1, 2000, if the taxpayer's average monthly tax liability to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act, and the Service Use Tax Act, excluding any liability for prepaid sales tax to be remitted in accordance with Section 2d of this Act, was $20,000 or more during the preceding 4 complete calendar quarters, he shall file a return with the Department each month by the 20th day of the month next following the month during which such tax liability is incurred and shall make payment to the Department on or before the 7th, 15th, 22nd and last day of the month during which such liability is incurred. If the month during which such tax liability is incurred began prior to January 1, 1985, each payment shall be in an amount equal to 1/4 of the taxpayer's actual liability for the month or an amount set by the Department not to exceed 1/4 of the average monthly liability of the taxpayer to the Department for the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability in such 4 quarter period). If the month during which such tax liability is incurred begins on or
after January 1, 1985 and prior to January 1, 1987, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 27.5% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1987 and prior to January 1, 1988, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 26.25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1988, and prior to January 1, 1989, or begins on or after January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year. If the month during which such tax liability is incurred begins on or after January 1, 1989, and prior to January 1, 1996, each payment shall be in an amount equal to 22.5% of the taxpayer's actual liability for the month or 25% of the taxpayer's liability for the same calendar month of the preceding year or 100% of the taxpayer's actual liability for the quarter monthly reporting period. The amount of such quarter monthly payments shall be credited against the final tax liability of the taxpayer's return for that month. Before October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability
of $10,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $9,000, or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $10,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's business has occurred which causes the taxpayer to anticipate that his average monthly tax liability for the reasonably foreseeable future will fall below the $10,000 threshold stated above, then such taxpayer may petition the Department for a change in such taxpayer's reporting status. On and after October 1, 2000, once applicable, the requirement of the making of quarter monthly payments to the Department by taxpayers having an average monthly tax liability of $20,000 or more as determined in the manner provided above shall continue until such taxpayer's average monthly liability to the Department during the preceding 4 complete calendar quarters (excluding the month of highest liability and the month of lowest liability) is less than $19,000 or until such taxpayer's average monthly liability to the Department as computed for each calendar quarter of the 4 preceding complete calendar quarter period is less than $20,000. However, if a taxpayer can show the Department that a substantial change in the taxpayer's
business has occurred which causes the taxpayer to anticipate
that his average monthly tax liability for the reasonably
foreseeable future will fall below the $20,000 threshold stated
above, then such taxpayer may petition the Department for a
change in such taxpayer's reporting status. The Department
shall change such taxpayer's reporting status unless it finds
that such change is seasonal in nature and not likely to be
long term. If any such quarter monthly payment is not paid at
the time or in the amount required by this Section, then the
taxpayer shall be liable for penalties and interest on the
difference between the minimum amount due as a payment and the
amount of such quarter monthly payment actually and timely
paid, except insofar as the taxpayer has previously made
payments for that month to the Department in excess of the
minimum payments previously due as provided in this Section.
The Department shall make reasonable rules and regulations to
govern the quarter monthly payment amount and quarter monthly
payment dates for taxpayers who file on other than a calendar
monthly basis.

The provisions of this paragraph apply before October 1,
2001. Without regard to whether a taxpayer is required to make
quarter monthly payments as specified above, any taxpayer who
is required by Section 2d of this Act to collect and remit
prepaid taxes and has collected prepaid taxes which average in
excess of $25,000 per month during the preceding 2 complete
calendar quarters, shall file a return with the Department as
required by Section 2f and shall make payments to the
Department on or before the 7th, 15th, 22nd and last day of the
month during which such liability is incurred. If the month
during which such tax liability is incurred began prior to the
effective date of this amendatory Act of 1985, each payment
shall be in an amount not less than 22.5% of the taxpayer's
actual liability under Section 2d. If the month during which
such tax liability is incurred begins on or after January 1,
1986, each payment shall be in an amount equal to 22.5% of the
taxpayer's actual liability for the month or 27.5% of the
taxpayer's liability for the same calendar month of the
preceding calendar year. If the month during which such tax
liability is incurred begins on or after January 1, 1987, each
payment shall be in an amount equal to 22.5% of the taxpayer's
actual liability for the month or 26.25% of the taxpayer's
liability for the same calendar month of the preceding year.
The amount of such quarter monthly payments shall be credited
against the final tax liability of the taxpayer's return for
that month filed under this Section or Section 2f, as the case
may be. Once applicable, the requirement of the making of
quarter monthly payments to the Department pursuant to this
paragraph shall continue until such taxpayer's average monthly
prepaid tax collections during the preceding 2 complete
calendar quarters is $25,000 or less. If any such quarter
monthly payment is not paid at the time or in the amount
required, the taxpayer shall be liable for penalties and
interest on such difference, except insofar as the taxpayer has
previously made payments for that month in excess of the
minimum payments previously due.

The provisions of this paragraph apply on and after October
1, 2001. Without regard to whether a taxpayer is required to
make quarter monthly payments as specified above, any taxpayer
who is required by Section 2d of this Act to collect and remit
prepaid taxes and has collected prepaid taxes that average in
excess of $20,000 per month during the preceding 4 complete
calendar quarters shall file a return with the Department as
required by Section 2f and shall make payments to the
Department on or before the 7th, 15th, 22nd and last day of the
month during which the liability is incurred. Each payment
shall be in an amount equal to 22.5% of the taxpayer's actual
liability for the month or 25% of the taxpayer's liability for
the same calendar month of the preceding year. The amount of
the quarter monthly payments shall be credited against the
final tax liability of the taxpayer's return for that month
filed under this Section or Section 2f, as the case may be.

Once applicable, the requirement of the making of quarter
monthly payments to the Department pursuant to this paragraph
shall continue until the taxpayer's average monthly prepaid tax
collections during the preceding 4 complete calendar quarters
(excluding the month of highest liability and the month of
lowest liability) is less than $19,000 or until such taxpayer's
average monthly liability to the Department as computed for
each calendar quarter of the 4 preceding complete calendar quarters is less than $20,000. If any such quarter monthly payment is not paid at the time or in the amount required, the taxpayer shall be liable for penalties and interest on such difference, except insofar as the taxpayer has previously made payments for that month in excess of the minimum payments previously due.

If any payment provided for in this Section exceeds the taxpayer's liabilities under this Act, the Use Tax Act, the Service Occupation Tax Act and the Service Use Tax Act, as shown on an original monthly return, the Department shall, if requested by the taxpayer, issue to the taxpayer a credit memorandum no later than 30 days after the date of payment. The credit evidenced by such credit memorandum may be assigned by the taxpayer to a similar taxpayer under this Act, the Use Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations to be prescribed by the Department. If no such request is made, the taxpayer may credit such excess payment against tax liability subsequently to be remitted to the Department under this Act, the Use Tax Act, the Service Occupation Tax Act or the Service Use Tax Act, in accordance with reasonable rules and regulations prescribed by the Department. If the Department subsequently determined that all or any part of the credit taken was not actually due to the taxpayer, the taxpayer's 2.1% and 1.75% vendor's discount shall be reduced by 2.1% or 1.75%
or 0.75% (as applicable) of the difference between the credit
taken and that actually due, and that taxpayer shall be liable
for penalties and interest on such difference.

If a retailer of motor fuel is entitled to a credit under
Section 2d of this Act which exceeds the taxpayer's liability
to the Department under this Act for the month which the
taxpayer is filing a return, the Department shall issue the
taxpayer a credit memorandum for the excess.

Beginning January 1, 1990, each month the Department shall
pay into the Local Government Tax Fund, a special fund in the
State treasury which is hereby created, the net revenue
realized for the preceding month from the 1% tax on sales of
food for human consumption which is to be consumed off the
premises where it is sold (other than alcoholic beverages, soft
drinks and food which has been prepared for immediate
consumption) and prescription and nonprescription medicines,
Drugs, medical appliances and insulin, urine testing
materials, syringes and needles used by diabetics.

Beginning January 1, 1990, each month the Department shall
pay into the County and Mass Transit District Fund, a special
fund in the State treasury which is hereby created, 4% of the
net revenue realized for the preceding month from the 6.25%
general rate.

Beginning August 1, 2000, each month the Department shall
pay into the County and Mass Transit District Fund 20% of the
net revenue realized for the preceding month from the 1.25%
rate on the selling price of motor fuel and gasohol. Beginning September 1, 2010, each month the Department shall pay into the County and Mass Transit District Fund 20% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of sales tax holiday items.

Beginning January 1, 1990, each month the Department shall pay into the Local Government Tax Fund 16% of the net revenue realized for the preceding month from the 6.25% general rate on the selling price of tangible personal property.

Beginning August 1, 2000, each month the Department shall pay into the Local Government Tax Fund 80% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of motor fuel and gasohol. Beginning September 1, 2010, each month the Department shall pay into the Local Government Tax Fund 80% of the net revenue realized for the preceding month from the 1.25% rate on the selling price of sales tax holiday items.

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

Beginning July 1, 2011, each month the Department shall pay into the Clean Air Act (CAA) Permit Fund 80% of the net revenue
realized for the preceding month from the 6.25% general rate on
the selling price of sorbents used in Illinois in the process
of sorbent injection as used to comply with the Environmental
Protection Act or the federal Clean Air Act, but the total
payment into the Clean Air Act (CAA) Permit Fund under this Act
and the Use Tax Act shall not exceed $2,000,000 in any fiscal
year.

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

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

Of the remainder of the moneys received by the Department pursuant to this Act, (a) 1.75% thereof shall be paid into the Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on and after July 1, 1989, 3.8% thereof shall be paid into the Build Illinois Fund; provided, however, that if in any fiscal year the sum of (1) the aggregate of 2.2% or 3.8%, as the case may be, of the moneys received by the Department and required to be paid into the Build Illinois Fund pursuant to this Act, Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, and Section 9 of the Service Occupation Tax Act, such Acts being hereinafter called the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case may be, of moneys being hereinafter called the "Tax Act Amount", and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall be less than the Annual Specified Amount (as hereinafter defined), an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; the "Annual Specified Amount" means the amounts specified below for fiscal years 1986 through 1993:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual Specified Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>$54,800,000</td>
</tr>
<tr>
<td>1987</td>
<td>$76,650,000</td>
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<tr>
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<td>1989</td>
<td>$88,510,000</td>
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<tr>
<td>Year</td>
<td>Amount</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>1990</td>
<td>$115,330,000</td>
</tr>
<tr>
<td>1991</td>
<td>$145,470,000</td>
</tr>
<tr>
<td>1992</td>
<td>$182,730,000</td>
</tr>
<tr>
<td>1993</td>
<td>$206,520,000</td>
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</table>

and means the Certified Annual Debt Service Requirement (as defined in Section 13 of the Build Illinois Bond Act) or the Tax Act Amount, whichever is greater, for fiscal year 1994 and each fiscal year thereafter; and further provided, that if on the last business day of any month the sum of (1) the Tax Act Amount required to be deposited into the Build Illinois Bond Account in the Build Illinois Fund during such month and (2) the amount transferred to the Build Illinois Fund from the State and Local Sales Tax Reform Fund shall have been less than 1/12 of the Annual Specified Amount, an amount equal to the difference shall be immediately paid into the Build Illinois Fund from other moneys received by the Department pursuant to the Tax Acts; and, further provided, that in no event shall the payments required under the preceding proviso result in aggregate payments into the Build Illinois Fund pursuant to this clause (b) for any fiscal year in excess of the greater of (i) the Tax Act Amount or (ii) the Annual Specified Amount for such fiscal year. The amounts payable into the Build Illinois Fund under clause (b) of the first sentence in this paragraph shall be payable only until such time as the aggregate amount on deposit under each trust indenture securing Bonds issued and outstanding pursuant to the Build Illinois Bond Act is
sufficient, taking into account any future investment income, to fully provide, in accordance with such indenture, for the defeasance of or the payment of the principal of, premium, if any, and interest on the Bonds secured by such indenture and on any Bonds expected to be issued thereafter and all fees and costs payable with respect thereto, all as certified by the Director of the Bureau of the Budget (now Governor's Office of Management and Budget). If on the last business day of any month in which Bonds are outstanding pursuant to the Build Illinois Bond Act, the aggregate of moneys deposited in the Build Illinois Bond Account in the Build Illinois Fund in such month shall be less than the amount required to be transferred in such month from the Build Illinois Bond Account to the Build Illinois Bond Retirement and Interest Fund pursuant to Section 13 of the Build Illinois Bond Act, an amount equal to such deficiency shall be immediately paid from other moneys received by the Department pursuant to the Tax Acts to the Build Illinois Fund; provided, however, that any amounts paid to the Build Illinois Fund in any fiscal year pursuant to this sentence shall be deemed to constitute payments pursuant to clause (b) of the first sentence of this paragraph and shall reduce the amount otherwise payable for such fiscal year pursuant to that clause (b). The moneys received by the Department pursuant to this Act and required to be deposited into the Build Illinois Fund are subject to the pledge, claim and charge set forth in Section 12 of the Build Illinois Bond Act.
Subject to payment of amounts into the Build Illinois Fund as provided in the preceding paragraph or in any amendment thereto hereafter enacted, the following specified monthly installment of the amount requested in the certificate of the Chairman of the Metropolitan Pier and Exposition Authority provided under Section 8.25f of the State Finance Act, but not in excess of sums designated as "Total Deposit", shall be deposited in the aggregate from collections under Section 9 of the Use Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the Service Occupation Tax Act, and Section 3 of the Retailers' Occupation Tax Act into the McCormick Place Expansion Project Fund in the specified fiscal years.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Deposit</th>
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<tbody>
<tr>
<td>1993</td>
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<td>53,000,000</td>
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<tr>
<td>1995</td>
<td>58,000,000</td>
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<td>1997</td>
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<td>1999</td>
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<td>2001</td>
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<td>93,000,000</td>
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<tr>
<td>2003</td>
<td>99,000,000</td>
</tr>
<tr>
<td>Year</td>
<td>Amount</td>
</tr>
<tr>
<td>------</td>
<td>----------</td>
</tr>
<tr>
<td>2004</td>
<td>103,000,000</td>
</tr>
<tr>
<td>2005</td>
<td>108,000,000</td>
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<tr>
<td>2006</td>
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<td>2008</td>
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<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<tr>
<td>2012</td>
<td>153,000,000</td>
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<td>2013</td>
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<td>179,000,000</td>
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<tr>
<td>2016</td>
<td>189,000,000</td>
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<td>2019</td>
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<td>2020</td>
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<td>2021</td>
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<td>275,000,000</td>
</tr>
<tr>
<td>2026</td>
<td>279,000,000</td>
</tr>
<tr>
<td>2027</td>
<td>292,000,000</td>
</tr>
<tr>
<td>2028</td>
<td>307,000,000</td>
</tr>
<tr>
<td>2029</td>
<td>322,000,000</td>
</tr>
</tbody>
</table>
2030 338,000,000
2031 350,000,000
2032 350,000,000

and

each fiscal year

thereafter that bonds

are outstanding under

Section 13.2 of the

Metropolitan Pier and

Exposition Authority Act,

but not after fiscal year 2060.

Beginning July 20, 1993 and in each month of each fiscal
year thereafter, one-eighth of the amount requested in the
certificate of the Chairman of the Metropolitan Pier and
Exposition Authority for that fiscal year, less the amount
deposited into the McCormick Place Expansion Project Fund by
the State Treasurer in the respective month under subsection
(g) of Section 13 of the Metropolitan Pier and Exposition
Authority Act, plus cumulative deficiencies in the deposits
required under this Section for previous months and years,
shall be deposited into the McCormick Place Expansion Project
Fund, until the full amount requested for the fiscal year, but
not in excess of the amount specified above as "Total Deposit",
has been deposited.

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

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

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

Of the remainder of the moneys received by the Department pursuant to this Act, 75% thereof shall be paid into the State Treasury and 25% shall be reserved in a special account and used only for the transfer to the Common School Fund as part of the monthly transfer from the General Revenue Fund in accordance with Section 8a of the State Finance Act.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the retailer's last Federal income tax return. If the total receipts of the business as
reported in the Federal income tax return do not agree with the gross receipts reported to the Department of Revenue for the same period, the retailer shall attach to his annual return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The retailer's annual return to the Department shall also disclose the cost of goods sold by the retailer during the year covered by such return, opening and closing inventories of such goods for such year, costs of goods used from stock or taken from stock and given away by the retailer during such year, payroll information of the retailer's business during such year and any additional reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly or annual returns filed by such retailer as provided for in this Section.

If the annual information return required by this Section is not filed when and as required, the taxpayer shall be liable as follows:

(i) Until January 1, 1994, the taxpayer shall be liable for a penalty equal to 1/6 of 1% of the tax due from such taxpayer under this Act during the period to be covered by the annual return for each month or fraction of a month until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

(ii) On and after January 1, 1994, the taxpayer shall
be liable for a penalty as described in Section 3-4 of the Uniform Penalty and Interest Act.

The chief executive officer, proprietor, owner or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The provisions of this Section concerning the filing of an annual information return do not apply to a retailer who is not required to file an income tax return with the United States Government.

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

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

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

Any person who promotes, organizes, provides retail selling space for concessionaires or other types of sellers at the Illinois State Fair, DuQuoin State Fair, county fairs, local fairs, art shows, flea markets and similar exhibitions or events, including any transient merchant as defined by Section 2 of the Transient Merchant Act of 1987, is required to file a report with the Department providing the name of the merchant's business, the name of the person or persons engaged in merchant's business, the permanent address and Illinois Retailers Occupation Tax Registration Number of the merchant, the dates and location of the event and other reasonable information that the Department may require. The report must be filed not later than the 20th day of the month next following the month during which the event with retail sales was held. Any person who fails to file a report required by this Section commits a business offense and is subject to a fine not to exceed $250.

Any person engaged in the business of selling tangible personal property at retail as a concessionaire or other type of seller at the Illinois State Fair, county fairs, art shows,
flea markets and similar exhibitions or events, or any
transient merchants, as defined by Section 2 of the Transient
Merchant Act of 1987, may be required to make a daily report of
the amount of such sales to the Department and to make a daily
payment of the full amount of tax due. The Department shall
impose this requirement when it finds that there is a
significant risk of loss of revenue to the State at such an
exhibition or event. Such a finding shall be based on evidence
that a substantial number of concessionaires or other sellers
who are not residents of Illinois will be engaging in the
business of selling tangible personal property at retail at the
exhibition or event, or other evidence of a significant risk of
loss of revenue to the State. The Department shall notify
concessionaires and other sellers affected by the imposition of
this requirement. In the absence of notification by the
Department, the concessionaires and other sellers shall file
their returns as otherwise required in this Section.
(Source: P.A. 98-24, eff. 6-19-13; 98-109, eff. 7-25-13;
98-496, eff. 1-1-14; 98-756, eff. 7-16-14; 98-1098, eff.
8-26-14; 99-352, eff. 8-12-15.)

Section 50-25. The Cigarette Tax Act is amended by changing
Section 2 as follows:

(35 ILCS 130/2) (from Ch. 120, par. 453.2)
Sec. 2. Tax imposed; rate; collection, payment, and
distribution; discount.

(a) A tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at the rate of 5 1/2 mills per cigarette sold, or otherwise disposed of in the course of such business in this State. In addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at a rate of 1/2 mill per cigarette sold or otherwise disposed of in the course of such business in this State on and after January 1, 1947, and shall be paid into the Metropolitan Fair and Exposition Authority Reconstruction Fund or as otherwise provided in Section 29. On and after December 1, 1985, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes in this State at a rate of 4 mills per cigarette sold or otherwise disposed of in the course of such business in this State. Of the additional tax imposed by this amendatory Act of 1985, $9,000,000 of the moneys received by the Department of Revenue pursuant to this Act shall be paid each month into the Common School Fund. On and after the effective date of this amendatory Act of 1989, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 5 mills per cigarette sold or otherwise disposed of in the course of such business in this State. On and after the effective date of this amendatory Act of 1993, in addition to any other tax imposed by
this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business in this State. On and after December 15, 1997, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 7 mills per cigarette sold or otherwise disposed of in the course of such business of this State. All of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act from the additional taxes imposed by this amendatory Act of 1997, shall be paid each month into the Common School Fund. On and after July 1, 2002, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 20.0 mills per cigarette sold or otherwise disposed of in the course of such business in this State. Beginning on June 24, 2012, in addition to any other tax imposed by this Act, a tax is imposed upon any person engaged in business as a retailer of cigarettes at the rate of 50 mills per cigarette sold or otherwise disposed of in the course of such business in this State. All moneys received by the Department of Revenue under this Act and the Cigarette Use Tax Act from the additional taxes imposed by this amendatory Act of the 97th General Assembly shall be paid each month into the Healthcare Provider Relief Fund. The payment of such taxes shall be evidenced by a stamp affixed to each original package
of cigarettes, or an authorized substitute for such stamp imprinted on each original package of such cigarettes underneath the sealed transparent outside wrapper of such original package, as hereinafter provided. However, such taxes are not imposed upon any activity in such business in interstate commerce or otherwise, which activity may not under the Constitution and statutes of the United States be made the subject of taxation by this State.

Beginning on the effective date of this amendatory Act of the 92nd General Assembly and through June 30, 2006, all of the moneys received by the Department of Revenue pursuant to this Act and the Cigarette Use Tax Act, other than the moneys that are dedicated to the Common School Fund, shall be distributed each month as follows: first, there shall be paid into the General Revenue Fund an amount which, when added to the amount paid into the Common School Fund for that month, equals $33,300,000, except that in the month of August of 2004, this amount shall equal $83,300,000; then, from the moneys remaining, if any amounts required to be paid into the General Revenue Fund in previous months remain unpaid, those amounts shall be paid into the General Revenue Fund; then, beginning on April 1, 2003, from the moneys remaining, $5,000,000 per month shall be paid into the School Infrastructure Fund; then, if any amounts required to be paid into the School Infrastructure Fund in previous months remain unpaid, those amounts shall be paid into the School Infrastructure Fund; then the moneys remaining,
if any, shall be paid into the Long-Term Care Provider Fund. To
the extent that more than $25,000,000 has been paid into the
General Revenue Fund and Common School Fund per month for the
period of July 1, 1993 through the effective date of this
amendatory Act of 1994 from combined receipts of the Cigarette
Tax Act and the Cigarette Use Tax Act, notwithstanding the
distribution provided in this Section, the Department of
Revenue is hereby directed to adjust the distribution provided
in this Section to increase the next monthly payments to the
Long Term Care Provider Fund by the amount paid to the General
Revenue Fund and Common School Fund in excess of $25,000,000
per month and to decrease the next monthly payments to the
General Revenue Fund and Common School Fund by that same excess
amount.

Beginning on July 1, 2006, all of the moneys received by
the Department of Revenue pursuant to this Act and the
Cigarette Use Tax Act, other than the moneys that are dedicated
to the Common School Fund and, beginning on the effective date
of this amendatory Act of the 97th General Assembly, other than
the moneys from the additional taxes imposed by this amendatory
Act of the 97th General Assembly that must be paid each month
into the Healthcare Provider Relief Fund, shall be distributed
each month as follows: first, there shall be paid into the
General Revenue Fund an amount that, when added to the amount
paid into the Common School Fund for that month, equals
$29,200,000; then, from the moneys remaining, if any amounts
required to be paid into the General Revenue Fund in previous months remain unpaid, those amounts shall be paid into the General Revenue Fund; then from the moneys remaining, $5,000,000 per month shall be paid into the School Infrastructure Fund; then, if any amounts required to be paid into the School Infrastructure Fund in previous months remain unpaid, those amounts shall be paid into the School Infrastructure Fund; then the moneys remaining, if any, shall be paid into the Long-Term Care Provider Fund.

Moneys collected from the tax imposed on little cigars under Section 10-10 of the Tobacco Products Tax Act of 1995 shall be included with the moneys collected under the Cigarette Tax Act and the Cigarette Use Tax Act when making distributions to the Common School Fund, the Healthcare Provider Relief Fund, the General Revenue Fund, the School Infrastructure Fund, and the Long-Term Care Provider Fund under this Section.

When any tax imposed herein terminates or has terminated, distributors who have bought stamps while such tax was in effect and who therefore paid such tax, but who can show, to the Department's satisfaction, that they sold the cigarettes to which they affixed such stamps after such tax had terminated and did not recover the tax or its equivalent from purchasers, shall be allowed by the Department to take credit for such absorbed tax against subsequent tax stamp purchases from the Department by such distributor.

The impact of the tax levied by this Act is imposed upon
the retailer and shall be prepaid or pre-collected by the
distributor for the purpose of convenience and facility only,
and the amount of the tax shall be added to the price of the
cigarettes sold by such distributor. Collection of the tax
shall be evidenced by a stamp or stamps affixed to each
original package of cigarettes, as hereinafter provided.

Each distributor shall collect the tax from the retailer at
or before the time of the sale, shall affix the stamps as
hereinafter required, and shall remit the tax collected from
retailers to the Department, as hereinafter provided. Any
distributor who fails to properly collect and pay the tax
imposed by this Act shall be liable for the tax. Any
distributor having cigarettes to which stamps have been affixed
in his possession for sale on the effective date of this
amendatory Act of 1989 shall not be required to pay the
additional tax imposed by this amendatory Act of 1989 on such
stamped cigarettes. Any distributor having cigarettes to which
stamps have been affixed in his or her possession for sale at
12:01 a.m. on the effective date of this amendatory Act of
1993, is required to pay the additional tax imposed by this
amendatory Act of 1993 on such stamped cigarettes. This
payment, less the discount provided in subsection (b), shall be
due when the distributor first makes a purchase of cigarette
tax stamps after the effective date of this amendatory Act of
1993, or on the first due date of a return under this Act after
the effective date of this amendatory Act of 1993, whichever
occurs first. Any distributor having cigarettes to which stamps
have been affixed in his possession for sale on December 15,
1997 shall not be required to pay the additional tax imposed by
this amendatory Act of 1997 on such stamped cigarettes.

Any distributor having cigarettes to which stamps have been
affixed in his or her possession for sale on July 1, 2002 shall
not be required to pay the additional tax imposed by this
amendatory Act of the 92nd General Assembly on those stamped
cigarettes.

Any retailer having cigarettes in his or her possession on
June 24, 2012 to which tax stamps have been affixed is not
required to pay the additional tax that begins on June 24, 2012
imposed by this amendatory Act of the 97th General Assembly on
those stamped cigarettes. Any distributor having cigarettes in
his or her possession on June 24, 2012 to which tax stamps have
been affixed, and any distributor having stamps in his or her
possession on June 24, 2012 that have not been affixed to
packages of cigarettes before June 24, 2012, is required to pay
the additional tax that begins on June 24, 2012 imposed by this
amendatory Act of the 97th General Assembly to the extent the
calendar year 2012 average monthly volume of cigarette stamps
in the distributor's possession exceeds the average monthly
volume of cigarette stamps purchased by the distributor in
calendar year 2011. This payment, less the discount provided in
subsection (b), is due when the distributor first makes a
purchase of cigarette stamps on or after June 24, 2012 or on
the first due date of a return under this Act occurring on or after June 24, 2012, whichever occurs first. Those distributors may elect to pay the additional tax on packages of cigarettes to which stamps have been affixed and on any stamps in the distributor's possession that have not been affixed to packages of cigarettes over a period not to exceed 12 months from the due date of the additional tax by notifying the Department in writing. The first payment for distributors making such election is due when the distributor first makes a purchase of cigarette tax stamps on or after June 24, 2012 or on the first due date of a return under this Act occurring on or after June 24, 2012, whichever occurs first. Distributors making such an election are not entitled to take the discount provided in subsection (b) on such payments.

Distributors making sales of cigarettes to secondary distributors shall add the amount of the tax to the price of the cigarettes sold by the distributors. Secondary distributors making sales of cigarettes to retailers shall include the amount of the tax in the price of the cigarettes sold to retailers. The amount of tax shall not be less than the amount of taxes imposed by the State and all local jurisdictions. The amount of local taxes shall be calculated based on the location of the retailer's place of business shown on the retailer's certificate of registration or sub-registration issued to the retailer pursuant to Section 2a of the Retailers' Occupation Tax Act. The original packages of
cigarettes sold to the retailer shall bear all the required
stamps, or other indicia, for the taxes included in the price
of cigarettes.

The amount of the Cigarette Tax imposed by this Act shall
be separately stated, apart from the price of the goods, by
distributors, manufacturer representatives, secondary
distributors, and retailers, in all bills and sales invoices.

(b) The distributor shall be required to collect the taxes
provided under paragraph (a) hereof, and, to cover the costs of
such collection, shall be allowed a discount during any year
commencing July 1st and ending the following June 30th in
accordance with the schedule set out hereinbelow, which
discount shall be allowed at the time of purchase of the stamps
when purchase is required by this Act, or at the time when the
tax is remitted to the Department without the purchase of
stamps from the Department when that method of paying the tax
is required or authorized by this Act. Prior to December 1,
1985, a discount equal to 1 2/3% of the amount of the tax up to
and including the first $700,000 paid hereunder by such
distributor to the Department during any such year; 1 1/3% of
the next $700,000 of tax or any part thereof, paid hereunder by
such distributor to the Department during any such year; 1% of
the next $700,000 of tax, or any part thereof, paid hereunder
by such distributor to the Department during any such year, and
2/3 of 1% of the amount of any additional tax paid hereunder by
such distributor to the Department during any such year shall
apply. On and after December 1, 1985 and through June 30, 2016, a discount equal to 1.75% of the amount of the tax payable under this Act up to and including the first $3,000,000 paid hereunder by such distributor to the Department during any such year and 1.5% of the amount of any additional tax paid hereunder by such distributor to the Department during any such year shall apply.

Two or more distributors that use a common means of affixing revenue tax stamps or that are owned or controlled by the same interests shall be treated as a single distributor for the purpose of computing the discount.

(c) The taxes herein imposed are in addition to all other occupation or privilege taxes imposed by the State of Illinois, or by any political subdivision thereof, or by any municipal corporation.

(Source: P.A. 97-587, eff. 8-26-11; 97-688, eff. 6-14-12; 98-273, eff. 8-9-13.)

Section 50-30. The Cigarette Use Tax Act is amended by changing Section 3 as follows:

(35 ILCS 135/3) (from Ch. 120, par. 453.33)

Sec. 3. Stamp payment. The tax hereby imposed shall be collected by a distributor maintaining a place of business in this State or a distributor authorized by the Department pursuant to Section 7 hereof to collect the tax, and the amount
of the tax shall be added to the price of the cigarettes sold by such distributor. Collection of the tax shall be evidenced by a stamp or stamps affixed to each original package of cigarettes or by an authorized substitute for such stamp imprinted on each original package of such cigarettes underneath the sealed transparent outside wrapper of such original package, except as hereinafter provided. Each distributor who is required or authorized to collect the tax herein imposed, before delivering or causing to be delivered any original packages of cigarettes in this State to any purchaser, shall firmly affix a proper stamp or stamps to each such package, or (in the case of manufacturers of cigarettes in original packages which are contained inside a sealed transparent wrapper) shall imprint the required language on the original package of cigarettes beneath such outside wrapper as hereinafter provided. Such stamp or stamps need not be affixed to the original package of any cigarettes with respect to which the distributor is required to affix a like stamp or stamps by virtue of the Cigarette Tax Act, however, and no tax imprint need be placed underneath the sealed transparent wrapper of an original package of cigarettes with respect to which the distributor is required or authorized to employ a like tax imprint by virtue of the Cigarette Tax Act.

No stamp or imprint may be affixed to, or made upon, any package of cigarettes unless that package complies with all requirements of the federal Cigarette Labeling and Advertising
Act, 15 U.S.C. 1331 and following, for the placement of labels, warnings, or any other information upon a package of cigarettes that is sold within the United States. Under the authority of Section 6, the Department shall revoke the license of any distributor that is determined to have violated this paragraph.

A person may not affix a stamp on a package of cigarettes, cigarette papers, wrappers, or tubes if that individual package has been marked for export outside the United States with a label or notice in compliance with Section 290.185 of Title 27 of the Code of Federal Regulations. It is not a defense to a proceeding for violation of this paragraph that the label or notice has been removed, mutilated, obliterated, or altered in any manner.

Only distributors licensed under this Act and transporters, as defined in Section 9c of the Cigarette Tax Act, may possess unstamped original packages of cigarettes. Prior to shipment to an Illinois retailer or secondary distributor, a stamp shall be applied to each original package of cigarettes sold to the retailer or secondary distributor. A distributor may apply a tax stamp only to an original package of cigarettes purchased or obtained directly from an in-state maker, manufacturer, or fabricator licensed as a distributor under Section 4 of this Act or an out-of-state maker, manufacturer, or fabricator holding a permit under Section 7 of this Act. A licensed distributor may ship or otherwise cause to be delivered unstamped original packages of cigarettes in,
into, or from this State. A licensed distributor may transport unstamped original packages of cigarettes to a facility, wherever located, owned or controlled by such distributor; however, a distributor may not transport unstamped original packages of cigarettes to a facility where retail sales of cigarettes take place or to a facility where a secondary distributor makes sales for resale. Any licensed distributor that ships or otherwise causes to be delivered unstamped original packages of cigarettes into, within, or from this State shall ensure that the invoice or equivalent documentation and the bill of lading or freight bill for the shipment identifies the true name and address of the consignor or seller, the true name and address of the consignee or purchaser, and the quantity by brand style of the cigarettes so transported, provided that this Section shall not be construed as to impose any requirement or liability upon any common or contract carrier.

Distributors making sales of cigarettes to secondary distributors shall add the amount of the tax to the price of the cigarettes sold by the distributors. Secondary distributors making sales of cigarettes to retailers shall include the amount of the tax in the price of the cigarettes sold to retailers. The amount of tax shall not be less than the amount of taxes imposed by the State and all local jurisdictions. The amount of local taxes shall be calculated based on the location of the retailer's place of business shown.
on the retailer's certificate of registration or sub-registration issued to the retailer pursuant to Section 2a of the Retailers' Occupation Tax Act. The original packages of cigarettes sold by the retailer shall bear all the required stamps, or other indicia, for the taxes included in the price of cigarettes.

Stamps, when required hereunder, shall be purchased from the Department, or any person authorized by the Department, by distributors. On and after July 1, 2003, payment for such stamps must be made by means of electronic funds transfer. The Department may refuse to sell stamps to any person who does not comply with the provisions of this Act. Beginning on June 6, 2002 and through June 30, 2002, persons holding valid licenses as distributors may purchase cigarette tax stamps up to an amount equal to 115% of the distributor's average monthly cigarette tax stamp purchases over the 12 calendar months prior to June 6, 2002.

Prior to December 1, 1985, the Department shall allow a distributor 21 days in which to make final payment of the amount to be paid for such stamps, by allowing the distributor to make payment for the stamps at the time of purchasing them with a draft which shall be in such form as the Department prescribes, and which shall be payable within 21 days thereafter: Provided that such distributor has filed with the Department, and has received the Department's approval of, a bond, which is in addition to the bond required under Section 4.
of this Act, payable to the Department in an amount equal to 80% of such distributor's average monthly tax liability to the Department under this Act during the preceding calendar year or $500,000, whichever is less. The bond shall be joint and several and shall be in the form of a surety company bond in such form as the Department prescribes, or it may be in the form of a bank certificate of deposit or bank letter of credit. The bond shall be conditioned upon the distributor's payment of the amount of any 21-day draft which the Department accepts from that distributor for the delivery of stamps to that distributor under this Act. The distributor's failure to pay any such draft, when due, shall also make such distributor automatically liable to the Department for a penalty equal to 25% of the amount of such draft.

On and after December 1, 1985 and until July 1, 2003, the Department shall allow a distributor 30 days in which to make final payment of the amount to be paid for such stamps, by allowing the distributor to make payment for the stamps at the time of purchasing them with a draft which shall be in such form as the Department prescribes, and which shall be payable within 30 days thereafter, and beginning on January 1, 2003 and thereafter, the draft shall be payable by means of electronic funds transfer: Provided that such distributor has filed with the Department, and has received the Department's approval of, a bond, which is in addition to the bond required under Section 4 of this Act, payable to the Department in an amount equal to
150% of such distributor's average monthly tax liability to the
Department under this Act during the preceding calendar year or
$750,000, whichever is less, except that as to bonds filed on
or after January 1, 1987, such additional bond shall be in an
amount equal to 100% of such distributor's average monthly tax
liability under this Act during the preceding calendar year or
$750,000, whichever is less. The bond shall be joint and
several and shall be in the form of a surety company bond in
such form as the Department prescribes, or it may be in the
form of a bank certificate of deposit or bank letter of credit.
The bond shall be conditioned upon the distributor's payment of
the amount of any 30-day draft which the Department accepts
from that distributor for the delivery of stamps to that
distributor under this Act. The distributor's failure to pay
any such draft, when due, shall also make such distributor
automatically liable to the Department for a penalty equal to
25% of the amount of such draft.

Every prior continuous compliance taxpayer shall be exempt
from all requirements under this Section concerning the
furnishing of such bond, as defined in this Section, as a
condition precedent to his being authorized to engage in the
business licensed under this Act. This exemption shall continue
for each such taxpayer until such time as he may be determined
by the Department to be delinquent in the filing of any
returns, or is determined by the Department (either through the
Department's issuance of a final assessment which has become
final under the Act, or by the taxpayer's filing of a return which admits tax to be due that is not paid) to be delinquent or deficient in the paying of any tax under this Act, at which time that taxpayer shall become subject to the bond requirements of this Section and, as a condition of being allowed to continue to engage in the business licensed under this Act, shall be required to furnish bond to the Department in such form as provided in this Section. Such taxpayer shall furnish such bond for a period of 2 years, after which, if the taxpayer has not been delinquent in the filing of any returns, or delinquent or deficient in the paying of any tax under this Act, the Department may reinstate such person as a prior continuance compliance taxpayer. Any taxpayer who fails to pay an admitted or established liability under this Act may also be required to post bond or other acceptable security with the Department guaranteeing the payment of such admitted or established liability.

Except as otherwise provided in this Section, any person aggrieved by any decision of the Department under this Section may, within the time allowed by law, protest and request a hearing before the Department, whereupon the Department shall give notice and shall hold a hearing in conformity with the provisions of this Act and then issue its final administrative decision in the matter to such person. Effective July 1, 2013, protests concerning matters that are subject to the jurisdiction of the Illinois Independent Tax Tribunal shall be
filed in accordance with the Illinois Independent Tax Tribunal Act of 2012, and hearings concerning those matters shall be held before the Tribunal in accordance with that Act. With respect to protests filed with the Department prior to July 1, 2013 that would otherwise be subject to the jurisdiction of the Illinois Independent Tax Tribunal, the person filing the protest may elect to be subject to the provisions of the Illinois Independent Tax Tribunal Act of 2012 at any time on or after July 1, 2013, but not later than 30 days after the date on which the protest was filed. If made, the election shall be irrevocable. In the absence of such a protest filed within the time allowed by law, the Department's decision shall become final without any further determination being made or notice given.

The Department shall discharge any surety and shall release and return any bond or security deposited, assigned, pledged, or otherwise provided to it by a taxpayer under this Section within 30 days after:

1. such Taxpayer becomes a prior continuous compliance taxpayer; or
2. such taxpayer has ceased to collect receipts on which he is required to remit tax to the Department, has filed a final tax return, and has paid to the Department an amount sufficient to discharge his remaining tax liability as determined by the Department under this Act. The Department shall make a final determination of the
taxpayer's outstanding tax liability as expeditiously as possible after his final tax return has been filed. If the Department cannot make such final determination within 45 days after receiving the final tax return, within such period it shall so notify the taxpayer, stating its reasons therefor.

At the time of purchasing such stamps from the Department when purchase is required by this Act, or at the time when the tax which he has collected is remitted by a distributor to the Department without the purchase of stamps from the Department when that method of remitting the tax that has been collected is required or authorized by this Act, the distributor shall be allowed a discount during any year commencing July 1 and ending the following June 30 in accordance with the schedule set out hereinbelow, from the amount to be paid by him to the Department for such stamps, or to be paid by him to the Department on the basis of monthly remittances (as the case may be), to cover the cost, to such distributor, of collecting the tax herein imposed by affixing such stamps to the original packages of cigarettes sold by such distributor or by placing tax imprints underneath the sealed transparent wrapper of original packages of cigarettes sold by such distributor (as the case may be): (1) Prior to December 1, 1985, a discount equal to 1-2/3% of the amount of the tax up to and including the first $700,000 paid hereunder by such distributor to the Department during any such year; 1-1/3% of the next $700,000 of
tax or any part thereof, paid hereunder by such distributor to
the Department during any such year; 1% of the next $700,000 of
tax, or any part thereof, paid hereunder by such distributor to
the Department during any such year; and 2/3 of 1% of the
amount of any additional tax paid hereunder by such distributor
to the Department during any such year or (2) On and after
December 1, 1985 and through June 30, 2016, a discount equal to
1.75% of the amount of the tax payable under this Act up to and
including the first $3,000,000 paid hereunder by such
distributor to the Department during any such year and 1.5% of
the amount of any additional tax paid hereunder by such
distributor to the Department during any such year.

Two or more distributors that use a common means of
affixing revenue tax stamps or that are owned or controlled by
the same interests shall be treated as a single distributor for
the purpose of computing the discount.

Cigarette manufacturers who are distributors under Section
7(a) of this Act, and who place their cigarettes in original
packages which are contained inside a sealed transparent
wrapper, shall be required to remit the tax which they are
required to collect under this Act to the Department by
remitting the amount thereof to the Department by the 5th day
of each month, covering cigarettes shipped or otherwise
delivered to points in Illinois to purchasers during the
 preceding calendar month, but a distributor need not remit to
the Department the tax so collected by him from purchasers
under this Act to the extent to which such distributor is
required to remit the tax imposed by the Cigarette Tax Act to
the Department with respect to the same cigarettes. All taxes
upon cigarettes under this Act are a direct tax upon the retail
consumer and shall conclusively be presumed to be precollected
for the purpose of convenience and facility only. Cigarette
manufacturers that are distributors licensed under Section
7(a) of this Act and who place their cigarettes in original
packages which are contained inside a sealed transparent
wrapper, before delivering such cigarettes or causing such
cigarettes to be delivered in this State to purchasers, shall
evidence their obligation to collect and remit the tax due with
respect to such cigarettes by imprinting language to be
prescribed by the Department on each original package of such
cigarettes underneath the sealed transparent outside wrapper
of such original package, in such place thereon and in such
manner as the Department may prescribe; provided (as stated
hereinbefore) that this requirement does not apply when such
distributor is required or authorized by the Cigarette Tax Act
to place the tax imprint provided for in the last paragraph of
Section 3 of that Act underneath the sealed transparent wrapper
of such original package of cigarettes. Such imprinted language
shall acknowledge the manufacturer's collection and payment of
or liability for the tax imposed by this Act with respect to
such cigarettes.

The Department shall adopt the design or designs of the tax
stamps and shall procure the printing of such stamps in such
amounts and denominations as it deems necessary to provide for
the affixation of the proper amount of tax stamps to each
original package of cigarettes.

Where tax stamps are required, the Department may authorize
distributors to affix revenue tax stamps by imprinting tax
meter stamps upon original packages of cigarettes. The
Department shall adopt rules and regulations relating to the
imprinting of such tax meter stamps as will result in payment
of the proper taxes as herein imposed. No distributor may affix
revenue tax stamps to original packages of cigarettes by
imprinting meter stamps thereon unless such distributor has
first obtained permission from the Department to employ this
method of affixation. The Department shall regulate the use of
tax meters and may, to assure the proper collection of the
taxes imposed by this Act, revoke or suspend the privilege,
theretofore granted by the Department to any distributor, to
imprint tax meter stamps upon original packages of cigarettes.

The tax hereby imposed and not paid pursuant to this
Section shall be paid to the Department directly by any person
using such cigarettes within this State, pursuant to Section 12
hereof.

A distributor shall not affix, or cause to be affixed, any
stamp or imprint to a package of cigarettes, as provided for in
this Section, if the tobacco product manufacturer, as defined
in Section 10 of the Tobacco Product Manufacturers' Escrow Act,
that made or sold the cigarettes has failed to become a participating manufacturer, as defined in subdivision (a)(1) of Section 15 of the Tobacco Product Manufacturers' Escrow Act, or has failed to create a qualified escrow fund for any cigarettes manufactured by the tobacco product manufacturer and sold in this State or otherwise failed to bring itself into compliance with subdivision (a)(2) of Section 15 of the Tobacco Product Manufacturers' Escrow Act.
(Source: P.A. 96-782, eff. 1-1-10; 96-1027, eff. 7-12-10; 97-1129, eff. 8-28-12.)

Section 50-35. The Hotel Operators' Occupation Tax Act is amended by changing Section 6 as follows:

(35 ILCS 145/6) (from Ch. 120, par. 481b.36)
Sec. 6. Except as provided hereinafter in this Section, on or before the last day of each calendar month, every person engaged in the business of renting, leasing or letting rooms in a hotel in this State during the preceding calendar month shall file a return with the Department, stating:

1. The name of the operator;

2. His residence address and the address of his principal place of business and the address of the principal place of business (if that is a different address) from which he engages in the business of renting, leasing or letting rooms in a hotel in this State;
3. Total amount of rental receipts received by him during the preceding calendar month from renting, leasing or letting rooms during such preceding calendar month;

4. Total amount of rental receipts received by him during the preceding calendar month from renting, leasing or letting rooms to permanent residents during such preceding calendar month;

5. Total amount of other exclusions from gross rental receipts allowed by this Act;

6. Gross rental receipts which were received by him during the preceding calendar month and upon the basis of which the tax is imposed;

7. The amount of tax due;

8. Such other reasonable information as the Department may require.

If the operator's average monthly tax liability to the Department does not exceed $200, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February and March of a given year being due by April 30 of such year; with the return for April, May and June of a given year being due by July 31 of such year; with the return for July, August and September of a given year being due by October 31 of such year, and with the return for October, November and December of a given year being due by January 31 of the following year.

If the operator's average monthly tax liability to the
Department does not exceed $50, the Department may authorize
his returns to be filed on an annual basis, with the return for
a given year being due by January 31 of the following year.

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

Notwithstanding any other provision in this Act concerning
the time within which an operator may file his return, in the
case of any operator who ceases to engage in a kind of business
which makes him responsible for filing returns under this Act,
such operator shall file a final return under this Act with the
Department not more than 1 month after discontinuing such
business.

Where the same person has more than 1 business registered
with the Department under separate registrations under this
Act, such person shall not file each return that is due as a
single return covering all such registered businesses, but
shall file separate returns for each such registered business.

In his return, the operator shall determine the value of
any consideration other than money received by him in
connection with the renting, leasing or letting of rooms in the
course of his business and he shall include such value in his
return. Such determination shall be subject to review and
revision by the Department in the manner hereinafter provided
for the correction of returns.

Where the operator is a corporation, the return filed on
behalf of such corporation shall be signed by the president, vice-president, secretary or treasurer or by the properly accredited agent of such corporation.

The person filing the return herein provided for shall, at the time of filing such return, pay to the Department the amount of tax herein imposed. The operator filing the return under this Section shall, at the time of filing such return, pay to the Department the amount of tax imposed by this Act less, through June 30, 2016, a discount of 2.1% or $25 per calendar year, whichever is greater, which is allowed to reimburse the operator for the expenses incurred in keeping records, preparing and filing returns, remitting the tax and supplying data to the Department on request.

There shall be deposited in the Build Illinois Fund in the State Treasury for each State fiscal year 40% of the amount of total net proceeds from the tax imposed by subsection (a) of Section 3. Of the remaining 60%, $5,000,000 shall be deposited in the Illinois Sports Facilities Fund and credited to the Subsidy Account each fiscal year by making monthly deposits in the amount of 1/8 of $5,000,000 plus cumulative deficiencies in such deposits for prior months, and an additional $8,000,000 shall be deposited in the Illinois Sports Facilities Fund and credited to the Advance Account each fiscal year by making monthly deposits in the amount of 1/8 of $8,000,000 plus any cumulative deficiencies in such deposits for prior months; provided, that for fiscal years ending after June 30, 2001, the
amount to be so deposited into the Illinois Sports Facilities Fund and credited to the Advance Account each fiscal year shall be increased from $8,000,000 to the then applicable Advance Amount and the required monthly deposits beginning with July 2001 shall be in the amount of 1/8 of the then applicable Advance Amount plus any cumulative deficiencies in those deposits for prior months. (The deposits of the additional $8,000,000 or the then applicable Advance Amount, as applicable, during each fiscal year shall be treated as advances of funds to the Illinois Sports Facilities Authority for its corporate purposes to the extent paid to the Authority or its trustee and shall be repaid into the General Revenue Fund in the State Treasury by the State Treasurer on behalf of the Authority pursuant to Section 19 of the Illinois Sports Facilities Authority Act, as amended. If in any fiscal year the full amount of the then applicable Advance Amount is not repaid into the General Revenue Fund, then the deficiency shall be paid from the amount in the Local Government Distributive Fund that would otherwise be allocated to the City of Chicago under the State Revenue Sharing Act."

For purposes of the foregoing paragraph, the term "Advance Amount" means, for fiscal year 2002, $22,179,000, and for subsequent fiscal years through fiscal year 2032, 105.615% of the Advance Amount for the immediately preceding fiscal year, rounded up to the nearest $1,000.

Of the remaining 60% of the amount of total net proceeds
prior to August 1, 2011 from the tax imposed by subsection (a) of Section 3 after all required deposits in the Illinois Sports Facilities Fund, the amount equal to 8% of the net revenue realized from this Act plus an amount equal to 8% of the net revenue realized from any tax imposed under Section 4.05 of the Chicago World's Fair-1992 Authority Act during the preceding month shall be deposited in the Local Tourism Fund each month for purposes authorized by Section 605-705 of the Department of Commerce and Economic Opportunity Law (20 ILCS 605/605-705). Of the remaining 60% of the amount of total net proceeds beginning on August 1, 2011 from the tax imposed by subsection (a) of Section 3 after all required deposits in the Illinois Sports Facilities Fund, an amount equal to 8% of the net revenue realized from this Act plus an amount equal to 8% of the net revenue realized from any tax imposed under Section 4.05 of the Chicago World's Fair-1992 Authority Act during the preceding month shall be deposited as follows: 18% of such amount shall be deposited into the Chicago Travel Industry Promotion Fund for the purposes described in subsection (n) of Section 5 of the Metropolitan Pier and Exposition Authority Act and the remaining 82% of such amount shall be deposited into the Local Tourism Fund each month for purposes authorized by Section 605-705 of the Department of Commerce and Economic Opportunity Law. Beginning on August 1, 1999 and ending on July 31, 2011, an amount equal to 4.5% of the net revenue realized from the Hotel Operators' Occupation Tax Act during the preceding month
shall be deposited into the International Tourism Fund for the purposes authorized in Section 605-707 of the Department of Commerce and Economic Opportunity Law. Beginning on August 1, 2011, an amount equal to 4.5% of the net revenue realized from this Act during the preceding month shall be deposited as follows: 55% of such amount shall be deposited into the Chicago Travel Industry Promotion Fund for the purposes described in subsection (n) of Section 5 of the Metropolitan Pier and Exposition Authority Act and the remaining 45% of such amount deposited into the International Tourism Fund for the purposes authorized in Section 605-707 of the Department of Commerce and Economic Opportunity Law. "Net revenue realized for a month" means the revenue collected by the State under that Act during the previous month less the amount paid out during that same month as refunds to taxpayers for overpayment of liability under that Act.

After making all these deposits, all other proceeds of the tax imposed under subsection (a) of Section 3 shall be deposited in the General Revenue Fund in the State Treasury. All moneys received by the Department from the additional tax imposed under subsection (b) of Section 3 shall be deposited into the Build Illinois Fund in the State Treasury.

The Department may, upon separate written notice to a taxpayer, require the taxpayer to prepare and file with the Department on a form prescribed by the Department within not less than 60 days after receipt of the notice an annual
information return for the tax year specified in the notice. Such annual return to the Department shall include a statement of gross receipts as shown by the operator's last State income tax return. If the total receipts of the business as reported in the State income tax return do not agree with the gross receipts reported to the Department for the same period, the operator shall attach to his annual information return a schedule showing a reconciliation of the 2 amounts and the reasons for the difference. The operator's annual information return to the Department shall also disclose pay roll information of the operator's business during the year covered by such return and any additional reasonable information which the Department deems would be helpful in determining the accuracy of the monthly, quarterly or annual tax returns by such operator as hereinbefore provided for in this Section.

If the annual information return required by this Section is not filed when and as required the taxpayer shall be liable for a penalty in an amount determined in accordance with Section 3-4 of the Uniform Penalty and Interest Act until such return is filed as required, the penalty to be assessed and collected in the same manner as any other penalty provided for in this Act.

The chief executive officer, proprietor, owner or highest ranking manager shall sign the annual return to certify the accuracy of the information contained therein. Any person who willfully signs the annual return containing false or
inaccurate information shall be guilty of perjury and punished accordingly. The annual return form prescribed by the Department shall include a warning that the person signing the return may be liable for perjury.

The foregoing portion of this Section concerning the filing of an annual information return shall not apply to an operator who is not required to file an income tax return with the United States Government.

(Source: P.A. 97-617, eff. 10-26-11.)

Section 50-40. The Motor Fuel Tax Law is amended by changing Sections 2b, 6, and 6a as follows:

(35 ILCS 505/2b) (from Ch. 120, par. 418b)

Sec. 2b. In addition to the tax collection and reporting responsibilities imposed elsewhere in this Act, a person who is required to pay the tax imposed by Section 2a of this Act shall pay the tax to the Department by return showing all fuel purchased, acquired or received and sold, distributed or used during the preceding calendar month including losses of fuel as the result of evaporation or shrinkage due to temperature variations, and such other reasonable information as the Department may require. Losses of fuel as the result of evaporation or shrinkage due to temperature variations may not exceed 1% of the total gallons in storage at the beginning of the month, plus the receipts of gallonage during the month,
minus the gallonage remaining in storage at the end of the month. Any loss reported that is in excess of this amount shall be subject to the tax imposed by Section 2a of this Law. On and after July 1, 2001, for each 6-month period January through June, net losses of fuel (for each category of fuel that is required to be reported on a return) as the result of evaporation or shrinkage due to temperature variations may not exceed 1% of the total gallons in storage at the beginning of each January, plus the receipts of gallonage each January through June, minus the gallonage remaining in storage at the end of each June. On and after July 1, 2001, for each 6-month period July through December, net losses of fuel (for each category of fuel that is required to be reported on a return) as the result of evaporation or shrinkage due to temperature variations may not exceed 1% of the total gallons in storage at the beginning of each July, plus the receipts of gallonage each July through December, minus the gallonage remaining in storage at the end of each December. Any net loss reported that is in excess of this amount shall be subject to the tax imposed by Section 2a of this Law. For purposes of this Section, "net loss" means the number of gallons gained through temperature variations minus the number of gallons lost through temperature variations or evaporation for each of the respective 6-month periods.

The return shall be prescribed by the Department and shall be filed between the 1st and 20th days of each calendar month.
The Department may, in its discretion, combine the returns filed under this Section, Section 5, and Section 5a of this Act. The return must be accompanied by appropriate computer-generated magnetic media supporting schedule data in the format required by the Department, unless, as provided by rule, the Department grants an exception upon petition of a taxpayer. If the return is filed timely, the seller shall take a discount of 2% through June 30, 2003 and 1.75% through June 30, 2016, thereafter which is allowed to reimburse the seller for the expenses incurred in keeping records, preparing and filing returns, collecting and remitting the tax and supplying data to the Department on request. The discount, however, shall be applicable only to the amount of payment which accompanies a return that is filed timely in accordance with this Section. (Source: P.A. 92-30, eff. 7-1-01; 93-32, eff. 6-20-03.)

Sec. 6. Collection of tax; distributors. A distributor who sells or distributes any motor fuel, which he is required by Section 5 to report to the Department when filing a return, shall (except as hereinafter provided) collect at the time of such sale and distribution, the amount of tax imposed under this Act on all such motor fuel sold and distributed, and at the time of making a return, the distributor shall pay to the Department the amount so collected less a discount of 2% through June 30, 2003 and 1.75% through June 30, 2016.
thereafter which is allowed to reimburse the distributor for
the expenses incurred in keeping records, preparing and filing
returns, collecting and remitting the tax and supplying data to
the Department on request, and shall also pay to the Department
an amount equal to the amount that would be collectible as a
tax in the event of a sale thereof on all such motor fuel used
by said distributor during the period covered by the return.
However, no payment shall be made based upon dyed diesel fuel
used by the distributor for non-highway purposes. The discount
shall only be applicable to the amount of tax payment which
accompanies a return which is filed timely in accordance with
Section 5 of this Act. In each subsequent sale of motor fuel on
which the amount of tax imposed under this Act has been
collected as provided in this Section, the amount so collected
shall be added to the selling price, so that the amount of tax
is paid ultimately by the user of the motor fuel. However, no
collection or payment shall be made in the case of the sale or
use of any motor fuel to the extent to which such sale or use of
motor fuel may not, under the constitution and statutes of the
United States, be made the subject of taxation by this State. A
person whose license to act as a distributor of fuel has been
revoked shall, at the time of making a return, also pay to the
Department an amount equal to the amount that would be
collectible as a tax in the event of a sale thereof on all
motor fuel, which he is required by the second paragraph of
Section 5 to report to the Department in making a return, and
which he had on hand on the date on which the license was
revoked, and with respect to which no tax had been previously
paid under this Act.

A distributor may make tax free sales of motor fuel, with
respect to which he is otherwise required to collect the tax, 
only as specified in the following items 1 through 7.

1. When the sale is made to a person holding a valid
unrevoked license as a distributor, by making a specific
notation thereof on invoices or sales slip covering each
sale.

2. When the sale is made with delivery to a purchaser
outside of this State.

3. When the sale is made to the Federal Government or
its instrumentalities.

4. When the sale is made to a municipal corporation
owning and operating a local transportation system for
public service in this State when an official certificate
of exemption is obtained in lieu of the tax.

5. When the sale is made to a privately owned public
utility owning and operating 2 axle vehicles designed and
used for transporting more than 7 passengers, which
vehicles are used as common carriers in general
transportation of passengers, are not devoted to any
specialized purpose and are operated entirely within the
territorial limits of a single municipality or of any group
of contiguous municipalities, or in a close radius thereof,
and the operations of which are subject to the regulations
of the Illinois Commerce Commission, when an official
certificate of exemption is obtained in lieu of the tax.

6. When a sale of special fuel is made to a person
holding a valid, unrevoked license as a supplier, by making
a specific notation thereof on the invoice or sales slip
covering each such sale.

7. When a sale of dyed diesel fuel is made to someone
other than a licensed distributor or a licensed supplier
for non-highway purposes and the fuel is (i) delivered from
a vehicle designed for the specific purpose of such sales
and delivered directly into a stationary bulk storage tank
that displays the notice required by Section 4f of this
Act, (ii) delivered from a vehicle designed for the
specific purpose of such sales and delivered directly into
the fuel supply tanks of non-highway vehicles that are not
required to be registered for highway use, or (iii)
dispensed from a dyed diesel fuel dispensing facility that
has withdrawal facilities that are not readily accessible
to and are not capable of dispensing dyed diesel fuel into
the fuel supply tank of a motor vehicle.

A specific notation is required on the invoice or sales
slip covering such sales, and any supporting documentation
that may be required by the Department must be obtained by
the distributor. The distributor shall obtain and keep the
supporting documentation in such form as the Department may
require by rule.

For purposes of this item 7, a dyed diesel fuel dispensing facility is considered to have withdrawal facilities that are "not readily accessible to and not capable of dispensing dyed diesel fuel into the fuel supply tank of a motor vehicle" only if the dyed diesel fuel is delivered from: (i) a dispenser hose that is short enough so that it will not reach the fuel supply tank of a motor vehicle or (ii) a dispenser that is enclosed by a fence or other physical barrier so that a vehicle cannot pull alongside the dispenser to permit fueling.

8. (Blank).

All special fuel sold or used for non-highway purposes must have a dye added in accordance with Section 4d of this Law.

All suits or other proceedings brought for the purpose of recovering any taxes, interest or penalties due the State of Illinois under this Act may be maintained in the name of the Department.

(Source: P.A. 96-1384, eff. 7-29-10.)

(35 ILCS 505/6a) (from Ch. 120, par. 422a)

Sec. 6a. Collection of tax; suppliers. A supplier, other than a licensed distributor, who sells or distributes any special fuel, which he is required by Section 5a to report to the Department when filing a return, shall (except as hereinafter provided) collect at the time of such sale and
distribution, the amount of tax imposed under this Act on all such special fuel sold and distributed, and at the time of making a return, the supplier shall pay to the Department the amount so collected less a discount of 2\% through June 30, 2003 and 1.75\% through June 30, 2016 thereafter which is allowed to reimburse the supplier for the expenses incurred in keeping records, preparing and filing returns, collecting and remitting the tax and supplying data to the Department on request, and shall also pay to the Department an amount equal to the amount that would be collectible as a tax in the event of a sale thereof on all such special fuel used by said supplier during the period covered by the return. However, no payment shall be made based upon dyed diesel fuel used by said supplier for non-highway purposes. The discount shall only be applicable to the amount of tax payment which accompanies a return which is filed timely in accordance with Section 5(a) of this Act. In each subsequent sale of special fuel on which the amount of tax imposed under this Act has been collected as provided in this Section, the amount so collected shall be added to the selling price, so that the amount of tax is paid ultimately by the user of the special fuel. However, no collection or payment shall be made in the case of the sale or use of any special fuel to the extent to which such sale or use of motor fuel may not, under the Constitution and statutes of the United States, be made the subject of taxation by this State.
A person whose license to act as supplier of special fuel has been revoked shall, at the time of making a return, also pay to the Department an amount equal to the amount that would be collectible as a tax in the event of a sale thereof on all special fuel, which he is required by the 1st paragraph of Section 5a to report to the Department in making a return.

A supplier may make tax-free sales of special fuel, with respect to which he is otherwise required to collect the tax, only as specified in the following items 1 through 7.

1. When the sale is made to the federal government or its instrumentalities.

2. When the sale is made to a municipal corporation owning and operating a local transportation system for public service in this State when an official certificate of exemption is obtained in lieu of the tax.

3. When the sale is made to a privately owned public utility owning and operating 2 axle vehicles designed and used for transporting more than 7 passengers, which vehicles are used as common carriers in general transportation of passengers, are not devoted to any specialized purpose and are operated entirely within the territorial limits of a single municipality or of any group of contiguous municipalities, or in a close radius thereof, and the operations of which are subject to the regulations of the Illinois Commerce Commission, when an official certificate of exemption is obtained in lieu of the tax.
4. When a sale is made to a person holding a valid unrevoked license as a supplier or a distributor by making a specific notation thereof on invoice or sales slip covering each such sale.

5. When a sale of dyed diesel fuel is made to someone other than a licensed distributor or licensed supplier for non-highway purposes and the fuel is (i) delivered from a vehicle designed for the specific purpose of such sales and delivered directly into a stationary bulk storage tank that displays the notice required by Section 4f of this Act, (ii) delivered from a vehicle designed for the specific purpose of such sales and delivered directly into the fuel supply tanks of non-highway vehicles that are not required to be registered for highway use, or (iii) dispensed from a dyed diesel fuel dispensing facility that has withdrawal facilities that are not readily accessible to and are not capable of dispensing dyed diesel fuel into the fuel supply tank of a motor vehicle.

A specific notation is required on the invoice or sales slip covering such sales, and any supporting documentation that may be required by the Department must be obtained by the supplier. The supplier shall obtain and keep the supporting documentation in such form as the Department may require by rule.

For purposes of this item 5, a dyed diesel fuel dispensing facility is considered to have withdrawal
facilities that are "not readily accessible to and not capable of dispensing dyed diesel fuel into the fuel supply tank of a motor vehicle" only if the dyed diesel fuel is delivered from: (i) a dispenser hose that is short enough so that it will not reach the fuel supply tank of a motor vehicle or (ii) a dispenser that is enclosed by a fence or other physical barrier so that a vehicle cannot pull alongside the dispenser to permit fueling.

6. (Blank).

7. When a sale of special fuel is made to a person where delivery is made outside of this State.

All special fuel sold or used for non-highway purposes must have a dye added in accordance with Section 4d of this Law.

All suits or other proceedings brought for the purpose of recovering any taxes, interest or penalties due the State of Illinois under this Act may be maintained in the name of the Department.

(Source: P.A. 96-1384, eff. 7-29-10.)

Section 50-45. The Telecommunications Excise Tax Act is amended by changing Section 6 as follows:

(35 ILCS 630/6) (from Ch. 120, par. 2006)

Sec. 6. Except as provided hereinafter in this Section, on or before the last day of each month, each retailer maintaining a place of business in this State shall make a return to the
Department for the preceding calendar month, stating:

1. His name;
2. The address of his principal place of business, or the address of the principal place of business (if that is a different address) from which he engages in the business of transmitting telecommunications;
3. Total amount of gross charges billed by him during the preceding calendar month for providing telecommunications during such calendar month;
4. Total amount received by him during the preceding calendar month on credit extended;
5. Deductions allowed by law;
6. Gross charges which were billed by him during the preceding calendar month and upon the basis of which the tax is imposed;
7. Amount of tax (computed upon Item 6);
8. Such other reasonable information as the Department may require.

Any taxpayer required to make payments under this Section may make the payments by electronic funds transfer. The Department shall adopt rules necessary to effectuate a program of electronic funds transfer. Any taxpayer who has average monthly tax billings due to the Department under this Act and the Simplified Municipal Telecommunications Tax Act that exceed $1,000 shall make all payments by electronic funds transfer as required by rules of the Department and shall file
the return required by this Section by electronic means as required by rules of the Department.

If the retailer's average monthly tax billings due to the Department under this Act and the Simplified Municipal Telecommunications Tax Act do not exceed $1,000, the Department may authorize his returns to be filed on a quarter annual basis, with the return for January, February and March of a given year being due by April 30 of such year; with the return for April, May and June of a given year being due by July 31st of such year; with the return for July, August and September of a given year being due by October 31st of such year; and with the return of October, November and December of a given year being due by January 31st of the following year.

If the retailer is otherwise required to file a monthly or quarterly return and if the retailer's average monthly tax billings due to the Department under this Act and the Simplified Municipal Telecommunications Tax Act do not exceed $400, the Department may authorize his or her return to be filed on an annual basis, with the return for a given year being due by January 31st of the following year.

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

In making such return, the retailer shall determine the value of any consideration other than money received by him and he shall include such value in his return. Such determination shall be subject to review and revision by the Department in the manner hereinafter provided for the correction of returns.

Each retailer whose average monthly liability to the Department under this Article and the Simplified Municipal Telecommunications Tax Act was $25,000 or more during the preceding calendar year, excluding the month of highest liability and the month of lowest liability in such calendar year, and who is not operated by a unit of local government, shall make estimated payments to the Department on or before the 7th, 15th, 22nd and last day of the month during which tax collection liability to the Department is incurred in an amount not less than the lower of either 22.5% of the retailer's actual tax collections for the month or 25% of the retailer's actual tax collections for the same calendar month of the preceding year. The amount of such quarter monthly payments shall be credited against the final liability of the retailer's return for that month. Any outstanding credit, approved by the Department, arising from the retailer's overpayment of its final liability for any month may be applied to reduce the amount of any subsequent quarter monthly payment or credited against the final liability of the retailer's return for any subsequent month. If any quarter monthly payment is not paid at
the time or in the amount required by this Section, the retailer shall be liable for penalty and interest on the difference between the minimum amount due as a payment and the amount of such payment actually and timely paid, except insofar as the retailer has previously made payments for that month to the Department in excess of the minimum payments previously due.

The retailer making the return herein provided for shall, at the time of making such return, pay to the Department the amount of tax herein imposed, less, through June 30, 2016, a discount of 1% which is allowed to reimburse the retailer for the expenses incurred in keeping records, billing the customer, preparing and filing returns, remitting the tax, and supplying data to the Department upon request. No discount may be claimed by a retailer on returns not timely filed and for taxes not timely remitted.

On and after the effective date of this Article of 1985, of the moneys received by the Department of Revenue pursuant to this Article, other than moneys received pursuant to the additional taxes imposed by Public Act 90-548:

(1) $1,000,000 shall be paid each month into the Common School Fund;

(2) beginning on the first day of the first calendar month to occur on or after the effective date of this amendatory Act of the 98th General Assembly, an amount equal to 1/12 of 5% of the cash receipts collected during
the preceding fiscal year by the Audit Bureau of the Department from the tax under this Act and the Simplified Municipal Telecommunications Tax Act shall be paid each month into the Tax Compliance and Administration Fund; those moneys shall be used, subject to appropriation, to fund additional auditors and compliance personnel at the Department of Revenue; and

(3) the remainder shall be deposited into the General Revenue Fund.

On and after February 1, 1998, however, of the moneys received by the Department of Revenue pursuant to the additional taxes imposed by Public Act 90-548, one-half shall be deposited into the School Infrastructure Fund and one-half shall be deposited into the Common School Fund. On and after the effective date of this amendatory Act of the 91st General Assembly, if in any fiscal year the total of the moneys deposited into the School Infrastructure Fund under this Act is less than the total of the moneys deposited into that Fund from the additional taxes imposed by Public Act 90-548 during fiscal year 1999, then, as soon as possible after the close of the fiscal year, the Comptroller shall order transferred and the Treasurer shall transfer from the General Revenue Fund to the School Infrastructure Fund an amount equal to the difference between the fiscal year total deposits and the total amount deposited into the Fund in fiscal year 1999.

(Source: P.A. 98-1098, eff. 8-26-14.)
Section 50-50. The Liquor Control Act of 1934 is amended by changing Section 8-2 as follows:

(235 ILCS 5/8-2) (from Ch. 43, par. 159)

Sec. 8-2. It is the duty of each manufacturer with respect to alcoholic liquor produced or imported by such manufacturer, or purchased tax-free by such manufacturer from another manufacturer or importing distributor, and of each importing distributor as to alcoholic liquor purchased by such importing distributor from foreign importers or from anyone from any point in the United States outside of this State or purchased tax-free from another manufacturer or importing distributor, to pay the tax imposed by Section 8-1 to the Department of Revenue on or before the 15th day of the calendar month following the calendar month in which such alcoholic liquor is sold or used by such manufacturer or by such importing distributor other than in an authorized tax-free manner or to pay that tax electronically as provided in this Section.

Each manufacturer and each importing distributor shall make payment under one of the following methods: (1) on or before the 15th day of each calendar month, file in person or by United States first-class mail, postage pre-paid, with the Department of Revenue, on forms prescribed and furnished by the Department, a report in writing in such form as may be required by the Department in order to compute, and assure the accuracy
of, the tax due on all taxable sales and uses of alcoholic liquor occurring during the preceding month. Payment of the tax in the amount disclosed by the report shall accompany the report or, (2) on or before the 15th day of each calendar month, electronically file with the Department of Revenue, on forms prescribed and furnished by the Department, an electronic report in such form as may be required by the Department in order to compute, and assure the accuracy of, the tax due on all taxable sales and uses of alcoholic liquor occurring during the preceding month. An electronic payment of the tax in the amount disclosed by the report shall accompany the report. A manufacturer or distributor who files an electronic report and electronically pays the tax imposed pursuant to Section 8-1 to the Department of Revenue on or before the 15th day of the calendar month following the calendar month in which such alcoholic liquor is sold or used by that manufacturer or importing distributor other than in an authorized tax-free manner shall pay to the Department the amount of the tax imposed pursuant to Section 8-1, less a discount which is allowed to reimburse the manufacturer or importing distributor for the expenses incurred in keeping and maintaining records, preparing and filing the electronic returns, remitting the tax, and supplying data to the Department upon request.

The discount shall be in an amount as follows:

(1) For original returns due on or after January 1, 2003 through September 30, 2003, the discount shall be
1.75% or $1,250 per return, whichever is less;

(2) For original returns due on or after October 1, 2003 through September 30, 2004, the discount shall be 2% or $3,000 per return, whichever is less; and

(3) For original returns due on or after October 1, 2004 through June 30, 2016, the discount shall be 2% or $2,000 per return, whichever is less; and

(4) No discount shall be allowed on or after July 1, 2016.

The Department may, if it deems it necessary in order to insure the payment of the tax imposed by this Article, require returns to be made more frequently than and covering periods of less than a month. Such return shall contain such further information as the Department may reasonably require.

It shall be presumed that all alcoholic liquors acquired or made by any importing distributor or manufacturer have been sold or used by him in this State and are the basis for the tax imposed by this Article unless proven, to the satisfaction of the Department, that such alcoholic liquors are (1) still in the possession of such importing distributor or manufacturer, or (2) prior to the termination of possession have been lost by theft or through unintentional destruction, or (3) that such alcoholic liquors are otherwise exempt from taxation under this Act.

The Department may require any foreign importer to file monthly information returns, by the 15th day of the month
following the month which any such return covers, if the
Department determines this to be necessary to the proper
performance of the Department's functions and duties under this
Act. Such return shall contain such information as the
Department may reasonably require.

Every manufacturer and importing distributor shall also
file, with the Department, a bond in an amount not less than
$1,000 and not to exceed $100,000 on a form to be approved by,
and with a surety or sureties satisfactory to, the Department.
Such bond shall be conditioned upon the manufacturer or
importing distributor paying to the Department all monies
becoming due from such manufacturer or importing distributor
under this Article. The Department shall fix the penalty of
such bond in each case, taking into consideration the amount of
alcoholic liquor expected to be sold and used by such
manufacturer or importing distributor, and the penalty fixed by
the Department shall be sufficient, in the Department's
opinion, to protect the State of Illinois against failure to
pay any amount due under this Article, but the amount of the
penalty fixed by the Department shall not exceed twice the
amount of tax liability of a monthly return, nor shall the
amount of such penalty be less than $1,000. The Department
shall notify the Commission of the Department's approval or
disapproval of any such manufacturer's or importing
distributor's bond, or of the termination or cancellation of
any such bond, or of the Department's direction to a
manufacturer or importing distributor that he must file additional bond in order to comply with this Section. The Commission shall not issue a license to any applicant for a manufacturer's or importing distributor's license unless the Commission has received a notification from the Department showing that such applicant has filed a satisfactory bond with the Department hereunder and that such bond has been approved by the Department. Failure by any licensed manufacturer or importing distributor to keep a satisfactory bond in effect with the Department or to furnish additional bond to the Department, when required hereunder by the Department to do so, shall be grounds for the revocation or suspension of such manufacturer's or importing distributor's license by the Commission. If a manufacturer or importing distributor fails to pay any amount due under this Article, his bond with the Department shall be deemed forfeited, and the Department may institute a suit in its own name on such bond.

After notice and opportunity for a hearing the State Commission may revoke or suspend the license of any manufacturer or importing distributor who fails to comply with the provisions of this Section. Notice of such hearing and the time and place thereof shall be in writing and shall contain a statement of the charges against the licensee. Such notice may be given by United States registered or certified mail with return receipt requested, addressed to the person concerned at his last known address and shall be given not less than 7 days
prior to the date fixed for the hearing. An order revoking or
suspending a license under the provisions of this Section may
be reviewed in the manner provided in Section 7-10 of this Act.
No new license shall be granted to a person whose license has
been revoked for a violation of this Section or, in case of
suspension, shall such suspension be terminated until he has
paid to the Department all taxes and penalties which he owes
the State under the provisions of this Act.

Every manufacturer or importing distributor who has, as
verified by the Department, continuously complied with the
conditions of the bond under this Act for a period of 2 years
shall be considered to be a prior continuous compliance
taxpayer. In determining the consecutive period of time for
qualification as a prior continuous compliance taxpayer, any
consecutive period of time of qualifying compliance
immediately prior to the effective date of this amendatory Act
of 1987 shall be credited to any manufacturer or importing
distributor.

A manufacturer or importing distributor that is a prior
continuous compliance taxpayer under this Section and becomes a
successor as the result of an acquisition, merger, or
consolidation of a manufacturer or importing distributor shall
be deemed to be a prior continuous compliance taxpayer with
respect to the acquired, merged, or consolidated entity.

Every prior continuous compliance taxpayer shall be exempt
from the bond requirements of this Act until the Department has
determined the taxpayer to be delinquent in the filing of any
return or deficient in the payment of any tax under this Act.
Any taxpayer who fails to pay an admitted or established
liability under this Act may also be required to post bond or
other acceptable security with the Department guaranteeing the
payment of such admitted or established liability.

The Department shall discharge any surety and shall release
and return any bond or security deposit assigned, pledged or
otherwise provided to it by a taxpayer under this Section
within 30 days after: (1) such taxpayer becomes a prior
continuous compliance taxpayer; or (2) such taxpayer has ceased
to collect receipts on which he is required to remit tax to the
Department, has filed a final tax return, and has paid to the
Department an amount sufficient to discharge his remaining tax
liability as determined by the Department under this Act.
(Source: P.A. 95-769, eff. 7-29-08.)

ARTICLE 55. USE AND OCCUPATION TAX; NEWSPRINT

Section 55-5. The Use Tax Act is amended by changing
Section 2 as follows:

(35 ILCS 105/2) (from Ch. 120, par. 439.2)
Sec. 2. Definitions.
"Use" means the exercise by any person of any right or
power over tangible personal property incident to the ownership
of that property, except that it does not include the sale of such property in any form as tangible personal property in the regular course of business to the extent that such property is not first subjected to a use for which it was purchased, and does not include the use of such property by its owner for demonstration purposes: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or by-product of manufacturing. "Use" does not mean the demonstration use or interim use of tangible personal property by a retailer before he sells that tangible personal property. For watercraft or aircraft, if the period of demonstration use or interim use by the retailer exceeds 18 months, the retailer shall pay on the retailers' original cost price the tax imposed by this Act, and no credit for that tax is permitted if the watercraft or aircraft is subsequently sold by the retailer. "Use" does not mean the physical incorporation of tangible personal property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, into other tangible personal property (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois: Provided that the property purchased is deemed to be purchased for the purpose of
resale, despite first being used, to the extent to which it is
resold as an ingredient of an intentionally produced product or
by-product of manufacturing.

"Watercraft" means a Class 2, Class 3, or Class 4
watercraft as defined in Section 3-2 of the Boat Registration
and Safety Act, a personal watercraft, or any boat equipped
with an inboard motor.

"Purchase at retail" means the acquisition of the ownership
of or title to tangible personal property through a sale at
retail.

"Purchaser" means anyone who, through a sale at retail,
acquires the ownership of tangible personal property for a
valuable consideration.

"Sale at retail" means any transfer of the ownership of or
title to tangible personal property to a purchaser, for the
purpose of use, and not for the purpose of resale in any form
as tangible personal property to the extent not first subjected
to a use for which it was purchased, for a valuable
consideration: Provided that the property purchased is deemed
to be purchased for the purpose of resale, despite first being
used, to the extent to which it is resold as an ingredient of
an intentionally produced product or by-product of
manufacturing. For this purpose, slag produced as an incident
to manufacturing pig iron or steel and sold is considered to be
at retail" includes any such transfer made for resale unless
made in compliance with Section 2c of the Retailers' Occupation Tax Act, as incorporated by reference into Section 12 of this Act. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price are sales.

"Sale at retail" shall also be construed to include any Illinois florist's sales transaction in which the purchase order is received in Illinois by a florist and the sale is for use or consumption, but the Illinois florist has a florist in another state deliver the property to the purchaser or the purchaser's donee in such other state.

Nonreusable tangible personal property that is used by persons engaged in the business of operating a restaurant, cafeteria, or drive-in is a sale for resale when it is transferred to customers in the ordinary course of business as part of the sale of food or beverages and is used to deliver, package, or consume food or beverages, regardless of where consumption of the food or beverages occurs. Examples of those items include, but are not limited to nonreusable, paper and plastic cups, plates, baskets, boxes, sleeves, buckets or other containers, utensils, straws, placemats, napkins, doggie bags, and wrapping or packaging materials that are transferred to customers as part of the sale of food or beverages in the ordinary course of business.

Until July 1, 2016, the purchase, employment and transfer of such tangible personal property as newsprint and
ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of tangible personal property.

"Selling price" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits, property other than as hereinafter provided, and services, but not including the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold, and shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include interest or finance charges which appear as separate items on the bill of sale or sales contract nor charges that are added to prices by sellers on account of the seller's tax liability under the "Retailers' Occupation Tax Act", or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by this Act, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit, on account of the seller's tax liability under any local occupation tax administered by the Department, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit on account of the seller's duty to collect, from the purchasers, the tax that is imposed under any local use tax administered by the Department. Effective December 1, 1985, "selling price" shall include charges that
are added to prices by sellers on account of the seller's tax liability under the Cigarette Tax Act, on account of the seller's duty to collect, from the purchaser, the tax imposed under the Cigarette Use Tax Act, and on account of the seller's duty to collect, from the purchaser, any cigarette tax imposed by a home rule unit.

Notwithstanding any law to the contrary, for any motor vehicle, as defined in Section 1-146 of the Vehicle Code, that is sold on or after January 1, 2015 for the purpose of leasing the vehicle for a defined period that is longer than one year and (1) is a motor vehicle of the second division that: (A) is a self-contained motor vehicle designed or permanently converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat; (B) is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers; or (C) has a gross vehicle weight rating of 8,000 pounds or less or (2) is a motor vehicle of the first division, "selling price" or "amount of sale" means the consideration received by the lessor pursuant to the lease contract, including amounts due at lease signing and all monthly or other regular payments charged over the term of the lease. Also included in the selling price is any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, including, but not limited to, excess mileage charges and
charges for excess wear and tear. For sales that occur in Illinois, with respect to any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, the lessor who purchased the motor vehicle does not incur the tax imposed by the Use Tax Act on those amounts, and the retailer who makes the retail sale of the motor vehicle to the lessor is not required to collect the tax imposed by this Act or to pay the tax imposed by the Retailers' Occupation Tax Act on those amounts. However, the lessor who purchased the motor vehicle assumes the liability for reporting and paying the tax on those amounts directly to the Department in the same form (Illinois Retailers' Occupation Tax, and local retailers' occupation taxes, if applicable) in which the retailer would have reported and paid such tax if the retailer had accounted for the tax to the Department. For amounts received by the lessor from the lessee that are not calculated at the time the lease is executed, the lessor must file the return and pay the tax to the Department by the due date otherwise required by this Act for returns other than transaction returns. If the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department with respect to the sale of the motor vehicle to the lessor, then the right to the discount provided in this Act shall be transferred to the lessor with respect to the tax paid by the lessor for any amount received by the lessor from the lessee for the leased vehicle that is
not calculated at the time the lease is executed; provided that
the discount is only allowed if the return is timely filed and
for amounts timely paid. The "selling price" of a motor vehicle
that is sold on or after January 1, 2015 for the purpose of
leasing for a defined period of longer than one year shall not
be reduced by the value of or credit given for traded-in
tangible personal property owned by the lessor, nor shall it be
reduced by the value of or credit given for traded-in tangible
personal property owned by the lessee, regardless of whether
the trade-in value thereof is assigned by the lessee to the
lessor. In the case of a motor vehicle that is sold for the
purpose of leasing for a defined period of longer than one
year, the sale occurs at the time of the delivery of the
vehicle, regardless of the due date of any lease payments. A
lessor who incurs a Retailers' Occupation Tax liability on the
sale of a motor vehicle coming off lease may not take a credit
against that liability for the Use Tax the lessor paid upon the
purchase of the motor vehicle (or for any tax the lessor paid
with respect to any amount received by the lessor from the
lessee for the leased vehicle that was not calculated at the
time the lease was executed) if the selling price of the motor
vehicle at the time of purchase was calculated using the
definition of "selling price" as defined in this paragraph.
Notwithstanding any other provision of this Act to the
contrary, lessors shall file all returns and make all payments
required under this paragraph to the Department by electronic
means in the manner and form as required by the Department. This paragraph does not apply to leases of motor vehicles for which, at the time the lease is entered into, the term of the lease is not a defined period, including leases with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the initial defined period.

The phrase "like kind and character" shall be liberally construed (including but not limited to any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item which, if sold at retail by that retailer, would be exempt from retailers' occupation tax and use tax as an isolated or occasional sale.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian or other representative appointed by order of any court.

"Retailer" means and includes every person engaged in the business of making sales at retail as defined in this Section.

A person who holds himself or herself out as being engaged (or who habitually engages) in selling tangible personal property at retail is a retailer hereunder with respect to such
sales (and not primarily in a service occupation) notwithstanding the fact that such person designs and produces such tangible personal property on special order for the purchaser and in such a way as to render the property of value only to such purchaser, if such tangible personal property so produced on special order serves substantially the same function as stock or standard items of tangible personal property that are sold at retail.

A person whose activities are organized and conducted primarily as a not-for-profit service enterprise, and who engages in selling tangible personal property at retail (whether to the public or merely to members and their guests) is a retailer with respect to such transactions, excepting only a person organized and operated exclusively for charitable, religious or educational purposes either (1), to the extent of sales by such person to its members, students, patients or inmates of tangible personal property to be used primarily for the purposes of such person, or (2), to the extent of sales by such person of tangible personal property which is not sold or offered for sale by persons organized for profit. The selling of school books and school supplies by schools at retail to students is not "primarily for the purposes of" the school which does such selling. This paragraph does not apply to nor subject to taxation occasional dinners, social or similar activities of a person organized and operated exclusively for charitable, religious or educational purposes, whether or not
such activities are open to the public.

   A person who is the recipient of a grant or contract under
Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
serves meals to participants in the federal Nutrition Program
for the Elderly in return for contributions established in
amount by the individual participant pursuant to a schedule of
suggested fees as provided for in the federal Act is not a
retailer under this Act with respect to such transactions.

   Persons who engage in the business of transferring tangible
personal property upon the redemption of trading stamps are
retailers hereunder when engaged in such business.

   The isolated or occasional sale of tangible personal
property at retail by a person who does not hold himself out as
being engaged (or who does not habitually engage) in selling
such tangible personal property at retail or a sale through a
bulk vending machine does not make such person a retailer
hereunder. However, any person who is engaged in a business
which is not subject to the tax imposed by the "Retailers'
Occupation Tax Act" because of involving the sale of or a
contract to sell real estate or a construction contract to
improve real estate, but who, in the course of conducting such
business, transfers tangible personal property to users or
consumers in the finished form in which it was purchased, and
which does not become real estate, under any provision of a
construction contract or real estate sale or real estate sales
agreement entered into with some other person arising out of or
because of such nontaxable business, is a retailer to the extent of the value of the tangible personal property so transferred. If, in such transaction, a separate charge is made for the tangible personal property so transferred, the value of such property, for the purposes of this Act, is the amount so separately charged, but not less than the cost of such property to the transferor; if no separate charge is made, the value of such property, for the purposes of this Act, is the cost to the transferor of such tangible personal property.

"Retailer maintaining a place of business in this State", or any like term, means and includes any of the following retailers:

1. A retailer having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State. However, the ownership of property that is located at the premises of a printer with which the retailer has contracted for printing and that consists of the final printed product, property that becomes a part of the final printed product, or copy from which the printed product is produced shall not result
in the retailer being deemed to have or maintain an office, distribution house, sales house, warehouse, or other place of business within this State.

1.1. A retailer having a contract with a person located in this State under which the person, for a commission or other consideration based upon the sale of tangible personal property by the retailer, directly or indirectly refers potential customers to the retailer by providing to the potential customers a promotional code or other mechanism that allows the retailer to track purchases referred by such persons. Examples of mechanisms that allow the retailer to track purchases referred by such persons include but are not limited to the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph 1.1 shall apply only if the cumulative gross receipts from sales of tangible personal property by the retailer to customers who are referred to the retailer by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December. A retailer meeting the requirements of this paragraph 1.1 shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting
proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods.

1.2. Beginning July 1, 2011, a retailer having a contract with a person located in this State under which:

A. the retailer sells the same or substantially similar line of products as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

B. the retailer provides a commission or other consideration to the person located in this State based upon the sale of tangible personal property by the retailer.

The provisions of this paragraph 1.2 shall apply only if the cumulative gross receipts from sales of tangible personal property by the retailer to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December.

2. A retailer soliciting orders for tangible personal property by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers
located in this State.

3. A retailer, pursuant to a contract with a broadcaster or publisher located in this State, soliciting orders for tangible personal property by means of advertising which is disseminated primarily to consumers located in this State and only secondarily to bordering jurisdictions.

4. A retailer soliciting orders for tangible personal property by mail if the solicitations are substantial and recurring and if the retailer benefits from any banking, financing, debt collection, telecommunication, or marketing activities occurring in this State or benefits from the location in this State of authorized installation, servicing, or repair facilities.

5. A retailer that is owned or controlled by the same interests that own or control any retailer engaging in business in the same or similar line of business in this State.

6. A retailer having a franchisee or licensee operating under its trade name if the franchisee or licensee is required to collect the tax under this Section.

7. A retailer, pursuant to a contract with a cable television operator located in this State, soliciting orders for tangible personal property by means of advertising which is transmitted or distributed over a cable television system in this State.
8. A retailer engaging in activities in Illinois, which activities in the state in which the retail business engaging in such activities is located would constitute maintaining a place of business in that state.

"Bulk vending machine" means a vending machine, containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children which, when a coin or coins of a denomination not larger than $0.50 are inserted, are dispensed in equal portions, at random and without selection by the customer.

(Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14; 98-1089, eff. 1-1-15; 99-78, eff. 7-20-15.)

Section 55-10. The Service Use Tax Act is amended by changing Section 2 as follows:

(35 ILCS 110/2) (from Ch. 120, par. 439.32)

Sec. 2. Definitions.

"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, but does not include the sale or use for demonstration by him of that property in any form as tangible personal property in the regular course of business. "Use" does not mean the interim use of tangible personal property nor the physical incorporation of tangible personal property, as an ingredient or constituent, into other tangible personal
property, (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase to cause to be transported in interstate commerce to destinations outside the State of Illinois.

"Purchased from a serviceman" means the acquisition of the ownership of, or title to, tangible personal property through a sale of service.

"Purchaser" means any person who, through a sale of service, acquires the ownership of, or title to, any tangible personal property.

"Cost price" means the consideration paid by the serviceman for a purchase valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the property transferred to him or her by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Selling price" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits and service, and shall be determined without any
deduction on account of the serviceman's cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include interest or finance charges which appear as separate items on the bill of sale or sales contract nor charges that are added to prices by sellers on account of the seller's duty to collect, from the purchaser, the tax that is imposed by this Act.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint venture, public or private corporation, limited liability company, and any receiver, executor, trustee, guardian or other representative appointed by order of any court.

"Sale of service" means any transaction except:

(1) a retail sale of tangible personal property taxable under the Retailers' Occupation Tax Act or under the Use Tax Act.

(2) a sale of tangible personal property for the purpose of resale made in compliance with Section 2c of the Retailers' Occupation Tax Act.

(3) except as hereinafter provided, a sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body, or for or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational
purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(4) a sale or transfer of tangible personal property as an incident to the rendering of service for interstate carriers for hire for use as rolling stock moving in interstate commerce or by lessors under a lease of one year or longer, executed or in effect at the time of purchase of personal property, to interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by such interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(4a) a sale or transfer of tangible personal property as an incident to the rendering of service for owners, lessors, or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by interstate carriers for hire, and equipment operated by a
telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(4a-5) on and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(5) a sale or transfer of machinery and equipment used
primarily in the process of the manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for wholesale or retail sale or lease, whether such sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether such sale or lease is made apart from or as an incident to the seller's engaging in a service occupation and the applicable tax is a Service Use Tax or Service Occupation Tax, rather than Use Tax or Retailers' Occupation Tax. The exemption provided by this paragraph (5) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption.

(5a) the repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the
repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property to a destination outside Illinois, for use outside Illinois.

(5b) a sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(6) until July 1, 2003, a sale or transfer of distillation machinery and equipment, sold as a unit or kit and assembled or installed by the retailer, which machinery and equipment is certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of such user and not subject to sale
or resale.

    (7) at the election of any serviceman not required to be otherwise registered as a retailer under Section 2a of the Retailers' Occupation Tax Act, made for each fiscal year sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service. The purchase of such tangible personal property by the serviceman shall be subject to tax under the Retailers' Occupation Tax Act and the Use Tax Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman.

    Tangible personal property transferred incident to the completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

    Exemption (5) also includes machinery and equipment used in
the general maintenance or repair of such exempt machinery and
equipment or for in-house manufacture of exempt machinery and
equipment. The machinery and equipment exemption does not
include machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or
retail sale that is delivered to customers through pipes,
pipelines, or mains; or (iii) the treatment of water for
wholesale or retail sale that is delivered to customers through
pipes, pipelines, or mains. The provisions of this amendatory
Act of the 98th General Assembly are declaratory of existing
law as to the meaning and scope of this exemption. For the
purposes of exemption (5), each of these terms shall have the
following meanings: (1) "manufacturing process" shall mean the
production of any article of tangible personal property,
whether such article is a finished product or an article for
use in the process of manufacturing or assembling a different
article of tangible personal property, by procedures commonly
regarded as manufacturing, processing, fabricating, or
refining which changes some existing material or materials into
a material with a different form, use or name. In relation to a
recognized integrated business composed of a series of
operations which collectively constitute manufacturing, or
individually constitute manufacturing operations, the
manufacturing process shall be deemed to commence with the
first operation or stage of production in the series, and shall
not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further, for purposes of exemption (5), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate
change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The user of such machinery and equipment and tools without an active resale registration number shall prepare a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, which certificate shall be available to the Department for inspection or audit. The Department shall prescribe the form of the certificate.

Any informal rulings, opinions or letters issued by the Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (5) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (3) of this Section shall make tax free
purchases unless it has an active exemption identification number issued by the Department.

Until July 1, 2016, the purchase, employment and transfer of such tangible personal property as newsprint and ink for the primary purpose of conveying news (with or without other information) is not a purchase, use or sale of service or of tangible personal property within the meaning of this Act.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act.

"Supplier" means any person who makes sales of tangible personal property to servicemen for the purpose of resale as an incident to a sale of service.

"Serviceman maintaining a place of business in this State", or any like term, means and includes any serviceman:

1. having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the serviceman or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such serviceman or subsidiary is licensed to do business in this State;

1.1. having a contract with a person located in this
The provisions of this paragraph 1.1 shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers who are referred to the serviceman by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December; a serviceman meeting the requirements of this paragraph 1.1 shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods;
1.2. beginning July 1, 2011, having a contract with a person located in this State under which:

   A. the serviceman sells the same or substantially similar line of services as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

   B. the serviceman provides a commission or other consideration to the person located in this State based upon the sale of services by the serviceman.

The provisions of this paragraph 1.2 shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December;

2. soliciting orders for tangible personal property by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers located in this State;

3. pursuant to a contract with a broadcaster or publisher located in this State, soliciting orders for tangible personal property by means of advertising which is disseminated primarily to consumers located in this State and only secondarily to bordering jurisdictions;
4. soliciting orders for tangible personal property by
mail if the solicitations are substantial and recurring and
if the retailer benefits from any banking, financing, debt
collection, telecommunication, or marketing activities
occurring in this State or benefits from the location in
this State of authorized installation, servicing, or
repair facilities;

5. being owned or controlled by the same interests
which own or control any retailer engaging in business in
the same or similar line of business in this State;

6. having a franchisee or licensee operating under its
trade name if the franchisee or licensee is required to
collect the tax under this Section;

7. pursuant to a contract with a cable television
operator located in this State, soliciting orders for
tangible personal property by means of advertising which is
transmitted or distributed over a cable television system
in this State; or

8. engaging in activities in Illinois, which
activities in the state in which the supply business
engaging in such activities is located would constitute
maintaining a place of business in that state.

(Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

Section 55-15. The Retailers' Occupation Tax Act is amended
by changing Section 1 as follows:
Sec. 1. Definitions. "Sale at retail" means any transfer of the ownership of or title to tangible personal property to a purchaser, for the purpose of use or consumption, and not for the purpose of resale in any form as tangible personal property to the extent not first subjected to a use for which it was purchased, for a valuable consideration: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or byproduct of manufacturing. For this purpose, slag produced as an incident to manufacturing pig iron or steel and sold is considered to be an intentionally produced byproduct of manufacturing. Transactions whereby the possession of the property is transferred but the seller retains the title as security for payment of the selling price shall be deemed to be sales.

"Sale at retail" shall be construed to include any transfer of the ownership of or title to tangible personal property to a purchaser, for use or consumption by any other person to whom such purchaser may transfer the tangible personal property without a valuable consideration, and to include any transfer, whether made for or without a valuable consideration, for resale in any form as tangible personal property unless made in compliance with Section 2c of this Act.
Sales of tangible personal property, which property, to the extent not first subjected to a use for which it was purchased, as an ingredient or constituent, goes into and forms a part of tangible personal property subsequently the subject of a "Sale at retail", are not sales at retail as defined in this Act: Provided that the property purchased is deemed to be purchased for the purpose of resale, despite first being used, to the extent to which it is resold as an ingredient of an intentionally produced product or byproduct of manufacturing.

"Sale at retail" shall be construed to include any Illinois florist's sales transaction in which the purchase order is received in Illinois by a florist and the sale is for use or consumption, but the Illinois florist has a florist in another state deliver the property to the purchaser or the purchaser's donee in such other state.

Nonreusable tangible personal property that is used by persons engaged in the business of operating a restaurant, cafeteria, or drive-in is a sale for resale when it is transferred to customers in the ordinary course of business as part of the sale of food or beverages and is used to deliver, package, or consume food or beverages, regardless of where consumption of the food or beverages occurs. Examples of those items include, but are not limited to nonreusable, paper and plastic cups, plates, baskets, boxes, sleeves, buckets or other containers, utensils, straws, placemats, napkins, doggie bags, and wrapping or packaging materials that are transferred to
customers as part of the sale of food or beverages in the
ordinary course of business.

Until July 1, 2016, the purchase, employment and
transfer of such tangible personal property as newsprint and
ink for the primary purpose of conveying news (with or without
other information) is not a purchase, use or sale of tangible
personal property.

A person whose activities are organized and conducted
primarily as a not-for-profit service enterprise, and who
engages in selling tangible personal property at retail
(whether to the public or merely to members and their guests)
is engaged in the business of selling tangible personal
property at retail with respect to such transactions, excepting
only a person organized and operated exclusively for
charitable, religious or educational purposes either (1), to
the extent of sales by such person to its members, students,
patients or inmates of tangible personal property to be used
primarily for the purposes of such person, or (2), to the
extent of sales by such person of tangible personal property
which is not sold or offered for sale by persons organized for
profit. The selling of school books and school supplies by
schools at retail to students is not "primarily for the
purposes of" the school which does such selling. The provisions
of this paragraph shall not apply to nor subject to taxation
occasional dinners, socials or similar activities of a person
organized and operated exclusively for charitable, religious
or educational purposes, whether or not such activities are
open to the public.

A person who is the recipient of a grant or contract under
Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
serves meals to participants in the federal Nutrition Program
for the Elderly in return for contributions established in
amount by the individual participant pursuant to a schedule of
suggested fees as provided for in the federal Act is not
engaged in the business of selling tangible personal property
at retail with respect to such transactions.

"Purchaser" means anyone who, through a sale at retail,
acquires the ownership of or title to tangible personal
property for a valuable consideration.

"Reseller of motor fuel" means any person engaged in the
business of selling or delivering or transferring title of
motor fuel to another person other than for use or consumption.
No person shall act as a reseller of motor fuel within this
State without first being registered as a reseller pursuant to
Section 2c or a retailer pursuant to Section 2a.

"Selling price" or the "amount of sale" means the
consideration for a sale valued in money whether received in
money or otherwise, including cash, credits, property, other
than as hereinafter provided, and services, but not including
the value of or credit given for traded-in tangible personal
property where the item that is traded-in is of like kind and
character as that which is being sold, and shall be determined
without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include charges that are added to prices by sellers on account of the seller's tax liability under this Act, or on account of the seller's duty to collect, from the purchaser, the tax that is imposed by the Use Tax Act, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit, on account of the seller's tax liability under any local occupation tax administered by the Department, or, except as otherwise provided with respect to any cigarette tax imposed by a home rule unit on account of the seller's duty to collect, from the purchasers, the tax that is imposed under any local use tax administered by the Department. Effective December 1, 1985, "selling price" shall include charges that are added to prices by sellers on account of the seller's tax liability under the Cigarette Tax Act, on account of the sellers' duty to collect, from the purchaser, the tax imposed under the Cigarette Use Tax Act, and on account of the seller's duty to collect, from the purchaser, any cigarette tax imposed by a home rule unit.

Notwithstanding any law to the contrary, for any motor vehicle, as defined in Section 1-146 of the Vehicle Code, that is sold on or after January 1, 2015 for the purpose of leasing the vehicle for a defined period that is longer than one year and (1) is a motor vehicle of the second division that: (A) is a self-contained motor vehicle designed or permanently
converted to provide living quarters for recreational, camping, or travel use, with direct walk through access to the living quarters from the driver's seat; (B) is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers; or (C) has a gross vehicle weight rating of 8,000 pounds or less or (2) is a motor vehicle of the first division, "selling price" or "amount of sale" means the consideration received by the lessor pursuant to the lease contract, including amounts due at lease signing and all monthly or other regular payments charged over the term of the lease. Also included in the selling price is any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, including, but not limited to, excess mileage charges and charges for excess wear and tear. For sales that occur in Illinois, with respect to any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed, the lessor who purchased the motor vehicle does not incur the tax imposed by the Use Tax Act on those amounts, and the retailer who makes the retail sale of the motor vehicle to the lessor is not required to collect the tax imposed by the Use Tax Act or to pay the tax imposed by this Act on those amounts. However, the lessor who purchased the motor vehicle assumes the liability for reporting and paying the tax on those amounts directly to the Department in the same form (Illinois Retailers' Occupation Tax, and local retailers'
occupation taxes, if applicable) in which the retailer would have reported and paid such tax if the retailer had accounted for the tax to the Department. For amounts received by the lessor from the lessee that are not calculated at the time the lease is executed, the lessor must file the return and pay the tax to the Department by the due date otherwise required by this Act for returns other than transaction returns. If the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department with respect to the sale of the motor vehicle to the lessor, then the right to the discount provided in this Act shall be transferred to the lessor with respect to the tax paid by the lessor for any amount received by the lessor from the lessee for the leased vehicle that is not calculated at the time the lease is executed; provided that the discount is only allowed if the return is timely filed and for amounts timely paid. The "selling price" of a motor vehicle that is sold on or after January 1, 2015 for the purpose of leasing for a defined period of longer than one year shall not be reduced by the value of or credit given for traded-in tangible personal property owned by the lessor, nor shall it be reduced by the value of or credit given for traded-in tangible personal property owned by the lessee, regardless of whether the trade-in value thereof is assigned by the lessee to the lessor. In the case of a motor vehicle that is sold for the purpose of leasing for a defined period of longer than one year, the sale
occurs at the time of the delivery of the vehicle, regardless of the due date of any lease payments. A lessor who incurs a Retailers' Occupation Tax liability on the sale of a motor vehicle coming off lease may not take a credit against that liability for the Use Tax the lessor paid upon the purchase of the motor vehicle (or for any tax the lessor paid with respect to any amount received by the lessor from the lessee for the leased vehicle that was not calculated at the time the lease was executed) if the selling price of the motor vehicle at the time of purchase was calculated using the definition of "selling price" as defined in this paragraph. Notwithstanding any other provision of this Act to the contrary, lessors shall file all returns and make all payments required under this paragraph to the Department by electronic means in the manner and form as required by the Department. This paragraph does not apply to leases of motor vehicles for which, at the time the lease is entered into, the term of the lease is not a defined period, including leases with a defined initial period with the option to continue the lease on a month-to-month or other basis beyond the initial defined period.

The phrase "like kind and character" shall be liberally construed (including but not limited to any form of motor vehicle for any form of motor vehicle, or any kind of farm or agricultural implement for any other kind of farm or agricultural implement), while not including a kind of item which, if sold at retail by that retailer, would be exempt from
retailers' occupation tax and use tax as an isolated or occasional sale.

"Gross receipts" from the sales of tangible personal property at retail means the total selling price or the amount of such sales, as hereinbefore defined. In the case of charge and time sales, the amount thereof shall be included only as and when payments are received by the seller. Receipts or other consideration derived by a seller from the sale, transfer or assignment of accounts receivable to a wholly owned subsidiary will not be deemed payments prior to the time the purchaser makes payment on such accounts.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian or other representative appointed by order of any court.

The isolated or occasional sale of tangible personal property at retail by a person who does not hold himself out as being engaged (or who does not habitually engage) in selling such tangible personal property at retail, or a sale through a bulk vending machine, does not constitute engaging in a business of selling such tangible personal property at retail within the meaning of this Act; provided that any person who is engaged in a business which is not subject to the tax imposed by this Act because of involving the sale of or a contract to
sell real estate or a construction contract to improve real
estate or a construction contract to engineer, install, and
maintain an integrated system of products, but who, in the
course of conducting such business, transfers tangible
personal property to users or consumers in the finished form in
which it was purchased, and which does not become real estate
or was not engineered and installed, under any provision of a
construction contract or real estate sale or real estate sales
agreement entered into with some other person arising out of or
because of such nontaxable business, is engaged in the business
of selling tangible personal property at retail to the extent
of the value of the tangible personal property so transferred.
If, in such a transaction, a separate charge is made for the
tangible personal property so transferred, the value of such
property, for the purpose of this Act, shall be the amount so
separately charged, but not less than the cost of such property
to the transferor; if no separate charge is made, the value of
such property, for the purposes of this Act, is the cost to the
transferor of such tangible personal property. Construction
contracts for the improvement of real estate consisting of
engineering, installation, and maintenance of voice, data,
video, security, and all telecommunication systems do not
constitute engaging in a business of selling tangible personal
property at retail within the meaning of this Act if they are
sold at one specified contract price.

A person who holds himself or herself out as being engaged
(or who habitually engages) in selling tangible personal property at retail is a person engaged in the business of selling tangible personal property at retail hereunder with respect to such sales (and not primarily in a service occupation) notwithstanding the fact that such person designs and produces such tangible personal property on special order for the purchaser and in such a way as to render the property of value only to such purchaser, if such tangible personal property so produced on special order serves substantially the same function as stock or standard items of tangible personal property that are sold at retail.

Persons who engage in the business of transferring tangible personal property upon the redemption of trading stamps are engaged in the business of selling such property at retail and shall be liable for and shall pay the tax imposed by this Act on the basis of the retail value of the property transferred upon redemption of such stamps.

"Bulk vending machine" means a vending machine, containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children which, when a coin or coins of a denomination not larger than $0.50 are inserted, are dispensed in equal portions, at random and without selection by the customer.

(Source: P.A. 98-628, eff. 1-1-15; 98-1080, eff. 8-26-14.)
Section 60-5. The Hotel Operators' Occupation Tax Act is amended by changing Section 2 as follows:

(35 ILCS 145/2) (from Ch. 120, par. 481b.32)
Sec. 2. As used in this Act, unless the context otherwise requires:

(1) "Hotel" means any building or buildings in which the public may, for a consideration, obtain living quarters, sleeping or housekeeping accommodations. The term includes inns, motels, tourist homes or courts, lodging houses, rooming houses and apartment houses.

(2) "Operator" means any person operating a hotel, including, but not limited to, an online travel company that sells hotel rooms to the general public.

(3) "Occupancy" means the use or possession, or the right to the use or possession, of any room or rooms in a hotel for any purpose, or the right to the use or possession of the furnishings or to the services and accommodations accompanying the use and possession of the room or rooms.

"Online travel company" means a retailer that purchases hotel rooms in the State at a wholesale price and resells those rooms to the general public via an Internet website.

(4) "Room" or "rooms" means any living quarters,
sleeping or housekeeping accommodations.

(5) "Permanent resident" means any person who occupied or has the right to occupy any room or rooms, regardless of whether or not it is the same room or rooms, in a hotel for at least 30 consecutive days.

(6) "Rent" or "rental" means the consideration received for occupancy, valued in money, whether received in money or otherwise, including all receipts, cash, credits and property or services of any kind or nature.

(7) "Department" means the Department of Revenue.

(8) "Person" means any natural individual, firm, partnership, association, joint stock company, joint adventure, public or private corporation, limited liability company, or a receiver, executor, trustee, guardian or other representative appointed by order of any court.

(Source: P.A. 87-951; 88-480.)

ARTICLE 65. HOTEL OPERATORS' OCCUPATION TAX

Section 65-5. The State Finance Act is amended by changing Section 12-2 as follows:

(30 ILCS 105/12-2) (from Ch. 127, par. 148-2)

Sec. 12-2. (a) The chairmen of the travel control boards established by Section 12-1, or their designees, shall together
comprise the Travel Regulation Council. The Travel Regulation Council shall be chaired by the Director of Central Management Services, who shall be a nonvoting member of the Council, unless he is otherwise qualified to vote by virtue of being the designee of a voting member. No later than March 1, 1986, and at least biennially thereafter, the Council shall adopt State Travel Regulations and Reimbursement Rates which shall be applicable to all personnel subject to the jurisdiction of the travel control boards established by Section 12-1. An affirmative vote of a majority of the members of the Council shall be required to adopt regulations and reimbursement rates. If the Council fails to adopt regulations by March 1 of any odd-numbered year, the Director of Central Management Services shall adopt emergency regulations and reimbursement rates pursuant to the Illinois Administrative Procedure Act.

(b) Mileage for automobile travel shall be reimbursed at the allowance rate in effect under regulations promulgated pursuant to 5 U.S.C. 5707(b)(2). In the event the rate set under federal regulations increases or decreases during the course of the State's fiscal year, the effective date of the new rate shall be the effective date of the change in the federal rate.

(c) Rates for reimbursement of expenses other than mileage shall not exceed the actual cost of travel as determined by the United States Internal Revenue Service.

(d) Reimbursements to travelers shall be made pursuant to
the rates and regulations applicable to the respective State agency as of the effective date of this amendatory Act, until the State Travel Regulations and Reimbursement Rates established by this Section are adopted and effective.

(e) Lodging in Cook County, Illinois and the District of Columbia shall be reimbursed at the maximum lodging rate in effect under regulations promulgated pursuant to 5 U.S.C. 5701-5709. For purposes of this subsection (e), the District of Columbia shall include the cities and counties included in the per diem locality of the District of Columbia, as defined by the regulations in effect promulgated pursuant to 5 U.S.C. 5701-5709. Individual travel control boards may set a lodging reimbursement rate more restrictive than the rate set forth in the federal regulations.

(f) Notwithstanding any provisions of law to the contrary, all State employees shall receive mileage reimbursement, when applicable, at a rate of $0.39 per mile.

(Source: P.A. 96-240, eff. 1-1-10.)

ARTICLE 70. FILM PRODUCTION CREDIT

Section 70-5. The Film Production Services Tax Credit Act of 2008 is amended by changing Section 40 as follows:

(35 ILCS 16/40)

Sec. 40. Amount and duration of the credit. The amount of
the credit awarded under this Act is based on the amount of the Illinois labor expenditure and Illinois production spending approved by the Department for the production as set forth under Section 10. The duration of the credit may not exceed one taxable year. Beginning on July 1, 2016, the maximum aggregate amount of credits that may be awarded under this Act for all taxpayers in any State fiscal year may not exceed $20,000,000.
(Source: P.A. 95-720, eff. 5-27-08.)

ARTICLE 75. LOTTERY

Section 75-5. The Illinois Lottery Law is amended by adding Section 7.9 as follows:

(20 ILCS 1605/7.9 new)

Sec. 7.9. Report; increasing revenues. The Department shall submit a report to the Governor and the General Assembly on or before June 1st of every year on the Department's progress towards achieving the following goals:

(i) a $1,000,000,000 increase in revenue from the revenue gained in Fiscal Year 2014;

(ii) an increase of retailers who sell lottery tickets and other related items to the general public;

(iii) more innovating games for a younger audience;

(iv) more effective marketing to unreached demographics; and
more inventive technology in the redeeming, selling, and purchasing of products sold by the Lottery. The report shall also include any other items determined by the Department to be relevant to the increase of lottery revenues.

ARTICLE 80. RESEARCH AND DEVELOPMENT CREDIT

Section 80-5. The Illinois Income Tax Act is amended by changing Section 201 as follows:

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

Sec. 201. Tax Imposed.
(a) In general. A tax measured by net income is hereby imposed on every individual, corporation, trust and estate for each taxable year ending after July 31, 1969 on the privilege of earning or receiving income in or as a resident of this State. Such tax shall be in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) 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) 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) 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) 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.

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

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

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

(1) For the purposes of subsection (d-1), in no event
shall the sum of the rates of tax imposed by subsections
(b) and (d) be reduced below the rate at which the sum of:
(A) the total amount of tax imposed on such foreign
insurer under this Act for a taxable year, net of all
credits allowed under this Act, plus
(B) the privilege tax imposed by Section 409 of the
Illinois Insurance Code, the fire insurance company
tax imposed by Section 12 of the Fire Investigation
Act, and the fire department taxes imposed under
Section 11-10-1 of the Illinois Municipal Code,
equals 1.25% for taxable years ending prior to December 31,
2003, or 1.75% for taxable years ending on or after
December 31, 2003, of the net taxable premiums written for
the taxable year, as described by subsection (1) of Section
409 of the Illinois Insurance Code. This paragraph will in
no event increase the rates imposed under subsections (b)
and (d).

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

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

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

(1) A taxpayer shall be allowed a credit equal to .5%
of the basis of qualified property placed in service during
the taxable year, provided such property is placed in
service on or after July 1, 1984. There shall be allowed an
additional credit equal to .5% of the basis of qualified
property placed in service during the taxable year,
provided such property is placed in service on or after
July 1, 1986, and the taxpayer's base employment within
Illinois has increased by 1% or more over the preceding
year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. The provisions added to this Section by Public Act 85-1200 (and restored by Public Act 87-895) shall be construed as declaratory of existing law and not as a new enactment. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is .5% and the denominator of which is 1%, but shall not exceed .5%. The investment credit shall not be allowed to the extent that it would reduce a taxpayer's liability in any tax year below zero, nor may any credit for qualified property be allowed for any year other than the year in which the property was placed in service in Illinois. For tax years ending on or after December 31, 1987, and on or before December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the
excess credit years if the taxpayer (i) makes investments which cause the creation of a minimum of 2,000 full-time equivalent jobs in Illinois, (ii) is located in an enterprise zone established pursuant to the Illinois Enterprise Zone Act and (iii) is certified by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) as complying with the requirements specified in clause (i) and (ii) by July 1, 1986. The Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) shall notify the Department of Revenue of all such certifications immediately. For tax years ending after December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

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

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

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

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

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

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

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

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

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

(6) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.
(7) If during any taxable year, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the Personal Property Tax Replacement Income Tax for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation and, (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (7), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

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

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

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

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

(1) A taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service in an Enterprise Zone created pursuant to the Illinois Enterprise Zone Act or, for property placed in service on or after July 1, 2006, a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (f) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. The credit shall be .5% of the basis for such property. The credit shall be available only in the taxable year in which the property is placed in service in the Enterprise Zone or River Edge Redevelopment Zone and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1985, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year,
whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

(2) The term qualified property means property which:

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

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

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

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

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

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

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

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

(6) If during any taxable year, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside the Enterprise Zone or River Edge Redevelopment Zone within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.
(7) There shall be allowed an additional credit equal to 0.5% of the basis of qualified property placed in service during the taxable year in a River Edge Redevelopment Zone, provided such property is placed in service on or after July 1, 2006, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is 0.5% and the denominator of which is 1%, but shall not exceed 0.5%.

(g) (Blank).

(h) Investment credit; High Impact Business.

(1) Subject to subsections (b) and (b-5) of Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service by a Department of Commerce and Economic Opportunity designated High Impact Business. The credit shall be .5% of the basis for such
property. The credit shall not be available (i) until the minimum investments in qualified property set forth in subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act have been satisfied or (ii) until the time authorized in subsection (b-5) of the Illinois Enterprise Zone Act for entities designated as High Impact Businesses under subdivisions (a)(3)(B), (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone Act, and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. The credit applicable to such investments shall be taken in the taxable year in which such investments have been completed. The credit for additional investments beyond the minimum investment by a designated high impact business authorized under subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act shall be available only in the taxable year in which the property is placed in service and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1987, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess
may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

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

(2) The term qualified property means property which:

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

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

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

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

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

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

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

(6) If during any taxable year ending on or before
December 31, 1996, any property ceases to be qualified
property in the hands of the taxpayer within 48 months
after being placed in service, or the situs of any
qualified property is moved outside Illinois within 48
months after being placed in service, the tax imposed under
subsections (a) and (b) of this Section for such taxable
year shall be increased. Such increase shall be determined
by (i) recomputing the investment credit which would have
been allowed for the year in which credit for such property
was originally allowed by eliminating such property from
such computation, and (ii) subtracting such recomputed
credit from the amount of credit previously allowed. For
the purposes of this paragraph (6), a reduction of the
basis of qualified property resulting from a
redetermination of the purchase price shall be deemed a
disposition of qualified property to the extent of such
reduction.

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

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

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

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

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

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

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

For purposes of this subsection, "qualifying expenditures" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under Section 41 of the Internal Revenue Code and which are conducted in this State, "qualifying expenditures for increasing research activities in this State" means the excess of qualifying expenditures for the taxable year in which incurred over qualifying expenditures for the base period, "qualifying expenditures for the base period" means: (1) for tax years ending prior to December 31, 2015, the average of the qualifying expenditures for each year in the base period; and (2) for tax years ending on or after December 31, 2015, 50% of the average of the qualifying expenditures for each year in the base period, and "base period" means the 3 taxable years immediately preceding the taxable year for which the
determination is being made.

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

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

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

This subsection (k) is exempt from the provisions of Section 250.
(l) Environmental Remediation Tax Credit.

(i) For tax years ending after December 31, 1997 and on or before December 31, 2001, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14 of the Environmental Protection Act that were paid in performing environmental remediation at a site for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. After the Pollution Control Board rules are adopted pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act, determinations as to credit availability
for purposes of this Section shall be made consistent with	hose rules. For purposes of this Section, "taxpayer"
includes a person whose tax attributes the taxpayer has
succeeded to under Section 381 of the Internal Revenue Code
and "related party" includes the persons disallowed a
deduction for losses by paragraphs (b), (c), and (f)(1) of
Section 267 of the Internal Revenue Code by virtue of being
a related taxpayer, as well as any of its partners. The
credit allowed against the tax imposed by subsections (a)
and (b) shall be equal to 25% of the unreimbursed eligible
remediation costs in excess of $100,000 per site, except
that the $100,000 threshold shall not apply to any site
contained in an enterprise zone as determined by the
Department of Commerce and Community Affairs (now
Department of Commerce and Economic Opportunity). The
total credit allowed shall not exceed $40,000 per year with
a maximum total of $150,000 per site. For partners and
shareholders of subchapter S corporations, there shall be
allowed a credit under this subsection to be determined in
accordance with the determination of income and
distributive share of income under Sections 702 and 704 and
subchapter S of the Internal Revenue Code.

(ii) A credit allowed under this subsection that is
unused in the year the credit is earned may be carried
forward to each of the 5 taxable years following the year
for which the credit is first earned until it is used. The
term "unused credit" does not include any amounts of unreimbursed eligible remediation costs in excess of the maximum credit per site authorized under paragraph (i). This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of the sale. In no event may a credit be transferred to any taxpayer if the taxpayer or a related party would not be eligible under the provisions of subsection (i).

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

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

For purposes of this subsection:

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

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

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

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

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

(i) For tax years ending on or after December 31, 2006,
a taxpayer shall be allowed a credit against the tax
imposed by subsections (a) and (b) of this Section for
certain amounts paid for unreimbursed eligible remediation
costs, as specified in this subsection. For purposes of
this Section, "unreimbursed eligible remediation costs"
means costs approved by the Illinois Environmental
Protection Agency ("Agency") under Section 58.14a of the
Environmental Protection Act that were paid in performing
environmental remediation at a site within a River Edge
Redevelopment Zone for which a No Further Remediation
Letter was issued by the Agency and recorded under Section
58.10 of the Environmental Protection Act. The credit must
be claimed for the taxable year in which Agency approval of
the eligible remediation costs is granted. The credit is
not available to any taxpayer if the taxpayer or any
related party caused or contributed to, in any material
respect, a release of regulated substances on, in, or under
the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. Determinations as to credit availability for purposes of this Section shall be made consistent with rules adopted by the Pollution Control Board pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of $100,000 per site.

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

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

(o) For each of taxable years during the Compassionate Use of Medical Cannabis Pilot Program, a surcharge is imposed on all taxpayers on income arising from the sale or exchange of capital assets, depreciable business property, real property used in the trade or business, and Section 197 intangibles of an organization registrant under the Compassionate Use of Medical Cannabis Pilot Program Act. The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to those sales and exchanges. The
surcharge imposed does not apply if:

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

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

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

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

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

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

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

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

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

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

ARTICLE 85. MANUFACTURING CREDITS

Section 85-5. The Use Tax Act is amended by changing Sections 3-5 and 3-50 as follows:

(35 ILCS 105/3-5)

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

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

(2) Personal property purchased by a not-for-profit
Illinois county fair association for use in conducting,
operating, or promoting the county fair.

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

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

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

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

(7) Farm chemicals.

(8) Legal tender, currency, medallions, or gold or silver
coinage issued by the State of Illinois, the government of the
United States of America, or the government of any foreign
country, and bullion.
(9) Personal property purchased from a teacher-sponsored student organization affiliated with an elementary or secondary school located in Illinois.

(10) A motor vehicle that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act.

(11) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (11). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed if the selling price of the tender is separately stated.

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

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

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

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

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

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

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

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

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

(18) Manufacturing and assembling machinery and equipment used primarily in the process of manufacturing or assembling tangible personal property for wholesale or retail sale or lease, whether that sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether that sale or lease is made apart from or as
an incident to the seller's engaging in the service occupation of producing machines, tools, dies, jigs, patterns, gauges, or other similar items of no commercial value on special order for a particular purchaser. The exemption provided by this paragraph (18) includes production related tangible personal property, as defined in Section 3-50, purchased on or after July 1, 2016. The exemption provided by this paragraph (18) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of Public Act 98-583 are declaratory of existing law as to the meaning and scope of this exemption.

(19) Personal property delivered to a purchaser or purchaser's donee inside Illinois when the purchase order for that personal property was received by a florist located outside Illinois who has a florist located inside Illinois deliver the personal property.

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

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

(22) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly
collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

(23) Personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

(25) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.

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

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

(28) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising
entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity. This paragraph is exempt from the provisions of Section 3-90.

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

(30) Beginning January 1, 2001 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and prescription and nonprescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined
in the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of
Section 3-90.

(32) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

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

(34) Beginning January 1, 2008, tangible personal property
used in the construction or maintenance of a community water
supply, as defined under Section 3.145 of the Environmental
Protection Act, that is operated by a not-for-profit
corporation that holds a valid water supply permit issued under
Title IV of the Environmental Protection Act. This paragraph is
exempt from the provisions of Section 3-90.

(35) Beginning January 1, 2010, materials, parts,
equipment, components, and furnishings incorporated into or
upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law.

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

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15.)

(35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

Sec. 3-50. Manufacturing and assembly exemption. The manufacturing and assembling machinery and equipment exemption includes machinery and equipment that replaces machinery and equipment in an existing manufacturing facility as well as machinery and equipment that are for use in an expanded or new manufacturing facility. The machinery and equipment exemption also includes machinery and equipment used in the general
maintenance or repair of exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains.

The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of this exemption, terms have the following meanings:

(1) "Manufacturing process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by a procedure commonly regarded as manufacturing, processing, fabricating, or refining that changes some existing material into a material with a different form, use, or name. In relation to a recognized integrated business composed of a series of operations that collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process commences with the first operation or stage of production in the series and does not end until
the completion of the final product in the last operation
or stage of production in the series. For purposes of this
exemption, photoprocessing is a manufacturing process of
tangible personal property for wholesale or retail sale.

(2) "Assembling process" means the production of an
article of tangible personal property, whether the article
is a finished product or an article for use in the process
of manufacturing or assembling a different article of
tangible personal property, by the combination of existing
materials in a manner commonly regarded as assembling that
results in an article or material of a different form, use,
or name.

(3) "Machinery" means major mechanical machines or
major components of those machines contributing to a
manufacturing or assembling process.

(4) "Equipment" includes an independent device or tool
separate from machinery but essential to an integrated
manufacturing or assembly process; including computers
used primarily in a manufacturer's computer assisted
design, computer assisted manufacturing (CAD/CAM) system;
any subunit or assembly comprising a component of any
machinery or auxiliary, adjunct, or attachment parts of
machinery, such as tools, dies, jigs, fixtures, patterns,
and molds; and any parts that require periodic replacement
in the course of normal operation; but does not include
hand tools. Equipment includes chemicals or chemicals
acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease.

(5) "Production related tangible personal property" means all tangible personal property that is used or consumed by the purchaser in a manufacturing facility in which a manufacturing process takes place and includes, without limitation, tangible personal property that is purchased for incorporation into real estate within a manufacturing facility, supplies and consumables used in a manufacturing facility including fuels, coolants, solvents, oils, lubricants, and adhesives, hand tools, protective apparel, and fire and safety equipment used or consumed within a manufacturing facility, and tangible personal property that is used or consumed in activities such as research and development, preproduction material handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes. "Production related tangible personal property" does not include (i) tangible personal property that is used, within or without a manufacturing facility, in sales, purchasing, accounting, fiscal management, marketing, personnel recruitment or selection, or landscaping or (ii) tangible personal property that is required to be titled or registered with a department,
agency, or unit of federal, State, or local government.

The manufacturing and assembling machinery and equipment exemption includes production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008 and on or after July 1, 2016. The exemption for production related tangible personal property purchased on or after July 1, 2007 and on or before June 30, 2008 is subject to both of the following limitations:

1. The maximum amount of the exemption for any one taxpayer may not exceed 5% of the purchase price of production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008. A credit under Section 3-85 of this Act may not be earned by the purchase of production related tangible personal property for which an exemption is received under this Section.

2. The maximum aggregate amount of the exemptions for production related tangible personal property awarded under this Act and the Retailers' Occupation Tax Act to all taxpayers purchased on or after July 1, 2007 and before June 30, 2008 may not exceed $10,000,000. If the claims for the exemption exceed $10,000,000, then the Department shall reduce the amount of the exemption to each taxpayer on a pro rata basis.

The Department may adopt rules to implement and administer the exemption for production related tangible
personal property.

The manufacturing and assembling machinery and equipment exemption includes the sale of materials to a purchaser who produces exempted types of machinery, equipment, or tools and who rents or leases that machinery, equipment, or tools to a manufacturer of tangible personal property. This exemption also includes the sale of materials to a purchaser who manufactures those materials into an exempted type of machinery, equipment, or tools that the purchaser uses himself or herself in the manufacturing of tangible personal property. This exemption includes the sale of exempted types of machinery or equipment to a purchaser who is not the manufacturer, but who rents or leases the use of the property to a manufacturer. The purchaser of the machinery and equipment who has an active resale registration number shall furnish that number to the seller at the time of purchase. A user of the machinery, equipment, or tools without an active resale registration number shall prepare a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, and that certificate shall be available to the Department for inspection or audit. The Department shall prescribe the form of the certificate. Informal rulings, opinions, or letters issued by the Department in response to an inquiry or request for an opinion from any person regarding the coverage and applicability of this exemption to specific devices shall be published, maintained as a public record, and
made available for public inspection and copying. If the informal ruling, opinion, or letter contains trade secrets or other confidential information, where possible, the Department shall delete that information before publication. Whenever informal rulings, opinions, or letters contain a policy of general applicability, the Department shall formulate and adopt that policy as a rule in accordance with the Illinois Administrative Procedure Act.

(Source: P.A. 98-583, eff. 1-1-14.)

Section 85-10. The Service Use Tax Act is amended by changing Section 2 as follows:

(35 ILCS 110/2) (from Ch. 120, par. 439.32)

Sec. 2. Definitions.

"Use" means the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, but does not include the sale or use for demonstration by him of that property in any form as tangible personal property in the regular course of business. "Use" does not mean the interim use of tangible personal property nor the physical incorporation of tangible personal property, as an ingredient or constituent, into other tangible personal property, (a) which is sold in the regular course of business or (b) which the person incorporating such ingredient or constituent therein has undertaken at the time of such purchase.
to cause to be transported in interstate commerce to destinations outside the State of Illinois.

"Purchased from a serviceman" means the acquisition of the ownership of, or title to, tangible personal property through a sale of service.

"Purchaser" means any person who, through a sale of service, acquires the ownership of, or title to, any tangible personal property.

"Cost price" means the consideration paid by the serviceman for a purchase valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the property transferred to him or her by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Selling price" means the consideration for a sale valued in money whether received in money or otherwise, including cash, credits and service, and shall be determined without any deduction on account of the serviceman's cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever, but does not include interest or
finance charges which appear as separate items on the bill of
sale or sales contract nor charges that are added to prices by
sellers on account of the seller's duty to collect, from the
purchaser, the tax that is imposed by this Act.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership,
association, joint stock company, joint venture, public or
private corporation, limited liability company, and any
receiver, executor, trustee, guardian or other representative
appointed by order of any court.

"Sale of service" means any transaction except:

(1) a retail sale of tangible personal property taxable
under the Retailers' Occupation Tax Act or under the Use
Tax Act.

(2) a sale of tangible personal property for the
purpose of resale made in compliance with Section 2c of the

(3) except as hereinafter provided, a sale or transfer
of tangible personal property as an incident to the
rendering of service for or by any governmental body, or
for or by any corporation, society, association,
foundation or institution organized and operated
exclusively for charitable, religious or educational
purposes or any not-for-profit corporation, society,
association, foundation, institution or organization which
has no compensated officers or employees and which is
organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(4) a sale or transfer of tangible personal property as an incident to the rendering of service for interstate carriers for hire for use as rolling stock moving in interstate commerce or by lessors under a lease of one year or longer, executed or in effect at the time of purchase of personal property, to interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by such interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(4a) a sale or transfer of tangible personal property as an incident to the rendering of service for owners, lessors, or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce so long as so used by interstate carriers for hire, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in
interstate commerce.

(4a-5) on and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division:

(i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(5) a sale or transfer of machinery and equipment used primarily in the process of the manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for
wholesale or retail sale or lease, whether such sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether such sale or lease is made apart from or as an incident to the seller's engaging in a service occupation and the applicable tax is a Service Use Tax or Service Occupation Tax, rather than Use Tax or Retailers' Occupation Tax. The exemption provided by this paragraph (5) includes production related tangible personal property, as defined in Section 3-50 of the Use Tax Act, purchased on or after July 1, 2016. The exemption provided by this paragraph (5) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption.

(5a) the repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the
repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property to a destination outside Illinois, for use outside Illinois.

(5b) a sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(6) until July 1, 2003, a sale or transfer of distillation machinery and equipment, sold as a unit or kit and assembled or installed by the retailer, which machinery and equipment is certified by the user to be used only for the production of ethyl alcohol that will be used for consumption as motor fuel or as a component of motor fuel for the personal use of such user and not subject to sale
or resale.

(7) At the election of any serviceman not required to be otherwise registered as a retailer under Section 2a of the Retailers' Occupation Tax Act, made for each fiscal year sales of service in which the aggregate annual cost price of tangible personal property transferred as an incident to the sales of service is less than 35%, or 75% in the case of servicemen transferring prescription drugs or servicemen engaged in graphic arts production, of the aggregate annual total gross receipts from all sales of service. The purchase of such tangible personal property by the serviceman shall be subject to tax under the Retailers' Occupation Tax Act and the Use Tax Act. However, if a primary serviceman who has made the election described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman.

Tangible personal property transferred incident to the completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

Exemption (5) also includes machinery and equipment used in
the general maintenance or repair of such exempt machinery and
equipment or for in-house manufacture of exempt machinery and
equipment. The machinery and equipment exemption does not
include machinery and equipment used in (i) the generation of
electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or
retail sale that is delivered to customers through pipes,
pipelines, or mains; or (iii) the treatment of water for
wholesale or retail sale that is delivered to customers through
pipes, pipelines, or mains. The provisions of this amendatory
Act of the 98th General Assembly are declaratory of existing
law as to the meaning and scope of this exemption. For the
purposes of exemption (5), each of these terms shall have the
following meanings: (1) "manufacturing process" shall mean the
production of any article of tangible personal property,
whether such article is a finished product or an article for
use in the process of manufacturing or assembling a different
article of tangible personal property, by procedures commonly
regarded as manufacturing, processing, fabricating, or
refining which changes some existing material or materials into
a material with a different form, use or name. In relation to a
recognized integrated business composed of a series of
operations which collectively constitute manufacturing, or
individually constitute manufacturing operations, the
manufacturing process shall be deemed to commence with the
first operation or stage of production in the series, and shall
not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further, for purposes of exemption (5), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall include any independent device or tool separate from any machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate
change upon a product being manufactured or assembled for
wholesale or retail sale or lease. The purchaser of such
machinery and equipment who has an active resale registration
number shall furnish such number to the seller at the time of
purchase. The user of such machinery and equipment and tools
without an active resale registration number shall prepare a
certificate of exemption for each transaction stating facts
establishing the exemption for that transaction, which
certificate shall be available to the Department for inspection
or audit. The Department shall prescribe the form of the
certificate.

Any informal rulings, opinions or letters issued by the
Department in response to an inquiry or request for any opinion
from any person regarding the coverage and applicability of
exemption (5) to specific devices shall be published,
maintained as a public record, and made available for public
inspection and copying. If the informal ruling, opinion or
letter contains trade secrets or other confidential
information, where possible the Department shall delete such
information prior to publication. Whenever such informal
rulings, opinions, or letters contain any policy of general
applicability, the Department shall formulate and adopt such
policy as a rule in accordance with the provisions of the
Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible
under exemption (3) of this Section shall make tax free
purchases unless it has an active exemption identification
number issued by the Department.

The purchase, employment and transfer of such tangible
personal property as newsprint and ink for the primary purpose
of conveying news (with or without other information) is not a
purchase, use or sale of service or of tangible personal
property within the meaning of this Act.

"Serviceman" means any person who is engaged in the
occupation of making sales of service.

"Sale at retail" means "sale at retail" as defined in the

"Supplier" means any person who makes sales of tangible
personal property to servicemen for the purpose of resale as an
incident to a sale of service.

"Serviceman maintaining a place of business in this State", or any like term, means and includes any serviceman:

1. having or maintaining within this State, directly or
by a subsidiary, an office, distribution house, sales
house, warehouse or other place of business, or any agent
or other representative operating within this State under
the authority of the serviceman or its subsidiary,
irrespective of whether such place of business or agent or
other representative is located here permanently or
temporarily, or whether such serviceman or subsidiary is
licensed to do business in this State;

1.1. having a contract with a person located in this
State under which the person, for a commission or other consideration based on the sale of service by the serviceman, directly or indirectly refers potential customers to the serviceman by providing to the potential customers a promotional code or other mechanism that allows the serviceman to track purchases referred by such persons. Examples of mechanisms that allow the serviceman to track purchases referred by such persons include but are not limited to the use of a link on the person's Internet website, promotional codes distributed through the person's hand-delivered or mailed material, and promotional codes distributed by the person through radio or other broadcast media. The provisions of this paragraph 1.1 shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers who are referred to the serviceman by all persons in this State under such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December; a serviceman meeting the requirements of this paragraph 1.1 shall be presumed to be maintaining a place of business in this State but may rebut this presumption by submitting proof that the referrals or other activities pursued within this State by such persons were not sufficient to meet the nexus standards of the United States Constitution during the preceding 4 quarterly periods;
1.2. beginning July 1, 2011, having a contract with a person located in this State under which:

   A. the serviceman sells the same or substantially similar line of services as the person located in this State and does so using an identical or substantially similar name, trade name, or trademark as the person located in this State; and

   B. the serviceman provides a commission or other consideration to the person located in this State based upon the sale of services by the serviceman.

The provisions of this paragraph 1.2 shall apply only if the cumulative gross receipts from sales of service by the serviceman to customers in this State under all such contracts exceed $10,000 during the preceding 4 quarterly periods ending on the last day of March, June, September, and December;

2. soliciting orders for tangible personal property by means of a telecommunication or television shopping system (which utilizes toll free numbers) which is intended by the retailer to be broadcast by cable television or other means of broadcasting, to consumers located in this State;

3. pursuant to a contract with a broadcaster or publisher located in this State, soliciting orders for tangible personal property by means of advertising which is disseminated primarily to consumers located in this State and only secondarily to bordering jurisdictions;
4. soliciting orders for tangible personal property by mail if the solicitations are substantial and recurring and if the retailer benefits from any banking, financing, debt collection, telecommunication, or marketing activities occurring in this State or benefits from the location in this State of authorized installation, servicing, or repair facilities;

5. being owned or controlled by the same interests which own or control any retailer engaging in business in the same or similar line of business in this State;

6. having a franchisee or licensee operating under its trade name if the franchisee or licensee is required to collect the tax under this Section;

7. pursuant to a contract with a cable television operator located in this State, soliciting orders for tangible personal property by means of advertising which is transmitted or distributed over a cable television system in this State; or

8. engaging in activities in Illinois, which activities in the state in which the supply business engaging in such activities is located would constitute maintaining a place of business in that state.

(Source: P.A. 98-583, eff. 1-1-14; 98-1089, eff. 1-1-15.)

Section 85-15. The Service Occupation Tax Act is amended by changing Section 2 as follows:
Sec. 2. "Transfer" means any transfer of the title to property or of the ownership of property whether or not the transferor retains title as security for the payment of amounts due him from the transferee.

"Cost Price" means the consideration paid by the serviceman for a purchase valued in money, whether paid in money or otherwise, including cash, credits and services, and shall be determined without any deduction on account of the supplier's cost of the property sold or on account of any other expense incurred by the supplier. When a serviceman contracts out part or all of the services required in his sale of service, it shall be presumed that the cost price to the serviceman of the property transferred to him by his or her subcontractor is equal to 50% of the subcontractor's charges to the serviceman in the absence of proof of the consideration paid by the subcontractor for the purchase of such property.

"Department" means the Department of Revenue.

"Person" means any natural individual, firm, partnership, association, joint stock company, joint venture, public or private corporation, limited liability company, and any receiver, executor, trustee, guardian or other representative appointed by order of any court.

"Sale of Service" means any transaction except:

(a) A retail sale of tangible personal property taxable
under the Retailers' Occupation Tax Act or under the Use Tax Act.

(b) A sale of tangible personal property for the purpose of resale made in compliance with Section 2c of the Retailers' Occupation Tax Act.

(c) Except as hereinafter provided, a sale or transfer of tangible personal property as an incident to the rendering of service for or by any governmental body or for or by any corporation, society, association, foundation or institution organized and operated exclusively for charitable, religious or educational purposes or any not-for-profit corporation, society, association, foundation, institution or organization which has no compensated officers or employees and which is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes.

(d) A sale or transfer of tangible personal property as an incident to the rendering of service for interstate carriers for hire for use as rolling stock moving in interstate commerce or lessors under leases of one year or longer, executed or in effect at the time of purchase, to interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission,
which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d-1) A sale or transfer of tangible personal property as an incident to the rendering of service for owners, lessors or shippers of tangible personal property which is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce, and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(d-1.1) On and after July 1, 2003 and through June 30, 2004, a sale or transfer of a motor vehicle of the second division with a gross vehicle weight in excess of 8,000 pounds as an incident to the rendering of service if that motor vehicle is subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify
for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(d-2) The repairing, reconditioning or remodeling, for a common carrier by rail, of tangible personal property which belongs to such carrier for hire, and as to which such carrier receives the physical possession of the repaired, reconditioned or remodeled item of tangible personal property in Illinois, and which such carrier transports, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the person who repaired, reconditioned or remodeled the property as the shipper or consignor of such property to a destination outside Illinois, for use outside Illinois.

(d-3) A sale or transfer of tangible personal property which is produced by the seller thereof on special order in such a way as to have made the applicable tax the Service Occupation Tax or the Service Use Tax, rather than the Retailers' Occupation Tax or the Use Tax, for an interstate carrier by rail which receives the physical possession of such property in Illinois, and which transports such property, or shares with another common carrier in the transportation of such property, out of Illinois on a standard uniform bill of lading showing the seller of the property as the shipper or
consignor of such property to a destination outside Illinois, for use outside Illinois.

(d-4) Until January 1, 1997, a sale, by a registered serviceman paying tax under this Act to the Department, of special order printed materials delivered outside Illinois and which are not returned to this State, if delivery is made by the seller or agent of the seller, including an agent who causes the product to be delivered outside Illinois by a common carrier or the U.S. postal service.

(e) A sale or transfer of machinery and equipment used primarily in the process of the manufacturing or assembling, either in an existing, an expanded or a new manufacturing facility, of tangible personal property for wholesale or retail sale or lease, whether such sale or lease is made directly by the manufacturer or by some other person, whether the materials used in the process are owned by the manufacturer or some other person, or whether such sale or lease is made apart from or as an incident to the seller's engaging in a service occupation and the applicable tax is a Service Occupation Tax or Service Use Tax, rather than Retailers' Occupation Tax or Use Tax. The exemption provided by this paragraph (e) includes production related tangible personal property, as defined in Section 3-50 of the Use Tax Act, purchased on or after July 1, 2016. The exemption provided by this paragraph (e) does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation
or treatment of natural or artificial gas for wholesale or
retail sale that is delivered to customers through pipes,
pipelines, or mains; or (iii) the treatment of water for
wholesale or retail sale that is delivered to customers through
pipes, pipelines, or mains. The provisions of this amendatory
Act of the 98th General Assembly are declaratory of existing
law as to the meaning and scope of this exemption.

(f) Until July 1, 2003, the sale or transfer of
distillation machinery and equipment, sold as a unit or kit and
assembled or installed by the retailer, which machinery and
equipment is certified by the user to be used only for the
production of ethyl alcohol that will be used for consumption
as motor fuel or as a component of motor fuel for the personal
use of such user and not subject to sale or resale.

(g) At the election of any serviceman not required to be
otherwise registered as a retailer under Section 2a of the
Retailers' Occupation Tax Act, made for each fiscal year sales
of service in which the aggregate annual cost price of tangible
personal property transferred as an incident to the sales of
service is less than 35% (75% in the case of servicemen
transferring prescription drugs or servicemen engaged in
graphic arts production) of the aggregate annual total gross
receipts from all sales of service. The purchase of such
tangible personal property by the serviceman shall be subject
to tax under the Retailers' Occupation Tax Act and the Use Tax
Act. However, if a primary serviceman who has made the election
described in this paragraph subcontracts service work to a secondary serviceman who has also made the election described in this paragraph, the primary serviceman does not incur a Use Tax liability if the secondary serviceman (i) has paid or will pay Use Tax on his or her cost price of any tangible personal property transferred to the primary serviceman and (ii) certifies that fact in writing to the primary serviceman.

Tangible personal property transferred incident to the completion of a maintenance agreement is exempt from the tax imposed pursuant to this Act.

Exemption (e) also includes machinery and equipment used in the general maintenance or repair of such exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains. The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of exemption (e), each of these terms shall have the following meanings: (1) "manufacturing process" shall mean the production of any article of tangible personal property,
whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by procedures commonly regarded as manufacturing, processing, fabricating, or refining which changes some existing material or materials into a material with a different form, use or name. In relation to a recognized integrated business composed of a series of operations which collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process shall be deemed to commence with the first operation or stage of production in the series, and shall not be deemed to end until the completion of the final product in the last operation or stage of production in the series; and further for purposes of exemption (e), photoprocessing is deemed to be a manufacturing process of tangible personal property for wholesale or retail sale; (2) "assembling process" shall mean the production of any article of tangible personal property, whether such article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling which results in a material of a different form, use or name; (3) "machinery" shall mean major mechanical machines or major components of such machines contributing to a manufacturing or assembling process; and (4) "equipment" shall include any independent device or tool separate from any
machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; or any subunit or assembly comprising a component of any machinery or auxiliary, adjunct or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns and molds; or any parts which require periodic replacement in the course of normal operation; but shall not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease. The purchaser of such machinery and equipment who has an active resale registration number shall furnish such number to the seller at the time of purchase. The purchaser of such machinery and equipment and tools without an active resale registration number shall furnish to the seller a certificate of exemption for each transaction stating facts establishing the exemption for that transaction, which certificate shall be available to the Department for inspection or audit.

Except as provided in Section 2d of this Act, the rolling stock exemption applies to rolling stock used by an interstate carrier for hire, even just between points in Illinois, if such rolling stock transports, for hire, persons whose journeys or property whose shipments originate or terminate outside
Illinois.

Any informal rulings, opinions or letters issued by the Department in response to an inquiry or request for any opinion from any person regarding the coverage and applicability of exemption (e) to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion or letter contains trade secrets or other confidential information, where possible the Department shall delete such information prior to publication. Whenever such informal rulings, opinions, or letters contain any policy of general applicability, the Department shall formulate and adopt such policy as a rule in accordance with the provisions of the Illinois Administrative Procedure Act.

On and after July 1, 1987, no entity otherwise eligible under exemption (c) of this Section shall make tax free purchases unless it has an active exemption identification number issued by the Department.

"Serviceman" means any person who is engaged in the occupation of making sales of service.

"Sale at Retail" means "sale at retail" as defined in the Retailers' Occupation Tax Act.

"Supplier" means any person who makes sales of tangible personal property to servicemen for the purpose of resale as an incident to a sale of service.

(Source: P.A. 98-583, eff. 1-1-14.)
Section 85-20. The Retailers' Occupation Tax Act is amended by changing Section 2-45 as follows:

(35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

Sec. 2-45. Manufacturing and assembly exemption. The manufacturing and assembly machinery and equipment exemption includes machinery and equipment that replaces machinery and equipment in an existing manufacturing facility as well as machinery and equipment that are for use in an expanded or new manufacturing facility.

The machinery and equipment exemption also includes machinery and equipment used in the general maintenance or repair of exempt machinery and equipment or for in-house manufacture of exempt machinery and equipment. The machinery and equipment exemption does not include machinery and equipment used in (i) the generation of electricity for wholesale or retail sale; (ii) the generation or treatment of natural or artificial gas for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains; or (iii) the treatment of water for wholesale or retail sale that is delivered to customers through pipes, pipelines, or mains.

The provisions of this amendatory Act of the 98th General Assembly are declaratory of existing law as to the meaning and scope of this exemption. For the purposes of this exemption, terms have the following meanings:

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(1) "Manufacturing process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by a procedure commonly regarded as manufacturing, processing, fabricating, or refining that changes some existing material or materials into a material with a different form, use, or name. In relation to a recognized integrated business composed of a series of operations that collectively constitute manufacturing, or individually constitute manufacturing operations, the manufacturing process commences with the first operation or stage of production in the series and does not end until the completion of the final product in the last operation or stage of production in the series. For purposes of this exemption, photoprocessing is a manufacturing process of tangible personal property for wholesale or retail sale.

(2) "Assembling process" means the production of an article of tangible personal property, whether the article is a finished product or an article for use in the process of manufacturing or assembling a different article of tangible personal property, by the combination of existing materials in a manner commonly regarded as assembling that results in a material of a different form, use, or name.

(3) "Machinery" means major mechanical machines or
major components of those machines contributing to a manufacturing or assembling process.

(4) "Equipment" includes an independent device or tool separate from machinery but essential to an integrated manufacturing or assembly process; including computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system; any subunit or assembly comprising a component of any machinery or auxiliary, adjunct, or attachment parts of machinery, such as tools, dies, jigs, fixtures, patterns, and molds; and any parts that require periodic replacement in the course of normal operation; but does not include hand tools. Equipment includes chemicals or chemicals acting as catalysts but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease.

(5) "Production related tangible personal property" means all tangible personal property that is used or consumed by the purchaser in a manufacturing facility in which a manufacturing process takes place and includes, without limitation, tangible personal property that is purchased for incorporation into real estate within a manufacturing facility, supplies and consumables used in a manufacturing facility including fuels, coolants, solvents, oils, lubricants, and adhesives, hand tools,
protective apparel, and fire and safety equipment used or consumed within a manufacturing facility, and tangible personal property that is used or consumed in activities such as research and development, preproduction material handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes. "Production related tangible personal property" does not include (i) tangible personal property that is used, within or without a manufacturing facility, in sales, purchasing, accounting, fiscal management, marketing, personnel recruitment or selection, or landscaping or (ii) tangible personal property that is required to be titled or registered with a department, agency, or unit of federal, State, or local government.

The manufacturing and assembling machinery and equipment exemption includes production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008 and on or after July 1, 2016. The exemption for production related tangible personal property purchased on or after July 1, 2007 and before June 30, 2008 is subject to both of the following limitations:

(1) The maximum amount of the exemption for any one taxpayer may not exceed 5% of the purchase price of production related tangible personal property that is purchased on or after July 1, 2007 and on or before June 30, 2008. A credit under Section 3-85 of this Act may not
be earned by the purchase of production related tangible personal property for which an exemption is received under this Section.

(2) The maximum aggregate amount of the exemptions for production related tangible personal property awarded under this Act and the Use Tax Act to all taxpayers may not exceed $10,000,000. If the claims for the exemption exceed $10,000,000, then the Department shall reduce the amount of the exemption to each taxpayer on a pro rata basis.

The Department shall may adopt rules to implement and administer the exemption for production related tangible personal property.

The manufacturing and assembling machinery and equipment exemption includes the sale of materials to a purchaser who produces exempted types of machinery, equipment, or tools and who rents or leases that machinery, equipment, or tools to a manufacturer of tangible personal property. This exemption also includes the sale of materials to a purchaser who manufactures those materials into an exempted type of machinery, equipment, or tools that the purchaser uses himself or herself in the manufacturing of tangible personal property. The purchaser of the machinery and equipment who has an active resale registration number shall furnish that number to the seller at the time of purchase. A purchaser of the machinery, equipment, and tools without an active resale registration number shall furnish to the seller a certificate of exemption
for each transaction stating facts establishing the exemption for that transaction, and that certificate shall be available to the Department for inspection or audit. Informal rulings, opinions, or letters issued by the Department in response to an inquiry or request for an opinion from any person regarding the coverage and applicability of this exemption to specific devices shall be published, maintained as a public record, and made available for public inspection and copying. If the informal ruling, opinion, or letter contains trade secrets or other confidential information, where possible, the Department shall delete that information before publication. Whenever informal rulings, opinions, or letters contain a policy of general applicability, the Department shall formulate and adopt that policy as a rule in accordance with the Illinois Administrative Procedure Act.

(Source: P.A. 98-583, eff. 1-1-14.)

ARTICLE 90. ANGEL INVESTMENT CREDIT

Section 90-5. The Illinois Income Tax Act is amended by changing Section 220 as follows:

(35 ILCS 5/220)
Sec. 220. Angel investment credit.
(a) As used in this Section:
"Applicant" means a corporation, partnership, limited
liability company, or a natural person that makes an investment in a qualified new business venture. The term "applicant" does not include a corporation, partnership, limited liability company, or a natural person who has a direct or indirect ownership interest of at least 51% in the profits, capital, or value of the investment or a related member.

"Claimant" means an applicant certified by the Department who files a claim for a credit under this Section.

"Department" means the Department of Commerce and Economic Opportunity.

"Qualified new business venture" means a business that is registered with the Department under this Section.

"Related member" means a person that, with respect to the investment, is any one of the following:

(1) An individual, if the individual and the members of the individual's family (as defined in Section 318 of the Internal Revenue Code) own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the value of the outstanding profits, capital, stock, or other ownership interest in the applicant.

(2) A partnership, estate, or trust and any partner or beneficiary, if the partnership, estate, or trust and its partners or beneficiaries own directly, indirectly, beneficially, or constructively, in the aggregate, at least 50% of the profits, capital, stock, or other ownership interest in the applicant.
(3) A corporation, and any party related to the
corporation in a manner that would require an attribution
of stock from the corporation under the attribution rules
of Section 318 of the Internal Revenue Code, if the
applicant and any other related member own, in the
aggregate, directly, indirectly, beneficially, or
constructively, at least 50% of the value of the
corporation's outstanding stock.

(4) A corporation and any party related to that
corporation in a manner that would require an attribution
of stock from the corporation to the party or from the
party to the corporation under the attribution rules of
Section 318 of the Internal Revenue Code, if the
corporation and all such related parties own, in the
aggregate, at least 50% of the profits, capital, stock, or
other ownership interest in the applicant.

(5) A person to or from whom there is attribution of
stock ownership in accordance with Section 1563(e) of the
Internal Revenue Code, except that for purposes of
determining whether a person is a related member under this
paragraph, "20%" shall be substituted for "5%" whenever
"5%" appears in Section 1563(e) of the Internal Revenue
Code.

(b) For taxable years beginning after December 31, 2010,
and ending on or before December 31, 2021 December 31, 2016,
subject to the limitations provided in this Section, a claimant
may claim, as a credit against the tax imposed under subsections (a) and (b) of Section 201 of this Act, an amount equal to 25% of the claimant's investment made directly in a qualified new business venture. In order for an investment in a qualified new business venture to be eligible for tax credits, the business must have applied for and received certification under subsection (e) for the taxable year in which the investment was made prior to the date on which the investment was made. The credit under this Section may not exceed the taxpayer's Illinois income tax liability for the taxable year. If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one tax year that are available to offset a liability, the earlier credit shall be applied first. In the case of a partnership or Subchapter S Corporation, the credit is allowed to the partners or shareholders in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

(c) The maximum amount of an applicant's investment that may be used as the basis for a credit under this Section is $2,000,000 for each investment made directly in a qualified new business venture.
(d) The Department shall implement a program to certify an applicant for an angel investment credit. Upon satisfactory review, the Department shall issue a tax credit certificate stating the amount of the tax credit to which the applicant is entitled. The Department shall annually certify that the claimant's investment has been made and remains in the qualified new business venture for no less than 3 years.

If an investment for which a claimant is allowed a credit under subsection (b) is held by the claimant for less than 3 years, or, if within that period of time the qualified new business venture is moved from the State of Illinois, the claimant shall pay to the Department of Revenue, in the manner prescribed by the Department of Revenue, the amount of the credit that the claimant received related to the investment.

(e) The Department shall implement a program to register qualified new business ventures for purposes of this Section. A business desiring registration shall submit an application to the Department in each taxable year for which the business desires registration. The Department may register the business only if the business satisfies all of the following conditions:

(1) it has its headquarters in this State;

(2) at least 51% of the employees employed by the business are employed in this State;

(3) it has the potential for increasing jobs in this State, increasing capital investment in this State, or both, and either of the following apply:
(A) it is principally engaged in innovation in any of the following: manufacturing; biotechnology; nanotechnology; communications; agricultural sciences; clean energy creation or storage technology; processing or assembling products, including medical devices, pharmaceuticals, computer software, computer hardware, semiconductors, other innovative technology products, or other products that are produced using manufacturing methods that are enabled by applying proprietary technology; or providing services that are enabled by applying proprietary technology; or

(B) it is undertaking pre-commercialization activity related to proprietary technology that includes conducting research, developing a new product or business process, or developing a service that is principally reliant on applying proprietary technology;

(4) it is not principally engaged in real estate development, insurance, banking, lending, lobbying, political consulting, professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, wholesale or retail trade, leisure, hospitality, transportation, or construction, except construction of power production plants that derive energy from a renewable energy resource, as defined in Section 1 of the Illinois Power Agency Act;
(5) at the time it is first certified:
   (A) it has fewer than 100 employees;
   (B) it has been in operation in Illinois for not more than 10 consecutive years prior to the year of certification; and
   (C) it has received not more than $10,000,000 in aggregate private equity investment in cash;
   (6) (blank); and
   (7) it has received not more than $4,000,000 in investments that qualified for tax credits under this Section.

(f) The Department, in consultation with the Department of Revenue, shall adopt rules to administer this Section. The aggregate amount of the tax credits that may be claimed under this Section for investments made in qualified new business ventures shall be limited at $20,000,000 per calendar year.

(g) A claimant may not sell or otherwise transfer a credit awarded under this Section to another person.

(h) On or before March 1 of each year, the Department shall report to the Governor and to the General Assembly on the tax credit certificates awarded under this Section for the prior calendar year.

   (1) This report must include, for each tax credit certificate awarded:

   (A) the name of the claimant and the amount of
credit awarded or allocated to that claimant;

(B) the name and address of the qualified new business venture that received the investment giving rise to the credit and the county in which the qualified new business venture is located; and

(C) the date of approval by the Department of the applications for the tax credit certificate.

(2) The report must also include:

(A) the total number of applicants and amount for tax credit certificates awarded under this Section in the prior calendar year;

(B) the total number of applications and amount for which tax credit certificates were issued in the prior calendar year; and

(C) the total tax credit certificates and amount authorized under this Section for all calendar years.

(Source: P.A. 96-939, eff. 1-1-11; 97-507, eff. 8-23-11; 97-1097, eff. 8-24-12.)

ARTICLE 95. DATA CENTER EXEMPTION

Section 95-5. The Department of Revenue Law of the Civil Administrative Code of Illinois is amended by adding Section 2505-760 as follows:

(20 ILCS 2505/2505-760 new)
Sec. 2505-760. Data center investment.

(a) The Department shall issue certificates of exemption from the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Electricity Excise Tax Act to qualifying new or existing Illinois data centers.

(b) Definitions:

For purposes of this Act, "data center" means a building or a series of buildings rehabilitated or constructed to house a group of networked server computers in one physical location or several sites in order to centralize the storage, management, and dissemination of data and information.

A "qualifying Illinois data center" means a data center that is located in Illinois and which results in either:

(1) a capital investment on or after July 1, 2016 of at least $15,000,000, collectively, by the data center operator and the tenants of the data center over a period of 48 months; or

(2) a new capital investment on or after July 1, 2016 of at least $5,000,000 but not more than $15,000,000, collectively, by the data center operator and the tenants of the data center over a period of 48 months, in which case the data center will qualify for 50% of all exemption amounts; and

(3) results in the creation, on or after July 1,
2016 and over a period of 48 months, of at least 10
full-time or full-time equivalent new jobs by the data
center operator and the tenants of the data center,
collectively, associated with the operation or
maintenance of the data center.

"Full-time equivalent job" means a job in which the new
employee works for the owner, operator, or tenant of a data
center or for a corporation under contract with the owner,
operator or tenant of a data center at a rate of at least
35 hours per week. An owner, operator, or tenant who
employs labor or services at a specific site or facility
under contract with another may declare one full-time,
permanent job for every 1,820 man hours worked per year
under that contract. Vacations, paid holidays, and sick
time are included in this computation. Overtime is not
considered a part of regular hours.

(c) Data centers seeking qualification for a facility shall
apply to the Department in the manner specified by the
Department. The Department and any qualifying person seeking to
claim the exemption, including a data center operator on behalf
of itself and its tenants, must enter into a memorandum of
understanding that, at a minimum, provides the details for
determining the amount of capital investment made and the
number of new jobs created, the timeline for achieving the
capital investment and new job goals, the repayment obligation
should those goals not be achieved, and any conditions under
which repayment by the qualifying data center or data center
tenant claiming the exemption may be required.

(d) In addition, the exemption shall apply to any such
computer equipment or enabling equipment, software purchased
or leased to upgrade, supplement, or replace computer equipment
or enabling software purchased or leased in the initial
investment. A data center that would have qualified under
subsection (b) prior to July 1, 2016, may apply for and obtain
an exemption for subsequent purchases of computer equipment or
enabling software purchased or leased to upgrade, supplement,
or replace computer equipment or enabling software purchased or
leased in the original investment that would have qualified
under subsection (b).

(e) Beginning July 15, 2017, and each year thereafter until
July 1, 2027, the Department shall annually compile a report on
the outcomes and effectiveness of this Section.

Section 95-10. The Use Tax Act is amended by changing
Section 3-5 as follows:

(35 ILCS 105/3-5)
Sec. 3-5. Exemptions. Use of the following tangible
personal property is exempt from the tax imposed by this Act:
(1) Personal property purchased from a corporation,
society, association, foundation, institution, or
organization, other than a limited liability company, that is
organized and operated as a not-for-profit service enterprise for the benefit of persons 65 years of age or older if the personal property was not purchased by the enterprise for the purpose of resale by the enterprise.

(2) Personal property purchased by a not-for-profit Illinois county fair association for use in conducting, operating, or promoting the county fair.

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

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

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

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

(7) Farm chemicals.

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

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

(10) A motor vehicle that is used for automobile renting,
as defined in the Automobile Renting Occupation and Use Tax
Act.

(11) Farm machinery and equipment, both new and used,
including that manufactured on special order, certified by the
purchaser to be used primarily for production agriculture or
State or federal agricultural programs, including individual
replacement parts for the machinery and equipment, including
machinery and equipment purchased for lease, and including
implements of husbandry defined in Section 1-130 of the
Illinois Vehicle Code, farm machinery and agricultural
chemical and fertilizer spreaders, and nurse wagons required to
be registered under Section 3-809 of the Illinois Vehicle Code,
but excluding other motor vehicles required to be registered
under the Illinois Vehicle Code. Horticultural polyhouses or
hoop houses used for propagating, growing, or overwintering
plants shall be considered farm machinery and equipment under
this item (11). Agricultural chemical tender tanks and dry
boxes shall include units sold separately from a motor vehicle
required to be licensed and units sold mounted on a motor
vehicle required to be licensed if the selling price of the
tender is separately stated.

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

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

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

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

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

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

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

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

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

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

(19) Personal property delivered to a purchaser or purchaser's donee inside Illinois when the purchase order for that personal property was received by a florist located outside Illinois who has a florist located inside Illinois deliver the personal property.

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

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

(22) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the non-qualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have
a legal right to claim a refund of that amount from the lessor.
If, however, that amount is not refunded to the lessee for any
reason, the lessor is liable to pay that amount to the
Department.

(23) Personal property purchased by a lessor who leases the
property, under a lease of one year or longer executed or in
effect at the time the lessor would otherwise be subject to the
tax imposed by this Act, to a governmental body that has been
issued an active sales tax exemption identification number by
the Department under Section 1g of the Retailers' Occupation
Tax Act. If the property is leased in a manner that does not
qualify for this exemption or used in any other non-exempt
manner, the lessor shall be liable for the tax imposed under
this Act or the Service Use Tax Act, as the case may be, based
on the fair market value of the property at the time the
non-qualifying use occurs. No lessor shall collect or attempt
to collect an amount (however designated) that purports to
reimburse that lessor for the tax imposed by this Act or the
Service Use Tax Act, as the case may be, if the tax has not been
paid by the lessor. If a lessor improperly collects any such
amount from the lessee, the lessee shall have a legal right to
claim a refund of that amount from the lessor. If, however,
that amount is not refunded to the lessee for any reason, the
lessor is liable to pay that amount to the Department.

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

(25) Beginning with taxable years ending on or after
December 31, 1995 and ending with taxable years ending on or
before December 31, 2004, personal property that is used in the
performance of infrastructure repairs in this State, including
but not limited to municipal roads and streets, access roads,
bridges, sidewalks, waste disposal systems, water and sewer
line extensions, water distribution and purification
facilities, storm water drainage and retention facilities, and
sewage treatment facilities, resulting from a State or
federally declared disaster in Illinois or bordering Illinois
when such repairs are initiated on facilities located in the
declared disaster area within 6 months after the disaster.

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

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

(28) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This paragraph does not apply to fundraising events (i) for the benefit of private home instruction or (ii) for which the fundraising entity purchases the personal property sold at the events from
another individual or entity that sold the property for the
purpose of resale by the fundraising entity and that profits
from the sale to the fundraising entity. This paragraph is
exempt from the provisions of Section 3-90.

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

(30) Beginning January 1, 2001 and through June 30, 2016,
food for human consumption that is to be consumed off the
premises where it is sold (other than alcoholic beverages, soft
drinks, and food that has been prepared for immediate
consumption) and prescription and nonprescription medicines,
Drugs, medical appliances, and insulin, urine testing
materials, syringes, and needles used by diabetics, for human
use, when purchased for use by a person receiving medical
assistance under Article V of the Illinois Public Aid Code who
resides in a licensed long-term care facility, as defined in
the Nursing Home Care Act, or in a licensed facility as defined
in the ID/DD Community Care Act, the MC/DD Act, or the
Specialized Mental Health Rehabilitation Act of 2013.

(31) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.
(32) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active sales tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Service Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Service Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-90.

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

(34) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-90.

(35) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment,
completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the use of qualifying tangible personal property by persons who modify, refurbish, complete, repair, replace, or maintain aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this paragraph (35) by Public Act 98-534 are declarative of existing law.

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

(37) Beginning on July 1, 2016 and until July 1, 2021, qualified tangible personal property used in the construction or operation of a new or existing data center that has been granted a certificate of exemption by the Department under Section 2505-760 of the Department of Revenue Law of the Civil Administrative Code of Illinois, whether that tangible personal property is purchased by the owner of the data center or by a contractor, subcontractor, or tenant of the owner.

For the purposes of this item (37):

"Data Center" has the meaning ascribed to that term in Section 2505-760 of the Department of Revenue Law of the Civil Administrative Code of Illinois.

"Qualified tangible personal property" means electrical systems and equipment; mechanical systems and
equipment; emergency generators; hardware or distributed
computers or servers; data storage devices; network
connectivity equipment; racks; cabinets; raised floor
systems; peripheral components or systems; software;
mechanical, electrical, or plumbing systems necessary to
operate other items of tangible personal property,
including fixtures; and component parts of any of the
foregoing, including installation, maintenance, repair,
refurbishment, and replacement of qualified tangible
personal property. The term "qualified tangible personal
property" also includes building materials physically
incorporated in to the qualifying data center. To document
the exemption allowed under this Section, the retailer must
obtain from the purchaser a copy of the Certificate of
Eligibility for Sales Tax Exemption issued by the
Department.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13;
98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff.
1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff.
7-29-15.)

Section 95-15. The Service Use Tax Act is amended by
changing Section 3-5 as follows:

(35 ILCS 110/3-5)

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

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

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

(3) Personal property purchased by a not-for-profit arts or cultural organization that establishes, by proof required by the Department by rule, that it has received an exemption under Section 501(c)(3) of the Internal Revenue Code and that is organized and operated primarily for the presentation or support of arts or cultural programming, activities, or services. These organizations include, but are not limited to, music and dramatic arts organizations such as symphony orchestras and theatrical groups, arts and cultural service organizations, local arts councils, visual arts organizations, and media arts organizations. On and after the effective date of this amendatory Act of the 92nd General Assembly, however, an entity otherwise eligible for this exemption shall not make tax-free purchases unless it has an active identification number issued by the Department.
(4) Legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States of America, or the government of any foreign country, and bullion.

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

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

(7) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code,
but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (7). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed if the selling price of the tender is separately stated.

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

Farm machinery and equipment also includes computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals. This item (7) is exempt from the provisions of Section 3-75.

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

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

(9) Proceeds of mandatory service charges separately
stated on customers' bills for the purchase and consumption of
food and beverages acquired as an incident to the purchase of a
service from a serviceman, to the extent that the proceeds of
the service charge are in fact turned over as tips or as a
substitute for tips to the employees who participate directly
in preparing, serving, hosting or cleaning up the food or
beverage function with respect to which the service charge is
imposed.

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

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

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

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

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

(15) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients purchased by a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the equipment is leased in a manner that does not qualify for this exemption or is used in any other non-exempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may
be, based on the fair market value of the property at the time
the non-qualifying use occurs. No lessor shall collect or
attempt to collect an amount (however designated) that purports
to reimburse that lessor for the tax imposed by this Act or the
Use Tax Act, as the case may be, if the tax has not been paid by
the lessor. If a lessor improperly collects any such amount
from the lessee, the lessee shall have a legal right to claim a
refund of that amount from the lessor. If, however, that amount
is not refunded to the lessee for any reason, the lessor is
liable to pay that amount to the Department.

(16) Personal property purchased by a lessor who leases the
property, under a lease of one year or longer executed or in
effect at the time the lessor would otherwise be subject to the
tax imposed by this Act, to a governmental body that has been
issued an active tax exemption identification number by the
Department under Section 1g of the Retailers' Occupation Tax
Act. If the property is leased in a manner that does not
qualify for this exemption or is used in any other non-exempt
manner, the lessor shall be liable for the tax imposed under
this Act or the Use Tax Act, as the case may be, based on the
fair market value of the property at the time the
non-qualifying use occurs. No lessor shall collect or attempt
to collect an amount (however designated) that purports to
reimburse that lessor for the tax imposed by this Act or the
Use Tax Act, as the case may be, if the tax has not been paid by
the lessor. If a lessor improperly collects any such amount
from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department.

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

(18) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.
(19) Beginning July 1, 1999, game or game birds purchased at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 3-75.

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

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

(22) Beginning January 1, 2000 and through December 31,
2001, new or used automatic vending machines that prepare and
serve hot food and beverages, including coffee, soup, and other
items, and replacement parts for these machines. Beginning
January 1, 2002 and through June 30, 2003, machines and parts
for machines used in commercial, coin-operated amusement and
vending business if a use or occupation tax is paid on the
gross receipts derived from the use of the commercial,
coin-operated amusement and vending machines. This paragraph
is exempt from the provisions of Section 3-75.

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

(24) Beginning on the effective date of this amendatory Act
of the 92nd General Assembly, computers and communications
equipment utilized for any hospital purpose and equipment used
in the diagnosis, analysis, or treatment of hospital patients
purchased by a lessor who leases the equipment, under a lease
of one year or longer executed or in effect at the time the
lessor would otherwise be subject to the tax imposed by this
Act, to a hospital that has been issued an active tax exemption
identification number by the Department under Section 1g of the
Retailers' Occupation Tax Act. If the equipment is leased in a
manner that does not qualify for this exemption or is used in
any other nonexempt manner, the lessor shall be liable for the
tax imposed under this Act or the Use Tax Act, as the case may
be, based on the fair market value of the property at the time
the nonqualifying use occurs. No lessor shall collect or
attempt to collect an amount (however designated) that purports
to reimburse that lessor for the tax imposed by this Act or the
Use Tax Act, as the case may be, if the tax has not been paid by
the lessor. If a lessor improperly collects any such amount
from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is exempt from the provisions of Section 3-75.

(25) Beginning on the effective date of this amendatory Act of the 92nd General Assembly, personal property purchased by a lessor who leases the property, under a lease of one year or longer executed or in effect at the time the lessor would otherwise be subject to the tax imposed by this Act, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act. If the property is leased in a manner that does not qualify for this exemption or is used in any other nonexempt manner, the lessor shall be liable for the tax imposed under this Act or the Use Tax Act, as the case may be, based on the fair market value of the property at the time the nonqualifying use occurs. No lessor shall collect or attempt to collect an amount (however designated) that purports to reimburse that lessor for the tax imposed by this Act or the Use Tax Act, as the case may be, if the tax has not been paid by the lessor. If a lessor improperly collects any such amount from the lessee, the lessee shall have a legal right to claim a refund of that amount from the lessor. If, however, that amount is not refunded to the lessee for any reason, the lessor is liable to pay that amount to the Department. This paragraph is
exempt from the provisions of Section 3-75.

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

(27) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the use of qualifying tangible personal property transferred incident to the modification, refurbishment, completion, replacement, repair, or maintenance of aircraft by persons who (i) hold an Air
Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this paragraph (27) by Public Act 98-534 are declarative of existing law.

(28) Tangible personal property purchased by a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-75.

(29) Beginning on July 1, 2016 and until July 1, 2021, qualified tangible personal property used in the construction
or operation of a new or existing data center that has been granted a certificate of exemption by the Department under Section 2505-760 of the Department of Revenue Law of the Civil Administrative Code of Illinois, whether that tangible personal property is purchased by the owner of the data center or by a contractor, subcontractor, or tenant of the owner.

For the purposes of this item (29):

"Data Center" has the meaning ascribed to that term in Section 2505-760 of the Department of Revenue Law of the Civil Administrative Code of Illinois.

"Qualified tangible personal property" means electrical systems and equipment; mechanical systems and equipment; emergency generators; hardware or distributed computers or servers; data storage devices; network connectivity equipment; racks; cabinets; raised floor systems; peripheral components or systems; software; mechanical, electrical, or plumbing systems necessary to operate other items of tangible personal property, including fixtures; and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property. The term "qualified tangible personal property" also includes building materials physically incorporated into the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the Certificate of
Eligibility for Sales Tax Exemption issued by the Department.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15.)

Section 95-20. The Service Occupation Tax Act is amended by changing Section 3-5 as follows:

(35 ILCS 115/3-5)

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

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

(2) Personal property purchased by a not-for-profit Illinois county fair association for use in conducting, operating, or promoting the county fair.

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

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

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

(6) Personal property sold by a teacher-sponsored student
organization affiliated with an elementary or secondary school
located in Illinois.

(7) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered under the Illinois Vehicle Code. Horticultural polyhouses or hoop houses used for propagating, growing, or overwintering plants shall be considered farm machinery and equipment under this item (7). Agricultural chemical tender tanks and dry boxes shall include units sold separately from a motor vehicle required to be licensed and units sold mounted on a motor vehicle required to be licensed if the selling price of the tender is separately stated.

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

Farm machinery and equipment also includes computers, sensors, software, and related equipment used primarily in the computer-assisted operation of production agriculture facilities, equipment, and activities such as, but not limited to, the collection, monitoring, and correlation of animal and crop data for the purpose of formulating animal diets and agricultural chemicals. This item (7) is exempt from the provisions of Section 3-55.

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

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

(9) Proceeds of mandatory service charges separately stated on customers' bills for the purchase and consumption of food and beverages, to the extent that the proceeds of the service charge are in fact turned over as tips or as a substitute for tips to the employees who participate directly in preparing, serving, hosting or cleaning up the food or beverage function with respect to which the service charge is imposed.

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

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

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

(13) Beginning January 1, 1992 and through June 30, 2016, food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks and food that has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, for human use, when purchased for use by a person receiving medical assistance under Article V of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act, or in a licensed facility as defined in the ID/DD Community Care Act, the MC/DD Act, or the Specialized Mental Health Rehabilitation Act of 2013.

(14) Semen used for artificial insemination of livestock for direct agricultural production.

(15) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter
Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (15) is exempt from the provisions of Section 3-55, and the exemption provided for under this item (15) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(16) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act.

(17) Personal property sold to a lessor who leases the property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of the Retailers' Occupation Tax Act.

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

(19) Beginning with taxable years ending on or after
December 31, 1995 and ending with taxable years ending on or
before December 31, 2004, personal property that is used in the
performance of infrastructure repairs in this State, including
but not limited to municipal roads and streets, access roads,
bridges, sidewalks, waste disposal systems, water and sewer
line extensions, water distribution and purification
facilities, storm water drainage and retention facilities, and
sewage treatment facilities, resulting from a State or
federally declared disaster in Illinois or bordering Illinois
when such repairs are initiated on facilities located in the
declared disaster area within 6 months after the disaster.

(20) Beginning July 1, 1999, game or game birds sold at a
"game breeding and hunting preserve area" as that term is used
in the Wildlife Code. This paragraph is exempt from the
provisions of Section 3-55.

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

(22) Beginning January 1, 2000, personal property,
including food, purchased through fundraising events for the
benefit of a public or private elementary or secondary school,
a group of those schools, or one or more school districts if
the events are sponsored by an entity recognized by the school
district that consists primarily of volunteers and includes
parents and teachers of the school children. This paragraph
does not apply to fundraising events (i) for the benefit of
private home instruction or (ii) for which the fundraising
entity purchases the personal property sold at the events from
another individual or entity that sold the property for the
purpose of resale by the fundraising entity and that profits
from the sale to the fundraising entity. This paragraph is
exempt from the provisions of Section 3-55.

(23) Beginning January 1, 2000 and through December 31,
2001, new or used automatic vending machines that prepare and
serve hot food and beverages, including coffee, soup, and other
items, and replacement parts for these machines. Beginning
January 1, 2002 and through June 30, 2003, machines and parts
for machines used in commercial, coin-operated amusement and
vending business if a use or occupation tax is paid on the
gross receipts derived from the use of the commercial,
coin-operated amusement and vending machines. This paragraph
is exempt from the provisions of Section 3-55.

(24) Beginning on the effective date of this amendatory Act
of the 92nd General Assembly, computers and communications
equipment utilized for any hospital purpose and equipment used
in the diagnosis, analysis, or treatment of hospital patients
sold to a lessor who leases the equipment, under a lease of one
year or longer executed or in effect at the time of the
purchase, to a hospital that has been issued an active tax
exemption identification number by the Department under
Section 1g of the Retailers' Occupation Tax Act. This paragraph
is exempt from the provisions of Section 3-55.

(25) Beginning on the effective date of this amendatory Act
of the 92nd General Assembly, personal property sold to a
lesser who leases the property, under a lease of one year or
longer executed or in effect at the time of the purchase, to a
governmental body that has been issued an active tax exemption
identification number by the Department under Section 1g of the
Retailers' Occupation Tax Act. This paragraph is exempt from
the provisions of Section 3-55.

(26) Beginning on January 1, 2002 and through June 30, 2016, tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (26). The permit issued under this paragraph (26) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and
consumption of all such tangible personal property outside of the State of Illinois.

(27) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is exempt from the provisions of Section 3-55.

(28) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 3-55.

(29) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment,
completion, replacement, repair, or maintenance of the 
aircraft. This exemption includes consumable supplies used in 
the modification, refurbishment, completion, replacement, 
repair, and maintenance of aircraft, but excludes any 
materials, parts, equipment, components, and consumable 
supplies used in the modification, replacement, repair, and 
maintenance of aircraft engines or power plants, whether such 
engines or power plants are installed or uninstalled upon any 
such aircraft. "Consumable supplies" include, but are not 
limited to, adhesive, tape, sandpaper, general purpose 
lubricants, cleaning solution, latex gloves, and protective 
films. This exemption applies only to the transfer of 
qualifying tangible personal property incident to the 
modification, refurbishment, completion, replacement, repair, 
or maintenance of an aircraft by persons who (i) hold an Air 
Agency Certificate and are empowered to operate an approved 
repair station by the Federal Aviation Administration, (ii) 
have a Class IV Rating, and (iii) conduct operations in 
accordance with Part 145 of the Federal Aviation Regulations. 
The exemption does not include aircraft operated by a 
commercial air carrier providing scheduled passenger air 
service pursuant to authority issued under Part 121 or Part 129 
of the Federal Aviation Regulations. The changes made to this 
paragraph (29) by Public Act 98-534 are declarative of existing 

(30) Beginning on July 1, 2016 and until July 1, 2021,
qualified tangible personal property used in the construction
or operation of a new or existing data center that has been
granted a certificate of exemption by the Department under
Section 2505-760 of the Department of Revenue Law of the Civil
Administrative Code of Illinois, whether that tangible
personal property is purchased by the owner of the data center
or by a contractor, subcontractor, or tenant of the owner.

For the purposes of this item (30):

"Data Center" has the meaning ascribed to that term in
Section 2505-760 of the Department of Revenue Law of the
Civil Administrative Code of Illinois.

"Qualified tangible personal property" means
electrical systems and equipment; mechanical systems and
equipment; emergency generators; hardware or distributed
computers or servers; data storage devices; network
connectivity equipment; racks; cabinets; raised floor
systems; peripheral components or systems; software;
mechanical, electrical, or plumbing systems necessary to
operate other items of tangible personal property,
including fixtures; and component parts of any of the
foregoing, including installation, maintenance, repair,
refurbishment, and replacement of qualified tangible
personal property. The term "qualified tangible personal
property" also includes building materials physically
incorporated in to the qualifying data center. To document
the exemption allowed under this Section, the retailer must
obtain from the purchaser a copy of the Certificate of Eligibility for Sales Tax Exemption issued by the Department.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15.)

Section 95-25. The Retailers' Occupation Tax Act is amended by changing Section 2-5 as follows:

(35 ILCS 120/2-5)

Sec. 2-5. Exemptions. Gross receipts from proceeds from the sale of the following tangible personal property are exempt from the tax imposed by this Act:

(1) Farm chemicals.

(2) Farm machinery and equipment, both new and used, including that manufactured on special order, certified by the purchaser to be used primarily for production agriculture or State or federal agricultural programs, including individual replacement parts for the machinery and equipment, including machinery and equipment purchased for lease, and including implements of husbandry defined in Section 1-130 of the Illinois Vehicle Code, farm machinery and agricultural chemical and fertilizer spreaders, and nurse wagons required to be registered under Section 3-809 of the Illinois Vehicle Code, but excluding other motor vehicles required to be registered
under the Illinois Vehicle Code. Horticultural polyhouses or
hoop houses used for propagating, growing, or overwintering
plants shall be considered farm machinery and equipment under
this item (2). Agricultural chemical tender tanks and dry boxes
shall include units sold separately from a motor vehicle
required to be licensed and units sold mounted on a motor
vehicle required to be licensed, if the selling price of the
tender is separately stated.

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

Farm machinery and equipment also includes computers,
sensors, software, and related equipment used primarily in the
computer-assisted operation of production agriculture
facilities, equipment, and activities such as, but not limited
to, the collection, monitoring, and correlation of animal and
crop data for the purpose of formulating animal diets and
agricultural chemicals. This item (2) is exempt from the
provisions of Section 2-70.

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

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

(5) A motor vehicle that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act. This paragraph is exempt from the provisions of Section 2-70.

(6) Personal property sold by a teacher-sponsored student organization affiliated with an elementary or secondary school located in Illinois.

(7) Until July 1, 2003, proceeds of that portion of the selling price of a passenger car the sale of which is subject to the Replacement Vehicle Tax.

(8) Personal property sold to an Illinois county fair association for use in conducting, operating, or promoting the county fair.

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

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

(11) Personal property sold to a governmental body, to a
corporation, society, association, foundation, or institution
organized and operated exclusively for charitable, religious,
or educational purposes, or to a not-for-profit corporation,
society, association, foundation, institution, or organization
that has no compensated officers or employees and that is organized and operated primarily for the recreation of persons 55 years of age or older. A limited liability company may qualify for the exemption under this paragraph only if the limited liability company is organized and operated exclusively for educational purposes. On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make tax-free purchases unless it has an active identification number issued by the Department.

(12) Tangible personal property sold to interstate carriers for hire for use as rolling stock moving in interstate commerce or to lessors under leases of one year or longer executed or in effect at the time of purchase by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

(12-5) On and after July 1, 2003 and through June 30, 2004, motor vehicles of the second division with a gross vehicle weight in excess of 8,000 pounds that are subject to the commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code. Beginning on July 1, 2004 and through June 30, 2005, the use in this State of motor vehicles of the second division: (i) with a gross vehicle weight rating in excess of 8,000 pounds; (ii) that are subject to the
commercial distribution fee imposed under Section 3-815.1 of the Illinois Vehicle Code; and (iii) that are primarily used for commercial purposes. Through June 30, 2005, this exemption applies to repair and replacement parts added after the initial purchase of such a motor vehicle if that motor vehicle is used in a manner that would qualify for the rolling stock exemption otherwise provided for in this Act. For purposes of this paragraph, "used for commercial purposes" means the transportation of persons or property in furtherance of any commercial or industrial enterprise whether for-hire or not.

(13) Proceeds from sales to owners, lessors, or shippers of tangible personal property that is utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce and equipment operated by a telecommunications provider, licensed as a common carrier by the Federal Communications Commission, which is permanently installed in or affixed to aircraft moving in interstate commerce.

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

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

(16) Petroleum products sold to a purchaser if the seller
is prohibited by federal law from charging tax to the
purchaser.

(17) Tangible personal property sold to a common carrier by
rail or motor that receives the physical possession of the
property in Illinois and that transports the property, or
shares with another common carrier in the transportation of the
property, out of Illinois on a standard uniform bill of lading
showing the seller of the property as the shipper or consignor
of the property to a destination outside Illinois, for use
outside Illinois.

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

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

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

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

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

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

(23) A transaction in which the purchase order is received by a florist who is located outside Illinois, but who has a
florist located in Illinois deliver the property to the
purchaser or the purchaser's donee in Illinois.

(24) Fuel consumed or used in the operation of ships,
 barges, or vessels that are used primarily in or for the
transportation of property or the conveyance of persons for
hire on rivers bordering on this State if the fuel is delivered
by the seller to the purchaser's barge, ship, or vessel while
it is afloat upon that bordering river.

(25) Except as provided in item (25-5) of this Section, a
motor vehicle sold in this State to a nonresident even though
the motor vehicle is delivered to the nonresident in this
State, if the motor vehicle is not to be titled in this State,
and if a drive-away permit is issued to the motor vehicle as
provided in Section 3-603 of the Illinois Vehicle Code or if
the nonresident purchaser has vehicle registration plates to
transfer to the motor vehicle upon returning to his or her home
state. The issuance of the drive-away permit or having the
out-of-state registration plates to be transferred is prima
facie evidence that the motor vehicle will not be titled in
this State.

(25-5) The exemption under item (25) does not apply if the
state in which the motor vehicle will be titled does not allow
a reciprocal exemption for a motor vehicle sold and delivered
in that state to an Illinois resident but titled in Illinois.
The tax collected under this Act on the sale of a motor vehicle
in this State to a resident of another state that does not
allow a reciprocal exemption shall be imposed at a rate equal
to the state's rate of tax on taxable property in the state in
which the purchaser is a resident, except that the tax shall
not exceed the tax that would otherwise be imposed under this
Act. At the time of the sale, the purchaser shall execute a
statement, signed under penalty of perjury, of his or her
intent to title the vehicle in the state in which the purchaser
is a resident within 30 days after the sale and of the fact of
the payment to the State of Illinois of tax in an amount
equivalent to the state's rate of tax on taxable property in
his or her state of residence and shall submit the statement to
the appropriate tax collection agency in his or her state of
residence. In addition, the retailer must retain a signed copy
of the statement in his or her records. Nothing in this item
shall be construed to require the removal of the vehicle from
this state following the filing of an intent to title the
vehicle in the purchaser's state of residence if the purchaser
titles the vehicle in his or her state of residence within 30
days after the date of sale. The tax collected under this Act
in accordance with this item (25-5) shall be proportionately
distributed as if the tax were collected at the 6.25% general
rate imposed under this Act.

(25-7) Beginning on July 1, 2007, no tax is imposed under
this Act on the sale of an aircraft, as defined in Section 3 of
the Illinois Aeronautics Act, if all of the following
conditions are met:
(1) the aircraft leaves this State within 15 days after
the later of either the issuance of the final billing for
the sale of the aircraft, or the authorized approval for
return to service, completion of the maintenance record
entry, and completion of the test flight and ground test
for inspection, as required by 14 C.F.R. 91.407;

(2) the aircraft is not based or registered in this
State after the sale of the aircraft; and

(3) the seller retains in his or her books and records
and provides to the Department a signed and dated
certification from the purchaser, on a form prescribed by
the Department, certifying that the requirements of this
item (25-7) are met. The certificate must also include the
name and address of the purchaser, the address of the
location where the aircraft is to be titled or registered,
the address of the primary physical location of the
aircraft, and other information that the Department may
reasonably require.

For purposes of this item (25-7):

"Based in this State" means hangared, stored, or otherwise
used, excluding post-sale customizations as defined in this
Section, for 10 or more days in each 12-month period
immediately following the date of the sale of the aircraft.

"Registered in this State" means an aircraft registered
with the Department of Transportation, Aeronautics Division,
or titled or registered with the Federal Aviation
Administration to an address located in this State.

This paragraph (25-7) is exempt from the provisions of Section 2-70.

(26) Semen used for artificial insemination of livestock for direct agricultural production.

(27) Horses, or interests in horses, registered with and meeting the requirements of any of the Arabian Horse Club Registry of America, Appaloosa Horse Club, American Quarter Horse Association, United States Trotting Association, or Jockey Club, as appropriate, used for purposes of breeding or racing for prizes. This item (27) is exempt from the provisions of Section 2-70, and the exemption provided for under this item (27) applies for all periods beginning May 30, 1995, but no claim for credit or refund is allowed on or after January 1, 2008 (the effective date of Public Act 95-88) for such taxes paid during the period beginning May 30, 2000 and ending on January 1, 2008 (the effective date of Public Act 95-88).

(28) Computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to a lessor who leases the equipment, under a lease of one year or longer executed or in effect at the time of the purchase, to a hospital that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

(29) Personal property sold to a lessor who leases the
property, under a lease of one year or longer executed or in effect at the time of the purchase, to a governmental body that has been issued an active tax exemption identification number by the Department under Section 1g of this Act.

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

(31) Beginning with taxable years ending on or after December 31, 1995 and ending with taxable years ending on or before December 31, 2004, personal property that is used in the performance of infrastructure repairs in this State, including but not limited to municipal roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, storm water drainage and retention facilities, and sewage treatment facilities, resulting from a State or federally declared disaster in Illinois or bordering Illinois when such repairs are initiated on facilities located in the declared disaster area within 6 months after the disaster.
(32) Beginning July 1, 1999, game or game birds sold at a "game breeding and hunting preserve area" as that term is used in the Wildlife Code. This paragraph is exempt from the provisions of Section 2-70.

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

(34) Beginning January 1, 2000, personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if
the events are sponsored by an entity recognized by the school
district that consists primarily of volunteers and includes
parents and teachers of the school children. This paragraph
does not apply to fundraising events (i) for the benefit of
private home instruction or (ii) for which the fundraising
entity purchases the personal property sold at the events from
another individual or entity that sold the property for the
purpose of resale by the fundraising entity and that profits
from the sale to the fundraising entity. This paragraph is
exempt from the provisions of Section 2-70.

(35) Beginning January 1, 2000 and through December 31,
2001, new or used automatic vending machines that prepare and
serve hot food and beverages, including coffee, soup, and other
items, and replacement parts for these machines. Beginning
January 1, 2002 and through June 30, 2003, machines and parts
for machines used in commercial, coin-operated amusement and
vending business if a use or occupation tax is paid on the
gross receipts derived from the use of the commercial,
coin-operated amusement and vending machines. This paragraph
is exempt from the provisions of Section 2-70.

(35-5) Beginning August 23, 2001 and through June 30, 2016,
food for human consumption that is to be consumed off the
premises where it is sold (other than alcoholic beverages, soft
drinks, and food that has been prepared for immediate
consumption) and prescription and nonprescription medicines,
drugs, medical appliances, and insulin, urine testing
materials, syringes, and needles used by diabetics, for human
use, when purchased for use by a person receiving medical
assistance under Article V of the Illinois Public Aid Code who
resides in a licensed long-term care facility, as defined in
the Nursing Home Care Act, or a licensed facility as defined in
the ID/DD Community Care Act, the MC/DD Act, or the Specialized
Mental Health Rehabilitation Act of 2013.

(36) Beginning August 2, 2001, computers and
communications equipment utilized for any hospital purpose and
equipment used in the diagnosis, analysis, or treatment of
hospital patients sold to a lessor who leases the equipment,
under a lease of one year or longer executed or in effect at
the time of the purchase, to a hospital that has been issued an
active tax exemption identification number by the Department
under Section 1g of this Act. This paragraph is exempt from the
provisions of Section 2-70.

(37) Beginning August 2, 2001, personal property sold to a
lessor who leases the property, under a lease of one year or
longer executed or in effect at the time of the purchase, to a
governmental body that has been issued an active tax exemption
identification number by the Department under Section 1g of
this Act. This paragraph is exempt from the provisions of
Section 2-70.

(38) Beginning on January 1, 2002 and through June 30,
2016, tangible personal property purchased from an Illinois
retailer by a taxpayer engaged in centralized purchasing
activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. The Director of Revenue shall, pursuant to rules adopted in accordance with the Illinois Administrative Procedure Act, issue a permit to any taxpayer in good standing with the Department who is eligible for the exemption under this paragraph (38). The permit issued under this paragraph (38) shall authorize the holder, to the extent and in the manner specified in the rules adopted under this Act, to purchase tangible personal property from a retailer exempt from the taxes imposed by this Act. Taxpayers shall maintain all necessary books and records to substantiate the use and consumption of all such tangible personal property outside of the State of Illinois.

(39) Beginning January 1, 2008, tangible personal property used in the construction or maintenance of a community water supply, as defined under Section 3.145 of the Environmental Protection Act, that is operated by a not-for-profit corporation that holds a valid water supply permit issued under Title IV of the Environmental Protection Act. This paragraph is
exempt from the provisions of Section 2-70.

(40) Beginning January 1, 2010, materials, parts, equipment, components, and furnishings incorporated into or upon an aircraft as part of the modification, refurbishment, completion, replacement, repair, or maintenance of the aircraft. This exemption includes consumable supplies used in the modification, refurbishment, completion, replacement, repair, and maintenance of aircraft, but excludes any materials, parts, equipment, components, and consumable supplies used in the modification, replacement, repair, and maintenance of aircraft engines or power plants, whether such engines or power plants are installed or uninstalled upon any such aircraft. "Consumable supplies" include, but are not limited to, adhesive, tape, sandpaper, general purpose lubricants, cleaning solution, latex gloves, and protective films. This exemption applies only to the sale of qualifying tangible personal property to persons who modify, refurbish, complete, replace, or maintain an aircraft and who (i) hold an Air Agency Certificate and are empowered to operate an approved repair station by the Federal Aviation Administration, (ii) have a Class IV Rating, and (iii) conduct operations in accordance with Part 145 of the Federal Aviation Regulations. The exemption does not include aircraft operated by a commercial air carrier providing scheduled passenger air service pursuant to authority issued under Part 121 or Part 129 of the Federal Aviation Regulations. The changes made to this
paragraph (40) by Public Act 98-534 are declarative of existing law.

(41) Tangible personal property sold to a public-facilities corporation, as described in Section 11-65-10 of the Illinois Municipal Code, for purposes of constructing or furnishing a municipal convention hall, but only if the legal title to the municipal convention hall is transferred to the municipality without any further consideration by or on behalf of the municipality at the time of the completion of the municipal convention hall or upon the retirement or redemption of any bonds or other debt instruments issued by the public-facilities corporation in connection with the development of the municipal convention hall. This exemption includes existing public-facilities corporations as provided in Section 11-65-25 of the Illinois Municipal Code. This paragraph is exempt from the provisions of Section 2-70.

(42) Beginning on July 1, 2016 and until July 1, 2021, qualified tangible personal property used in the construction or operation of a new or existing data center that has been granted a certificate of exemption by the Department under Section 2505-760 of the Department of Revenue Law of the Civil Administrative Code of Illinois, whether that tangible personal property is purchased by the owner of the data center or by a contractor, subcontractor, or tenant of the owner.

For the purposes of this item (42):

"Data Center" has the meaning ascribed to that term in
Section 2505-760 of the Department of Revenue Law of the
Civil Administrative Code of Illinois.

"Qualified tangible personal property" means electrical systems and equipment; mechanical systems and equipment; emergency generators; hardware or distributed computers or servers; data storage devices; network connectivity equipment; racks; cabinets; raised floor systems; peripheral components or systems; software; mechanical, electrical, or plumbing systems necessary to operate other items of tangible personal property, including fixtures; and component parts of any of the foregoing, including installation, maintenance, repair, refurbishment, and replacement of qualified tangible personal property. The term "qualified tangible personal property" also includes building materials physically incorporated in to the qualifying data center. To document the exemption allowed under this Section, the retailer must obtain from the purchaser a copy of the Certificate of Eligibility for Sales Tax Exemption issued by the Department.

(Source: P.A. 98-104, eff. 7-22-13; 98-422, eff. 8-16-13; 98-456, eff. 8-16-13; 98-534, eff. 8-23-13; 98-574, eff. 1-1-14; 98-583, eff. 1-1-14; 98-756, eff. 7-16-14; 99-180, eff. 7-29-15.)

Section 95-30. The Electricity Excise Tax Law is amended by
changing Section 2-4 as follows:

(35 ILCS 640/2-4)

Sec. 2-4. Tax imposed.

(a) Except as provided in subsection (b), a tax is imposed on the privilege of using in this State electricity purchased for use or consumption and not for resale, other than by municipal corporations owning and operating a local transportation system for public service, at the following rates per kilowatt-hour delivered to the purchaser:

(i) For the first 2000 kilowatt-hours used or consumed in a month: 0.330 cents per kilowatt-hour;

(ii) For the next 48,000 kilowatt-hours used or consumed in a month: 0.319 cents per kilowatt-hour;

(iii) For the next 50,000 kilowatt-hours used or consumed in a month: 0.303 cents per kilowatt-hour;

(iv) For the next 400,000 kilowatt-hours used or consumed in a month: 0.297 cents per kilowatt-hour;

(v) For the next 500,000 kilowatt-hours used or consumed in a month: 0.286 cents per kilowatt-hour;

(vi) For the next 2,000,000 kilowatt-hours used or consumed in a month: 0.270 cents per kilowatt-hour;

(vii) For the next 2,000,000 kilowatt-hours used or consumed in a month: 0.254 cents per kilowatt-hour;

(viii) For the next 5,000,000 kilowatt-hours used or consumed in a month: 0.233 cents per kilowatt-hour;
(ix) For the next 10,000,000 kilowatt-hours used or consumed in a month: 0.207 cents per kilowatt-hour;

(x) For all electricity in excess of 20,000,000 kilowatt-hours used or consumed in a month: 0.202 cents per kilowatt-hour.

Provided, that in lieu of the foregoing rates, the tax is imposed on a self-assessing purchaser at the rate of 5.1% of the self-assessing purchaser's purchase price for all electricity distributed, supplied, furnished, sold, transmitted and delivered to the self-assessing purchaser in a month.

(b) A tax is imposed on the privilege of using in this State electricity purchased from a municipal system or electric cooperative, as defined in Article XVII of the Public Utilities Act, which has not made an election as permitted by either Section 17-200 or Section 17-300 of such Act, at the lesser of 0.32 cents per kilowatt hour of all electricity distributed, supplied, furnished, sold, transmitted, and delivered by such municipal system or electric cooperative to the purchaser or 5% of each such purchaser's purchase price for all electricity distributed, supplied, furnished, sold, transmitted, and delivered by such municipal system or electric cooperative to the purchaser, whichever is the lower rate as applied to each purchaser in each billing period.

(c) The tax imposed by this Section 2-4 is not imposed with respect to any use of electricity by business enterprises
certified under Section 9-222.1 or 9-222.1A of the Public Utilities Act, as amended, to the extent of such exemption and during the time specified by the Department of Commerce and Economic Opportunity; or with respect to any transaction in interstate commerce, or otherwise, to the extent to which such transaction may not, under the Constitution and statutes of the United States, be made the subject of taxation by this State.

(d) Beginning July 1, 2016 and until July 1, 2021, a business enterprise that is certified as a qualifying Illinois data center by the Department under Section 2505-760 of the Department of Revenue Law of the Civil Administrative Code of Illinois is exempt from the tax imposed under this Section. The Department may adopt rules to carry out the provisions of this subsection, including procedures for applying for the exemption. The Department shall notify the public utility of the exemption status of the business enterprise. The exemption shall take effect upon certification of the qualifying data center.

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

ARTICLE 100. PUBLIC AID

Section 100-5. The Illinois Public Aid Code is amended by changing Sections 5-5, 5-5.2, 5A-2, 5A-12.2, 5A-12.5, and 12-13.1 and by adding Sections 5-5b.1a, 5-5b.2, and 5-30.3 as follows:
Sec. 5-5. Medical services. The Illinois Department, by rule, shall determine the quantity and quality of and the rate of reimbursement for the medical assistance for which payment will be authorized, and the medical services to be provided, which may include all or part of the following: (1) inpatient hospital services; (2) outpatient hospital services; (3) other laboratory and X-ray services; (4) skilled nursing home services; (5) physicians' services whether furnished in the office, the patient's home, a hospital, a skilled nursing home, or elsewhere; (6) medical care, or any other type of remedial care furnished by licensed practitioners; (7) home health care services; (8) private duty nursing service; (9) clinic services; (10) dental services, including prevention and treatment of periodontal disease and dental caries disease for pregnant women, provided by an individual licensed to practice dentistry or dental surgery; for purposes of this item (10), "dental services" means diagnostic, preventive, or corrective procedures provided by or under the supervision of a dentist in the practice of his or her profession; (11) physical therapy and related services; (12) prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in the diseases of the eye, or by an optometrist, whichever the person may select; (13) other diagnostic,
screening, preventive, and rehabilitative services, including to ensure that the individual's need for intervention or treatment of mental disorders or substance use disorders or co-occurring mental health and substance use disorders is determined using a uniform screening, assessment, and evaluation process inclusive of criteria, for children and adults; for purposes of this item (13), a uniform screening, assessment, and evaluation process refers to a process that includes an appropriate evaluation and, as warranted, a referral; "uniform" does not mean the use of a singular instrument, tool, or process that all must utilize; (14) transportation and such other expenses as may be necessary; (15) medical treatment of sexual assault survivors, as defined in Section 1a of the Sexual Assault Survivors Emergency Treatment Act, for injuries sustained as a result of the sexual assault, including examinations and laboratory tests to discover evidence which may be used in criminal proceedings arising from the sexual assault; (16) the diagnosis and treatment of sickle cell anemia; and (17) any other medical care, and any other type of remedial care recognized under the laws of this State, but not including abortions, or induced miscarriages or premature births, unless, in the opinion of a physician, such procedures are necessary for the preservation of the life of the woman seeking such treatment, or except an induced premature birth intended to produce a live viable child and such procedure is necessary for the health of the mother or
her unborn child. The Illinois Department, by rule, shall prohibit any physician from providing medical assistance to anyone eligible therefor under this Code where such physician has been found guilty of performing an abortion procedure in a wilful and wanton manner upon a woman who was not pregnant at the time such abortion procedure was performed. The term "any other type of remedial care" shall include nursing care and nursing home service for persons who rely on treatment by spiritual means alone through prayer for healing.

Notwithstanding any other provision of this Section, a comprehensive tobacco use cessation program that includes purchasing prescription drugs or prescription medical devices approved by the Food and Drug Administration shall be covered under the medical assistance program under this Article for persons who are otherwise eligible for assistance under this Article.

Notwithstanding any other provision of this Code, the Illinois Department may not require, as a condition of payment for any laboratory test authorized under this Article, that a physician's handwritten signature appear on the laboratory test order form. The Illinois Department may, however, impose other appropriate requirements regarding laboratory test order documentation.

Upon receipt of federal approval of an amendment to the Illinois Title XIX State Plan for this purpose, the Department shall authorize the Chicago Public Schools (CPS) to procure a
vendor or vendors to manufacture eyeglasses for individuals enrolled in a school within the CPS system. CPS shall ensure that its vendor or vendors are enrolled as providers in the medical assistance program and in any capitated Medicaid managed care entity (MCE) serving individuals enrolled in a school within the CPS system. Under any contract procured under this provision, the vendor or vendors must serve only individuals enrolled in a school within the CPS system. Claims for services provided by CPS's vendor or vendors to recipients of benefits in the medical assistance program under this Code, the Children's Health Insurance Program, or the Covering ALL KIDS Health Insurance Program shall be submitted to the Department or the MCE in which the individual is enrolled for payment and shall be reimbursed at the Department's or the MCE's established rates or rate methodologies for eyeglasses.

On and after July 1, 2012, the Department of Healthcare and Family Services may provide the following services to persons eligible for assistance under this Article who are participating in education, training or employment programs operated by the Department of Human Services as successor to the Department of Public Aid:

(1) dental services provided by or under the supervision of a dentist; and
(2) eyeglasses prescribed by a physician skilled in the diseases of the eye, or by an optometrist, whichever the person may select.
Notwithstanding any other provision of this Code and subject to federal approval, the Department may adopt rules to allow a dentist who is volunteering his or her service at no cost to render dental services through an enrolled not-for-profit health clinic without the dentist personally enrolling as a participating provider in the medical assistance program. A not-for-profit health clinic shall include a public health clinic or Federally Qualified Health Center or other enrolled provider, as determined by the Department, through which dental services covered under this Section are performed. The Department shall establish a process for payment of claims for reimbursement for covered dental services rendered under this provision.

The Illinois Department, by rule, may distinguish and classify the medical services to be provided only in accordance with the classes of persons designated in Section 5-2.

The Department of Healthcare and Family Services must provide coverage and reimbursement for amino acid-based elemental formulas, regardless of delivery method, for the diagnosis and treatment of (i) eosinophilic disorders and (ii) short bowel syndrome when the prescribing physician has issued a written order stating that the amino acid-based elemental formula is medically necessary.

The Illinois Department shall authorize the provision of, and shall authorize payment for, screening by low-dose mammography for the presence of occult breast cancer for women.
35 years of age or older who are eligible for medical assistance under this Article, as follows:

(A) A baseline mammogram for women 35 to 39 years of age.

(B) An annual mammogram for women 40 years of age or older.

(C) A mammogram at the age and intervals considered medically necessary by the woman's health care provider for women under 40 years of age and having a family history of breast cancer, prior personal history of breast cancer, positive genetic testing, or other risk factors.

(D) A comprehensive ultrasound screening of an entire breast or breasts if a mammogram demonstrates heterogeneous or dense breast tissue, when medically necessary as determined by a physician licensed to practice medicine in all of its branches.

(E) A screening MRI when medically necessary, as determined by a physician licensed to practice medicine in all of its branches.

All screenings shall include a physical breast exam, instruction on self-examination and information regarding the frequency of self-examination and its value as a preventative tool. For purposes of this Section, "low-dose mammography" means the x-ray examination of the breast using equipment dedicated specifically for mammography, including the x-ray tube, filter, compression device, and image receptor, with an
average radiation exposure delivery of less than one rad per breast for 2 views of an average size breast. The term also includes digital mammography.

On and after January 1, 2016, the Department shall ensure that all networks of care for adult clients of the Department include access to at least one breast imaging Center of Imaging Excellence as certified by the American College of Radiology.

On and after January 1, 2012, providers participating in a quality improvement program approved by the Department shall be reimbursed for screening and diagnostic mammography at the same rate as the Medicare program's rates, including the increased reimbursement for digital mammography.

The Department shall convene an expert panel including representatives of hospitals, free-standing mammography facilities, and doctors, including radiologists, to establish quality standards for mammography.

On and after January 1, 2017, providers participating in a breast cancer treatment quality improvement program approved by the Department shall be reimbursed for breast cancer treatment at a rate that is no lower than 95% of the Medicare program's rates for the data elements included in the breast cancer treatment quality program.

The Department shall convene an expert panel, including representatives of hospitals, free standing breast cancer treatment centers, breast cancer quality organizations, and doctors, including breast surgeons, reconstructive breast
surgeons, oncologists, and primary care providers to establish quality standards for breast cancer treatment.

Subject to federal approval, the Department shall establish a rate methodology for mammography at federally qualified health centers and other encounter-rate clinics. These clinics or centers may also collaborate with other hospital-based mammography facilities. By January 1, 2016, the Department shall report to the General Assembly on the status of the provision set forth in this paragraph.

The Department shall establish a methodology to remind women who are age-appropriate for screening mammography, but who have not received a mammogram within the previous 18 months, of the importance and benefit of screening mammography. The Department shall work with experts in breast cancer outreach and patient navigation to optimize these reminders and shall establish a methodology for evaluating their effectiveness and modifying the methodology based on the evaluation.

The Department shall establish a performance goal for primary care providers with respect to their female patients over age 40 receiving an annual mammogram. This performance goal shall be used to provide additional reimbursement in the form of a quality performance bonus to primary care providers who meet that goal.

The Department shall devise a means of case-managing or patient navigation for beneficiaries diagnosed with breast
cancer. This program shall initially operate as a pilot program in areas of the State with the highest incidence of mortality related to breast cancer. At least one pilot program site shall be in the metropolitan Chicago area and at least one site shall be outside the metropolitan Chicago area. On or after July 1, 2016, the pilot program shall be expanded to include one site in western Illinois, one site in southern Illinois, one site in central Illinois, and 4 sites within metropolitan Chicago. An evaluation of the pilot program shall be carried out measuring health outcomes and cost of care for those served by the pilot program compared to similarly situated patients who are not served by the pilot program.

The Department shall require all networks of care to develop a means either internally or by contract with experts in navigation and community outreach to navigate cancer patients to comprehensive care in a timely fashion. The Department shall require all networks of care to include access for patients diagnosed with cancer to at least one academic commission on cancer-accredited cancer program as an in-network covered benefit.

Any medical or health care provider shall immediately recommend, to any pregnant woman who is being provided prenatal services and is suspected of drug abuse or is addicted as defined in the Alcoholism and Other Drug Abuse and Dependency Act, referral to a local substance abuse treatment provider licensed by the Department of Human Services or to a licensed
hospital which provides substance abuse treatment services. The Department of Healthcare and Family Services shall assure coverage for the cost of treatment of the drug abuse or addiction for pregnant recipients in accordance with the Illinois Medicaid Program in conjunction with the Department of Human Services.

All medical providers providing medical assistance to pregnant women under this Code shall receive information from the Department on the availability of services under the Drug Free Families with a Future or any comparable program providing case management services for addicted women, including information on appropriate referrals for other social services that may be needed by addicted women in addition to treatment for addiction.

The Illinois Department, in cooperation with the Departments of Human Services (as successor to the Department of Alcoholism and Substance Abuse) and Public Health, through a public awareness campaign, may provide information concerning treatment for alcoholism and drug abuse and addiction, prenatal health care, and other pertinent programs directed at reducing the number of drug-affected infants born to recipients of medical assistance.

Neither the Department of Healthcare and Family Services nor the Department of Human Services shall sanction the recipient solely on the basis of her substance abuse.

The Illinois Department shall establish such regulations
governing the dispensing of health services under this Article as it shall deem appropriate. The Department should seek the advice of formal professional advisory committees appointed by the Director of the Illinois Department for the purpose of providing regular advice on policy and administrative matters, information dissemination and educational activities for medical and health care providers, and consistency in procedures to the Illinois Department.

The Illinois Department may develop and contract with Partnerships of medical providers to arrange medical services for persons eligible under Section 5-2 of this Code. Implementation of this Section may be by demonstration projects in certain geographic areas. The Partnership shall be represented by a sponsor organization. The Department, by rule, shall develop qualifications for sponsors of Partnerships. Nothing in this Section shall be construed to require that the sponsor organization be a medical organization.

The sponsor must negotiate formal written contracts with medical providers for physician services, inpatient and outpatient hospital care, home health services, treatment for alcoholism and substance abuse, and other services determined necessary by the Illinois Department by rule for delivery by Partnerships. Physician services must include prenatal and obstetrical care. The Illinois Department shall reimburse medical services delivered by Partnership providers to clients in target areas according to provisions of this Article and the
Illinois Health Finance Reform Act, except that:

(1) Physicians participating in a Partnership and providing certain services, which shall be determined by the Illinois Department, to persons in areas covered by the Partnership may receive an additional surcharge for such services.

(2) The Department may elect to consider and negotiate financial incentives to encourage the development of Partnerships and the efficient delivery of medical care.

(3) Persons receiving medical services through Partnerships may receive medical and case management services above the level usually offered through the medical assistance program.

Medical providers shall be required to meet certain qualifications to participate in Partnerships to ensure the delivery of high quality medical services. These qualifications shall be determined by rule of the Illinois Department and may be higher than qualifications for participation in the medical assistance program. Partnership sponsors may prescribe reasonable additional qualifications for participation by medical providers, only with the prior written approval of the Illinois Department.

Nothing in this Section shall limit the free choice of practitioners, hospitals, and other providers of medical services by clients. In order to ensure patient freedom of choice, the Illinois Department shall immediately promulgate
all rules and take all other necessary actions so that provided services may be accessed from therapeutically certified optometrists to the full extent of the Illinois Optometric Practice Act of 1987 without discriminating between service providers.

The Department shall apply for a waiver from the United States Health Care Financing Administration to allow for the implementation of Partnerships under this Section.

The Illinois Department shall require health care providers to maintain records that document the medical care and services provided to recipients of Medical Assistance under this Article. Such records must be retained for a period of not less than 6 years from the date of service or as provided by applicable State law, whichever period is longer, except that if an audit is initiated within the required retention period then the records must be retained until the audit is completed and every exception is resolved. The Illinois Department shall require health care providers to make available, when authorized by the patient, in writing, the medical records in a timely fashion to other health care providers who are treating or serving persons eligible for Medical Assistance under this Article. All dispensers of medical services shall be required to maintain and retain business and professional records sufficient to fully and accurately document the nature, scope, details and receipt of the health care provided to persons eligible for medical assistance under this Code, in accordance
with regulations promulgated by the Illinois Department. The rules and regulations shall require that proof of the receipt of prescription drugs, dentures, prosthetic devices and eyeglasses by eligible persons under this Section accompany each claim for reimbursement submitted by the dispenser of such medical services. No such claims for reimbursement shall be approved for payment by the Illinois Department without such proof of receipt, unless the Illinois Department shall have put into effect and shall be operating a system of post-payment audit and review which shall, on a sampling basis, be deemed adequate by the Illinois Department to assure that such drugs, dentures, prosthetic devices and eyeglasses for which payment is being made are actually being received by eligible recipients. Within 90 days after the effective date of this amendatory Act of 1984, the Illinois Department shall establish a current list of acquisition costs for all prosthetic devices and any other items recognized as medical equipment and supplies reimbursable under this Article and shall update such list on a quarterly basis, except that the acquisition costs of all prescription drugs shall be updated no less frequently than every 30 days as required by Section 5-5.12.

The rules and regulations of the Illinois Department shall require that a written statement including the required opinion of a physician shall accompany any claim for reimbursement for abortions, or induced miscarriages or premature births. This statement shall indicate what procedures were used in providing
such medical services.

Notwithstanding any other law to the contrary, the Illinois Department shall, within 365 days after July 22, 2013 (the effective date of Public Act 98-104), establish procedures to permit skilled care facilities licensed under the Nursing Home Care Act to submit monthly billing claims for reimbursement purposes. Following development of these procedures, the Department shall, by July 1, 2016, test the viability of the new system and implement any necessary operational or structural changes to its information technology platforms in order to allow for the direct acceptance and payment of nursing home claims.

Notwithstanding any other law to the contrary, the Illinois Department shall, within 365 days after August 15, 2014 (the effective date of Public Act 98-963), establish procedures to permit ID/DD facilities licensed under the ID/DD Community Care Act and MC/DD facilities licensed under the MC/DD Act to submit monthly billing claims for reimbursement purposes. Following development of these procedures, the Department shall have an additional 365 days to test the viability of the new system and to ensure that any necessary operational or structural changes to its information technology platforms are implemented.

The Illinois Department shall require all dispensers of medical services, other than an individual practitioner or group of practitioners, desiring to participate in the Medical Assistance program established under this Article to disclose
all financial, beneficial, ownership, equity, surety or other
interests in any and all firms, corporations, partnerships,
associations, business enterprises, joint ventures, agencies,
institutions or other legal entities providing any form of
health care services in this State under this Article.

The Illinois Department may require that all dispensers of
medical services desiring to participate in the medical
assistance program established under this Article disclose,
under such terms and conditions as the Illinois Department may
by rule establish, all inquiries from clients and attorneys
regarding medical bills paid by the Illinois Department, which
inquiries could indicate potential existence of claims or liens
for the Illinois Department.

Enrollment of a vendor shall be subject to a provisional
period and shall be conditional for one year. During the period
of conditional enrollment, the Department may terminate the
vendor's eligibility to participate in, or may disenroll the
vendor from, the medical assistance program without cause.
Unless otherwise specified, such termination of eligibility or
disenrollment is not subject to the Department's hearing
process. However, a disenrolled vendor may reapply without
penalty.

The Department has the discretion to limit the conditional
enrollment period for vendors based upon category of risk of
the vendor.

Prior to enrollment and during the conditional enrollment
period in the medical assistance program, all vendors shall be
subject to enhanced oversight, screening, and review based on
the risk of fraud, waste, and abuse that is posed by the
category of risk of the vendor. The Illinois Department shall
establish the procedures for oversight, screening, and review,
which may include, but need not be limited to: criminal and
financial background checks; fingerprinting; license,
certification, and authorization verifications; unscheduled or
unannounced site visits; database checks; prepayment audit
reviews; audits; payment caps; payment suspensions; and other
screening as required by federal or State law.

The Department shall define or specify the following: (i)
by provider notice, the "category of risk of the vendor" for
each type of vendor, which shall take into account the level of
screening applicable to a particular category of vendor under
federal law and regulations; (ii) by rule or provider notice,
the maximum length of the conditional enrollment period for
each category of risk of the vendor; and (iii) by rule, the
hearing rights, if any, afforded to a vendor in each category
of risk of the vendor that is terminated or disenrolled during
the conditional enrollment period.

To be eligible for payment consideration, a vendor's
payment claim or bill, either as an initial claim or as a
resubmitted claim following prior rejection, must be received
by the Illinois Department, or its fiscal intermediary, no
later than 180 days after the latest date on the claim on which
medical goods or services were provided, with the following exceptions:

(1) In the case of a provider whose enrollment is in process by the Illinois Department, the 180-day period shall not begin until the date on the written notice from the Illinois Department that the provider enrollment is complete.

(2) In the case of errors attributable to the Illinois Department or any of its claims processing intermediaries which result in an inability to receive, process, or adjudicate a claim, the 180-day period shall not begin until the provider has been notified of the error.

(3) In the case of a provider for whom the Illinois Department initiates the monthly billing process.

(4) In the case of a provider operated by a unit of local government with a population exceeding 3,000,000 when local government funds finance federal participation for claims payments.

For claims for services rendered during a period for which a recipient received retroactive eligibility, claims must be filed within 180 days after the Department determines the applicant is eligible. For claims for which the Illinois Department is not the primary payer, claims must be submitted to the Illinois Department within 180 days after the final adjudication by the primary payer.

In the case of long term care facilities, within 5 days of
receipt by the facility of required prescreening information, data for new admissions shall be entered into the Medical Electronic Data Interchange (MEDI) or the Recipient Eligibility Verification (REV) System or successor system, and within 15 days of receipt by the facility of required prescreening information, admission documents shall be submitted through MEDI or REV or shall be submitted directly to the Department of Human Services using required admission forms. Effective September 1, 2014, admission documents, including all prescreening information, must be submitted through MEDI or REV. Confirmation numbers assigned to an accepted transaction shall be retained by a facility to verify timely submittal. Once an admission transaction has been completed, all resubmitted claims following prior rejection are subject to receipt no later than 180 days after the admission transaction has been completed.

Claims that are not submitted and received in compliance with the foregoing requirements shall not be eligible for payment under the medical assistance program, and the State shall have no liability for payment of those claims.

To the extent consistent with applicable information and privacy, security, and disclosure laws, State and federal agencies and departments shall provide the Illinois Department access to confidential and other information and data necessary to perform eligibility and payment verifications and other Illinois Department functions. This includes, but is not
limited to: information pertaining to licensure; certification; earnings; immigration status; citizenship; wage reporting; unearned and earned income; pension income; employment; supplemental security income; social security numbers; National Provider Identifier (NPI) numbers; the National Practitioner Data Bank (NPDB); program and agency exclusions; taxpayer identification numbers; tax delinquency; corporate information; and death records.

The Illinois Department shall enter into agreements with State agencies and departments, and is authorized to enter into agreements with federal agencies and departments, under which such agencies and departments shall share data necessary for medical assistance program integrity functions and oversight. The Illinois Department shall develop, in cooperation with other State departments and agencies, and in compliance with applicable federal laws and regulations, appropriate and effective methods to share such data. At a minimum, and to the extent necessary to provide data sharing, the Illinois Department shall enter into agreements with State agencies and departments, and is authorized to enter into agreements with federal agencies and departments, including but not limited to: the Secretary of State; the Department of Revenue; the Department of Public Health; the Department of Human Services; and the Department of Financial and Professional Regulation.

Beginning in fiscal year 2013, the Illinois Department shall set forth a request for information to identify the
benefits of a pre-payment, post-adjudication, and post-edit claims system with the goals of streamlining claims processing and provider reimbursement, reducing the number of pending or rejected claims, and helping to ensure a more transparent adjudication process through the utilization of: (i) provider data verification and provider screening technology; and (ii) clinical code editing; and (iii) pre-pay, pre- or post-adjudicated predictive modeling with an integrated case management system with link analysis. Such a request for information shall not be considered as a request for proposal or as an obligation on the part of the Illinois Department to take any action or acquire any products or services.

The Illinois Department shall establish policies, procedures, standards and criteria by rule for the acquisition, repair and replacement of orthotic and prosthetic devices and durable medical equipment. Such rules shall provide, but not be limited to, the following services: (1) immediate repair or replacement of such devices by recipients; and (2) rental, lease, purchase or lease-purchase of durable medical equipment in a cost-effective manner, taking into consideration the recipient's medical prognosis, the extent of the recipient's needs, and the requirements and costs for maintaining such equipment. Subject to prior approval, such rules shall enable a recipient to temporarily acquire and use alternative or substitute devices or equipment pending repairs or replacements of any device or equipment previously authorized
for such recipient by the Department. The Department may contract with one or more third-party vendors and suppliers to supply durable medical equipment in a more cost-effective manner.

The Department shall execute, relative to the nursing home prescreening project, written inter-agency agreements with the Department of Human Services and the Department on Aging, to effect the following: (i) intake procedures and common eligibility criteria for those persons who are receiving non-institutional services; and (ii) the establishment and development of non-institutional services in areas of the State where they are not currently available or are undeveloped; and (iii) notwithstanding any other provision of law, subject to federal approval, on and after July 1, 2012, an increase in the determination of need (DON) scores from 29 to 37 for applicants for institutional and home and community-based long term care; if and only if federal approval is not granted, the Department may, in conjunction with other affected agencies, implement utilization controls or changes in benefit packages to effectuate a similar savings amount for this population; and (iv) no later than July 1, 2013, minimum level of care eligibility criteria for institutional and home and community-based long term care; and (v) no later than October 1, 2013, establish procedures to permit long term care providers access to eligibility scores for individuals with an admission date who are seeking or receiving services from the
long term care provider. In order to select the minimum level of care eligibility criteria, the Governor shall establish a workgroup that includes affected agency representatives and stakeholders representing the institutional and home and community-based long term care interests. This Section shall not restrict the Department from implementing lower level of care eligibility criteria for community-based services in circumstances where federal approval has been granted.

The Illinois Department shall develop and operate, in cooperation with other State Departments and agencies and in compliance with applicable federal laws and regulations, appropriate and effective systems of health care evaluation and programs for monitoring of utilization of health care services and facilities, as it affects persons eligible for medical assistance under this Code.

The Illinois Department shall report annually to the General Assembly, no later than the second Friday in April of 1979 and each year thereafter, in regard to:

(a) actual statistics and trends in utilization of medical services by public aid recipients;

(b) actual statistics and trends in the provision of the various medical services by medical vendors;

(c) current rate structures and proposed changes in those rate structures for the various medical vendors; and

(d) efforts at utilization review and control by the Illinois Department.
The period covered by each report shall be the 3 years ending on the June 30 prior to the report. The report shall include suggested legislation for consideration by the General Assembly. The filing of one copy of the report with the Speaker, one copy with the Minority Leader and one copy with the Clerk of the House of Representatives, one copy with the President, one copy with the Minority Leader and one copy with the Secretary of the Senate, one copy with the Legislative Research Unit, and such additional copies with the State Government Report Distribution Center for the General Assembly as is required under paragraph (t) of Section 7 of the State Library Act shall be deemed sufficient to comply with this Section.

Rulemaking authority to implement Public Act 95-1045, if any, is conditioned on the rules being adopted in accordance with all provisions of the Illinois Administrative Procedure Act and all rules and procedures of the Joint Committee on Administrative Rules; any purported rule not so adopted, for whatever reason, is unauthorized.

On and after July 1, 2012, the Department shall reduce any rate of reimbursement for services or other payments or alter any methodologies authorized by this Code to reduce any rate of reimbursement for services or other payments in accordance with Section 5-5e.

Because kidney transplantation can be an appropriate, cost effective alternative to renal dialysis when medically
necessary and notwithstanding the provisions of Section 1-11 of this Code, beginning October 1, 2014, the Department shall cover kidney transplantation for noncitizens with end-stage renal disease who are not eligible for comprehensive medical benefits, who meet the residency requirements of Section 5-3 of this Code, and who would otherwise meet the financial requirements of the appropriate class of eligible persons under Section 5-2 of this Code. To qualify for coverage of kidney transplantation, such person must be receiving emergency renal dialysis services covered by the Department. Providers under this Section shall be prior approved and certified by the Department to perform kidney transplantation and the services under this Section shall be limited to services associated with kidney transplantation.

(Source: P.A. 98-104, Article 9, Section 9-5, eff. 7-22-13; 98-104, Article 12, Section 12-20, eff. 7-22-13; 98-303, eff. 8-9-13; 98-463, eff. 8-16-13; 98-651, eff. 6-16-14; 98-756, eff. 7-16-14; 98-963, eff. 8-15-14; 99-78, eff. 7-20-15; 99-180, eff. 7-29-15; 99-236, eff. 8-3-15; 99-433, eff. 8-21-15; revised 8-31-15.)

(Text of Section after amendment by P.A. 99-407)

Sec. 5-5. Medical services. The Illinois Department, by rule, shall determine the quantity and quality of and the rate of reimbursement for the medical assistance for which payment will be authorized, and the medical services to be provided,
which may include all or part of the following: (1) inpatient
hospital services; (2) outpatient hospital services; (3) other
laboratory and X-ray services; (4) skilled nursing home
services; (5) physicians' services whether furnished in the
office, the patient's home, a hospital, a skilled nursing home,
or elsewhere; (6) medical care, or any other type of remedial
care furnished by licensed practitioners; (7) home health care
services; (8) private duty nursing service; (9) clinic
services; (10) dental services, including prevention and
treatment of periodontal disease and dental caries disease for
pregnant women, provided by an individual licensed to practice
dentistry or dental surgery; for purposes of this item (10),
"dental services" means diagnostic, preventive, or corrective
procedures provided by or under the supervision of a dentist in
the practice of his or her profession; (11) physical therapy
and related services; (12) prescribed drugs, dentures, and
prosthetic devices; and eyeglasses prescribed by a physician
skilled in the diseases of the eye, or by an optometrist,
whichever the person may select; (13) other diagnostic,
screening, preventive, and rehabilitative services, including
to ensure that the individual's need for intervention or
treatment of mental disorders or substance use disorders or
coccurring mental health and substance use disorders is
determined using a uniform screening, assessment, and
evaluation process inclusive of criteria, for children and
adults; for purposes of this item (13), a uniform screening,
assessment, and evaluation process refers to a process that includes an appropriate evaluation and, as warranted, a referral; "uniform" does not mean the use of a singular instrument, tool, or process that all must utilize; (14) transportation and such other expenses as may be necessary; (15) medical treatment of sexual assault survivors, as defined in Section 1a of the Sexual Assault Survivors Emergency Treatment Act, for injuries sustained as a result of the sexual assault, including examinations and laboratory tests to discover evidence which may be used in criminal proceedings arising from the sexual assault; (16) the diagnosis and treatment of sickle cell anemia; and (17) any other medical care, and any other type of remedial care recognized under the laws of this State, but not including abortions, or induced miscarriages or premature births, unless, in the opinion of a physician, such procedures are necessary for the preservation of the life of the woman seeking such treatment, or except an induced premature birth intended to produce a live viable child and such procedure is necessary for the health of the mother or her unborn child. The Illinois Department, by rule, shall prohibit any physician from providing medical assistance to anyone eligible therefor under this Code where such physician has been found guilty of performing an abortion procedure in a wilful and wanton manner upon a woman who was not pregnant at the time such abortion procedure was performed. The term "any other type of remedial care" shall include nursing care and
nursing home service for persons who rely on treatment by spiritual means alone through prayer for healing.

Notwithstanding any other provision of this Section, a comprehensive tobacco use cessation program that includes purchasing prescription drugs or prescription medical devices approved by the Food and Drug Administration shall be covered under the medical assistance program under this Article for persons who are otherwise eligible for assistance under this Article.

Notwithstanding any other provision of this Code, the Illinois Department may not require, as a condition of payment for any laboratory test authorized under this Article, that a physician's handwritten signature appear on the laboratory test order form. The Illinois Department may, however, impose other appropriate requirements regarding laboratory test order documentation.

Upon receipt of federal approval of an amendment to the Illinois Title XIX State Plan for this purpose, the Department shall authorize the Chicago Public Schools (CPS) to procure a vendor or vendors to manufacture eyeglasses for individuals enrolled in a school within the CPS system. CPS shall ensure that its vendor or vendors are enrolled as providers in the medical assistance program and in any capitated Medicaid managed care entity (MCE) serving individuals enrolled in a school within the CPS system. Under any contract procured under this provision, the vendor or vendors must serve only
individuals enrolled in a school within the CPS system. Claims
for services provided by CPS's vendor or vendors to recipients
of benefits in the medical assistance program under this Code,
the Children's Health Insurance Program, or the Covering ALL
KIDS Health Insurance Program shall be submitted to the
Department or the MCE in which the individual is enrolled for
payment and shall be reimbursed at the Department's or the
MCE's established rates or rate methodologies for eyeglasses.

On and after July 1, 2012, the Department of Healthcare and
Family Services may provide the following services to persons
eligible for assistance under this Article who are
participating in education, training or employment programs
operated by the Department of Human Services as successor to
the Department of Public Aid:

(1) dental services provided by or under the
supervision of a dentist; and

(2) eyeglasses prescribed by a physician skilled in the
diseases of the eye, or by an optometrist, whichever the
person may select.

Notwithstanding any other provision of this Code and
subject to federal approval, the Department may adopt rules to
allow a dentist who is volunteering his or her service at no
cost to render dental services through an enrolled
not-for-profit health clinic without the dentist personally
enrolling as a participating provider in the medical assistance
program. A not-for-profit health clinic shall include a public
health clinic or Federally Qualified Health Center or other
enrolled provider, as determined by the Department, through
which dental services covered under this Section are performed.
The Department shall establish a process for payment of claims
for reimbursement for covered dental services rendered under
this provision.

The Illinois Department, by rule, may distinguish and
classify the medical services to be provided only in accordance
with the classes of persons designated in Section 5-2.

The Department of Healthcare and Family Services must
provide coverage and reimbursement for amino acid-based
elemental formulas, regardless of delivery method, for the
diagnosis and treatment of (i) eosinophilic disorders and (ii)
short bowel syndrome when the prescribing physician has issued
a written order stating that the amino acid-based elemental
formula is medically necessary.

The Illinois Department shall authorize the provision of,
and shall authorize payment for, screening by low-dose
mammography for the presence of occult breast cancer for women
35 years of age or older who are eligible for medical
assistance under this Article, as follows:

(A) A baseline mammogram for women 35 to 39 years of
age.

(B) An annual mammogram for women 40 years of age or
older.

(C) A mammogram at the age and intervals considered
medically necessary by the woman's health care provider for women under 40 years of age and having a family history of breast cancer, prior personal history of breast cancer, positive genetic testing, or other risk factors.

(D) A comprehensive ultrasound screening of an entire breast or breasts if a mammogram demonstrates heterogeneous or dense breast tissue, when medically necessary as determined by a physician licensed to practice medicine in all of its branches.

(E) A screening MRI when medically necessary, as determined by a physician licensed to practice medicine in all of its branches.

All screenings shall include a physical breast exam, instruction on self-examination and information regarding the frequency of self-examination and its value as a preventative tool. For purposes of this Section, "low-dose mammography" means the x-ray examination of the breast using equipment dedicated specifically for mammography, including the x-ray tube, filter, compression device, and image receptor, with an average radiation exposure delivery of less than one rad per breast for 2 views of an average size breast. The term also includes digital mammography and includes breast tomosynthesis. As used in this Section, the term "breast tomosynthesis" means a radiologic procedure that involves the acquisition of projection images over the stationary breast to produce cross-sectional digital three-dimensional images of
the breast.

On and after January 1, 2016, the Department shall ensure that all networks of care for adult clients of the Department include access to at least one breast imaging Center of Imaging Excellence as certified by the American College of Radiology.

On and after January 1, 2012, providers participating in a quality improvement program approved by the Department shall be reimbursed for screening and diagnostic mammography at the same rate as the Medicare program's rates, including the increased reimbursement for digital mammography.

The Department shall convene an expert panel including representatives of hospitals, free-standing mammography facilities, and doctors, including radiologists, to establish quality standards for mammography.

On and after January 1, 2017, providers participating in a breast cancer treatment quality improvement program approved by the Department shall be reimbursed for breast cancer treatment at a rate that is no lower than 95% of the Medicare program's rates for the data elements included in the breast cancer treatment quality program.

The Department shall convene an expert panel, including representatives of hospitals, free standing breast cancer treatment centers, breast cancer quality organizations, and doctors, including breast surgeons, reconstructive breast surgeons, oncologists, and primary care providers to establish quality standards for breast cancer treatment.
Subject to federal approval, the Department shall establish a rate methodology for mammography at federally qualified health centers and other encounter-rate clinics. These clinics or centers may also collaborate with other hospital-based mammography facilities. By January 1, 2016, the Department shall report to the General Assembly on the status of the provision set forth in this paragraph.

The Department shall establish a methodology to remind women who are age-appropriate for screening mammography, but who have not received a mammogram within the previous 18 months, of the importance and benefit of screening mammography. The Department shall work with experts in breast cancer outreach and patient navigation to optimize these reminders and shall establish a methodology for evaluating their effectiveness and modifying the methodology based on the evaluation.

The Department shall establish a performance goal for primary care providers with respect to their female patients over age 40 receiving an annual mammogram. This performance goal shall be used to provide additional reimbursement in the form of a quality performance bonus to primary care providers who meet that goal.

The Department shall devise a means of case-managing or patient navigation for beneficiaries diagnosed with breast cancer. This program shall initially operate as a pilot program in areas of the State with the highest incidence of mortality
related to breast cancer. At least one pilot program site shall
be in the metropolitan Chicago area and at least one site shall
be outside the metropolitan Chicago area. On or after July 1,
2016, the pilot program shall be expanded to include one site
in western Illinois, one site in southern Illinois, one site in
central Illinois, and 4 sites within metropolitan Chicago. An
evaluation of the pilot program shall be carried out measuring
health outcomes and cost of care for those served by the pilot
program compared to similarly situated patients who are not
served by the pilot program.

The Department shall require all networks of care to
develop a means either internally or by contract with experts
in navigation and community outreach to navigate cancer
patients to comprehensive care in a timely fashion. The
Department shall require all networks of care to include access
for patients diagnosed with cancer to at least one academic
commission on cancer-accredited cancer program as an
in-network covered benefit.

Any medical or health care provider shall immediately
recommend, to any pregnant woman who is being provided prenatal
services and is suspected of drug abuse or is addicted as
defined in the Alcoholism and Other Drug Abuse and Dependency
Act, referral to a local substance abuse treatment provider
licensed by the Department of Human Services or to a licensed
hospital which provides substance abuse treatment services.
The Department of Healthcare and Family Services shall assure
coverage for the cost of treatment of the drug abuse or
addiction for pregnant recipients in accordance with the
Illinois Medicaid Program in conjunction with the Department of
Human Services.

All medical providers providing medical assistance to
pregnant women under this Code shall receive information from
the Department on the availability of services under the Drug
Free Families with a Future or any comparable program providing
case management services for addicted women, including
information on appropriate referrals for other social services
that may be needed by addicted women in addition to treatment
for addiction.

The Illinois Department, in cooperation with the
Departments of Human Services (as successor to the Department
of Alcoholism and Substance Abuse) and Public Health, through a
public awareness campaign, may provide information concerning
treatment for alcoholism and drug abuse and addiction, prenatal
health care, and other pertinent programs directed at reducing
the number of drug-affected infants born to recipients of
medical assistance.

Neither the Department of Healthcare and Family Services
nor the Department of Human Services shall sanction the
recipient solely on the basis of her substance abuse.

The Illinois Department shall establish such regulations
governing the dispensing of health services under this Article
as it shall deem appropriate. The Department should seek the
advice of formal professional advisory committees appointed by
the Director of the Illinois Department for the purpose of
providing regular advice on policy and administrative matters,
information dissemination and educational activities for
medical and health care providers, and consistency in
procedures to the Illinois Department.

The Illinois Department may develop and contract with
Partnerships of medical providers to arrange medical services
for persons eligible under Section 5-2 of this Code. Implementation of this Section may be by demonstration projects
in certain geographic areas. The Partnership shall be
represented by a sponsor organization. The Department, by rule,
shall develop qualifications for sponsors of Partnerships. Nothing in this Section shall be construed to require that the
sponsor organization be a medical organization.

The sponsor must negotiate formal written contracts with
medical providers for physician services, inpatient and
outpatient hospital care, home health services, treatment for
alcoholism and substance abuse, and other services determined
necessary by the Illinois Department by rule for delivery by
Partnerships. Physician services must include prenatal and
obstetrical care. The Illinois Department shall reimburse
medical services delivered by Partnership providers to clients
in target areas according to provisions of this Article and the
Illinois Health Finance Reform Act, except that:

(1) Physicians participating in a Partnership and
providing certain services, which shall be determined by
the Illinois Department, to persons in areas covered by the
Partnership may receive an additional surcharge for such
services.

(2) The Department may elect to consider and negotiate
financial incentives to encourage the development of
Partnerships and the efficient delivery of medical care.

(3) Persons receiving medical services through
Partnerships may receive medical and case management
services above the level usually offered through the
medical assistance program.

Medical providers shall be required to meet certain
qualifications to participate in Partnerships to ensure the
delivery of high quality medical services. These
qualifications shall be determined by rule of the Illinois
Department and may be higher than qualifications for
participation in the medical assistance program. Partnership
sponsors may prescribe reasonable additional qualifications
for participation by medical providers, only with the prior
written approval of the Illinois Department.

Nothing in this Section shall limit the free choice of
practitioners, hospitals, and other providers of medical
services by clients. In order to ensure patient freedom of
choice, the Illinois Department shall immediately promulgate
all rules and take all other necessary actions so that provided
services may be accessed from therapeutically certified
optometrists to the full extent of the Illinois Optometric Practice Act of 1987 without discriminating between service providers.

The Department shall apply for a waiver from the United States Health Care Financing Administration to allow for the implementation of Partnerships under this Section.

The Illinois Department shall require health care providers to maintain records that document the medical care and services provided to recipients of Medical Assistance under this Article. Such records must be retained for a period of not less than 6 years from the date of service or as provided by applicable State law, whichever period is longer, except that if an audit is initiated within the required retention period then the records must be retained until the audit is completed and every exception is resolved. The Illinois Department shall require health care providers to make available, when authorized by the patient, in writing, the medical records in a timely fashion to other health care providers who are treating or serving persons eligible for Medical Assistance under this Article. All dispensers of medical services shall be required to maintain and retain business and professional records sufficient to fully and accurately document the nature, scope, details and receipt of the health care provided to persons eligible for medical assistance under this Code, in accordance with regulations promulgated by the Illinois Department. The rules and regulations shall require that proof of the receipt
of prescription drugs, dentures, prosthetic devices and eyeglasses by eligible persons under this Section accompany each claim for reimbursement submitted by the dispenser of such medical services. No such claims for reimbursement shall be approved for payment by the Illinois Department without such proof of receipt, unless the Illinois Department shall have put into effect and shall be operating a system of post-payment audit and review which shall, on a sampling basis, be deemed adequate by the Illinois Department to assure that such drugs, dentures, prosthetic devices and eyeglasses for which payment is being made are actually being received by eligible recipients. Within 90 days after the effective date of this amendatory Act of 1984, the Illinois Department shall establish a current list of acquisition costs for all prosthetic devices and any other items recognized as medical equipment and supplies reimbursable under this Article and shall update such list on a quarterly basis, except that the acquisition costs of all prescription drugs shall be updated no less frequently than every 30 days as required by Section 5-5.12.

The rules and regulations of the Illinois Department shall require that a written statement including the required opinion of a physician shall accompany any claim for reimbursement for abortions, or induced miscarriages or premature births. This statement shall indicate what procedures were used in providing such medical services.

Notwithstanding any other law to the contrary, the Illinois
Department shall, within 365 days after July 22, 2013 (the effective date of Public Act 98-104), establish procedures to permit skilled care facilities licensed under the Nursing Home Care Act to submit monthly billing claims for reimbursement purposes. Following development of these procedures, the Department shall, by July 1, 2016, test the viability of the new system and implement any necessary operational or structural changes to its information technology platforms in order to allow for the direct acceptance and payment of nursing home claims.

Notwithstanding any other law to the contrary, the Illinois Department shall, within 365 days after August 15, 2014 (the effective date of Public Act 98-963), establish procedures to permit ID/DD facilities licensed under the ID/DD Community Care Act and MC/DD facilities licensed under the MC/DD Act to submit monthly billing claims for reimbursement purposes. Following development of these procedures, the Department shall have an additional 365 days to test the viability of the new system and to ensure that any necessary operational or structural changes to its information technology platforms are implemented.

The Illinois Department shall require all dispensers of medical services, other than an individual practitioner or group of practitioners, desiring to participate in the Medical Assistance program established under this Article to disclose all financial, beneficial, ownership, equity, surety or other interests in any and all firms, corporations, partnerships,
associations, business enterprises, joint ventures, agencies, institutions or other legal entities providing any form of health care services in this State under this Article.

The Illinois Department may require that all dispensers of medical services desiring to participate in the medical assistance program established under this Article disclose, under such terms and conditions as the Illinois Department may by rule establish, all inquiries from clients and attorneys regarding medical bills paid by the Illinois Department, which inquiries could indicate potential existence of claims or liens for the Illinois Department.

Enrollment of a vendor shall be subject to a provisional period and shall be conditional for one year. During the period of conditional enrollment, the Department may terminate the vendor's eligibility to participate in, or may disenroll the vendor from, the medical assistance program without cause. Unless otherwise specified, such termination of eligibility or disenrollment is not subject to the Department's hearing process. However, a disenrolled vendor may reapply without penalty.

The Department has the discretion to limit the conditional enrollment period for vendors based upon category of risk of the vendor.

Prior to enrollment and during the conditional enrollment period in the medical assistance program, all vendors shall be subject to enhanced oversight, screening, and review based on
the risk of fraud, waste, and abuse that is posed by the
category of risk of the vendor. The Illinois Department shall
establish the procedures for oversight, screening, and review,
which may include, but need not be limited to: criminal and
financial background checks; fingerprinting; license,
certification, and authorization verifications; unscheduled or
unannounced site visits; database checks; prepayment audit
reviews; audits; payment caps; payment suspensions; and other
screening as required by federal or State law.

The Department shall define or specify the following: (i)
by provider notice, the "category of risk of the vendor" for
each type of vendor, which shall take into account the level of
screening applicable to a particular category of vendor under
federal law and regulations; (ii) by rule or provider notice,
the maximum length of the conditional enrollment period for
each category of risk of the vendor; and (iii) by rule, the
hearing rights, if any, afforded to a vendor in each category
of risk of the vendor that is terminated or disenrolled during
the conditional enrollment period.

To be eligible for payment consideration, a vendor's
payment claim or bill, either as an initial claim or as a
resubmitted claim following prior rejection, must be received
by the Illinois Department, or its fiscal intermediary, no
later than 180 days after the latest date on the claim on which
medical goods or services were provided, with the following
exceptions:
(1) In the case of a provider whose enrollment is in process by the Illinois Department, the 180-day period shall not begin until the date on the written notice from the Illinois Department that the provider enrollment is complete.

(2) In the case of errors attributable to the Illinois Department or any of its claims processing intermediaries which result in an inability to receive, process, or adjudicate a claim, the 180-day period shall not begin until the provider has been notified of the error.

(3) In the case of a provider for whom the Illinois Department initiates the monthly billing process.

(4) In the case of a provider operated by a unit of local government with a population exceeding 3,000,000 when local government funds finance federal participation for claims payments.

For claims for services rendered during a period for which a recipient received retroactive eligibility, claims must be filed within 180 days after the Department determines the applicant is eligible. For claims for which the Illinois Department is not the primary payer, claims must be submitted to the Illinois Department within 180 days after the final adjudication by the primary payer.

In the case of long term care facilities, within 5 days of receipt by the facility of required prescreening information, data for new admissions shall be entered into the Medical
Electronic Data Interchange (MEDI) or the Recipient Eligibility Verification (REV) System or successor system, and within 15 days of receipt by the facility of required prescreening information, admission documents shall be submitted through MEDI or REV or shall be submitted directly to the Department of Human Services using required admission forms. Effective September 1, 2014, admission documents, including all prescreening information, must be submitted through MEDI or REV. Confirmation numbers assigned to an accepted transaction shall be retained by a facility to verify timely submittal. Once an admission transaction has been completed, all resubmitted claims following prior rejection are subject to receipt no later than 180 days after the admission transaction has been completed.

Claims that are not submitted and received in compliance with the foregoing requirements shall not be eligible for payment under the medical assistance program, and the State shall have no liability for payment of those claims.

To the extent consistent with applicable information and privacy, security, and disclosure laws, State and federal agencies and departments shall provide the Illinois Department access to confidential and other information and data necessary to perform eligibility and payment verifications and other Illinois Department functions. This includes, but is not limited to: information pertaining to licensure; certification; earnings; immigration status; citizenship; wage
reporting; unearned and earned income; pension income; employment; supplemental security income; social security numbers; National Provider Identifier (NPI) numbers; the National Practitioner Data Bank (NPDB); program and agency exclusions; taxpayer identification numbers; tax delinquency; corporate information; and death records.

The Illinois Department shall enter into agreements with State agencies and departments, and is authorized to enter into agreements with federal agencies and departments, under which such agencies and departments shall share data necessary for medical assistance program integrity functions and oversight. The Illinois Department shall develop, in cooperation with other State departments and agencies, and in compliance with applicable federal laws and regulations, appropriate and effective methods to share such data. At a minimum, and to the extent necessary to provide data sharing, the Illinois Department shall enter into agreements with State agencies and departments, and is authorized to enter into agreements with federal agencies and departments, including but not limited to: the Secretary of State; the Department of Revenue; the Department of Public Health; the Department of Human Services; and the Department of Financial and Professional Regulation.

Beginning in fiscal year 2013, the Illinois Department shall set forth a request for information to identify the benefits of a pre-payment, post-adjudication, and post-edit claims system with the goals of streamlining claims processing
and provider reimbursement, reducing the number of pending or rejected claims, and helping to ensure a more transparent adjudication process through the utilization of: (i) provider data verification and provider screening technology; and (ii) clinical code editing; and (iii) pre-pay, pre- or post-adjudicated predictive modeling with an integrated case management system with link analysis. Such a request for information shall not be considered as a request for proposal or as an obligation on the part of the Illinois Department to take any action or acquire any products or services.

The Illinois Department shall establish policies, procedures, standards and criteria by rule for the acquisition, repair and replacement of orthotic and prosthetic devices and durable medical equipment. Such rules shall provide, but not be limited to, the following services: (1) immediate repair or replacement of such devices by recipients; and (2) rental, lease, purchase or lease-purchase of durable medical equipment in a cost-effective manner, taking into consideration the recipient's medical prognosis, the extent of the recipient's needs, and the requirements and costs for maintaining such equipment. Subject to prior approval, such rules shall enable a recipient to temporarily acquire and use alternative or substitute devices or equipment pending repairs or replacements of any device or equipment previously authorized for such recipient by the Department. The Department may contract with one or more third-party vendors and suppliers to
supply durable medical equipment in a more cost-effective manner.

The Department shall execute, relative to the nursing home prescreening project, written inter-agency agreements with the Department of Human Services and the Department on Aging, to effect the following: (i) intake procedures and common eligibility criteria for those persons who are receiving non-institutional services; and (ii) the establishment and development of non-institutional services in areas of the State where they are not currently available or are undeveloped; and (iii) notwithstanding any other provision of law, subject to federal approval, on and after July 1, 2012, an increase in the determination of need (DON) scores from 29 to 37 for applicants for institutional and home and community-based long term care; if and only if federal approval is not granted, the Department may, in conjunction with other affected agencies, implement utilization controls or changes in benefit packages to effectuate a similar savings amount for this population; and (iv) no later than July 1, 2013, minimum level of care eligibility criteria for institutional and home and community-based long term care; and (v) no later than October 1, 2013, establish procedures to permit long term care providers access to eligibility scores for individuals with an admission date who are seeking or receiving services from the long term care provider. In order to select the minimum level of care eligibility criteria, the Governor shall establish a
workgroup that includes affected agency representatives and
stakeholders representing the institutional and home and
community-based long term care interests. This Section shall
not restrict the Department from implementing lower level of
care eligibility criteria for community-based services in
circumstances where federal approval has been granted.

The Illinois Department shall develop and operate, in
cooperation with other State Departments and agencies and in
compliance with applicable federal laws and regulations,
appropriate and effective systems of health care evaluation and
programs for monitoring of utilization of health care services
and facilities, as it affects persons eligible for medical
assistance under this Code.

The Illinois Department shall report annually to the
General Assembly, no later than the second Friday in April of
1979 and each year thereafter, in regard to:

(a) actual statistics and trends in utilization of
medical services by public aid recipients;

(b) actual statistics and trends in the provision of
the various medical services by medical vendors;

(c) current rate structures and proposed changes in
those rate structures for the various medical vendors; and

(d) efforts at utilization review and control by the
Illinois Department.

The period covered by each report shall be the 3 years
ending on the June 30 prior to the report. The report shall
include suggested legislation for consideration by the General Assembly. The filing of one copy of the report with the Speaker, one copy with the Minority Leader and one copy with the Clerk of the House of Representatives, one copy with the President, one copy with the Minority Leader and one copy with the Secretary of the Senate, one copy with the Legislative Research Unit, and such additional copies with the State Government Report Distribution Center for the General Assembly as is required under paragraph (t) of Section 7 of the State Library Act shall be deemed sufficient to comply with this Section.

Rulemaking authority to implement Public Act 95-1045, if any, is conditioned on the rules being adopted in accordance with all provisions of the Illinois Administrative Procedure Act and all rules and procedures of the Joint Committee on Administrative Rules; any purported rule not so adopted, for whatever reason, is unauthorized.

On and after July 1, 2012, the Department shall reduce any rate of reimbursement for services or other payments or alter any methodologies authorized by this Code to reduce any rate of reimbursement for services or other payments in accordance with Section 5-5e.

Because kidney transplantation can be an appropriate, cost effective alternative to renal dialysis when medically necessary and notwithstanding the provisions of Section 1-11 of this Code, beginning October 1, 2014, the Department shall
cover kidney transplantation for noncitizens with end-stage renal disease who are not eligible for comprehensive medical benefits, who meet the residency requirements of Section 5-3 of this Code, and who would otherwise meet the financial requirements of the appropriate class of eligible persons under Section 5-2 of this Code. To qualify for coverage of kidney transplantation, such person must be receiving emergency renal dialysis services covered by the Department. Providers under this Section shall be prior approved and certified by the Department to perform kidney transplantation and the services under this Section shall be limited to services associated with kidney transplantation.

(Source: P.A. 98-104, Article 9, Section 9-5, eff. 7-22-13; 98-104, Article 12, Section 12-20, eff. 7-22-13; 98-303, eff. 8-9-13; 98-463, eff. 8-16-13; 98-651, eff. 6-16-14; 98-756, eff. 7-16-14; 98-963, eff. 8-15-14; 99-78, eff. 7-20-15; 99-180, eff. 7-29-15; 99-236, eff. 8-3-15; 99-407 (see Section 99 of P.A. 99-407 for its effective date); 99-433, eff. 8-21-15; revised 8-31-15.)

(305 ILCS 5/5-5.2) (from Ch. 23, par. 5-5.2)

Sec. 5-5.2. Payment.

(a) All nursing facilities that are grouped pursuant to Section 5-5.1 of this Act shall receive the same rate of payment for similar services.

(b) It shall be a matter of State policy that the Illinois
Department shall utilize a uniform billing cycle throughout the State for the long-term care providers.

(c) Notwithstanding any other provisions of this Code, the methodologies for reimbursement of nursing services as provided under this Article shall no longer be applicable for bills payable for nursing services rendered on or after a new reimbursement system based on the Resource Utilization Groups (RUGs) has been fully operationalized, which shall take effect for services provided on or after January 1, 2014.

(d) The new nursing services reimbursement methodology utilizing RUG-IV 48 grouper model, which shall be referred to as the RUGs reimbursement system, taking effect January 1, 2014, shall be based on the following:

(1) The methodology shall be resident-driven, facility-specific, and cost-based.

(2) Costs shall be annually rebased and case mix index quarterly updated. The nursing services methodology will be assigned to the Medicaid enrolled residents on record as of 30 days prior to the beginning of the rate period in the Department's Medicaid Management Information System (MMIS) as present on the last day of the second quarter preceding the rate period based upon the Assessment Reference Date of the Minimum Data Set (MDS).

(3) Regional wage adjustors based on the Health Service Areas (HSA) groupings and adjusters in effect on April 30, 2012 shall be included.
(4) Case mix index shall be assigned to each resident class based on the Centers for Medicare and Medicaid Services staff time measurement study in effect on July 1, 2013, utilizing an index maximization approach.

(5) The pool of funds available for distribution by case mix and the base facility rate shall be determined using the formula contained in subsection (d-1).

(d-1) Calculation of base year Statewide RUG-IV nursing base per diem rate.

(1) Base rate spending pool shall be:

(A) The base year resident days which are calculated by multiplying the number of Medicaid residents in each nursing home as indicated in the MDS data defined in paragraph (4) by 365.

(B) Each facility's nursing component per diem in effect on July 1, 2012 shall be multiplied by subsection (A).

(C) Thirteen million is added to the product of subparagraph (A) and subparagraph (B) to adjust for the exclusion of nursing homes defined in paragraph (5).

(2) For each nursing home with Medicaid residents as indicated by the MDS data defined in paragraph (4), weighted days adjusted for case mix and regional wage adjustment shall be calculated. For each home this calculation is the product of:

(A) Base year resident days as calculated in
subparagraph (A) of paragraph (1).

(B) The nursing home's regional wage adjustor based on the Health Service Areas (HSA) groupings and adjustors in effect on April 30, 2012.

(C) Facility weighted case mix which is the number of Medicaid residents as indicated by the MDS data defined in paragraph (4) multiplied by the associated case weight for the RUG-IV 48 grouper model using standard RUG-IV procedures for index maximization.

(D) The sum of the products calculated for each nursing home in subparagraphs (A) through (C) above shall be the base year case mix, rate adjusted weighted days.

(3) The Statewide RUG-IV nursing base per diem rate:

   (A) on January 1, 2014 shall be the quotient of the paragraph (1) divided by the sum calculated under subparagraph (D) of paragraph (2); and

   (B) on and after July 1, 2014, shall be the amount calculated under subparagraph (A) of this paragraph (3) plus $1.76.

(4) Minimum Data Set (MDS) comprehensive assessments for Medicaid residents on the last day of the quarter used to establish the base rate.

(5) Nursing facilities designated as of July 1, 2012 by the Department as "Institutions for Mental Disease" shall be excluded from all calculations under this subsection.
The data from these facilities shall not be used in the computations described in paragraphs (1) through (4) above to establish the base rate.

(e) Beginning July 1, 2014, the Department shall allocate funding in the amount up to $10,000,000 for per diem add-ons to the RUGS methodology for dates of service on and after July 1, 2014:

(1) $0.63 for each resident who scores in I4200 Alzheimer's Disease or I4800 non-Alzheimer's Dementia.

(2) $2.67 for each resident who scores either a "1" or "2" in any items S1200A through S1200I and also scores in RUG groups PA1, PA2, BA1, or BA2.

(e-1) (Blank).

(e-2) For dates of services beginning January 1, 2014, the RUG-IV nursing component per diem for a nursing home shall be the product of the statewide RUG-IV nursing base per diem rate, the facility average case mix index, and the regional wage adjustor. Transition rates for services provided between January 1, 2014 and December 31, 2014 shall be as follows:

(1) The transition RUG-IV per diem nursing rate for nursing homes whose rate calculated in this subsection (e-2) is greater than the nursing component rate in effect July 1, 2012 shall be paid the sum of:

(A) The nursing component rate in effect July 1, 2012; plus

(B) The difference of the RUG-IV nursing component
per diem calculated for the current quarter minus the
nursing component rate in effect July 1, 2012
multiplied by 0.88.

(2) The transition RUG-IV per diem nursing rate for
nursing homes whose rate calculated in this subsection
(e-2) is less than the nursing component rate in effect
July 1, 2012 shall be paid the sum of:

(A) The nursing component rate in effect July 1, 2012; plus

(B) The difference of the RUG-IV nursing component
per diem calculated for the current quarter minus the
nursing component rate in effect July 1, 2012
multiplied by 0.13.

(f) Notwithstanding any other provision of this Code, on
and after July 1, 2012, reimbursement rates associated with the
nursing or support components of the current nursing facility
rate methodology shall not increase beyond the level effective
May 1, 2011 until a new reimbursement system based on the RUGs
IV 48 grouper model has been fully operationalized.

(g) Notwithstanding any other provision of this Code, on
and after July 1, 2012, for facilities not designated by the
Department of Healthcare and Family Services as "Institutions
for Mental Disease", rates effective May 1, 2011 shall be
adjusted as follows:

(1) Individual nursing rates for residents classified
in RUG IV groups PA1, PA2, BA1, and BA2 during the quarter
ending March 31, 2012 shall be reduced by 10%;

(2) Individual nursing rates for residents classified in all other RUG IV groups shall be reduced by 1.0%;

(3) Facility rates for the capital and support components shall be reduced by 1.7%.

(h) Notwithstanding any other provision of this Code, on and after July 1, 2012, nursing facilities designated by the Department of Healthcare and Family Services as "Institutions for Mental Disease" and "Institutions for Mental Disease" that are facilities licensed under the Specialized Mental Health Rehabilitation Act of 2013 shall have the nursing, socio-developmental, capital, and support components of their reimbursement rate effective May 1, 2011 reduced in total by 2.7%.

(i) On and after July 1, 2014, the reimbursement rates for the support component of the nursing facility rate for facilities licensed under the Nursing Home Care Act as skilled or intermediate care facilities shall be the rate in effect on June 30, 2014 increased by 8.17%.

(j) The Department may contract with a third-party auditor to perform auditing to determine the accuracy of resident assessment information transmitted in the MDS that is relevant to the determination of reimbursement rates.

(Source: P.A. 98-104, Article 6, Section 6-240, eff. 7-22-13; 98-104, Article 11, Section 11-35, eff. 7-22-13; 98-651, eff. 6-16-14; 98-727, eff. 7-16-14; 98-756, eff. 7-16-14; 99-78,
Sec. 5-5b.1a. Pharmacy services; dispensing fees. For pharmacy services limited to the dispensing fees reduced in State fiscal year 2015 under Section 5-5b.1, the dispensing fees in State fiscal year 2016 shall be $2.35 for brand name drugs and $5.38 for generic drugs. Reimbursement methodology for product shall not be reduced as a result of this Section. This Section does not prevent the Department from making customary adjustments to pharmacy product prices for the State's Maximum Allowable Cost list for generic prescription medicines.

Sec. 5-5b.2. Reimbursement rates; fiscal year 2016 reductions; fiscal year 2017 reductions.

(a) Except as provided in subsections (b) and (b-1), notwithstanding any other provision of this Code to the contrary, and subject to rescission if not federally approved, providers of the following services shall have their reimbursement rates or dispensing fees reduced for State fiscal year 2016. For each provider class, the Department must calculate a rate reduction which produces for each service type a total reduction in State fiscal year 2016 no greater than an amount equal to the product of 2.25% multiplied by the
originally enacted State fiscal year 2015 appropriations from
the General Revenue Fund for each medical service type. The
Department must only use appropriations from the General
Revenue Fund to calculate the rate reduction amount for each
service type. The rate reduction shall be applied equally to
all services within the service type regardless of the fund
from which payment is made. Medical services subject to rate
reduction in State fiscal year 2016 are the following:

(1) Nursing facility services delivered by a nursing
    facility licensed under the Nursing Home Care Act.

(2) Home health services.

(3) Services delivered by a supportive living facility
    as defined in Section 5-5.01a.

(4) Services delivered by a specialized mental health
    rehabilitation facility licensed under the Specialized
    Mental Health Rehabilitation Act of 2013.

(5) Medical transportation services, including
    services delivered by a hospital, provided by (i) emergency
    and non-emergency ground and air ambulance, (ii) medi-car,
    (iii) service car, and (iv) taxi cab.

(6) Capitation payment rates to managed care entities
    shall include all reductions for those services as provided
    in this Section, as well as reductions in the
    administrative portion of the capitation rate. All
    reductions shall be made in an actuarially sound manner.

(7) Services for the treatment of hemophilia.
Physician services.

Dental services.

Optometric services.

Podiatry services.

Laboratory services or services provided by independent laboratories.

Durable medical equipment and supplies.

Renal dialysis services.

Birth Center Services.

Emergency services other than those offered by or in a hospital.

(a-1) Notwithstanding any other provision of this Code to the contrary, and subject to rescission if not federally approved, beginning with State fiscal year 2017, and for each fiscal year thereafter, managed care entities shall have their capitation payment rates reduced by no greater than an amount equal to the product of 1.6% multiplied by the appropriations from the General Revenue Fund for the preceding fiscal year. The Department must only use appropriations from the General Revenue Fund to calculate the rate reduction.

(b) No provider shall be exempt from the rate reductions authorized under this Section, except that rates or payments, or the portion thereof, paid for private duty nursing services or paid to a provider that is operated by a unit of government that provides the non-federal share of such services shall not be reduced as provided in this Section.
(b-1) The Department shall develop a State fiscal year 2016 blended rate for nursing services provided by facilities licensed under the Nursing Home Care Act that takes into account the State fiscal year 2016 appropriation from the Long-Term Care Provider Fund and the adjusted State fiscal year 2016 appropriation for nursing services from the General Revenue Fund. The State fiscal year 2016 blended rate shall produce a savings to the State for fiscal year 2016 no greater than an amount equal to the product of 2.25% multiplied by the originally enacted State fiscal year 2015 appropriations from the General Revenue Fund for nursing services. The State fiscal year 2016 blended rate shall be applied to all nursing services regardless of the source from which payment is made.

(c) For any rates which the Department cannot reduce due to federal law, court order, or specific statutory exemptions, the Department must identify the sum of reductions which cannot be attained. The sum must be proportionally distributed and added into the originally enacted State fiscal year 2015 appropriations from the General Revenue Fund for each medical service type prior to the calculation of the rate reduction specified in subsection (a). The Department may not redistribute reductions in any other manner.

The reductions required under this Section must be applied uniformly to all providers who deliver the same medical service type.

(d) In order to provide for the expeditious and timely
implementation of the provisions of this Section, the Department shall adopt rules and may adopt emergency rules in accordance with subsection (s) of Section 5-45 of the Illinois Administrative Procedure Act.

(305 ILCS 5/5-30.3 new)

Sec. 5-30.3. Managed care; wards of the Department of Children and Family Services. The Department shall seek a waiver from the federal Centers for Medicare and Medicaid Services to allow mandatory enrollment of wards of the Department of Children and Family Services into Medicaid managed care and care coordination plans. The Department must submit a waiver request to the federal Centers for Medicare and Medicaid Services no later than October 1, 2015 and shall take all necessary actions to obtain approval, including appeal of any denial. Beginning January 1, 2016, the Department shall report progress on the waiver required under this Section and shall report quarterly until the waiver request is approved or denied. Upon federal approval, the Department shall develop a process to ensure that all wards of the Department of Children and Family Services are enrolled in Medicaid managed care and care coordination plans.

(305 ILCS 5/5A-2) (from Ch. 23, par. 5A-2) (Section scheduled to be repealed on July 1, 2018)

Sec. 5A-2. Assessment.
(a) Subject to Sections 5A-3 and 5A-10, for State fiscal years 2009 through 2018, an annual assessment on inpatient services is imposed on each hospital provider in an amount equal to $218.38 multiplied by the difference of the hospital's occupied bed days less the hospital's Medicare bed days, provided, however, that the amount of $218.38 shall be increased by a uniform percentage to generate an amount equal to 75% of the State share of the payments authorized under Section 12-5, with such increase only taking effect upon the date that a State share for such payments is required under federal law. For the period of April through June 2015, the amount of $218.38 used to calculate the assessment under this paragraph shall, by emergency rule under subsection (s) of Section 5-45 of the Illinois Administrative Procedure Act, be increased by a uniform percentage to generate $20,250,000 in the aggregate for that period from all hospitals subject to the annual assessment under this paragraph. In lieu of a reduction in the reimbursement rates paid to hospitals under Section 5-5b.2 of this Code, for State fiscal year 2016, the amount of $218.38 used to calculate the assessment under this paragraph shall, by emergency rule under subsection (s) of Section 5-45 of the Illinois Administrative Procedure Act, be increased by a uniform percentage to generate $20,250,000 annually in the aggregate from all hospitals subject to the annual assessment under this paragraph.

For State fiscal years 2009 through 2014 and after, a
hospital's occupied bed days and Medicare bed days shall be determined using the most recent data available from each hospital's 2005 Medicare cost report as contained in the Healthcare Cost Report Information System file, for the quarter ending on December 31, 2006, without regard to any subsequent adjustments or changes to such data. If a hospital's 2005 Medicare cost report is not contained in the Healthcare Cost Report Information System, then the Illinois Department may obtain the hospital provider's occupied bed days and Medicare bed days from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Illinois Department or its duly authorized agents and employees.

(b) (Blank).

(b-5) Subject to Sections 5A-3 and 5A-10, for the portion of State fiscal year 2012, beginning June 10, 2012 through June 30, 2012, and for State fiscal years 2013 through 2018, an annual assessment on outpatient services is imposed on each hospital provider in an amount equal to .008766 multiplied by the hospital's outpatient gross revenue, provided, however, that the amount of .008766 shall be increased by a uniform percentage to generate an amount equal to 25% of the State share of the payments authorized under Section 12-5, with such increase only taking effect upon the date that a State share for such payments is required under federal law. For the period
beginning June 10, 2012 through June 30, 2012, the annual assessment on outpatient services shall be prorated by multiplying the assessment amount by a fraction, the numerator of which is 21 days and the denominator of which is 365 days. For the period of April through June 2015, the amount of .008766 used to calculate the assessment under this paragraph shall, by emergency rule under subsection (s) of Section 5-45 of the Illinois Administrative Procedure Act, be increased by a uniform percentage to generate $6,750,000 in the aggregate for that period from all hospitals subject to the annual assessment under this paragraph. In lieu of a reduction in the reimbursement rates paid to hospitals under Section 5-5b.2 of this Code, for State fiscal year 2016, the amount of .008766 used to calculate the assessment under this paragraph shall, by emergency rule under subsection (s) of Section 5-45 of the Illinois Administrative Procedure Act, be increased by a uniform percentage to generate $6,750,000 annually in the aggregate from all hospitals subject to the annual assessment under this paragraph. For the portion of State fiscal year 2012, beginning June 10, 2012 through June 30, 2012, and State fiscal years 2013 through 2018, a hospital's outpatient gross revenue shall be determined using the most recent data available from each hospital's 2009 Medicare cost report as contained in the Healthcare Cost Report Information System file, for the quarter ending on June 30, 2011, without regard to any subsequent
adjustments or changes to such data. If a hospital's 2009 Medicare cost report is not contained in the Healthcare Cost Report Information System, then the Department may obtain the hospital provider's outpatient gross revenue from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Department or its duly authorized agents and employees.

(c) (Blank).

(d) Notwithstanding any of the other provisions of this Section, the Department is authorized to adopt rules to reduce the rate of any annual assessment imposed under this Section, as authorized by Section 5-46.2 of the Illinois Administrative Procedure Act.

(e) Notwithstanding any other provision of this Section, any plan providing for an assessment on a hospital provider as a permissible tax under Title XIX of the federal Social Security Act and Medicaid-eligible payments to hospital providers from the revenues derived from that assessment shall be reviewed by the Illinois Department of Healthcare and Family Services, as the Single State Medicaid Agency required by federal law, to determine whether those assessments and hospital provider payments meet federal Medicaid standards. If the Department determines that the elements of the plan may meet federal Medicaid standards and a related State Medicaid Plan Amendment is prepared in a manner and form suitable for
submission, that State Plan Amendment shall be submitted in a
timely manner for review by the Centers for Medicare and
Medicaid Services of the United States Department of Health and
Human Services and subject to approval by the Centers for
Medicare and Medicaid Services of the United States Department
of Health and Human Services. No such plan shall become
effective without approval by the Illinois General Assembly by
the enactment into law of related legislation. Notwithstanding
any other provision of this Section, the Department is
authorized to adopt rules to reduce the rate of any annual
assessment imposed under this Section. Any such rules may be
adopted by the Department under Section 5-50 of the Illinois
Administrative Procedure Act.
(Source: P.A. 98-104, eff. 7-22-13; 98-651, eff. 6-16-14; 99-2,
eff. 3-26-15.)

(305 ILCS 5/5A-12.2)
(Section scheduled to be repealed on July 1, 2018)
Sec. 5A-12.2. Hospital access payments on or after July 1,
2008.
(a) To preserve and improve access to hospital services,
for hospital services rendered on or after July 1, 2008, the
Illinois Department shall, except for hospitals described in
subsection (b) of Section 5A-3, make payments to hospitals as
set forth in this Section. These payments shall be paid in 12
equal installments on or before the seventh State business day
of each month, except that no payment shall be due within 100
days after the later of the date of notification of federal
approval of the payment methodologies required under this
Section or any waiver required under 42 CFR 433.68, at which
time the sum of amounts required under this Section prior to
the date of notification is due and payable. Payments under
this Section are not due and payable, however, until (i) the
methodologies described in this Section are approved by the
federal government in an appropriate State Plan amendment and
(ii) the assessment imposed under this Article is determined to
be a permissible tax under Title XIX of the Social Security
Act.

(a-5) The Illinois Department may, when practicable,
accelerate the schedule upon which payments authorized under
this Section are made.

(b) Across-the-board inpatient adjustment.

(1) In addition to rates paid for inpatient hospital
services, the Department shall pay to each Illinois general
acute care hospital an amount equal to 40% of the total
base inpatient payments paid to the hospital for services
provided in State fiscal year 2005.

(2) In addition to rates paid for inpatient hospital
services, the Department shall pay to each freestanding
Illinois specialty care hospital as defined in 89 Ill. Adm.
Code 149.50(c)(1), (2), or (4) an amount equal to 60% of
the total base inpatient payments paid to the hospital for
services provided in State fiscal year 2005.

(3) In addition to rates paid for inpatient hospital services, the Department shall pay to each freestanding Illinois rehabilitation or psychiatric hospital an amount equal to $1,000 per Medicaid inpatient day multiplied by the increase in the hospital's Medicaid inpatient utilization ratio (determined using the positive percentage change from the rate year 2005 Medicaid inpatient utilization ratio to the rate year 2007 Medicaid inpatient utilization ratio, as calculated by the Department for the disproportionate share determination).

(4) In addition to rates paid for inpatient hospital services, the Department shall pay to each Illinois children's hospital an amount equal to 20% of the total base inpatient payments paid to the hospital for services provided in State fiscal year 2005 and an additional amount equal to 20% of the base inpatient payments paid to the hospital for psychiatric services provided in State fiscal year 2005.

(5) In addition to rates paid for inpatient hospital services, the Department shall pay to each Illinois hospital eligible for a pediatric inpatient adjustment payment under 89 Ill. Adm. Code 148.298, as in effect for State fiscal year 2007, a supplemental pediatric inpatient adjustment payment equal to:

(i) For freestanding children's hospitals as
defined in 89 Ill. Adm. Code 149.50(c)(3)(A), 2.5
multiplied by the hospital's pediatric inpatient
adjustment payment required under 89 Ill. Adm. Code
148.298, as in effect for State fiscal year 2008.
(ii) For hospitals other than freestanding
children's hospitals as defined in 89 Ill. Adm. Code
149.50(c)(3)(B), 1.0 multiplied by the hospital's
pediatric inpatient adjustment payment required under
89 Ill. Adm. Code 148.298, as in effect for State
fiscal year 2008.
(c) Outpatient adjustment.
(1) In addition to the rates paid for outpatient
hospital services, the Department shall pay each Illinois	household an amount equal to 2.2 multiplied by the
hospital's ambulatory procedure listing payments for
categories 1, 2, 3, and 4, as defined in 89 Ill. Adm. Code
148.140(b), for State fiscal year 2005.
(2) In addition to the rates paid for outpatient
hospital services, the Department shall pay each Illinois
freestanding psychiatric hospital an amount equal to 3.25
multiplied by the hospital's ambulatory procedure listing
payments for category 5b, as defined in 89 Ill. Adm. Code
(d) Medicaid high volume adjustment. In addition to rates
paid for inpatient hospital services, the Department shall pay
to each Illinois general acute care hospital that provided more
than 20,500 Medicaid inpatient days of care in State fiscal year 2005 amounts as follows:

(1) For hospitals with a case mix index equal to or greater than the 85th percentile of hospital case mix indices, $350 for each Medicaid inpatient day of care provided during that period; and

(2) For hospitals with a case mix index less than the 85th percentile of hospital case mix indices, $100 for each Medicaid inpatient day of care provided during that period.

(e) Capital adjustment. In addition to rates paid for inpatient hospital services, the Department shall pay an additional payment to each Illinois general acute care hospital that has a Medicaid inpatient utilization rate of at least 10% (as calculated by the Department for the rate year 2007 disproportionate share determination) amounts as follows:

(1) For each Illinois general acute care hospital that has a Medicaid inpatient utilization rate of at least 10% and less than 36.94% and whose capital cost is less than the 60th percentile of the capital costs of all Illinois hospitals, the amount of such payment shall equal the hospital's Medicaid inpatient days multiplied by the difference between the capital costs at the 60th percentile of the capital costs of all Illinois hospitals and the hospital's capital costs.

(2) For each Illinois general acute care hospital that has a Medicaid inpatient utilization rate of at least
36.94% and whose capital cost is less than the 75th percentile of the capital costs of all Illinois hospitals, the amount of such payment shall equal the hospital's Medicaid inpatient days multiplied by the difference between the capital costs at the 75th percentile of the capital costs of all Illinois hospitals and the hospital's capital costs.

(f) Obstetrical care adjustment.

(1) In addition to rates paid for inpatient hospital services, the Department shall pay $1,500 for each Medicaid obstetrical day of care provided in State fiscal year 2005 by each Illinois rural hospital that had a Medicaid obstetrical percentage (Medicaid obstetrical days divided by Medicaid inpatient days) greater than 15% for State fiscal year 2005.

(2) In addition to rates paid for inpatient hospital services, the Department shall pay $1,350 for each Medicaid obstetrical day of care provided in State fiscal year 2005 by each Illinois general acute care hospital that was designated a level III perinatal center as of December 31, 2006, and that had a case mix index equal to or greater than the 45th percentile of the case mix indices for all level III perinatal centers.

(3) In addition to rates paid for inpatient hospital services, the Department shall pay $900 for each Medicaid obstetrical day of care provided in State fiscal year 2005
by each Illinois general acute care hospital that was
designated a level II or II+ perinatal center as of
December 31, 2006, and that had a case mix index equal to
or greater than the 35th percentile of the case mix indices
for all level II and II+ perinatal centers.
(g) Trauma adjustment.
   (1) In addition to rates paid for inpatient hospital
services, the Department shall pay each Illinois general
acute care hospital designated as a trauma center as of
July 1, 2007, a payment equal to 3.75 multiplied by the
hospital's State fiscal year 2005 Medicaid capital
payments.
   (2) In addition to rates paid for inpatient hospital
services, the Department shall pay $400 for each Medicaid
acute inpatient day of care provided in State fiscal year
2005 by each Illinois general acute care hospital that was
designated a level II trauma center, as defined in 89 Ill.
Adm. Code 148.295(a)(3) and 148.295(a)(4), as of July 1,
2007.
   (3) In addition to rates paid for inpatient hospital
services, the Department shall pay $235 for each Illinois
Medicaid acute inpatient day of care provided in State
fiscal year 2005 by each level I pediatric trauma center
located outside of Illinois that had more than 8,000
Illinois Medicaid inpatient days in State fiscal year 2005.
(h) Supplemental tertiary care adjustment. In addition to
rates paid for inpatient services, the Department shall pay to each Illinois hospital eligible for tertiary care adjustment payments under 89 Ill. Adm. Code 148.296, as in effect for State fiscal year 2007, a supplemental tertiary care adjustment payment equal to the tertiary care adjustment payment required under 89 Ill. Adm. Code 148.296, as in effect for State fiscal year 2007.

(i) Crossover adjustment. In addition to rates paid for inpatient services, the Department shall pay each Illinois general acute care hospital that had a ratio of crossover days to total inpatient days for medical assistance programs administered by the Department (utilizing information from 2005 paid claims) greater than 50%, and a case mix index greater than the 65th percentile of case mix indices for all Illinois hospitals, a rate of $1,125 for each Medicaid inpatient day including crossover days.

(j) Magnet hospital adjustment. In addition to rates paid for inpatient hospital services, the Department shall pay to each Illinois general acute care hospital and each Illinois freestanding children's hospital that, as of February 1, 2008, was recognized as a Magnet hospital by the American Nurses Credentialing Center and that had a case mix index greater than the 75th percentile of case mix indices for all Illinois hospitals amounts as follows:

(1) For hospitals located in a county whose eligibility growth factor is greater than the mean, $450 multiplied by
the eligibility growth factor for the county in which the hospital is located for each Medicaid inpatient day of care provided by the hospital during State fiscal year 2005.

(2) For hospitals located in a county whose eligibility growth factor is less than or equal to the mean, $225 multiplied by the eligibility growth factor for the county in which the hospital is located for each Medicaid inpatient day of care provided by the hospital during State fiscal year 2005.

For purposes of this subsection, "eligibility growth factor" means the percentage by which the number of Medicaid recipients in the county increased from State fiscal year 1998 to State fiscal year 2005.

(k) For purposes of this Section, a hospital that is enrolled to provide Medicaid services during State fiscal year 2005 shall have its utilization and associated reimbursements annualized prior to the payment calculations being performed under this Section.

(l) For purposes of this Section, the terms "Medicaid days", "ambulatory procedure listing services", and "ambulatory procedure listing payments" do not include any days, charges, or services for which Medicare or a managed care organization reimbursed on a capitated basis was liable for payment, except where explicitly stated otherwise in this Section.

(m) For purposes of this Section, in determining the
percentile ranking of an Illinois hospital's case mix index or capital costs, hospitals described in subsection (b) of Section 5A-3 shall be excluded from the ranking.

(n) Definitions. Unless the context requires otherwise or unless provided otherwise in this Section, the terms used in this Section for qualifying criteria and payment calculations shall have the same meanings as those terms have been given in the Illinois Department's administrative rules as in effect on March 1, 2008. Other terms shall be defined by the Illinois Department by rule.

As used in this Section, unless the context requires otherwise:

"Base inpatient payments" means, for a given hospital, the sum of base payments for inpatient services made on a per diem or per admission (DRG) basis, excluding those portions of per admission payments that are classified as capital payments. Disproportionate share hospital adjustment payments, Medicaid Percentage Adjustments, Medicaid High Volume Adjustments, and outlier payments, as defined by rule by the Department as of January 1, 2008, are not base payments.

"Capital costs" means, for a given hospital, the total capital costs determined using the most recent 2005 Medicare cost report as contained in the Healthcare Cost Report Information System file, for the quarter ending on December 31, 2006, divided by the total inpatient days from the same cost report to calculate a capital cost per day. The resulting
capital cost per day is inflated to the midpoint of State fiscal year 2009 utilizing the national hospital market price proxies (DRI) hospital cost index. If a hospital's 2005 Medicare cost report is not contained in the Healthcare Cost Report Information System, the Department may obtain the data necessary to compute the hospital's capital costs from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Illinois Department or its duly authorized agents and employees.

"Case mix index" means, for a given hospital, the sum of the DRG relative weighting factors in effect on January 1, 2005, for all general acute care admissions for State fiscal year 2005, excluding Medicare crossover admissions and transplant admissions reimbursed under 89 Ill. Adm. Code 148.82, divided by the total number of general acute care admissions for State fiscal year 2005, excluding Medicare crossover admissions and transplant admissions reimbursed under 89 Ill. Adm. Code 148.82.

"Medicaid inpatient day" means, for a given hospital, the sum of days of inpatient hospital days provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding days for individuals eligible for Medicare under Title XVIII of that Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for admissions occurring during State fiscal year 2005.
"Medicaid obstetrical day" means, for a given hospital, the sum of days of inpatient hospital days grouped by the Department to DRGs of 370 through 375 provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding days for individuals eligible for Medicare under Title XVIII of that Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for admissions occurring during State fiscal year 2005 that was adjudicated by the Department through March 23, 2007.

"Outpatient ambulatory procedure listing payments" means, for a given hospital, the sum of payments for ambulatory procedure listing services, as described in 89 Ill. Adm. Code 148.140(b), provided to recipients of medical assistance under Title XIX of the federal Social Security Act, excluding payments for individuals eligible for Medicare under Title XVIII of the Act (Medicaid/Medicare crossover days), as tabulated from the Department's paid claims data for services occurring in State fiscal year 2005 that were adjudicated by the Department through March 23, 2007.

(o) The Department may adjust payments made under this Section 5A-12.2 to comply with federal law or regulations regarding hospital-specific payment limitations on government-owned or government-operated hospitals.

(p) Notwithstanding any of the other provisions of this Section, the Department is authorized to adopt rules that
change the hospital access improvement payments specified in this Section, but only to the extent necessary to conform to any federally approved amendment to the Title XIX State plan. Any such rules shall be adopted by the Department as authorized by Section 5-50 of the Illinois Administrative Procedure Act. Notwithstanding any other provision of law, any changes implemented as a result of this subsection (p) shall be given retroactive effect so that they shall be deemed to have taken effect as of the effective date of this Section.

(q) (Blank).

(r) On and after July 1, 2012, the Department shall reduce any rate of reimbursement for services or other payments or alter any methodologies authorized by this Code to reduce any rate of reimbursement for services or other payments in accordance with Section 5-5e.

(s) On or after July 1, 2014, but no later than October 1, 2014, and no less than annually thereafter, the Department may increase capitation payments to capitated managed care organizations (MCOs) to equal the aggregate reduction of payments made in this Section and in Section 5A-12.4 by a uniform percentage on a regional basis to preserve access to hospital services for recipients under the Illinois Medical Assistance Program. The aggregate amount of all increased capitation payments to all MCOs for a fiscal year shall be the amount needed to avoid reduction in payments authorized under Section 5A-15. Payments to MCOs under this Section shall be
consistent with actuarial certification and shall be published by the Department each year. Each MCO shall only expend the increased capitation payments it receives under this Section to support the availability of hospital services and to ensure access to hospital services, with such expenditures being made within 15 calendar days from when the MCO receives the increased capitation payment. The Department shall make available, on a monthly basis, a report of the capitation payments that are made to each MCO pursuant to this subsection, including the number of enrollees for which such payment is made, the per enrollee amount of the payment, and any adjustments that have been made. Payments made under this subsection shall be guaranteed by a surety bond obtained by the MCO in an amount established by the Department to approximate one month's liability of payments authorized under this subsection. The Department may advance the payments guaranteed by the surety bond. Payments to MCOs that would be paid consistent with actuarial certification and enrollment in the absence of the increased capitation payments under this Section shall not be reduced as a consequence of payments made under this subsection.

As used in this subsection, "MCO" means an entity which contracts with the Department to provide services where payment for medical services is made on a capitated basis.

(t) On or after July 1, 2014, the Department may increase capitation payments to capitated managed care
organizations (MCOs) to include the payments authorized equal to the aggregate reduction of payments made in Section 5A-12.5 to preserve access to hospital services for recipients under the Illinois Medical Assistance Program. Payments to MCOs under this Section shall be consistent with actuarial certification and shall be published by the Department each year. Each MCO shall only expend the increased capitation payments it receives under this Section to support the availability of hospital services and to ensure access to hospital services, with such expenditures being made within 15 calendar days from when the MCO receives the increased capitation payment. The Department may advance the payments to hospitals under this subsection, in the event the MCO fails to make such payments. The Department shall make available, on a monthly basis, a report of the capitation payments that are made to each MCO pursuant to this subsection, including the number of enrollees for which such payment is made, the per enrollee amount of the payment, and any adjustments that have been made. Payments to MCOs that would be paid consistent with actuarial certification and enrollment in the absence of the increased capitation payments under this subsection shall not be reduced as a consequence of payments made under this subsection.

As used in this subsection, "MCO" means an entity which contracts with the Department to provide services where payment for medical services is made on a capitated basis.

(Source: P.A. 97-689, eff. 6-14-12; 98-651, eff. 6-16-14.)
Sec. 5A-12.5. Affordable Care Act adults; hospital access payments. The Department shall, subject to federal approval, mirror the Medical Assistance hospital reimbursement methodology, for recipients enrolled under a fee for service or capitated managed care program, including hospital access payments as defined in Section 5A-12.2 of this Article and hospital access improvement payments as defined in Section 5A-12.4 of this Article, as well as the amount of such payments pursuant to subsection (s) of Section 5A-12.2 of this Article, in compliance with the equivalent rate provisions of the Affordable Care Act. The Department shall make adjustments to the capitation payments made to MCOs for adults eligible for medical assistance pursuant to the Affordable Care Act for the hospital access payments authorized under this Section attributable to the earliest possible date for which federal financial participation is available.

As used in this Section, "Affordable Care Act" is the collective term for the Patient Protection and Affordable Care Act (Pub. L. 111-148) and the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152).

(Source: P.A. 98-651, eff. 6-16-14.)
(a) The Governor shall appoint, and the Senate shall confirm, an Inspector General who shall function within the Illinois Department of Public Aid (now Healthcare and Family Services) and report to the Governor. The term of the Inspector General shall expire on the third Monday of January, 1997 and every 4 years thereafter.

(b) In order to prevent, detect, and eliminate fraud, waste, abuse, mismanagement, and misconduct, the Inspector General shall oversee the Department of Healthcare and Family Services' and the Department on Aging's integrity functions, which include, but are not limited to, the following:

1. Investigation of misconduct by employees, vendors, contractors and medical providers, except for allegations of violations of the State Officials and Employees Ethics Act which shall be referred to the Office of the Governor's Executive Inspector General for investigation.

2. Prepayment and post-payment audits of medical providers related to ensuring that appropriate payments are made for services rendered and to the prevention and recovery of overpayments.

3. Monitoring of quality assurance programs administered by the Department of Healthcare and Family Services and the Community Care Program administered by the Department on Aging.

4. Quality control measurements of the programs administered by the Department of Healthcare and Family Services.
Services and the Community Care Program administered by the Department on Aging.

(5) Investigations of fraud or intentional program violations committed by clients of the Department of Healthcare and Family Services and the Community Care Program administered by the Department on Aging.

(6) Actions initiated against contractors, vendors, or medical providers for any of the following reasons:

(A) Violations of the medical assistance program and the Community Care Program administered by the Department on Aging.

(B) Sanctions against providers brought in conjunction with the Department of Public Health or the Department of Human Services (as successor to the Department of Mental Health and Developmental Disabilities).

(C) Recoveries of assessments against hospitals and long-term care facilities.

(D) Sanctions mandated by the United States Department of Health and Human Services against medical providers.

(E) Violations of contracts related to any programs administered by the Department of Healthcare and Family Services and the Community Care Program administered by the Department on Aging.

(7) Representation of the Department of Healthcare and
Family Services at hearings with the Illinois Department of Financial and Professional Regulation in actions taken against professional licenses held by persons who are in violation of orders for child support payments.

(b-5) At the request of the Secretary of Human Services, the Inspector General shall, in relation to any function performed by the Department of Human Services as successor to the Department of Public Aid, exercise one or more of the powers provided under this Section as if those powers related to the Department of Human Services; in such matters, the Inspector General shall report his or her findings to the Secretary of Human Services.

(c) Notwithstanding, and in addition to, any other provision of law, the Inspector General shall have access to all information, personnel and facilities of the Department of Healthcare and Family Services and the Department of Human Services (as successor to the Department of Public Aid), their employees, vendors, contractors and medical providers and any federal, State or local governmental agency that are necessary to perform the duties of the Office as directly related to public assistance programs administered by those departments. No medical provider shall be compelled, however, to provide individual medical records of patients who are not clients of the programs administered by the Department of Healthcare and Family Services. State and local governmental agencies are authorized and directed to provide the requested information,
assistance or cooperation.

For purposes of enhanced program integrity functions and oversight, and to the extent consistent with applicable information and privacy, security, and disclosure laws, State agencies and departments shall provide the Office of Inspector General access to confidential and other information and data, and the Inspector General is authorized to enter into agreements with appropriate federal agencies and departments to secure similar data. This includes, but is not limited to, information pertaining to: licensure; certification; earnings; immigration status; citizenship; wage reporting; unearned and earned income; pension income; employment; supplemental security income; social security numbers; National Provider Identifier (NPI) numbers; the National Practitioner Data Bank (NPDB); program and agency exclusions; taxpayer identification numbers; tax delinquency; corporate information; and death records.

The Inspector General shall enter into agreements with State agencies and departments, and is authorized to enter into agreements with federal agencies and departments, under which such agencies and departments shall share data necessary for medical assistance program integrity functions and oversight. The Inspector General shall enter into agreements with State agencies and departments, and is authorized to enter into agreements with federal agencies and departments, under which such agencies shall share data necessary for recipient and
vendor screening, review, and investigation, including but not limited to vendor payment and recipient eligibility verification. The Inspector General shall develop, in cooperation with other State and federal agencies and departments, and in compliance with applicable federal laws and regulations, appropriate and effective methods to share such data. The Inspector General shall enter into agreements with State agencies and departments, and is authorized to enter into agreements with federal agencies and departments, including, but not limited to: the Secretary of State; the Department of Revenue; the Department of Public Health; the Department of Human Services; and the Department of Financial and Professional Regulation.

The Inspector General shall have the authority to deny payment, prevent overpayments, and recover overpayments.

The Inspector General shall have the authority to deny or suspend payment to, and deny, terminate, or suspend the eligibility of, any vendor who fails to grant the Inspector General timely access to full and complete records, including records of recipients under the medical assistance program for the most recent 6 years, in accordance with Section 140.28 of Title 89 of the Illinois Administrative Code, and other information for the purpose of audits, investigations, or other program integrity functions, after reasonable written request by the Inspector General.

(d) The Inspector General shall serve as the Department of
Healthcare and Family Services' primary liaison with law enforcement, investigatory and prosecutorial agencies, including but not limited to the following:

(1) The Department of State Police.
(2) The Federal Bureau of Investigation and other federal law enforcement agencies.
(3) The various Inspectors General of federal agencies overseeing the programs administered by the Department of Healthcare and Family Services.
(4) The various Inspectors General of any other State agencies with responsibilities for portions of programs primarily administered by the Department of Healthcare and Family Services.
(5) The Offices of the several United States Attorneys in Illinois.
(6) The several State's Attorneys.
(7) The offices of the Centers for Medicare and Medicaid Services that administer the Medicare and Medicaid integrity programs.

The Inspector General shall meet on a regular basis with these entities to share information regarding possible misconduct by any persons or entities involved with the public aid programs administered by the Department of Healthcare and Family Services.

(e) All investigations conducted by the Inspector General shall be conducted in a manner that ensures the preservation of
evidence for use in criminal prosecutions. If the Inspector
General determines that a possible criminal act relating to
fraud in the provision or administration of the medical
assistance program has been committed, the Inspector General
shall immediately notify the Medicaid Fraud Control Unit. If
the Inspector General determines that a possible criminal act
has been committed within the jurisdiction of the Office, the
Inspector General may request the special expertise of the
Department of State Police. The Inspector General may present
for prosecution the findings of any criminal investigation to
the Office of the Attorney General, the Offices of the several
United States Attorneys in Illinois or the several State's
Attorneys.

(f) To carry out his or her duties as described in this
Section, the Inspector General and his or her designees shall
have the power to compel by subpoena the attendance and
testimony of witnesses and the production of books, electronic
records and papers as directly related to public assistance
programs administered by the Department of Healthcare and
Family Services or the Department of Human Services (as
successor to the Department of Public Aid). No medical provider
shall be compelled, however, to provide individual medical
records of patients who are not clients of the Medical
Assistance Program.

(g) The Inspector General shall report all convictions,
terminations, and suspensions taken against vendors,
contractors and medical providers to the Department of Healthcare and Family Services and to any agency responsible for licensing or regulating those persons or entities.

(h) The Inspector General shall make annual reports, findings, and recommendations regarding the Office's investigations into reports of fraud, waste, abuse, mismanagement, or misconduct relating to any programs administered by the Department of Healthcare and Family Services or the Department of Human Services (as successor to the Department of Public Aid) to the General Assembly and the Governor. These reports shall include, but not be limited to, the following information:

(1) Aggregate provider billing and payment information, including the number of providers at various Medicaid earning levels.

(2) The number of audits of the medical assistance program and the dollar savings resulting from those audits.

(3) The number of prescriptions rejected annually under the Department of Healthcare and Family Services' Refill Too Soon program and the dollar savings resulting from that program.

(4) Provider sanctions, in the aggregate, including terminations and suspensions.

(5) A detailed summary of the investigations undertaken in the previous fiscal year. These summaries shall comply with all laws and rules regarding maintaining...
confidence in the public aid programs.

(i) Nothing in this Section shall limit investigations by the Department of Healthcare and Family Services or the Department of Human Services that may otherwise be required by law or that may be necessary in their capacity as the central administrative authorities responsible for administration of their agency's programs in this State.

(j) The Inspector General may issue shields or other distinctive identification to his or her employees not exercising the powers of a peace officer if the Inspector General determines that a shield or distinctive identification is needed by an employee to carry out his or her responsibilities.

(k) The Office of Inspector General must realign its resources toward activities with the greatest potential to reduce or avoid unnecessary, wasteful, or fraudulent expenditures.

(Source: P.A. 97-689, eff. 6-14-12; 98-8, eff. 5-3-13.)

ARTICLE 105. DEPARTMENT OF CORRECTIONS

Section 105-5. The Unified Code of Corrections is amended by changing Section 3-2-2 as follows:

(730 ILCS 5/3-2-2) (from Ch. 38, par. 1003-2-2)

Sec. 3-2-2. Powers and Duties of the Department.
In addition to the powers, duties and responsibilities which are otherwise provided by law, the Department shall have the following powers:

(a) To accept persons committed to it by the courts of this State for care, custody, treatment and rehabilitation, and to accept federal prisoners and aliens over whom the Office of the Federal Detention Trustee is authorized to exercise the federal detention function for limited purposes and periods of time.

(b) To develop and maintain reception and evaluation units for purposes of analyzing the custody and rehabilitation needs of persons committed to it and to assign such persons to institutions and programs under its control or transfer them to other appropriate agencies. In consultation with the Department of Alcoholism and Substance Abuse (now the Department of Human Services), the Department of Corrections shall develop a master plan for the screening and evaluation of persons committed to its custody who have alcohol or drug abuse problems, and for making appropriate treatment available to such persons; the Department shall report to the General Assembly on such plan not later than April 1, 1987. The maintenance and implementation of such plan shall be contingent upon the availability of funds.

(b-1) To create and implement, on January 1, 2002, a pilot program to establish the effectiveness of
pupillometer technology (the measurement of the pupil's reaction to light) as an alternative to a urine test for purposes of screening and evaluating persons committed to its custody who have alcohol or drug problems. The pilot program shall require the pupillometer technology to be used in at least one Department of Corrections facility. The Director may expand the pilot program to include an additional facility or facilities as he or she deems appropriate. A minimum of 4,000 tests shall be included in the pilot program. The Department must report to the General Assembly on the effectiveness of the program by January 1, 2003.

(b-5) To develop, in consultation with the Department of State Police, a program for tracking and evaluating each inmate from commitment through release for recording his or her gang affiliations, activities, or ranks.

(c) To maintain and administer all State correctional institutions and facilities under its control and to establish new ones as needed. Pursuant to its power to establish new institutions and facilities, the Department may, with the written approval of the Governor, authorize the Department of Central Management Services to enter into an agreement of the type described in subsection (d) of Section 405-300 of the Department of Central Management Services Law (20 ILCS 405/405-300). The Department shall designate those institutions which shall constitute the
State Penitentiary System.

Pursuant to its power to establish new institutions and facilities, the Department may authorize the Department of Central Management Services to accept bids from counties and municipalities for the construction, remodeling or conversion of a structure to be leased to the Department of Corrections for the purposes of its serving as a correctional institution or facility. Such construction, remodeling or conversion may be financed with revenue bonds issued pursuant to the Industrial Building Revenue Bond Act by the municipality or county. The lease specified in a bid shall be for a term of not less than the time needed to retire any revenue bonds used to finance the project, but not to exceed 40 years. The lease may grant to the State the option to purchase the structure outright.

Upon receipt of the bids, the Department may certify one or more of the bids and shall submit any such bids to the General Assembly for approval. Upon approval of a bid by a constitutional majority of both houses of the General Assembly, pursuant to joint resolution, the Department of Central Management Services may enter into an agreement with the county or municipality pursuant to such bid.

(c-5) To build and maintain regional juvenile detention centers and to charge a per diem to the counties as established by the Department to defray the costs of housing each minor in a center. In this subsection (c-5),
"juvenile detention center" means a facility to house minors during pendency of trial who have been transferred from proceedings under the Juvenile Court Act of 1987 to prosecutions under the criminal laws of this State in accordance with Section 5-805 of the Juvenile Court Act of 1987, whether the transfer was by operation of law or permissive under that Section. The Department shall designate the counties to be served by each regional juvenile detention center.

(d) To develop and maintain programs of control, rehabilitation and employment of committed persons within its institutions.

(d-5) To provide a pre-release job preparation program for inmates at Illinois adult correctional centers.

(e) To establish a system of supervision and guidance of committed persons in the community.

(f) To establish in cooperation with the Department of Transportation to supply a sufficient number of prisoners for use by the Department of Transportation to clean up the trash and garbage along State, county, township, or municipal highways as designated by the Department of Transportation. The Department of Corrections, at the request of the Department of Transportation, shall furnish such prisoners at least annually for a period to be agreed upon between the Director of Corrections and the Director of Transportation. The prisoners used on this program shall
be selected by the Director of Corrections on whatever basis he deems proper in consideration of their term, behavior and earned eligibility to participate in such program - where they will be outside of the prison facility but still in the custody of the Department of Corrections. Prisoners convicted of first degree murder, or a Class X felony, or armed violence, or aggravated kidnapping, or criminal sexual assault, aggravated criminal sexual abuse or a subsequent conviction for criminal sexual abuse, or forcible detention, or arson, or a prisoner adjudged a Habitual Criminal shall not be eligible for selection to participate in such program. The prisoners shall remain as prisoners in the custody of the Department of Corrections and such Department shall furnish whatever security is necessary. The Department of Transportation shall furnish trucks and equipment for the highway cleanup program and personnel to supervise and direct the program. Neither the Department of Corrections nor the Department of Transportation shall replace any regular employee with a prisoner.

(g) To maintain records of persons committed to it and to establish programs of research, statistics and planning.

(h) To investigate the grievances of any person committed to the Department, to inquire into any alleged misconduct by employees or committed persons, and to
investigate the assets of committed persons to implement Section 3-7-6 of this Code; and for these purposes it may issue subpoenas and compel the attendance of witnesses and the production of writings and papers, and may examine under oath any witnesses who may appear before it; to also investigate alleged violations of a parolee's or releasee's conditions of parole or release; and for this purpose it may issue subpoenas and compel the attendance of witnesses and the production of documents only if there is reason to believe that such procedures would provide evidence that such violations have occurred.

If any person fails to obey a subpoena issued under this subsection, the Director may apply to any circuit court to secure compliance with the subpoena. The failure to comply with the order of the court issued in response thereto shall be punishable as contempt of court.

(i) To appoint and remove the chief administrative officers, and administer programs of training and development of personnel of the Department. Personnel assigned by the Department to be responsible for the custody and control of committed persons or to investigate the alleged misconduct of committed persons or employees or alleged violations of a parolee's or releasee's conditions of parole shall be conservators of the peace for those purposes, and shall have the full power of peace officers outside of the facilities of the Department in the
protection, arrest, retaking and reconfining of committed persons or where the exercise of such power is necessary to the investigation of such misconduct or violations. This subsection shall not apply to persons committed to the Department of Juvenile Justice under the Juvenile Court Act of 1987 on aftercare release.

(j) To cooperate with other departments and agencies and with local communities for the development of standards and programs for better correctional services in this State.

(k) To administer all moneys and properties of the Department.

(l) To report annually to the Governor on the committed persons, institutions and programs of the Department.

(1-5) (Blank).

(m) To make all rules and regulations and exercise all powers and duties vested by law in the Department.

(n) To establish rules and regulations for administering a system of sentence credits, established in accordance with Section 3-6-3, subject to review by the Prisoner Review Board.

(o) To administer the distribution of funds from the State Treasury to reimburse counties where State penal institutions are located for the payment of assistant state's attorneys' salaries under Section 4-2001 of the Counties Code.
(p) To exchange information with the Department of Human Services and the Department of Healthcare and Family Services for the purpose of verifying living arrangements and for other purposes directly connected with the administration of this Code and the Illinois Public Aid Code.

(q) To establish a diversion program.

The program shall provide a structured environment for selected technical parole or mandatory supervised release violators and committed persons who have violated the rules governing their conduct while in work release. This program shall not apply to those persons who have committed a new offense while serving on parole or mandatory supervised release or while committed to work release.

Elements of the program shall include, but shall not be limited to, the following:

1. The staff of a diversion facility shall provide supervision in accordance with required objectives set by the facility.

2. Participants shall be required to maintain employment.

3. Each participant shall pay for room and board at the facility on a sliding-scale basis according to the participant's income.

4. Each participant shall:

   (A) provide restitution to victims in
accordance with any court order; 

(B) provide financial support to his dependents; and 

(C) make appropriate payments toward any other court-ordered obligations. 

(5) Each participant shall complete community service in addition to employment. 

(6) Participants shall take part in such counseling, educational and other programs as the Department may deem appropriate. 

(7) Participants shall submit to drug and alcohol screening. 

(8) The Department shall promulgate rules governing the administration of the program. 

(r) To enter into intergovernmental cooperation agreements under which persons in the custody of the Department may participate in a county impact incarceration program established under Section 3-6038 or 3-15003.5 of the Counties Code. 

(r-5) (Blank). 

(r-10) To systematically and routinely identify with respect to each streetgang active within the correctional system: (1) each active gang; (2) every existing inter-gang affiliation or alliance; and (3) the current leaders in each gang. The Department shall promptly segregate leaders from inmates who belong to their gangs and allied gangs. 

"Segregate" means no physical contact and, to the extent possible under the conditions and space available at the correctional facility, prohibition of visual and sound communication. For the purposes of this paragraph (r-10), "leaders" means persons who:

(i) are members of a criminal streetgang;

(ii) with respect to other individuals within the streetgang, occupy a position of organizer, supervisor, or other position of management or leadership; and

(iii) are actively and personally engaged in directing, ordering, authorizing, or requesting commission of criminal acts by others, which are punishable as a felony, in furtherance of streetgang related activity both within and outside of the Department of Corrections.

"Streetgang", "gang", and "streetgang related" have the meanings ascribed to them in Section 10 of the Illinois Streetgang Terrorism Omnibus Prevention Act.

(s) To operate a super-maximum security institution, in order to manage and supervise inmates who are disruptive or dangerous and provide for the safety and security of the staff and the other inmates.

(t) To monitor any unprivileged conversation or any unprivileged communication, whether in person or by mail, telephone, or other means, between an inmate who, before
commitment to the Department, was a member of an organized
gang and any other person without the need to show cause or
satisfy any other requirement of law before beginning the
monitoring, except as constitutionally required. The
monitoring may be by video, voice, or other method of
recording or by any other means. As used in this
subdivision (1)(t), "organized gang" has the meaning
ascribed to it in Section 10 of the Illinois Streetgang
Terrorism Omnibus Prevention Act.

As used in this subdivision (1)(t), "unprivileged
conversation" or "unprivileged communication" means a
conversation or communication that is not protected by any
privilege recognized by law or by decision, rule, or order
of the Illinois Supreme Court.

(u) To establish a Women's and Children's Pre-release
Community Supervision Program for the purpose of providing
housing and services to eligible female inmates, as
determined by the Department, and their newborn and young
children.

(u-5) To issue an order, whenever a person committed to
the Department absconds or absents himself or herself,
without authority to do so, from any facility or program to
which he or she is assigned. The order shall be certified
by the Director, the Supervisor of the Apprehension Unit,
or any person duly designated by the Director, with the
seal of the Department affixed. The order shall be directed
to all sheriffs, coroners, and police officers, or to any particular person named in the order. Any order issued pursuant to this subdivision (1) (u-5) shall be sufficient warrant for the officer or person named in the order to arrest and deliver the committed person to the proper correctional officials and shall be executed the same as criminal process.

(v) To do all other acts necessary to carry out the provisions of this Chapter.

(2) The Department of Corrections shall by January 1, 1998, consider building and operating a correctional facility within 100 miles of a county of over 2,000,000 inhabitants, especially a facility designed to house juvenile participants in the impact incarceration program.

(3) When the Department lets bids for contracts for medical services to be provided to persons committed to Department facilities by a health maintenance organization, medical service corporation, or other health care provider, the bid may only be let to a health care provider that has obtained an irrevocable letter of credit or performance bond issued by a company whose bonds have an investment grade or higher rating by a bond rating organization.

(4) When the Department lets bids for contracts for food or commissary services to be provided to Department facilities, the bid may only be let to a food or commissary services provider that has obtained an irrevocable letter of credit or
performance bond issued by a company whose bonds have an
investment grade or higher rating by a bond rating
organization.

(5) On and after the date 6 months after August 16, 2013
(the effective date of Public Act 98-488), as provided in the
Executive Order 1 (2012) Implementation Act, all of the powers,
duties, rights, and responsibilities related to State
healthcare purchasing under this Code that were transferred
from the Department of Corrections to the Department of
Healthcare and Family Services by Executive Order 3 (2005) are
transferred back to the Department of Corrections; however,
powers, duties, rights, and responsibilities related to State
healthcare purchasing under this Code that were exercised by
the Department of Corrections before the effective date of
Executive Order 3 (2005) but that pertain to individuals
resident in facilities operated by the Department of Juvenile
Justice are transferred to the Department of Juvenile Justice.

(6) Beginning July 1, 2016, the Department of Corrections
shall implement measures to ensure that the Department
establishes and maintains adequate staffing levels of
correctional officers at its institutions and facilities such
that no officer shall perform more than 2 hours of overtime
work per week. Beginning with the effective date of this
amendatory Act of the 99th General Assembly, a number of
correctional officers shall be added incrementally with
subsequent additions established until the adequate staffing
level is reached. Anytime the number of correctional officers drops below a level in which an officer must work more than 2 hours of overtime per week, the Department shall immediately implement hiring procedures to reestablish the number of correctional officers back to a level in which an officer may not perform more than 2 hours of overtime per week.

(Source: P.A. 97-697, eff. 6-22-12; 97-800, eff. 7-13-12; 97-802, eff. 7-13-12; 98-463, eff. 8-16-13; 98-488, eff. 8-16-13; 98-558, eff. 1-1-14; 98-756, eff. 7-16-14.)

ARTICLE 995. NON-ACCELERATION

Section 995-95. No acceleration or delay. Where this Act makes changes in a statute that is represented in this Act by text that is not yet or no longer in effect (for example, a Section represented by multiple versions), the use of that text does not accelerate or delay the taking effect of (i) the changes made by this Act or (ii) provisions derived from any other Public Act.

ARTICLE 999. EFFECTIVE DATE

Section 999-999. Effective date. This Act takes effect upon becoming law.
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